Welcome to the RBP Methods webinar on the proposed changes to the A133 requirements

My name is Michael J Fluharty I am a Certified Public Accountant in Maryland and Washington State. I have 12 years’ experience in Public accounting and 10 years’ experience in local government and non-profits.

I work with RBP Methods help non-profits implement Sage Fund Accounting and to provide technical support.

If you have any questions for me, the email is the best approach. You can also call the office at (503) 648-9051.

We have a lot to go over and a large group so I am going to mute everyone and ask that you ask questions through the chat window or at the end of the presentation
The proposed changes we are going to review today cover the gambit of Audit Requirements, Cost Principles and Administrative Requirements.

The Proposed Rules were published by the OMB in the Federal Register on February 28, 2012. The initial comment period ended March 29th and had to be extended to April 30th due to the volume of comments.
First I want to let you know a little bit about our sponsor, RBP Methods.

They have been around for 20 years and I am proud to partner with them to provide quality services to non-profits and local governments.

I also want to mention the Sage user groups that is happening in once or twice a year.
A. Entities that expend less than $1 million in Federal awards would not be required to conduct a Single Audit. This would be an increase from $500,000.

The intent is to enable awarding agencies to focus their oversight and follow-up resources in the most efficient and effective way for targeting improper payments, waste, fraud, and abuse.

Some of the comments included:
Favorable responses

- The proposal will reduce the significant burden on them both in time and cost.

- Audits, audit resolution, and oversight resources need to be more focused on more meaningful, higher dollar, higher risk federal awards.

- Under the proposal there would still be coverage for over 99.4 percent of federal awards expended.

- Since we are currently under the same audit requirements as much larger governmental entities that receive millions in grant funds, it would seem that we are forced to bare an unfair share of audit fees based on our population and limited resources.

- The Office of Inspector General with the Department of the Interior, determined that their cost in time and effort for reviewing audit reports, for the smaller entities, is not worth the return.

- We are in support, with the continued opportunity to do program specific audits with no threshold limitations.

- The elimination of all audit requirements does not eliminate the financial reporting required under the programs, which can include a full set of financial statements, including footnotes and supplemental schedules.
More Cautious Responses

- The proposal leaves the smallest and most vulnerable entities open to noncompliance and inability to meet the ongoing financial reporting requirements that continue under the associated programs.

- Many smaller entities would not have to do audits and that would increase the risk regarding their financial management.

- Smaller entities are high risk where the only audits are a result of the A-133.

- There can be an inverse relationship between improper payments and the size of the recipient.

- OMB should consider requiring these recipients to engage the auditor in a compilation or review of the financial statements in place of a complete audit.

- The proposal will result in additional monitoring costs

- The proposal may predispose awarding agencies to selecting only sub-recipients that receive enough Federal funding to still require a Single Audit, this would diminishing the federal funding for smaller organizations.

- Could there be a provision where pass-through entities can require these types of entities to have the focused A-133?
- States Agencies use the Single Audit as a tool. The proposed changes seem to eliminate that tool, but do not take away the responsibilities.

- It is unclear how larger federal grantees who subcontract work to smaller recipients would meet their obligations to ensure the adequacy of grants management controls at these smaller entities.

I personally find the aversion by the state and local governments to be a bit confusing since my experience has been that the monitoring agencies do not rely on the A133 nearly as much as they should. I do not believe that they fully understand what an A133 means to them.
B. *Entities that expend between $1 million and $3 million in Federal awards* would be required to undergo a more focused version of the Single Audit, once a major program determination has been made, auditors would review only two compliance requirements for those programs. Allowable and unallowable costs would always be one of the required compliance requirements, and agencies would have the discretion to select the second compliance requirement for each of their programs as they deem most appropriate.

The comments were generally in favor of this proposal. The only comment that stood out to me was the desire to pick both compliance requirements and not just the one.

C. *Entities that expend more than $3 million in Federal awards* would undergo a full Single Audit.

I did not see any negative comments about this proposal.
**Brady Martz & Associates**
I would fully support the changes as proposed. We have several smaller government clients where the single audit requirements are a burden and they often are required because they are just above $500,000 in federal expenditures. This would greatly reduce the burden on them both in time and cost.

**Arizona Office of the Auditor General**
We agree with the notion that audits, audit resolution, and oversight resources need to be more focused on more meaningful, higher dollar, higher risk federal awards. We believe the amount of effort to audit smaller award recipients and subrecipients, as well as the effort and difficulty in “keeping up” with audit resolution and monitoring (if it is even done at all) over these smaller award recipients has proven to be of little value and greater cost than benefit.

Accordingly, we applaud the idea of raising the threshold for single audit work to entities that expend $1 million or more in federal awards. We acknowledge the reduced burdens and costs of over 9,300 smaller entities (25 percent of the entities currently receiving single audits) by raising the threshold from $500,000 to $1,000,000, and still obtaining coverage for over 99.4 percent of federal awards expended.

**Alliance for a Healthier Generation**
We enter into agreements with local jurisdictions as a sub-recipient of federal grants. The amounts of these grants vary over time and we may or may not meet the current $500,000 threshold in any given year. The inconsistency of requiring and not requiring a Single Audit is inefficient and impacts not only our operations, but our Board of Directors and their oversight. While they are expecting our financial audit each year, we may or may not have a Single Audit and with board turnover, this is confusing. Further, the expense of the Single Audit on a medium sized non-profit is a financial burden that reduces the funds available for our mission. Given the very low Indirect contribution, we lose money on our partnerships that involve federal funds. However, these partnerships are a very effective way to achieve our mission. We do not want to be in a situation of choosing to pass on these opportunities but cannot afford to pay for the Single Audit unless we have a large enough pool of federal grants to make it cost effective. **We strongly support the change in the threshold to $1 million, as well as the more focused version of the Single Audit for expenses between $1 million and $3 million.**

**New York State Government Finance Officers’ Association, Inc.**
We support increasing the Federal Single Audit threshold from $500,000 to $1,000,000. However we are concerned about the impact on recipients that pass-through Federal funding to sub-recipients and which rely on the Federal Single Audits of those sub-recipients for sub-recipient monitoring. The threshold change will result in additional monitoring costs for these recipients and/or may predispose them to selecting only sub-recipients that receive enough Federal funding to still require a Single Audit, diminishing the federal funding for smaller organizations.
PA Department of Education, Division of Food and Nutrition
We are in support of raising the threshold to $1 million, with the continued opportunity to do program specific audits with no threshold limitations.

Affordable Housing Association of Certified Public Accountants
We agree that an A-133 audit is both a significant expense and overhead burden. However, the elimination of all audit requirements does not eliminate the financial reporting required under the programs. HUD’s financial reporting requires a full set of financial statements, including footnotes and supplemental schedules. Under this proposal those filing would simply be submitted as unaudited. However, the ability of these entities to meet those requirements is usually dependent on an outside party, such as the CPA.

Further, eliminating the audit requirement leaves the smallest and most vulnerable entities open to noncompliance and inability to meet the ongoing financial reporting requirements that continue under the associated programs. Also, these entities are the least likely to have effective internal control and consistently are noted for issues related to the financial and other and compliance issues. The majority of these entities will require additional assistance from a professional in order to comply with their reporting requirements. Eliminating all audit requirements will not remove the involvement of the professional. Nor will it necessarily reduce paperwork or other administrative burdens on the auditee other than cost. Current reporting burdens required by the recipient’s regulatory requirements remain unchanged and each recipient must continue to file financial statement data with the agency outside of the A-133 requirements.

In order to eliminate the most burdensome of the requirements and yet continue to provide some control over the recipient, we would suggest that rather than eliminate the audit requirements, OMB consider requiring these recipients to engage the auditor in a compilation or review of the financial statements in place of a complete audit. This removes the majority of the burdensome requirements for both the agency and the CPA, yet retains the ability of the CPA to be involved in continuing to ensure that the agency’s required financial reporting is reliable. Also, such financial procedures will also allow the CPA to report issues of noncompliance noted during such an engagement.

TOWN OF MARS HILL
As a local government entity, we are adamantly in favor of the Single Audit Threshold for Audit Increase. The Town of Mars Hill receives grant dollars for critical improvements, especially in the Town’s infrastructure. Single Audits required greatly inflate the cost to the Town in professional fees. As a small Town it is imperative that we be very conservative with all funds expended. Since we are currently under the same audit requirements as much larger governmental entities that receive millions in grant funds, it would seem that we are forced to bare an unfair share of audit fees based on our population and limited resources. The
Single Audit Threshold of less than $1,000,000 in federal awards would greatly benefit the smaller local governments in helping to keep down the cost of the mandatory annual audit. If you require further justification from the Town of Mars Hill

**The Department of the Interior (Interior), Office of Inspector General (OIG)**

We are satisfied with the proposed increase to the Single Audit threshold. An increase from the current $500,000 to $1,000,000 is sufficient to reduce our administrative burden while having a minimum monetary effect on our oversight. Any increase in the threshold greater than $1,000,000 to eliminate the requirement to obtain a Single Audit would exclude too many tribal governments from any single audit coverage. Any increase in the threshold less than $1,000,000 to eliminate the requirement to obtain a Single Audit would have an inconsequential administrative and monetary effect on our single audit oversight as compared to our current oversight. We find that our cost in time and effort for reviewing tribal audit reports that fall in the $500,000-$1,000,000 range is not worth the return based on the minimal amounts of Interior expenditures reported in the audit reports.

**Virginia Department of Housing and Community Development**

recommends that the audit threshold remain at $500,000 rather than increase to $1,000,000 since many smaller entities would not have to do audits and we feel that would increase the risk regarding their financial management.

**Michigan Department of Education**

Unless the USED reduces its compliance expectations, increasing the single audit threshold will be a burden shift from the subrecipients who are now responsible for obtaining single audits to the Michigan Department of Education. The MDE would need to increase its fiscal and compliance monitoring for those subrecipients not covered by under the increased threshold. This shift of monitoring from the auditors to MDE would not increase the level of accountability to prevent waste, fraud and abuse. It would not increase efficiency because recipients would need implementation funding for this burden shift.

**Office of Audit Services, New York State Education Department, Office of Audit Services**

We have several smaller entities receiving federal funding between $500k and $1,000K that we believe are high risk where the only audits are a result of the A-133. Could there be a provision where pass-through entities can require these types of entities to have the focused A-133? In addition, can there be language allowing pass-through entities to withhold federal funds for lack of submission of adequate corrective action plans specifically and serial non-compliance such as findings being repeated for more than two years?

**Missouri Department of Natural Resources**

Reduced audits for entities that expend less than $1 million in federal awards would create more burden on federal and pass-through agencies, as monitoring would be expected to increase. Most state entities are short on staff and expertise to perform
these efforts as it is. State agency Internal Audit Programs may need to be expanded to take on the burden of ensuring compliance of grant recipients.

**Commonwealth of PA**
If the threshold for requiring a single audit is changed from the current $500,000 of federal funds expended to $1,000,000 of federal funds expended, many school districts in Pennsylvania will not be required to submit a single audit. Is there another method in place to monitoring these federal awards given to the school districts?

**LEGISLATIVE AUDIT DIVISION – STATE OF MONTANA**
There can be an inverse relationship between improper payments and the size of the recipient. Smaller entities do not always have sufficient resources to properly manage federal awards. Individually, each recipient or subrecipient expending less than $1 million may not present a material risk, but collectively it could. Increasing the threshold would likely increase costs to the state of Montana.

**Department of Natural Resources**
The Single Audit requirement is a tool for us, as a State Agency to monitor our sub-recipients. Proposed changes seem to eliminate that tool, but do not take away the responsibilities. Potential resource savings on the Federal side, should not be offset (even partially) by increased resources on the State or the sub-recipient side.

**Arizona State University**
Arizona State University does not support altering the Single Audit thresholds. While we recognize that changing the thresholds may eliminate the burden on many small entities, this will increase the subrecipient monitoring burden on research institutions that could no longer rely on a Single Audit for these smaller entities.

**Joslin Diabetes Center**
While reducing audit thresholds for smaller grant recipients would save audit efforts, it is unclear how larger federal grantees who subcontract work to smaller recipients, which are not required to have single audits, would meet their obligations to ensure the adequacy of grants management controls at these smaller entities.
2. **Streamlining the universal compliance requirements in the Circular A–133 Compliance Supplement.**

   Compliance Supplement could be streamlined to focus on proper stewardship of Federal funds.

3. **Strengthening the guidance on audit follow-up for Federal awarding agencies.**

4. **Reducing burden on pass-through entities and subrecipients by ensuring across-agency coordination.**

5. **Reducing burdens on pass-through entities and subrecipients from audit follow-up.**

   For those situations in which an entity receives a majority of its Federal funds through direct grants from the Federal government, and some Federal funds through subawards, the reform idea would be to require Federal agencies to conduct audit follow-up of the subawards.
2. For indirect (“facilities and administrative”) costs, using flat rates instead of negotiated rates.
   • One option would be to establish a mandatory flat rate that is discounted from the recipient’s already negotiated rate.
   
   • Another option would give recipients the option of accepting a flat rate or negotiating a rate.

Some of the comments included:
Favorable responses

- A flat-rate option is necessary

- Negotiating an indirect rate is burdensome

- This will eliminate the waste of federal fund at many large institutions that spend the indirect cost on non-grant related programs.

- Currently, the system is set to encourage institutions that receive grants to maximize their indirect cost rates, rather than be as efficient as possible.

- There was support for the optional use of flat rates.
More Cautious Responses

- A one-size-fits-all rate undermines competition. Some entities would get more money than they need; others would not recoup enough to cover their costs.

- There would be a tendency to inflate the flat rate so that no entity would be “caught short;”

- The current method works very well and accurately allocates indirect cost based on direct time charged to benefiting programs.

- Indirect costs should be as reflective of reality as possible.

- There are programs … that provide administrative funds that are insufficient to recover even direct costs. The OMB look at administrative cost recovery in all federal programs to determine if they are adequate, … increase administrative fees … to make recipients whole.

- It could also be grossly unfair, forcing those with high indirect costs to accept a much lower rate and those with low to receive an unnecessary high rate.

- The agency could potentially receive a lesser amount of indirect cost recovery.
• Annual negotiated indirect cost rates represent a tiny fraction of an agencies administrative expenses

• Actual Indirect Costs by program can fluctuate significantly from year to year depending on the level and variety of funding.

• The proposal would weaken the financial health of nonprofits.

• The risk of shorting the institution of future revenue is too great.

• What constitutes a discount factor?

• There is concern that the flat rate will not be fair to smaller institutions.
Alliance FOR Nonprofits Washington

a flat-rate option is necessary. For some nonprofit organizations, negotiating an indirect rate is burdensome, while for others it is not, depending upon the funding agency. Therefore, leaving an option will benefit a wider range of organizations.

North Dakota State University

I strongly support that using a flat rate for indirect cost (40-50%). This will eliminate the waste of federal fund at many large institutions that spend the indirect cost on non-research related programs. The money saved can be used to increase the number of grants funded for researchers.

Robert Kuchta

I think that going to a flat indirect cost rate is an outstanding idea. Currently, the system is set to encourage institutions that receive grants to maximize their indirect cost rates, rather than be as efficient as possible. This change would be an outstanding idea!

Georgetown University

I strongly support the idea to a flat rate for indirect costs.

American Public Transportation Association

Regarding indirect rates, we greatly favor the optional use of flat rates. The substantial differences in grantee size and sophistication strongly suggests having an option would ensure the best fit for the wide array of grantee organizations and be consistent with OMB’s intent to maximize the efficiency of the process.

NW3C, Inc.

My primary concern is with the proposed flat indirect cost rate, rather than a negotiated indirect cost rate, for each entity. Each organization is different, thus different rates are appropriate. A one-size-fits-all rate undermines competition, ignores legitimate corporate differences, and would probably end up costing the govt (and taxpayers) more in the long-run. Some entities would get more money than they need; others would not recoup enough to cover their costs. There would be a tendency to inflate the flat rate so that no entity would be “caught short;” however, this would result in entities playing games to finagle their cost accounting and push more costs to charge them directly and then pocket the over-collection of indirect costs. An entity that engages in multiple project and reaches an economy of scale with respect to administrative costs may have a lower rate than an entity that has only a limited number of grants or activities.

Arizona State University

Arizona State University does not endorse or support any proposed reform that requires acceptance of mandatory flat rates or rates discounted from already negotiated rates. If options were added to allow recipients to opt for a flat rate or a discounted rate, we strongly believe that the option to submit a Facilities and Administrative (F&A) Cost Proposal and negotiate rates must be retained.
Virginia Employment Commission
We would be against an imposed flat rate for all entities. We currently submit a
detailed Cost Allocation Plan (CAP) annually and receive an approved budgetary
rate. We allocate actual cost monthly in accordance with the CAP using ETA
Handbook 362. The method works very well and accurately allocates indirect cost
based on direct time charged to benefiting programs.

Minnesota Housing Finance Agency
Minnesota Housing disagrees with the proposal for a flat indirect cost rate. Indirect
costs should be as reflective of reality as possible. A simple discount of a negotiated
rate assumes that the cost to us to calculate the support for a negotiated rate
exceeds the reimbursement we would lose via the discount. While a flat reduction
in negotiated indirect costs would decrease costs to the Federal government, it may
increase net unreimbursed costs to grant recipients.

Additionally, there are programs ... that provide administrative funds that are
insufficient to recover even direct costs. Minnesota Housing recommends that
OMB look at administrative cost recovery in all federal programs to determine if
they are adequate, ... increase administrative fees ... to make recipients whole.

Nickoel Anderson
A flat rate applied to all, or applied to groups, could be simple, eliminate all
negotiation, and greatly reduce paperwork. It could also be grossly unfair, forcing
those with high indirect costs to accept a much lower rate and those with low to
receive an unnecessary high rate. A choice between a stated flat rate and negotiation
would absolutely result in agencies choosing the higher option, although if our
current rate was close to the flat rate we may choose to accept the flat rate, even
though it was lower.

Virginia Department of Housing and Community Development
recommends not changing to a flat or negotiated indirect cost rate since the agency
could potentially receive a lesser amount of indirect cost recovery. This recovery is
vital to supplementing declining general funds received from State appropriations.
**La Jolla Bioengineering Institute**
I find the proposed changes to Cost Principles very troubling. 1. While annual negotiations with the DCA can be a hassle, they represent a tiny fraction of our administrative expenses (less than 0.05% of our F&A rate). The upside of these negotiations is that they promote better compliance on our part. Thus reducing DCA negotiations to once every four years hardly provides any savings to the government, yet indirectly promotes laxness in compliance. 2. For a small organization as ours, the F&A rate can fluctuate significantly from year to year, and in ways that are not always predictable. For example, there was a dramatic decrease in our rate because of recent ARRA awards, but we are now facing significantly increased rates due to the expiration of these ARRA awards coupled with decreased grant awards due to the increased competitiveness of NIH funding. The vast majority of F&A expenses are fixed, and therefore F&A rates are highly sensitive to funding rates. This phenomenon is amplified in smaller organizations such as mine. **If rates were locked-in for several years as proposed, and discounted from our current rates on top of that, we would become insolvent next year.**

**Cincinnati - Hamilton County Community Action Agency**
The proposal to establish discounted flat indirect cost rates may be cheaper to the Federal government but this change would weaken the financial health of nonprofits. This would cause non-profit organizations to not be reimbursed their actual indirect costs. The current system is not burdensome for organizations that are of a size to need indirect cost plans. Financial accounting systems are sophisticated enough to mechanize the accounting for indirect costs.

**Montana State University**
I think that fundamentally Montana State University is opposed to a mandatory flat rate, even if it is based on a percentage of our existing rate, unless that percentage could be 100%. The risk of shorting the institution of future revenue is too great, but the option of accepting/negotiating a rate for a longer period of time has more appeal since we would be incurring the cost of preparing a facilities and administrative rate proposal less frequently and thus spreading this expense over a longer period of time.
A flat rate that would be a fixed percentage of the organization’s already existing negotiated rate

**Tri-County Opportunities Council**
I am the CEO of a medium-sized ($25 million) Community Action Agency in Illinois. We have had an indirect cost rate (ICR) for many years with HHS as the cognizant agency and we have a problem with the proposed discounted rate ICR and the preparation cost savings of a multi-year flat rate. At present, our ICR is prepared by our audit firm at a cost of $1,200 a year on indirect costs of about $500,000 annually. Thus, any cost savings would be minimal for us. We have also experienced great changes in grants during the past year which has caused our indirect costs to exceed our ICR. A discounted rate would exacerbate this problem immensely and we would be unable to administer our programs as well as we can do now. Thus, we are opposed to any changes in the ICR process.

**North Central Texas Council of Governments**
Arbitrary discounted rates do not take into consideration the entity’s needs to support federally funded programs nor will they necessarily eliminate the costs currently reimbursed for support of federally funded programs. What constitutes a discount factor?

**Reed College**
We would prefer to have an individually negotiated rate rather than a flat rate. We are concerned that the flat rate will not be fair to smaller institutions like ours. We are in favor of using of the F&A rate consistently by ALL federal agencies. This would reduce the confusion for those grants whose indirect costs are not the same. It is challenging to track, and makes it difficult to budget for the revenue. We agree with the proposed change in effort reporting.
1. Consolidating the cost principles into a single document, with limited variations by type of entity.

There were some doubt expressed to this idea from universities and research facilities, who see themselves as being significantly different from the rest of us.

5. Charging directly allocable administrative support as a direct cost. This reform idea would involve clarifying the circumstances under which entities may charge directly allocable administrative support as a direct cost.

This involves directly attributed administrative costs, the responses were generally positive

17. Providing non-profit organizations an example of the Certificate of Indirect Costs.

18. Providing non-profit organizations with an example of indirect cost proposal documentation requirements.
3. Exploring alternatives to time-and-effort reporting requirements for salaries and wages. This reform idea would involve working with the Federal grant and Inspector General (IG) communities to identify risks associated with justifications for salaries and wages and to identify possible alternative mechanisms for addressing those risks beyond current time-and-effort reporting requirements.

The comments were mixed:

- This can substantially reduce administrative costs.

- Isn't it more important for staff to spend their time providing services rather than tracking how they spend every minute of their time?

- The change would require unnecessary additional work by the State to maintain records and would require administrative exceptions from Federal agencies.
Alliance FOR Nonprofits Washington
We fully support an exploration of alternatives to time-and-effect reporting. This can substantially reduce administrative costs.

Daybreak, Inc.
Time and Effort Reporting Time and effort reporting is an administrative burden. Isn't it more important for staff to spend their time providing services rather than tracking how they spend every minute of their time? Employees are often allocated across several programs in social service agencies. This approach is in the best interest of the client, but makes effort reporting difficult. If employees were only required to provide a detailed time and effort report annually, this would reduce the burden.

Virginia Department of Housing and Community Development
We feel that the time-and-effort reporting requirements for salaries and wages and upfront expenses would adversely affect State funds. The change would require unnecessary additional work on the part of the State to maintain records and would require administrative exceptions from HUD.
1. **Creating a consolidated, uniform set of administrative requirements.** This reform idea would involve consolidating the administrative requirements in OMB Circulars A–102 and A–110 into a uniform set of administrative requirements for all grant recipients. This uniform guidance would continue to include limited exceptions by type of recipient.

2. **Requiring pre-award consideration of each proposal’s merit and each applicant’s financial risk.** This reform idea would involve requiring agency consideration of the merit of each proposal and the financial risk associated with each applicant prior to making an award.

The comments were mixed:

- This would result in less fraudulent use of federal funds.

- A decision could be made without the applicant being given a fair opportunity to challenge any negative determinations.

- We support greater transparency in how grants are awarded.
Missouri Department of Natural Resources
Requiring pre-award consideration of each proposal’s merit and each applicant’s financial risk sounds good from a pass-through perspective for sub grantees that demonstrate poor performance or have weak financial and management capability components for managing grant funds. This would result in less fraudulent use of federal funds.

New York State Government Finance Officers’ Association, Inc.
We recommend caution before requiring pre-award consideration of each proposal’s merit and each applicant’s financial risk. We are concerned that a decision could be made without the applicant being given a fair opportunity to challenge any negative determinations. We support greater transparency in how grants are awarded.
Some additional comments included:

- Different awarding agencies have different reporting requirements. Requiring one form to report to multiple agencies would reduce administrative costs.

- The best way to reduce the burden on grantees is to reduce the amount of time it takes to get us paid.

- One Federal Agency recommended shortening the Single Audit cycle so they can review audit findings earlier, so that they can initiate corrective actions as soon as possible.

- One organization recommended allowing pass-through entities to withhold federal funds for lack of adequate corrective action plans and repeat findings.

- There was one recommendation to exempt federally forgivable loans from the threshold. This would save many project based HUD projects from the cost of audits.
**Alliance FOR Nonprofits Washington**
The proposed reforms to the audit requirements ... help reduce the cost to smaller recipients. Auditors and accountants associated with the nonprofit sector have long felt the threshold was too high.

Requiring a single audit will reduce confusion by recipients, saving time and preserving more revenue for program work. In addition, we would like to see a single report requirement. Often, multiple forms with varying requirements on each are completed for different awarding agencies. Requiring one form to report to multiple agencies would reduce administrative costs, allowing more funding to go to serving clients. At the same time, reporting forms should request pertinent data only. For example, Solid Ground, a local nonprofit community service agency, has had to report on all clients that went through the organization’s housing programs (five different housing programs) to HUD, even though HUD funds were used for only one of those five—a mortgage program.

**New Mexico Department of Military Affairs**
The best way to reduce the burden on grantees is to reduce the amount of time it takes to get us paid.

**U.S. Department of Agriculture**
Consolidating the administrative requirements and cost principles into a more user-friendly format would decrease the administrative burden to our pass-through entities that award to different entities. Also, shortening the Single Audit cycle would help us review audit findings earlier. Since we award to the same entities every year, it is important that we are notified of audit findings in a timely manner, so that we can initiate corrective actions as soon as possible.

- In addition, can there be language allowing pass-through entities to withhold federal funds for lack of submission of adequate corrective action plans specifically and serial non-compliance such as findings being repeated for more than two years?
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