

# UG Federal FAQ's

This Frequently Asked Question (FAQ) information is for audits subject to the Uniform Guidance (UG) regulations.

Updated January 2017<sup>1</sup>

## Applicability of Uniform Guidance (UG)

1. How do you determine if the major program is subject to the old OMB Circulars or to the Uniform Guidance?
  - A. You must document in your workpapers how you determined whether the major program selected is subject to the requirements of the new Uniform Guidance, or under the old OMB Circulars.

You should document the following in your workpapers:

    - Inquire of the client which requirements the grant falls under, and how they made that determination. Assess their documentation and reasoning.
    - If a direct award, obtain a copy of the grant agreement and document the date the Federal Government issued (signed) the award to the entity). If pass through award, obtain a copy the pass-through grant agreement between the granting agency and the entity, and document the date the Federal Government issued (signed) the award to the recipient). Per 2 CFR 200.331(a)(1)(iv), effective 9/10/15, all subawards must include “the Federal Award Date of award to the recipient by the Federal agency.” If the date of the Federal government award is not available, look at the date of the award from the pass through. If the Federal Award Date is prior to 12/26/14, it is safe to assume the original award from the Federal government to the pass through had to also be prior to that (making it applicable to the old OMB Circulars, and not the new UG), however be alert for modified terms and agreements that reference the UG in incremental funding (see the next bullet point).
    - Inquire of the client if the grant agreement or any other documentation received from the feds or pass-through agency advised them that the award falls under the new Uniform Guidance. If unable to determine, request the client contact the pass through agency for confirmation. If the pass through agency does not know or is not able to provide confirmation, request the client contact the Federal granting agency. ODJFS has also provided a webpage that outlines grants it has passed through to its subrecipients indicating the date the award was made to the sub (which is Federal Fiscal Year 16) and the date that the federal agency awarded the funding to ODJFS (represented by the column labeled original award date). The link for that resource is <http://ifs.ohio.gov/ofs/bcfta/TOOLS/FFATA/FFATA---AllocationsFFY16.stm> and it will also be included on our intranet under the ODJFS resources page for AOS auditors.
    - If unable to obtain confirmation through the client; AOS auditors should contact the CFAE FACCR specialty in Spiceworks.
    - See also HUD Notice CPD-16-04 (Refer to FAQ #4).
2. When does the new single audit threshold in the Uniform Guidance take effect?
  - A. The Uniform Guidance audit requirements (Subpart F) are effective for FYE 12/31/15 and subsequent audits. Early implementation is not permitted.

---

<sup>1</sup> Updated January 2017 Added #4 under Schedule of Expenditures of Federal Awards heading and #4 under Reporting heading. If audit evidence indicates a change in this guidance is necessary, please email the FACCR inbox.

# UG Federal FAQ's

3. Why is the UG applicable date unique for Federal Highway Administration (FHWA) grants and cooperative agreements signed by LPA (direct or passed through ODOT)?
  - A. Based on the language adopted by the Department of Transportation, 2 CFR 1201, Uniform Guidance is applicable for any agreement executed on or after 12/26/14. The key is to look at the date signed by the LPA.

If your entity has a grant agreement they signed on or after 12/26/14 that still refers to A-87 or A-102; AOS auditors should contact CFAE FACCR specialty in Spiceworks.

4. When do the new UG requirements become applicable to Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), and Emergency Solutions (ESG) when 'as may be amended' language is included?
  - A. Auditors should determine if the CDBG, HOME or ESG award is UG or Non-UG. If Non-UG (i.e. signed by fed's prior to 12/26/14), then determine if the '*as may be amended*' language was included in the award. We will audit according to the award the client received – if their award was issued prior to 12/26/14 and does NOT contain the '*as may be amended*' language, and their award was not amended, and then we would audit it under the pre-UG requirements.
  - B. If the '*as may be amended*' language was included in the award issued prior to 12/26/14, then it should be audited under the UG requirements.
  - C. For further information, refer to HUD Notice CPD-16-04 (<https://www.hudexchange.info/resources/documents/Notice-CPD-16-04-Additional-Transition-and-Implementation-Guidance-for-Recipients-of-Community-Planning-and-Development.pdf> )

If your entity has not followed the correct UG vs. Non-UG requirements; AOS auditors should contact CFAE FACCR specialty in Spiceworks.

5. FY 2015 grants that passed through ODE were subject to pre-UG requirements. Should the carryover funds from these FY15 grants still follow pre-UG requirements?
  - A. 34 CFR 76.710 states that a state and a subgrantee shall use carryover funds in accordance with federal statutes and regulations that apply to the program and are in affect for the carryover period. Therefore, monies carried over from FY15 Grants into FY16 allocations would be subject to UG requirements.

## FACCRS

1. My major program has both Non-UG and UG expenditures for the audit period. What FACCR do I use and do I have to test both a Non-UG and a UG FACCR?
  - A. You will not be testing 2 complete FACCRs for the program. However, in many cases you may be testing additional requirements / procedures for the items that fall under the UG requirements.

First, verify that you do have both Non-UG and UG grant activity and determine the agency (i.e. Health and Human Services, Transportation, etc.) governing your program.

- If the program / cluster has all Non-UG activity, then you will use the Non-UG FACCR. Review the Single Audit FACCR Database for the availability of the FACCRs.
- If the program / cluster is predominantly Non-UG you will use the Non-UG FACCR and test accordingly the non-UG transactions (as noted in the first bullet point). Then, follow the instructions in the Non-UG FACCR for pulling in the necessary UG testing steps that

# UG Federal FAQ's

apply based on the Agency and activity for your program. You will also need to consider if additional control testing is necessary for the new requirements.

- If the program / cluster has all UG activity, then you will use the UG FACCR. Review the Single Audit FACCR Database for the availability of the FACCRs.
  - If the program / cluster is predominantly UG activity, then you will use the UG FACCR and test accordingly the UG transactions. Then, follow the instructions in the UG FACCR for pulling in the necessary Non-UG testing steps that apply based on the Agency and activity for your program.
2. When I have predominantly Non-UG transactions but have UG transactions to test and using the Non-UG FACCR do I need to use sections of the UG FACCR?
    - A. You will need to use the UG add-in sections when you are testing a major program that:
      1. has transactions that are subject to non-UG and UG requirements and;
      2. your control or compliance sample contains transactions that are subject to the UG or;
      3. your analytics or non-sampling tests include populations that are subject to the UG.
  3. What am I supposed to do in documenting and testing compliance requirements for grant transaction populations subject to non-UG and UG requirements?
    - A. First determine if you need to use the add-in UG or Non-UG sections (depending on predominant activity discussed in FACCR FAQ #1), then if you determine that a section is needed you'll go to the federal info intranet page at <http://portal/BP/Intranet/Auditor%20Resources/Federal%20Info.aspx> and open up the sections that you need and then save them into your TeamMate project. In completing the sections, add cross referencing to the applicable testing the same as you would for the any FACCR. The need for separate tests and samples is discussed in #4 below.
  4. Will I need to test separate samples for populations that are subject to both UG and non-UG requirements?
    - A. In most instances you will only need to complete one control and one compliance test for the populations when both requirements are applicable. However, you will need to review the testing steps in the UG and Non-UG FACCR section and see if new testing requirements have been added, for 12/31/15 FACCRs we have highlighted new steps within the UG FACCR sections. If new testing requirements and steps have been added, you'll need to ensure that your testing attributes will satisfy the new UG testing steps. Also if new requirements to existing compliance testing steps or entirely new steps have been added in the UG FACCR sections, you will need to determine that your basis for controls and control testing addresses those new steps. For 12/31/15 FACCRs, we have identified new compliance tests and modified compliance tests within each of the 12 compliance requirements' suggested audit procedures. If the basis for the controls and the actual control procedures have changed, you'll need to complete a separate sampling test of controls for those transactions. For FACCRs after 12/31/15, the new steps will not be highlighted but are included in the FACCR.
  5. Can I use dual testing for control and compliance when my population contains both UG and non-UG transactions?
    - A. In general, you can use dual testing, but, based on the FAQ above if you determine that a separate control sample is required dual testing will not be sufficient. For AOS auditors follow the AOSAM 30500.90 and 35900.70 guidance for dual testing.
  6. If my testing population contains UG transactions, but my sample does not have any UG transactions, am I required to complete and add in the applicable UG compliance requirement section?
    - A. See the FAQ above that addresses when you need to use sections of the UG FACCR.

# UG Federal FAQ's

7. What do I do if I need a full UG FACCR that is not available on the website?
  - A. Follow our existing steps outlined in AOSAM 34900.16. A full version of the UG boilerplate is provided for AOS auditors directly below the broken out compliance sections on our intranet. A full version for IPA's to use is on our internet on our faccr resource page. AOS auditors should not use the full version labeled for IPA's since the guidance links within that one require an active internet connection.

## Student Financial Aid Cluster

1. Is the Student Financial Aid Cluster required to be tested in FY16 for entities subject to single audit requirements?
  - A. If the auditee expends funds under the SFA Cluster but the cluster is considered low risk and not otherwise audited as a major program, the institution should contact ED's School Participation Division and request a waiver for the annual compliance audit required by the Department of Education for the SFA Cluster .

If clients are contacted requesting their auditors to complete any forms or question relating to this topic--Auditors should NOT send the RSAR to the agency; however, they can provide the requested information to ED. We should tell the agency in the submission that the audit is ongoing and the information is not a matter of public record to date. Please send all responses received to CFAE for review and further guidance.

## Schedule of Expenditures of Federal Awards (SEFA)

1. Under the UG, the SEFA is now required to include the amount passed-through to subrecipients for each Federal program in a separate column. Are those same dollars also included in the total federal expenditures column?
  - A. Yes, the amount provided to sub recipients should be included in both columns. 2 CFR 200.510(b)(4) requires the SEFA to include the total amount provided to sub recipients from each Federal program; and also requires the total Federal awards expended for each individual Federal program.
2. If an entity does not have any subrecipients, are they still required to present the subrecipient column on the SEFA?
  - A. No, if your entity does not have any subrecipients, they do not have to present the column on the SEFA. However, if the entity were to include the column with zero's presented, we would not require this column to be removed since it is the entity's schedule.
3. How do we determine the date to be used for reporting on-behalf of expenditures made by ODOT?
  - A. The "warrant date" obtained from ODOT's CMS Portal should be used (<https://ohioauditor.gov/references/confirmations/odot.html>) to determine the date payments were made for projects the LPA is required to report on their cash basis SEFA.
4. What are some of the reporting issues that have been noted during recent reviews?
  - A.
    - SEFA
      - New column is required for funds passed through to subrecipients
      - Cluster name must be included on the SEFA even if the auditee only had one of the programs in the cluster.
    - SEFA Footnotes

# UG Federal FAQ's

- All single audit entities must indicate whether or not they elected to use the 10% de minimus indirect cost rate.
- For loan and loan guarantees, entities are required to identify in the notes, loan balances outstanding at the end of the audit period.

## Reporting

1. The auditee does not have formal written policies in place as required by the Uniform Guidance. Do I automatically have a Significant Deficiency or Material Weakness or material Noncompliance in the audit report?
  - A. We believe many of our clients will not have formal written policies required by the Uniform Guidance (UG), which are summarized in the table below.

Keep in mind with the adoption of the UG, the program requirements did not change much. If there is another basis for the control over the compliance requirement effectively operating, and there are few or no exceptions found in our compliance testing over the program requirements, then the lack of a policy generally will not result in material noncompliance / material weakness or significant deficiency. In most cases, it will be reported as noncompliance and a control deficiency in a Management Letter. After this implementation year, auditors will need to evaluate subsequent years to determine if the comment should be elevated if written policies have not been adopted.

The lack of a policy by itself does not indicate sweeping lack of controls over program compliance or necessarily result in material noncompliance with the compliance requirement. There are many elements to each compliance requirement. Therefore, while we normally use a written policy as the basis for the compliance control, we should focus on what is actually happening at the entity to ensure compliance.

	Reference	Written Policies Required?	Notes*
Cash Management	200.305 <i>Payment - Subpart D</i>	Yes	See 200.302 <i>Financial Management - Subpart D, Section (b)(6)</i> Written procedures to implement the requirements of §200.305 <i>Payment</i> .
Determining Allowable Costs	200.302 <i>Financial Management – Subpart D</i>	Yes	See 200.302 (b)(7) Written procedures for determining the allowability of costs in accordance with Subpart E— <i>Cost Principles</i> of this part and the terms and conditions of the Federal award.
Evaluation & Selection of Procurement by Competitive Proposals	200.320 <i>Methods of procurement to be followed – Subpart D</i>	Yes	See 200.320 (d)(3) If procurement is by competitive proposals, the non-Federal entity must have a written method for conducting technical evaluations of the proposals received and for selecting recipients.

# UG Federal FAQ's

Time and Effort	200.430 <i>Compensation – personal services – Subpart E</i>	Yes	See 200.430 (a) Is reasonable for the services rendered and conforms to the established written policy of the non-Federal entity consistently applied to both Federal and non-Federal activities.
-----------------	------------------------------------------------------------------------	-----	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

In addition to the chart above, there are required policies for Relocation Cost of Employees (200.464) and Travel Cost (200.474).

2. How do I begin a compliance violation citation if agencies have codified 2 CFR 200?
  - A. We have included a detailed narrative about agencies codifying 2 CFR 200, where they made the codification, and any exceptions or additions to the UG and have provided a few different citation examples. This is presented as a link in at the beginning of each compliance requirement section within the UG FACCR.
  
3. What should a corrective action plan (CAP) include in a UG (12/31/15 & subsequent FYE) audit with findings?
  - A.
    - 2 CFR 200, Subpart F, § 511(c) (Uniform Guidance) requires the auditee to prepare a corrective action plan (CAP). The CAP should address both federal audit findings and all findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards* included in the current year auditor's report.
    - The CAP must provide the name(s) of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date.
    - If the auditee does not agree with the audit findings or believes corrective action is not required, then the corrective action plan must include an explanation and specific reasons.

See also the AICPA Single Audit Guide, Chapters 20 & 23 as well as 2 CFR 200, Subpart F, § 511(c), for additional guidance.

4. What are some of the reporting issues that have been noted during recent reviews?
  - A.
    - Summary of Auditors Results
      - Identification of Major Programs – If a cluster was tested, only the name of the cluster is required. It is **not** required that the individual CFDA # and name of each program listed.
    - Comments
      - Identify if a finding is a repeat from the immediate prior audit and include the finding number.
      - Reminder: Questioned cost threshold changed to \$25,000
    - Summary of Prior Audit Findings
      - GAGAS findings must be included.
      - Reasons for a finding's reoccurrence must be included.
      - Remember: This is a client prepared schedule.
    - CAP
      - GAGAS findings must be included.
      - Remember: This is a client prepared schedule.

# UG Federal FAQ's

## Data Collection Form

1. The Data Collection Form now requires pass-through grant information. What do I enter if there is no pass-through ID number? Can I enter multiple pass-through award numbers for the same CFDA number?

A If the award is not a Direct Award, enter the name of the pass-through entity and the identifying number assigned by the pass-through entity. If there is not an identifying number assigned by the pass-through entity, enter N/A in this field. Click Add to save the pass-through entity name and ID. You may enter up to 10 pass-through entity names and IDs for a single award.

The Federal Audit Clearinghouse has indicated their preference is for the pass-through information on the DCF to mirror what is presented on the SEFA.

2. What special purpose framework do I select when a client does not prepare their financial statements in accordance with GAAP?

A. The following picture represents the options available on the DCF:

ii. What was the special purpose framework? (Select only one)

- Cash basis
- Tax basis
- Regulatory basis
- Contractual basis
- Other basis

For audits prepared under the AOS Regulatory basis, you would select regulatory. For audits prepared under the OCBOA basis (included modified cash), you would then select cash basis.

The subsequent question will ask if the special purpose framework used a basis of accounting required by state law. AOS Regulatory and OCBOA audits are **not** required by State law; therefore, this question should be answered no.

The instructions for the Data Collection Form (for 12/31/15 and subsequent audits) can be located at [https://harvester.census.gov/facides/Files/2015\\_2018%20Checklist%20Instructions%20and%20Form.pdf](https://harvester.census.gov/facides/Files/2015_2018%20Checklist%20Instructions%20and%20Form.pdf).

## Procurement

1. The UG requires entities to have written procurement procedures. Can the policy just say they are going to follow all UG procurement procedures? Does this policy have to be Board approved?

A. Based on requirements identified in 2 CFR 200.318-200.320, entities must have a written method or written procedures for procurement. These procedures must be written specifically for the entity and not just a blanket statement regarding following of all UG procurement procedures. In addition, the statutes require the written procedures and do not

# **UG Federal FAQ's**

indicate how they are to be established. How to create and adopt the written methods will be an internal discussion.