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# AGA – San Antonio Chapter Single Audit Update

January 7, 2025



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# Learning Objectives

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## Single Audit overview

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At the end of this session, you will be able to:

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Identify changes to the Compliance Supplement

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Identify changes to the Uniform Guidance

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# What Is a Single Audit?

- At a basic level, an audit of an entity's federal grant expenditures, typically performed in conjunction with a financial statement audit
- Congress passed the Single Audit Act in 1984 and amended it in 1996. The Uniform Guidance (UG) regulation implements the Single Audit Act
- Must be issued and submitted to the Federal Audit Clearinghouse nine months after the audit period or 30 days after receipt of the auditors' report whichever is earlier



# *When Is a Single Audit Required?*

When a non-federal entity expends either direct or indirect federal awards in-excess of \$750,000 in its fiscal year



# Objectives of a Single Audit

To determine if the non-federal entity has complied with direct and material compliance requirements of each major program



Provide assurances regarding compliance and controls over compliance



Used by federal agencies and passthrough agencies to determine program compliance



# Auditee Responsibilities



- Procure audit services
- Prepare appropriate financial statements, including the schedule of expenditures of federal awards (SEFA)
- Follow-up and take corrective action on audit findings
- Provide the auditor access to personnel, records, and supporting documentation to perform the audit

# Auditor Responsibilities

- Conduct the audit in accordance with AICPA audit standards and Government Audit Standards (Yellow Book)
- Evaluate whether the financial statements are presented fairly in all material respects, including the SEFA, in relation to the financial statements as a whole
- Understand internal control over federal programs and perform testing of internal control over compliance





# Auditor Responsibilities – Continued

## Selection of Major Federal Programs

200.518(a) – The auditor must use a risk-based approach to determine which Federal programs are major programs. This risk-based approach must consider current and prior audit experience, oversight by Federal agencies and pass-through entities, and the inherent risk of the Federal program.



# Auditor Responsibilities – Continued

## Selection of Major Federal Programs – continued

- Type A Programs – Low-Risk Determination
- Type B Programs – High-Risk Determination

Total Federal Awards Expended	Type A/B Threshold
Equal to or exceed \$750,000 but less than or equal to \$25 million	\$750,000
Exceed \$25 million but less than or equal to \$100 million	Total Federal awards expended times .03
Exceed \$100 million but less than or equal to \$1 billion	\$3 million
Exceed \$1 billion but less than or equal to \$10 billion	Total Federal awards expended times .003
Exceed \$10 billion but less than or equal to \$20 billion	\$30 million
Exceed \$20 billion	Total Federal awards expended times .0015



# Auditor Responsibilities – Continued

## Selection of Major Federal Programs

### Type A – Low-Risk Determination

- For a Type A program to be considered low-risk, it must have been audited as a major program in at least one of the two most recent audit periods (in the most recent audit period in the case of a biennial audit), and, in the most recent audit period, the program must have not had:
  - Internal control deficiencies identified as material weaknesses
  - A modified opinion on the program
  - Known or likely questioned costs that exceed five percent of the total Federal awards expended for the program



# Auditor Responsibilities – Continued

Selection of Major Federal Programs

## Type B – High-Risk Determination

- The auditor is only required to perform risk assessments on Type B programs that exceed 25% of the Type A threshold
- The auditor must identify Type B programs which are high-risk using professional judgment and the criteria in § 200.519
- The auditor is not required to identify more high-risk Type B programs than at least one fourth the number of low-risk Type A programs identified as low-risk



# Auditor Responsibilities – Continued

Selection of Major Federal Programs

At a minimum, the auditor must audit the following as major programs:

- All Type A programs not identified as low-risk
- All Type B programs identified as high-risk
- Such additional programs as may be necessary to comply with the percentage of coverage rule



# Auditor Responsibilities – Continued

Selection of Major Federal Programs  
– concluded

## Percentage of coverage rule

- Low Risk Auditee – 20% of federal awards expended
- High Risk Auditee – 40% of federal awards expended
- Criteria for Low-risk auditee



# Auditor Responsibilities – Continued

Perform procedures to  
determine compliance



Follow-up on prior audit  
findings



Report current year  
findings resulting from  
compliance and internal  
control test work



# Auditor Responsibilities – Concluded

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## Audit Reporting

Provide an opinion on the financial statements and SEFA

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Report on internal control over financial reporting and compliance

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Report on compliance for each major program and on internal control over compliance

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Schedule of findings and questioned costs

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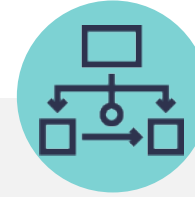
# Compliance Supplement — 2024



Issued in late May



Effective for audit  
year ends starting  
June 30, 2024



Many updates were  
made to the  
supplement



# Where Is the 2024 Compliance Supplement?

Supplement is **available here:**

[Current Compliance  
Supplement | OMB | The White  
House](#)



# Part 2 Matrix of Compliance Requirements

- More changes than usual
- Look for highlights

May 2024

Matrix of Compliance Requirements

Requirement	A	B	C	E	F	G	H	I	J	L	M	N
	Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment Real Property Management	Matching, Level of Effort, Farmarking	Period of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Program Number												
81.042	Y	Y	N	Y	N	N	N	Y	N	Y	Y	N
84.000 (No matrix)												
84.002	Y	Y	Y	Y	N	Y	Y	N	N	N	Y	N
84.010	Y	Y	N	Y	N	Y	N	N	N	N	Y	Y
84.011	Y	Y	N	N	N	Y	Y	N	N	N	Y	Y
84.027/84.173 (Special Education Cluster (IDEA))	Y	Y	N	N	Y	Y	Y	Y	N	N	Y	N
84.032-G	N	N	N	N	N	N	N	N	N	Y	N	Y
84.032-L	N	N	N	N	N	N	Y	N	Y	N	Y	Y
84.041	Y	Y	N	N	N	Y	N	N	N	Y	N	Y
84.042/84.044/84.047 /84.066/84.217 (TRIO Cluster)	Y	Y	Y	Y	N	N	N	N	N	Y	N	Y
84.048	Y	Y	Y	Y	N	Y	Y	N	N	N	Y	N
84.126	N	N	N	N	N	N	Y	Y	N	Y	N	N
84.181	Y	Y	Y	N	Y	Y	Y	Y	N	N	N	N
84.282	Y	Y	Y	Y	Y	N	Y	N	N	N	Y	N
84.287	Y	Y	Y	N	N	N	N	N	Y	N	Y	Y
84.365	Y	Y	N	N	Y	Y	N	N	N	N	Y	Y
84.367	Y	Y	N	Y	N	Y	N	N	N	N	Y	Y
84.424	Y	Y	Y	Y	N	Y	Y	N	N	N	N	Y

Clarification to  
equipment and real  
property  
management  
dispositions

Part 3  
Compliance  
Requirements

Procurement – Build  
America Buy America



# Part 4 Agency Program Requirements

Many new programs  
(Agriculture, Commerce,  
Transportation, HHS, EPA)

- Infrastructure Investment and Jobs Act



Many program deletions,  
including programs  
removed from clusters

Coronavirus State and  
Local Fiscal Recovery  
Fund (CSLFRF)

Provider Relief Fund  
(PRF)

Part 4 — Key  
Changes in  
Certain  
Programs

Disaster Grants —  
Public Assistance  
(Presidentially  
Declared Disasters)

Student Financial  
Assistance (SFA)



# Part 5 Other Clusters

- New cluster added (Tribal Self-Governance and Determination Cluster – 93.210/93.441 ALNs)
- Section 8 Project-Based Cluster and Highway Safety Cluster – each had a program removed
- Several other clusters had programs deleted, resulting in removal of the following clusters:
  - Community Facilities Loans and Grants Cluster
  - Clean Water State Revolving Fund Cluster
  - Drinking Water State Revolving Fund
  - Hurricane Sandy Relief Cluster
  - Remaining programs are now stand-alone programs



# Appendix IV, Higher Risk Designation

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93.778/93.777/93.775 — Medicaid Cluster

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21.023 — Emergency Rental Assistance

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21.027 — Coronavirus State and Local Fiscal Recovery Funds

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15.252 — Abandoned Mine Land (AML) Grants





# Higher Risk Programs REMOVED

84.425 — ESF

93.498 — PRF

21.026 — Homeowner  
Assistance Fund

21.029 — Capital  
Projects fund

96.001/6.006 —  
Disability  
Insurance/Supplemental  
Security Income Cluster



# Appendix VII, Other Audit Advisories



Due Date for Submission of Audit Reports and Low Risk Auditee Criteria – lesser of 9 months or 30 days after available



Federal Audit Clearinghouse Transition from Census to the General Services Administration



2024 Revisions to the Uniform Guidance – first year of new single audit threshold (\$1M) will be fiscal years ending September 30, 2025



# Changes to the Uniform Guidance



# Uniform Guidance Update Background

Every 5 years OMB reviews the Guidance for Federal Financial Assistance, located in title 2 of the Code of Federal Regulations (CFR)

- Part 1, 25, 170, 180 182, 183, 184
- Part 200 (UG)

## OMB's objectives

- Incorporate statutory requirements and administrative priorities
- Reduce agency and recipient burden
- Clarifying sections that have been interpreted differently
- Using plain language, improving flow, and addressing inconsistent use of terms



# Uniform Guidance Effective Dates

- The effective date for the final guidance is *October 1, 2024*.
- Federal agencies may elect to apply the final guidance to Federal awards issued *prior to October 1, 2024*, but they are not required to do so. For agencies applying the final guidance before October 1, 2024, the effective date of the final guidance must be *no earlier than 60 days* after date of publication in the federal register.



# Audit Related Changes

Effective for FY **beginning** after 10/1/2024  
(first ones being 9/30/2025)

- Increase single audit and Type A threshold from \$750,000 to \$1,000,000
- Modify the definition of questioned costs
  - Amount, expended or received from a Federal award that in the auditor's judgement 1) is noncompliant or suspected noncompliant with federal statues, regulations, or the terms and conditions of the federal award 2) at the time of the audit lacked adequate documentation to support compliance or 3) appeared unreasonable and did not reflect the actions a prudent person would take in the circumstances



De Minimus indirect  
cost rate from 10%  
to 15%

Equipment definition  
from \$5,000  
to \$10,000

Increase to  
Other  
Thresholds

Fixed amount  
subawards up  
to \$500,000

MTDC definition  
updated to first  
\$50,000 of subawards



# Procurement Updates

- Include “veteran-owned businesses” in contract provisions (§ 200.321).
- Updated “affirmative steps must be taken” to “when possible, the recipient or subrecipient should ensure” in relation to using small businesses, minority businesses, women’s business enterprises, veteran-owned businesses, and labor surplus area firms (§ 200.321).
- Change “small purchases” terminology to “simplified acquisitions” (§ 200.320(2)).





# Procurement Updates – Continued

- Remove restrictions related to geographic preference requirements and allow for scoring mechanisms to evaluate bidders committing to U.S. jobs and certain compensation and benefits (§ 200.319).
- Prioritize environmentally sustainable products and services (§ 200.323(b)). This includes consideration of reused, refurbished, and recycled products; biobased or energy and water efficient acquisitions; and purchasing compostable items.



# Other Updates

Section 200.407, items removed from requiring prior approval (Memberships, selling and marketing, entertainment...)

Added requirement for when recipients do not have a final indirect cost rate covering the period of performance. A final financial report must still be submitted, and the recipient must submit a revised final financial report when all applicable indirect cost rates are finalized.

Clarifying administrative closeout costs may be incurred until the final report due dates but must be liquidated prior to the due date and charged to the final budget period.





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