Governmental Audit Quality Center

AICPA

Single Audit Fundamentals Part 2: Major Program Determination

August 26, 2020

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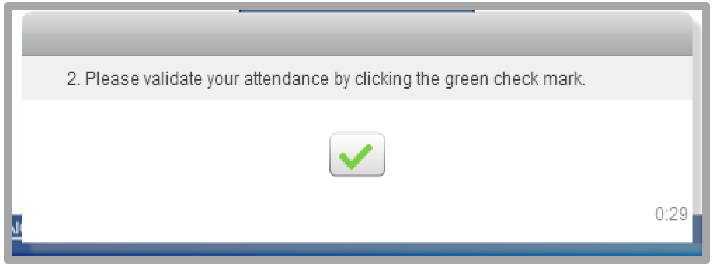

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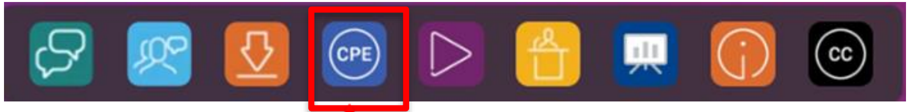

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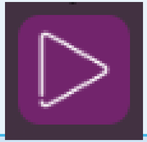	**Adjust your volume** • Be sure your computer's sound is turned on. • Click this button. Slide the control up or down to fit your needs.
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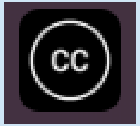	**Enable Closed Captioning** • Enable Closed Captioning by clicking the "CC" box found at the bottom of your screen. • If you are watching a rebroadcast, the CC button is located within the Media Player.

Today’s speakers.

Flo Ostrum, CPA, Partner, Grant Thornton

Tom Sneeringer, CPA, Partner, RSM

Single Audit Fundamentals – A Four Part Series

Part 1, What is a Single Audit? A Basic Background and Overview

Part 2, *Major Program Determination*

Part 3, *Understanding and Testing Compliance Requirements and Internal Control over Compliance*

Part 4, Overview of Sampling and Single Audit Reporting

Part 2 - what we will cover today

Considerations prior to major program determination

Applying the risk-based approach for determining major programs under the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200* (UG or Uniform Guidance)

Communications with cognizant or oversight agency for audit

Terminology and abbreviations

CFDA	Catalog of Federal Domestic Assistance (now called Assistance Listings)	OMB	Office of Management and Budget
FAC	Federal Audit Clearinghouse	PTE	Pass-Through Entity
GAAP	Generally Accepted Accounting Principles	R&D	Research & Development
GAS-SA Guide	AICPA Audit Guide, *Government Auditing Standards and Single Audits*	SEFA	Schedule of Expenditures of Federal Awards
NIH	National Institutes of Health	SFA	Student Financial Assistance
NSF	National Science Foundation	UG	Uniform Guidance

Considerations prior to major program determination

Planning begins with….

Satisfying the UG requirements

Establishing an understanding with the auditee

Additional requirements of the Single Audit Act

- documentation (access)
- follow-up on prior year findings

Financial statement audit considerations

Planning also involves….

Defining the entity to be audited

Determining the audit period

Timing of audit completion

Obtaining the SEFA

Relevant guidance

Subpart F (§200.5XX) of the UG

OMB *Compliance Supplement*

- https://www.whitehouse.gov/omb/management/office-federal-financial-management/
- Issued annually – use the APPLICABLE year's *Compliance Supplement*

AICPA GAS-SA Guide

SEFA: The “footpath” to single audit performance

SEFA serves as the foundation for major program determination – **See Part 1 for required SEFA elements and disclosures)**

- **SEFA accuracy and completeness are critical to the auditor getting it right**

Internal control over compliance

- Auditor assesses the auditee’s controls over the accuracy and completeness of the program information and expenditure amounts reported on the SEFA, including controls over the accuracy of the CFDA numbers

Compliance

- Audit procedures should be performed to obtain sufficient appropriate audit evidence supporting the accuracy and completeness of the SEFA, including the identification of federal programs in the schedule

A warning about noncash awards

Loans and loan guarantees, insurance, endowment funds, free rent, food commodities, donated property, donated surplus property

Reported on face of SEFA

It is important to identify noncash awards as they impact major program determination

Looking at low-risk auditee criteria

§200.520

Must meet all of the following for each of the two preceding years:

- Annual single audits, including timely filing with FAC
- Unmodified opinion(s) on financial statements in accordance with GAAP or basis of accounting required by state law
- Unmodified in-relation-to opinion on the SEFA
- No material weaknesses in internal control over financial reporting

Looking at low-risk auditee criteria

§200.520

Must meet all of the following for each of the two preceding years:

- No findings in type A programs in preceding 2 years
  - material weaknesses in internal control over compliance
  - modified opinion on a major program
  - known or likely questioned costs > 5% of expenditures for a type A program

No auditor reporting of going concern

Effect of basis of accounting on low-risk auditee determination

If state law permits but does not require an auditee to prepare financial statements in accordance with a basis that is not GAAP (e.g., cash, regulatory), auditee cannot be considered low-risk auditee

If the non-GAAP basis of accounting is required by state law, auditee can be considered low-risk auditee

If auditee voluntarily prepares financial statements on a non-GAAP basis of accounting (e.g., cash or modified cash), auditee cannot be considered low-risk auditee

Applying the risk-based approach for determining major programs

Major program determination and risk assessment

Risk-based approach to major program determination

Four-step approach considers:

- Current and prior audits
- Federal agency and/or PTE oversight
- Program risk

Major program determination and risk assessment

Four-step approach

Step 1 — Identify "type A" programs

Step 2 — Identify low-risk "type A" programs

Step 3 — Identify high-risk "type B" programs

Step 4 — Determine major programs to audit

Step 1: Identify type A programs – 1st identify federal programs

§200.1

All federal awards to a non-federal entity assigned the same Assistance listing number (formerly known as CFDA number)

If no Assistance listing number, all federal awards from the same federal agency made for the same purpose

Clusters

Step 1: Identify type A programs

§200.1

What is a cluster?

- "…a grouping of closely related programs that share common compliance requirements."

What kinds of clusters are there?

- R&D
- SFA
- Other clusters – defined by OMB in the *Compliance Supplement* or as designated by a state for federal awards the state provides to its subrecipients that meet the definition of a cluster

A cluster of programs must be considered as one program for determining major programs

Step 1: Identify type A programs

Part 5 of the *Compliance Supplement* lists each cluster and specific, unique requirements for each

R&D is the only cluster where specific CFDA numbers are not identified in Part 5

For R&D, auditees look to the definition of R&D and apply judgment to determine inclusion in the cluster

Step 1: Identify Type A Programs

Total federal awards expended	Type A/B threshold
≥$750,000 and ≤ $25 million	$750,000
>$25 million but ≤ $100 million	total federal awards expended times .03
>$100 million but ≤ $ 1 billion	$3 million
>$1 billion but ≤ $10 billion	total federal awards expended times .003
>$10 billion but ≤ $20 billion	$30 million
>$20 billion	total federal awards expended times .0015

Step 1: Identify type A programs

Example:

type A threshold = $750,000

City of Dogwood federal programs:

Program 1 - $795,000 – type A

Program 2 - $751,000 – type A

Program 3 – 1,785,000 – type A

Program 4 - $250,000 – type B

Program 5 - $10,000 – type B

Program 6 - $749,985 – type B

Programs not labeled as type A are deemed to be type B programs

Impact of Large Loan and Loan Guarantees on type A/B Threshold

§200.518 (a)(3)

The inclusion of “large” loan and loan guarantees should not result in the exclusion of other programs as type A programs

- For purposes of type A/B threshold calculation, a federal program is only considered a loan program if value of federal awards expended from loans within the program is 50% or more of the total federal awards expended for the program
- When a loan program exceeds four times the largest non-loan program it is considered a “large” loan program
- If a program is considered a large loan program, it is considered a type A program and excluded in determining other type A programs

For this calculation, a cluster of programs is treated as one program!

Is this SFA Cluster considered a loan program for major program determination purposes?

U.S. Department of Education:			
Student Financial Assistance Cluster:			
Federal Pell Grant Program	84.063	$ -	$ 3,807,474
Federal Supplemental Educational Opportunity Grants	84.007	-	132,292
Federal Work-Study Program	84.033	-	169,018
Total Student Financial Assistance Awards		-	4,108,784
Federal Perkins Loans, outstanding as of July 1, 2016	84.038	-	2,344,875
Federal Perkins Loans, issued during the year	84.038		417,000
Federal Direct Student Loans	84.268	-	16,156,022
Total Student Financial Assistance Loan Programs		-	18,917,897
Total Student Financial Assistance Cluster		-	23,026,681

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Total Student Financial Assistance Loan Programs		-	18,917,897
Total Student Financial Assistance Cluster		-	23,026,681

Yes – this cluster is a loan program. The loan programs circled are more than 50% of the total cluster.

Is this SFA Cluster considered a loan program for major program determination purposes?

Federal Grantor/Pass Through Grantor/ Program or ClusterTitle	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Education				
Direct Programs:				
Student Financial Assistance Cluster:				
Federal PELL Grant Program	84.063			$ 4,959,268
Federal Supplementary Education Opportunity Grants	84.007			233,911
Federal Work-Study Program	84.033			348,839
Job Location and Development	84.033			6,874
Federal Direct Student Loans	84.268			1,680,860
Total Student Financial Assistance Cluster				7,229,752

Is this SFA Cluster considered a loan program for major program determination purposes?

Federal Grantor/Pass Through Grantor/ Program or ClusterTitle	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
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Job Location and Development	84.033			6,874
Federal Direct Student Loans	84.268			1,680,860
Total Student Financial Assistance Cluster				7,229,752

No – this cluster is <u>not</u> a loan program. The loan programs circled are less than 50% of the total cluster.

Effect of large loans on identification of type A programs

Actions 1 through 3 – Determine if any of the programs identified as loan programs are “large loan programs”

- Action 1 - Determine the amount of the largest non-loan program (remember that clusters and programs with the same Assistance listing number (formerly known as CFDA number) are considered as one program)

- Action 2 – Determine the large loan programs. A loan program that exceeds 4 times the largest non-loan program is considered a “large loan program”

Effect of large loans on identification of type A programs

Action 3 (re-perform Step 1) – Recalculate the type A threshold

- Remove the federal expenditure amounts for the large loan programs from the total federal expenditures
- Recalculate the type A threshold based on the total federal expenditures with the expenditure amounts for large loans removed

EXAMPLE 1	Federal Awards Expended
Example Federal Programs from SEFA	
Department of Agriculture	
Child Nutrition Cluster	650,000
10.415 Rural Rental Housing Loans	83,000,000
Research & Development (R&D) Cluster (multiple CFDA #s)	20,000,000
Department of Housing and Urban Development	
14.235 Supportive Housing Program	722,000
14.881 Moving to Work Demonstration Program	2,225,000
Department of Health and Human Services	
93.563 Child Support Enforcement	825,000
93.015 HIV Prevention Program	200,000
Department of Education	
84.002 Adult Education	400,000
Trio Cluster	699,000
Student Financial Assistance (SFA) Cluster	
84.268 Federal Direct Student Loans	159,000,000
84.038 Federal Perkins Loan Program	5,000,000
84.063 Federal Grant Program	859,000
84.033 Federal Work-Study Program	290,000
Total SFA Cluster	165,149,000
Total Expenditures (Loans and Non-Loans)	$ 273,870,000
(Loan programs are highlighted in yellow)	
Type A/B Threshold before Excluding "Large" Loan Programs	**$ 3,000,000**

Action 1 – Determine the largest non-loan program

ACTION 1 - DETERMINE THE LARGEST NON LOAN PROGRAM		
Based on review of the federal programs above, the R& D Cluster is the largest non-loan program		
R&D Cluster - Largest non-loan program	**$**	**20,000,000**

Action 2 – Determine the large loan programs

ACTION 2 - DETERMINE THE LARGE LOAN PROGRAMS			
Calculate 4 Times the Largest Non-Loan Program			
Largest Non-Loan Program - R&D (per Step 1 above)			20,000,000
Multiply by 4	X	4	
Total of 4 Times the largest Non-Loan Program or cluster	**$**		**80,000,000**
Which loan program(s) exceed 4 times the largest non-loan program?			
SFA Cluster	$		**165,149,000**
10.415 Rural Rental Housing Loans	$		**83,000,000**
(The SFA cluster is considered a loan program because the loan portion of the cluster comprises 50% or more of the total federal expenditures of the SFA cluster.)			

Action 3 – Recalculate the threshold

ACTION 3 - RECALCULATE THE THRESHOLD EXCLUDING THE LARGE LOAN PROGRAM(S)		
Type A Threshold Calculation without "Large" Loans		
Total Federal Expenditures (Loans and Non-Loans)	$	273,870,000
Less "Large" Loan Program(s)		248,149,000
Total Federal Expenditures without "Large" Loan programs	$	25,721,000
Type A/B Threshold from Table/Recalculated Threshold		**771,630**
		(25,721,000.03)*
Type A Programs for FY 20XX		
SFA Cluster	$	165,149,000
R&D Cluster	$	20,000,000
93.653 Child Support Enforcement	$	825,000
10.415 Rural Rental Housing Loans	$	83,000,000
14.881 Moving to Work Demonstration Program	$	2,225,000

Action 3 – Recalculate the threshold

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Type A Programs for FY 20XX		
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R&D Cluster		20,000,000
93.563 Child Support Enforcement		825,000
10.415 Rural Rental Housing Loans		83,000,000
14.881 Moving to Work Demonstration Program		2,225,000

If did not recalculate threshold, would have missed these Type A programs.

Where we are…

Four-step approach

Step 1

Identify "type A" programs

Step 2

Identify low-risk "type A" programs

Step 3

Identify high-risk "type B" programs

Step 4

Determine major programs to audit

Step 2: identify low-risk type A programs

§200.518(c)

Criteria for low-risk type A program

- Must have been audited as a major program in at least one of the two most recent audit periods; and
- In the most recent audit period, the program must not have had a
  - Modified opinion
  - Material weakness in internal control over compliance
  - Known or likely questioned costs exceeding 5% of total program expenditures

Step 2: identify low-risk type A programs

In making the low-risk type A determination, the auditor must also consider whether any of the following indicate significantly increased risk and would, therefore, preclude the program from being low-risk:

- Federal and PTE oversight
- Results of audit follow-up
- Changes in personnel or systems

A federal awarding agency may request that a type A program not be considered low-risk for a certain recipient

Type A Risk Assessment

A client has 2 type A programs that meet the criteria for low-risk programs.

Can the auditor judgmentally decide to call the programs high-risk anyway, based on the fact that they are relatively large and complex?

Type A Risk Assessment

§200.518(c)(1)

No. The only judgmental criteria that the auditor is permitted to consider in the type A risk assessment are the following:

- **oversight by federal agencies or PTEs,**
- **the results of audit follow-up, or**
- **any changes in personnel or systems.**

The auditor is not permitted to use judgment based on the inherent risk of a type A program.

See also chapter 8 of the GAS-SA Guide

Application of UG in type A program risk assessment

Consider a type A program that:

- Has been audited once in the 2 previous years
- Has no audit findings from the prior year that would preclude the program from being low-risk, and
- Has not had any federal/PTE oversight reviews performed, has no problems noted in audit follow-up, has experienced minimal changes in personnel, and no systems changes)

Step 2: identify low-risk type A programs

If there are no low-risk type A programs

- Skip to Step 4 in major program determination process
- Risk assessment of type B programs is not required if there are no low-risk type A programs

Where we are…

Four-step approach

Step 1 — Identify “type A" programs

Step 2 — Identify low-risk “type A" programs

Step 3 — Identify high-risk “type B" programs

Step 4 — Determine major programs to audit

Step 3: Identify high-risk type B programs

If there are low-risk type A programs

- Perform risk assessments on type B programs until high-risk type B programs have been identified up to at least 1/4 of the number of low-risk A programs

The auditor is not expected to perform risk assessments on relatively small federal programs

- Auditor only required to perform risk assessments on type B programs that exceed twenty-five percent (0.25) of the type A threshold determined in Step 1
- For example, if type A threshold is $750,000, auditor would not have to perform risk assessments on type B programs of $187,500 or less

Step 3: identify high-risk type B programs

§200.519

The auditor must identify type B programs which are high-risk using professional judgment and the criteria in § 200.519, *Criteria for Federal program risk*

Except for known material weakness in internal control or compliance problems a single risk criterion seldom causes a type B program to be high-risk

Criteria for Federal Program risk (§200.519(b) - (d))

- Current and prior audit experience
- Oversight exercised by federal agencies and PTEs
- Inherent risk of the federal program

Criteria for type B program inherent risk

Nature and complexity of the program

Phase of program in life cycle at federal agency

Phase of program in life cycle at the auditee

Type B programs with larger federal awards expended would be of higher risk than programs with substantially smaller federal awards expended

Type B Risk Assessment

In going through the 4-step process, we only needed to identify 1 high-risk type B program.

My staff risk assessed all 5 type B programs and identified 2 as high-risk.

Are we required to audit both high-risk type B programs as major?

Type B Risk Assessment

§200.518(e)(2)

Yes. Under step 4 of the major program determination process, an auditor is required to audit as major all type B programs that are identified as high-risk.

If more high-risk type B programs are identified by the auditor than needed to satisfy step 3, the auditor must test those high-risk type B programs as major programs.

Type B risk assessment nuance

Background

- There are 15 type A programs
- Engagement team has assessed five type A programs as high-risk and 10 type A programs are low-risk
- Therefore, only need to perform risk assessments until identify 3 high-risk type B programs
  - ¼ (25%) of the 10 low-risk type A programs = 2.5 (must round up to 3 to get at least ¼ of Type A programs)
- There are 7 type B programs above the de minimus threshold

Situation 1 - type B risk assessments

Type B Programs	HIGH-RISK	LOW-RISK	NOT ASSESSED
Program 1		✓	
Program 2	✓		
Program 3		✓	
Program 4		✓	
Program 5	✓		
Program 6	✓		
Program 7			✓

Staff started at top of list to risk assess type B programs.
Extra effort in type B risk assessments.

Situation 2 - type B risk assessments

Type B Programs	HIGH-RISK	LOW-RISK	NOT ASSESSED
Program 1		✓	
Program 2	✓		
Program 3		✓	
Program 4		✓	
Program 5	✓		
Program 6	✓		
Program 7	✓		

Staff risk assessed all type B programs and came up with 4 high-risk programs <u>so team needs to audit ALL high-risk type B programs (one extra than needed in this example)</u>

Situation 3 - type B risk assessments

Type B Programs	HIGH-RISK	LOW-RISK	NOT ASSESSED
Program 1			✓
Program 2	✓		
Program 3			✓
Program 4			✓
Program 5	✓		
Program 6	✓		
Program 7			✓

Staff and partner discussed assessment approach and known information about type B programs, resulting in most efficient assessment approach.

Type B risk assessment

What if the client's type B programs are all below the "small program" threshold (equal to or less than 25% of the type A threshold)?

Do I still need to risk assess and identify a high-risk type B program?

Type B risk assessment

§200.518(d)

No. The auditor is not required to risk assess relatively small programs (i.e., those which are equal to or less than 25% of the type A threshold). For example, with a type A threshold of $750,000, relatively small programs would be those equal to or less than $187,500.

In this example, since all of the type B programs are relatively small programs, the auditor would not have to risk assess and identify any high-risk type B programs. However, the auditor may need to select some of those relatively small programs to meet the percentage of coverage.

Type B risk assessment

If there are no type A programs, should the type B programs be risk assessed or can I just select the requisite number of type B programs to achieve the percentage of coverage needed?

Type B risk assessment

§200.518

When there are no type A programs identified as low-risk (either because there are no type A programs or because none of the type A programs are low-risk), the auditor is not required to perform step 3 of the major program determination process (identify high-risk type B programs), and therefore is not required to risk assess type B programs.

In this scenario, the auditor can go directly to step 4 and audit as major programs the number of type B programs needed to meet percentage of coverage using auditor judgment.

See also chapter 8 of the GAS-SA Guide

Type B risk assessment

In going through the 4-step process, we need to identify two high-risk type B programs. We risk assessed all 5 type B programs and identified only 1 as high-risk. What should we do?

Type B risk assessment

§200.518

It is possible to risk assess all of an auditee's type B programs and find fewer high-risk type B programs than you need, or that none are high-risk type B programs.

Be sure you have considered all of the criteria in section 200.519, *Criteria for Federal Program Risk*, and documented your assessments.

Move on to step 4 and using auditor judgment select any additional programs needed to meet percentage of coverage.

See also chapter 8 of the GAS-SA Guide.

Where we are…

Four-step Approach

Step 1: Identify "type A" programs

Step 2: Identify low-risk "type A" programs

Step 3: Identify high-risk "type B" programs

Step 4: Determine major programs to audit

Step 4: determine major programs to audit

All type A programs except those identified as low-risk in Step 2 (i.e. “other than low-risk” type A programs)

Type B programs identified as high-risk in Step 3

Such additional programs necessary to comply with percentage of coverage rule

- 40.0% or 20.0% if low-risk auditee

Step 4: determine major programs to audit

Percentage of coverage rule

- If considered a low-risk auditee, then…
  - **Minimum = 20.0%** of federal expenditures expended
- If not considered a low-risk auditee, then…
  - **Minimum = 40.0%** of federal expenditures expended

Determination occurs at the end of all previous steps

- **NONE** of the steps in the major program determination process may be bypassed just because minimum coverage is achieved

Low-risk determination pitfalls

Auditors sometimes confuse the various risk assessments

- Low-risk auditee determination (qualification for reduced audit coverage)
- Risk-based approach for determining major programs
  - Identification of low-risk type A
  - Identification of high-risk type B
- Audit risk for each major program being tested
- Audit risk for each direct and material compliance requirement (risk of material noncompliance)

Example 1 – Determine the major programs (assume low-risk auditee)

Program 1	$4,689,000	Audited prior year with no findings or other risk factors
Program 2	208,000	New program director in current year and known compliance problem due to PTE monitoring results
Program 3	53,000	
Program 4	1,600	
Total	$4,951,600	

Type A/B threshold = $750,000; program 1 is low-risk type A; program 2 is high-risk type B

Example 1 - Solution

What programs should be audited as major?

- Program 2 because it was identified as a high-risk type B program; and
- Program 1 to meet low-risk auditee coverage of 20% of total federal expenditures

Example 2 – Determine the major programs (assume entity is not a low-risk auditee)

Program 1	$889,330	Audited prior year with no findings or other risk factors
Program 2	708,500	Not audited in the prior 2 years and has complex eligibility criteria. Also known internal control issues based on PTE monitoring results
Program 3	532,970	Audited prior year with no findings or other risk factors
Program 4	187,900	Audited prior year with no findings or other risk factors
Total	$2,318,700	

Type A/B threshold = $750,000; program 1 is low-risk type A; program 2 is high-risk type B

Example 2 - Solution

What programs should be audited as major?

- Need 40% coverage since entity not a low-risk auditee
- Program 2 because it is a high-risk type B program
- Pick another program to meet % of coverage

Example 3 – Determine the major programs (assume low-risk auditee)

Program 1	$275,000	Audited prior year with no findings or other risk factors
Program 2	250,000	Audited prior year with no findings or other risk factors
Program 3	175,000	
Program 4	165,000	
Total	$865,000	

Type A/B threshold = $750,000; There are no type A programs

Example 3 - Solution

Need 20% coverage since entity is a low-risk auditee

Can pick any program(s) to meet coverage of 20%

Either Programs 1, 2, or 3 get you to 20%

Program 4 will not get you to 20%

Example 4 – Determine the major programs (assume low-risk auditee)

	Program #	Expenditures	A/B	Risk	Audited in one of two prior years without findings
Type A/B Program Threshold is $750,000	1	$ 755,000	A	Low	Yes
	2	850,000	A	Low	Yes
	3	900,000	A	Low	Yes
	4	825,000	A	High	No
	5	775,000	A	Low	No*
	6	700,000	B	Low	
	7	600,000	B	Low	
	8	500,000	B	High	
	9	400,000	B	N/A*[1]	
	10	200,000	B	N/A*[1]	
	11	195,000	B	N/A*[1]	
		$ 6,700,000			

*low-risk program because prior year finding was a significant deficiency in internal control over compliance that did not result in a compliance opinion modification nor known or likely questioned costs greater than 5% of program expenditures.

*[1] Risk assessment not performed because the auditor only has to perform risk assessments on type B programs until high-risk type B programs have been identified up to at least ¼ the number of low-risk type A programs.

Example 4 – potential solution

Major Programs	Expenditures	Program Type
Program Number 4	$ 825,000	A - High risk
Program Number 8	$ 500,000	B - High risk
subtotals for 4 & 8	$ 1,325,000	
percentage coverage	÷ 6,700,000 in federal expenditures = 19.78%	
Program Number 3 (judgmentally selected)	$ 900,000	A low-risk program selected to achieve percentage coverage
percentage coverage	$ 2,225,000 = 33.21%	

Major program determination tips

Ensure documentation supports all decisions and the 4-step process

- Required risk analyses
- Basis for the assessments of risk
  - Consideration of all programs
  - Consideration of clustering programs
  - Categorization of programs as type A or B

§200.518(g)

Major program determination tips

Ensure the risk assessment decision is consistent with other information in the audit documentation

Cannot use inherent risk as a factor to classify a type A program as other than low-risk

If you identify a type B program as high-risk, it must be audited as major

If you have access to major program risk assessment tools, use them!

Major program determination and risk assessment tips

Recalculate	Determine	Recheck	Utilize
If major programs determined during interim phase of audit, recalculate at the end • Check that total expenditures and type A/B federal program threshold haven’t changed due to adjusting entries	Determine percentage of coverage at the end of the 4-step process • Do not assume that if auditee is considered low-risk that 20.0% coverage is sufficient	Recheck that all necessary type A and type B risk assessments were done	Utilize the AICPA GAS-SA Guide

Communications with cognizant or oversight agency for audit

Communications with cognizant or oversight agency for audit

Planning procedures may indicate a need to communicate with the cognizant or oversight agency for audit

- Cognizant agency for audit: the federal agency designated to carry out the responsibilities described in §200.513(a)
- Oversight agency for audit: §200.513(b) the federal awarding agency that provides the predominant amount of direct funding to a recipient not assigned a cognizant agency for audit.

If discussions are held, the auditor should document such communications, as well as any decisions reached as a result

§200.513

Communications with cognizant or oversight agency for audit

Single audit matters that may be discussed:

- Scope of the compliance testing of federal programs
- Intended use of the *Compliance Supplement*
- Identification of federal awards, including those that are considered to be major programs
- Form and content of the SEFA
- Testing of the monitoring of subrecipients

Communications with cognizant or oversight agency for audit

Single audit matters that may be discussed:

- Scope of the review and testing of internal control over compliance
- Testing of compliance requirements
- Status of prior-year findings and questioned costs
- Federal agency or PTE management decisions on prior-year findings
- Compliance requirements and any changes to those requirements

Recap of topics covered

Considerations prior to major program determination

Applying the risk-based approach for determining major programs

Communications with cognizant or oversight agency for audit

About the GAQC – www.aicpa.org/GAQC

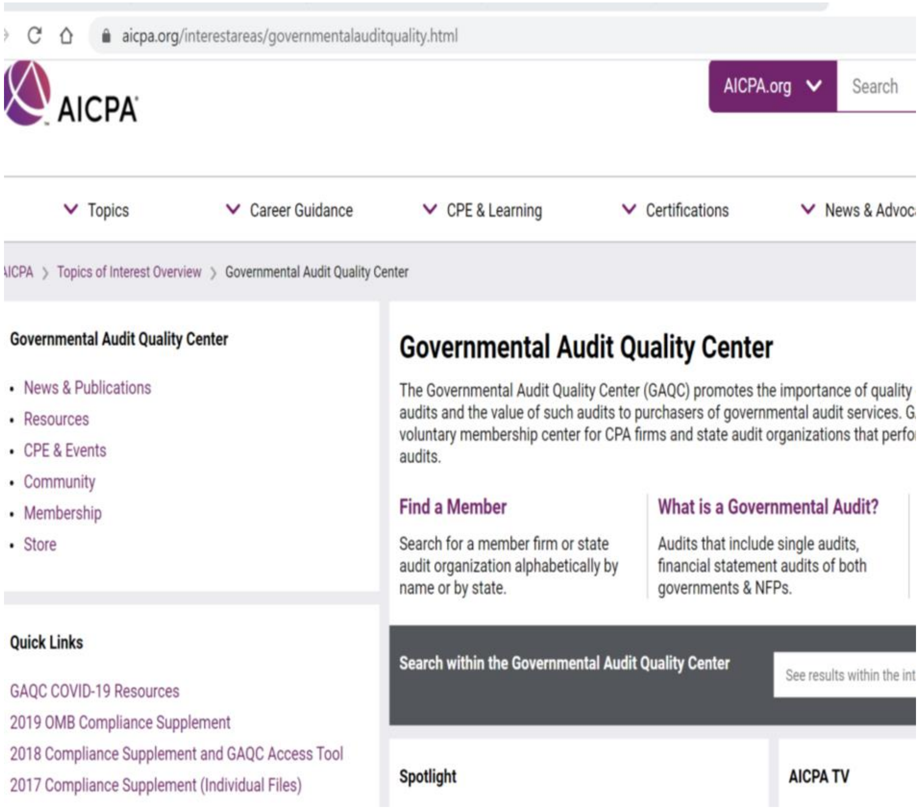
Provides resources (e.g., alerts, web events, tools, etc.)

Current areas of emphasis

- *Government Auditing Standards*
- Single audits
- Preparing for study on single audit quality

Even if not a member, GAQC Web site provides useful information for both auditors and auditees

- For example, [GAQC Auditee Resource Center]()



Thank you