



January 12, 2024 — GAQC Alert #464

Dear Center Members:

Happy New Year! We hope that 2024 is a great year for you and your governmental audit practices. This *GAQC Alert* provides you with information on the following:

- Registration information for the January 23, 2024, GAQC Web event, [GAQC 2024 Single Audit Lightning Round](#);
- Recent advocacy efforts, including the [GAQC comment letter](#) on proposed revisions to the Uniform Guidance;
- A new [regulation](#) and other [guidance](#) from the U.S. Department of Education (Education) relevant to the Student Financial Assistance (SFA) program;
- An [Interim Final Rule](#) on obligations and [other related guidance](#) issued by the U.S. Department of Treasury (Treasury) relating to the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) program.
- A reminder that your completion of the GAQC required membership compliance questionnaire is due Monday, February 12, 2024.

Headlines

Single Audit Lightning Round Web Event

The next GAQC Web event, *GAQC 2024 Single*

In This Alert

- [Lightning Round Web Event](#)
- [Advocacy Activity](#)
- [SFA News](#)
- [CSLFRF News](#)
- [Membership Compliance](#)

Did You Miss It?

The GAQC's most recent Web event, [Key Recipient Roles and Responsibilities for Single Audits](#), is now archived. A CPE rebroadcast will also likely be offered later this year.

Additional Resources

- [OMB Compliance Supplement Resource Center](#)
- [GAQC COVID-19 Resources](#)
- [GAQC Alerts](#)
- [Archived GAQC Web Events](#)
- [Single Audit Resources](#)
- [Illustrative Auditor Reports](#)

Stay Informed

We welcome any suggestions or questions - please send them by e-mail at GAQC@aicpa.org.

Audit Lightning Round, is on **Tuesday, January 23, 2024, from 1:00 PM – 3:00 PM (Eastern Time)**. It will cover common questions received by the GAQC and include a focus on the new Federal Audit Clearinghouse (FAC) in response to the numerous questions received during a [recent related GAQC Web event](#).

GAQC Member Registration with CPE (fee).
[Access the member CPE registration page.](#)

GAQC Member Registration with no-CPE (free).
[Access the member no-CPE registration page.](#)

Public Registration with CPE (fee) (to share with your clients). [Access the public CPE registration page.](#)

Advocacy Activity

Uniform Guidance Revisions. The GAQC issued a [comprehensive comment letter](#) to the Office of Management and Budget (OMB) on [proposed revisions to the Uniform Guidance](#) regulation in December 2023. Among the significant comments made are concerns about: (1) "plain English" revisions erroneously changing the meaning of key sections; (2) areas that needed to be addressed but were not; (3) proposed wording changes that do not align well with AICPA standards; and (4) a lack of clarity around a new proposed schedule of expenditures of federal awards reporting requirement for audits covering multiple recipients. Regarding the proposed increase of the audit threshold from \$750,000 to \$1 million, the GAQC expressed that the increase seems reasonable based on the length of time that has elapsed since the last increase.

2024 Compliance Supplement. The GAQC team

Members of the Governmental Audit Quality Center (GAQC) may only reproduce and distribute *GAQC Alerts* internally within the firm or state audit organization (SAO) to other Center member firm/SAO personnel as part of the organizations' professional services. For information about permission to copy any part of these documents for redistribution or inclusion in other work, please click on the [copyright notice](#) below or phone the copyright permission hotline (919) 402-4031.

©2024 Association of International Certified Professional Accountants.
[Online privacy policies and copyright information.](#)

and its Executive Committee have been reviewing vetted drafts of new federal program sections and revisions to existing federal programs sections. We expect to review approximately 100 program sections in total. This activity benefits all auditors performing single audits as many problem areas noted by the GAQC are corrected by OMB and the federal agencies prior to the Supplement's issuance each year. OMB is still expecting a May issuance of the Supplement.

Certain Capital Assets. The AICPA State and Local Government Expert Panel issued a [comment letter to the Governmental Accounting Standards Board \(GASB\)](#) in December 2023 on the [exposure draft, Disclosure and Classification of Certain Capital Assets](#). Overall, the SLGEP expressed support for the Board's efforts to provide users of governmental financial statements with essential information about certain types of capital assets. However, the SLGEP also recommended that a different approach be taken to disclosing information on capital assets held for sale and offered several other comments for the Board's consideration.

Other Advocacy. Since our last *GAQC Alert*, we have continued to meet and collaborate with the FAC staff as they work to improve the single audit submission experience. Other agency staff that we have met with on matters of mutual interest include OMB, the Pandemic Response Accountability Committee, and the Departments of Treasury, Education, and Health and Human Services.

SFA News

If you audit the SFA program, you should be aware of the following issuances by Education.

A final regulation titled, [Financial Responsibility](#).

[Administrative Capability, Certification Procedures, Ability To Benefit \(ATB\)](#), requires institutions participating in the SFA program, among other things, to disclose "all" related parties in their financial statements, including a level of detail that would enable the Department to readily identify the related party such as name, location and a description of the related entity. Further, if there are no related party transactions during the audited fiscal year or related party outstanding balances reported in the financial statements, then management must add a note to the financial statements to disclose this fact. The effective date of the regulation is July 1, 2024, and we confirmed with Education staff that the expanded footnote requirement will apply to financial statements submitted and accepted by the Department after June 30, 2024. The GAQC previously [expressed concerns](#) to Education about the challenges of auditing related parties to an "all" or "none" threshold. As a result of the final regulation, the GAQC will be working with the AICPA Auditing Standards Board and staff to develop related auditor guidance. Stay tuned for more information in the future.

Electronic Announcement, [GENERAL-23-121 - Requirement for Institutions to Have Certain Calculations Related to Institutional and Program Eligibility Substantiated by an Independent Auditor](#), reminds institutions of the regulatory requirement to have their auditors substantiate the calculation of certain institutional eligibility ratios. Education states that it does not plan to take action against an institution solely on the basis of the institution's failure to have the rates substantiated timely by an independent auditor for award years ending on June 30, 2025, or earlier. While we believe that Education may eventually update the SFA section of the OMB *Compliance Supplement* to further discuss its

expectations relative to this requirement, we will be further discussing it with them in the future to ensure an appropriate understanding.

Electronic announcement, [GENERAL-23-117 - Institutional Reporting and Department Treatment of Certain U.S. Army Tuition Assistance Funds for Purposes of the 90/10 Calculation](#), provides instruction on how proprietary schools should report tuition assistance payments delayed as a result of a U.S. Army system issue. This will only be of interest to members that perform audits of proprietary schools under the related [Education Audit and Attestation Guide](#).

CSLFRF News

Treasury issued an [Interim Final Rule](#) (IFR) to address recipients' questions and comments regarding the definition of obligation in Treasury's implementing regulations for the CSLFRF program and to provide related guidance to give additional flexibility and clarity on the use of CSLFRF funds. To learn more, access additional guidance from Treasury including an [Obligation IFR Quick Reference Guide](#), an [archived webcast](#) and [slides](#). We will inform you when the related Final Rule is issued.

Membership Compliance

On December 18, 2023, the GAQC sent our annual required membership compliance questionnaire for each member firm's designated audit quality partner to complete. **Responses are due by February 12, 2024.** If you did not receive the questionnaire or have a related question, please send an email to gaqc@aicpa.org. State auditor members should be aware that your questionnaire will be coming later this month.

* * * * *

Sincerely,

AICPA Governmental Audit Quality Center