



mGO.

Single Audit and Uniform Guidance: Key Changes and Risk Areas

Presented by Linda Hurley

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Your Instructor



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Agenda



Learning Objective

By the end of this course, you should be able to:

- Explain the recent changes and updates to the new Uniform Guidance and federal funding.



01 Single Audit Update

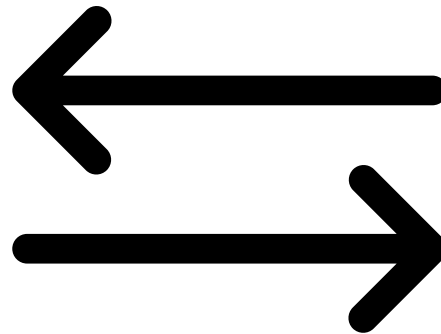


Changing Federal Landscape

Current environment

Grantees

- Grant programs are being reorganized or abolished
- Scrutiny and retraction of COVID-19 waivers
- Halt on programs not aligned with administration goals
- Court cases
- Follow-up on prior audit findings



Auditors

- Increased risk
- Change of program mix
- Staying informed

Agency Implementation of Revisions

Some agencies have not yet adopted 2024 Revisions. Others have adopted 2024 Revisions and others adopted **agency differences**.

COFFA



- Per Council on Federal Financial Assistance (COFFA) Memo.
- Agencies have been implementing 2024 UG through terms and conditions of new awards.
- Issued on or after October 1, 2024.

2 CFR



- Recipients or subrecipients can use 2 CFR Subtitle B or agency's regulations located elsewhere in CFR (2 CFR 1.205 and 200.106).
- This helps determine agency's status of adoption and if adopted, any agency differences.

Communicate



- Entities should communicate with federal agencies or pass-through entities (PTE) to determine which version of UG is applicable for all grants and contracts.

Terms



- Recipients or subrecipients should refer to terms and conditions of award.
- They can also address their questions to federal agency that made award or PTE as appropriate.

Effective Dates

OMB issued final revisions to UG (2 Code of Federal Regulations (CFR) 200) in Federal Register (FR) notice on April 22, 2024.



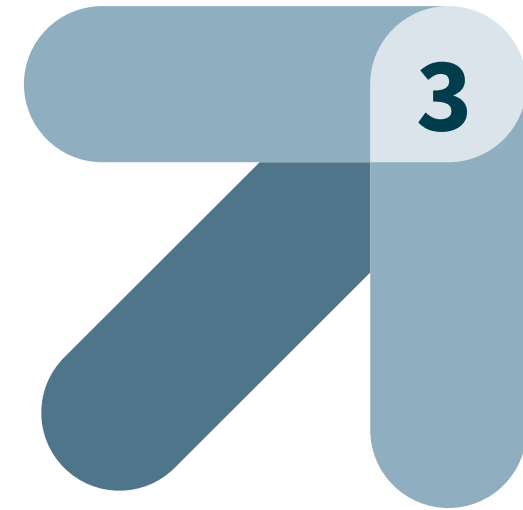
New Awards

Issued on or after
October 1, 2024.



Amendments

Issued on or after
October 1, 2024, **if**
amendment explicitly
applies to 2024 UG to
award.



Subawards

Issued under federal
awards applying 2024 UG.

Objectives of OMB Federal Register Notice

Four key objectives of the revisions

01

Incorporating statutory requirements and administrative policies

Incorporate

02

Reducing agency and recipient burden

Reduce

03

Clarifying sections recipient or agencies interpret in different ways

Clarify

04

Rewriting applicable sections in plain language, improving flow, and addressing use of terms

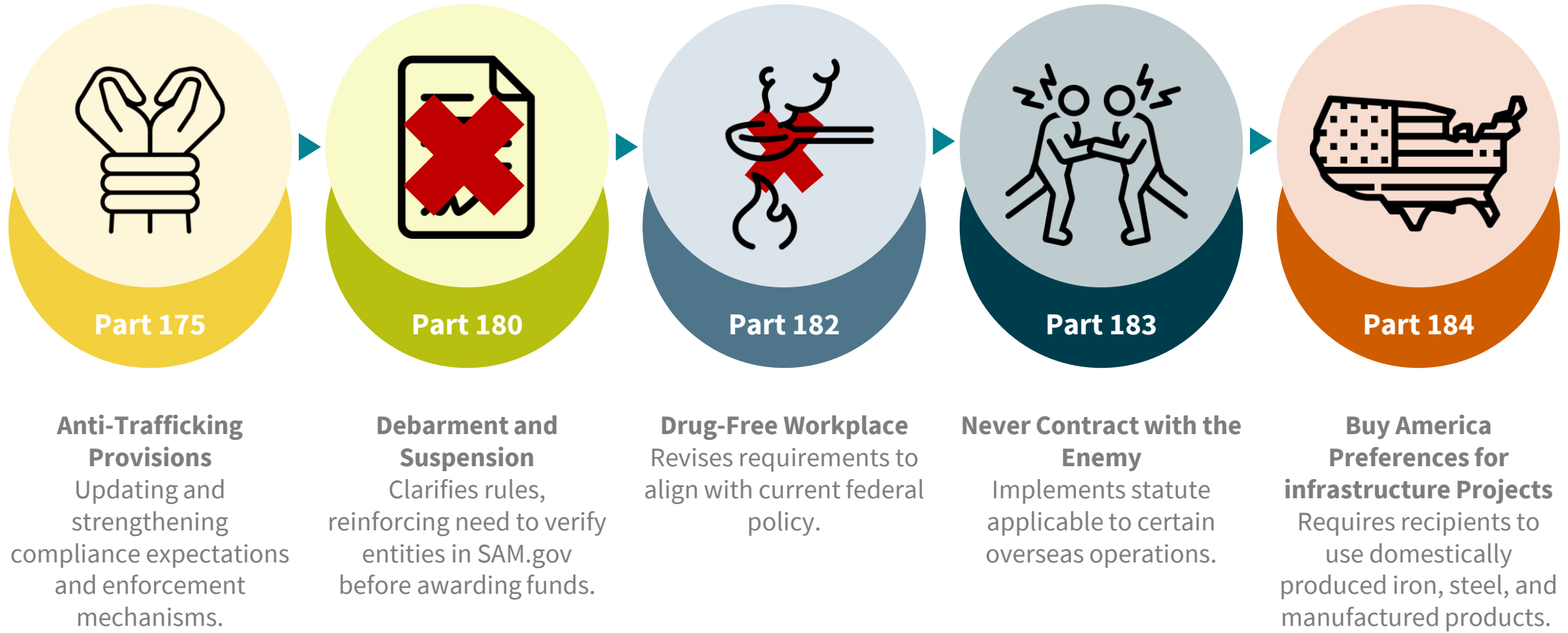
Rewrite

02 Key Changes to Uniform Guidance

2 CFR Federal Financial Assistance

Subpart	<u>Update</u>
Part 1	About Title 2 of the Code of Federal Regulations and Subtitle A
Part 25	Unique Entity Identifier and System for Award Management
Part 170	Reporting Subaward and Executive Compensation Information
Part 175	Award Term for Trafficking in Progress
Part 180	OMB Guidelines to Agencies on Government-Wide Debarment and Suspension (Nonprocurement)
Part 182	Government-Wide Requirements for Drug-Free Workplace (Financial Assistance)
Part 183	Never Contract with the Enemy
Part 184	Buy America Preferences for Infrastructure Projects

1. Incorporating Statutory Requirements and Administration Policies

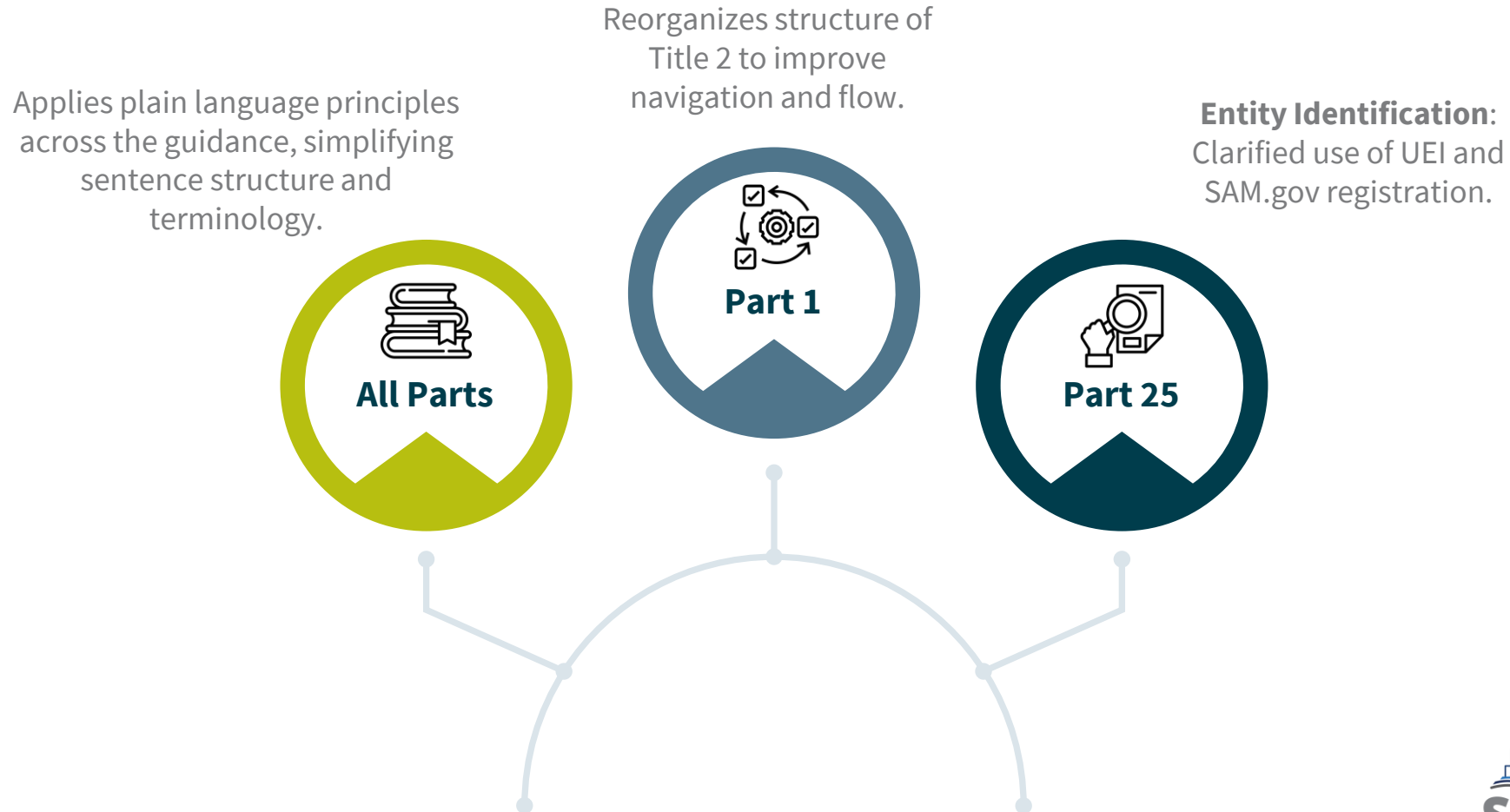


2. Reducing Agency and Recipient Burden



Simplifies subaward and executive compensation reporting, aligning thresholds and timelines.

4. Rewriting in Plain Language, Improving Flow, and Addressing Inconsistencies

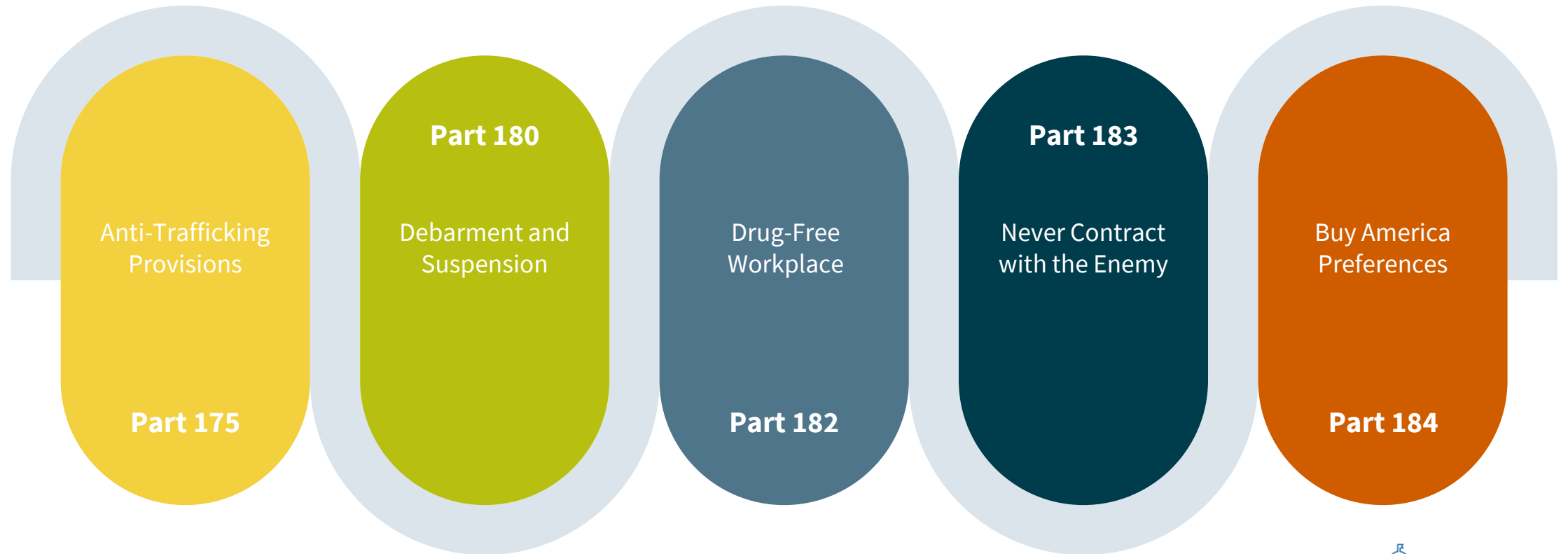


Part 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

- 01 **Subpart A:** Acronyms and Definitions
- 02 **Subpart B:** General Provisions
- 03 **Subpart C:** Pre-Federal Award Requirements and Contents of Federal Awards
- 04 **Subpart D:** Post Federal Award Requirements
- 05 **Subpart E:** Cost Principles
- 06 **Subpart F:** Audit Requirements

1. Incorporating Statutory Requirements and Administrative Priorities

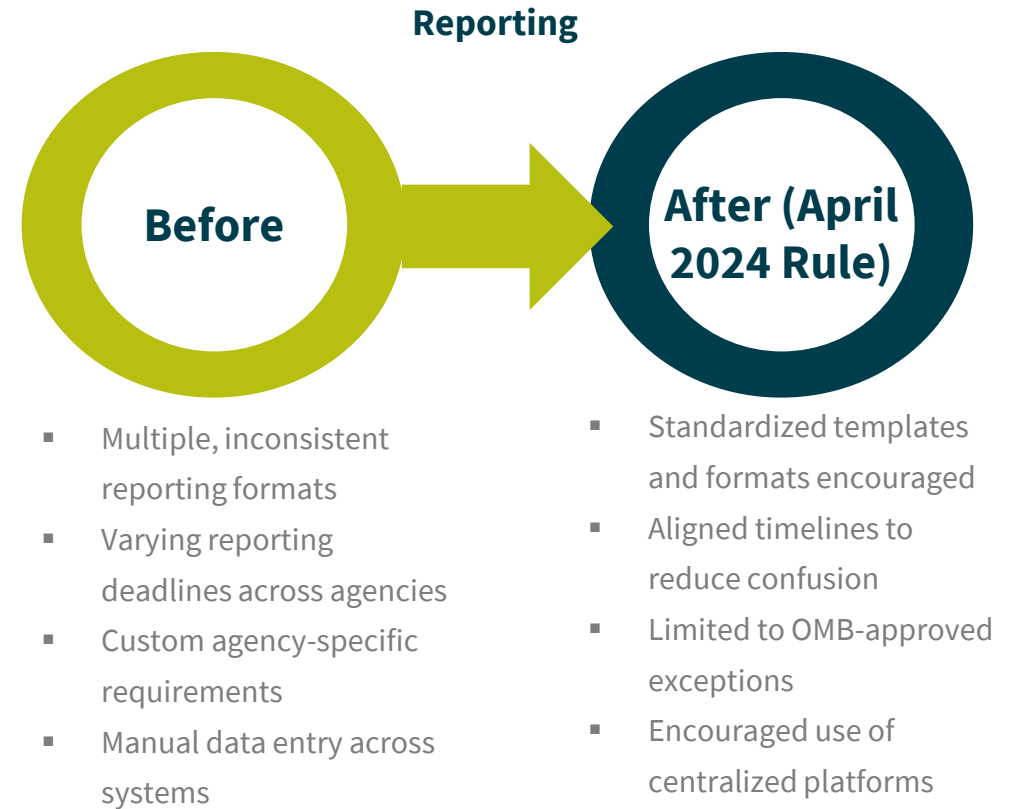
References were either added or revised based on revisions to other parts covering the following.



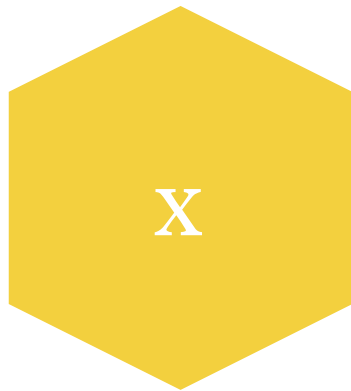
2. Reducing Agency and Recipient Burden

Part 200

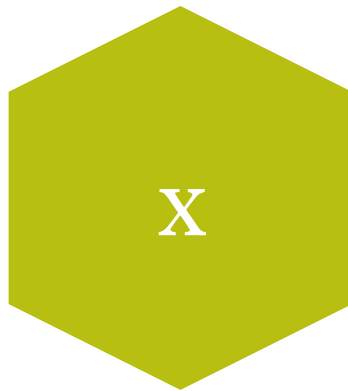
Subpt E	Raises the de minimis indirect cost rate from 10% to 15%, simplifying cost recovery for small recipients.
Subpt D	Streamlines budget revision and prior approval requirements, reducing the number of agency interactions needed.
Subpt D	Consolidated Reporting Requirements: Improved alignment of reporting timelines and formats across agencies to reduce duplication.



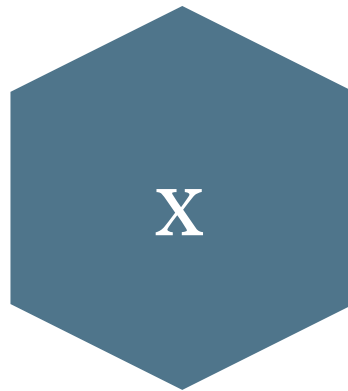
3. Clarifying Sections Previously Interpreted Differently



**Subrecipients
versus
Contractor
(Subpt D)**



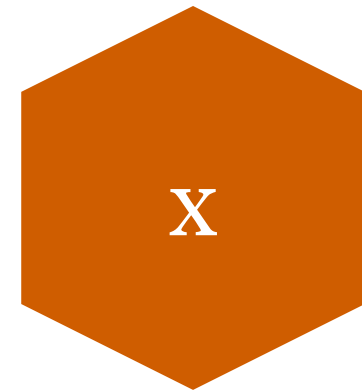
**Cost Sharing and
Matching
(Subpt D)**



**Closeout
Procedures
(Subpt D)**



**Equipment
Provisions
(Subpt D)**



**Modified Total
Direct Costs
(MTDC)
(Subpt A)**

Principle and Characteristics

General Principle

- **Substance of relationship** is more important than form of agreement.
- No single factor is determinative. **Judgment must be used** based on characteristics of relationship.

Subrecipient Characteristics

- A **subrecipient** typically:
 - **Determines eligibility** for federal assistance.
 - Has performance measured against **federal program objectives**.
 - Makes **programmatic decisions**.
 - Responsible for **adhering to federal program requirements**.
 - Implements **program for public purpose** as defined by statute.

This creates a **federal financial assistance relationship**.

Contractor Characteristics

- A **contractor** typically:
 - Provides goods and services **within normal business operations**.
 - Provides similar goods or services to **many different purchasers**.
 - Operates in **competitive environment**.
 - Provides good or services that are **ancillary to the federal program**.
 - Is **not subject to compliance requirements** of federal program as a condition of award.

This creates a **procurement relationship**.

Cost Sharing (§ 200.306)

Clarified Definitions	Allowable Sources of Match	Documentation Requirements	Valuation of In-Kind Contributions	Alignment with Audit Requirements
<p>Rule reinforces distinction between the following.</p> <ul style="list-style-type: none"> ▪ Mandatory cost sharing: Required by statute or program. ▪ Voluntary committed cost sharing: Offered in proposal and becomes binding once accepted by awarding agency. 	<p>Revised guidance provides clearer examples of acceptable sources of cost sharing, including the following.</p> <ul style="list-style-type: none"> ▪ Cash contributions from non-federal sources. ▪ Third-party in-kind contributions like donated services or property. ▪ Unrecovered indirect costs if approved by the agency. 	<ul style="list-style-type: none"> ▪ Recipients must maintain verifiable records for all cost sharing contributions. ▪ In-kind contributions must be supported by documentation showing how value was determined, such as fair market value for donated space or services. 	<ul style="list-style-type: none"> ▪ Rule clarifies how to value volunteer services based on rates for similar work and donated equipment or space based on fair rental value or depreciation. ▪ These clarifications help ensure consistency in audits and reduce disputes over valuation. 	<ul style="list-style-type: none"> ▪ These updates align with Subpart F (Audit Requirements) to ensure cost sharing is auditable and properly documented.

Closeout (§ 200.344)

Standardized Deadlines for Final Reports	Final Financial Report Requirements	Liquidation of Obligations	Prompt Refunds of Unobligated Funds	No Delay in Payments	Record Retention and Audit Readiness
<ul style="list-style-type: none"> ▪ Recipients must submit all final reports within 120 calendar days after end of period of performance. ▪ Subrecipients must submit final reports to PTE within 90 calendar days, or earlier if agreed upon. 	<ul style="list-style-type: none"> ▪ Recipients must submit final financial report by the 120-day deadline, even if IRC is not final. ▪ A revised final financial report must be submitted once ICR is finalized. 	<ul style="list-style-type: none"> ▪ Recipients must liquidate all financial obligations under award within 120 days of end of period of performance. ▪ Subrecipients must do so within 90 days, or earlier if agreed. 	<ul style="list-style-type: none"> ▪ Unobligated balances not authorized to be retained must be promptly refunded to federal agency or PTE. 	<ul style="list-style-type: none"> ▪ Agencies must not delay payments for allowable costs meeting requirements of Subpart E (Cost Principles). 	<ul style="list-style-type: none"> ▪ While § 200.344 focuses on closeout, it aligns with § 200.334 (Retention Requirements) to ensure all documentation supporting final reports is retained for at least three years from date of submission of final expenditure report.

Equipment

Clarified **title to equipment** vests in recipient or subrecipient upon acquisition but is considered **conditional title**.

- Standardized rules for **use and disposition** of equipment.
 - Must be used for original purpose.
 - May be repurposed for other federal awards if no longer needed.
- Clarified **states and Indian Tribes** may follow their own laws for equipment management, unless tribal laws do not exist.
- Defined responsibilities for **encumbrance and disposal** must obtain prior approval from awarding agency or pass-through entity.



Modified Total Direct Costs (MTDC)

A budgeting concept used in federal grants to calculate indirect costs. It includes certain direct costs while excluding others to ensure a consistent and fair base for applying indirect cost rates.

What MTDC Includes

- Salaries and wages
- Fringe benefits
- Materials and supplies
- Services
- Travel
- Subawards up to the first \$25,000 of each subaward

What MTDC Excludes

- Equipment
- Capital expenditures
- Charges for patient care
- Tuition remission
- Rental costs of off-site facilities
- Scholarships and fellowships
- Portion of subawards exceeding \$25,000

These rules are defined in **2 CFR § 200.1** and **§ 200. 68**. They help ensure indirect costs are applied only to consistent and appropriate subset of total direct costs.

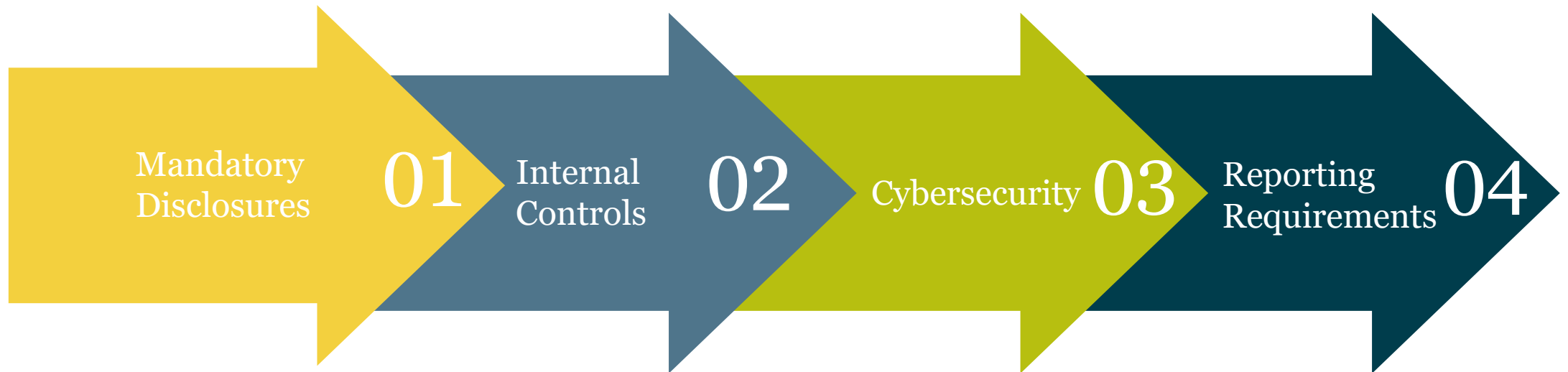
4. Rewriting in Plain Language, Improving Flow, and Addressing Inconsistencies



Plain Language Revisions	Improved Document Flow and Structure	Addressing Inconsistencies
<p>Simplified Terminology</p> <ul style="list-style-type: none"> Term non-Federal entity is now used only when specifically intended, such as Subpart F (Audit Requirements). In other contexts, clearer terms like recipient or subrecipient are used to reduce ambiguity. 	<p>Reorganized Subparts</p> <ul style="list-style-type: none"> Subparts were restructured to group related topics Examples: <ul style="list-style-type: none"> Subpart C (Pre-Federal Award Requirements) and Subpart D (Post-Federal Award Requirements) were clarified and streamlined. Appendix I updated to simplify Notices of Funding Opportunities (NOFOs), reducing word count by 25% and moving some content to appendices or external links. 	<p>Cross Referencing Inconsistencies</p> <ul style="list-style-type: none"> Definitions in § 200.1 were updated and harmonized with other parts of 2 CFR to ensure consistency across federal assistance regulations.
<p>Shorter Sentences and Active Voice</p> <ul style="list-style-type: none"> Many provisions were rewritten to use active voice, shorter sentences, and direct language, making guidance easier to understand and apply. 	<p>Clearer Section Headings</p> <ul style="list-style-type: none"> Headings and subheadings were revised to better reflect content of each section, improving navigation. 	<p>Clarified Applicability</p> <ul style="list-style-type: none"> Clarifies when certain provisions apply to for-profit entities, foreign organizations, and foreign public entities, especially in § 200.101.
<p>Consistent Use of Terms</p> <ul style="list-style-type: none"> Terms such as Federal awarding agency, recipient, and contractor are now used consistently throughout document to avoid confusion. 		

Areas of Broader Emphasis

Controls and disclosures



Mandatory Disclosures: Summary

What Must be Disclosed?	<ul style="list-style-type: none">▪ Violations of Federal Criminal Law involving fraud, bribery, or gratuity violations potentially affecting federal award.▪ Conflicts of Interest that could affect integrity of award.▪ Significant Developments that may impact ability to carry out award like litigation or financial stability.▪ Other Required Disclosures as specified in terms and conditions of award.
Who Must Comply?	<ul style="list-style-type: none">▪ Recipients of federal financial assistance like state and local governments, nonprofits, institutions of higher education, and tribal entities.▪ Subrecipient under federal award.▪ Pass-through entities must ensure subrecipients are aware of and comply with these requirements.

Risk Management, Transparency, and Digital Security



**Establish and Maintain Effective
Internal Controls**



**Ongoing Monitoring and
Evaluation**



**Alignment with Recognized
Framework**



**Prompt Action on
Noncompliance**



**Compliance with Legal and
Regulatory Requirements**



**Cybersecurity and Information
Safeguards**

Cybersecurity

Cybersecurity is increasingly a **federal priority.**

#1



#3

Updated guidance uses **clearer language.**

Revisions clarify expectations around **internal controls, data protection, and risk-based monitoring.**

#2

Report Submissions

Requirements



- **Within 30 calendar days** after receipt of auditor's reports, or
- **Within nine months** after end of auditee's fiscal year, whichever comes first.

Case by case basis for the following.

- Natural disasters
- Systemic disruptions like a cybersecurity incident
- Other documented extenuating circumstances

Must be formal request before deadline and include the following.

- Justification for delay
- Estimated date of submission
- Contact information for follow-up

Late filing without extension:

- Findings of noncompliance
- Delays in future funding
- Additional oversight or sanctions

What to Know About the Audit

**Increased
Threshold**

**Program
Specific
Audits**

**Emphasis
on CAPs**

**Clarity on
Overlapping
Roles for
Recipients**

**Audit
Quality**

**Compliance
Supplement**

Increased Threshold

Total federal expenditures

Federal Expenditures

- Threshold for amount of federal expenditures in given year requiring entity to have single audit or program-specific audit conducted has been increased from \$750,000 to \$1 million.

Impact

- Potentially less single audits and less single audits for smaller subrecipients.
- As PTE, local government needs to make sure its subrecipients are having single audits perform when required. It should be obtaining and collecting for consideration in risk assessments.
- Raised threshold results in more cases where subrecipient may not have single audit report for given year. PTE want to consider other steps to monitor subrecipients.

Increased Thresholds

Type A Programs



Base Type A

- Threshold for base Type A programs has been increased from \$750,000 to \$1 million.
- Once federal awards exceed \$34 million, Type A threshold increases proportionate to federal expenditures.
- Refer to the next slide for a clearer understanding of Type A program determination.
- Increases apply after October 1, 2024.



Impact

- Higher thresholds may reduce number of Type A programs.
- In return, this may result in less programs needing to be tested in a given year.

Regarding reported findings and questioned costs, auditor is now required to provide description of reason dollar amount of known questioned costs was undetermined and could not be reported.

Increased Threshold

Type A programs

Updated summary of Type A threshold determinations will be as follows based on federal expenditures:

Type A Threshold	Total Federal Awards Expended (FAE)
\$1,000,000	Equal to \$1,000,000 but less than or equal to \$34M
Total FAE times .03	Exceed \$34M but less than or equal to \$100M
\$3,000,000	Exceed \$100M but less than or equal to \$1B
Total FAE times .003	Exceed \$1B but less than or equal to \$10B
\$30M	Exceed \$10B but less than or equal to \$20B
Total FAE times .0015	Exceed \$20B

Program-Specific Audit

One program and no audited financial statements

1

What Changed

Entities may now elect program-specific audit under two clearer conditions.

- 1. Non-R&D:** If entity expends funds under only one federal program and no FS audit is required.
- 2. R&D:** If all funds come from same federal agency or PTE and agency approves election in advance.

2

Why It Matters

This provides flexibility for entities with focused funding streams.

3

Auditor Impact

Auditors must ensure entities meet eligibility criteria and obtain required approvals before proceeding with a program-specific audit.

Stronger Emphasis on Corrective Actions

Timeliness and effectiveness

1

What Changed

Revised rules place greater emphasis on **timeliness and effectiveness** of corrective action plans in response to audit findings.

2

Why It Matters

Strengthens accountability and ensures audit findings lead to meaningful improvements.

3

Auditor Impact

Auditors must assess not only presence of corrective action plans but also their adequacy and implementation status.

Audit Findings: Reporting and Accountability

01

Corrective Action Plan Requirements (Auditee):

1. Prepare CAP for each CY auditing findings and submit as part of reporting package.
2. Must include name of contact person responsible, clear timeline for implementation, and description of steps to be taken to resolve issues.

02

Summary Schedule of Prior Audit Findings (Auditee):

1. Lists all prior audit findings.
2. Describes status of corrective actions taken.
3. Explains why any corrective action was not implemented if still unresolved.

03

Focus on Timeliness and Accountability (Auditee):

1. Strong emphasis on timely resolution of findings.
2. Agencies encouraged to follow up more rigorously on unresolved or repeating findings.

04

Responsibilities for Findings (Auditor):

1. Clearly identify whether findings is a repeat finding.
2. Evaluate adequacy of auditee's corrective action plan.
3. Report if auditee failed to implement prior corrective actions.

05

Improved Clarity on Reporting Format (Auditor):

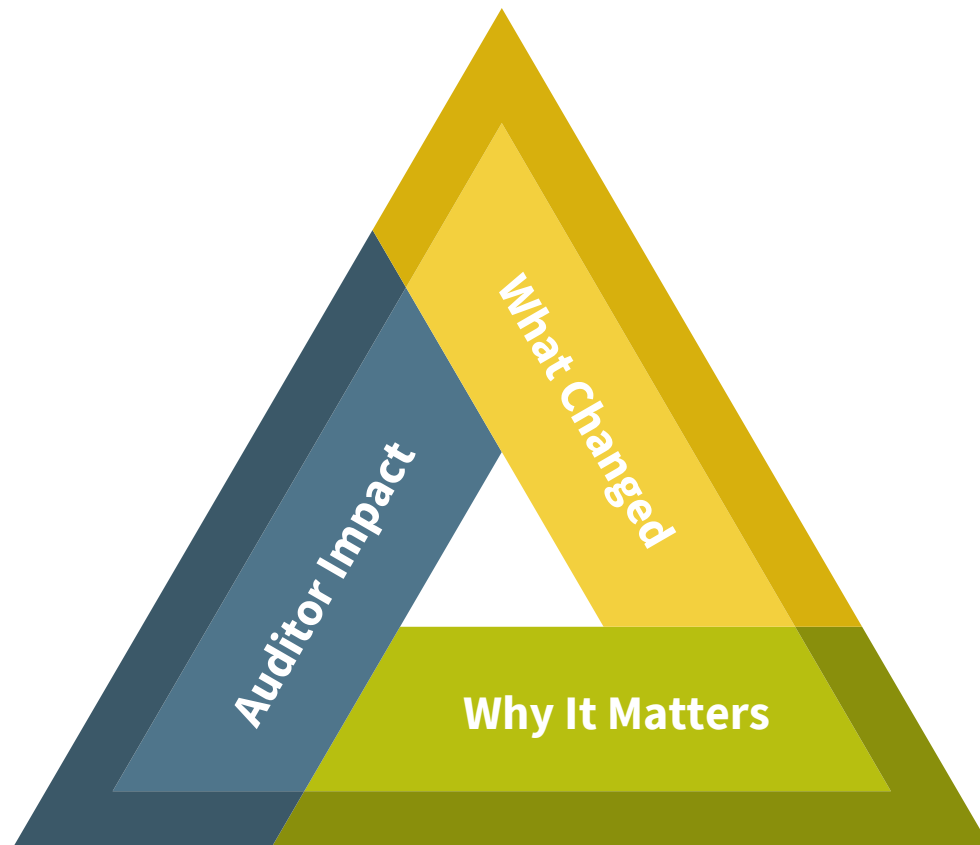
1. Uniform headings and numberings.
2. Clear cross-referencing between findings, CAPs, and prior-year summaries.

Audit Findings: Questioned Costs

Threshold for Reporting Questioned Costs	Expanded Definition and Context	Improved Reporting Requirements	Link to Corrective Action Plans	Repeating Findings and Follow-Up
<ul style="list-style-type: none"> Known or likely Exceeding \$25,000 Linkage to compliance requirement for a major program 	<ul style="list-style-type: none"> Lack of documented support Violating laws, regulations, or terms of award Appearing unreasonable or unnecessary 	<p style="text-align: center;">Auditors</p> <p>Must provide contextual information to help federal agencies evaluate prevalence and consequences of questioned costs.</p> <ul style="list-style-type: none"> Nature of noncompliance Potential impact on program Whether issue is isolated or systemic 	<p style="text-align: center;">Auditees</p> <ul style="list-style-type: none"> Required to address each questioned cost in their CAP CAP must explain how issue will be resolved and whether cost will be repaid, reclassified, or justified. 	<p style="text-align: center;">Auditors</p> <p>Must clearly identify if a questioned cost is</p> <ul style="list-style-type: none"> Part of a repeat finding and Assess whether prior corrective actions were effective.

Clarity on Overlapping Roles for Recipients

Recipient, subrecipient, and contractor



What Changed

Auditors must now consider an entity may simultaneously be a recipient, subrecipient, and contractor.

Why It Matters

Clarification helps auditors assess compliance responsibilities more accurately.

Auditor Impact

Auditors must evaluate each role separately and ensure expenditures are properly classified and audited under correct standards.

Single Audit: Common Audit Quality Findings (Peer Review, Ethics, and Federal Agency Reviews)



Common Audit Quality Findings

Major program determination

Risk Determination

Incorrect identification of an auditee as low-risk.

01

Threshold Calculations

Inaccurate calculation of Type A and B thresholds.

02

Type A and Loans

Incorrect determination of large loan programs and failing to exclude them from Type A threshold calculation.

03

04

SEFA Preparation

Including a program on SEFA when it should not have been with an impact to percentage of coverage — errors in percentage of federal funding or timing of inclusion on SEFA.

07

Type A Risk Assessment

Designating Type A programs as other than low-risk with no support for such determination.

06

Type B Risk Assessment

Not all Type B programs identified as high-risk were audited.

05

Type B Risk Assessment

Not documenting auditor's judgement and analysis for determination of Type B programs as high-risk or other than high-risk.



Common Audit Quality Findings

Audit findings

1

Evaluation Not Documented

Auditor's evaluation and disposition of control deficiencies for purpose of determining whether to report findings was not documented.

2

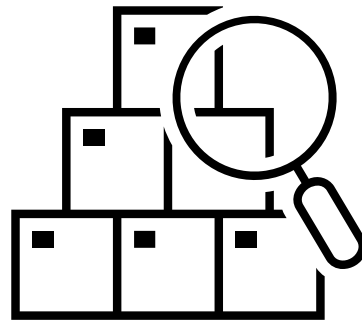
Determination of Significance Not Documented

Auditor's determination as to whether control deficiencies were significant deficiency or material weakness was not documented.

3

Basis Not Documented

Basis for auditor's conclusion to not report identified exceptions was not documented.



Reporting of Significant Findings

Findings included only in management letters when they should have been included in single audit report.

4

Elements

Missing finding elements.

5

Categories

Including finding in the wrong category.

6

Common Audit Quality Findings

Reporting

01

Version

Wrong version of reports used.

02

Program-Specific

Program-specific audit opinion on SEFA not issued under AU-C Section 805.

03

Opinion

Single audit opinion issued after completed FS audit, and auditor did not perform audit under YB.

04

Matching

DCF does not match SEFA, audit reports, or both.

Compliance Supplement: Expected Changes

Issuance	New and Deleted Programs	Changes to Part 3	Changes to Part 4
<ul style="list-style-type: none">▪ Still waiting	<ul style="list-style-type: none">▪ Two new programs▪ Seven deleted programs	<ul style="list-style-type: none">▪ Part 3.1 describes requirements for use when testing federal awards subject to previous UG.▪ Part 3.2 for use when testing awards subject to revised 2024 UG.	<ul style="list-style-type: none">▪ Performance reporting updates▪ Special tests and provisions updates▪ Some changes to compliance requirements subject to audit▪ Changes due to law or regulation updates

Compliance Supplement: Expected Changes

Appendix IV: Higher Risk Designations

- Probable removal from higher risk list
 - ALN 21.023: Emergency Rental Assistant
 - ALN 21.027: CSLFRF

Programs remaining with higher risk designations:

Assistance Listing Number	Title
93.778/93.777/93.775	Medicaid Cluster
15.252	Abandoned Mine Land Reclamation (AMLR)

Appendix VII: Other Audit Advisories

Adding guidance on UG transitions

Adding information on submission extensions which were discussed previously

Describes changes to where FFATA subaward information is to be submitted by clients (Now go to SAM.gov instead of FRS.gov)

Other Changes and Updates

2025 GAS-SA Audit Guide: Changes in Audit Process

- New UG adopted in its entirety
- More significant changes made will address the following:
 - Entity-wide versus individual compliance requirement procedures
 - Risk assessment procedures
 - Internal control and compliance testing guidance
 - Evaluation of exceptions



Single Audit: FAC Updates

- No changes made
- New Feature: Allows users to delete In Progress audits before they have been submitted. (Review FAC Helpdesk article to learn more)
- No movement on reinstating email notifications for each step in process.
- No resolution on how reissued audits are handled. Currently, two versions of same audit are included on FAC site.
- Watch for future updates on Updates from the FAC section of GSA FAC site.

Resources

- [Council on Federal Financial Assistance \(COFFA\)](#)
- [Redline document](#)
- [2 CFR Crosswalk](#)
- [OMB Memorandum M-24-11](#)
- [Federal Register - Final Rule](#)
- [Federal agency implementation guidance](#)
- [Memorandum for the federal financial assistance community](#)
- [2 CFR Key Changes](#)
- [2 CFR FAQs](#)

Your Instructor

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