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ACCOUNTING & AUDIT

AICPA & CIMA Offer Resources for Audits of Pandemic Relief Funding

The audits provide reasonable assurance to the federal government and the public that the organization complied with federal requirements subject to the audit.

Isaac M. O'Bannon • Oct. 20, 2022



As federal and state governments have found numerous cases of fraud regarding pandemic relief funds for businesses, many are ramping up audit efforts on businesses, nonprofits, and even state and local government entities that received

federal pandemic relief programs. The American Institute of Certified Public Accountants and the Chartered Institute of Management Accountants, the largest international associations of accounting professionals, are providing resources for these entities.

The audits often focus on an entity's compliance with laws and regulations governing the relief funds. The two institutes say it is important that "leaders of such organizations understand their responsibilities for a quality audit and engage CPAs who have the appropriate specialized knowledge and experience to perform these services."

The resources being offered by AICPA & CIMA are focused on assisting organizations preparing for "single audits" or similar compliance engagements, including a list of tips, an on-demand webinar and a primer on procuring audit services.

Single audits, performed under Office of Management and Budget Uniform Guidance regulations, provide reasonable assurance to the federal government and the public that the organization complied with federal requirements subject to the audit.

The AICPA says that single audits are generally required when organizations spend \$750,000 or more of federal funds in a given fiscal year. Before the pandemic, some 34,000 to 38,000 single audit engagements were performed each year, but the trillions of dollars authorized for COVID relief funding are expected to significantly increase that number. For example, the \$350 billion Coronavirus State and Local Fiscal Recovery Fund program was provided to thousands of small units of local government, many of which may be inexperienced in managing federal funding and preparing for a single audit.

"We know demand for single audits and other similar types of compliance audits has risen dramatically due to the historic amounts of federal pandemic relief funding provided in response to the health and financial crises of the last several years," said Mary Foelster, CPA, CGMA, senior director of governmental auditing and accounting for AICPA & CIMA, which together form the Association of International Certified Professional Accountants. "Many of the organizations receiving this funding have never gone through a single audit before, so we're providing resources to help their leaders understand the process, perform their fiduciary duty and take steps to find the right firm to conduct a quality audit."

Among the basic steps the AICPA and CIMA emphasize that organizations should take if they're required to undergo a single audit:

- **Make sure your auditor is qualified to perform engagements of this kind.** Check that they have appropriate qualifications, sufficient staff with strong technical abilities and experience auditing organizations like yours. They should also be in good standing with the AICPA's peer review program.
- **Pull together information your auditor will need.** Meet with your auditor before your fiscal year-end. Identify and address problem areas in advance. Prepare a schedule of expenditures of federal awards that is complete and accurate. Provide the auditor with access to personnel, accounts, books, records, supporting documentation and other information, as needed.
- **Perform any necessary steps once the single audit is complete.** Take corrective action on audit findings promptly. Prepare your portion of the data collection form and ensure your organization submits its audit and reporting package on time.

These resources and others are free and available to the general public and business community. To access them, users must register for an online AICPA account, which anyone can create. To learn more, please visit aicpa.org/gaqc.

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