



PREPARATION GUIDE

FOR THE

2024 COMPLIANCE SUPPLEMENT

FOR AUDITS UNDER THE SINGLE AUDIT ACT

(2 CFR PART 200, SUBPART F)

July 2023

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Overview

WHAT IS THE PURPOSE OF THE COMPLIANCE SUPPLEMENT?

The Compliance Supplement (Supplement), which is Appendix XI to 2 CFR part 200, identifies those compliance requirements to be considered as part of an audit under the Single Audit Act Amendments of 1996 that are most likely to cause improper payments, fraud, waste, or abuse or to generate audit findings for which the Federal awarding agency will take sanctions. The Supplement does not identify all compliance requirements for all audits under the Single Audit Act.

For each program/cluster included in the Supplement, the Supplement describes (in Part 4 or 5) the Federal program's/cluster's objectives and procedures, includes a matrix of compliance requirements, provides statutory and regulatory compliance requirements relevant to the audit, and includes audit objectives and suggested audit procedures for determining compliance with those requirements. The Supplement does not create compliance requirements.

Use of the Supplement is mandatory. Auditors must consider the Supplement and the referenced laws, regulations, and Office of Management and Budget (OMB) guidance (as codified by Federal agencies in agency regulations) in planning and conducting the audit, including determining the compliance requirements that could have a direct and material effect on the programs included therein. For single audits, the Supplement replaces agency audit guides and other documents specifying audit requirements for individual Federal programs. The Supplement also lists—for program-specific audits—the audit guides that agencies have developed.

WHAT IS THE PURPOSE OF THE PREPARATION GUIDE?

The Supplement is revised annually by, among other things, updating or deleting programs in the prior year's Supplement, and, as appropriate, including additional programs. The 2024 Compliance Supplement will be applicable to audits for auditee fiscal years beginning on or after July 1, 2023. To ensure that the Supplement provides up-to-date, legally accurate, clear, and consistent information to auditors, this guide provides information to assist Federal agencies in preparing, updating, or reviewing a program/cluster submission for the Supplement.

Responsibilities

INTRODUCTION

The annual revision of the Supplement is the product of a collaborative effort between OMB and Federal agency officials, working through an interagency team—the Compliance Supplement Core Team (Core Team). Specific descriptions of their respective responsibilities follow.

FEDERAL AGENCIES

Subpart F of 2 CFR part 200 requires **Federal agencies** to annually inform OMB of any updates to programs included in the Supplement, identify the need to add programs, and under 200.513(c)(4) ensure that the Supplement focuses on compliance requirements most likely to cause improper payments, fraud, waste, or abuse or to generate audit findings for which the Federal awarding agency will impose sanctions. Each agency is required by 2 CFR section 200.513(c)(6) to have a key management single audit liaison, whose responsibilities include, among other things, ensuring that the agency provides annual updates of the Supplement to OMB (2 CFR section 200.513(c)(6)(vii)).

CORE TEAM

The **Core Team** includes individuals from Federal grant-making agencies, OMB, and a representative from the Federal Audit Clearinghouse (FAC). Members typically come from Federal grants policy offices, offices of the Chief Financial Officer (CFO), audit resolution offices, or Offices of Inspector General (OIG). A list of the current Core Team appears in Appendix IV of this guide and also appears in Appendix IX of the Supplement. Members are responsible for monitoring and coordinating the drafting and updating of program supplements for their agency's programs in a timely manner. In addition, the Core member or KMAL is to ensure the program supplements adhere to the guidelines presented in this guide.

OMB'S OFFICE OF FEDERAL FINANCIAL MANAGEMENT

OMB's **Office of Federal Financial Management (OFFM)** has overall policy responsibility for the guidance in 2 CFR part 200, Subparts A through E, the audit requirements in 2 CFR part 200, Subpart F, and the Supplement. OFFM is responsible for coordinating and monitoring the review of the Federal agency draft by the audit community, and ensuring that auditor comments are addressed by the Federal agency.

Guidelines for Program Supplements

GENERAL

To ensure the integrity of the information contained in the Supplement, input and dialogue is essential throughout the process. As a result, significantly changing, updating, or drafting a program supplement for inclusion in the Supplement is an iterative process between the Federal agency and OMB. OMB may require changes to the draft submissions.

This guide includes information about the required content of program supplements and formatting requirements to ensure consistency, completeness, and timeliness of the Supplement across all agencies. Checklists provided as attachments to this guide provide a step-by-step roadmap to assist in preparing or updating program supplements.

Appendix II of this guide includes a schedule for completion of the 2024 Supplement.

REQUIRED DOCUMENTATION

To be considered timely and complete, each submission to OMB for the 2024 Supplement must include the following, as described in subsequent sections of this guide:

- ◆ **The program supplement in the prescribed format** (see the 2023 Compliance Supplement at <https://www.whitehouse.gov/omb/office-federal-financial-management> or Appendix III of this guide, Program Supplement Format Template).
 - As shown in the Supplement and the Format Template in Appendix III of this guide, the program supplement must be prepared or updated in Word; use Times New Roman 12 point; and use **boldface**, *italics*, numbering, and upper and lower case and indentation as indicated.
 - All changes must be shown in revision mode (“track changes”). The starting document is the 2023 Compliance Supplement Template.
 - **The program supplement must not use underlining, automated paragraph numbering, footnotes, smart quotes, or other special codes.**
- ◆ A completed copy of the applicable checklist for each program - Checklist #1, “Added Program Supplement Submission,” for an added program and Checklist #2, Comprehensive Review of Existing Programs,” for all programs in the 2023 Supplement. If no updating is necessary, the agency must submit a consolidated list of programs with no changes and a completed Checklist #2 for each program.
- ◆ An explanation of changes for programs as compared to the 2023 Supplement if the reason for the change is not readily apparent (e.g., correction of an error).
- ◆ Copies of statutes and regulations cited in the program supplement for added programs or that are the basis for changes in a program supplement’s language from that in the 2023 Supplement. Website locations for the cited statutes and regulations may be provided in place of copies if the citations are specific enough for OMB to locate the cited material. Please be sure to provide links that are accessible to the public (not agency internal links).

Guidelines for Drafting or Updating a Program Supplement

ADDING A PROGRAM TO THE SUPPLEMENT

When proposing to add a new program to the Part 4 of the Compliance Supplement, the agency will need to provide OMB the following:

- The name and Assistance Listing number of the program (consistent with the schedule in Appendix II).
- Total amount funded for the program.
- Total number of recipients to be awarded funds.
- Total funding (on average) to individual recipients and any limit of funding amount to an individual recipient.
- Type of entities being funded (i.e., Tribal, State, or independent non-profit entities), and information about whether the funding will be used by the recipient or mainly passed through to subrecipients.

After this information is received, OMB will schedule a pre-determination meeting with the agency and the compliance supplement review team. OMB, will determine if the program is (or may be) a “major program” at enough non-federal entities to warrant inclusion in the Supplement. OMB uses the criteria in 2 CFR section 200.518, as applied to the information in the FAC database, as the basis for making this determination in consultation with the agency and Compliance Supplement Review Team.

Following agreement on adding a program, the agency should draft the program information using the template found in Appendix III in this guide and submit it to OMB (consistent with the schedule in Appendix II). The information must be accompanied by Checklist #1 and statutes, regulations, and other supporting documentation as specified in the checklist.

Please complete all internal agency clearances and approvals before forwarding the draft to OMB. To ensure deadlines are met, internal reviews may proceed concurrently with OMB’s review of the document if no substantive changes are expected during the internal review.

Checklist #1 includes detailed, step-by-step instructions for drafting the text for the Supplement and requires information for the matrix in Part 2 of the Supplement. The matrix identifies which of the 12 types of compliance requirements are going to be the focus of the Single Audit. See Part 3, “Compliance Requirements,” of the Supplement for reference of the audit objectives and suggested audit procedures for each requirement and Checklist #1, Part C (Matrix Checklist) attachment to this guide for a detailed explanation of the compliance requirements. Reminder – only six requirements may be selected as a “Y,” with requirements A and B counting as one; **fewer than six requirements are acceptable.**

DEVELOPING SPECIFIC SECTIONS OF THE PROGRAM SUPPLEMENT

In addition to the formatting requirements in Appendix III to this guide, the following content must be included in updates.

SUPPLEMENT SECTION I. Program Objectives

The description of program objectives and procedures should provide an overview of how the program works and its key features.

Include in Section I, “Program Objectives,” an overview of the program; do not simply state program laws and regulations. Include information needed to understand and audit the program at the recipient and/or subrecipient level. This section should not include compliance requirements.

Examples of information to include: eligible recipients and beneficiaries; application requirements; whether funds are received directly from the Federal agency or from a pass-through entity; nature of the activities funded; and third parties that might be involved in the program. Descriptions of the internal processes the Federal agency uses to administer the program should be avoided unless that information is important to auditors’ understanding of the compliance requirements to be tested.

SUPPLEMENT SECTION II: Program Procedure

Include in Section II, “Program Procedures,” a subsection titled “Source of Governing Requirements” to provide the statutory and regulatory authority for the program and its compliance requirements.

If there is pertinent information available on an agency website or in an agency publication that will assist the auditor in understanding the program, also include in “Program Procedures” a subsection titled “Availability of Other Program Information.” In that subsection, provide a name and description of and publications and valid URLs for website(s).

SUPPLEMENT SECTION III: COMPLIANCE REQUIREMENTS

Cite compliance requirements unique to the program that have been selected for audit.

Agency regulations adopting or implementing the OMB guidance in 2 CFR part 200 are not unique to the program, and, should be cited only to indicate that they are not applicable or if they contain an OMB-approved class exception that applies to a specific program.

Identify only those key compliance requirements that could have a direct and material effect on the program. The following five types of compliance requirements- -

-Activities Allowed or Unallowed; Eligibility; Matching, Level of Effort, Earmarking; Reporting; and Special Tests and Provisions must have requirement information that is unique to the program.

For the other seven requirements, the descriptions of the compliance requirements in Part 3, “Compliance Requirements,” of the Supplement should be adequate unless the program has unique provisions in addition to the general administrative requirements. When updating a compliance requirement, **review the audit objectives and suggested audit procedures in Part 3** to ensure that they provide appropriate guidance for the requirement; if not, provide information the auditors will need for testing.

Unless no financial reporting is required (i.e., if reporting is marked as “N” in the matrix of compliance requirements), under “Financial Reporting,” each program supplement must address the standard, government-wide reports for grants and cooperative agreements by designation of “Applicable” or “Not Applicable.” It is not necessary to list OMB control numbers for the standard financial reports (SF-425, SF-270, and SF-271). The SF-270 must be marked “Not Applicable” unless it is used for all awards under a program (whether using the advance or reimbursement payment method) rather than only for recipients designated high-risk that are subject to payment by reimbursement. This section must indicate if an agency has any agency-specific financial reports (with current PRA number) that may be used in lieu of, or in addition to, the standard reports.

For “Performance Reporting” and “Special Reporting,” include only those specific reporting requirements that the auditor should be testing. Real property and tangible personal property reports can be added to the Special Reporting Sub-Section if the reports are material to the program. See Attachments 3 and 4.

For “Special Reporting for Federal Funding Accountability and Transparency,” include only instructions that are different from the general reporting requirements in **Part 3.L**.

For purposes of the Supplement, the designation “Not Applicable” in relation to “Performance Reporting” and “Special Reporting” means that the auditor is not expected to audit anything in these categories. It does not mean that the program has no performance or special reporting requirements. This section is not intended to communicate to recipients their reporting requirements.

No reporting requirement will be included in these subsections unless (1) it has a valid Paperwork Reduction Act (PRA) clearance number as March 31, 2024 (which must be listed with the first reference to a report); (2) it can be audited (which means it cannot be a narrative report); and (3) the key data elements (key line items) to be audited are identified. Reports that are listed by name only without identification of key line items will not be included in the Supplement.

If a report is submitted electronically and it is not practical to provide a copy of the report, include information on how the auditor is to access the report for testing, and provide a link of the input screens and a list of the data elements the auditor should test. Also provide the website address, if applicable, indicating where the reporting form/format and instructions may be found.

To check whether reports have valid PRA numbers, check OMB’s Office of Information and Regulatory Affairs (OIRA) website ([Information and Regulatory Affairs | OMB | The White House](#)), which includes an on-line listing of all current control numbers.

Include only compliance requirements supported by current laws and regulations.

All requirements included in III, “Compliance Requirements,” must be supported by a reference to a specific provision in a current law or regulation unless the requirements are included only in a notice of funding opportunity that is applicable to all recipients. This section may include references to agency documents, such as policy notices, memoranda, or handbooks only if they serve to clarify a statutory or regulatory compliance requirement. They may not serve as the source of a compliance requirement unless they have been approved by OMB under its regulatory clearance process. If such documents have not been approved by OMB previously and are to be referenced in the compliance requirements section of the Supplement, they should be submitted to OMB for approval under Executive Order 12866; otherwise, such documents must be listed under “Availability of Other Information.”

Ensure that citations for laws and regulations are accurate.

To obtain the most current citations for regulations, use the Electronic Code of Federal Regulations (e-CFR) site at <https://www.ecfr.gov>.

Refer to the United States Code (USC) rather than the public law (Pub. L.) citation or the name of the authorizing statute unless a USC citation is unavailable. Public law citations must include the full public law number plus the detailed reference (e.g., the statute citation including the applicable page number(s)). Consult with the agency or program Office of General Counsel (OGC), as necessary, concerning legal citations. See Checklist #1, item 10—for examples of how to cite legal authorities in program supplements.

Appropriately describe pass-through entity and subrecipient considerations.

Program operation and compliance requirements may be different at the pass-through entity and subrecipient levels. Clearly identify the applicable entity (i.e., pass-through entity or subrecipient).

Include audit objectives and suggested audit procedures for special tests and provisions.

Consult the agency OIG to determine these suggested audit procedures. For the other types of requirements, the audit objectives and suggested audit procedures are included in Part 3, “Compliance Requirements,” of the Supplement.

SUPPLEMENT SECTION IV: OTHER INFORMATION

Include in IV, “Other Information,” additional audit guidance, such as determining Federal awards expended, Type A/Type B programs (as described in 2 CFR sections 200.518(b) and 200.520(b)), amounts to be reported on the Schedule of Expenditures of Federal Awards, whether loans have continuing compliance requirements as described 2 CFR section 200.502(d), and changes in Assistance Listing numbers and effective date or other types of transitions that may affect the audit. Audit Requirements, Audit Objectives and Suggested Audit Procedures are not to be included within this section.

COMPREHENSIVE REVIEW OF EXISTING PROGRAMS

Review each program in the 2023 Supplement to determine whether changes are required. (Checklist #2) includes a detailed list of the steps in the review and updating process. Use the template document provided by OMB as the starting point for the updating process. **Do not use a prior version of the file or save it in any format that does not preserve the document's formatting. Converting a PDF to Word does not preserve the formatting (although it may appear to do so).**

As noted above, under 200.513(c)(4) agencies are required to **ensure that the Supplement focuses on compliance requirements most likely to cause improper payments, fraud, waste, or abuse or to generate audit findings for which the Federal awarding agency will impose sanctions**. Programs not included in the Supplement Part 4 are still subject to the Single Audit Act and follow Part 7 of the Supplement.

If there are **no changes**, the responsible individual may simply complete and “sign” the cover page of Checklist #2 and provide it to the agency point of contact for retention.

Changes (additions and/or deletions) **must** be made in MS Word with “**track changes**” turned on and keeping the same file name with your initials added to end of the file name. Program information that does not adhere to the “track changes” requirement will be returned to the agency.

Updates should reflect changes in statutes, regulations, program emphasis, and updated websites. Editorial changes should focus on correcting grammatical and/or technical errors. **Do not make stylistic changes.**

If not given an earlier deadline by OMB, the updated program information must be provided to OMB by e-mail on or before September 29, 2023 and must be accompanied by the following:

- ◆ A completed Checklist #2 and
- ◆ Relevant back-up documentation, whether in a word-processing format, PDF, or scanned, or a listing of the information with a link to websites where the information is available and readily identifiable.

An e-mail from the designated agency point of contact that lists unchanged programs, their Assistance Listing numbers, and the program point of contact or the completed checklist and supporting materials (for program supplements with changes), signed by the designated KMAL and/or Core contact(s), will indicate that the agency went through the process of determining what changes are needed, if any, for that program.

In addition, OMB is requesting that agency cross-cutting sections and information be reviewed and updated in areas affecting the entire Supplement.

For the 2024 Supplement, OMB is requesting that agencies:

- ◆ Review any examples or references to program changes that include dates prior to 2023 or COVID-19 funding and either delete or update them. If a reference to a prior date must remain, indicate in the comments field the rationale for the continued need.

- ◆ Review FAC (or other internal agency system) data for major programs and audit findings to determine which programs should remain in Part 4 and which programs may need to be added.
- ◆ Review referenced hyperlinks to ensure they are direct and specific to the requirements being tested.
- ◆ Ensure that the Matrix includes at most six (or seven if A and B are selected) of the 12 compliance requirements that may be material to the program. Note that **fewer than six requirements may be selected**.
- ◆ Ensure language within requirements do not duplicate language found in Part 3, that the requirement being referenced is in the correct compliance type per Part 3, and requirements are appropriately labeled as applicable to pass-through or subrecipient entity.
- ◆ Review Section III.L.2 and 3, “Reporting – Performance Reporting” and “Reporting - Special Reporting,” respectively, to ensure that any reports that are included specifically indicate:
 - Title of Report and PRA number.
 - Link to the Report and its instructions.
 - The critical line items/key data elements for auditor review. If the auditor is expected to review the entire report, then state that all lines items are considered critical, e.g., “Key line items include all sections, line items, and data elements in the report.”. Identified **Key Line Items must be objective and quantifiable**.

To make the Supplement fully 508 compliant, OMB may identify the need for certain changes in the formatting of the documents, e.g., numbering undesignated paragraphs. If so, OMB will make the change and notify the agency.

REQUIRED DOCUMENTATION FOR PROGRAM SUPPLEMENTS

The following documentation must accompany the draft program supplement for added or significantly changed programs.

- ◆ An explanation **of all changes**. The basis for requested changes may be explained using the “comment” feature of Word in the draft Supplement or in a separate document. All substantive changes, including technical corrections, must be supported with legal references or other appropriate support. If the cited statute or regulations are available on an agency website, include a hyperlink to the website. A copy of the relevant section of the USC or CFR should be provided with the proposed changes to the program supplement if the information is not available using the hyperlink to the agency website; highlight or list the pertinent statutory or regulatory sections. Any material other than the program information and the checklist (e.g., separate explanation of changes, copy of statute) should clearly indicate the Assistance Listing number to which it applies and cross-reference the section of the Supplement it supports.

Changes to compliance requirements that are not accompanied by valid references or adequate explanation will not be included in the Supplement. If new reporting requirements are proposed, the OMB control number should be supplied and the critical line items/key data elements to be audited should be identified. Reporting requirements will not be

included in the Supplement unless (1) they have current, valid PRA control numbers as of March 31, 2024, and (2) critical line items/key data elements for audit are identified.

- ◆ **Documentation of all cited references (*for added or significantly changed programs*).** Provide the most current version of the USC, CFR, or other applicable document. Agencies are encouraged to maintain current copies of the laws and regulations applicable to the programs in the Supplement on the agency's or program's home page and to include a hyperlink to the page in the Supplement.
- ◆ **Copies of actual award agreements (*for added programs*).** The examples submitted should be typical of the program. When a program has more than one typical award agreement, a copy of each should be provided.
- ◆ **Upon request, for any program with a new reporting requirement, copies of reports that the auditor is required to test** (with any data protected under the Freedom of Information Act or containing personally identifiable information redacted). Reports provided should be typical for the program.
- ◆ **Copies of any other documents that would help explain the operation of the program (*for added or significantly changed programs*).** Examples include handbooks, manuals, policy statements, or other reports that the agency produces and that explain how the program works and a discussion of any regular monitoring procedures that the Federal government performs on recipients/awards.

MEANS OF PROVIDING REQUIRED INFORMATION TO OMB

The following must be provided by the designated agency point of contact to OMB by e-mail by the specified due date (see Appendix II of this guide): completed program information, whether new or changed; the applicable checklist or consolidated e-mail for unchanged programs; and all supporting documentation.

THE AUDITOR REVIEW DRAFT

A draft of new or changed program information, other parts of the Supplement with changes, and a listing of all planned changes is reviewed by with State auditors, the American Institute of Certified Public Accountants, Federal agencies, and others.

Upon return of the Auditor Review draft with comments, which will be transmitted by OMB to the agency Core, agencies should carefully review and address all comments. For review comments for which the agency is not making the suggested change, a comment of "no change" and the reason for no change should be included. **After this time, agencies may make changes only to address the following:**

- ◆ Inaccuracies in the draft.
- ◆ Program changes (e.g., laws, regulations, or reports) occurring after the draft was prepared that are or will be effective for the audit period covered by the 2024 Supplement.
- ◆ Concerns and/or corrections from reviewers.

- ◆ Follow-up on any PRA numbers for which OMB approval is pending.

The purpose of this review is to ensure that the final version is correct, complete, and current; it is not to add requirements that were not included in the submitted draft.

Each agency will be asked to confirm to OMB by e-mail that the draft coverage applicable to his or her agency is accurate or, if not, provide changes. Any changes or corrections must be supported by an explanation of why they are needed and, if applicable, a copy of any legal reference (with the key section highlighted). If changes are required, OMB will provide a revised draft to the agency's designated point of contact and he or she will be asked to review and confirm its accuracy. In practice, there may be several iterations; however, the agency will be provided a copy of the final draft as it will appear in the Supplement and will be asked to concur.

OMB CLEARANCE AND PUBLICATION

Once all changes have been finalized, the final review copy of the 2024 Compliance Supplement is submitted for OMB clearance and publication on the OMB website as individual PDF documents and a combined PDF document.

Appendices & Attachments

- I. How the Supplement is Organized
- II. Timetable for Review Draft: 2024 Supplement
- III. Program Supplement Template
- IV. Compliance Supplement Core Team Members

Attachments

Attachment 1 - Checklist #1—Added Program Supplement Submissions

- A. Document Collection
- B. Drafting the Program Supplement
- C. Matrix Checklist

Attachment 2 - Checklist #2—Comprehensive Review of Existing Programs

Attachment 3 - Compliance Supplement Part 4 L. Reporting - Performance Reporting Guidance and Template

Attachment 4 - Questions and Answers for Auditing Performance Reporting

Appendix I. How the Supplement is Organized

Part 1	Provides the background, purpose, and applicability of the Supplement.
Part 2	Identifies the Federal programs and compliance requirements addressed by the Supplement and associates the programs with the applicable compliance requirements.
Part 3	Lists and describes the 12 types of compliance requirements and the related audit objectives and suggested audit procedures.
Part 4	Discusses program objectives, program procedures, and compliance requirements that are specific to programs/clusters other than the Research and Development (R&D) and Student Financial Assistance (SFA) clusters.
Part 5	Discusses the R&D and SFA clusters, which involve multiple agencies, and lists the clusters of programs included in Part 4, as well as other clusters. A cluster is a grouping of closely related programs that has similar compliance requirements.
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.
Part 7	Provides guidance for auditing of programs not included in the Supplement.
Appendix I	Lists programs excluded from portions of the requirements of the “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (2 CFR part 200).
Appendix II	Provides regulatory citations for Federal agencies’ codification of the OMB guidance at 2 CFR part 200 and the non-procurement suspension and debarment guidance at 2 CFR part 180.
Appendix III	Identifies Federal agency contacts for information about Federal programs, agency-level management liaisons, and the audit requirements of 2 CFR part 200, Subpart F.
Appendix IV	Provides a listing of programs in Parts 4 and 5 that include IV, “Other Information.”
Appendix V	Provides a list of changes to the prior year’s Supplement.
Appendix VI	Lists program-specific audit guides.
Appendix VII	Lists advisories related to the audit under 2 CFR part 200, Subpart F
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 (Assistance Listing 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.
Appendix IX	Lists the Compliance Supplement Core Team members responsible for the production of the Supplement.

Appendix II. Timetable for Review Draft: 2024 Supplement

- July - All high priority programs will be notified and receive their working documents for edits from OMB. Agencies should start requesting meetings with audit community on specific programs.
- July 27 - OMB Formal 2024 CS Kick-off
- August 1-4 – Agencies notify OMB of programs with potential changes and possible new programs.
- August 4-8 – OMB sends working documents to agencies.
- August 7-25 – Agencies meet with audit community on new and major programs.
- August 21-31 – All new and existing program drafts with major changes due to OMB from Agency.
- September 1-15 – All new and major change drafts due to auditor.
- September 29 – All program drafts with minor changes due to OMB.
- October 6 – All documents out for auditor review.
- October 20-31 – Auditor review complete and received by OMB
- November 15 – Post-auditor review documents sent to agencies and OMB meets with select programs.
- December 1 – Agency review of auditor comments complete and sent to OMB for review/approval.
- January 19 – OMB and auditor review of agency response completed. Agencies on notice for final edits.
- February 2 – OMB review completed.
- February 28 – Documents ready to go to final
- March – OMB clearance
- May – Final Supplement published.

Appendix III. Program Supplement Format Template

Sample submission for Part 4 program supplement: If a compliance requirement would have a direct and material effect on a program, it must be shown as a “Y” in the matrix of compliance requirements. The associated compliance requirement heading must be included in the program supplement if there is a unique requirement that must be described for the auditor. If a compliance heading is not included, it does not affect the alphabetic indicator of the compliance requirements that are included, e.g., “Eligibility,” if included, always is preceded by an “E.”

DEPARTMENT OF XYZ

ASSISTANCE LISTING 99.997 PROGRAM 1 [Cite the Assistance Listing number and name for each program listed.]

ASSISTANCE LISTING 99.998 PROGRAM 2 [If cluster]

ASSISTANCE LISTING 99.999 PROGRAM 3 [If cluster]

I. PROGRAM OBJECTIVES

[This should be a short paragraph without subheadings describing program objectives.]

II. PROGRAM PROCEDURES

[This can be a short paragraph without subheadings; however, if subheadings are required, they must be designated as indicated.]

A. Bold Title (If needed)

1. *Italic Subtitle* (If needed)

[Text describing program procedures.]

2. *Italic Subtitle* (If needed)

[Text describing program procedures.]

Source of Governing Requirements

[Include specific references to the applicable laws in the United States Code (USC) (Public Law, if not codified) and applicable specific regulations in the Code of Federal Regulations (CFR) relative to program compliance that is indicated in the Matrix Section III].

Availability of Other Program Information

[Include specific references to websites relative to the program compliance that is indicated for testing in the Matrix Section III].

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this Federal program, the auditor must determine, from the following summary (also included in Part 2, “Matrix of Compliance Requirements”), which of the 12 types of compliance requirements have been identified as subject to the audit (noted with a “Y” in the summary matrix below), and then determine which of the compliance requirements that are subject to the audit are likely to have a direct and material effect on the Federal program at the auditee. For each such compliance requirement subject to the audit, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program-specific requirements) to perform the audit. When a compliance requirement is shown in the summary below as “N,” it has been identified as not being subject to the audit. Auditors are not expected to test requirements that have been noted with an “N.” See the Safe Harbor Status discussion in Part 1 for additional information.

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

See Part 2 for the full titles of the compliance requirements.

[Each cell in the above table must include a “Y” or an “N.” Up to six requirements may be marked with “Y” if neither A nor B is selected. Requirements A and B count as one, which means that a total of seven requirements may be selected if both A and B are selected. Note that six is a maximum; fewer than six may be selected.]

A. Activities Allowed or Unallowed

[All requirements must be supported by a reference to a current law or regulation.]

1. *Italicized title line for area* – A title is optional, but should be provided if it summarizes the text. Text to describe this requirement must be included when it is marked with a “Y” in the Part 2 matrix (e.g., 42 USC 604(b)(1)).

[A text paragraph instead of listing the details may be more appropriate for this section.]

- a. Detail about/description of activity.
 - (1) Additional detail or “bullets.”

- (2) Additional detail or “bullets.”
 - b. Detail about/description of activity.
 - (1) Additional detail or “bullets.”
 - (2) Additional detail or “bullets.”
- 2. *Italicized title line for area* – A title is optional. A description and reference to the compliance requirement are required. In some cases, a title line may be helpful to describe the text (e.g., 34 CFR section 654(a)).

[A text paragraph instead of listing the details may be more appropriate for this section.]

 - a. Detail about/description of activity.
 - (1) Additional detail or “bullets.”
 - (2) Additional detail or “bullets.”
 - b. Detail about/description of activity.
 - (1) Additional detail or “bullets.”
 - (2) Additional detail or “bullets.”

B. Allowable Costs/Cost Principles

[Text must be provided if there is information related to this requirement that is in addition to the Supplement’s Part 3 guidance. Normally this will not be necessary, in which case no title line or text will be included.]

C. Cash Management

[Text must be provided if there is information related to this requirement that is in addition to the Supplement’s Part 3 guidance. Normally this will not be necessary, in which case no title line or text will be included.]

E. Eligibility

[If any one of these components is applicable, then all three components must be listed with notation for any that are “Not Applicable.” If none are applicable, then this heading should not be included in the program supplement.]

[Text describing at least one of these components must be included when the “Eligibility” requirement is marked with a “Y.”]

1. Eligibility for Individuals

[Describe or insert “Not Applicable.”]

2. Eligibility for Group of Individuals or Area of Service Delivery

[Describe or insert “Not Applicable.”]

3. Eligibility for Subrecipients

[Describe or insert “Not Applicable.”]

F. Equipment and Real Property Management

[Text must be provided if there is information related to this requirement that is in addition to the Supplement’s Part 3 guidance. Normally this will not be necessary, in which case no title line or text will be included.]

G. Matching, Level of Effort, Earmarking

[If any one of the three components is “Applicable,” then all three components must be listed with notation for any that are “Not Applicable.” Text describing at least one of these types of compliance requirements must be included when the “Matching, Level of Effort, Earmarking” requirement is marked with a “Y”.]

1. Matching

[Describe or insert “Not Applicable.”]

2. Level of Effort

[Describe under the applicable subheading or, if neither of the requirements in the subheadings is applicable, insert “Not Applicable” here. When either maintenance of effort or level-of-effort is applicable, list both 2.1 and 2.2. Describe both requirements if both are applicable; if only one of the two is applicable, describe the requirement under the applicable subheading and mark the other as “Not Applicable.”]

2.1 Level of Effort – Maintenance of Effort

[Describe or insert “Not Applicable.”]

2.2 Level of Effort – Supplement Not Supplant

[Describe or insert “Not Applicable.”]

3. Earmarking

[Describe or insert “Not Applicable.”]

H. Period of Performance

[Text must be provided if there is information related to this requirement that is in addition to the Supplement’s Part 3 guidance. Normally this will not be necessary, in which case no title line or text will be included.]

I. Procurement and Suspension and Debarment

[Text must be provided if there is information related to this requirement that is in addition to the Supplement's Part 3 guidance. Normally this will not be necessary, in which case no title line or text will be included.]

J. Program Income

[Text must be provided if there is information related to this requirement that is in addition to the Supplement's Part 3 guidance. Normally this will not be necessary, in which case no title line or text will be included.]

L. Reporting

[Normally a program will have some reporting requirements requiring auditor review. If a program has no such requirements for an auditor to review, this section should not be included and the compliance matrix should be marked "N" for "Reporting." In all other cases, i.e., if there is a "Y" in the compliance matrix, the following subheadings must be used and completed as indicated.]

1. Financial Reporting

[When financial reporting is applicable, the standard financial reports will be listed as a. through c. with an indication of whether they are "Applicable" or "Not Applicable." The current PRA number must be listed for all reports except for the three standard forms.]

- a. *SF-270, Request for Advance or Reimbursement* - Include as "Applicable" only if all awards under the program are required to use this form to request payment. Otherwise, mark as "Not Applicable."
- b. *SF-271, Outlay Report and Request for Reimbursement for Construction Program* -
- c. *SF-425, Federal Financial Report* -
- d. *XYZ-99, Quarterly Statement of Expenditures for Program (OMB No. 9999-999)* – [Text must describe the report.]

Key Line Items - The following line items contain critical information:

1. Line 1 *Title of line* [if appropriate—text as necessary to describe line.]
2. Line 99 *Title of line* [if appropriate—text as necessary to describe line.]

2. Performance Reporting

[Include the report information and key line items that are objective and quantifiable below or insert "Not Applicable."]

[Report Title: *XYZ-98, Form Requesting Information*
OMB PRA Number: *OMB No. 9999-999*
Report Authority: *XCFR234 and award terms and conditions section XU*
Reporting period/submission date/s: *Report submitted by the xxth of the XYZ.*
Link to report and report instructions: *https:\\\\WXYreportform.gov*]

Key Line Items - The following line items contain critical information:

1. Line 1 Title of line [if appropriate—text as necessary to describe line.]
2. Line 99 Title of line [if appropriate—text as necessary to describe line.]

3. Special Reporting

[Include the report information and key line items that are objective and quantifiable below or insert “Not Applicable.”]

[Report Title: *XYZ-98, Form Requesting Information*
OMB PRA Number: *OMB No. 9999-999*
Report Authority: *XCFR234 and award terms and conditions section XU.*
Reporting period/submission date/s: *Report submitted by the xxth of the XYZ.*
Link to report and report instructions: *https:\\\\WXYreportform.gov*]

Key Line Items - The following line items contain critical information:

1. Line 1 Title of line [if appropriate—text as necessary to describe line.]
2. Line 99 Title of line [if appropriate—text as necessary to describe line.]

4. Special Reporting for Federal Funding Accountability and Transparency Act

See Part 3.L for audit guidance or insert “Not Applicable.”

M. Subrecipient Monitoring

[Text must be provided if there is information related to this requirement that is in addition to the Supplement’s Part 3 guidance. Normally this will not be necessary, in which case no text will be included.]

N. Special Tests and Provisions

[For each item under this heading, include a numbered title with subheadings as indicated. Even if only one entry, include a number in front of the title.]

1. Title of Special Test

Compliance Requirements [Text describing this requirement must be included when this requirement is marked with a “Y.” It cannot be a requirement that would fall under a requirement in the Matrix that the agency marked with “N.”]

Audit Objectives [Text describing audit objectives in the format of “Determine whether (1) objective, (2) objective, and (3) objective.”]

Suggested Audit Procedures

a. [Text must be included that describes the procedure(s), which must support achieving audit objective(s).]

(1) [Text describing procedure in greater detail if needed.]

(2) [Text describing procedure in greater detail (if needed).]

b. Text describing procedure.

[Include as many lettered procedures as needed.]

IV. OTHER INFORMATION

[Include additional guidance related to the audit, such as determining Federal awards expended, Type A/Type B programs; amounts to be reported on the Schedule of Expenditures of Federal Awards; and whether loans have continuing compliance requirements as described in 2 CFR section 200.502(d). Do not include compliance requirements for testing in this section.]

Appendix IV. Compliance Supplement Core Team Members *

*As of 07/28/23

LIST – BY AGENCY

Cindy Galyen	Corporation for National and Community Service
Beth Flowers	Denali Commission
Seane Weekes	Department of Agriculture
John Geisen	Department of Commerce
Dexter Brereton	Department of Education
Joel Gonzalez	Department of Energy
Leticia Adu	Department of Health and Human Services
Michael Pellegrino	Department of Homeland Security
Shannon Steinbauer	Department of Housing and Urban Development
Jeff Haley	Department of Justice
Latonya Torrence	Department of Labor
Carole Clay	Department of State
Morgan Aronson	Department of the Interior
Siporah Jackson	Department of the Treasury
Pamela Lynch	Department of Transportation
Kevin Cone	Department of Veterans Affairs
Kysha Holliday	Environmental Protection Agency
Sheela Kailasanath	Federal Communications Commission
Steve Sigler	Gulf Coast Ecosystem Restoration Council
David Gilliland	Gulf Coast Ecosystem Restoration Council
Connie Cox Bodner	Institute for Museum and Library Sciences
Antanese Crank	National Aeronautics and Space Administration
Christopher Eck	National Archives and Records Administration
Laura M. H. Davis	National Endowment for the Humanities
Nicki Jacobs	National Endowment for the Humanities
Rochelle Ray	National Science Foundation
Mitzi Mayer	Office of Management and Budget
Lisa Newton	Office of National Drug Control Policy
Kate Pesin	Social Security Administration
Trae Sommer	Social Security Administration
Steve Tashjian	US Agency for International Development
Kimberly Butler	US Small Business Administration

Agency: _____

AL Number: _____ AL Title: _____

Checklist #1
Added Program Supplement Submissions

A. DOCUMENT COLLECTION

Before drafting the program supplement, it is essential to first gather the documents listed below. Copies of all or website link to these documents must be provided to OMB with the draft program supplement.

No.	Document	Provide hyperlink(s) or indicate attachment name(s)
1.	Copies or link for the most current, applicable portion of the U.S. Code (USC).	
2.	Copies or link of the most current, applicable sections of the Code of Federal Regulations (CFR).	
3.	Any recent <i>Federal Register</i> (FR) notices.	
4.	Copy or link of the program section from the Assistance Listing (AL) (formerly called <i>Catalog of Federal Domestic Assistance</i> (CFDA)) SAM.gov Home .	
5.	A copy of an actual award agreement(s) that is typical for the program.	
6.	Actual reports to the Federal Government (from a recipient) that the auditor is required to test. If the report is electronically submitted, include a copy of the input screens and procedures for the auditor to use to determine what was submitted to the Federal agency. (See Attachment 3 for more information.)	
7.	Include copies/links for any other documents that would help the auditor understand the operation of the program, such as handbooks, manuals, policy statements, or other reports that the agency produces that explain how the program works. A discussion of any regular monitoring procedures that the Federal government performs on recipients also would be useful.	
8.	A copy of this checklist, including the matrix checklist (Part C page 5.).	

Agency: _____

AL Number: _____ AL Title: _____

Checklist # 1 Added Program Supplement Submissions

B. DRAFTING THE SUPPLEMENT			
<i>Preparation of the program supplement is an iterative process. The submitted draft is not the "final" version. These procedures will minimize the need for revisions. You should review the format and style of the Supplement (2023 Compliance Supplement Preparation Guide or the Supplement on OMB's Financial Management homepage (Office of Federal Financial Management The White House)).</i>			
No.	Suggested Procedure	Done By	Date
1.	Ask (1) program officials, (2) OIG personnel, and (3) audit resolution officials if any specific program problems have been documented.		
2.	Identify up to six (or seven if choosing A and B) of the 12 types of compliance requirements apply to the program and mark them on the matrix checklist (Part C on page 5). You may select fewer than six.		
3.	Draft I, "Program Objectives" and II, "Program Procedures." These should give an overview of the program and should not repeat the text of program laws or regulations. Provide only essential information needed to audit the program.		
4.	Include in II, "Program Procedures," a subsection titled "Source of Governing Requirements" that provides the statutory and/or regulatory authority for the program and its compliance requirements. If there is pertinent information available on an agency website or in an agency publication that will assist the auditor in understanding the program related to the compliance requirements selected for testing, reference it in the subsection "Availability of Other Program Information."		
5.	Draft III, "Compliance Requirements." Identify only key compliance requirements that could have a direct and material effect on the program. Five types of compliance requirements (Activities Allowed or Unallowed; Eligibility; Matching, Level of Effort, Earmarking; Reporting; and Special Tests and Provisions), when applicable, will have requirements unique to the program. For the other seven types of compliance requirements, the descriptions of the compliance requirements in Part 3, "Compliance Requirements," should generally be adequate unless the program has unique provisions. Review the audit objectives and suggested audit procedures in Part 3 of the Supplement to ensure that they provide appropriate audit coverage for the program.		
6.	Appropriately describe pass-through entity and subrecipient considerations for each compliance requirement selected. Program operations and compliance requirements may differ at the pass-through entity and subrecipient levels. Clearly identify the applicable entity (i.e., pass-through entity or subrecipient) to which a requirement applies.		

Agency: _____

AL Number: _____ AL Title: _____

Checklist # 1
Added Program Supplement Submissions

No.	Suggested Procedure	Done By	Date
7.	Ensure that any item listed in “Special Tests and Provisions” is properly identified, and does not duplicate one of the other 11 compliance requirements.		
8.	Include audit objectives and suggested audit procedures for any requirement appropriately classified under “Special Tests and Provisions,” after consultation with the agency OIG.		
9.	Verify that <u>each</u> compliance requirement listed has an <u>accurate</u> and <u>current</u> reference to either the USC or CFR (or <i>Federal Register</i>). Requirements in general agency documents (such as handbooks, manuals, policy statements, etc.) are <u>not</u> acceptable citations. However, if a requirement is stated only in a notice of funding opportunity, that document may be cited. Avoid public law citations whenever possible, i.e., the codified version of the statute should be used if available. If you use a public law citation, include, the Stat. reference, including page number (e.g., 114 Stat. 414).		
10.	Check the form of statutory and regulatory references. <i>Examples:</i> 7 USC 1722(e) 31 USC 6501 <i>et seq.</i> Section 242(a)(8)(D) of Pub. L. No. 106-224, 114 Stat. 414, June 20, 2000 22 CFR section 211.5 22 CFR sections 211.2(s) and 211.3(c) 7 CFR sections 1499.7(f) and (g) 45 CFR sections 2520 through 2550 22 CFR part 211 24 CFR parts 5, 901, and 990 March 17, 2011, <i>Federal Register</i> (76 FR 14637), <i>State Medicaid Fraud Control Units; Data Mining</i> Tennessee v. Dole 749 F.2d 331 (6th Cir. 1984) 57 Comp. Gen. 577 (1978) If reference is made to a statute and a regulation, the statute should be listed first followed by a semicolon and the regulation: (42 USC 1786(f)(23); 7 CFR section 246.7(c)(1))		

Agency: _____

AL Number: _____ AL Title: _____

Checklist # 1
Added Program Supplement Submissions

No.	Suggested Procedure	Done By	Date
11.	Indicate whether any of the standard financial reports apply.		
12.	Indicate the key data elements the auditor should test for reports unique to the program.		
13.	Verify that the reports are listed in the proper format. Example: FNS-46, <i>SNAP Issuance Reconciliation Report (OMB No. 0584-0080)</i> .		
14.	Verify that all reports have valid OMB Paperwork Reduction Act (PRA) control numbers. To check whether reports have valid numbers, consult the website of OMB's Office of Information and Regulatory Affairs (OIRA), which includes an on-line listing of all current OMB control numbers, at Information Collection Review (reginfo.gov)		
15.	If listed reports do not have valid OMB control numbers or if current approvals have expired or will expire within the next three months, ensure that your agency submits the required documentation to obtain or extend the number under the PRA.		
16.	Determine whether the program supplement should include IV, "Other Information." This section is appropriate for information not reflected in individual compliance requirements, e.g., a change in the AL number during the audit period, Type A/Type B programs, or how the Schedule of Expenditures of Federal Awards should be prepared. This section should <u>not</u> include compliance requirements, audit objectives, or suggested audit procedures.		
17.	Confirm that any Internet sites referenced or hyperlinked are accurate and operational and describe what can be found at the site. Links should not be for general information; instead, they should be specific to the requirements included for testing.		
18.	Ensure that abbreviations or acronyms are spelled out in their entirety the first time used.		
19.	Ensure that program number(s) and title(s) match the Assistance Listing (AL) SAM.gov Home . Do not use popular names in the program title.		
20.	Provide the draft program supplement, this checklist (with the matrix checklist), and required documentation to the agency point of contact for submission to OMB.		

Agency: _____

AL Number: _____ AL Title: _____

Checklist # 1
Added Program Supplement Submissions

C. MATRIX CHECKLIST		
<i>Indicate which of the 12 types of compliance requirements are applicable to this program. Select only six (or seven if A and B are selected). Note that fewer than six may be selected. More information about these requirements may be found in Part 3 of the Compliance Supplement (Office of Federal Financial Management The White House).</i>		
TYPE OF COMPLIANCE REQUIREMENT	✓ = Yes	✓ = No
<i>A. Activities Allowed or Unallowed</i> The activities allowed or unallowed are unique to each program and are found in the laws, regulations, and the provisions of grant agreements, cooperative agreements, or contracts. This type of compliance requirement specifies the activities that can and cannot be funded under a specific program. This <u>almost always applies</u>. (Note: A requirement that costs cannot exceed a certain limit amount is not considered “allowed/unallowed cost requirement;” rather that is tested under Earmarking. See below)	☐ = Yes	☐ = No
<i>B. Allowable Costs/Cost Principles</i> 2 CFR part 200, in Subpart E and related appendices, prescribes the cost accounting policies associated with the administration of Federal awards by educational institutions, non-profit organizations, States, local governments, and Tribal governments. This <u>almost always applies</u> because most programs have charges for various types of costs under cost-type awards and subawards. However, if a program only involves benefits to eligible recipients, with no administrative costs, costs for routine goods or services (including salaries and overhead), or consists only of fixed amount awards, then allowable costs may not apply.	☐ = Yes	☐ = No
<i>C. Cash Management</i> The requirements for cash management are contained in 2 CFR section 200.305, Treasury regulations at 31 CFR part 205, Federal awarding agency regulations, and the terms and conditions of the Federal award. Cash management <u>almost always applies</u> to Federal awards.	☐ = Yes	☐ = No
<i>E. Eligibility</i> This requirement specifies the criteria for determining the individuals, groups of individuals, or subrecipients that can participate in the program and the amounts for which they qualify. Eligibility applies to most programs that provide benefits to individuals or groups of individuals and may apply to eligibility for subawards.	☐ = Yes	☐ = No
<i>F. Equipment and Real Property Management</i> This requirement refers to rules governing vesting of title to equipment or real property acquired by a non-federal entity under a Federal award and use and disposition of that property. These requirements apply to programs under which recipients can acquire equipment or real property.	☐ = Yes	☐ = No

Agency: _____

AL Number: _____ AL Title: _____

Checklist # 1
Added Program Supplement Submissions

TYPE OF COMPLIANCE REQUIREMENT	✓ = Yes	✓ = No
<i>G. Matching, Level of Effort, Earmarking</i> This requirement is unique to individual programs. None, one, or more of these requirements may apply: (1) <i>matching</i> or cost sharing includes requirements to provide contributions (usually non-federal) of a specified amount or percentage to match or share in the costs of Federal awards; (2) <i>level of effort</i> includes requirements specifying that (a) a certain level of service is to be provided from period to period, (b) a certain level of expenditures from non-federal or Federal sources for specified activities is to be maintained from period to period, or (c) Federal funds may be used to supplement but not supplant non-federal funding of services; (3) <i>earmarking includes requirements that specify the minimum and/or maximum amount or percentage of the program's funding that must/may be used for specified activities</i>, including funds provided to subrecipients.	☐ = Yes	☐ = No
<i>H. Period of Performance</i> This requirement refers to the period during which a non-federal entity may use the Federal funds. This <u>almost always applies</u>.	☐ = Yes	☐ = No
<i>I. Procurement and Suspension and Debarment</i> All non-federal entities must follow applicable Federal laws and the agency implementation of 2 CFR sections 200.317 through 200.327 when awarding contracts under grants or cooperative agreements. Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred, as provided in 2 CFR part 180. Under Federal procurement contracts, non-federal entities must follow the requirements of the Federal Acquisition Regulation.	☐ = Yes	☐ = No
<i>J. Program Income</i> This requirement pertains to program income as defined in 2 CFR section 200.1 and discussed in 2 CFR section 200.307.	☐ = Yes	☐ = No
<i>L. Reporting</i> This requirement refers to financial, performance, subaward reporting (FFATA) or other program-unique reporting (performance and special reporting) required of a non-federal entity. Performance reporting review is recommended but must include key line items to focus auditor review. Reporting almost always applies. All reports included must have valid OMB control numbers under the PRA. If a program has a reporting requirement, but does not require that the auditor test it, the program supplement would show that category; e.g., performance reporting, as "Not Applicable."	☐ = Yes	☐ = No

Agency: _____

AL Number: _____ AL Title: _____

Checklist # 1
Added Program Supplement Submissions

TYPE OF COMPLIANCE REQUIREMENT	✓ = Yes	✓ = No
<i>M. Subrecipient Monitoring</i> This refers to the requirement that a pass-through entity perform various activities as specified in 2 CFR section 200.332. These include activities such as reviewing reports submitted by the subrecipient, reviewing financial and programmatic records, and performing site visits to observe operations, arranging for agreed-upon procedures engagements for certain aspects of subrecipient activities (such as eligibility determinations), reviewing the subrecipient's single audit or program-specific audit results, and evaluating audit findings and the subrecipient's corrective action plan. This applies when awards are passed through to a subrecipient. If the entity is not a pass-through entity, this requirement does not apply.	☐ = Yes	☐ = No
<i>N. Special Tests and Provisions</i> This requirement refers to specific requirements that are unique to each program and are found in the laws, regulations, and the provisions of contract or grant agreements pertaining to the program, <u>and do not fall within one of the above requirements</u>. For example, if wage rate requirements apply to a program and the program wants audit coverage, the statutory requirements must be included in this section with a reference to AL 20.001, which is a cross-cutting section on wage rate requirements.	☐ = Yes	☐ = No

COVER PAGE
Checklist #2
Comprehensive Review of Existing Programs

Agency: _____

Assistance Listing (formerly CFDA) Number: _____

Assistance Listing (formerly CFDA) Title: _____

Are there any changes to the Compliance Supplement for this program?

___ **No** If you check “No,” notify the point of contact within your agency that the program has no changes and send only the completed cover page to that individual, who will compile a list of unchanged programs for submission to OMB.

___ **Yes** If you check “Yes,” you must complete and sign this cover page and provide the following information to the agency point of contact by the date specified by that individual for submission to OMB:

- a. **The signed cover page and completed checklist.**
- b. **Copy of program supplement write-up** that clearly shows the change(s) – with track changes on. **Please use the Word version of the 2023 Compliance Supplement document as the starting point.**
 - **Explanation of changes:** provide the reason for each change and effective date of the change, e.g., change in law or regulation, new reporting requirement, correction of error in current program supplement write-up (explaining what is incorrect), incorrect grammar or spelling **as a comment** within the Word document.
 - **Documentation to support the change**, e.g., if the change is in a reporting requirement, provide a copy of report; if the change is in a law or regulation, give the citation and highlight the text of the specific citation that supports the change.

_____ **Delete.** If the program is being deleted from the Compliance Supplement, please **complete and sign this cover page** and provide a brief explanation and supporting documentation/reference(s) below.

Explanation:

Contact information for individual that reviewed the supplement for submission to OMB.

KMAL Name: _____

Core Name: _____

Checklist #2

Comprehensive Review of Existing Programs

Agency: _____

AL Number: _____ AL Title: _____

IN GENERAL

(1) This checklist is required for any program for which changes are proposed, including reconsideration of inclusion of compliance requirements in the program supplement/Part 2 matrix.

(2) Limit editorial changes to a minimum. If clarifying language is needed, please provide a brief explanation of why the change is needed.

(3) Any substantive, non-editorial changes, including corrections must be accompanied by a copy of the relevant law or regulation and an explanation of the change within the supplement.

(4) Clearly identify the changes to the proposed program supplement and highlight the affected section of the law or regulation so that each change may be easily verified.

No.	Suggested Procedure	Done by	Date
1.	Identify any programs that may require a change in the program supplement, including deletion of a program from the Supplement.		
	a. Ask program officials if the program has changed (e.g., due to changes to laws, regulations, or agency policies and procedures; new or discontinued reports; or Assistance Listing (AL - formerly CFDA) number changes).		
	b. Ask (1) program officials, (2) the OIG, and (3) audit resolution officials if any new program problems have been documented.		
	c. Review governing laws and regulations for changes. Consult with OGC as necessary.		
	d. Identify any pending legislative, regulatory, or other changes that should be considered in the follow-up review.		
2.	Read the agency information contained in the program supplement and determine whether the information is accurate, current, and necessary.		
	a. Verify all references to laws and regulations. Ensure they are in the CS standard format (see Checklist #1, No 10).		
	b. Verify information in II, "Program Procedures," under subsection "Source of Governing Requirements." Add this subsection if it does not exist.		

No.	Suggested Procedure	Done by	Date
	c. Verify information in II, “Program Procedures,” under subsection “Availability of Other Program Information.” Consider adding this subsection if it does not exist.”		
	d. Test all website addresses for accuracy.		
	e. Verify that any numbers, percentages, dates, references, etc. are current (e.g., information in program procedures, eligibility criteria, matching percentages, and Internet addresses).		
	f. Verify that the OMB control/PRA numbers for any reports listed are correct and current. Any PRA numbers that will expire within three months must be renewed prior to the issuance of the Supplement. Check OMB’s OIRA website (Information Collection Review (reginfo.gov)) for a listing of all current control numbers.		
	g. Verify that the Assistance Listing (AL) number and name agree with the AL that is available at SAM.gov Home.		
	h. Consider whether any compliance requirements could no longer have a material effect on the program.		
	i. Review any information in IV, “Other Information,” for continued applicability to audits for periods beginning on or after July 1, 2023.		
	j. Review for any technical errors.		
3.	Review the table of compliance requirements in the May 2023 program supplement (also shown in Part 2, “Matrix of Compliance Requirements,” in the 2023 Supplement) to ensure that the applicability of each of the 12 types of compliance requirements is correctly indicated. Note – only six types may be chosen if A and B are not selected; seven may be chosen if A and B are chosen. <u>Note: fewer than six may be selected.</u> If you are making any changes to your requirement types, you must include a justification. Please send a notification of your intent to the proper channels in your agency.		
4	For Performance Reporting under Compliance Requirement L, include the key lines items in the report for auditor review.		
5	Depending on agency procedures, provide any recommended changes to the program supplement to the agency point of contact. This should be done in a manner to clearly show the recommended changes to the document (using revision mode).		
	a. Include a brief explanation of the reasons for changes.		
	b. Include copies or links for documents supporting the change (e.g., laws, regulations, or revised report).		
6.	Depending on agency procedures, provide a completed copy of this checklist (and documentation) to the agency point of contact.		

Attachment 3

Compliance Supplement Part 4 L. Reporting

Performance Reporting Guidance and Template

Purpose: To help agencies draft the Performance Reporting section within Part 4 of the Supplement and to provide agencies a Part 4 L. 2. template. These resources can also be used for Special Reporting sections within the Supplement. Please review Part 3. L. of the Supplement to understand the objectives and procedures the auditors will use to test the report.

Background:

When a Federal awarding agency determines that L. Reporting is subject to audit and lists a Performance report within Part 4.L.2. the agency must identify “Key Line Items” within the report. If the Federal awarding agency does not identify any Key Line Items, the auditor is only required to test compliance that the non-federal entity filed the report on time. In these cases, approval by OMB is required for the report to be included in the Supplement.

Each Key Line Item identified by the Federal awarding agency must be quantifiable and capable of evaluation against objective criteria. “Quantifiable” means that the item can be expressed as a measurable number. “Objective” means the item can be evaluated against specified criteria. If the auditor determines that a Key Line Item identified in Parts 4 or 5 is not quantifiable or not able to be evaluated against objective criteria (e.g., narratives, forward-looking information, information that would require verification at the program beneficiary level), the auditor is not required to perform testing of the item. If none of the Key Line Items are quantifiable or capable of evaluation against objective criteria, auditors are only required to test that the report was submitted in a timely manner and no other procedures are required.

For identified Key Line Items that are quantifiable and capable of evaluation, the auditor must obtain sufficient appropriate audit evidence for the following two audit objectives listed within Part 3. L. Reporting:

1. Obtain an understanding of internal control, assess risk, and test internal control as required by [2 CFR section 200.514\(c\)](#).
2. Determine whether required reports for Federal awards include all activity of the reporting period, are supported by applicable accounting or performance records, and are fairly presented in accordance with governing requirements.

Audit Objective (1) above requires that if the auditor is not able to achieve a low control risk related to the design, implementation, and operational effectiveness over the Performance Report identified by the Federal awarding agency, then the auditor must report an audit finding.

Audit Objective (2) above, which relates to compliance, assumes that the non-federal entity will have support for each Key Line Item(s) and that the support will be available to the auditor to test at the time of the audit. The auditor will test the reporting of the performance data, and then it will be up to the Federal government and public to use this data to evaluate the performance of the

non-federal entity, the program, or both.

Under 2 CFR 200.513(c)(4) the supplement is to focus the auditor on requirements most likely to cause improper payments, fraud, waste, or abuse, or to generate audit findings for which the Federal awarding agency will take sanctions. Reports and Key Line Items should be chosen based on this 2 CFR provision.

Template and Questions for Federal Awarding Agencies:

For each Performance Report listed by a Federal Awarding Agency in the Supplement, you must include the following:

[Report Title: *XYZ-98, Form Requesting Information*] The Title of the Performance Report is needed for the auditor to request a copy of the report and any supporting documentation from the non-federal entity.

[OMB PRA Number: *OMB No. 9999-999*] The PRA Number is needed to ensure that the non-federal entity has a legal requirement to submit the report to the Government.

[Authoritative Requirement for Report: *X CFR XYZ requires the report to be submitted to awarding agency.*] The location of authoritative requirement for the non-federal entity to complete and submit the Performance Report is needed for auditors to include with any audit finding.)

[Reporting period/submission date/s: *Report is to be submitted quarterly by the XYZth.*] The Reporting Cycle (monthly, quarterly, yearly, grant close-out, etc.) is needed to help auditors plan the audit and test timely submission.

[Link to report and report instructions: *https://XWYreportform.gov*] Links will help aid auditors in ensuring that the non-federal entity has provided them a valid copy of the report it submitted to the Government and is used for definitions of report elements.

Key Line Items - The following line items contain critical information:

1. Line 1 Title of line [if appropriate—text as necessary to describe line.]
2. Line 99 Title of line [if appropriate—text as necessary to describe line.]

This template should also be used for Special Reports an agency wants to include in the Compliance Supplement.

Key Line Items: The chart below is an example of a tool the agency may use to help determine whether or not a report line item should be considered for inclusion. For any key line item included in the Supplement, the agency should be prepared to provide this information in detail.

	Key Line Item	Quantifiable Objective Criteria for Evaluating Key Line Item	How Key Line Item is Used by Agency	Agency Tolerance for Key Line Item Errors
1				
2				
3				
4				

- **The Title of the Key Line Item(s)** is required in the Supplement for the auditor to assess the non-federal entity's controls to ensure the Key Line Item(s) is presented in accordance with requirements and to obtain the non-federal entity's support for the Key Line Item(s)
- **A detailed description** of the line item and/or the quantifiable and objective criteria for evaluating the Key Line Item(s) may be needed in the Supplement to complete testing and reach a conclusion on each Key Line Item(s).
- **A description of how the Federal awarding agency** uses the Key Line Item(s) to evaluate the performance of the non-federal entity may be needed in the Supplement to determine if any misstatements, including omissions, are material.
- If known or determined by the Federal awarding agency, the agency's tolerance/sensitivity for misstatement, including omissions, from this Key Line Item(s) may be needed to determine if any misstatements, including omissions, are material.

Remember that the Compliance Supplement contains guidance in Part 3 that auditors are required to follow when testing reporting by non-federal entities. Therefore, Federal awarding agencies should not to include compliance requirements, audit objectives, or suggested audit procedures for auditing reporting. Additionally, Federal agencies should not include information about sampling because the Compliance Supplement already includes, as part of Other Audit Advisories, a reminder for auditors on the standards they must follow when sampling.

Questionnaire to be completed by agency and submitted to OMB for newly added reports:

Questions that should be Answered “Yes” before Including a Performance Report or Special Report in the Compliance Supplement:

Questions for the Federal Awarding Agency and OMB to consider when evaluating if a Performance Report and its Key Line Items should be included or remain in the Compliance Supplement:	Federal Awarding Agency Response (Yes or No)
Is there a requirement for the non-federal entity to prepare and submit the Performance Report to the Federal awarding agency?	
Is there a requirement or expectation that has been communicated to the non-federal entity for it to retain support for each Key Line Item(s)?	
Is information from each reporting cycle (being audited) retrievable by the non-federal entity? (Note that reports submitted to the Federal agency may be overridden by a subsequent report submission and therefore not available publicly.)	
Is an audit test necessary for the Federal awarding agency to verify the accuracy of the Key Line Items? (Note that Key Line Items should not be tested if the information can be verified by the agency in the normal course of administering the program.)	
Is the Performance Report and its Key Line Items essential for evaluating the effectiveness of the non-federal entity, the program, or both?	
Has the Federal awarding agency provided the non-federal entity with clear and precise instructions of the governing requirements for supporting each of the Key Line Items?	
If there are errors in the Key Line Item(s), including omissions, reported in an audit finding, will the Federal awarding agency implement sanctions?	
Given the clarity of the governing requirements, including the instructions, will different auditors testing the same report come to the same conclusion?	
Is it worth taxpayers’ money to have all the identified Key Line Item(s) subject to internal control and compliance testing by an independent auditor? (Note that if other effective alternatives are within the agency for achieving the desired level of assurance, the Key Line Item should not be included.)	
Is the number of Key Line Items identified reasonable and cost effective?	

A “No” response to any of the questions above may indicate that the Performance Report, Key Line Items, or both should **not** be included in the Compliance Supplement.

Attachment 4

Questions and Answers for Auditing Performance Reporting

What does “quantifiable and capable of evaluation against objective criteria” mean?

Quantifiable means able to be expressed or measured as a quantity or numbered amount. If a Key Line Item cannot be quantified, it does not allow the auditor to reach a conclusion (i.e., conclude “yes” or “no”) regarding whether management’s information in the Key Line Item is supported by applicable performance records. For example, consider two items in a performance report related to the height of the Washington Monument with the first item not being auditable and the second being audited as a Key Line Item. The first line item describes the monument as a “grand” and the second line-item states that it is “554 feet 7 11/23 inches tall.” An independent auditor would not be able to conclude whether there are performance records supporting the monument being described as “grand.” Additionally, “grand” cannot be audited because it is not defined with objective criteria; “grand” is subjective and open to interpretation. As a result, one auditor may compare the Washington Monument to other monuments around the world and conclude it is not grand and another auditor may compare it to other monuments within D.C. and conclude that it is grand.

As for the height in feet and inches, it is a measured quality and, therefore, quantifiable. However, the auditor would not use the length of their own “feet” to evaluate management’s measurement, but would use feet and inches as defined by the National Institute of Standards and Technology (NIST) because NIST provides an objective criterion to evaluate against. If feet and inches were not clearly defined by an entity other than the auditor or the auditee, it would not be considered “objective” and would, therefore, preclude the auditor from testing the height.

In the example above, would the auditor remeasure the height of the Washington Monument?

Not necessarily. The auditor would first be required to gain an understanding of management’s critical controls for reporting the height of the Washington Monument. If the design of management’s internal controls for reporting the height of the Washington Monument does not appear to be reasonable, the auditor would be required to report an audit finding and could elect to measure the monument or perform other procedures to test the accuracy of the reported height. However, if management’s internal controls appear reasonable for reporting the height of the Washington Monument, the auditor would review evidence that management’s critical control was applied to the measurement and reporting of the height and would review management’s supporting records for the reported measurement to evaluate if the measurement and reporting were done in accordance with governing requirements.

Would an auditor be able to conclude on the future height of the Washington Monument?

No. It is believed the Washington Monument is sinking into the soil and, therefore, its height measured from ground-level to the top is declining. Even if the monument were sinking consistently at a set rate for the last 100 years, the auditor would not be able to audit management’s prediction/expectation on the future rate of sinking because the future is unknown and is subject to change.