

Single Audit Update

Washington State Association of County Auditors

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Office of the
Washington
State Auditor
Pat McCarthy



Topics

- Overview of Uniform Guidance Key Revisions
- Special COVID-19 Awards Schedule of Expenditures of Federal Awards Reporting Requirements
- Single Audit Extension
- Auditing COVID-19 Financial Assistance
- Resources





Overview of Uniform Guidance Key Revisions



Uniform Guidance Effective Dates

- ***Uniform Administrative Requirements, Cost Principles, and Auditing Requirements for Federal Awards (Uniform Guidance) - [2 CFR 200](#)***

- ✓ Administrative Requirements and Cost Principles effective for federal awards issued on or after December 26, 2014

- [Revisions to 2 CFR 200](#) issued August 13, 2020

- ✓ Effective **November 12, 2020**,

“Federal Award Date”, not pass-through date

- ✓ With the exception of the following amendments which were effective **August 13, 2020**:

- **200.216** Prohibition on certain telecommunication and video surveillance services or equipment
- **200.340** Termination

- Revisions not applicable to CARES Act awards issued prior to effective dates



Uniform Guidance Revisions Numbering

Subpart	Sections	Revised
Subpart A – Acronyms and Definitions	§§200.1-.99	§200.1
Subpart B – General Provisions	§§200.100-.113	§§200.100-.113
Subpart C – Pre-Federal Award Requirements and Contents of Federal Awards	§§200.200-.213	§§200.200-.216 (added .202, .215-.216)
Subpart D – Post-Federal Award Requirements	§§200.300-.345	§§200.300-.346 (added .322)
Subpart E – Cost Principles	§§200.400-.475	§§200.400-.476 (added .471)
Subpart F – Audit Requirements	§§200.500-.521	§§200.500-.521

**Admin
Req's**



Uniform Guidance Key Revisions



- **Subpart A: Acronyms and Definitions**
 - Removed section numbers for each definition, now 2 CFR 200.1 definitions
 - Addition of “Budget period”
 - **CFDA number is now referred to “Assistance Listing Number”**
 - Improper payment revised to reflect that questioned costs are not improper until reviewed and confirmed
 - Cognizant agency for audit revised; when direct funding is less than 25 percent of total federal expenditures, use agency with predominant amount of total funding

Uniform Guidance Key Revisions



- **Subpart C: General Provisions**
 - Added **200.202 – Program planning and design**
 - Added **200.215 – Never contract with the enemy**
 - Added **200.216 – Prohibition on certain telecommunications and video surveillance services or equipment; companies listed**

Uniform Guidance Key Revisions



- **Subpart D: Administrative requirements**
 - **200.318 – General procurement standards**, strengthened language for documented procurement procedures
 - **200.320 – Methods of procurement to be followed**, significantly strengthened and updated for FAQs and increased thresholds
 - Informal procurement methods: micro-purchases, small purchase procedures
 - Formal procurement methods: sealed bids, proposals
 - Noncompetitive

Must use the most restrictive of federal, state, local threshold

Uniform Guidance Key Revisions



- **Simplified acquisition threshold (\$250k)**

- The amount at which the auditee may use small purchase procedures to purchase property or services

- **Micro-purchase threshold (\$10k) — *expanded use!***

- No solicitation if price is considered reasonable based on research, experience, history, or other and is documented; distribute equitably
- Use of purchase cards allowed if procedures documented and approved
- Determine and document threshold based on internal controls, a risk evaluation, and documented procurement procedures

Uniform Guidance Key Revisions



- **Micro-purchase threshold (\$10k)** — *expanded use continued*
 - May annually self-certify an amount up to \$50,000 if one of the following conditions are met:
 - **Qualify as a low-risk auditee (§200.520) for your most recent audit (auditor determines), or**
 - **Perform an annual internal institutional risk assessment to identify, mitigate, and manage financial risks, or**
 - For public institutions (e.g. Universities), be consistent with state law.
 - May be increased over \$50,000 if approved by the cognizant agency for indirect costs.

Uniform Guidance Key Revisions



- Added **200.322 – Domestic preferences for procurements**
- Subsequent sections renumbered

Uniform Guidance Key Revisions



- **Subpart E: Cost principles**

- **200.403 Factors affecting allowability of costs**

- (h) added for budget period

- **200.414(f) De Minimis Rate (10% of MTDC)** — *expanded use*

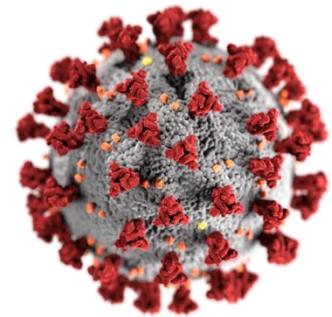
- Any non-federal entity that does not have a current negotiated (including provisional) rate, except for those excluded in Appendix VII, paragraph D.1.b. (\$35 million direct)

- Added **200.471 Telecommunications and video surveillance costs** (*subsequent sections renumbered*)

Must use negotiated rate even if lower than de minimis



Special COVID-19 Awards Schedule of Expenditures of Federal Awards Reporting Requirements



Special COVID-19 Awards SEFA Reporting Requirements



- Per [OMB M-20-26](#) and the [2020 Compliance Supplement](#), to maximize transparency and accountability of COVID-19 expenditures, governments must separately identify COVID-19 expenditures on the SEFA.
- Includes new COVID-19 only programs
- Identify with “COVID-19” as a prefix to the program name
- See [BARS Manual SEFA instructions](#)

See the updated [OMB M-20-21 FAQs](#) for list of new COVID-19 programs and existing programs that received COVID-19 funding

Special COVID-19 Awards SEFA Reporting Requirements



See [2020 Compliance Supplement Addendum](#) Appendix VII for additional rules:

- Donated Personal Protective Equipment (PPE) purchased with federal assistance
 - The fair market value at the time of receipt should be reported as a note to the SEFA
 - Not reported on the SEFA; not used for determining the threshold for a single audit or determining type A/B threshold for major programs
 - Since no bearing on single audit, may be marked as “undaudited”

Special COVID-19 Awards SEFA Reporting Requirements



- HHS Provider Relief Funds (93.498) – for fiscal years ending in 2020 on or before 12/30/2020, the entity reports no PRF expenditures (including no lost revenue). For FYE 12/31/2020, report based on PRF report.
- Award in place?
 - Only report the expenditures if the award was in place (no change here)



- **COVID -19 Vaccines** – The COVID-19 vaccines are not considered Federal financial assistance in accordance with 45 CFR part 75 and therefore would not be included as expenditures in the SEFA. For the purposes of the Vaccination Program, COVID-19 vaccine doses do not transfer to recipients, but, rather, remain federal property until the point at which they are administered to individuals. Therefore, it has been determined that the vaccines do not meet the definition of Federal financial assistance.



Single Audit Extension

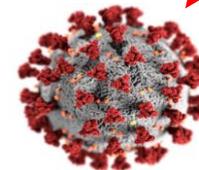


What is the Single Audit Deadline?



- **Must submit to the**  **the earlier of:**
 - **30 calendar days** after receipt of the audit report (report issuance date) **OR**
 - **9 months** after the FYE
- No extensions are granted (generally) *However, OMB provided extensions due to COVID-19*
- Will **not qualify** as a low-risk auditee if deadline missed (*except for COVID-19 extensions in place when filing*)
- *See Audit Connection coming soon!*

NOT OFF THE PRESS



See [OMB Memorandum M-21-20](#) regarding **new 6 month extension**

Auditing COVID-19 Awards



Auditing COVID-19 Awards



- Type A programs = larger programs, \$750k or more
- The risk assessment criteria for identifying low-risk Type A programs have not changed
- Auditors are ***required*** to audit new Type A COVID-19 only programs (e.g. 21.019) the first year because they have not been audited before
- Existing Type A programs that received COVID-19 funding would be evaluated as they normally would (not automatically high-risk)
- Auditors will consider whether there were any changes in personnel, systems or controls /processes associated with the compliance requirements that are direct and material that would lead to significantly increased risk
- The Uniform Guidance does not allow for inherent risk to be considered in Type A determination

Auditing COVID-19 Awards



- Type B programs = programs less than \$750k
- The risk assessment criteria for identifying high-risk Type Bs have not changed
- Auditors will consider inherent risk of the program during these first year audits. Consideration will be given to:
 - The complexity of the program and the extent to which the federal program contracts for goods/services. For example, federal programs that have new/revised program regulations.
 - The phase of the program cycle (beginning or end of the program at the grantor or auditee) may increase risk. For example, **new programs** (first year) at an entity may indicate higher risk.
 - The amount of expenditures. Type B programs with larger federal awards expended would be of higher risk than programs with substantially smaller federal awards expended.

Auditing COVID-19 Awards



- Auditors will audit major programs to the following:
 - Terms and conditions of the award
 - Federal program regulations
 - Federal or Pass-Through Agency program websites, guidance and FAQs
 - Compliance Supplement, including Addendum as applicable
- We recognize the guidance for many of the COVID-19 awards has changed regularly and will look to **‘what was known at the time’** of the expenditure for compliance.
- For existing programs that received COVID-19 funding, we recognize there may have been waivers or extensions to certain requirements, we will confirm with awarding agencies in those cases.
- *Auditors will be relying on the auditee’s documentation to support the allowability of costs.*



Single Audit Resources



Resources



OMB Compliance Supplement (see what auditors' focus will be) 😊

- Part 3 – Compliance Requirements (12)
- Part 4 – Agency Program Requirements (for those included)
- Part 5 – Clusters of Programs
- Part 6 – Internal Control

[OMB 2 CFR Part 200, Appendix XI, Compliance Supplement August 2020](#)

[OMB Compliance Supplement Addendum December 2020](#)



Resources

- Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) – [2 CFR 200](#)
- [Code of Federal Regulations](#)
- [United States Code](#)
- [Assistance Listings](#) (CFDA)
- [Green Book](#) (internal control - governmental focus)
- [COSO](#) (internal control - proprietary focus)
- [System for Award Management \(SAM\)](#) (search for excluded parties)
- [U.S. Department of Labor](#) (federal prevailing wages)
- [Federal Audit Clearinghouse](#) (DCF and instructions)

COVID-19 Guidance Toolkit



Visit our [COVID-19 Guidance Toolkit](#) to view COVID-19 resources for accounting, reporting and auditing of pandemic relief funds:



Federal Financial Assistance



Auditing Guidance



Accounting and Reporting



Re-imagining the Workplace



Helpful Trainings

Questions? WWW.SAO.WA.GOV

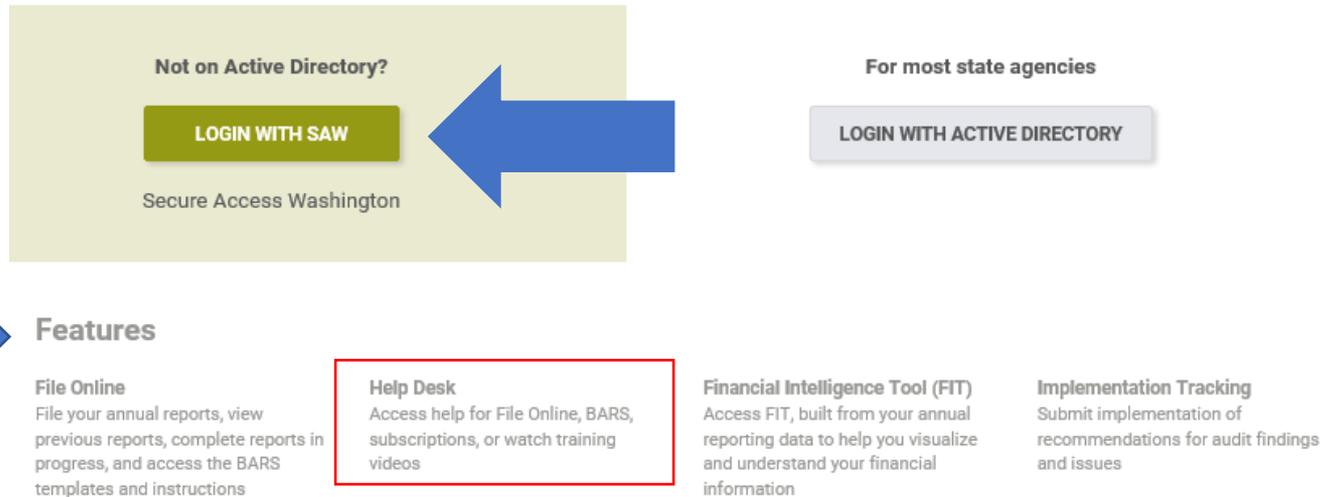


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