

OVERVIEW OF THE SUPPLEMENT

Matrix of Compliance Requirements (Part 2)

The Matrix of Compliance Requirements (Matrix) identifies the Federal programs and compliance requirements addressed in the Supplement, and associates the programs with the applicable compliance requirements. The Matrix also identifies the applicable Federal agency and the *Catalog of Federal Domestic Assistance* (CFDA) number for each program included in the Supplement. (**Note:** The entry for each program/cluster also is included in the program/cluster in Part 4 or 5 of the Supplement.)

Compliance Requirements (Part 3)

Part 3 lists and describes the 12 types of compliance requirements and, except for Special Tests and Provisions, the related audit objectives that the auditor must consider, as applicable, in every audit conducted under 2 CFR part 200, subpart F, with the exception of program-specific audits performed in accordance with a Federal agency's program-specific audit guide. The auditor is responsible for achieving the stated audit objectives for the applicable compliance requirements.

Suggested audit procedures are provided to assist the auditor in planning and performing tests of non-Federal entity compliance with the requirements of Federal programs. The suggested audit procedures are, as the name implies, only suggested. Auditor judgment is necessary to determine whether the suggested audit procedures are sufficient to achieve the stated audit objectives and whether alternative audit procedures are needed. Determining the nature, timing, and extent of the audit procedures necessary to meet the audit objectives is the auditor's responsibility.

The compliance requirements for Special Tests and Provisions are unique to each Federal program; therefore, compliance requirements, audit objectives, and suggested audit procedures for those Special Tests and Provisions—other than the audit objectives and suggested audit procedures for internal control—are not included in Part 3.

Consistent with the requirements of 2 CFR part 200, subpart F, Part 3 includes audit objectives and suggested audit procedures to test internal control. However, the auditor must determine the specific procedures to test internal control on a case-by-case basis, considering factors such as the non-Federal entity's internal control, the compliance requirements, the audit objectives for compliance, the auditor's assessment of control risk, and the audit requirement to test internal control as prescribed in 2 CFR part 200, subpart F.

Agency Program Requirements (Part 4)

For each Federal program included in the Supplement, Part 4 discusses program objectives, program procedures, and compliance requirements that are specific to the program. With the exception of section III.N, "Special Tests and Provisions," the auditor must refer to Part 3 for the audit objectives and suggested audit procedures that pertain to the program-specific compliance requirements associated with the programs. Since, in general, Special Tests and Provisions are unique to the program, the specific audit objectives and suggested audit procedures for the program are included in Part 4.

The description of program procedures is general in nature. Some programs may operate somewhat differently than described due to (1) the complexity of governing Federal and State laws and regulations; (2) the administrative flexibility afforded non-Federal entities; and (3) the nature, size, and volume of transactions involved. Accordingly, the auditor must obtain an understanding of the applicable compliance requirements and program procedures in operation at the non-Federal entity to properly plan and perform the audit.

Clusters of Programs (Part 5)

A cluster of programs is a grouping of closely related programs that have similar compliance requirements. Although the programs within a cluster are administered as separate programs, a cluster of programs is treated as a single program for the purpose of meeting the audit requirements in 2 CFR part 200, subpart F (see definition at 2 CFR section 200.17).

The types of clusters included in Part 5 are: Research and Development (R&D), Student Financial Assistance (SFA), and other clusters. “Other clusters” are as identified in the Supplement or designated in a State award document. Part 5 provides compliance requirements, audit objectives, and suggested audit procedures for the R&D and SFA clusters and lists other clusters included in Part 4.

In planning and performing the audit, the auditor can determine whether programs administered by the non-Federal entity are part of a cluster by referring to the provisions of Part 5 of the Supplement and the State award documents.

Internal Control (Part 6)

As a condition of receiving Federal awards, non-Federal entities agree to comply with laws, regulations, and the provisions of grant agreements and contracts, and to maintain internal control to provide reasonable assurance of compliance with these requirements. 2 CFR part 200, subpart F, requires auditors to obtain an understanding of the non-Federal entity’s internal control over Federal programs sufficient to plan the audit to support a low assessed level of control risk for major programs, plan the testing of internal control over major programs to support a low assessed level of control risk for the assertions relevant to the compliance requirements for each major program, and, unless internal control is likely to be ineffective, perform testing of internal control as planned. Part 6 addresses the objectives, principles, and components of internal control based on the “Standards for Internal Control in the Federal Government,” (“Green Book”), issued by the Government Accountability Office, and the “Internal Control Integrated Framework” (revised 2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Guidance for Auditing Programs Not Included in this Compliance Supplement (Part 7)

Part 7 provides guidance to auditors in identifying the compliance requirements and designing tests of compliance with such requirements for programs not included in the Supplement.

Federal Programs Excluded from the A-102 Common Rule and Portions of 2 CFR Part 200 (Appendix I)

Appendix I lists block grants and other programs excluded from the requirements of the “Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments” (also known as the “A-102 Common Rule”), which still may be in effect for some awards/funding, and specified portions of 2 CFR part 200.

Federal Agency Codification of Governmentwide Requirements and Guidance for Grants and Cooperative Agreements (Appendix II)

Appendix II provides regulatory citations for Federal agencies’ codification of the A-102 Common Rule and OMB Circular A-110 (2 CFR part 215), “Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations,” in agency regulations or other means of implementation. This Appendix also includes regulatory citations for Federal agencies’ codification of the OMB guidance on (1) “Uniform Administrative Requirements, Cost Principles, and Audit Requirements” (in 2 CFR part 200), and (2) nonprocurement suspension and debarment in 2 CFR part 180.

Federal Agency Single Audit, Key Management Liaison, and Program Contacts (Appendix III)

Appendix III identifies Federal agency-level contacts—single audit and, separately, management liaisons—from whom auditors can request information about the agency’s programs generally or the audit requirements of 2 CFR part 200, subpart F. It also includes, for each program/cluster listed in Parts 4 and 5 of the Supplement, the name of a specific individual who can be contacted concerning that program, along with the individual’s contact information.

Internal Reference Tables (Appendix IV)

Appendix IV provides a listing of programs in Parts 4 and 5 that include IV, “Other Information.” This listing allows the auditor to quickly determine which programs have other information, such as guidance on Type A and Type B program determination or display on the Schedule of Expenditures of Federal Awards. This Appendix also indicates that the Medicaid Cluster is the only program currently identified as higher risk by OMB pursuant to 2 CFR section 200.519(c)(2).

List of Changes for this 2018 Compliance Supplement (Appendix V)

Appendix V provides a list of changes from the Compliance Supplement, dated April 2017 to this April 2018 Supplement.

Program-Specific Audit Guides (Appendix VI)

Appendix VI includes a list of program-specific guides maintained by the Federal agencies and indicates where to obtain them.

Other Audit Advisories (Appendix VII and Appendix VII Addendum)

Appendix VII provides information on: (1) the impact of implementation of the uniform guidance in 2 CFR part 200 on major program determination; (2) the effect of (a) removing a compliance requirement(s) from the Part 2 matrix, and (b) adding a program to an other cluster; (3) American Recovery and Reinvestment Act funding and the effect on single audits; (4) the due date for audit reports because of the non-availability of the Federal Audit Clearinghouse or the revised SF-SAC during specified periods and low-risk auditee criteria; (5) treatment of National Science Foundation and National Institutes of Health awards; (6) determining whether there are exceptions to 2 CFR part 200; and (7) the report entitled *Report on the National Single Audit Sampling Project*, prepared by the President's Council on Integrity and Efficiency (PCIE) and the Executive Council on Integrity and Efficiency (ECIE).

The Appendix VII-A - Hurricane and NDAA Addendum in this 2018 Supplement adds: (1) guidance to the auditor and auditee related to hurricanes Harvey, Irma, and Maria; and (2) guidance to the auditor related to the National Defense Authorization Acts (NDAA) of 2017 and 2018 on the simplified acquisition and micro-purchase thresholds.

Examinations of EBT Service Organizations (Appendix VIII)

Appendix VIII provides guidance on audits of State electronic benefits transfer (EBT) service providers (service organizations) regarding the issuance, redemption, and settlement of benefits under the Supplemental Nutrition Assistance Program (CFDA 10.551) in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Attestation Engagements (AT) Section 801, Reporting on Controls at a Service Organization.

Compliance Supplement Core Team (Appendix IX)

Appendix IX provides a listing of the Compliance Supplement Core Team members who were responsible for the production of the 2017 Supplement.

TECHNICAL INFORMATION

Page Numbering Scheme

The following page numbering scheme is used in the Supplement:

- a. Each page included in Parts 1, 2, 3 (Introduction), 6, and 7 is identified by a label that represents the part number and sequential page number. A dash (-) separates the part number from the page number. For example, Part 1 is numbered as follows: 1-1, 1-2, 1-3, and so on.
- b. Part 3 is divided into Part 3.1 and Part 3.2 to accommodate the continuing government-wide transition from the A-102 Common Rule/OMB Circular A-110 (2 CFR part 215) to 2 CFR part 200. As a result, except for the Introduction to Part 3, the pages in Part 3 specify either Part 1 or Part 2. For example, Section A of Part 3 is either numbered 3.1-A-1, 3.1-A-2, 3.1-A-3, or 3.2-A-1, 3.2-A-2, 3.2-A-3, and so on.

- c. Each page included in Parts 4 and 5 (other than the Introductions to those parts) is identified by a label that represents the part number, section number identifier, and sequential page number. The section number identifier for Part 4 represents the CFDA number of the applicable program. For example, the Department of Labor's Unemployment Insurance program, CFDA 17.225, is numbered 4-17.225-1, 4-17.225-2, 4-17.225-3, and so on.

Code of Federal Regulations

The CFR is a codification of the rules issued by Federal agencies. The CFR is divided into 50 titles, which comprise the broad areas subject to Federal regulation. Each title is further divided into parts and sections, with most references to the CFR being made at this level.

Portions of the CFR are revised daily and these changes are published in the *Federal Register*. However, a revised version of the CFR is published only once each calendar year, on a quarterly basis as follows: titles 1–16 on January 1, titles 17–27 on April 1, titles 28–41 on July 1, and titles 42–50 on October 1.

In the event that changes to a particular section of a title have changed since the last published update of that section, a notation is made in the List of CFR Sections Affected (LSA), which is published monthly. The LSA cites the *Federal Register* page number that contains the changes to the CFR section.

In order to obtain the most current regulations, the user should consult not only the latest version of the CFR, but also the LSA issued in the current month. The Federal Digital System home page (<http://www.gpo.gov/fdsys/>) offers links to both the *Federal Register* and the CFR. An electronic CFR (e-CFR) is available at <http://www.ecfr.gov>. The e-CFR is a compilation of CFR material and *Federal Register* amendments. It is a current, daily updated version of the CFR; however, it is not an official legal edition of the CFR.

HOW TO OBTAIN ADDITIONAL GUIDANCE

Guidance to assist auditors in performing audits in accordance with 2 CFR part 200, subpart F, can be obtained from the following sources.

Office of Management and Budget

The following information is located under the grants management heading on the Office of Federal Financial Management's home page (<https://www.whitehouse.gov/omb/offices/offm>):

- OMB publications, including 2 CFR part 200 and the Supplement for audits under 2 CFR part 200, subpart F.
- SF-SAC, *Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations*.

General Services Administration (GSA)

- *Catalog of Federal Domestic Assistance (CFDA).*

A searchable copy of the CFDA and a pdf version are available through the Internet on the GSA Home Page (<http://www.gsa.gov/cfda>). Note that, if the CFDA indicates under a program entry (Post Assistance Requirements – Audit) that audit is “Not Applicable” or the program is not subject to 2 CFR part 200 (**Note:** Some CFDA entries still may refer to OMB Circular A-133), the auditor should contact the Federal agency single audit office/official indicated in Appendix III of the Supplement.

Government Accountability Office (GAO)

- Government Auditing Standards, December 2011 Revision (GAO-12-331G) (<http://www.gao.gov/yellowbook>)

Inspectors General

The Council of the Inspectors General on Integrity and Efficiency Home Page (<http://www.ignet.gov>) contains an Inspector General Directory and the Inspector General Act.

Federal Audit Clearinghouse

The Federal Audit Clearinghouse acts as an agent for OMB to (1) establish and maintain a Governmentwide database of single audit results and related Federal award information; (2) serve as the Federal repository for single audit reports; and (3) distribute single audit reports to Federal agencies.

The Clearinghouse maintains a site on the Internet at <https://harvester.census.gov/facweb>. For Data Collection Form (SF-SAC) and single audit submission questions, contact the Federal Audit Clearinghouse by e-mail (govs.fac.ides@census.gov) or telephone (866-306-8779).