



**Frequently Asked Questions About the Revised Single Audit Requirements—
OMB’s *Uniform Administrative Requirements, Cost Principles, and Audit
Requirements for Federal Awards (Uniform Guidance)* and the Effect on PPC
Products with Single Audit Guidance (May 2016)**

1. “In a nutshell,” what does the Uniform Guidance do?

The Uniform Guidance supersedes eight OMB Circulars, including OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and OMB’s cost principles circulars and administrative requirements. It presents the new requirements in a single document titled *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. In doing so, the Uniform Guidance significantly changes the requirements for federal award recipients and their auditors.

2. When is the Uniform Guidance effective?

The Uniform Guidance has different effective dates for award recipients than for auditors:

- Award recipients have to implement new administrative requirements and cost principles for all new federal awards made on or after December 26, 2014, and for funding increments to existing awards on or after that date if the funding increments have modified terms and conditions.
- The new audit requirements are effective for audits of fiscal years beginning on or after December 26, 2014; *early implementation by auditors is not permitted*. Thus, the first single audits that can be performed under the Uniform Guidance are those of entities with years ending December 25, 2015, or later.

Even when an audit is performed under the requirements of the Uniform Guidance, though, auditors may need to test awards that are subject to two different sets of administrative requirements and cost principles:

- Awards existing at December 26, 2014 (except for funding increments with modified terms and conditions on or after that date) are subject to the previous administrative requirements and cost principles circulars.
- New awards made on or after December 26, 2014, or funding increments with modified terms and conditions awarded on or after that date, are subject to the Uniform Guidance.

3. How do these changes affect the 2015 Compliance Supplement?

The 2015 Compliance Supplement is effective for audits of fiscal years beginning after June 30, 2014. Thus, it covers audits performed under both OMB Circular A-133 and the Uniform Guidance. It also provides guidance on awards that are subject to the administrative requirements and cost principles in the Uniform Guidance and



those that are subject to the previous administrative requirements and cost principles.

Part 7 of the 2015 Compliance Supplement states “the auditor must determine whether the Federal award (or, as applicable, incremental funding provided under the Federal award) includes terms and conditions based on 2 CFR part 200, or the A-102 common rule or OMB Circular A-110, and the OMB cost principles circulars.” Part 3 of the 2015 Compliance Supplement further explains that most recipients will have some federal awards that are subject to the administrative requirements and cost principles in the previous OMB circulars and some that are subject to those in the Uniform Guidance. Part 3 of the Compliance Supplement is divided into two separate sections that apply depending on which requirements are applicable to the award:

- Part 3.1 of the 2015 Compliance Supplement applies to awards made before December 26, 2014, including funding increments without modified terms and conditions awarded on or after that date.
- Part 3.2 of the 2015 Compliance Supplement applies to new awards made on or after December 26, 2014, and to funding increments with modified terms and conditions awarded on or after that date.

Note: The 2016 Compliance Supplement has not been released. However, we expect it to retain Parts 3.1 and 3.2 because there will continue to be grants subject to the previous OMB administrative requirements and cost principles and those in the Uniform Guidance.

4. Did OMB eliminate some of the compliance requirements in the 2015 Compliance Supplement?

Yes. Certain compliance requirements that previously had to be tested across all programs (if applicable) have been removed from Parts 3.1 and 3.2, Part 4, and Part 5 of the 2015 Compliance Supplement:

- D. Davis-Bacon Act (removed as a type of compliance requirement; however, some programs now have this requirement in N. Special Tests and Provisions).
- K. Relocation and Real Property Assistance (removed in its entirety).
- L. Reporting (only the requirements relating to subaward reporting under the Federal Funding Accountability and Transparency Act were removed).

5. What are some of the key changes in the Uniform Guidance affecting auditors when the new audit requirements become effective?

Among several other matters of specific applicability to auditors, changes include:

- Raising the threshold that triggers a single audit, the threshold for Type A/B program determination, and the threshold for reporting questioned costs.



- Changing the high-risk program criteria for Type A programs.
- Reducing the number of high-risk Type B programs that must be tested as major programs and changing the Type B small program floor.
- Reducing the percentage of coverage requirements and revising the criteria for low-risk auditee status.

These changes relate to the new audit requirements in 2 CFR part 200, subpart F. **Auditors are not permitted to implement any of the provisions in subpart F for audits of periods ending before December 25, 2015.** So, these changes will affect audits of periods ending December 25, 2015, or later.

6. What is the status of updating PPC products for the Uniform Guidance?

The following PPC products that include single audit guidance have been updated to fully incorporate the audit requirements in the Uniform Guidance and to include or provide access to guidance and requirements from the 2015 Compliance Supplement:

PPC Product	Updated for Uniform Guidance?	Edition
<i>PPC's Guide to Single Audits (GSA)</i>	Yes	2015
<i>PPC's Guide to HUD Audits</i>	Yes	2015
<i>PPC's Government Documents Library</i>	Yes	2015 (See FAQ #7 and #8)
<i>PPC's Guide to Audits of Local Governments</i>	Yes	2016
<i>PPC's Guide to Audits of Nonprofit Organizations,</i>	Yes	2016
<i>PPC's Practice Aids for Audits of School Districts</i>	Yes	2016 (release scheduled for late May 2016)
<i>PPC's SMART Practice Aids®—Single Audit</i>	Yes	2016
<i>PPC's SMART Practice Aids®—Single Audit Suite</i>	Yes	2016 (new product released in April 2016)

7. If I'm performing a single audit under OMB Circular A-133 (for example, for my government and nonprofit clients with June 30, 2015 and September 30, 2015 year ends), are there practice aids available to test federal awards subject to the old and new administrative requirements and cost principles?

Yes. The 2015 update of GSA is for use in audits performed under the Uniform Guidance (that is, audits where the entity's fiscal year ends December 25, 2015 or later). If you are performing a single audit of an entity with an earlier year end, you will need the guidance in the 2014 edition of GSA (or the 2014 edition of HUD, or the



2015 editions of ALG, NPO, or PSD), as well as either PPC's *SMART Practice Aids®—Single Audit*, PPC's *SMART Practice Aids®—Single Audit Suite*, or the revised forms compliance audit programs and checklists based on the 2015 Compliance Supplement that are available in the 2015 edition of GSA and in the 2015 edition of *PPC's Government Documents Library*. (Subscribers to *PPC's Guide to Audits of Local Governments*, *PPC's Guide to Audits of Nonprofit Organizations*, *PPC's Practice Aids for Audits of School Districts*, and *PPC's Guide to HUD Audits* are able to access those practice aids in *PPC's Government Documents Library*.) (See FAQ #9 about retaining your 2014 edition and Checkpoint Tools for GSA. This guidance also applies to other products with OMB Circular A-133 audit guidance and tools.)

PPC's *SMART Practice Aids®—Single Audit* and PPC's *SMART Practice Aids®—Single Audit Suite* include updated content based on the 2015 Compliance Supplement and the Uniform Guidance. They allow auditors to choose whether their single audit falls under the audit requirements in OMB Circular A-133 or the Uniform Guidance. They address the two different sets of administrative requirements and cost principles contained in Part 3 of the Compliance Supplement, and revised information from Appendix VII of the Compliance Supplement. *SMART Practice Aids®—Single Audit Suite* can be ordered at (800) 950-1216.

8. What does Thomson Reuters have to help me implement the Uniform Guidance?

- *Overall Understanding of the Uniform Guidance*—We are constantly analyzing issues and using our knowledge to provide information on the Uniform Guidance, including in our newsletters, *The PPC Governmental Update*, and *The PPC Nonprofit Update*.
- PPC's *SMART Practice Aids®—Single Audit Suite* (SPS2)—SPS2 allows you to plan and execute your entire single audit engagement from beginning to end — including preparation and electronic signoff of your practice aids, Federal Award Audit Programs, as well as fully documenting the identified major programs and signing off on the Compliance Audit Programs. In addition, it automates the process of determining major programs, low-risk auditee status, and appropriate compliance requirements, and prepares the compliance audit programs which have been updated for the 2015 Compliance Supplement and the Uniform Guidance audit requirements. SPS2 allows auditors to choose whether their single audit falls under the audit requirements of OMB Circular A-133 or the Uniform Guidance. The content, logic, and forms then adapt to whether the audit is subject to the audit requirements in OMB Circular A-133 or the Uniform Guidance.
- *PPC's Guide to Single Audits (GSA) and other PPC Guides with single audit guidance*—We have revised the 2015 edition of GSA, and well as the current editions of other guides with single audit guidance to fully incorporate the audit requirements in the Uniform Guidance and to include guidance and requirements from the 2015 Compliance Supplement. See FAQ #6.



- *PPC's Government Documents Library (GDL)*—We have included several updated practice aids in GDL so they are available not only to customers who subscribe to *PPC's Guide to Single Audits*, but also those who subscribe to *PPC's Guide to Audits of Local Governments*, *PPC's Guide to Audits of Nonprofit Organizations*, *PPC's Practice Aids for Audits of School Districts*, and *PPC's Guide to HUD Audits*. See FAQ #7. Practice aids that are posted to GDL include:
 - Compliance audit programs for audits performed under OMB Circular A-133 (e.g., single audits of entities with June 30, 2015 or September 30, 2015 year ends).
 - Compliance audit programs for audits performed under the Uniform Guidance (i.e., single audits of entities with December 25, 2015 and later year ends).
 - Other critical practice aids, such as GSA-CX-10.1, Compliance Test Worksheet—Federal Award Programs (For Audits of Federal Awards Made prior to December 26, 2014) and Compliance Test Worksheet—Federal Award Programs (For Audits of Federal Awards Made on or after December 26, 2014, and Incremental Funding with Changed Terms and Conditions).

9. Why do I need to keep the 2014 edition of *PPC's Guide to Single Audits (and pre-Uniform Guidance editions of other PPC products)*?

The 2015 update of GSA is for use in audits performed under the Uniform Guidance (that is, audits where the entity's fiscal year ends December 25, 2015 or later). If you are performing a single audit of an entity with an earlier year end, you will need the guidance in the 2014 edition of GSA, as well as either PPC's *SMART Practice Aids®—Single Audit*, *PPC's SMART Practice Aids®—Single Audit Suite*, or the revised forms that are available in *PPC's Government Documents Library*. **Note:** This guidance on retaining the previous OMB Circular A-133 audit guidance also applies to other PPC products that contain single audit guidance and tools. See FAQ #6.