COVID-19 IMPACT ON SINGLE AUDITS

During the COVID-19 pandemic many organizations received some form of federal relief funding. The CARES Act and the American Rescue Plan provided a wide range of programs to assist governments and organizations with much needed funding. In some instances, the increase in funding has created additional audit requirements.

State and local governments and nonprofits who expend more than $750,000 of federal awards during their fiscal year are required to have a single audit. A single audit includes an audit of both the financial statements and the federal awards. The single audit is also referred to as an audit under the Uniform Guidance and is required to be performed in accordance with *Government Auditing Standards.* A single audit focuses on the compliance requirements and the internal controls for obtaining, operating, and reporting on federal grant programs. Many organizations will now be required to have a single audit for the first time due to the level of funding received due to the pandemic.

In some instances, commercial entities may be subject to a program audit which is similar in nature to a single audit as the federal government included this audit requirement as part of the terms and conditions of some of the COVID-19 funding. An example of this would be the Provider Relief Funds received by health care providers.

It is important to note that federal awards do not always come directly from the federal government. Monies can be received directly or through a pass-through agency such as a state or nonprofit organization. It is important for recipients to keep a record of the sources of funding to in order to accurately determine if a single audit applies to you.

The good news is that loans and funds obtained under the Paycheck Protection Program and the Employee Retention Credit Program are not subject to single audit. However, funding under the Coronavirus Relief Fund, Education Stabilization Fund, and loans under the Economic Injury Disaster Loan program are subject to single audit.

If you have any question related to federal funding you received and if the audit requirements apply to you, please contact your TBC Advisor today.

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