

# MaherDuessel

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# Single Audit

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July 17, 2024

# MDCPA.CNF.IO

- ▶ Navigate to <https://mdcpa.cnf.io> and tap the session titled "Single Audit Update"
- ▶ OR just point your phone's camera at the QR code to join directly



# Learning Objectives

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- ▶ **2024 Compliance Supplement**
- ▶ **Uniform Guidance Revisions**
- ▶ **Single Audit and Uniform Guidance Overview**
  - ▶ **Procurement**
  - ▶ **Subrecipient Monitoring**

# Terminology and Abbreviations

Abbreviation	
ALN	Assistance Listing Number
CFR	Certified Financial Report
DCF	Data Collection Form
FAC	Federal Audit Clearinghouse
OMB	Office of Management and Budget
SEFA	Super Excited For Auditing
UG	Uniform Guidance

# Terminology and Abbreviations

Abbreviation	
ALN	Assistance Listing Number
CFR	Code of Federal Regulations
DCF	Data Collection Form
FAC	Federal Audit Clearinghouse
OMB	Office of Management and Budget
SEFA	Schedule of Expenditures of Federal Awards
UG	Uniform Guidance

# 2024 Compliance Supplement

# 2024 Compliance Supplement

- ▶ Issued May 29, 2024
- ▶ Effective for audits of fiscal years beginning after June 30, 2023 (FY 07/01/23-06/30/24)
- ▶ **2024 “Higher Risk” Programs**

Assistance Listing Number	Title
93.778/93.777/93.775	Medicaid Cluster
21.023	Emergency Rental Assistance
21.027	Coronavirus State and Local Fiscal Recovery Funds
15.252	Bipartisan Infrastructure Law (BIL) Abandoned Mine Land (AML) Grants

# 2024 Compliance Supplement

▶ **Programs removed from “Higher Risk” List**

Assistance Listing Number	Title
84.425	Education Stabilization Fund
93.498	Provider Relief Fund
21.026	Homeowner Assistance Fund
21.029	Coronavirus Capital Projects Fund
96.001/96.006	Disability Insurance/ Supplemental Security Income



# 2024 Compliance Supplement

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- ▶ **Single Audit Submission Due Date**
  - ▶ **The earlier of:**
    - ▶ 9 months after the end of the audit period
    - ▶ 30 calendar days after the entity received the auditor's report
  
- ▶ **Compare the initial “FAC Accepted Date” to the earlier of the 9 months and 30 days to determine if the due date was met**

# 2024 Compliance Supplement

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# 2024 Compliance Supplement

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- ▶ **Appendix VII – Other Reminders**
  - ▶ **Requirement to separately identify COVID-19 expenditures on the SEFA and Data Collection Form retained**
  - ▶ **SEFA: on a separate line by ALN with “COVID-19” as a prefix to the program name**
  - ▶ **DCF: on a separate row with “COVID-19” in Part II Item 1c, Additional Award Identification**

# Uniform Guidance Revisions

# Uniform Guidance Revisions

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- ▶ **OMB issued final revisions to the Uniform Guidance in a Federal Register notice on April 22, 2024**
- ▶ **The effective date of the new rule is October 1, 2024.**
  - ▶ Applied to awards issued on or after that date
  - ▶ Fiscal year ends of September 30, 2025 and later
- ▶ **Federal agencies can apply the new guidance prior to October 1, 2024 but they are not required to do so**
- ▶ **Federal agencies cannot apply the new changes prior to June 21, 2024 (60 days from the release of the final rules)**

# Uniform Guidance Revisions – Auditor Changes

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- ▶ **The following are a few examples:**
  - ▶ The threshold for a single audit has been increased from \$750,000 to \$1 million.
  - ▶ The Type A threshold has been increased to \$1 million and the amount of awards expended for which it applies has been increased from \$25 million to \$34 million
  - ▶ The questioned costs definition is revised, and examples have been provided to help provide further clarification
  - ▶ Throughout subparts A-E the use of the term non-federal entity has been replaced with recipient and/or subrecipient
  - ▶ Subpart F, Audit Requirements, retains the non-federal entity term to align with the Single Audit Act

# Uniform Guidance Revisions – Auditee Changes

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- ▶ **The following are a few examples:**
  - ▶ Raised the de minimis indirect cost rate from 10% to 15%
  - ▶ Removes the requirement that indirect cost rates be available on a governmental website
  - ▶ Raised equipment and supply thresholds from \$5,000 to \$10,000

# Uniform Guidance Revisions – Auditee Changes

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- ▶ **The following are a few examples (continued):**
  - ▶ Removes prior written approval for 10 items of cost
  - ▶ Modifies and expands many definitions such as period of performance and questioned costs
  - ▶ Modifies the definition of “Modified Total Direct Costs” to exclude subaward costs above \$50,000
  - ▶ Added requirement related to cybersecurity measures



# Uniform Guidance Revisions

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- ▶ **Section 200.303 Internal Controls**
  - ▶ Added emphasis that recipients and subrecipients must document internal control
  - ▶ Added a requirement that a recipient/subrecipient take “reasonable cybersecurity and other measures to safeguard information including protected personally identifiable information (PII) and other types of information”

# Uniform Guidance Revisions

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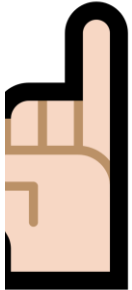
- ▶ **Section 200.415 Required Certifications**
  - ▶ Added requirements for subrecipients to certify to the Pass Through Entity whenever applying for funds, requesting payment, and submitting reports. It applies to all tiers of subrecipients

# Uniform Guidance Revisions

## ▶ Effective Date Considerations

Common Question	Answer
Can we adopt the new audit threshold for our client base for their June 30, 2024 audits?	No. Can't adopt it until audits of years ending September 30, 2025, or later
Should I adopt the new \$1 million type A program threshold for our June 30, 2024 audits?	No. Can't adopt it until audits of years ending September 30, 2025, or later
How can I determine if an award is subject to the current UG or the new UG?	For new awards, will be based on the date. Can also look at the terms and conditions

Guess the movie



# A Couple Clarifications

# Accounting vs Auditing

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- ▶ **Accounting – involves handling the daily financial transactions for the organization**
- ▶ **Auditing – involves a formal examination of financial records**

# Process vs Control

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- ▶ **Process**
  - ▶ **Procedures that**
    - ▶ **Originate data**
    - ▶ **Transfer data**
    - ▶ **Change data**
- ▶ **Can introduce errors/noncompliance**

# Process vs Control (continued)

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- ▶ **Controls**
  - ▶ Procedures designed to prevent, or detect and correct, errors resulting from processing of accounting information
  - ▶ Should be designed, implemented and maintained to be responsive to risk and the “what could go wrongs”
- ▶ **Cannot generate errors**



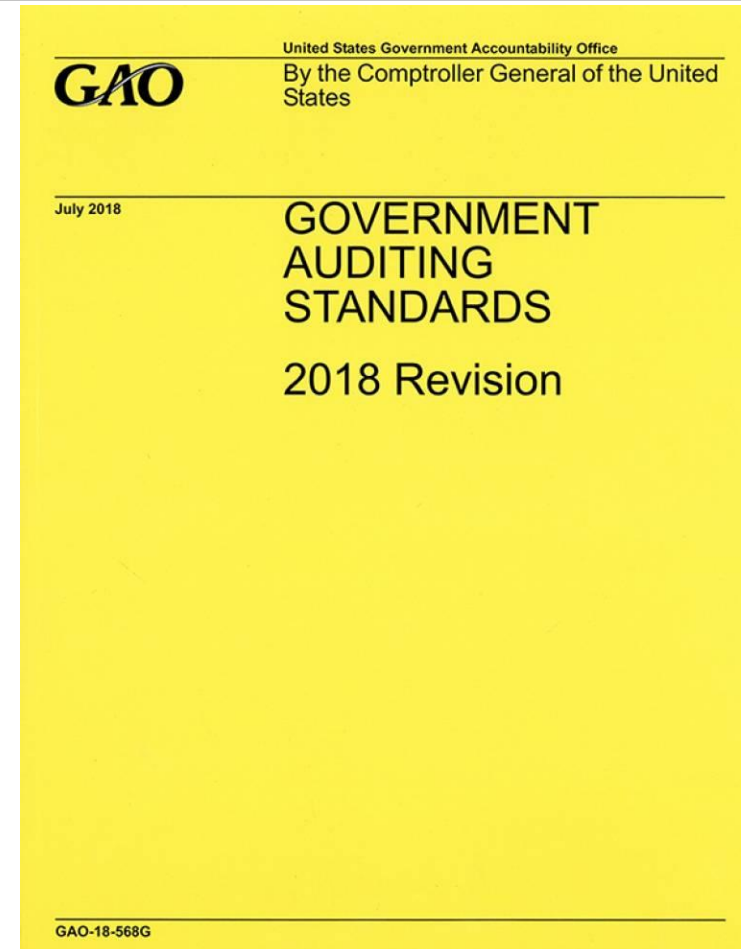
# GAAS vs GAGAS

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- ▶ **Generally Accepted Auditing Standards (GAAS) – a set of systematic guidelines used by auditors when conducting audits**
  - ▶ The Auditing Standards Board (ASB) of the American Institute of Certified Public Accountants (AICPA) created GAAS
- ▶ **Government Auditing Standards (GAS, GAGAS, Yellow Book) – are produced in the United States by the Government Accountability Office (GAO)**

# Yellow Book

- ❑ Issued in 2018 (7<sup>th</sup> revision)
- ❑ Government Auditing Standards (GAS)
- ❑ Issued by the GAO (United States Government Accountability Office)
- ❑ GAGAS – Generally Accepted Government Auditing Standards
- ❑ Always incorporates GAAS – Generally Accepted Auditing Standards
- ❑ [www.gao.gov](http://www.gao.gov)
- ❑ 2024 Version effective for periods beginning on or after December 15, 2025



# Yellow Book – Big Picture

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- ▶ Auditor Qualification
- ▶ Transparency in Reporting

# Single Audit and Uniform Guidance

# When is a Single Audit Required?

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- ▶ **When a non-federal entity expends federal awards (either direct or indirect awards) of \$750,000 or more in their fiscal year**
- ▶ **Reminder: Increases to \$1,000,000 for fiscal year ends of September 30, 2025 and later**

# Non-Federal Entity

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- ▶ **A non-federal entity includes all of the following that carry out a Federal award as a recipient or subrecipient:**
  - ▶ States
  - ▶ Local governments
  - ▶ Indian tribes
  - ▶ Institutions of higher education (IHE)
  - ▶ Not-for-profit organization



# Auditors and Single Audits


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- ▶ **The Single Audit Act Amendments of 1996 (The Single Audit Act)**
  - ▶ Requires a single audit for nonfederal entities that expend \$750,000 or more of federal awards in a fiscal year
  - ▶ A single audit consists of an audit of the nonfederal entity's financial statements and a compliance audit of its major federal programs
  - ▶ Uniform Guidance provides requirements and guidance regarding the compliance audit of federal awards portion of a single audit


# Uniform Guidance - UG








## ▶ Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

 Displaying title 2, up to date as of 5/14/2024. Title 2 was last amended 5/01/2024.  [view historical versions](#)



[Title 2](#) / [Subtitle A](#) / [Chapter II](#) / [Part 200](#) [View Full Text](#) [Previous](#) / [Next](#) / [Top](#)

 **ECFR CONTENT**

<ul style="list-style-type: none"> <li> Details</li> <li> Print</li> <li> Search</li> <li> Subscribe</li> <li><hr/></li> <li> Timeline</li> <li> Go to Date</li> <li><hr/></li> <li> Published Edition</li> <li><hr/></li> </ul>	<ul style="list-style-type: none"> <li>▼ <b>Title 2</b> Grants and Agreements <span style="float: right;">Part / Section</span></li> <li>▼ <b>Subtitle A</b> Office of Management and Budget Guidance for Grants and Agreements <span style="float: right;">1 – 299</span></li> <li>▼ <b>Chapter II</b> Office of Management and Budget Guidance <span style="float: right;">200 – 299</span></li> <li>▼ <b>Part 200</b> Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards <span style="float: right;">200.0 – 200.521</span></li> <li>▼ <b>Subpart A</b> Acronyms and Definitions <span style="float: right;">200.0 – 200.1</span></li> <li>▼ Acronyms <span style="float: right;">200.0 – 200.1</span></li> <li>    § 200.0 Acronyms.</li> <li>    § 200.1 Definitions.</li> <li>▶ <b>Subpart B</b> General Provisions <span style="float: right;">200.100 – 200.113</span></li> <li>▶ <b>Subpart C</b> Pre-Federal Award Requirements and Contents of Federal Awards <span style="float: right;">200.200 – 200.216</span></li> <li>▶ <b>Subpart D</b> Post Federal Award Requirements <span style="float: right;">200.300 – 200.346</span></li> <li>▶ <b>Subpart E</b> Cost Principles <span style="float: right;">200.400 – 200.476</span></li> <li>▶ <b>Subpart F</b> Audit Requirements <span style="float: right;">200.500 – 200.521</span></li> <li><b>Appendix I to Part 200</b></li> </ul>
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# 2 CFR Frequently Asked Questions

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- ▶ **Published May 3, 2021**
- ▶ **146 Questions and Answers**
- ▶ **[https://www.cfo.gov/assets/files/2CFR-FrequentlyAskedQuestions\\_2021050321.pdf](https://www.cfo.gov/assets/files/2CFR-FrequentlyAskedQuestions_2021050321.pdf)**

# Uniform Guidance Contents

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- ▶ **Subpart A - Acronyms and Definitions 200.xx**
- ▶ **Subpart B - General Provisions 200.1xx**
- ▶ **Subpart C - Pre-Federal Award Requirements and Contents of Federal Award 200.2xx**
- ▶ **Subpart D – Post-Federal Award Requirements 200.3xx**
- ▶ **Subpart E - Cost Principles 200.4xx**
- ▶ **Subpart F - Audit Requirements 200.5xx**
- ▶ **Appendix I – XII Various Appendix**

# Who Follows Uniform Guidance

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Nonfederal  
Entity

Auditors

Federal  
Agencies

# What Rules Do I Follow as a Non-Federal Entity?

Small grants

- Part D - Post Federal Award Requirements 200.3xx
- Part E – Cost Principles 200.4xx
- Appendix for cost allocation

\$750,000 or more of grants

- Part D - Post Federal Award Requirements 200.3xx
- Part E – Cost Principles 200.4xx
- Part F – Audit Requirements 200.5xx
- Appendixes
  - Cost allocation
  - Data Collection Form
  - Compliance Supplement

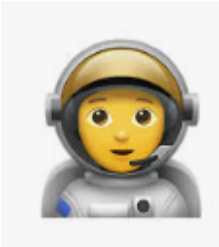
*Also follow award requirements*

# What Rules Do I Follow as an Auditor?

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- ▶ **Subpart A - Acronyms and Definitions 200.xx**
- ▶ **Subpart B - General Provisions 200.1xx**
- ▶ **Subpart C - Pre-Federal Award Requirements and Contents of Federal Award 200.2xx**
- ▶ **Subpart D – Post-Federal Award Requirements 200.3xx**
- ▶ **Subpart E - Cost Principles 200.4xx**
- ▶ **Subpart F - Audit Requirements 200.5xx**
- ▶ **Appendix I – IX Various Appendix**
  - ▶ **Appendix X - Data Collection Form**
  - ▶ **Appendix XI - Compliance Supplement**

# Guess the movie



# Subpart A - Acronyms and Definitions

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# Definitions

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- ▶ **200.1 Personally Identifiable Information (PII)**
  - ▶ means information that can be used to distinguish or trace an individual's identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual.



# Definitions

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## ▶ 200.1 Protected Personally Identifiable Information (Protected PII)

- ▶ means an individual's first name or first initial and last name in combination with any one or more of types of information, including, but not limited to, social security number, passport number, credit card numbers, clearances, bank numbers, biometrics, date and place of birth, mother's maiden name, criminal, medical and financial records, educational transcripts.
- ▶ This does not include PII that is required by law to be disclosed.

# Definitions

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- ▶ **PII and Protected PII**
  - ▶ These definitions will be important to auditors and auditees as single audit reporting packages submitted are publicly available (with exceptions for Indian tribes) and the Guidance states that auditors and auditees must ensure that no protected personally identifiable information is included in their respective parts of the reporting package.

# Sam.gov

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- ▶ **Sam.gov is now where you go to find important program information [www.sam.gov](http://www.sam.gov)**
- ▶ **Replaces [cfda.gov](http://cfda.gov)**
- ▶ **Includes:**
  - ▶ Assistance Listings Numbers (previously CFDA numbers)
  - ▶ Entity registration
  - ▶ Exclusions (suspensions and debarments)

# Definitions

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- ▶ **Period of performance:** Meaning the total estimated time interval between the start of an initial federal award and the planned end date, which may include one or more funded portions, or budget periods.
  - ▶ Identification of the Period of Performance in the federal award per §200.211(b)(5) does not commit the awarding agency to fund the award beyond the currently approved budget period.
  - ▶ Example: ALN 21.027 – obligations or costs must be incurred by 12/31/24 and funds must be expended by 12/31/26

# Subpart B – General Provisions

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# Sec. 201.1XX, General

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- ▶ **General Provisions (Sections 200.100 through 200.113)**
  - ▶ Discusses the purpose, applicability, exceptions, and effective date of the Uniform Guidance
  - ▶ Table is included in section 200.101, Applicability, which indicates which Subparts are applicable to different types of awards
    - ▶ This section also clarifies that the terms and conditions of federal awards flow down to subrecipients unless the Uniform Guidance or the terms and conditions of a federal award specifically indicate otherwise

# Sec. 201.1XX, General

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- ▶ **200.101 Must vs Should**
  - ▶ 200.101 (b) Throughout this part when the word “must” is used it indicates a requirement. Whereas use of the word “should” or “may” indicates best practice
  
- ▶ **200.102 Exceptions**
  - ▶ Auditors and auditees should pay close attention to 200.102 as exceptions to the Uniform Guidance are only identified here and not elsewhere in the Guidance

# Sec. 201.1XX, General

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- ▶ **201.112 Conflict of Interest**
  - ▶ The Federal awarding agency must establish conflict of interest policies for Federal awards.
  - ▶ The non-Federal entity must disclose in writing any potential conflict of interest to the Federal awarding agency or pass-through entity in accordance with applicable Federal awarding agency policy



# Sec. 201.1XX, General

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- ▶ **201.112 Mandatory Disclosures**
  - ▶ The non-Federal entity or applicant for a Federal award must disclose, in a timely manner, in writing to the Federal awarding agency or pass-through entity all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award

# Subpart D – Post Federal Award Requirements

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- **Statutory and national policy**
- **Performance measurement**
- Financial management
- **Internal controls**
- Bonds
- **Federal Payment**
- Cost sharing and matching
- Program income
- Revision of budget and program plans
- Modification to Period of Performance
- Property standards
- **Procurement standards**
- **Performance and financial monitoring and reporting**
- **Sub recipient monitoring and management**
- Record retention and access
- Remedies for noncompliance
- Closeout
- Post-Closeout Adjustments
- Collection of Amounts Due

# 200.300 Statutory and national policy requirements

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- ▶ **§ 200.300 Statutory and national policy requirements – federal agencies must manage and administer federal awards to ensure that, among other things, federal funding is expended and implemented in full accordance with the U.S. Constitution, federal law, and public policy requirements protecting free speech and religious liberty**

# 200.301 Performance measurement

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- ▶ **§ 200.301 Performance measurement –requiring federal agencies to provide recipients with clear performance goals, indicators, and milestones**

## 200.303 Internal controls

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- ▶ **The non-federal entity must:**
  - ▶ Establish and maintain effective internal control over the Federal award that the non-federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” [Green Book] issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
  - ▶ Comply with the U.S. Constitution, Federal statutes, regulations and the terms and conditions of the Federal awards

# Uniform Guidance Revisions

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- ▶ **Section 200.303 Internal Controls**
  - ▶ Added emphasis that recipients and subrecipients must document internal control
  - ▶ Added a requirement that a recipient/subrecipient take “reasonable cybersecurity and other measures to safeguard information including protected personally identifiable information (PII) and other types of information”

# 200.305 Federal payment (cash management)

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- ▶ **Payment method must minimize the time elapsing between the transfer of funds from the US Treasury or PTE and the disbursements by the non-federal entity regardless of how funds are being transferred**

# 200.305 Federal payment (cash management)

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- ▶ **Payment must be in advance when the non-federal entity:**
  - ▶ Has written procedures to implement the requirements of cash management, and
  - ▶ Has a compliant financial management system
- ▶ **If the above requirements are not met, reimbursement method is used**
- ▶ **If reimbursement method cannot be used because non-federal entity lacks sufficient working capital, working capital may be provided**



# 200.317 Procurement

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- ▶ **§ 200.317 Procurement by states**
  - ▶ State must follow the same policies and procedures it uses for procurements from its non-Federal funds. And the State to comply with 200.321 and 200.323 in addition to 200.322 (the Domestic preferences for procurements provision) and ensure contracts includes any clauses required by 200.327
  
- ▶ **All other non-federal entities, including subrecipients, must follow the procurement standards in 200.318-200.327**

# Performance and Financial Monitoring and Reporting

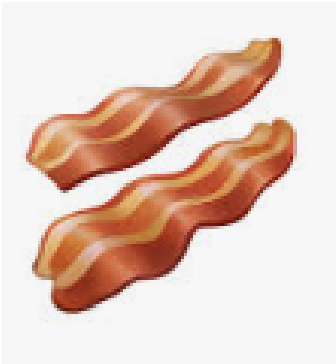
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- ▶ **§ 200.328 Financial reporting**
  - ▶ Includes only OMB-approved governmentwide data elements
  - ▶ Federal Agency and PTE must collect financial reports no less than annually; no more frequently than quarterly
  - ▶ When practical in coordination with performance reports
  - ▶ 2024 UG clarifies final financial report for recipient must be due no later than 120 days. A subrecipient must submit no later than 90 days.

# Performance and Financial Monitoring and Reporting

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- ▶ **§ 200.329 Monitoring and reporting program performance**
  - ▶ The non-federal entity must monitor its activities to assure compliance with applicable Federal requirements and performance expectations
  - ▶ The Federal agency must use OMB-approved common information collections when requesting performance reporting information
  - ▶ Performance report no more frequently than quarterly
  - ▶ Comparison of actual accomplishments to objectives
  - ▶ Reasons why established goals were not met.



Guess the movie

# Procurement Standards § 200.317- § 200.327

# Procurement Standards - Definitions in Subpart A § 200.1

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- ▶ **Micro-purchase threshold:** meaning the dollar amount at or below which a non-federal entity may purchase property or services using micro-purchase procedures
  - ▶ Generally, the micro-purchase threshold for procurement activities administered under federal awards is not to exceed the amount set by the FAR at 48 CFR subpart 2.1 unless a higher threshold is requested by the non-federal entity and approved by the cognizant agency for indirect costs

# Procurement Standards - Definitions in Subpart A 200.1

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- ▶ **Simplified acquisition threshold:**
  - ▶ Meaning the dollar amount at or below which a non-federal entity may purchase property or services using small purchase methods
  - ▶ The non-federal entity is responsible for determining an appropriate simplified acquisition threshold based on internal controls, an evaluation of risk, and its documented procurement procedures.
  - ▶ However, in no circumstances can this threshold exceed the dollar value established in the FAR (48 CFR subpart 2.1) for the simplified acquisition threshold. Recipients should determine if local government laws on purchasing apply.

# § 200.317 Procurement by States

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- ▶ **Must follow same policies and procedures it uses for procurements with non-Federal funds**
- ▶ **Must follow § 200.321, § 200.322, § 200.323 and § 200.327**



## § 200.318 General Procurement Standards

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- ▶ **Nonfederal entities must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a federal award or subaward; must also conform to procurement standards in § 200.317 through § 200.327 of this subpart**

## § 200.319 Competition

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- ▶ **All procurement transactions for the acquisition of property or services required under a federal award must be conducted in a manner providing full and open competition consistent with the standards of this section and § 200.320, Methods of procurement to be followed**

## **§ 200.320 Methods of procurement to be followed**

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- ▶ **Micro-purchase threshold - \$10,000**
- ▶ **Simplified Acquisition Threshold (SAT) - \$250,000**
- ▶ **Grouped procurement methods into three categories: informal, formal and non-competitive**

## Category #1 – Informal Procurement Method

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- ▶ **Informal – When the value of procurement for property or services under a federal award does not exceed the SAT or a lower threshold established by a nonfederal entity, formal procurement methods are not required**
  
- ▶ **The informal methods used for procurement of property or services at or below the SAT include:**
  - A. Micro-purchases
  - B. Small purchases – higher than micro-purchase but does not exceed the SAT

# Micro-purchases

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- ▶ **Micro-purchases may be awarded without soliciting competitive price or rate quotations if the non-federal entity considers the price to be reasonable based on research, experience, purchase history or other information and documents its files accordingly.**
- ▶ **Purchase cards can be used for micro-purchases if procedures are documented and approved by the non-federal entity.**

# Micro-purchases

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- ▶ **Non-Federal entities may establish a threshold higher than the micro-purchase threshold identified in the FAR in accordance with the requirements of this section. The non-Federal entity may self-certify a threshold up to \$50,000 on an annual basis and must maintain documentation to be made available to the Federal awarding agency and auditors in accordance with § 200.334. The self-certification must include a justification, clear identification of the threshold, and supporting documentation of any of the following:**
  - ▶ (A) A qualification as a low-risk auditee, in accordance with the criteria in § 200.520 for the most recent audit;
  - ▶ (B) An annual internal institutional risk assessment to identify, mitigate, and manage financial risks; or,
  - ▶ (C) For public institutions, a higher threshold consistent with State law.

# Document in Writing Procurement Procedures

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- ▶ **Your Micro-Purchase Thresholds and Qualification for Threshold**
- ▶ **Your Simplified Acquisition Thresholds and reasoning**

# Small Purchases

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- ▶ **The acquisition of property or services, the aggregate dollar amount of which is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold.**
- ▶ **If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the non-federal entity.**



# Simplified Acquisition Thresholds

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- ▶ **The non-federal entity is responsible for determining an appropriate simplified acquisition threshold based on internal controls, an evaluation of risk and its documented procurement procedures which must not exceed the threshold established in the FAR.**
- ▶ **When applicable, a lower simplified acquisition threshold used by the non-federal entity must be authorized or not prohibited under State, local, or tribal laws or regulations**

Guess the movie



## Category #2 – Formal procurement methods

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- ▶ **Formal – When the value of the procurement for property or services under a federal financial assistance award exceeds the SAT, or a lower threshold established by a non-federal entity, formal procurement methods are required**
  
- ▶ **The formal methods used for procurement of property or services include:**
  1. Sealed bids
  2. Proposals (generally used when conditions are not appropriate for the use of sealed bids)

# Category #2 – Formal procurement methods – Sealed bids

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- ▶ **Sealed bids** If sealed bids are used, the following requirements apply:
  - ▶ (A) Bids must be solicited from an adequate number of qualified sources, providing them sufficient response time prior to the date set for opening the bids, for local, and tribal governments, the invitation for bids must be publicly advertised;
  - ▶ (B) The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;
  - ▶ (C) All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;

# Category #2 – Formal procurement methods – Sealed bids

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- ▶ **Sealed bids** If sealed bids are used, the following requirements apply (continued):
  - ▶ (D) A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and
  - ▶ (E) Any or all bids may be rejected if there is a sound documented reason.

# Category #2 – Formal procurement methods – Proposals

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- ▶ **Proposals. A procurement method in which either a fixed price or cost-reimbursement type contract is awarded.**
  - ▶ The method, wh(i) Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Proposals must be solicited from an adequate number of qualified offerors. Any response to publicized requests for proposals must be considered to the maximum extent practical;
  - ▶ (ii) The non-Federal entity must have a written method for conducting technical evaluations of the proposals received and making selections;
  - ▶ (iv) The non-Federal entity may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby offeror's qualifications are evaluated and the most qualified offeror is selected
    - ▶ ere price is not used as a selection factor, can only be used in procurement of A/E professional services.

## Category #3 – Noncompetitive procurement

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- ▶ **Can only be used if one or more of the following circumstances apply:**
  1. The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold;
  2. The item is available only from a single source;
  3. The public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation;
  4. The Federal awarding agency or PTE expressly authorizes a noncompetitive procurement in response to a written request from the non-Federal entity; or
  5. After solicitation of a number of sources, competition is determined inadequate

# Procurement Highlights

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- ▶ **§ 200.322 Domestic preferences for procurements.**
  - ▶ (a) the non-federal entity *should*, to the greatest extent practicable under a federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products).
  - ▶ The requirements of this section **must** be included in all subawards including all contracts and purchase orders for work or products under this award.
  - ▶ For infrastructure projects - must implement the Buy America preferences set forth in 2CFR part 184 (2024)



# Procurement Highlights

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- ▶ **§ 200.323 Procurement of recovered materials**
  - ▶ State agency or agency of a political subdivision of a state and its contractors must comply with section 6002 of the Solid Waste Disposal Act
  - ▶ Added in 2024: should to the greatest extent practicable purchase, acquire, or use products and services that can be reused, refurbished, or recycled.....reduce use of single-use plastic products

# Procurement Highlights

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- ▶ **§ 200.324 Contract cost and price**
  - ▶ Must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold including contract modifications
  - ▶ Must negotiate profit as a separate element of the price for each contract in which there is no price competition and, in all cases, where cost analysis is performed

# Procurement Highlights

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- ▶ **§ 200.325 Federal awarding agency or pass-through entity review**
  - ▶ Non-federal entity must make available, upon request technical specifications on proposed procurement
- ▶ **§ 200.326 Bonding requirements**
  - ▶ For construction or facility improvements exceeding SAT
- ▶ **§ 200.327 Contract provision**
  - ▶ Must contain the applicable provisions described in Appendix II

# Procurement Highlights

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- ▶ **Appendix II – Contract Provisions for Non-Federal Entity Contracts Under Federal Awards**
  - ▶ Contracts must contain provisions covering the following as applicable
    - ▶ Contracts for more than the SAT must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms
    - ▶ All contracts in excess of \$10,000 must address termination for cause and for convenience
    - ▶ All contracts that meet the definition of “federally assisted construction contract” must include the equal opportunity clause
    - ▶ David-Bacon Act
    - ▶ Contract Work Hours and Safety Standards – contracts in excess of \$100,000 that involve the employment of mechanics or laborers

# Procurement Highlights

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- ▶ **Appendix II – Contract Provisions for Non-Federal Entity Contracts Under Federal Awards**
  - ▶ Rights to Invention Made Under a Contract or Agreement
  - ▶ Clean Air Act
  - ▶ Contracts in excess of \$150,000
  - ▶ Debarment and Suspension
  - ▶ Byrd Anti-Lobbying Amendment
    - ▶ Awards over \$100,000

# Procurement Highlights

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- ▶ **Document in writing Procurement Procedures**
- ▶ **Written Procurement Procedures**
  - ▶ Consideration of direct and in-direct federal expenditures.
  - ▶ Consideration of state and other procurement regulations.
  - ▶ What is your micro-purchase threshold?
  - ▶ What is your Simplified Acquisition Threshold? (up to \$250,000).

# Procurement Highlights

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- ▶ **Written Procurement Procedures (continued)**
  - ▶ Documentation of section §200.324 Contract cost and price
    - A. Must perform a cost or price analysis in connection with every procurement in excess of the Simplified Acquisition Threshold including contract modifications
    - B. Negotiate profit as a separate element
    - C. Costs allowable
    - D. Cost plus percentage of cost must not be used

# Procurement Highlights RECAP



Have your policy in writing



Follow the different procurement methods (formal, informal, noncompetitive) based on dollar thresholds



Document the process



Retain documentation



Follow the steps in UG 200

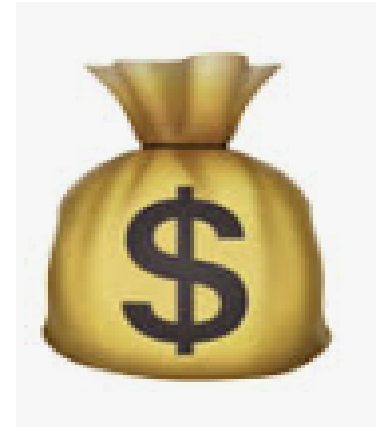


# Procurement Highlights RECAP

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- ▶ **Don't use links in your policies**
- ▶ **Download a file to PDF**
  - ▶ Links can change

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# Subrecipient Monitoring

# Subrecipient Monitoring and Management

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- ▶ **Definitions in Subpart A 200.1 Definitions**
  - ▶ Pass-through Entity (PTE) means a non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program
  - ▶ Subaward means an award provided by a PTE to a subrecipient for the subrecipient to carry out part of a Federal award received by the PTE.
    - It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program.
    - A subaward may be provided through any form of legal agreement, including an agreement that the PTE considers a contract.

# Subrecipient Monitoring and Management

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- ▶ **Definitions in Subpart A 200.1 Definitions**
  - ▶ Subrecipient means an entity, but not limited to non-Federal entities, that receives a subaward from a PTE to carry out part of a Federal award; but does not include an individual that is a beneficiary of such award.
    - ▶ A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

# Subrecipient Monitoring and Management

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- ▶ **Definitions in Subpart A 200.1 Definitions**
  - ▶ Contractor – this term is defined here and will be used instead of “vendor”
    - ▶ means an entity that receives a contract as defined in this section.
  - ▶ Contract means, for purpose of Federal financial assistance, a legal instrument by which a recipient or subrecipient purchases property or services needed to carry out the project or program under a Federal award.

# Subrecipient Monitoring and Management

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- ▶ **§ 200.331 Subrecipient and contractor determinations**
- ▶ **A non-federal entity may concurrently receive federal awards as:**
  - ▶ Recipient
  - ▶ Subrecipient
  - ▶ Contractor
- ▶ **PTE must make case-by-case determination whether each agreement it makes for the disbursement of federal program funds casts the party receiving the funds in the role of a:**
  - ▶ Subrecipient, or
  - ▶ Contractor

# Subrecipient Monitoring and Management

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- ▶ **§ 200.331 Subrecipient and contractor determinations**
  - ▶ All characteristics need not be present
  - ▶ Judgment should be used in the determination process
    - ▶ Substance of the agreement is more important than the form



## ▶ § 200.331 Subrecipient and contractor determinations

Subrecipient	Contractor
Creates a Federal assistance relationship	Purpose is to obtain goods and services for the non-Federal entity's own use and creates a procurement relationship
Determines who is eligible to receive what Federal assistance	Provides the goods and services within normal business operations
Has its performance measured in relation to whether objectives of a Federal program were met	Provides similar goods or services to many different purchasers
Has responsibility for programmatic decision making	Normally operates in a competitive environment
Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and	Provides goods or services that are ancillary to the operation of the Federal program; and
In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing stature, as opposed to providing goods or services for the benefit of the PTE	Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons

## § 200.332 Requirements for PTEs

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- ▶ **New in 2024.**
  - ▶ Verify that the subrecipient is not excluded or disqualified in accordance with §180.300. Verification methods are provided in §180.300, which include confirming in SAM.gov that a potential subrecipient is not suspended, debarred, or otherwise excluded from receiving Federal funds

## § 200.332 Requirements for PTEs

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- ▶ **All pass-through entities must:**
  - ▶ a) Ensure that every subaward is clearly identified to the subrecipient as a subaward (next slides) and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward.

# § 200.332 Requirements for PTEs

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## ▶ Required information includes:

### 1. Federal award identification

- Subrecipient name
- Subrecipient's unique entity identifier
- Federal Award Identification Number (FAIN)
- Federal Award Date
- Subaward Period of Performance Start and End Date
- Subaward Budget Period Start and End Date

# § 200.332 Requirements for PTEs

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- ▶ **Required information includes (continued):**
  - 1. Federal award identification**
    - **Amount of Federal Funds Obligated by this action by the PTE to the subrecipient;**
    - **Total Amount of Federal Funds Obligated to the subrecipient by the PTE including the current financial obligation**
    - **Total Amount of Federal Award committed to the subrecipient by the PTE**
    - **Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA)**

# § 200.332 Requirements for PTEs

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- ▶ **Required information includes (continued):**
  - 1. Federal award identification**
    - Name of Federal awarding agency, PTE, and contact information for awarding official of the PTE
    - **Assistance Listings number and Title; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings Number at time of disbursement;**
    - Identification of whether the award is R&D
    - Indirect cost rate for the Federal award (including the de minimis rate charged)

## § 200.332 Requirements for PTEs

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- ▶ **Required information includes:**
  - 2. All requirements imposed by the PTE on the subrecipient so that the Federal award is in accordance with Federal statues, regulations and the terms and conditions of the Federal award;**

# § 200.332 Requirements for PTEs

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- ▶ **Required information includes:**
  - 3. Any additional requirements that the PTE imposes on the subrecipient in order for the pass-through entity to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports;**



# § 200.332 Requirements for PTEs

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- ▶ **Required information includes:**
  - 4. (i) An approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal Government. If no approved rate exists, the pass-through entity must determine the appropriate rate in collaboration with the subrecipient, which is either:**
    - **The negotiated indirect cost rate between the PTE and the subrecipient**
    - **The de minimis indirect cost rate**

## § 200.332 Requirements for PTEs

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- ▶ **Required information includes:**
  - 4. (ii) The PTE must not require use of a de minimis cost rate if the subrecipient has a Federally approved rate**
  - 5. A requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements as necessary for the pass-through entity to meet the requirements of this part; and**
  - 6. Appropriate terms and conditions concerning closeout of the subaward**

## § 200.332 Requirements for PTEs

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- ▶ **All pass-through entities must:**
  - ▶ b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring, based on provided criteria
  - ▶ c) Consider imposing specific subaward conditions upon a subrecipient, if appropriate as described in § 200.208

## § 200.332 Requirements for PTEs

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- ▶ **All pass-through entities must:**
  - ▶ d) Monitor activities of the subrecipient
  - ▶ e) Other potential PTE monitoring tools depending on risk
  - ▶ f) Verify every subrecipient is audited as required by subpart F of Uniform Guidance

## § 200.332 Requirements for PTEs

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- ▶ **All pass-through entities must:**
  - ▶ g) Consider whether the results of subrecipient audits, on-site reviews, or other monitoring activity indicate conditions that necessitate adjustment to the PTEs own records
  - ▶ h) Consider taking enforcement action against noncompliant subrecipients as described in section § 200.339 (Has reference back to § 200.208)

## § 200.332 Requirements for PTEs

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- ▶ **b) Evaluate subrecipient risk of noncompliance for purposes of determining appropriate subrecipient monitoring including consideration of such factors as:**
  1. Subrecipient experience with the same or similar subawards;
  2. Results of previous audits, including whether the subrecipient receives a single audit and the extent to which the subaward has been audited as major;
  3. Whether subrecipient has new personnel or substantially changed systems; and
  4. Extent and results of Federal awarding agency monitoring, if subrecipient also receives direct awards

# § 200.332 Requirements for PTEs

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- ▶ **d) Required Subrecipient Monitoring Activities**
  1. Review financial and programmatic reports
  2. Follow-up and ensure that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the federal award through audits, on-site reviews, and other means
  3. Issue management decisions for audit findings pertaining to the federal award provided to the subrecipient from the pass-through entity as required by § 200.521

## § 200.332 Requirements for PTEs

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### ▶ d) Required Subrecipient Monitoring Activities

4. The PTE is responsible for resolving audit findings specifically related to the subaward and not responsible for resolving crosscutting findings.
  - If a subrecipient has a current Single Audit report posted in the FAC and has not otherwise been excluded from receipt of Federal funding, the pass-through entity may rely on the subrecipient's cognizant audit agency or cognizant oversight agency to perform audit follow-up and make management decisions related to cross-cutting findings.



## Other Potential PTE Monitoring Tools Depending on Risk

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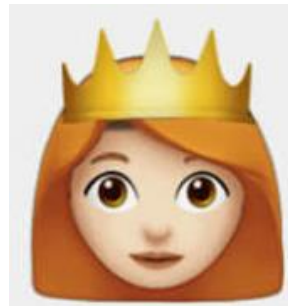
- ▶ **Section § 200.332(e) identifies the following tools that may be useful for the PTE to ensure proper accountability and compliance with program requirements and achievement of performance goals**
  - ▶ Providing training and technical assistance
  - ▶ Performing on-site reviews of program operations
  - ▶ Arranging for agreed-upon procedures (AUP) engagements as described in § 200.425

## § 200.425 AUP Engagements

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- ▶ **PTE may charge federal awards for the cost of agreed-upon procedures engagements to monitor subrecipients who are exempted from the requirements of Subpart F. The cost is only allowable if the AUP engagement is:**
  - ▶ Conducted in accordance with the attestation standards in *Government Auditing Standards*
  - ▶ Paid for and arranged by the PTE
  - ▶ Limited in scope to one or more of the following types of compliance requirements:
    - ▶ Activities allowed or unallowed; allowable costs/cost principles; eligibility; and reporting

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# Risk Assessment Considerations

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# Best Practice – What is a Risk Assessment?

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- ▶ **Risk assessment measures two quantities**
  - ▶ Magnitude of the potential non-compliance
  - ▶ Probability that the non-compliance will occur
  
- ▶ **What is the overall risk assessment for the subrecipient?**
  - ▶ Determines frequency of monitoring
  - ▶ Determines depth of monitoring
  
- ▶ **Should be done annually**

## Best Practice – Identify and Limit Risk

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- ▶ **Understand subrecipients' familiarity with the program and applicable regulations;**
- ▶ **Design contracts in accordance with federal regulations and to account for all data and reporting requirements;**
- ▶ **Incorporate contract language that allows your organization to amend contracts as additional guidance from the federal government is received;**
- ▶ **Review the results of previous audits for any findings that may have resulted**

# Best Practice – Additional Risk Items to Consider

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- ▶ **Provider history**
- ▶ **Policies and procedures**
- ▶ **Financial stability**
- ▶ **Management systems**
- ▶ **Size of the award**
- ▶ **Percentage of award vs. total federal awards received by the agency**
- ▶ **Complexity of award requirements**
- ▶ **Single or multi-year award**

## Best Practice – Risk Assessment Documentation

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- ▶ **Be explicit in criteria used to evaluate risk**
- ▶ **Customize the risk factors for the program**
- ▶ **Update frequently (at least annually)**
- ▶ **Consider multiple levels of risk (beyond high/low)**
- ▶ **Match risk assessment conclusion to related monitoring activity**



# Monitoring Best Practices

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## ▶ **What is monitoring?**

- ▶ A process that evaluates how a grantee is administering a grant according to the requirements of the grant
  - Eligibility Determination
  - Allowability of Services
  - Allowable Costs
  - Internal Management Systems
  - Procurement Policy
  - Other

## ▶ **Why is monitoring important?**

- ▶ Ensure compliance with federal rules and regulations
- ▶ Ensure services are provided in accordance with subaward agreement

# Monitoring Best Practices

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## ▶ **What is the role of a monitor?**

- ▶ Notification of review
- ▶ Request necessary policies and documents
- ▶ Provide technical assistance as needed

## ▶ **When do you monitor?**

- ▶ As deemed necessary based on annual risk assessment

# Monitoring Best Practices – Monitoring Plan

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- ▶ **Clearly identify necessary activities and responsible parties;**
- ▶ **Review debarment lists;**
- ▶ **Allow for consistency throughout monitoring activities;**
- ▶ **Characteristics include**
  - ▶ Data quality reviews;
  - ▶ Required progress reporting;
  - ▶ Site and desk reviews, potentially critical for large-scale projects;
  - ▶ Compliance auditing; and
  - ▶ Develop corrective action plans.

# Monitoring Best Practices – Monitoring Plan

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- ▶ **Once the process has concluded, develop and implement an internal action plan**
  - ▶ Revise policies and procedures;
  - ▶ Enforce compliance with the internal requirements; and
  - ▶ Execute ongoing monitoring.
- ▶ **Utilize your internal auditors to conduct regular, detailed reviews; and**
- ▶ **Know where others have faltered.**

# Monitoring Best Practices – How do You Monitor?

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- ▶ **Techniques for conducting monitoring activities**
  - ▶ Desk reviews
  - ▶ On-site field reviews
  - ▶ AUPs
  - ▶ Consider need for separate fiscal monitoring from programmatic monitoring.

# Monitoring Best Practices – Monitoring Results

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- ▶ **Upon conclusion of monitoring**
  - ▶ Findings will be completed by the reviewer and signed by the director of the or designee of the PTE.
  - ▶ A copy will be provided to the subrecipient identifying any deficiencies.
  - ▶ Immediate action should be taken by subrecipient to correct issues involving ineligible uses of federal funds.
  - ▶ A corrective action plan should be developed by the subrecipient within a specified period (e.g., 60 days) from the issuance of the review findings to address deficiencies or noncompliance issues.

# Monitoring Best Practices – Monitoring Results

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- ▶ **Upon conclusion of monitoring (continued)**
  - ▶ Review corrective action plans based on the PTEs monitoring work or the results of independent audits;
  - ▶ Consider applying remedies for noncompliance, if appropriate
  - ▶ Report noncompliance or sanctioning activities to the federal government for follow-up when required.
  - ▶ Document the execution of monitoring activities and corrective action taken

## § 200.339 Remedies for Non-Compliance

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- ▶ **If non-federal entities fail to comply with requirements, the PTE may impose additional conditions as described in section § 200.208**
- ▶ **If noncompliance cannot be remedied with additional conditions, the PTE may take one or more of the following actions, as appropriate**
  - ▶ Temporarily withhold cash payments
  - ▶ Disallow all or part of cost of the activity not in compliance
  - ▶ Wholly or partly suspend or terminate the federal award
  - ▶ Recommend that the federal agency initiate suspension and debarment proceedings
  - ▶ Withhold further federal awards
  - ▶ Take other remedies that may be legally available



# Monitoring Best Practices – Monitoring Follow-Up

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- ▶ **Why is follow-up important?**
- ▶ **Identify recurring problems to a program**
  - ▶ Example: Incorrect eligibility determinations could result in unallowable charges to federal program.
- ▶ **Identify recurring problems with a subrecipient**
  - ▶ Example: Subrecipient that fails to correct monitoring findings is at risk of incurring additional unallowable costs or audit findings

# Monitoring Best Practices – Monitoring Follow-Up

---

- ▶ **Why is follow-up important?**
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- ▶ **Identify recurring problems with a subrecipient**
  - ▶ Example: Subrecipient that fails to correct monitoring findings is at risk of incurring additional unallowable costs or audit findings

# Subrecipient Responsibilities

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- ▶ **Non-federal entities must comply with requirements in Uniform Guidance for Federal Awards regardless of whether the non-federal entity is a recipient or subrecipient of a federal award.**
- ▶ **Uniform Guidance for Federal Awards is explicit on requirements for PTEs, but subrecipient responsibilities are scattered throughout the guidance and are not generally called out separately as a subrecipient requirement (i.e., refers instead to non-federal entity requirements)**

## 2 CFR Frequently Asked Questions

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- ▶ Published May 3, 2021
- ▶ 146 Questions and Answers
- ▶ [https://www.cfo.gov/assets/files/2CFR-FrequentlyAskedQuestions\\_2021050321.pdf](https://www.cfo.gov/assets/files/2CFR-FrequentlyAskedQuestions_2021050321.pdf)
- ▶ **6 questions deal with subrecipient monitoring**

## 2 CFR Frequently Asked Questions

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- ▶ **Q-75 Are subcontractors and suppliers considered subrecipients?**
  - ▶ The nature of the relationship determines whether an agreement is considered a subaward.
  - ▶ Recipients may refer to an entity as subcontractor or supplier.

## 2 CFR Frequently Asked Questions

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- ▶ **Q-76 Do PTEs need to check subrecipient debarment?**
  - ▶ Yes. This can be done by checking <https://sam.gov/content/exclusions>; collecting a certification from that person; or adding a clause or condition to the covered transaction with that person.

## 2 CFR Frequently Asked Questions

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- ▶ **Q-77 Are PTEs required to assess risk of non-compliance for each applicant prior to making a subaward?**
  - ▶ Section 200.332(b) requires risk assessment of subrecipients.
  - ▶ While there is no requirement for pass-through entities to perform these assessment before making subawards, PTEs are encouraged to conduct the risk assessments prior to making subawards.

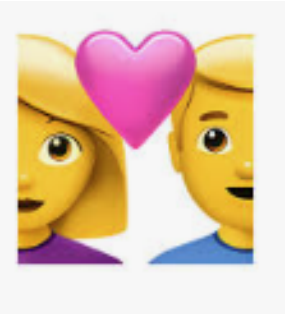
## 2 CFR Frequently Asked Questions

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- ▶ **Q-80 Are PTEs responsible for resolving subrecipient single audit findings?**
  - ▶ PTEs are only responsible for resolving audit findings specifically related to their subrecipient's subaward.
  - ▶ The PTEs are also only responsible for issuing management decisions for applicable audit findings pertaining to its subaward.



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# Subpart F – Audit Requirements

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# Objectives of the Single Audit Act

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- ▶ **Improve financial management**
- ▶ **Provide uniform audit requirements.**
- ▶ **Promote efficient and effective audit resource use.**
- ▶ **Ensure reliance on and use of audit work performed under the single audit.**
- ▶ **A single audit consists of an audit of a nonfederal entity's financial statements and a compliance audit of its federal awards.**

# Steps in a Single Audit

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- ▶ **The SEFA**
- ▶ **Major Program Determination**
- ▶ **Test Major Program(s)**
  - ▶ Direct and Material Compliance
  - ▶ Internal Control over Compliance
  - ▶ Test auditee following of Admin Requirements and Cost Principles
- ▶ **Reporting**

## § 200.508 Auditee responsibilities

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- ▶ Arrange for a single audit and ensure it is properly performed and submitted timely
- ▶ Financial statements
- ▶ Schedule of expenditures of federal awards (SEFA)
- ▶ Promptly follow up and take corrective action on audit findings
- ▶ Summary schedule of prior audit findings
- ▶ Corrective action plan
- ▶ Provide the auditor with access to personnel, accounts, books, records, supporting documentation, and other information as needed

# § 200.510 (b) SEFA Required Elements

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- ▶ **Auditee must prepare – include federal awards expended as determined in § 200.502**
- ▶ **List individual Federal programs by Federal agency**
  - ▶ If a cluster, include:
    - ▶ Cluster name
    - ▶ Individual programs within a cluster
    - ▶ Note: Clusters are defined in the Compliance Supplement Part 5 – Cluster of Programs
  - ▶ **For research and development (R&D), include expenditures by:**
    - ▶ Individual award OR
    - ▶ Federal agency and major subdivision within federal agency (Example: National Institute of Health is a major subdivision in Department of Health and Human Services)

## § 200.510 (b) SEFA Required Elements

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- ▶ **For Federal awards received as a subrecipient**
  - ▶ the name of the PTE
  - ▶ identifying number assigned by the PTE (if applicable)
- ▶ ***Total Federal awards expended for each individual Federal program and the ALN or other identifying number when ALN not available***
  - ▶ For a cluster of programs also provide the total for the cluster
  - ▶ Even when only one program out of the cluster is shown on SEFA, must label as a cluster

# Assistance Listing Number - ALN

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- ▶ **Sometimes not provided by grantor**
  - ▶ Reach out to agency/pass-through entity
  - ▶ Look in SAM.gov
  
- ▶ **Indicate not available and provide other identifying number**
  - ▶ Follow the instructions of the Data Collection Form for programs with no assistance listing number
    - ▶ If assistance listing 3 digit extension is unknown:
      - ▶ Awarding agency's 2 digit prefix followed by U followed by a two-digit number in the assistance listing extension field
      - ▶ HUD – 14.U01
  - ▶ If program is part of the R&D cluster and the assistance listing extension is unknown, enter RD in the CFDA extension field



## § 200.510 (b) SEFA Required Elements

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- ▶ Include the total amount provided to subrecipients from each Federal program
- ▶ Include notes that describe the significant accounting policies, whether or not the non-Federal entity elected to use the de-minimis cost rate and outstanding loan balances

# SEFA Example

<u>Federal Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>	<u>Passed-Through to Subrecipients</u>
U.S. Department of Health and Human Services				
Passed Through the Pennsylvania Department of Human Services:				
Adoption Assistance	93.659		647,138	-
COVID-19 - Adoption Assistance	93.659		71,743	-
Subtotal 93.659			718,881	-
Medicaid Cluster:				
Medical Assistance Program	93.778		490,873	-
Subtotal Medicaid Cluster			490,873	-

# § 200.511 Audit findings follow-up

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- ▶ **§ 200.511 (b) Summary schedule of prior audit findings**
  - ▶ Prepared by the auditee
  - ▶ Part of the reporting package
  - ▶ Reports the status of all audit finding included in the prior year's schedule of findings and questioned costs

# § 200.511 Audit findings follow-up

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- ▶ **§ 200.511 (c) Corrective action plan (CAP)**
  - ▶ Prepared by the auditee
  - ▶ CAP is to be separate document from auditor's findings
  - ▶ Include reference numbers the auditor assigns to findings
  - ▶ CAP and Summary of Prior Audit Findings must include findings relating to the financial statements which are required to be reported in accordance with Government Auditing Standards (Yellow Book report findings)

# Auditors § 200.514 Scope of audit

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- ▶ Audit the financial statements in accordance with **Generally Accepted Auditing Standards (GAAS) and GAGAS**
- ▶ Determine whether the financial statements are presented fairly in all material respects in accordance with generally accepted accounting principles. Determine whether the SEFA is stated fairly in all material respects in relation to the auditee's financial statements as a whole.
- ▶ Understand internal control over federal programs and plan the audit to support low assessed level of control risk of noncompliance for major programs

# Auditors § 200.514 Scope of audit

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- ▶ Determine whether the auditee has complied with Federal statutes, regulations, and the terms and conditions of Federal awards that may have a direct and material effect on each of its major programs
- ▶ Compliance testing must include tests of transactions and such other auditing procedures necessary to provide the auditor sufficient appropriate audit evidence to support an opinion on compliance
- ▶ Auditor must follow-up on prior audit findings
- ▶ Report findings in single audit compliance report
- ▶ Auditor must complete and sign specified sections of the Data Collection Form (DCF)

# What Does the Auditor Test?

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- ▶ **Major Programs**
- ▶ **Direct and Material Compliance Areas**
  - ▶ **Use the Compliance Supplement**

# When does Auditee follow UG?

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- ▶ **All programs**
- ▶ **All compliance areas**



## § 200.516 Audit findings

- ▶ **§ 200.516 of the UG states that the auditor must report the following as audit findings in the SFQC:**
  - ▶ Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse
  - ▶ Material noncompliance with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program
  - ▶ Known questioned costs that are greater than \$25,000 for a type of compliance requirement for a major program
  - ▶ Known questioned costs when likely questioned costs are greater than \$25,000 for a type of compliance requirement for a major program

## § 200.516 Audit findings (continued)

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- ▶ **§ 200.516 of the UG states that the auditor must report the following as audit findings in the SFQC:**
  - ▶ Known questioned costs that are greater than \$25,000 for a federal program which is not audited as a major program
  - ▶ Known or likely fraud affecting a federal award, unless otherwise reported in the SFQC
  - ▶ Instances where the results of audit follow-up procedures disclosed that the summary schedule of prior audit findings prepared by the auditee materially misrepresents the status of any prior audit finding

## § 200.516 Audit findings

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- ▶ **Threshold for reporting known and likely questioned costs is \$25,000**
- ▶ **Requires that questioned costs be identified by ALN and applicable award number**
- ▶ **Requires identification of whether audit finding is a repeat from the immediately prior audit and if so the prior year audit finding number**
- ▶ **Provides that audit finding numbers be in the format prescribed by the data collection form (i.e., 2024-001, 2024-002, etc.)**
- ▶ **Should indicate whether sampling was a statistically valid sample**

# Report Package – Required Components

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- 1. Financial Statements and Schedule of Expenditures of Federal Awards (SEFA)**
- 2. Auditor’s Report on the Financial Statements**
- 3. Auditor’s Report on the SEFA**
- 4. Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters (referred to as Yellow Book report)**
- 5. Auditor’s Report on Compliance with Requirements that Could Have Direct and Material Effect on Each Major Program and on Internal Control over Compliance (referred to as single audit report)**
- 6. Schedule of Findings and Questioned Costs**
- 7. Summary Schedule of Prior Audit Findings**
- 8. Management’s View and Corrective Action Plan (if applicable)**

# Appendix X – The Data Collection Form

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- ▶ **The Data Collection Form SF-SAC is available on the FAC Web site.**
- ▶ **The audit must be completed, and the Data Collection Form (DCF) and reporting package must be submitted to the Federal Audit Clearinghouse (FAC) within the earlier of:**
  - ▶ 30 calendar days after receipt of the auditor's report(s), or
  - ▶ Nine months after the end of the audit period.
- ▶ **If the due date falls on a Saturday, Sunday, or federal holiday, the reporting package is due the next business day.**
- ▶ **The auditee must electronically submit to the FAC the DCF and the reporting package**

# Single Audit Reports on the Web

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- ▶ **All auditees must submit the reporting package and the DCF electronically to the FAC**
- ▶ **FAC submission process requires text-based PDF and unlocked, unencrypted**
- ▶ **FAC responsible to make the reports publicly available on a website -Exception for Indian Tribes**
- ▶ **Auditors and auditees must ensure reports do not include PPII**
  - ▶ Auditee will have to sign a certification statement that reporting package does not include PPII

# FAC Repository of Record for Reporting Packages

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- ▶ **Federal agencies and pass-through entities will obtain copies by accessing FAC web site**
- ▶ **Subrecipient only required to submit report to FAC and not required to submit to pass-through entity**
- ▶ **Pass-through entity not required to retain copy of subrecipient report as will be on the website** So I am thinking we delete slides after this, and then we discuss how there is way way more oversight on the SEFA and findings compared to five years ago. Expect follow up, etc, to wake people up, and then they will be like "wow that's good to know" and we have crushed it.

# Subrecipient Monitoring Issues

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- ▶ **Missing risk assessment**
- ▶ **Pre-award**
  - ▶ Agreements do not include all of the elements required at 2 CFR 200.331 (a)
  - ▶ Lack of suspension and debarment checks
- ▶ **Post-award**
  - ▶ Missing audit reports
  - ▶ No follow-up on findings or lack of timely management decisions



# Summary of Uniform Guidance

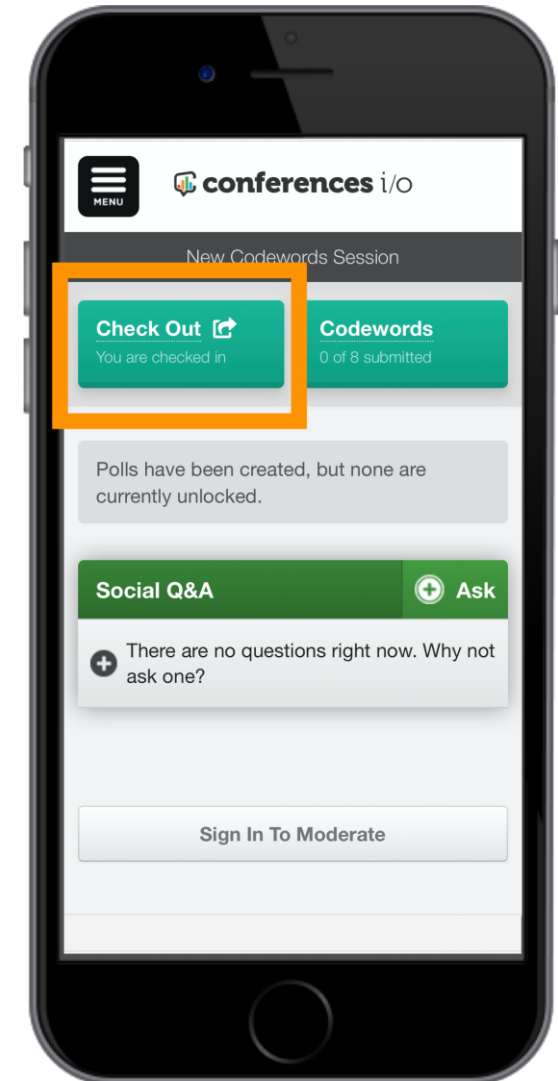
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- ▶ **Used by Federal Agencies, Auditors and Non-federal Entities**
- ▶ **Non-federal Entities must follow cost principles and admin requirements for all federal awards**
- ▶ **Non-federal Entities will follow Part F and hire an auditor if federal funds expended are \$750,000 or greater**
- ▶ **Both Auditors and Non-Federal Entities follow Part F when conducting an audit is required**
- ▶ **Auditors will use the Compliance Supplement along with cost principles and admin requirements from Uniform Guidance during there audit testing**

Guess the  
movie



Don't Forget To  
Check-Out Before  
You Leave!



# Questions? Contact us!

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