

2022 Compliance Supplement and Applicability for Maryland NEUs

In April 2022, the U.S. Treasury (“Treasury”) released a [compliance supplemental document](#) that outlines compliance requirements for recipients of the Coronavirus Local Fiscal Recovery Fund (CLFRF). In alignment with the Uniform Guidance, certain recipients are required to conduct a Single Audit. A Single Audit requires any non-federal entity that expends \$750,000 or more in federal funds in one year¹ to provide an organization-wide financial statement and federal awards’ audit.

The table below outlines CLFRF compliance requirements for entities who **are** required to conduct a Single Audit. The compliance supplement provides a matrix that identifies what focus areas should be evaluated by a third-party auditing firm as part of its Single Audit. This additional clarification from Treasury is important because it provides guidance to CLFRF recipients on focus areas for Single Audits.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	N	N	Y	Y	N	Y	Y	N

Please note that ‘Activities Allowed or Unallowed’ includes items which are sometimes referred to as ‘eligibility’, including consideration of whether programs may be funded using CLFRF awards.

Alternative CLFRF Compliance Examination Engagement

For CLFRF recipients that expend \$750,000 or more in federal award funds during the recipient’s fiscal year and meet **both** criteria listed below, the U.S. Treasury has provided additional flexibility regarding Single Audits. These recipients have the option to follow an [alternative CLFRF compliance examination engagement](#) in lieu of a Single Audit if:

1. The recipient’s total CLFRF award received directly from Treasury or received (through states) as a non-entitlement unit of local government is at or below \$10 million; and
2. Other federal award funds the recipient expended (not including their CLFRF award funds) are less than \$750,000 during the recipient’s fiscal year.²

The U.S. Treasury indicates that the examination will primarily focus on reviewing allowed and unallowed cost principles and activities. However, unlike the traditional Single Audit, the alternative examination does not focus on reviewing additional areas such as Period of Performance, Procurement, Reporting, and Subrecipient Monitoring.

¹ <https://www.hhs.gov/about/agencies/asfr/data-act-program-management-office/single-audit/index.html>

² <https://home.treasury.gov/system/files/136/21.027-SLFRF-2022-Compliance-Supplement.pdf>, pages 10-12

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Y	Y	N	N	N	N	N	N	N	N	N	N

The results of the alternative compliance examination must be submitted 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period, whichever is sooner.

The Single Audit or alternative CLFRF compliance examination engagement does not replace any CLFRF reporting, or preclude additional audits by Treasury.

This document is based on Treasury's Guidance, which is subject to change.