

THE UNIFORM GUIDANCE & SINGLE AUDIT STANDARDS

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Learning Objectives



Uniform Guidance: Understand the "Big Changes" and considerations.



2025 Supplement: Navigate delays and Part 3 changes.

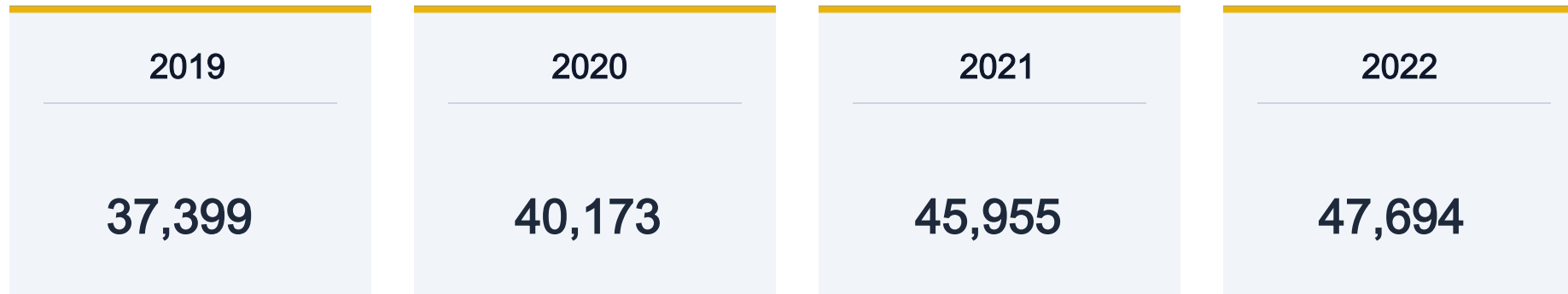


GAS- SA Guide: New Appendix B methodology.



System Stress: Audit Volume

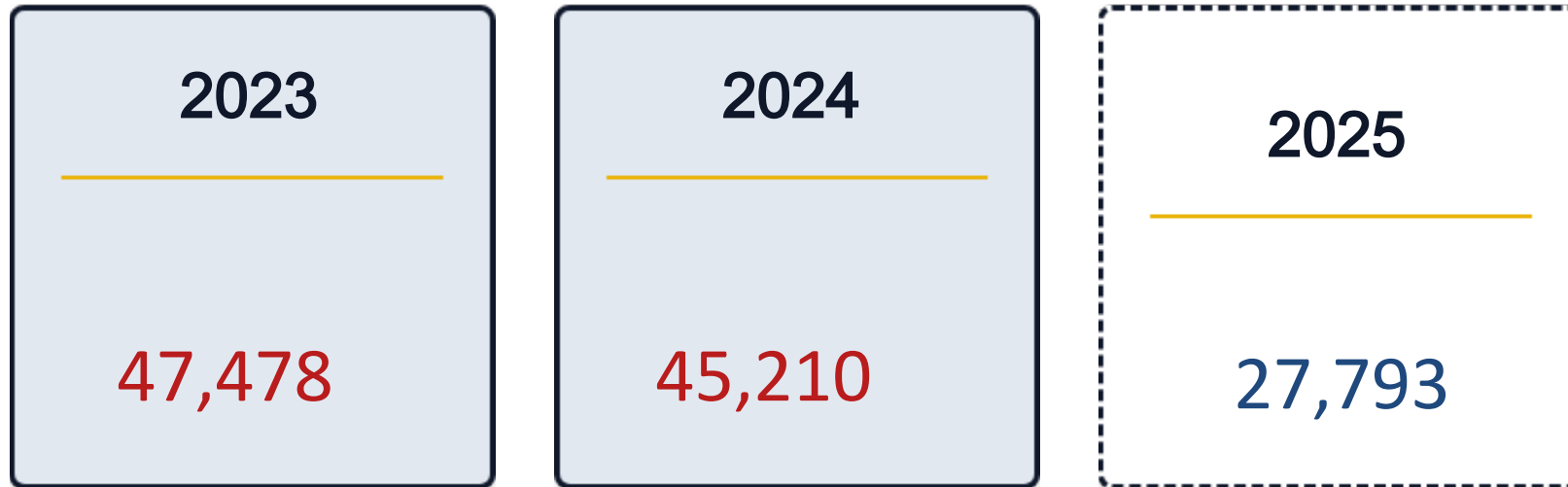
The Single Audit system remains under significant stress due to volume and complexity.



*Excludes for -profit audits (e.g., healthcare/shuttered venues) which added ~10k audits and ACE - CSLFRF.

System Stress: Audit Volume

Single Audit volume remains high.



2025 figure reflects current FAC data and may increase as submissions are finalized.

Current Challenges

Supply vs Demand

More single audits are required, but there are the same (or fewer) qualified auditors available.

New Entrants

Percentage of coverage issues arising from entities that have never had a single audit before ("Newbies").

Major Program Determination

- Potential for more "Higher Risk" programs based on Compliance Supplement designations.
- Timely submission issues.

Major Program Determination: Type B

Scenario

"My client has 1 high -risk Type A and 1 low -risk Type A. I assessed their 6 Type B programs, and they are all low risk. Do I have to change my assessment to find a high -risk Type B?"

Answer: NO.

It is possible to assess all Type B programs and determine none are high -risk.

Action: Test the high-risk Type A and judgmentally select additional programs if needed to meet the percentage of coverage rule.

Different Auditors (FS vs Compliance)

It is permitted for one auditor to perform the Financial Statement (FS) audit and another to perform the UG Compliance audit.

Compliance Auditor Role

They do **not** issue the Yellow Book report (that relates to the FS audit).

They provide a full opinion on the SEFA under **AU-C 805**.

Restriction

The compliance auditor is **precluded** from issuing an "in-relation-to" opinion on the SEFA because they did not audit the financial statements.

CSLFRF Alternative Engagement

Eligibility

- Total CSLFRF < \$10M (Revenue Loss allowance).
- Other Federal expenditures < \$750k.

The Engagement

Attestation engagement (AT -C 315).

No Financial Statement audit.

No SEFA.

Narrowly scoped compliance testing (Activities Allowed/Cost Principles).

2024 Uniform Guidance

Key Revisions & Effective Dates

Key Threshold Increases

Single Audit

Current: \$750,000 to Trigger and
Type A

\$1,000,000

Expenditures of Federal Awards

Equipment

Current: \$5,000

\$10,000

Acquisition Value

De Minimis

Current: 10%

15%

of Modified Total Direct Costs

Effective Date: Single Audit Threshold

Scenario

"Client has 6/30/25 year -end and \$875,000 expenditures. The new threshold is \$1M. Do I have to do a Single Audit?"

Answer: YES.

Revisions to Subpart F (Audit Requirements) are effective for FYs beginning on or after **10/1/24** .

A 6/30/25 year-end started 7/1/24. Therefore, the **OLD \$750k** threshold applies.

Equipment: Capitalization Policy

Scenario A

Entity Policy: \$5,000

UG Threshold: \$10,000

Result: Use \$5,000 (Lesser of the two).

Scenario B

Entity Policy: \$12,000

UG Threshold: \$10,000

Result: Use \$10,000 (Lesser of the two).

Rule: Use the lesser of the entity's policy or the UG threshold (\$10k). GASB Statement No. 100 Impact?

Internal Controls & Cybersecurity

200.303 Expansion

Internal controls section expanded to include taking reasonable measures for cybersecurity and safeguarding information (PII).

Is there a Framework?

No. OMB did not mandate a specific framework (like NIST) despite comments.

OMB leaves it to federal agencies to provide specific guidance. Entities must determine "reasonable measures."

Procurement Changes

Tribal Flexibility

Tribal governments may now follow their own procurement laws/procedures (if they exist) instead of the federal prescriptive rules.

Sole Source

"Continuity of research" is no longer an acceptable justification.

Must include price/cost justification.

Transparency

Reinforced emphasis on open competition and documentation of vendor selection decisions.

Must "HAVE" & "USE" written procurement procedures.

"Guidance" vs. "Requirements"

The Process

OMB issues "Guidance" to executive branch agencies.

Once agencies implement it through regulations, it becomes "Requirements."

Agencies may not impose additional requirements unless:

- Required by law/regulation.
- OMB permits an exception.
- OMB approves it in the Federal award itself.

Agency Adoption of 2024 UG

The version of UG applicable to the auditee is based on the federal agency's implementation.

There is a timing gap.

Three Buckets of Agencies (as of late 2024)

1. **Prior 2014 Adoption:** (No deviations) - e.g., Commerce, Agriculture, Defense.
2. **Exceptions/No 2024 Adoption yet:** e.g., HHS (Partial), DOJ, DOT.
3. **Adopted 2024 UG:** e.g., NASA, NSF, SBA.

*Check specific agency regulations in 2 CFR Subtitle B and [COFFA.gov](https://www.coffa.gov).

Effective Date: Compliance Rules

Scenario: 6/30/25 year -end with mix of awards (some pre -Oct 1, some post -Oct 1).

General Rule

2024 UG rules are effective for **new awards** entered on or after 10/1/2024.

Existing Awards

Agencies were encouraged to apply 2024 UG to amendments (funding increments).

Critical: Check the Notice of Award (NoA) or Amendment. If silent, assumption is Prior UG applies.

200.303(a): "Document" Added

Change: Requirement now reads "Establish, **document** , and maintain effective internal control..."

Is this a policy change?

No. OMB states this is not a policy change because UG already referenced COSO/Green Book (which require documentation).

Recipients may use judgment in determining the *extent* of documentation needed.

Cost Principles Updates

- ✓ **Participant Support Costs:** Now explicitly include temporary dependent care.
- ✓ **Admin Salaries:** May not require prior written approval (check agency).
- ✓ **Costs:** administrative closeout costs – added to general allowability criteria.
- ✓ **Record Retention:** Budgeted costs must align with cost principles.

Additional Policy Updates

Whistleblower Protection

New Section 200.217: Explicitly adds whistleblower protections for employees of recipients and subrecipients.

Fixed Amount Awards

200.201: Policy updated. Clarifies that certain cost principles apply to the budget.

Equipment Disposal

Threshold Increase: Items with a current per -unit fair market value of **\$10,000** or less may be retained, sold, or disposed of with no further obligation.

Audit Quality Issues

Common Deficiencies & Peer Review Findings

The State of Audit Quality

Data from PCIE Studies and HHS OIG Reviews show persistent issues.

Documentation

Lack of documentation for key decisions (e.g., SKE, N/A compliance requirements).

Testing

Failure to test controls or perform substantive testing on all direct/material requirements.

Reporting

Errors in SEFA presentation and identifying clusters.

Documentation Deficiencies

The "N/A" Problem

Auditors often mark a compliance requirement as "N/A" in workpapers without explanation.

If your teams believe a requirement that is identified as being **subject to audit** for a program in the Part 2 matrix of the *Compliance Supplement* is not direct and material to a client, documentation should always be provided

Fix: Document the rationale. *"Not applicable because the entity had no subrecipients in FY24."*

Documentation is key if overriding a "Y" in the Part 2 matrix!

Independence (SKE)

Failure to document how the auditor determined management possessed the **Skills, Knowledge, and Experience** to oversee non-audit services.

Don't forget:

- SEFA consideration (who prepares?)
- Aggregation (one issue alone may not impair or be significant threat – aggregate to determine if conclusion is affected.
- Yellow book vs AICPA

Specific Documentation Gaps

Compliance Supplement

Common Finding: Missing current year Compliance Supplement in workpapers.

Subsequent Events

Common Finding: Lack of documented consideration of subsequent events related to the major program.

CPE Violations

Common Finding: Failure to meet the Yellow Book 80 -hour and 24 -hour governmental CPE requirements.

Key point – ‘SKE’

Prior to accepting an engagement to perform a non - audit service in a client in which they provide attest services, auditors required to determine that the audited entity has designated an individual who possesses suitable skills, knowledge and experience and that *understands* the services to be provided sufficiently to oversee them. If there is no such individual, auditors are prohibited from accepting the non - audit service engagement

- Management is not required to possess the expertise to perform / reperform services

But – auditors may ask if

- You can determine if the results are reasonable
- You can recognize a material error, omission, misstatement

If SKE is not present, independence impaired and no safeguards can overcome a lack of SKE, so an auditor simply cannot perform the requested non - audit service

Internal Control Failures

Common Finding: "Low Risk" but No Test

Auditors assess control risk as low (required for major programs) but fail to perform or document tests of controls.

Reminder: "100% substantive testing" is not a valid strategy for major programs under UG unless controls are ineffective (which requires reporting).

Generic Documentation

Using "canned" audit programs/checklists that don't reflect the entity's actual processes.

SEFA & Reporting Issues

- ⚠ **Reconciliation:** SEFA does not reconcile to financial statements .
- ⚠ **Clusters:** Failure to identify and group programs into clusters (e.g., R&D, SFA).
- ⚠ **COVID-19:** Missing "COVID - 19" prefix on SEFA line items .
- ⚠ **Totals:** Mathematical errors in SEFA totals.
- ⚠ **Major Program Determination:** Utilization of Draft without recalculating based on final.

Major Program Determination Errors

Risk Assessment

Incorrectly determining an entity as low -risk (resulting in 20% coverage instead of 40%).

Type A/B

Failure to properly calculate the Type A/B threshold (using prior year numbers instead of current).

High Risk

Failure to identify Type A programs as high -risk when findings existed in the prior audit.

2026 Compliance Supplement

“What to expect”

Expectations for 2026 *Compliance Supplement*

- Timeline update – May issuance unlikely
- Limited scope review process – only statutory and regulatory updates
- 5 new programs; 9 deleted programs
- Realigned/Decoupled programs – This is when the agency creates separate ALNs for an existing program. There are several in the 2026 Supplement
- Not considered new programs as no new funding is involved. Treated as a cluster
- Realignments are made for agency reporting purposes and to align with the current administration's initiatives in [OMB Memorandum M-24-11](#)
- For look back requirements, these programs will still be considered to have been audited in the prior 2 years, where applicable
- Part 2, Matrix of Compliance Requirements will identify realigned programs separate from new and deleted programs

CAUTION!
Information
on 2026
Supplement
is based on
most recent
vett drafts the
GAQC has
reviewed

Review final
Supplement
closely to
learn more
about the
final changes

Expectations for 2026 *Compliance Supplement*

Part 3 of the Supplement will revert to a single Part 3, rather than being split into Parts 3.1 and 3.2

No changes expected to Part 4 for Dept. of Ed programs, including Part 5, SFA Cluster. Part 5.4 (Other Clusters) will be updated for realignments

Terminology change from “matching” to “cost sharing” throughout the Supplement

Changes to Part 4 program drafts include:

- Changes due to law and regulation updates; updates to compliance requirements; and special tests and provisions updates

Changes to remove Part 6 completely from the Supplement as part of OMB’s broader efforts to streamline the *Compliance Supplement*

Changes to Part 8 to completely remove Appendix I and II and to provide guidance on realignments as well as the look back criteria for program realignments

CAUTION!
Information on 2026 Supplement is based on most recent vett drafts the GAQC has reviewed. Review final Supplement closely to learn more about the final changes

Expectations for 2026 *Compliance Supplement*

Appendix IV, Higher Risk Designation: Likely to be only three higher risk programs

Assistance Listing Number	Title
93.778/93.777/93.775	Medicaid Cluster
93.489/93.575/93.596	Child Care and Development Fund Cluster (CCDF)
93.558	Temporary Assistance for Needy Families (TANF)

Latest draft showed that the following programs were removed from the higher risk list:

- ALN 15.252 – Abandoned Mine Land Reclamation (AMLR)

CAUTION!
Information on 2026 Supplement is based on most recent drafts the GAQC has reviewed

Review final Supplement closely when issued.

Single Audit - UG Revisions Update

- Executive Order – Improving Oversight of Federal Grantmaking
- Mandates political appointee oversight of all discretionary federal grants, plain-language, and expert-reviewed grant announcements, restrictions on certain types of funded activities, tighter indirect-cost control, and mandatory termination-for convenience clauses
- OMB is reopening UG for additional updates for the following:
 - Pre-award considerations
 - Proposed changes to indirect costs
 - Strengthen the existing provisions to allow the federal government to terminate all discretionary grants for convenience
- The COFFA website which used to be the repository for related 2024 UG implementation guidance has been retired
- The core content of the site transitioned to: [About COFFA - Councils.gov](#)
[Federal Executive Councils](#)

Single Audit - UG Revisions Update – HHS Adoption

How should HHS's transition from Title 45 Part 75 to 2 CFR Part 300 be applied for for-profit audits? Additionally, for current year findings, should references cite 2 CFR Part 300 or continue to align with the regulations applicable to the individual awards?

- The new provisions in 2 CFR 300.218 should also be applicable for audits with fiscal years beginning on or after 10/1/2025
- For audit findings, the citation should change in accordance with the regulations that were in effect for the award. The regulations in the 2026 *Compliance Supplement* for HHS programs are expected to be updated from 45 Part 75 to 2 CFR 200 or 2 CFR 300 as applicable
- This change does not introduce new audit requirements, but it does affect how auditors and grantees reference applicable regulations. Using incorrect CFR citations in audit documentation, findings, or SEFA notes can create confusion for federal agencies, the FAC, and peer reviewers, even when audit testing is performed correctly

Single Audit – FAC Updates


FAC is actively working with their agency partners and OMB on single audit resubmissions. A resubmission workgroup has been set up to develop the process



A full resubmission will generate a new acceptance date and may impact the low-risk auditee status, while a partial resubmission will retain the original acceptance date



Part of the resubmission process includes removing previous reports from the public view and making them available to only Federal employees



Resubmission process roll out plan is coming soon. We will keep members updated with new developments

2025 Compliance Supplement

What to expect regarding the "Dual Framework"

Part 2: The Matrix

Pick Six Approach

No changes – Agencies limited to 6 requirements when listed in the matrix

Total – 7 : A&B are considered 1

Exceptions

R&D Cluster

ALN/Program not listed in Part 2

- Utilize Part &

Part 3: The Split

Part 3.1

Pre-2024 Revisions

Use for awards issued before 10/1/24 (where agency hasn't applied new rules).

Part 3.2

2024 Revised UG

Use for new awards (on/after 10/1/24) and amended awards.

Auditors must not apply 2024 revisions if the award is still under old rules.

Part 3.1 Updates

Minimal changes, mostly corrections:

Indirect Costs

Corrected to reflect the 2020 change allowing the 10% de minimis rate.

Procurement

Corrected micro -purchase threshold references (up to \$50k with self -certification).




FFATA

Testing will now be done in **SAM.gov** (vs `fsrs.gov`).

Part 3.2 Updates

Created by copying 3.1 and revising for 2024 UG

FFATA testing will now be done in Sam.gov vs. fsrs.gov.

-  **Wording:** "Non-federal entity" replaced with "recipient/subrecipient".
-  **Titles:** Requirement G renamed (Cost Sharing/Level of Effort).
-  **Major Changes:** Allowable Costs (B), Equipment (F), Procurement (I).

Part 3.2 Allowable Cost

 Allowable Cost: - General criteria for allowability now includes Administrative Cost

 Selected items of cost – exhibit updated for UG

 Indirect cost rate: reflect up to 15%

 Other changes: prior approval related items, changes to supplies threshold, etc.

Part 4: Program Changes

New Programs

- 10.646: Summer EBT for Children
- 93.472: Title IV -E Preventive Program

Deleted Programs

- 10.542: Pandemic EBT
- 21.019: Coronavirus Relief Fund
- 93.499: LIHWAP
- Several other COVID - 19 programs

Student Financial Assistance (SFA)

FAFSA Simplification

Updates for FAFSA Simplification Act, especially in Eligibility.

Roll - ups

ALN 84.408 (Iraq/Afghanistan Service Grant) rolled into Pell (84.063).

Removals

Removed Perkins Loan
Recordkeeping special test.
Remove sampling – Pell/Direct
Loan

2025 "Higher Risk" Programs

On the List

Medicaid (93.778): High complexity/expenditures.

AML Reclamation (15.252): Significant IIJA funding.

Removed

ERA (21.023)

CSLFRF (21.027)

Impact: Fewer "Higher Risk" programs could result in fewer major programs overall.

SEFA Reporting

Schedule of Expenditures of Federal
Awards

SEFA Responsibilities

Management

Prepared by management (sometimes). Must include all federal awards.

Must reconcile to accounting records/financial statements.

Key: Reconcile not agree (basis of accounting)

Auditor

Uses SEFA for risk assessment and major program selection.

Issues an "in -relation -to" opinion.

Nonaudit Service? Independence

Required SEFA Elements

List of individual federal programs
by Agency

ALN (CFDA) Numbers

Federal Awards Expended

Name of Pass -through Entity

Pass-through identifying number

Total amount to subrecipients

SEFA Valuation: Loans

Loan Calculation Formula

Expenditures =

- Value of new loans made during the audit period
- **PLUS:** Balance of loans from previous years (with continuing compliance requirements)
- **PLUS:** Interest subsidy, cash, or admin allowance.

SEFA Valuation: Other Items

Insurance

Fair value of contract at time of receipt.

Endowments

Cumulative balance of federally restricted funds.

Donated Property

Fair value at time of receipt.

Subrecipient Monitoring

Pass-Through Entity (PTE) Responsibilities

Subaward Agreements

Required Elements (200.332). Common deficiencies include missing:

- ✓ Subrecipient name (which must match registered name in DUNS)
- ✓ Federal award identification number (FAIN)
- ✓ Federal award date (see § 200.39, “Federal award date”)
- ✓ CFDA number/name
- ✓ Amount of Federal funds obligated to subs
- ✓ Total amount of Federal award
- ✓ Project description
- ✓ General & Specific Terms/Conditions
- ✓ Identification of whether the award is for R&D
- ✓ Access to records
- ✓ Indirect cost rate for the Federal award (including if the de minimis rate is charged per § 200.414, “Indirect (F&A) costs”)

PTE Monitoring Duties

- ✓ Risk assessments for every subrecipient.
- ✓ Ongoing monitoring (reports, on -site reviews).
- ✓ Verify subrecipients have audits (if >\$750k or \$1mill).
- ✓ Issue Management Decisions on findings within 6 months.

Management Decisions

Responsibility

PTEs are responsible for resolving findings **specifically related** to their subaward.

PTEs are **not** responsible for "Cross-cutting findings" (these go to the cognizant agency).

Definition: A written determination provided to the auditee regarding the adequacy of their corrective action plan.

2025 AICPA GAS - SA Guide Update

Appendix B: Detailed Preview of Methodology Changes

Background: Why the Update?

Drivers of Change

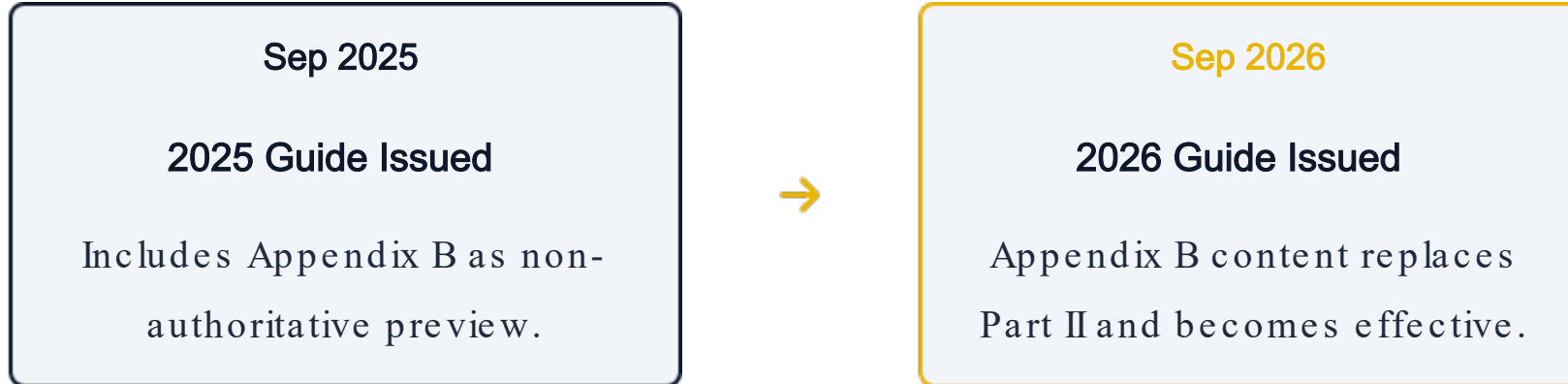
- **2007 Quality Study:** Found 30% of single audits unacceptable.
- **GAO/OIG Findings:** Persistent issues with documentation and lack of specific testing.
- **Complexity:** Compliance supplement grew from ~150 to ~2,100 pages.

The Solution (Appendix B)

The 2025 Guide introduces **Appendix B** to preview a major overhaul of the Single Audit chapters (Part II), moving from "check-the-box" compliance to a **risk-based, disaggregated approach**.

Guide Issuance & Transition

The AICPA is providing a 1 -year runway for firms to adapt to the new methodology .



Entity - Wide Procedures

Risk assessment is performed at two distinct levels. "Entity -Wide" procedures cover risks that affect multiple programs.

Entity - Wide (Indirect)

- Control Environment
- Risk Assessment Process
- Monitoring System
- Information & Communication
- **General IT Controls**

Specific (Direct)

- **Control Activities**
- Specific policies for allowable costs, eligibility determinations, reporting reviews.

Risk of Material Noncompliance (RMNC)

The 6 - Step Identification Process

1. Obtain understanding of Major Programs.
2. Determine Materiality for each Major Program.
3. Identify Compliance Requirements subject to audit.
4. Determine **Direct & Material** Compliance Requirements.
5. **Identify RMNCs** applicable to those D&M requirements.
6. Assess Inherent Risk and Control Risk.

Crucial Concept: Identification of RMNC is done *without* consideration of the likelihood of noncompliance occurring. Assessment comes later.

Disaggregation: The "Funnel"

The Shift: Moving from broad "Requirements" to specific "Audit Objectives".

Too Broad (Bad)

"Risk for Allowable Costs is Low."

Problem: Ignores that payroll, procurement, and indirect costs have completely different processes and risks.

Disaggregated (Good)

Risk 1 (Payroll): Costs not based on time & effort records.

Risk 2 (Fringe): Costs not based on negotiated rate.

Risk 3 (OTPS): Direct costs not allowable per budget.

Assessing Inherent Risk

Once RMNCs are identified, assessing Inherent Risk involves two factors:



Result: Inherent Risk Spectrum (Low, Moderate, High)

Understanding Controls: 4 Steps

For each identified RMNC, the auditor must obtain an understanding of controls using this flow:

1. Process

Understand the **Process Activities**
(Flow of transactions).

2. Risks

Identify **Process Risk Points** (PRPs) - "What could go wrong?".

3. Controls

Identify **Controls** that address the specific PRPs.

4. Evaluate

Evaluate **Design & Implementation** .

Reliability of Information (IPE)

Controls often rely on information (reports, data) to operate. Auditors must validate this IPE.

Information Usage	Internal Info Procedure	External Info Procedure
Subject of Control (e.g., Exception Report)	Reliability addressed by testing the control attribute itself.	Reliability addressed by testing the control attribute itself.
Used by Operator (e.g., Pricing List)	Test controls over accuracy/completeness of the info.	Understand how operator validates the info.

New Concept: RAWTC

Risk Associated With The Control (RAWTC)

Definition: The risk that a control might not be effective to address the risk of material noncompliance.

$$\text{RAWTC} = \text{Risk Control Fails} \times \text{Impact of Noncompliance}$$

Factors Increasing RAWTC

- High volume of transactions
- Manual intervention/Judgment
- History of errors
- Incompetent personnel

Impact

The RAWTC assessment (Low, Moderate, High) directly determines the **minimum sample size** for control testing.

Control Sampling Table (New)

Minimum sample sizes assuming **Zero Deviations** (Population Size > 250):

Frequency	Low RAWTC	Mod RAWTC	High RAWTC
Weekly (52)	5	7	9
Daily/Recurring	25	40	60

*Note: A single table now covers both small and large populations based on frequency.

Individually Important Items (Chap 14)

Definition

Items that, standing alone, are significantly different or larger than the remainder of the population.

Example: A \$1M grant has one expenditure for \$400k (equipment) and 100 small supply purchases.

Strategy

Test these items **100%**.

Remove them from the population before sampling the remainder.

Benefit: Reduces the risk in the remaining population, potentially lowering sample size.

Compliance Sampling: Reliance

Scenario: Controls are operating effectively (Reliance).

Sample sizes are lower because controls provide some assurance.

Inherent Risk	Minimum Sample Size
Low	25 items
Moderate	30 items
High	40 items

Compliance Sampling: No Reliance

Scenario: Controls are ineffective or not tested (No Reliance).

Sample sizes must be higher to obtain sufficient evidence from substantive testing alone.

Inherent Risk	Minimum Sample Size
Low	30 items
Moderate	40 items
High	60 items

Q&A

Thank you for your
attention.

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