Learning Objectives

After completing this program, you should

- Have a better understanding of recently issued Uniform Grant Requirements and how to gather additional information in order to properly implement provisions applicable to:
  - Administrative requirements
  - Cost principles
  - Audit requirements

- Have a better understanding of other recent changes in the compliance audit and reporting environment.
Agenda and Topics

- Recent changes impacting future compliance audits
  - 75 MINUTES – Uniform Grant Guidance
  - 25 MINUTES - Compliance Supplement
Uniform Guidance for Federal Awards: The New Cost Principles, Time and Effort Reporting, Procurement and Other Administrative Requirements
What We Will Cover

- Previous Sources of Requirements/Guidance
- Key Changes in the Uniform Guidance for Federal Awards and Other Background
- Key Changes in the Combined Administrative Requirements Guidance
- Key Changes in the Combined Cost Principles Guidance
- Preparing for the New Uniform Guidance for Federal Awards
Previous Sources of Requirements/Guidance
Duplicative and Conflicting Guidance

Previously:

Guidance for Federal Awards

New Uniform Guidance for Federal Awards: All OMB guidance related to federal awards streamlined in Title 2 of the CFR, Subtitle A, Chapter II, Part 200
Key Changes in the Uniform Guidance for Federal Awards and Other Background
OMB Uniform Guidance for Federal Awards

- *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance for Federal Awards)
  - Electronic Code of Federal Regulations (e-CFR) version
  - PDF version of the *Federal Register Notice* in its entirety
Council on Financial Assistance Reform (COFAR) worked with OMB on rollout and related guidance

- Frequently Asked Questions for New Uniform Guidance at 2 CFR 200 (COFAR FAQs) - this document includes previously submitted and answered questions.
  
  - In case of any discrepancy, the guidance at 2 CFR Part 200 governs.
  
  - Award specific questions should be addressed to the Federal awarding agency or pass-through entity.

- More to come in future
Uniform Guidance for Federal Awards Contents

- Subpart A - Acronyms and Definitions
- Subpart B - General Provisions
- Subpart C - Pre-Federal Award Requirements and Contents of Federal Award
- Subpart D - Post Federal Award Requirements
- Subpart E - Cost Principles
- Subpart F Audit Requirements
- Appendix I - Notice of Funding Opportunity
- Appendix II - Contract provisions for non-Federal entity contracts under Federal awards
- Appendix III - Indirect (F&A) costs identification and assignment, and rate determination for Institutions of Higher Education (IHEs)
Uniform Guidance for Federal Awards Contents

- Appendix IV - Indirect (F&A) costs identification and assignment, and rate determination for nonprofit organizations
- Appendix V - State/local government and Indian tribe-wide central service cost allocation plans
- Appendix VI - Public assistance cost allocation plans
- Appendix VII - State and local government and Indian tribe indirect cost proposals
- Appendix VIII - Nonprofit organizations exempt from Cost Principles
- Appendix IX Hospital Cost Principles
- Appendix X Data Collection Form
- Appendix XI Compliance Supplement
Overarching Key Points

- Supersedes and streamlines requirements of the eight previous OMB Circulars
- Eliminates duplicative and conflicting guidance
- Focuses on performance over compliance
- Encourages use of fixed amount awards that minimize compliance requirements in favor of meeting performance milestones
A Summary of Key Changes

- Establishes uniform administrative requirements, cost principles, and audit requirements for Federal awards to non-federal entities
- Provides for federal agencies to approve alternative methods of accounting for salaries and wages based on achievement of performance outcomes
- Requires pass-through entities to provide an indirect cost rate to subrecipients
- Provides a de minimis indirect cost rate of 10% of Modified Total Direct Cost (MTDC)
- Raises audit threshold to $750,000 thus reduces audit burden for approximately 5,000 non-federal agencies while maintaining coverage of over 99%
A Summary of Key Changes

- Prohibits federal awarding agencies from imposing additional or inconsistent requirements with some exceptions
- Provides for waiving certain compliance requirements on a case-by-case basis
- Contains a clear and robust section for definitions that is applicable to all non-federal agencies
- Provides for federal awarding agencies to only apply more restrictive requirements to a class of federal awards or non-federal entities when:
  - Approved by OMB
  - Required by Federal statutes or regulations
A Summary of Key Changes

- Provides for Federal awarding agencies to apply less restrictive requirements when making fixed amount awards
- Allows no exceptions for audit requirements
Uniform Guidance for Federal Awards - Effective Dates

- **Federal agencies** must implement policies and procedures by promulgating regulations to be **effective December 26, 2014**

- **Non-federal entities** will need to implement the new administrative requirements and Cost Principles for all new federal awards **made after December 26, 2014**, and to additional funding to existing awards (referred to as **funding increments**) made after that date
  - Non-federal entities wishing to implement entity-wide system changes to comply with the guidance after December 26, 2014, will not be penalized for doing so

- **Audit requirements** effective for fiscal **years beginning on or after December 26, 2014**
  - Not permitted to early implement any of the audit provisions
Effective Date – Are You Sure You Get it??

- December 31, 2014, year ends:
  - No impact from the Uniform Grant Guidance for non-federal entities and auditors

- March 31, 2015, June 30, 2015, and September 30, 2015 year-ends:
  - Non-federal entities will have to adopt new administrative requirements and Cost Principles relating to all new federal awards and additional funding to existing awards
  - Single audit requirements continue to use “old” regulation but auditor compliance testing will be affected by client adoption of “new” requirements (i.e., will likely have to test some awards subject to the old requirements and some the new requirements)

- December 31, 2015, year-ends and beyond:
  - New administrative requirements, Cost Principles, and new single audit requirements apply
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<tr>
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<th>Are not applicable to the following types of Federal Awards</th>
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<td>Subpart A – Acronyms and definitions</td>
<td>All</td>
<td></td>
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<tr>
<td>Subpart B – General provisions</td>
<td>All</td>
<td></td>
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<tr>
<td>Subpart C - Pre-Federal Award requirements and Contents of Federal Awards</td>
<td>Grant agreements and cooperative agreements</td>
<td>Agreements for loans, loan guarantees, interest subsidies, and insurance</td>
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<td>Cost reimbursement contracts awarded under the Federal Acquisiton Regulations and cost-reimbursement subcontracts under these contracts</td>
</tr>
<tr>
<td>Subpart D - Post Award requirements, subrecipient monitoring and management</td>
<td>All</td>
<td></td>
</tr>
<tr>
<td>Subpart E – Cost principles</td>
<td>Grant agreements and cooperative agreements, except those providing food commodities</td>
<td>Grant agreements and cooperative agreements providing food commodities</td>
</tr>
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<td></td>
<td>Cost reimbursement contracts awarded under the Federal Acquisition Regulations and cost-reimbursement subcontracts under these contracts in accordance with FAR</td>
<td>Fixed amount awards</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Agreements for: loans, loan guarantees, interest subsidies, insurance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Federal award to hospitals</td>
</tr>
<tr>
<td>Subpart F – Audit requirements</td>
<td>All</td>
<td></td>
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</tbody>
</table>
Key Changes in Combined Administrative Requirements Guidance
Part 200 – Contents of Uniform Guidance for Federal Awards

- Subpart D - Post Federal Award Requirements
  - Financial management
  - Internal controls
  - Bonds
  - Payment
  - Cost sharing and matching
  - Program income
  - Revision of budget and program plans
  - Property standards
  - Procurement standards
  - Performance and financial monitoring and reporting
  - Sub recipient monitoring and management
  - Record retention and access
  - Remedies for noncompliance
  - Closeout
Financial Management System

Must include:

- Identification, in its accounts, of all federal awards received and expended and the federal programs under which they were received. Information should include:
  - Catalog of Federal Domestic Assistance (CFDA) number and title
  - Federal award identification number and year
  - Federal awarding agency
  - Pass-through entity (PTE), if applicable
- Accurate, current, and complete disclosure of the financial results of each federal award or program
Financial Management System

Must Include:

- Records that identify the source and application of funds for federally-funded activities
- Effective control over, and accountability for all funds, property, and other assets.
- Comparison of expenditures with budget amounts for each federal award
- Written procedures to implement the requirements for cash management
- Written procedures for determining the allowability of costs in accordance with Cost Principles
Focus on controls - Internal Control Clarification – From COFAR FAQ III-4

§ 200.303 Internal controls.
The non-federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance 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 and the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

OMB has stated that the should is meant to be a “best practice” and not a presumptively mandatory requirement.
Payment (Cash Management)

- Applies to all non-federal agencies other than States
- 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.
- 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
Cost Sharing and Matching

- Any shared costs or matching funds and all contributions, including cash and third party in-kind contributions, must be accepted as part of the non-Federal entity’s cost sharing or matching if:
  - Supported by verifiable records
  - Are not included as match for another Federal Award
  - Are necessary and allowable
  - Are not paid for by another Federal award except when authorized by Federal statute
Cost Sharing and Matching

- Unrecovered indirect costs may be included as a part of cost sharing or matching only with prior approval of the Federal awarding agency.

- The Uniform Guidance for Federal Awards includes a whole section about the donation from the non-federal agency and other third-parties.
Program Income

- Non-federal entities are encouraged to earn income to defray program costs where appropriate
- Proceeds from the sale of real property or equipment are not program income
- Use of income is normally specified in the award:
  - Defray cost of the program
  - Placed into a reserve
  - Returned to the federal agency
- If not indicated by the federal awarding agency in the regulations or the terms of the award, program income must be deducted from total allowable costs to determine the net allowable costs.
Budget Revisions

- Budgets establish the financial aspects of the project or program during the award process

- For non-construction federal awards, prior approval is only required for:
  - Change in the scope or the objective
  - Change in key person
  - Disengagement from the project for more than three months or a 25% reduction in time devoted to the project
  - Inclusion of costs that require prior approval according to Cost Principles
  - Transfer of funds budgeted for participant support costs to other categories of expenses
  - The subawarding, transferring or contracting out of any work under a Federal award
  - Changes in amount of approved cost-sharing or matching
Budget Revisions

- Pre-approval requirements are waived for research projects unless the federal awarding agency indicates otherwise.

- Federal awarding agencies have the option to:
  - Waive the above prior approval requirements, except for the change in the scope or the objective.
  - Allow the non-Federal agency to incur project costs 90 days before the award date.
  - Initiate a one-time extension of the period of performance by up to 12 months.
  - Carry forward unobligated balances to subsequent periods of performance.

- For awards that exceed the “simplified acquisition threshold” the federal awarding agency may restrict the transfer of funds among direct cost categories when such transfers exceeds or is expected to exceed 10% of the total budget.
For construction federal awards, prior written approval is required for:
- Changes in the scope or the objective of the program or project
- Need for additional federal funds to complete the project
- Revision involving specific costs for which prior written approval is required in accordance with the Cost Principles

If federal award covers construction and non-construction projects, the federal agency may require pre-approval for transfer of funds between projects

Federal awarding agency must review the request and notify the recipient of its approval

If the revision is under consideration, the federal awarding agency must inform the recipient of when the decision should be expected.
Procurement

- States will follow the same policies and procedures they use for procurements from non-federal funds (i.e., state procurement statutes).

- Other non-federal entities will follow the five procurement methods outlined in the Guidance including small purchase procedures which are subject to the Simplified Acquisition Threshold, micro-purchases, sealed bids, competitive proposals, and noncompetitive proposals.

- In general, the new procurement standards adopt the majority of the language used from Circular 102. Therefore, non-federal entities that are previously subject to Circular A-110 will likely be affected more significantly.

All auditees should review these changes carefully to determine the impact on their procurement procedures, in particular those relating to procurement card programs.
Procurement

- Type of recipients with greatest impact of new procurement guidance
  - Higher Educational Institutions
  - Not-for-Profit Organizations
Procurement

- **Micro Purchases**
  - $3,000 Aggregate - $2,000 if it is for Construction and subject to Davis-Bacon Act.
  - There does not need to be quotations.
  - Equitable distribution among qualified vendors

- **Small Purchases**
  - Simple and informal procurement methods
  - Not more than the simplified acquisition threshold - currently $150,000
  - Price and rate quotations must be obtained from adequate number of qualified sources.

- **Sealed Bids**
  - Above simplified threshold – greater than $150,000
  - Preferred for construction projects
  - Must be publicly advertised
Procurement

- **Competitive Proposals**
  - Above simplified threshold – currently $150,000
  - More than one source for proposal
  - Usually used for fixed fee or cost reimbursement
  - A written method of evaluation and selection.
  - Award must go to “most advantageous” proposal

- **Sole Source**
  - Must meet at least one of the criteria
    - Single source availability
    - Public emergency
    - Written request has been made and approved by federal or PTE
    - Competition is determined to be inadequate
FAQ .110-6 states, for compliance with the new procurement standards only, the federal government is providing a grace period of one full fiscal year after the effective date of the Uniform Guidance for Federal Awards.

The FAQ goes on to provide information on certain documentation that the non-federal entity will have to provide in this regard and how it will affect the single audit in its first year.
Monitoring and Reporting

- Non-federal entity is responsible for monitoring programs for compliance and performance expectations.

- Federal entity must use OMB-approved data elements.
  - Non-federal entity must submit reports as often as required but no less frequently than annually and no more frequently than quarterly
  - Exceptions – unusual circumstances
  - Annual Reports due 90 calendar days after reporting period
  - Quarterly Reports due 30 days after reporting period

- Performance reports must contain
  - Comparison of accomplishments to objectives
  - The reason goals were not met
  - Other information that is appropriate
Monitoring and Reporting

- Construction performance reports
  - Only when necessary above inspections and certification of percentage of completion.

- Significant Developments
  - Must notify as soon as condition is known
    - Problems, delays, adverse conditions materially impacting performance and objectives
    - Favorable Developments

- Federal agency may waive any part of reporting if not needed.
This session will not cover subrecipient monitoring and management in detail.

Subrecipient Monitoring and Management – A High-Level Overview

- Guidance on subrecipient versus contractor determination expanded and relocated to administrative requirements section 200.330 in Subpart D
  - Criteria for determination basically unchanged

- New subaward requirements

- New requirements for PTEs with regard to monitoring activities
  - Much more detailed than guidance contained in *Compliance Supplement*
  - Includes a required risk assessment of subrecipients
Remedies for Noncompliance

- If the non-federal entity does not comply, additional requirements can be applied
  - Section 200.207 allows for federal agency or PTE to impose additional requirements.

- If the noncompliance cannot be cured
  - Temporarily withhold cash payments pending correction of issue
  - Disallow associated costs and matching
  - Wholly or partially suspend award
  - Initiate suspension and debarments proceedings
  - Withhold further awards for the project or program
  - Other legally available remedies
Closeout

The federal awarding agency or PTE should complete all closeout actions for federal awards no later than one year after receipt and acceptance of all required final reports.
Cost Principles and Highlights of Changes
Section 200.4XX, OMB Cost Principles

- Consolidated Cost Principles into single document:
  - OMB Circular A-21 – Educational Institutions
  - OMB Circular A-87 - State, Local and Indian Tribal Governments
  - OMB Circular A-122 – Nonprofit Organizations

- Health and Human Services at 45 CFR Part 74 Appendix E- Hospitals was not incorporated into the new
  - OMB is conducting further review of the cost principles for hospitals and will make a future determination about the extent to which they should be added to this guidance
Subpart E - Cost Principles

- General provisions
- Basic considerations
- Collection of unallowable costs
- Adjustment of previously negotiated ICR containing unallowable costs
- Direct and indirect costs
- Special considerations for states, local governments and Indian Tribes
- Special considerations for institutions of higher education
- General provisions for selected items of costs
Support for Personnel Costs

Previously different reporting under A-21, A-87 and A-122

- **Requirements for:**
  - Existence of employees
  - Reasonableness of compensation
  - Assignment and allocation to federal awards

- **Changes primarily in the area of assignment and allocation of salaries to federal awards**

- **Previously different documentation is required:**
  - A-122 is based on time actually incurred through periodic (at least monthly) time and effort reporting
  - A-87 is primarily similar to A-122, but provides for certifications in cases where the employee only works on one federal program
  - A-21 is based on a system for establishing an estimate and determining that is a reasonable basis for the activity
Cost Principles – Compensation – Personal Services

- New language intended to reduce the administrative burden of documenting time and effort
- Less prescriptive on documentation – places great emphasis on internal controls
- However, there is a requirement that charges must be based on records
- Will allow entities to replace detailed time and effort reports with performance based reporting based on milestones (agency approval required)
Cost Principles – Compensation – Personal Services

- Time and distribution records must be maintained for all employees whose salary is:
  - Paid in whole or in part with federal funds
  - Used to meet a match/cost share requirement

- Not based on budget estimates alone – needs to be ACTUAL

- Full disclosure
  - All time worked for the organization and what percentage is federal
Cost Principles – Compensation – Personal Services

- Budgets alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:
  - The system for establishing the estimates produces reasonable approximations of the activity actually performed
  - Significant changes in the corresponding work activity are identified and entered into the records in a timely manner, i.e. one or two months
  - The non-federal entity’s system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates.
  - All necessary adjustments must be made such that the final amount charged to the federal award is accurate, allowable, and properly allocated
Cost Principles – Compensation – Personal Services

- New standards for documentation
  - Charges must be based on records that accurately reflect the work performed
  - Must be supported by a system of internal controls which provides reasonable assurance that amounts are accurate, allowable and properly allocated
  - Be incorporated into official records
  - Reasonable reflect total activity for which employee is compensated
Cost Principles – Compensation – Personal Services

- Activities may be expressed as a percentage distribution of total activities
- Nonexempt employees must also prepare records indicating the total number of hours worked each day
- Salaries and wages of employees used in meeting cost sharing or matching requirements on Federal awards must be supported in the same manner.
Cost Principles – Proposal Costs

- **Allowable as an indirect cost**
  - Preparing proposals for both Federal and non-Federal
  - Successful and not successful bids
  - Allocated to all activities of the organization

- **Used to be permitted in higher education and government cost circulars – now permitted for all**
Cost Principles – Indirect Costs

- Federal agencies and pass-through entities will have to accept a non-federal entity’s negotiated indirect cost rate
  - Unless a statute or regulation allows for an exception
- Non-federal entities will have a one-time option to extend rate for up to four years
- For non-federal entities who have never received a negotiated rate, de minimis rate of 10% of modified total direct costs may be used indefinitely
Preparing for the New Uniform Guidance for Federal Awards
Tips for Entities Implementing the New Uniform Guidance for Federal Awards

- Ensure an Appropriate Understanding of Effective Dates
- Obtain an Understanding of the New Requirements. There is no getting around reading the new requirements!
- Focus on Areas of Most Significance First (e.g., time and effort reporting, allocating indirect costs, procurement, internal control, and subrecipient monitoring)
- Developing a Plan to Become Compliant. To include identification of needed policy and procedure changes; internal controls that might need to be established or modified; action items that will be needed to implement needed changes; who within the entity is responsible for each action item; and timing
- Senior Management Should Be Involved. The tone at the top is important as it relates to major changes like this
- Access Available Resources. See slides - end of presentation
- Training is Important. (Both new requirements and new entity-specific policies and procedures)
Uniform Guidance For Federal Awards Resources

- OMB/COFAR resources that clients and auditors should access:
  - Access all the various Uniform Grant Guidance documents at: http://www.whitehouse.gov/omb/omb/grants_docs
  - Go to the COFAR Mailing List link to register and receive future announcements, information on upcoming webcasts, and other COFAR resources
  - Access an archive of an OMB Web event and related presentation materials covering the contents of the various Subparts and requirements
Impact on Audit Requirements
Sec. 200.5XX, Audit Requirements – From the OMB

- The final guidance right-sizes the footprint of oversight and Single Audit requirements to strengthen oversight and focus audits where there is greatest risk of waste, fraud, and abuse of taxpayer dollars.

- It improves transparency and accountability by making single audit reports available to the public online, and encourages Federal agencies to take a more cooperative approach to audit resolution in order to more conclusively resolve underlying weaknesses in internal controls.
Revisions Focus Audit On Risk

- Increases audit threshold.
- Strengthens risk-based approach to determine Major Programs.
- Provides for greater transparency of audit results.
- Strengthens agency use of the single audit process.
- Provides for public outreach to focus Compliance Supplement on requirements of highest risk.
Basic Structure of Single Audit Process Unchanged

- Audit threshold (200.501).
- Biennial (200.504) & Program-specific (200.507) audits.
- Non-Federal entity selects auditor (200.509).
- Auditee prepares financial statements & SEFA (200.510).
- Audit follow-up & corrective action (200.511 & 200.521).
- 9 month due date (set in law) (200.512(a)).
- Reporting to Federal Audit Clearinghouse (200.512).
- Major programs determined based on risk (200.518).
- Compliance Supplement overall format (Appendix XI).
Single Audit Threshold

- Increase audit threshold from $500,000 to $750,000

Based on single audits submitted to the FAC there could be approximately 6,000 fewer entities subject to a single audit, but there would only be a reduction in dollars covered of less than 1 percent.
Type A Threshold

- Groupings are based on dollars — Type A programs are those above the dollar threshold, Type B are those below
  - The minimum threshold is increased from $300,000 to $750,000.
  - Thresholds increase when amounts expended in excess of $25 million.
Large Loan Programs

- Incorporates the guidance on the inclusion or exclusion of large loan or loan guarantee programs in determining the Type A threshold that was previously in the Compliance Supplement.

- Modifies the guidance related to a cluster of programs:
  - A cluster of programs is treated as one program in determining Type A programs. For the purposes of excluding large loan programs in the determination of other Type A programs, a cluster of programs is considered to be a loan program if the value of Federal awards expended for loans within the program comprises 50% or more of the total Federal awards expended.
High-Risk Type A Programs

Previous default criteria:
- Not audited as a major program in 1 of 2 most recent audit periods
- In most recent period, had any of the following for program:
  - Significant deficiency in internal control
  - Material noncompliance finding
- Has ARRA expenditures in current year
- Written request by federal awarding agency to audit as major (180 days notice)

New default criteria:
- Not audited as a major program in 1 of 2 most recent audit periods
- In most recent period, had any of the following for program:
  - Other than an unqualified opinion
  - Material weakness in internal control
  - Known or likely questioned costs that exceed 5% of the total expenditures of the program
- Written request by federal awarding agency to audit as major (180 days notice)
High-Risk Type B Programs

Previous:

- There are two Type B risk assessment options:
  - Option 1 – Perform risk assessments on all Type B programs* and select one half of Type B programs identified as high risk up to number of low-risk Type A programs
  - Option 2 – Perform risk assessments on all Type B programs* until as many high-risk Type B programs have been identified as there are low-risk Type A programs

New:

- Perform risk assessments on Type B programs* until high-risk Type B programs have been identified up to 1/4\textsuperscript{th} of the number of low-risk Type A programs

* subject to de minimis threshold
- 25% of type A threshold
### Percentage of Coverage Requirement

- **Minimum coverage required as follows:**

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<th>Type of Auditee</th>
<th>previous</th>
<th>New</th>
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</thead>
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<td>Not Low Risk</td>
<td>50%</td>
<td>40%</td>
</tr>
<tr>
<td>Low Risk</td>
<td>25%</td>
<td>20%</td>
</tr>
</tbody>
</table>
Low-Risk Auditee

previous (must meet all):

- Single audits performed on annual basis
- Auditor’s opinions on financial statements and SEFA unqualified
- No Material Weakness under requirements of GAGAS
- In either of preceding two years, none of Type A programs had:
  - Material Weakness
  - Noncompliance with material effect
  - Known or likely questioned costs that exceed 5% of total federal awards expended for a Type A program

New:

- Single audits performed on annual basis
- Auditor’s opinions on financial statements and SEFA unmodified
- No going concern opinion
- No Material Weakness under requirements of GAGAS
- In either of preceding two audit periods, none of Type A programs had:
  - Material Weakness
  - Modified opinion on compliance
  - Known or likely questioned costs that exceed 5% of total federal awards expended for a Type A program
OMB – Compliance Supplement - 2015
Members and staff of the American Institute of CPAs’ (AICPA) Governmental Audit Quality Center have wrapped up their annual review of the draft version of the U.S. Office of Management and Budget (OMB) 2015 Compliance Supplement. The AICPA’s feedback to OMB focused in on the most significant proposed revisions relating to the incorporation of the new OMB grant regulation, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Additionally, the AICPA provided feedback on the normal programmatic changes proposed for this upcoming year.

OMB is expected to issue the Compliance Supplement in spring 2015 in order for auditors to use it for audits of fiscal years beginning after June 30, 2014.
General observations

- 5 new programs added (2 HUD, 2 Transportation, 1 Treasury)
- 2 name changes (1 Interior, 1 Transportation)
- 11 deleted programs – 9 of these programs are expired ARRA programs (5 HUD, 2 Justice, 1 Education and 3 HHS)
- 52 programs defined as having more than minor changes
- 11 programs deleting Davis-Bacon as the result of the end of ARRA Funding or because not considered a material requirement
- SFA and Research & Development Clusters have changes (not defined)
- Other Clusters - Updated introduction and list of other clusters (both those in the Supplement and those not in the Supplement) to remove clusters based on deletion of ARRA programs, update a program name, and add a program to a cluster.
Part 1 - Background, Purpose, and Applicability - Changed primarily to reflect the issuance of the Uniform Guidance for Federal Awards

Part 2* - Matrix of Compliance Requirements - Updated to add and remove programs and to reflect the addition or deletion of certain compliance requirements for various programs to make it consistent with the table of content and Part 4. Also, deleted columns D, “Davis-Bacon Act,” and K, “Real Property Acquisition and Relocation Assistance.”

Part 3 – Compliance Requirements, Introduction - Significantly revised introduction to address transitional auditing issues during timeframe when “old” and “new” requirements may apply.

Part 3.1* - To apply to auditing federal awards subject to the “old” cost principles and administrative requirements. Updated for normal annual updates and to delete compliance requirements relating to the Davis-Bacon Act and Real Property Acquisition and Relocation Assistance.

Part 3.2 – To apply to auditing federal awards and incremental funding subject to the “new” cost principles and administrative requirements contained in the Uniform Guidance for Federal Awards.
STATUS OF PROPOSED CHANGES IN OTHER SECTIONS IN 2015

**COMPLIANCE SUPPLEMENT**

- **Part 4* - Agency Program Requirements** - See programs with more significant changes in the list above. All programs supplements, even if they did not have other changes as specified above, were modified to remove the subaward reporting requirements under the Federal Funding Accountability and Transparency Act (FFATA) from section L – Reporting since it will no longer be a compliance requirement to be tested by auditors.

- **Part 5* - Clusters of Programs** - Updated to reflect issuance of the Uniform Guidance for Federal Awards, as well as several other changes to specific compliance requirements. See clusters with changes in list above.

- **Part 6 – Internal Control** - Updated to remove references to Davis-Bacon Act and Real Property Acquisition and Relocation Assistance.

- **Part 7 – Guidance for Auditing Programs Not Included in This Compliance Supplement** - Updated to reflect the issuance of the Uniform Guidance for Federal Awards and to reflect changes made in other sections.
STATUS OF PROPOSED CHANGES IN OTHER SECTIONS IN 2015 COMPLIANCE SUPPLEMENT

- **Appendix I** – Federal Programs Excluded from the A-102 Common Rule and 2 CFR part 200 - Changed name and updated to reflect issuance of the Uniform Guidance for Federal Awards.

- **Appendix II** - Federal Agency Codification of Certain Governmentwide Grant Requirements Updated to reflect issuance of the Uniform Guidance for Federal Awards.

- **Appendix III** - Federal Agency Contacts for A-133/2 CFR part 200, subpart F Audits - Updated title and for new or revised contacts

- **Appendix IV** - Internal Reference Tables – Updated.

- **Appendix V*** – List of Changes for 2015 Compliance Supplement - Updated to reflect 2015 changes.

- **Appendix VI** - Program-Specific Audit Guides - Corrected title of Appendix to be consistent with Uniform Guidance for Federal Awards.
STATUS OF PROPOSED CHANGES IN OTHER SECTIONS IN 2015 COMPLIANCE SUPPLEMENT

- **Appendix VII** - Other Audit Advisories - Changed title of Appendix.

- **Appendix VIII** - SSAE 16 Examinations of EBT Service Organizations - No major changes expected.

- **Appendix IX** - Compliance Supplement Core Team - Updated team members.
GAS-A133 Audit Guide

- Government Auditing Standards and Circular A-133 Audits - Audit Guide

- Significant changes expected for 2015 edition of GAS-A133 Guide

- Need to maintain old and new single audit guidance through transition period
- All single audit chapters addressing Circular A-133 audits to be updated and maintained.
- New chapters to be added addressing the Uniform Guidance
- Transition guidance likely to be added to each chapter as well
- Will re-look at auditors reports to determine if any changes in Uniform Guidance for Federal Awards will result in reporting changes
Thanks for participating

Any questions?
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