



# Memo

To: Government Finance Professionals  
From: TKW Government Team  
CC:  
Date: 4/6/2010  
Re: AARA Guidance

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A recent memorandum by the Office of Management and Budget (OMB) provides new guidance for recipients of Federal funds through the American Recovery and Reinvestment Act (ARRA) and entities which require an A-133 Single Audit. Read M-10-14, *Updated Guidance on the American Recovery and Reinvestment Act*.

Much of the memorandum pertains to Federal agencies and the requirements of monitoring and managing distributed ARRA funds. While this does not directly affect the recipients, the high level of review of ARRA funds spending is important to note. Key points that pertain to recipients are noted below.

#### *Report submission deadline – all Single Audits*

The Data Collection Form (DCF) and completed Single Audit report are due the earlier 30 days after the audit has been completed or nine months after the end of the audit period (Circular A-133 §320). Previously Federal agencies were able to approve extensions. Per this memorandum, OMB has instructed Federal agencies to not grant any extension requests for fiscal years 2009 through 2011. Entities who have relied on report extensions in the past should be prepared to submit reports by March 31 of the subsequent year (for fiscal years ending June 30, 2009-2011). In addition, OMB has clarified that to meet the criteria for a low-risk auditee in the current year, the prior two years' reports must have been submitted by the due date. Entities who are otherwise eligible to be low-risk auditees (See Circular A-133 §530) should plan to submit reports by the March 31 due date.

#### *Review by Federal agencies - ARRA*

Beginning with fiscal years ending September 30, 2009 and later, the Federal Audit Clearinghouse will prepare a report summarizing ARRA audit findings by type of non-compliance (as defined by the compliance requirements in the Compliance Supplement – activities allowed/unallowable, allowable costs/cost principals, etc). Federal agencies are expected to review these reports and take action, including: follow up to ensure all findings are resolved within six months of filing; identify high risk areas and focus on high risk programs and auditees; consider additional monitoring; and report synopses of highest risk audit findings to OMB. This could mean a heightened response by Federal agencies to ARRA single audit findings.

Note – the 2010 Compliance Supplement is expected to be published in April or May 2010.