



# **Audit Requirements for Bipartisan Infrastructure Law (BIL) & Consolidated Appropriations Act (CAA) Recipients and Sub-Recipients**

June 18, 2024



## DISCLAIMER

This presentation is for informational purposes only and is intended solely to assist Bipartisan Infrastructure Law (BIL) and Consolidated Appropriations Act (CAA) recipients and subrecipients in better understanding the Federal Program and Federal Interest regulations required by National Telecommunication and Information Administration (NTIA). The guidance does not and is not intended to supersede, modify, or otherwise alter applicable statutory or regulatory requirements, or the specific application requirements set forth in the program's Notice of Funding Opportunity (NOFO).

In all cases, statutory and regulatory mandates, and the requirements set forth in the program's NOFO, shall prevail over any inconsistencies contained in the information presented.

## Agenda

1. Audit Regulations and Guidance Applicable to BIL and CAA Grant Programs
2. Single Audit
3. Relationship Between the Yellow Book and Single Audit
4. Auditee and Auditor Responsibilities
5. Single Audit Reporting Package
6. Program-Specific Audit



# **1. Audit Regulations and Guidance Applicable to BIL and CAA Grant Programs**

## Uniform Guidance (UG) – Audit Requirements

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance or “UG”) codified in [Title 2 of CFR, Subtitle A, Chapter II, Part 200](#)

- Establishes uniform administrative requirements, cost principles, and audit requirements for Federal awards to non-Federal entities.

### **Subpart F – Audit Requirements** [2 CFR Part 200 Subpart F](#)

- This part sets forth standards for obtaining consistency and uniformity among Federal agencies for the audit of non-Federal entities expending Federal awards. Per [2 CFR 200.101](#), Federal agencies may choose to apply 2 CFR Subparts A and E to for-profit entities (and others). (DOC has chosen to do so via the DOC Standard Terms and Conditions). This is not permissible for Subpart F, so this part does not apply to for-profit entities.

## Uniform Guidance (UG) – Audit Requirements (Continued)

### § 200.501 Audit Requirements [2 CFR 200.501](#)

- a) **Audit required.** A non-Federal entity that expends \$750,000\* or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of this part. [2 CFR 200.501\(a\)](#)
- b) **Single audit.** A non-Federal entity that expends \$750,000\* or more during the non-Federal entity's fiscal year in Federal awards must have a single audit conducted in accordance with [2 CFR 200.514](#) except when it elects to have a program-specific audit conducted in accordance with paragraph (c) of this section. [2 CFR 200.501\(b\)](#)
- c) **Program-specific audit election.** When an auditee expends Federal awards under *only one Federal program* (excluding R&D) and the Federal program's statutes, regulations, or the terms and conditions of the Federal award do not require a financial statement audit of the auditee, the auditee may elect to have a program-specific audit conducted in accordance with [2 CFR 200.507](#). A program-specific audit may not be elected for R&D unless all of the Federal awards expended were received from the same Federal agency, or the same Federal agency and the same pass-through entity, and that Federal agency, or pass-through entity in the case of a subrecipient, approves in advance a program-specific audit. [2 CFR 200.501\(c\)](#)

*\* Increases to \$1,000,000 for awards made on or after 10/1/2024. Federal agencies may elect to apply the final guidance to Federal awards issued prior to 10/1/2024 (but no earlier than 6/21/2024) but are not required to do so. [See Federal Register Vol. 89, No.58](#)*

## Uniform Guidance (UG) – Audit Requirements (Continued)

### § 200.501 Audit Requirements [2 CFR 200.501](#)

- h) For-profit subrecipient.* Since this part does not apply to for-profit subrecipients, the pass-through entity is responsible for establishing requirements, as necessary, to ensure compliance by for-profit subrecipients. The agreement with the for-profit subrecipient must describe applicable compliance requirements and the for-profit subrecipient's compliance responsibility. Methods to ensure compliance for Federal awards made to for-profit subrecipients may include pre-award audits, monitoring during the agreement, and post award audits. [2 CFR 200.501\(h\)](#) See also [2 CFR 200.332](#).

# DOC Standard Terms and Conditions – Audit Requirements

## D. AUDITS ([DOC - STC](#))

1. Organization-Wide, Program-Specific, and Project Audits
  - a) **A recipient must**, within 90 days of the end of its fiscal year, notify the Grants Officer of the amount of Federal awards, including all DOC and non-DOC awards, that the recipient expended during its fiscal year.
  - b) **Recipients that are subject to the provisions of Subpart F** of [2 CFR Part 200](#) and that expend \$750,000\* or more in a year in Federal awards during their fiscal year must have an audit conducted for that year in accordance with the requirements contained in Subpart F of 2 C.F.R. Part 200. Within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period, unless a different period is specified in a program-specific audit guide, a copy of the audit must be submitted electronically to the Federal Audit Clearinghouse.

In addition to the 2 CFR 200 audit requirements, recipients of awards under the BIL and CAA must also follow the audit requirements established in the DOC ST&Cs and included in each program's NOFO.

*\* Increases to \$1,000,000 for awards made on or after 10/1/2024. Federal agencies may elect to apply the final guidance to Federal awards issued prior to 10/1/2024 (but no earlier than 6/21/2024) but are not required to do so. See [Federal Register Vol. 89, No.58](#)*

# DOC Standard Terms and Conditions – Audit Requirements (Continued)

## D. AUDITS

### .01 Organization-Wide, Program-Specific, and Project Audits

c. **Unless otherwise specified in the terms and conditions** of the award, entities that are not subject to Subpart F of 2 C.F.R. Part 200 (e.g., for-profit entities, foreign public entities and foreign organizations) and that expend \$750,000\* or more in DOC funds during their fiscal year (including both as a recipient and a subrecipient) must submit to the Grants Officer either: (i) a financial related audit of each DOC award or subaward in accordance with Generally Accepted Government Auditing Standards (GAGAS) 2 CFR 200.514; or (ii) a **project specific audit for each award or subaward** in accordance with the requirements **contained in 2 C.F.R. § 200.507**. Within the earlier of 30 calendar days after receipt of the auditor’s report(s), or nine months after the end of the audit period, unless a different period is specified in a program-specific audit guide, a copy of the audit must be submitted to the Grants Officer. In accordance **with 2 C.F.R. § 200.425**, the recipient may include a line item in the budget for the allowable costs associated with the audit, which is subject to the approval of the Grants Officer. Entities that are not subject to Subpart F of 2 C.F.R. Part 200 and that expend less than \$750,000\* in DOC funds in a given fiscal year are not required to submit an audit(s) for that year but must make their award-related records available to DOC or other designated officials for review and audit.

*\* Increases to \$1,000,000 for awards made on or after 10/1/2024. Federal agencies may elect to apply the final guidance to Federal awards issued prior to 10/1/2024 (but no earlier than 6/21/2024) but are not required to do so. See [Federal Register Vol. 89, No.58](#)*

# DOC Standard Terms and Conditions – Audit Requirements (Continued)

## D. AUDITS

### .01 Organization-Wide, Program-Specific, and Project Audits

- c. **Recipients are responsible** for compliance with the above audit requirements and for informing the Grants Officer of the status of their audit, including when the relevant audit has been completed and submitted in accordance with the requirements of this section. Failure to provide audit reports within the timeframes specified above may result in appropriate enforcement action, up to and including termination of the award, and may jeopardize eligibility for receiving future DOC awards.
- d. **In accordance with [2 CFR 200.332\(d\)\(3\)](#)**, pass-through entities are responsible for issuing a management decision for applicable audit findings pertaining only to the Federal award provided by the pass-through entity to a subrecipient.

# NOFO – Audit Requirements

Each program’s Notice of Funding Opportunity (NOFO) outlines additional audit requirements and can be found at [BroadbandUSA Funding Programs](#).

Example: Broadband Equity, Access, and Deployment Program (BEAD) NOFO

## G. Audit Requirements

**2 C.F.R. Part 200, Subpart F**, adopted by the Department of Commerce through [2 CFR 1327.101](#) requires any non-Federal entity that expends Federal awards of \$750,000\* or more in the recipient’s fiscal year to conduct a single or program- specific audit in accordance with the requirements set out in the Subpart.

Additionally, unless otherwise specified in the terms and conditions of the award, entities that are not subject to Subpart F of 2 C.F.R. Part 200 (e.g., [commercial entities](#)) that expend \$750,000\* or more in grant funds during their fiscal year must submit to the Grants Officer either:

- (i) a financial related audit of each DOC award or subaward in accordance with Generally Accepted Government Auditing Standards [2 CFR 200.514](#) or,
- (ii) (ii) a project specific audit for each award or subaward in accordance with the requirements contained in [2 CFR 200.507](#). Applicants are reminded that NTIA, the Department of Commerce Office of Inspector General, or another authorized federal agency may conduct an audit of an award at any time.

*\*Increases to \$1,000,000 for awards made on or after 10/1/2024. Federal agencies may elect to apply the final guidance to Federal awards issued prior to 10/1/2024 (but no earlier than 6/21/2024) but are not required to do so. See [Federal Register Vol. 89, No.58](#)*

The background is a dark blue gradient. On the left side, there are several concentric, semi-circular arcs in a lighter shade of blue, creating a partial circular pattern.

## **2. Single Audit**

## Accessing Key Single Audit Related Information

How to access the Uniform Guidance

- Codified in [Title 2 of CFR, Subtitle A, Chapter II, Part 200](#)

OMB Federal Financial Management Web site

- Access at [Compliance Supplement on Office of Federal Financial Management page](#)

Single Audit Report Filings

- Access at [The Federal Audit Clearinghouse \(FAC\)](#)

## Single Audit Required



When is a single audit required?

**\$750,000\***

When a non-Federal entity expends **\$750,000\* or more** of Federal awards (either direct or indirect awards) from **more than one Federal program\*\*** in their fiscal year.

*\*\* (Program-specific Audit is an option only if all funds are from a single Federal program.)*

*\* Increases to \$1,000,000 for awards made on or after 10/1/2024. Federal agencies may elect to apply the final guidance to Federal awards issued prior to 10/1/2024 (but no earlier than 6/21/2024) but are not required to do so. See [Federal Register Vol. 89, No.58](#)*

## Single Audit [2 CFR 200.514](#)

**What is a non-Federal entity?** [2 CFR 200.1 “Non-Federal entity \(NFE\)”](#) means all the following that carry out a Federal award as a recipient or subrecipient:

- State and local governments (includes all general-purpose and special-purpose entities)
- Indian Tribes
- Nonprofit organizations
- Institutions of higher education (IHE)

**\*\*Good news** – Many of these entities are already subject to Single Audit requirements due to receipt of funds from multiple Federal agencies and programs. For these entities, the award of BIL or CAA grants merely adds an additional Federal program to the Single Audit. In FY 2022 over 40,000 single audit reports were filed by non-Federal and other entities.

## Objectives of a Single Audit [2 CFR 200.514](#)

**To determine if the entity has complied** with direct and material compliance requirements for each major program.

### **Single audits:**

- Are used as a report card by Federal funding agencies and pass-through entities.
- Are used as a tool for Federal agencies to address problems at the grantee level or to make broad changes/improvements to Federal programs.
- Provide assurance to users regarding compliance and information about a non-Federal entity's internal control over compliance.

## Scope of the Single Audit [2 CFR 200.514](#)

**Single Audits are conducted** in accordance with both Generally Accepted Auditing Standards (GAAS) [American Institute of Certified Public Accountants] and Generally Accepted Government Auditing Standards (GAGAS or the “Yellow Book”) [Government Accountability Office].

### **A Single Audit:**

- Covers entire operations of the entity
- Auditor provides an opinion on whether financial statements are presented fairly
- Auditor gains understanding of and tests internal control over compliance
- Auditor opines on compliance with Federal statutes, regulations, and the terms and conditions of Federal awards that may have a direct and material effect on each of its major programs
- Auditor is responsible for following up on prior audit findings

## Defining the Entity to be Audited 200.514(a)

**Single audit must cover the entire operations of the auditee.**

**The auditee has the option to meet the single audit requirement through a series of audits.**

- If this option is taken, the audit must include a series of audits that cover departments, agencies, and other organizational units that expended or otherwise administered Federal awards during the audit period.
- Only permitted if each audit encompasses the financial statements and the Schedule of Expenditures of Federal Awards (SEFA) for each unit which must be considered a non-Federal entity.
- The financial statements and SEFA must be for the same audit period.



### **3. Relationship Between the Yellow Book and Single Audit**

# Generally Accepted Government Auditing Standards (GAGAS or the “Yellow Book”) and Single Audit

## ***Yellow Book vs. Single Audit***

- Yellow Book – a set of audit standards –***the how the audit is performed.***
- Single Audit – based on law and regulation requiring that financial statements and major programs be audited – ***the what, with a little how.***
- There cannot be a single audit unless the audit is done in accordance with the Yellow Book.
- But – there can be an audit using the Yellow Book that does not include a single audit.

## ***Yellow Book***

- Used by Auditors of government entities and other entities that receive government awards to perform their audits and produce their reports. The Yellow Book outlines the requirements for audit reports, professional qualifications for auditors, auditor independence, and audit organization quality management.
- Provides a foundation for efficient and high-quality government audits. The requirements apply to governmental and other organizations that receive grants from the Federal government.

## ***Single Audit***

- Includes an audit of both an organization's financial statements and compliance with Federal award requirements for those programs identified as “major programs.”
- The Single Audit is performed to ensure that Federal funds are used appropriately and in compliance with all applicable requirements and regulations of each grant award.

## Single Audits Include Three Layers of Requirements



1. Uniform Guidance Requirements
2. Yellow Book (GAGAS) Requirements
3. Generally Accepted Auditing Standards (GAAS) Requirements



## **4. Auditee and Auditor Responsibilities**

## Auditee Responsibilities [2 CFR 200.508](#)

### Auditee management is responsible for:

- Arranging for the single audit and ensuring it is properly performed and submitted timely (see auditor selection on next slide)
- Preparing the financial statements [2 CFR 200.510\(a\)](#)
- Preparing the Schedule of Expenditures of Federal Awards (SEFA) [2 CFR 200.510\(b\)](#)
- Prompt follow up and take corrective action on audit findings [2 CFR 200.511\(a\)](#)
- Summary schedule of prior audit findings [2 CFR 200.511\(b\)](#)
- Corrective action plans [2 CFR 200.511\(c\)](#)
- Required data elements of the Data Collection Form (DCF) [2 CFR 200.512\(b\)](#)
- Provide the auditor with access to personnel, accounts, books, records, supporting documentation, and other information as needed [2 CFR 200.508\(d\)](#)

## Auditee Responsibilities – Auditor Selection [2 CFR 200.509](#)

- Must follow procurement standards in [2 CFR 200.317 through 200.327](#)
  - When procuring property and services under a Federal award, a State must follow the same policies and procedures it uses for procurements from its non-Federal funds. The State will comply with [2 CFR 200.321](#), [2 CFR 200.322](#), and [2 CFR 200.323](#) and ensure that every purchase order or other contract includes any clauses required by [2 CFR 200.327](#). All other non-Federal entities, including subrecipients of a State, must follow the procurement standards in [2 CFR 200.318](#) through [2 CFR 200.327](#).
  - The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in [2 CFR 200.317](#) through [2 CFR 200.327](#). Also see [Appendix II to Part 200, Title 2](#) and [48 CFR Part 42](#).
- Auditee must request a copy of the audit organization's peer review report [2 CFR 200.509\(a\)](#)
- Restriction on auditor preparing indirect cost proposals [2 CFR 200.509\(b\)](#)

# Auditee Responsibilities [2 CFR 200.303](#)

## *Internal Controls*

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in [“Standards for Internal Control in the Federal Government”](#) issued by the Comptroller General of the United States or the [“Internal Control Integrated Framework”](#), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with the U.S. Constitution, Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (c) Evaluate and monitor the non-Federal entity's compliance with statutes, regulations and the terms and conditions of Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.
- (e) Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, State, local, and tribal laws regarding privacy and responsibility over confidentiality.

# Auditor Responsibilities [2 CFR 200.514](#) & [2 CFR 200.516](#)

## *The Auditor is Responsible for:*

- Auditing the financial statements in accordance with GAGAS. [2 CFR 200.514\(a\)](#)
- Determining whether the financial statements are presented fairly in all material respects in accordance with generally accepted accounting principles. [2 CFR 200.514\(b\)](#)
- Determining whether the SEFA is stated fairly in all material respects in relation to the auditee's financial statements as a whole. [2 CFR 200.514\(b\)](#)
- Understanding internal control over Federal programs, planning the audit to support low assessed level of control risk of noncompliance for major programs, and performing testing of internal control over compliance. [2 CFR 200.514\(c\)\(2\)](#)
- Determining whether the auditee has complied with Federal statutes, regulations, and the terms and conditions of Federal awards that may have a direct and material effect on each of its major programs. [2 CFR 200.514\(d\)\(1\)](#)
- Following-up on prior audit findings [2 CFR 200.514\(e\)](#)
- Reporting current year findings resulting from compliance and internal control over compliance testing [2 CFR 200.516\(b\)](#)
- Completing and signing specified sections of the Data Collection Form (DCF) [2 CFR 200.514\(f\)](#)

The background is a dark blue gradient. On the left side, there are several thick, light blue curved lines that sweep from the top left towards the bottom right, creating a sense of motion and depth. These lines are arranged in a series of concentric, overlapping arcs.

## **5. Single Audit Reporting Package**

# Single Audit Reporting Package [2 CFR 200.512](#)

## Contents of the Single Audit Submission (Reporting Package) [2 CFR 200.512\(c\)](#)

- Auditor's report on the financial statements of the entity [2 CFR 200.515](#)
- Auditor's in-relation-to reporting on the SEFA [2 CFR 200.515\(a\)](#)
- Entity's financial statements [2 CFR 200.512\(c\)\(1\)](#)
- Entity's SEFA [2 CFR 200.510\(b\)](#)
- Auditor's report on internal control over financial reporting [2 CFR 200.515\(b\)](#)
- Auditor's reports on compliance and internal control over compliance for each major program [2 CFR 200.515\(c\)](#)
- Auditor's schedule of findings and questioned costs that include: a summary of the auditor's results, findings related to the financial statements in accordance with GAGAS, and findings and questioned costs for Federal awards [2 CFR 200.515\(d\)](#)
- Entity's summary schedule of prior audit findings [2 CFR 200.511\(b\)](#)
- Entity's corrective action plan [2 CFR 200.511\(c\)](#)
- Data Collection Form (DCF) [2 CFR 200.512\(b\)](#)

## Reporting Package submitted electronically to the Federal Audit Clearinghouse

- [The Federal Audit Clearinghouse \(FAC\)](#)

The background is a dark blue gradient. On the left side, there are several concentric, semi-circular arcs in a lighter shade of blue, creating a stylized circular graphic element.

## **6. Program-Specific Audit**

## **Program Specific Audit 2 CFR 200.501(c) & 2 CFR 200.507**

A program-specific audit is allowed when the grantee or subrecipient expends Federal awards under only one Federal program.

### **Allowed under the Single Audit Act and the UG in certain circumstances:**

- Auditee expends Federal awards under only one Federal program (excluding R&D); and
- The Federal program's laws, regulations, or grant agreements do not require a financial statement audit of the auditee.

### **Audit requirements defined in the UG:**

- Include an audit of an entity's compliance with direct and material compliance requirements as they relate to an individual Federal program.
- No financial statement audit.

## Program Specific Audit [2 CFR 200.507](#)

### *(a) Program-specific audit guide available [2 CFR 200.507\(a\)](#)*

In some cases, a program-specific audit guide will be available to provide specific guidance to the auditor with respect to internal controls, compliance requirements, suggested audit procedures, and audit reporting requirements. A listing of current program-specific audit guides can be found in the compliance supplement, Part 8, Appendix VI, Program-Specific Audit Guides, which includes a website where a copy of the guide can be obtained. When a current program-specific audit guide is available, the auditor must follow GAGAS and the guide when performing a program-specific audit. OMB's current requirements can be found at [Current Compliance Supplement](#) and DOC grant program specific guidance can be found at [Part 4 - Department of Commerce \(DOC\)](#).

## Program Specific Audit [2 CFR 200.507](#)

### *(c) Report submission for program-specific audits [2 CFR 200.507\(c\)](#)*

- (1) The audit must be completed and the reporting required by paragraph [2 CFR 200.507\(c\)\(2\)](#) or [2 CFR 200.507\(c\)\(3\)](#) of this section submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period, unless a different period is specified in a program-specific audit guide. Unless restricted by Federal law or regulation, the auditee must make report copies available for public inspection. Auditees and auditors must ensure that their respective parts of the reporting package do not include protected personally identifiable information.
- (2) When a [program-specific audit guide](#) is available, the auditee must electronically submit to the FAC the data collection form prepared in accordance with [2 CFR 200.512\(b\)](#) as applicable to a program-specific audit, and the reporting required by the program-specific audit guide.

## Program Specific Audit [2 CFR 200.507](#)

***(c) Reporting package. The reporting package must include the:*** [2 CFR 200.512\(c\)](#)

- 1) Financial statements and schedule of expenditures of Federal awards discussed in [2 CFR 200.510](#) (a) and (b), respectively;
- 2) Summary schedule of prior audit findings discussed in [2 CFR 200.511\(b\)](#);
- 3) Auditor's report(s) discussed in [2 CFR 200.515](#); and
- 4) Corrective action plan discussed in [2 CFR 200.511\(c\)](#).

***(d) Submission to FAC.*** The auditee must electronically submit to the FAC the data collection form described in [paragraph \(b\)](#) of this section and the reporting package described in [paragraph \(c\)](#) of this section.