OMB Guidance

§ 200.501

Subpart F—Audit Requirements

GENERAL

§ 200.500 Purpose.

This part sets forth standards for obtaining consistency and uniformity among Federal agencies for the audit of non-Federal entities expending Federal awards.

AUDITS

§ 200.501 Audit requirements.

(a) Audit required. A non-Federal entity that expends $750,000 or more during the non-Federal entity’s fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of this part.

(b) Single audit. A non-Federal entity that expends $750,000 or more during the non-Federal entity’s fiscal year in Federal awards must have a single audit conducted in accordance with §200.514 Scope of audit except when it elects to have a program-specific audit conducted in accordance with paragraph (c) of this section.

(c) Program-specific audit election. When an auditee expends Federal awards under only one Federal program (excluding R&D) and the Federal program’s statutes, regulations, or the terms and conditions of the Federal award do not require a financial statement audit of the auditee, the auditee may elect to have a program-specific audit conducted in accordance with §200.507 Program-specific audits. A program-specific audit may not be elected for R&D unless all of the Federal awards expended were received from the same Federal agency, or the same Federal agency and the same pass-through entity, and that Federal agency, or pass-through entity, in the case of a subrecipient, approves in advance a program-specific audit.

(d) Exemption when Federal awards expended are less than $750,000. A non-Federal entity that expends less than $750,000 during the non-Federal entity’s fiscal year in Federal awards is exempt from Federal audit requirements for that year, except as noted in §200.503 Relation to other audit requirements.

§ 200.475 Trustees.

Travel and subsistence costs of trustees (or directors) at IHEs and nonprofit organizations are allowable. See also §200.474 Travel costs.
but records must be available for re-
view or audit by appropriate officials
of the Federal agency, pass-through en-
tity, and Government Accountability
Office (GAO).

(e) Federally Funded Research and De-
velopment Centers (FFRDC). Manage-
ment of an auditee that owns or oper-
ates a FFRDC may elect to treat the
FFRDC as a separate entity for pur-
poses of this part.

(f) Subrecipients and Contractors. An
auditee may simultaneously be a re-
cipient, a subrecipient, and a con-
tactor. Federal awards expended as a
recipient or a subrecipient are subject
to audit under this part. The payments
received for goods or services provided
as a contractor are not Federal awards.
Section §200.330 Subrecipient and con-
tactor determinations should be con-
sidered in determining whether pay-
ments constitute a Federal award or a
payment for goods or services provided
as a contractor.

(g) Compliance responsibility for con-
tractors. In most cases, the auditee’s
compliance responsibility for contrac-
tors is only to ensure that the procure-
ment, receipt, and payment for goods
and services comply with Federal stat-
utes, regulations, and the terms and
conditions of Federal awards. Federal
award compliance requirements nor-
mally do not pass through to contrac-
tors. However, the auditee is respon-
sible for ensuring compliance for pro-
curement transactions which are struc-
tured such that the contractor is re-
sponsible for program compliance or
the contractor’s records must be re-
viewed to determine program compli-
ance. Also, when these procurement
transactions relate to a major pro-
gram, the scope of the audit must in-
clude determining whether these trans-
actions are in compliance with Federal
statutes, regulations, and the terms
and conditions of Federal awards.

(h) For-profit subrecipient. Since this
part does not apply to for-profit sub-
recipients, the pass-through entity is
responsible for establishing require-
ments, as necessary, to ensure compli-
ance by for-profit subrecipients. The
agreement with the for-profit sub-
recipient should describe applicable
compliance requirements and the for-
profit subrecipient’s compliance re-
sponsibility. Methods to ensure compli-
ance for Federal awards made to for-
profit subrecipients may include pre-
award audits, monitoring during the
agreement, and post-award audits. See
also §200.331 Requirements for pass-
through entities.

§ 200.502 Basis for determining Fed-
eral awards expended.

(a) Determining Federal awards ex-
pended. The determination of when a
Federal award is expended should be
based on when the activity related to
the Federal award occurs. Generally,
the activity pertains to events that re-
quire the non-Federal entity to comply
with Federal statutes, regulations, and
the terms and conditions of Federal
awards, such as: expenditure/expense
transactions associated with awards in-
cluding grants, cost-reimbursement
contracts under the FAR, compacts
with Indian Tribes, cooperative agree-
ments, and direct appropriations; the
disbursement of funds to subrecipients;
the use of loan proceeds under loan and
loan guarantee programs; the receipt
of property; the receipt of surplus prop-
terty; the receipt or use of program in-
come; the distribution or use of food
commodities; the disbursement of
amounts entitling the non-Federal en-
tity to an interest subsidy; and the pe-
riod when insurance is in force.

(b) Loan and loan guarantees (loans).
Since the Federal government is at
risk for loans until the debt is repaid,
the following guidelines must be used
to calculate the value of Federal
awards expended under loan programs,
except as noted in paragraphs (c) and
(d) of this section:

(1) Value of new loans made or re-
ceived during the audit period; plus
(2) Beginning of the audit period bal-
ance of loans from previous years for
which the Federal government imposes
continuing compliance requirements;
plus
(3) Any interest subsidy, cash, or ad-
ministrative cost allowance received.

(c) Loan and loan guarantees (loans) at
IHEs. When loans are made to students
of an IHE but the IHE does not make
the loans, then only the value of loans
made during the audit period must be
considered Federal awards expended in
that audit period. The balance of loans