

Government Industry Alert
By CalCPA Governmental Accounting & Auditing Committee and
California Committee on Municipal Accounting
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**What you need to know for FY 2022 Single Audits and
the Optional Alternative to the Single Audit**

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UPDATE:

On May 12, 2022, the OMB issued the 2022 Compliance Supplement for Single Audits. This supplement includes all the COVID-19 related grants, which covers the billions of dollars distributed from various programs, such as Coronavirus State Local Fiscal Recovery Funds – Treasury Department (CSLFRF), Provider Relief Fund, Coronavirus Relief Fund and many others from the American Rescue Plan Act. Since, these programs have affected many organizations for the first time, we highly encourage all organization to review this supplement in detail for compliance requirements that will be reviewed during your single audit. OMB has automatically identified all COVID related funding to be “higher risk”, which means it will be highly likely your COVID funded program will be tested as part of your single audit. The 2022 compliance supplement can be found at <https://www.whitehouse.gov/omb/office-federal-financial-management>.

Because this might be the first time an agency received enough federal funds to qualify for a single audit the OMB has issued a Supplemental Technical Update in April 2022, which provides an alternative to the single audit for some specific agencies. This alternative allows for certain recipients to undergo a compliance examination engagement **instead** of a single audit. Some key eligibility requirements to be eligible for an examination engagement include having revenues received and expended from the CSLFRF program of \$750,000 or more during the fiscal year, which meet both criteria below:

- 1) The agency’s total CSLFRF allocation received was directly from Treasury OR as a non-entitlement unit of local government is below the \$10 million revenue loss standard allowance;
AND
- 2) Other Federal expenditures not from CSLFRF allocation in #1 above are less than \$750,000 during the agency’s fiscal year.

Some benefits of undergoing the alternative compliance examination engagement would be the narrower scope of compliance requirements. The alternative compliance examination is more focused on the Activities Allowed or Unallowed/Allowable Costs and Cost Principles, rather than the other 5 or more compliance requirements. In addition, the financial statements timing would not apply as it does with the single audit. This alternative would provide in an examination opinion on compliance.

If you feel like this might be an option for your agency or an agency you audit, we encourage you to discuss this option under the technical bulletin found at

<https://www.cfo.gov/assets/files/FR%20Notice%202021%20Compliance%20Supplement%20Technical%20Update%2004%2008%2022.pdf>

The Department of Treasury has provided a User Guide found at

<https://home.treasury.gov/system/files/136/ACEE-Report-User-Guide.pdf>