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GAINED

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UNIFORM GUIDANCE

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DISCUSSION OUTLINE

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OVERVIEW

2 CHANGES FROM
OMB CIRCULAR
A-133

3 SUBRECIPIENT
MONITORING

4 PROCUREMENT

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WHAT IS A UNIFORM GUIDANCE AUDIT?

REQUIRED IF AN ENTITY EXPENDS MORE THAN \$750,000 OF FEDERAL FUNDS

Review of federal funds in accordance with the U.S. Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR Part 200))



PLANNING PHASE

- Review of Schedule of Expenditures of Federal Awards
- Determination of Type A and B programs
- Assessment of risk to the Type A and B Programs
- Selection of Major Programs

THE COMPLIANCE SUPPLEMENT



7 Guide for Auditing Programs not Included in this Compliance Supplement

PART 3 - COMPLIANCE REQUIREMENTS

12 COMPLIANCE REQUIREMENTS TO BE CONSIDERED IN TESTING:

- Activities allowed or unallowed
- Allowable costs/cost principles
- Cash management
- Eligibility
- Equipment and real property management
- Matching, level of effort, earmarking
- Period of performance
- Procurement and suspension and debarment
- Program income
- Reporting
- Subrecipient monitoring
- Special tests and provisions

CHANGES FROM OMB CIRCULAR A-133

- Changes announced in Federal Register December 26, 2013
- Effective for new awards, or incrementally funded awards issued on or after December 26, 2014
- Former “cost circulars” were eliminated
- Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) replaced the cost circulars
- Audit threshold was increased to \$750,000
- Goal – to reduce fraud, waste and abuse before funds are expended



M – SUBRECIPIENT MONITORING

WHAT IS A SUBRECIPIENT?

- A non-federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program
- May also be a recipient of other Federal awards directly from a Federal awarding agency in addition to the funds passed-through

M – SUBRECIPIENT MONITORING

REQUIREMENTS OF THE PASS-THROUGH ENTITY:

- Identify the award and applicable requirement
- Evaluate risk of each subrecipient
- On-going monitoring:
 - Reviewing financial and programmatic reports
 - Follow-up regarding deficiencies pertaining to Federal awards
 - Issuing a management decision for audit findings
- Ensure accountability of for-profit subrecipients

M – SUBRECIPIENT MONITORING

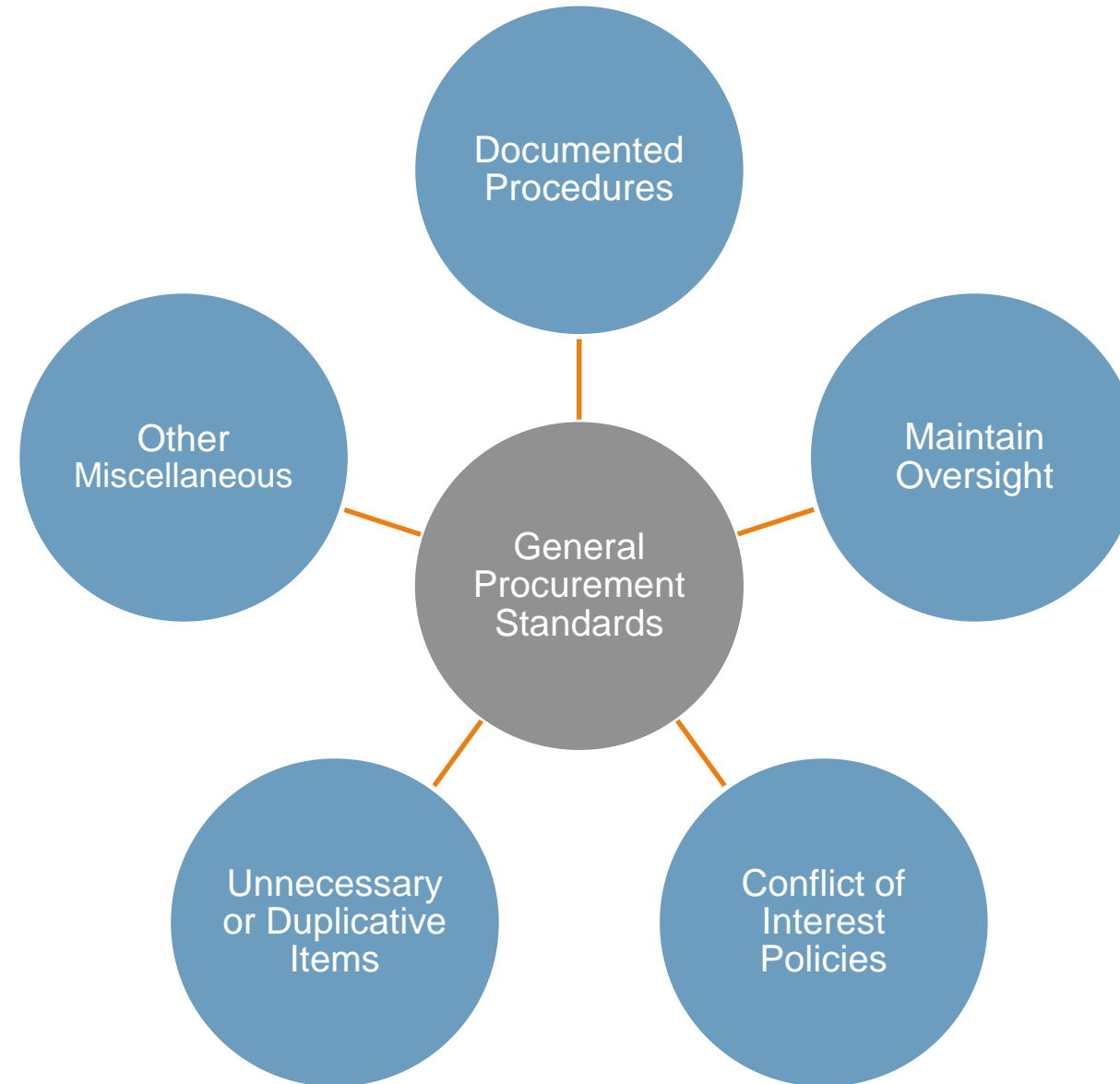
A classification of a **subrecipient** exists when the non-federal entity:

- Determines who is eligible to receive Federal assistance
- Has its performance measured in relation to whether objectives of a Federal program are met
- Is responsible for:
 - Programmatic decision making
 - Adherence to applicable Federal program requirements specified in the Federal award; and
- In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in the authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

A **contractor** (vendor) relationship exists when the non-federal entity:

- Provides the goods and services
 - Within normal business operations
 - Similar to many different purchasers
 - That are ancillary to the operation of the Federal program; and
- Normally operates in a competitive environment
- Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

PROCUREMENT



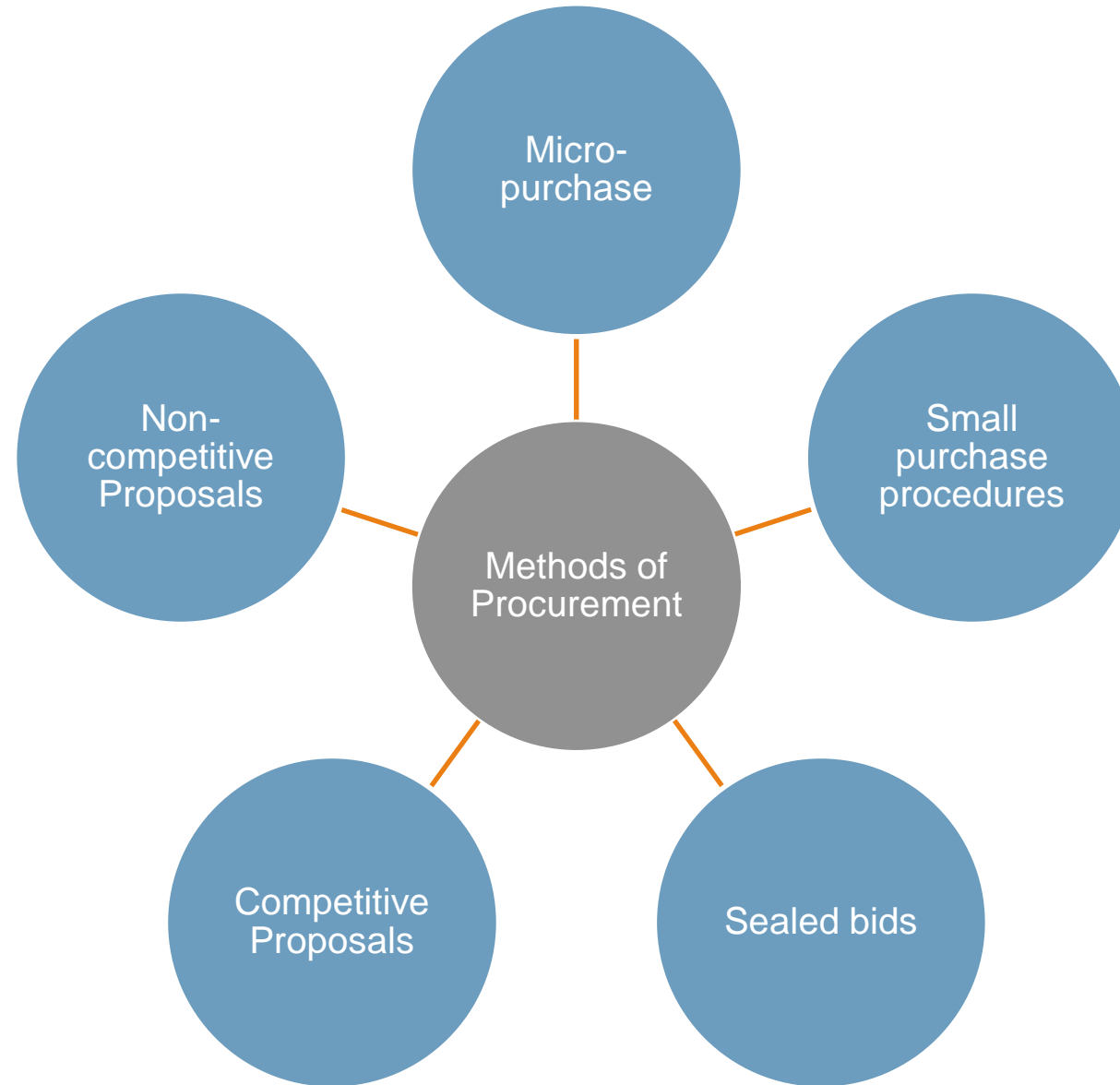
PROCUREMENT

COMPETITION

Examples of restrictions on competition:

- Unreasonable requirements on firms in order for them to qualify
- Requiring unnecessary experience and excessive bonding
- Noncompetitive pricing practices between firms/companies
- Noncompetitive contracts to consultants on retainer contracts
- Organizational conflicts of interest
- Specifying “brand name” products

PROCUREMENT



AUDIT PREPARATION

PROVIDE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Include:

Catalog of
Federal
Domestic
Assistance
(CFDA)
numbers

Total
expenditures

Subwards
passed-
through to
subrecipients

Disclose any
loan or loan
guarantee
programs

Group
clusters
together
(eg: R&D and
SFA)

This provides a basis for the audit plan

AUDIT PREPARATION

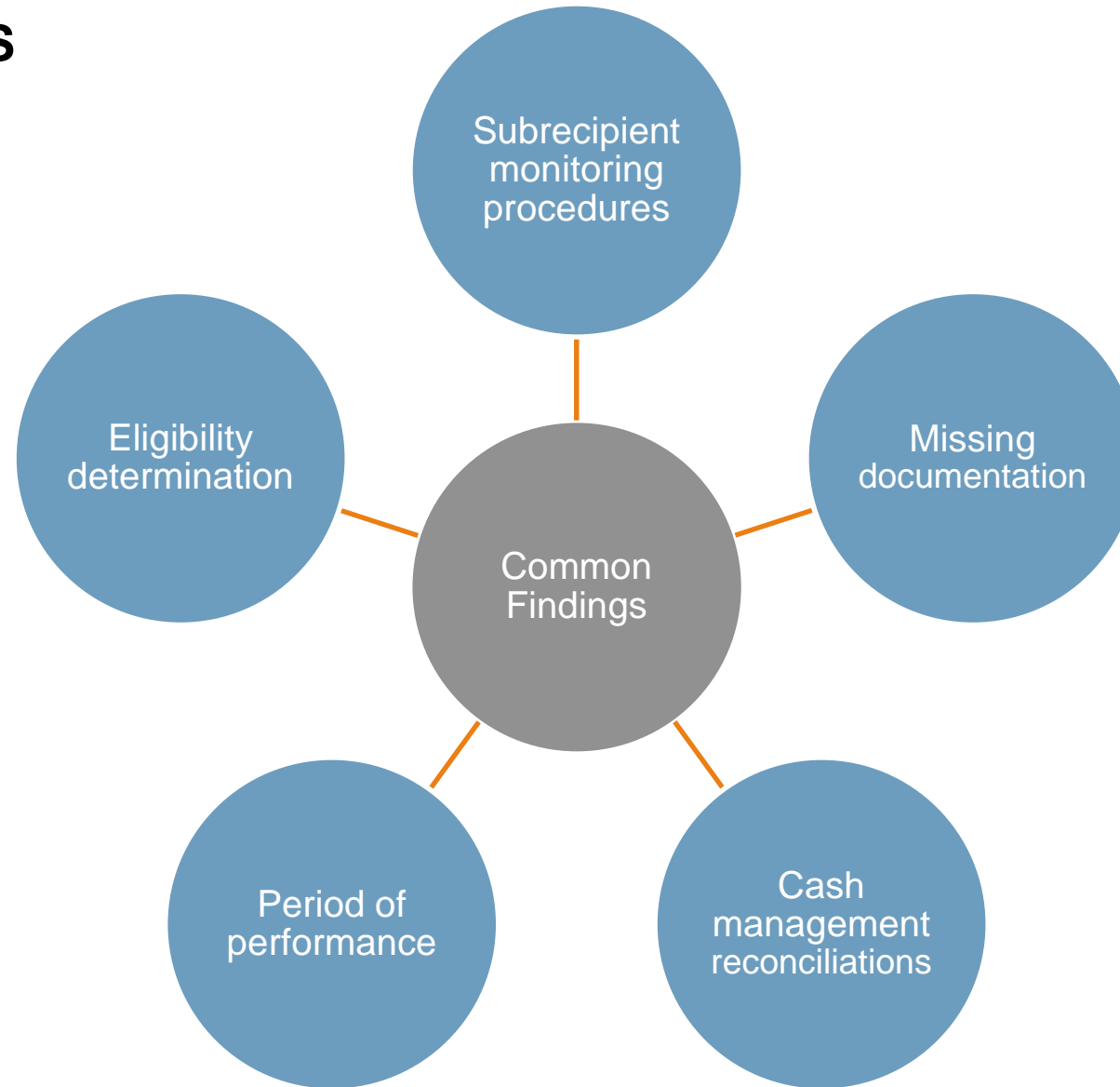
WHAT TO EXPECT

- Required to obtain an understanding of internal control over compliance with Federal programs
- Uniform Guidance states the auditee must provide access to:
 - Personnel
 - Accounts
 - Books
 - Records
 - Supporting documentation
 - Other information as needed

PREPARATION



COMMON FINDINGS



CHALLENGES







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