

APPENDIX VII-A OTHER AUDIT ADVISORIES – Hurricane and NDAA Addendum

I. Administrative Relief for Grantees Impacted in 2017 by Hurricanes Harvey, Irma, or Maria

This guidance is to assist auditees, auditors, pass-through entities, and Federal awarding agencies with ensuring appropriate administrative relief for audit related issues resulting from the impact of hurricanes Harvey, Irma, or Maria (Hurricanes) as provided in the memorandum to Federal agencies from the Office of Management and Budget, Office of Federal Financial Management (OFFM) dated October 26, 2017 - (<https://cfo.gov/2017/11/17/administrative-relief-for-grantees-impacted-by-hurricane-harvey-irma-and-maria>).

In the memorandum, OFFM identified 11 actions to relieve short-term administrative, financial management, and audit requirements under the Uniform Guidance at 2 C.F.R. Part 200 – “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” – without compromise to the grantee accountability requirements.

Regarding item 11 of the Memorandum related to the Single Audit relief for affected grantees, note the following.

1. When the auditee or auditor believe the effects of the Hurricanes caused non-compliance (including internal control deficiencies) cited in audit findings; such facts and circumstances should be explained in the audit finding, views of responsible officials, and the corrective action plan, as appropriate.
2. When the auditee believes the effects of the Hurricanes caused the reporting package to be submitted after the due date in 2 CFR 200.512(a)(1) (Late Submission), the auditee should describe the facts and circumstances in the notes to the Schedule of Expenditures of Federal Awards.
3. While the Uniform Guidance no longer authorizes Federal agencies to provide extensions to the report submission due date or authorizes waivers for the low-risk auditee criteria, Federal awarding agencies and pass-through entities should not impose sanctions for a Late Submission of one year or less when the Hurricanes were the cause of the Late Submission.
4. Federal awarding agencies and pass-through entities, including their program managers and audit resolution officials, should use cooperative audit resolution and give full consideration and appropriate relief when the Hurricanes were a contributing factor in an audit finding.

II. National Defense Authorization Acts (NDAA) of 2017 and 2018

This guidance is intended to assist auditors with reporting expectations related to the purchase threshold changes in the NDAA 2017 and 2018. Additional information is provided in Part 3.2.I, “Procurement and Suspension and Debarment” of the 2018 Supplement on the specific changes made by these Acts.

Although the NDAA of 2017 was enacted on December 23, 2016, it has not been codified by Federal agencies and an official memorandum establishing an effective date for the micro purchase threshold provisions has not been issued by OMB. There is some confusion as to whether the NDAA of 2017 was effective on December 23, 2016, or whether it is only effective once the NDAA of 2017 is codified in the Federal Acquisition Regulation. Therefore, auditors are not expected to develop audit findings for covered entities that implemented increased micro-purchase threshold provisions after December 23, 2016, as long as the entity documented the decision in their internal procurement policies.

Institutions of higher education, or related or affiliated nonprofit entities, nonprofit research organizations or independent research institutes, which had established micro-purchase thresholds up to the \$10,000 prior to the enactment of the NDAA 2017, are allowed to continue the use of the same threshold as documented in their internal procurement policies.

The provisions of the NDAA of 2018 will not be effective until they are codified in the Federal Acquisition Regulation. If auditors determine auditees have early implemented the provisions of the NDAA of 2018 for the increased simplified acquisition and micro-purchase thresholds, they are expected to develop audit findings for noncompliance caused by this early implementation.

Additional information is provided in Part 3.2.I, “Procurement and Suspension and Debarment” of this 2018 Supplement.