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# SINGLE AUDIT UPDATE

*Presented By*  
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# Session Covers

- Uniform Guidance
- Circular Components
- Single Audit Changes
- Auditee and Auditor Impact
- Scope of Audit under Uniform Guidance
- Florida Single Audit

# UNIFORM GUIDANCE

# What Was

## Administrative Requirements

- A-89
- A-102
- A-110



## Cost Principles

- A-21
- A-87
- A-122



## Audit Requirements

- A-133
- A-50



# What Is

Super  
Circular

# Access Information – Uniform Guidance

All OMB guidance for federal awards streamlined in [Title 2 of CFR, Subtitle A, Chapter II, Part 200](#)

OMB - 2CFR Chapter I and Chapter II,  
Parts 200, 215, 220, 225 and 230

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

How to Access the UG

- [Electronic Code of Federal Regulations \(e-CFR\)](#) version

# Effective Dates – Uniform Guidance

**Federal agencies** implemented policies and procedures by promulgating regulations that were **effective December 26, 2014**

- Accomplished with issuance of recent Joint Interim Final Rule

# Effective Dates – Uniform Guidance

## (Cont.)

March 31, 2015, June 30, 2015, and September 30, 2015 year-ends

- Non-federal entities had to adopt new administrative requirements and cost principles relating to all new federal awards and to funding increments to existing awards
- Single Audit requirements continued to use “old” regulation
- Auditor compliance testing was 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 Single Audit requirements apply
- Auditors may have to test some awards subject to the “old” requirements and some the “new” requirements for several years

## **Effective Date and Funding Increments (COFAR FAQ .110-13 and 13)**

UG applies to funding increments to existing awards in cases where the federal agency considers the funding increments to be an opportunity to modify the terms and conditions of the award.

Existing federal awards that do not receive incremental funding with new terms and conditions will continue to be governed by the terms and conditions of the federal award.



## Effective Date – What About Pass-through Awards? (COFAR FAQ .110-11)

### Subrecipients and subawards

- The effective date of the UG for subawards is the same as the effective date of the federal award from which the subaward is made
- The requirements for a subaward, no matter when made, flow from the requirements of the original federal award from the federal awarding agency

# Auditing Through the Transition

Effective date to be challenging for compliance testing

- Likely to take several years for “old” funding to run out
- Challenges related to funds received by subrecipients from pass-through entities (PTE)

*Compliance Supplements* will be key

Federal agency implementation actions in the Joint Interim Final Rule need to be understood

# Circular Components

# Circular Components

- Subpart A – 200.0 Acronyms and Definitions
- Subpart B – 200.100 General Provisions
- Subpart C – 200.200 Pre-Award Federal Requirements and Contents of Federal Awards
- Subpart D – 200.300 Post Federal Award Requirements
- Subpart E – 200.400 Cost Principles
- Subpart F – 200.500 Audit Requirements

# Circular Appendices

- Appendix I – Full Text of Notice of Funding Opportunity
- Appendix II – Contract Provisions for Non-Federal Entity Contracts Under Federal Awards
- Appendix III – Indirect Cost Procedures Educational Institutions (IHEs)
- Appendix IV – Cost Identification and Assignment, and Rate Determination for NFPs
- Appendix V – S&LG, Indian Tribes – Wide Central Service Cost Allocation Plans

# Circular Appendices (Cont.)

- Appendix VI – Public Assistance Cost Allocation Plans
- Appendix VII – S&LG and Indian Tribe Indirect Cost Proposals
- Appendix VIII – NFPs Exempted from Subpart E – Cost Principles
- Appendix IX – Hospital Cost Principles
- Appendix X – Data Collection Form
- **Appendix XI – Compliance Supplement**

# Regulatory Changes – Part D Post Award

## 200.301, Performance Management:

- Measure performance in a way that will help the Federal awarding agency and other non-Federal entities to improve program outcomes, share lessons learned, and spread the adoption of promising practices.
- Federal awarding agencies must require recipients to use OMB-approved standard government-wide information collections to provide financial and performance information.
- Recipients must be required to relate financial data to performance accomplishments, and must also provide cost information to demonstrate cost effective practices.

# Regulatory Changes – Part D Post Award

- Awarded entity responsible for implementing and maintaining effective internal control (utilizing COSO model) (200.303 (a))
- Awarded entity to comply, evaluate, monitor and take prompt corrective action related to compliance with Federal statutes, regulations, and grant agreements (200.303 (b), (c), (d))
- Awarded entity take reasonable measures to safe guard PPI (200.303 (e))



# Regulatory Changes – Part D Post Award

- Interest earned on federal advances deposited into interest bearing accounts must be remitted to DHHS unless \$500 or less in which case they may be used to offset admin expenses (200.305 (b) (9))
- States to follow same procurement policies and procedures as those for non-federal funds. Non-state entities will follow procurement procedures outlined in section 200.318 Gen Procurement Standards – 200.326 Contract Provisions (200.317)

# Regulatory Changes – Part D Post Award

- Procurement by small purchase procedures utilizing the Simplified Acquisition Method. Threshold is now set at \$150,000 (200.88 and 200.320 (b))
- Unless otherwise approved by OMB, the Federal awarding agency may solicit only the standard, OMB-approved government wide data elements for collection of financial information (at time of publication the Federal Financial Report or such future collections as may be approved by OMB and listed on the OMB Web site) (200.327)

# Regulatory Changes – Part D Post Award

- Federal awarding agencies must use standard OMB approved data elements for the collection of performance information including performance progress reports or future reports as approved by OMB as listed on the OMB website (200.328)
- Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of 3 years from the date of submission of the final expenditure report or, the applicable renewal periods (quarterly, annual, etc.) (200.333)

# SINGLE AUDIT CHANGES



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# Basic Structure of Single Audit Process Unchanged

Audit threshold (200.501).

Subrecipient vs. Contractor (200.501(f) & 200.330).

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.

# Single Audit Changes

- Increase audit threshold from \$500,000 to \$750,000
- Expected to reduce burden on 5,000 Non-Federal entities
- Maintains coverage of more than 99% of federal grant funds currently covered

# Single Audit Changes (Cont.)

Increase minimum threshold for Type A programs from \$300,000 to \$750,000

| Federal Awards Expended                              | Type A/B Threshold                 |
|--|------------------------------------|
| \$750,000 less than equal to \$25 million            | \$750,000                          |
| Exceed \$25 million less than equal to \$100 million | Amt. of Federal Awards times .03   |
| Exceed \$100 million less than equal to \$1 billion  | \$3 million                        |
| Exceed \$1 billion less than equal to \$10 billion   | Amt. of Federal Awards times .003  |
| Exceed \$10 billion less than equal to \$20 billion  | \$30 million                       |
| Exceed \$20 billion                                  | Amt. of Federal Awards times .0015 |

# Single Audit Changes (Cont.)

- Audit Coverage Rule
  - If auditee meets criteria in 200.520 (low risk), all major programs in aggregate must cover at least 20% of federal awards. Reduced from 25%.
  - If auditee does not meet criteria in 200.520 (low risk), all major programs in aggregate must cover at least 40% of federal awards. Reduced from 50%.
- Focus continues to be on highest risk programs



# Single Audit Changes (Cont.)

- As in A-133, auditee will qualify as low risk only if for each of the preceding two audit periods:
  - Single audits were performed on an annual basis and DCF and reporting package were submitted timely (200.512)
  - Opinions on F/S and SEFA were unmodified
  - No material weaknesses in internal control under GAGAS
  - No audit findings for Type A programs that either were material weaknesses in internal control, resulted in modified opinion on a major program, or had known or likely questioned costs that exceeded 5% of program expenditures

# Single Audit Changes (Cont.)

- Auditor Type B Program Analysis
  - Identify Type B programs which are high risk using professional judgment and criteria in 200.519
  - Expected to perform risk assessment of Type B programs that exceed 25% of the Type A threshold (previously stepped approach) (ex.,  $\$750k * .25 = \$187,500$ )
  - Continues to encourage utilization of an assessment of risk that would result in different Type B programs to be audited over a period of time

# Single Audit Changes (Cont.)

- Findings and Questioned Costs
  - Must report known or questioned costs that are greater than \$25,000 (increase from \$10,000)
  - Continued emphasis on findings, including detail with specifics to allow auditee to prepare the appropriate corrective action plan
  - Continued emphasis on identification of prior findings, including updates and details as to why finding is not corrected, if applicable

# Changes to Major Program Determination

- As in A-133, Type A programs will be designated as low risk only if:
  - In the most recent period, the program received an unmodified opinion;
  - No material weakness in internal controls were reported; and
  - There were no questioned costs exceeding 5% of program expenditures
- The program must have been audited as major in at least one of the two most recent audit periods

# Changes to Major Program Determination *(Cont.)*

- Reduce the number of Type B programs that must be tested as major from at least one-half ( $1/2$ ) to at least one-fourth ( $1/4$ ) of the number of low-risk Type A programs identified.
- Continues to allow the auditor to stop the risk assessment process at this point.

# Designation of Agency Officials

- ***Single Audit Accountable Official*** – Official responsible for ensuring the agency is in compliance with all audit requirements and improving effectiveness of agency's use of single audits.
- ***Single Audit Liaison*** – Official serving as agency's point of contact for the single audit process. Appointed by the Single Audit Accountable Official.

# Compliance Supplement

- Section D – Davis Bacon and K – Real Property removed and sections identified as reserved
- Part 3 broken into two sections – 3.1 for testing awards under pre-Uniform Guidance and 3.2 for testing awards subject to the new-Uniform Guidance

# Compliance Supplement (Cont.)

Part 6 – Internal control removed with a statement that this section will be updated in the 2016 supplement

- Appendix V – contains a list of all the changes made to the 2015 supplement



# Client and Audit Impact

Important aspects of UG that impact the clients and the Single Audit process related to federal awards:

- UG – not just an auditor responsibility
- Financial Management System
- Procurement
- Cost Principles – Personal and Indirect Costs
- Sub-recipients and related Monitoring
- Internal Controls

# Impact – Financial Management System (FMS)

FMS must include identification of all federal awards received by CFDA#, Award#, Agency and PTE(if applicable):

- Records that identify the source and use of funds
- Have effective control over, and accountability for all funds, property and other assets
- Comparison of expenditures with budget amounts for each award
- Written procedures for cash management and for allowability of cost for compliance with cost principles

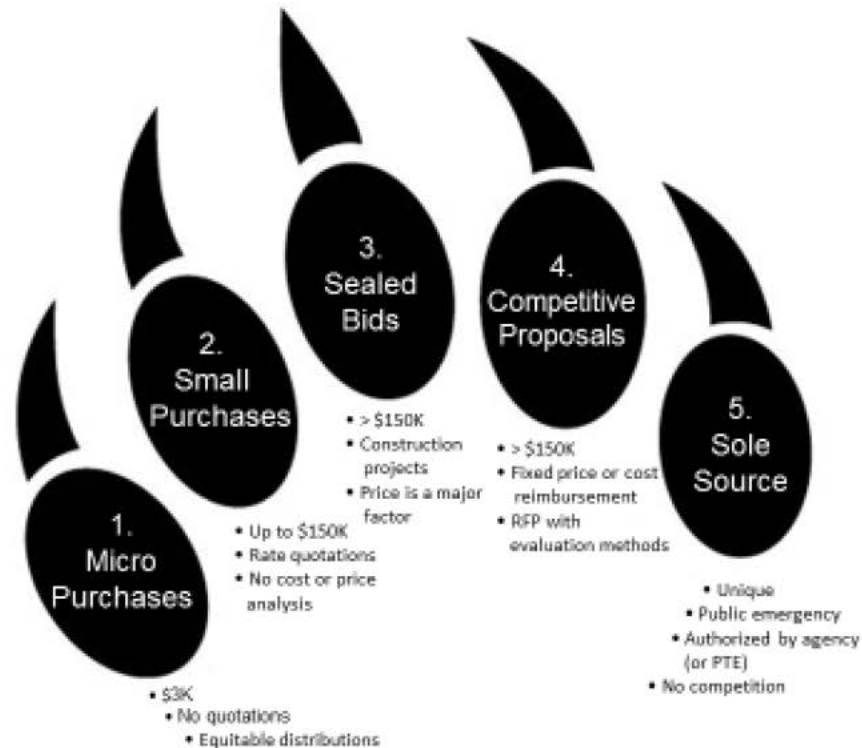
# Impact - Procurement

- Non-federal (non-states) 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.
- Generally, new procurement standards adopted the majority of the language used from Circular A-102. Therefore, non-federal entities that are currently subject to Circular A-110 (Higher ED, Hospitals, and Other NFP) will likely be affected more significantly.

**Entities must review this new guidance to ensure compliance!**

# Impact - Procurement

## Procurement “Claw” (Section 200.320)



# Impact - Procurement *(Cont.)*

- **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

# Impact - Procurement *(Cont.)*

- **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

# Impact - Procurement *(Cont.)*

- 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.

# Impact - Cost Principles

## UG for Federal Awards 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



# Impact - Cost Principles *(Cont.)*

## 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)

# Impact - Cost Principles *(Cont.)*

## 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

# Impact - Subrecipient Monitoring

- Expanded guidance on subrecipient vs. contractor determination (200.330)
  - PTE must make case-by-case determinations
  - Federal agency may provide additional guidance
  - Substance of the relationship is more important than the form of the agreement
  - PTE must use judgment

# Impact - Subrecipient Monitoring *(Cont.)*

- Subaward – To carry out a portion of a Federal award; creates a Federal assistance relationship with the subrecipient
- Subrecipient characteristics:
  - 1) Determines who is eligible to receive financial assistance
  - 2) Has its performance measured on basis of federal program objectives
  - 3) Has responsibility for programmatic decision making
  - 4) Is responsible for adherence to applicable Federal program requirements
  - 5) Uses the funds to carry out a program for a public purposes, as opposed to providing goods or services for the benefit of the PTE

# Impact - Subrecipient Monitoring *(Cont.)*

- Contract – To obtain goods and services for the non-Federal entity's own use and creates a procurement relationship
- Procurement relationship characteristics:
  - 1) Provides goods and services within normal business operations
  - 2) Provides similar goods or services to many different purchasers
  - 3) Normally operates in a competitive environment
  - 4) Provides goods or services that are ancillary to the Federal program
  - 5) Is not subject to compliance requirements of the Federal program as a result of the agreement

# Impact - Subrecipient Monitoring *(Cont.)*

- New subaward requirements as to information required to be included in subaward
- PTE requirements for monitoring activities:
  - UG now contains more detailed guidance that was previously contained in compliance supplement
  - PTE required to perform risk assessment of sub-recipients which should be performed annually

# Impact - Subrecipient Monitoring *(Cont.)*

## Subrecipient Monitoring – Best Practices:

- Develop and communicate to monitoring plan
  - Program and financial monitoring may be done by different PTE personnel
  - Site or desk reviews
  - Development of corrective action plan
- Communicate findings in writing
- Obtain corrective action plan; perform follow up and evaluation of corrective actions taken
- Modify and update monitoring plan accordingly

# Subrecipients Monitoring and Oversight Requirements for Pass-through Entities

200.331, Requirements for pass-through entities

- The pass-through entity must:
  - Put specific information in the subaward, including indirect cost rate
  - Do a risk assessment to determine appropriate subrecipient monitoring AND must monitor subrecipients
  - Consider if specific subaward conditions are needed
  - Verify subrecipients have audits in accordance with Subpart F
  - Make any necessary adjustment to the pass-through entity's records based on reviews and audits of subrecipients
  - Consider actions to address subrecipient noncompliance



# Information Contained in a Subaward

- Following information must be identified to subrecipient at time of award and put in the subaward (and when changes are made to the subaward) (200.331(a)):
  - Federal award identification, e.g., DUNS number
  - Indirect cost rate for the Federal Award (including if the de minimus rate is charge per 200.414 Indirect (F&A) costs) Requirements imposed by the pass-through entity
  - Requirement to provide access to records for audit

# Evaluating Subrecipient Risk to Determine Appropriate Monitoring

- The pass-through entity must evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for the purpose of determining appropriate subrecipient monitoring, which may include consideration of factors such as (200.331(b)):
  - Prior experience with same or similar subawards
  - Results of previous audits
  - Whether new or substantially changed personnel or systems
  - Extent and results of Federal awarding agency monitoring

# Required Subrecipients Monitoring Procedures

- When monitoring of subrecipients, the pass-through entity must (200.331(d)):
  - Review reports required by the pass-through entity
  - Follow-up to ensure subrecipient takes appropriate action on all deficiencies pertaining to the subaward from the pass-through entity identified through audits, on-site reviews, and other means
  - Issue a management decision for audit findings pertaining to subawards made by the pass-through entity
- Not new requirement – taken from A-133

# Additional Subrecipient Monitoring Tools

- Following tools may be useful, depending upon the risk assessment (200.331(e))
  - Providing subrecipient training and technical assistance
  - Performing on-site reviews
  - Arranging for agreed-upon-procedures engagements under 200.425, Audit services [in Cost Principles]
- No listed tool is required nor is the list of tools all inclusive
- Determination on which tools is a matter of judgment for the pass-through entity based upon its assessment of risk

# Remedies for Noncompliance

Remedies for noncompliance are covered in 200.338 through 200.342

The sections are generally substantively the same as superseded circulars, with some modifications

The sections cover actions that may be taken by the pass-through entity, not just by the Federal awarding agency

# Remedies for Noncompliance

- 200.338, Remedies for noncompliance
- Permits the Federal awarding agency (or pass-through entity) to try to remedy noncompliance through additional conditions on the Federal award (or subaward)
- Expressly references suspension and debarment proceedings and cross-references the government-wide regulation at 2 CFR Part 180

# Remedies for Noncompliance: Termination

## 200.339, Termination, comprehensively addresses termination

The Federal award may be terminated by the Federal awarding agency (or pass-through entity) in whole or in part:

- (1) For failure of the non-Federal entity to comply with the terms and conditions of the Federal award
- (2) for cause [NEW]
- (3) with the consent of the non-Federal entity (the two parties must agree upon the termination conditions, including the effective date and, in the case of partial termination, the portion to be terminated)

## Remedies for Noncompliance: Termination

- The Federal award may be terminated by the non-Federal entity by sending to the Federal awarding agency (or pass-through entity) written notification setting forth the reasons for termination, the effective date, and, in the case of partial termination, the portion to be terminated.
- When the Federal award is terminated, the Federal awarding agency (or pass-through entity) and the non-Federal entity remain responsible for closeout, post-closeout adjustments and continuing responsibilities



# Impact – Internal Controls

## Internal Controls

- Section 200.61 - Internal controls (IC) means a **process, implemented by a non-federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:**
  - (a) Effectiveness and efficiency of operations
  - (b) Reliability of reporting for internal and external use
  - (c) Compliance with applicable laws and regulations.
- Section 200.62 - Covers requirements of IC over compliance requirements for federal awards.

# Impact – Internal Controls *(Cont.)*

## OMB – Uniform Guidance

- Section 200.303 - The non-federal entity **must: 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 (best practice)** be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States and the “Internal Control Integrated Framework” issued by COSO.

# Impact – Internal Controls *(Cont.)*

## General notes about Internal Controls:

Provide *reasonable assurance* that objectives are met

Procedures must be documented

- ❖ Manuals
- ❖ Written Procedures

Management is responsible for

- ❖ Developing
- ❖ Documenting
- ❖ Implementing
- ❖ Monitoring

# Standards: COSO vs. Green Book

| Component                   | COSO                               | Green Book                    |
|-----------------------------|------------------------------------|-------------------------------|
| Control Environment         | 5 Principles<br>20 Points of Focus | 5 Principles<br>13 Attributes |
| Risk Assessment             | 4 Principles<br>27 Points of Focus | 4 Principles<br>10 Attributes |
| Control Activities          | 3 Principles<br>16 Points of Focus | 3 Principles<br>11 Attributes |
| Information & Communication | 3 Principles<br>14 Points of Focus | 3 Principles<br>7 Attributes  |
| Monitoring                  | 2 Principles<br>10 Points of Focus | 2 Principles<br>6 Attributes  |

Note: GAO combined COSO's points of focus into attributes

# Green Book – Framework

| Component           | Green Book Principles   |
|---------------------|---|
| Control Environment | <ol style="list-style-type: none"><li>1. Oversight body and management should demonstrate a commitment to integrity and ethical values.</li><li>2. Oversight body should oversee the entity's IC system.</li><li>3. Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives.</li><li>4. Management should demonstrate a commitment to recruit, develop, and retain competent individuals.</li><li>5. Management should evaluate performance and hold individuals accountable for their IC responsibilities.</li></ol> |

# Green Book – Framework *(Cont.)*

| Component       | Green Book Principles  |
|-----------------|--|
| Risk Assessment | <ol style="list-style-type: none"><li>6. Management should define objectives clearly to enable the identification of risks and define risk tolerances.</li><li>7. Management should identify, analyze, and respond to risks related to achieving the defined objectives.</li><li>8. Management should consider the potential for fraud when identifying, analyzing, and responding to risks.</li><li>9. Management should identify, analyze, and respond to significant changes that could impact the IC system.</li></ol> |

# Green Book – Framework *(Cont.)*

| Component          | Green Book Principles  |
|--------------------|--|
| Control Activities | <p>10. Management should design control activities to achieve objectives and respond to risks.</p> <p>11. Management should design the entity's IS and related controls activities to achieve objectives and respond to risks.</p> <p>12. Management should implement control activities through policies.</p> |

# Green Book – Framework *(Cont.)*

| Component                     | Green Book Principles  |
|-------------------------------|--|
| Information and Communication | <p>13. Management should use quality information to achieve the entity's objectives.</p> <p>14. Management should internally communicate the necessary quality information to achieve the entity's objectives.</p> <p>15. Management should externally communicate the necessary quality information to achieve the entity's objectives.</p> |



# Green Book – Framework *(Cont.)*

| Component  | Green Book Principles   |
|------------|---|
| Monitoring | <p>16. Management should use, establish and operate monitoring activities to monitor the IS system and evaluate the results.</p> <p>17. Management should remediate identified IS deficiencies on a timely basis.</p> |

## Example – Activities Allowed or Unallowed; Allowable Costs/Cost Principles

| Component           | Control Activities   |
|---------------------|--|
| Control Environment | <ul style="list-style-type: none"><li>• Management sets reasonable budgets, enforces appropriate penalties for misuse of funds, and provides personnel approving expenditures with cost principles for allowable and unallowable expenditures.</li></ul> |

## Example – Activities Allowed or Unallowed; Allowable Costs/Cost Principles (Cont.)

| Component       | Control Activities  |
|-----------------|---|
| Risk Assessment | <ul style="list-style-type: none"><li>• Key manager has a sufficient understanding of staff, processes, and controls to identify where unallowable activities or costs could be charged to a Federal program and not be detected.</li></ul> |

## Example – Activities Allowed or Unallowed; Allowable Costs/Cost Principles (Cont.)

| Component          | Control Activities   |
|--------------------|--|
| Control Activities | <ul style="list-style-type: none"><li>• Accountability provided for charges and costs between Federal and non-Federal activities.</li><li>• Process in place for timely updating of procedures for changes in activities allowed and cost principles.</li><li>• Computations checked for accuracy.</li><li>• Supporting documentation compared to OMB A-87 of allowable and unallowable expenditures.</li><li>• Adjustments to unallowable costs made, where appropriate, and follow-up action taken to determine the cause.</li><li>• Adequate segregation of duties in review and authorization of costs.</li><li>• Accountability for authorization-by program or department-is fixed in an individual who is knowledgeable of the requirements for determining activities allowed and allowable costs.</li></ul> |

## Example – Activities Allowed or Unallowed; Allowable Costs/Cost Principles (Cont.)

| Component                     | Control Activities   |
|-------------------------------|--|
| Information and Communication | <ul style="list-style-type: none"><li>• Reports, such as a comparison of budget to actual, provided to appropriate management for review on a timely basis.</li><li>• Establishment of internal and external communication channels on activities and costs allowed, and follow grant budget.</li><li>• Training programs, both formal and informal, provide knowledge and skills necessary to determine activities and costs allowed.</li><li>• Interaction between management and staff regarding questionable costs.</li><li>• Grant agreements (including referenced program laws, regulations, handbooks, etc.) and cost principles circulars available to staff responsible for determining activities allowed and allowable costs under Federal awards.</li></ul> |

## Example – Activities Allowed or Unallowed; Allowable Costs/Cost Principles (Cont.)

| Component  | Control Activities  |
|------------|---|
| Monitoring | <ul style="list-style-type: none"><li>• Management reviews supporting documentation of allowable cost information.</li><li>• Flow of information from Federal agency to appropriate management personnel.</li><li>• Comparisons made with budget and expectations of allowable costs.</li><li>• Analytic reviews (e.g., comparison of budget to actual or prior year to current year) and audits performed.</li></ul> |

# Scope of Audit under Uniform Guidance

- Pursuant to Section 200.514
- General
  - Must be conducted in accordance with GAGAS
  - Must cover entire operations of the auditee
  - Must encompass financial statements and SEFA
  - F/S and SEFA must be for the same period

# Scope of Audit under Uniform Guidance (Cont.)

- Financial Statements
  - Must determine if F/S are presented fairly in accordance with GAAP
  - Must determine if SEFA is stated fairly in relation to the F/S as a whole



# Scope of Audit under Uniform Guidance (Cont.)

- Internal Controls (in addition to GAGAS)
  - Auditor must obtain understanding of internal control over Federal programs to support a low assessed level of control risk of noncompliance for major programs
  - If controls are effective, auditor must plan the testing of internal control over compliance for major programs to support a low assessed level of control risk for the assertions relevant to the compliance requirements for each major program

# Scope of Audit under Uniform Guidance (Cont.)

- Internal Controls (in addition to GAGAS)
  - Auditor must perform testing of internal control as planned
  - If internal control likely to be ineffective, the Auditor must report a significant deficiency or material weakness, assess the control risk at maximum, and consider whether additional compliance tests are required

# Scope of Audit under Uniform Guidance (Cont.)

- Compliance (in addition to GAGAS)
  - Auditor must 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
  - Auditor must determine the current compliance requirements and modify audit procedures accordingly

# Scope of Audit under Uniform Guidance (Cont.)

- Compliance (in addition to GAGAS)
  - For Federal programs not included in the compliance supplement, the Auditor must follow the compliance supplement's guidance for programs not included in the supplement
  - Compliance testing must include tests of transactions and such other auditing procedures necessary to provide the auditor sufficient audit evidence to support an opinion on compliance

# Scope of Audit under Uniform Guidance (Cont.)

- Audit follow-up
  - Auditor must follow-up on prior audit findings, perform procedures to assess the reasonableness of the summary schedule of prior audit findings, and report, as a current year audit finding, if the auditee materially misrepresented the status of the prior audit finding
  - Auditor must perform follow-up procedures regardless of whether a prior audit finding relates to a major program in the current year

# Scope of Audit under Uniform Guidance (Cont.)

- Data Collection Form
  - Auditor must complete and sign specified sections of the data collection form

# Scope of Audit under Uniform Guidance (Cont.)

- Audit Documentation - General
  - SEFA (reconciled to G/L, accounting records)
  - Determination of major programs
    - Including low risk Type A assessments and high risk Type B assessments
  - 2016 Compliance Supplement including matrix
  - Audit programs and SEFA disclosure checklist
  - Sampling documentation

# Scope of Audit under Uniform Guidance (Cont.)

- Audit Documentation – Each Major Program
  - All grant agreements with expenditures
  - Compliance supplement specific to the program
  - Auditee identification of applicable grant requirements and responsible personnel
  - Populations for sample selection that reconcile to SEFA



# Scope of Audit under Uniform Guidance (Cont.)

- Audit Documentation – Each Major Program
  - Risk assessment for compliance requirements
  - Understanding of internal control over compliance including identification of key internal controls for each direct and material compliance requirement
  - Testing procedures that incorporate previously identified key internal controls for each direct and material compliance requirement

# Florida Single Audit Update

- Chapter 10.550 Local Govt.
- Chapter 10.650 – For Profit and NFP
- Chapter 10.800 – District School Boards
- Chapter 10.850 – Charter Schools
- Link to website -  
<http://www.myflorida.com/audgen/>

# Florida Single Audit Update *(Cont.)*

- Increase threshold from \$500,000 to \$750,000 in line with UG
- Increased reporting of questioned cost from \$10,000 to \$25,000 in line with UG
- For NFP and for Profits applicable for FY ending July 1, 2016 and thereafter
- Local Governments for FY ending September 30, 2016 and thereafter

# Questions or Comments



MOORE STEPHENS  
LOVELACE CPAs & ADVISORS