Impact of Delayed Guidance on PPC Government, Nonprofit, and Single Audit Related Products

Updated 1/26/2021

The COVID-19 pandemic delayed the effective dates and the issuance of AICPA and Office of Management and Budget (OMB) authoritative guidance that is critical to the updates of certain PPC government, nonprofit, and single audit related products. The purpose of this communication is to update you about the status of that guidance and how it affects your PPC products. We hope this information will help you better plan and perform your upcoming audits and audits in process.

Office of Management and Budget (OMB)

OMB is responsible for the annual issuance of the Compliance Supplement, which is necessary for audits of federal awards, including single audits. OMB issued the 2020 Compliance Supplement in two parts.

- The first part was the traditional, annual Compliance Supplement, which was issued in August 2020.
- The second part was the 2020 Compliance Supplement Addendum, which was issued on December 22, 2020. It includes new COVID-19 federal award programs, one new non-COVID-19 cluster, content related to the CARES Act, new reporting compliance requirements, and pandemic related changes to existing federal programs and reporting package due dates.

AICPA

The AICPA issues two guides affecting audits of local governments or other entities that have single audits. The first is an audit and accounting guide, State and Local Governments (SLG). The second is an audit guide, Government Auditing Standards and Single Audits (GAS/SA Audit Guide). The GAS/SA Audit Guide contains guidance on implementing the 2018 Yellow Book in audits, including single audits, and provides updated Yellow Book report examples. Both guides contain guidance on current industry topics and example auditor’s reports. Due to the deferred effective dates of SAS Nos. 134 – 140 (new audit reporting standards), the AICPA included an appendix in SLG and the GAS/SA Audit Guide with summary information about the new reporting standards and did not include report examples under the new reporting standards.

The 2020 editions of SLG and the GAS/SA Audit Guide are now available on Checkpoint. The AICPA has indicated that they plan to release selected example auditor’s reports reflecting the new reporting standards through the GAQC website. However, that has not yet occurred. The 2021 editions of SLG and the GAS/SA Audit Guide will be fully updated for the new reporting standards, including report examples.

Impact of the OMB and AICPA Delays on Selected PPC Products

PPC’s SMART Practice Aids—Single Audit Suite (SPS)

The 11/20 edition of SPS was released based on the August 2020 Compliance Supplement. We expect to release a revised edition of SPS addressing the December 2020 Compliance Supplement Addendum by the end of February 2021, allowing auditors to meet the 3-month extended reporting package deadline of June 30, 2021 for June 2020 year ends. Auditors who previously began their engagements
with the prior edition would then update their engagements with the new SPS edition, retaining their previous work and finalizing their compliance audit programs.

**PPC’s Guide to Audits of Nonprofit Organizations (NPO)**

The 2/20 edition of NPO was updated prior to the deferral of SAS No. 134 and related reporting standards and the availability of SAS No. 134 and 2018 Yellow Book compliant auditor’s reports for nonprofit organizations. As a result, practice aids were reserved at CL-1.2.2, CL-1.3.2, Appendix 13F-3, Appendix 13H, and Appendix 13I with instructions for customers to find updated examples at the Thomson Reuters customer support website. **Due to the deferral of the reporting SAS effective dates to years ending on or after December 15, 2021, practice aids for CL-1.2.2, CL-1.3.2, Appendix 13F-3, Appendixes 13H-5 to 13H-8, and Appendix 13I will not be provided and the engagement letters at CL-1.1.1, CL-1.2.1, and CL-1.3.1, as well as the reports at Appendixes 13A, 13B, 13C, and 13E, can now be used for years ending before December 15, 2021. Practice aids for Appendixes 13H-1 to 13H-4 (reports with revisions for the 2018 Yellow Book) have been posted to the Thomson Reuters customer support website.**

**PPC’s Guide to Audits of Local Governments (ALG)**

The 2/20 edition of ALG was updated prior to the deferral of SAS No. 134 and related reporting standards and the availability of SAS No. 134 and 2018 Yellow Book compliant auditor’s reports for governments. As a result, practice aids were reserved at CL-1.2.2, CL-1.3.2, Appendix 11H, Appendix 11I, and Appendix 11J with instructions for customers to find updated examples at the Thomson Reuters customer support website or from Checkpoint Tools. **Due to the deferral of the reporting SAS effective dates to years ending on or after December 15, 2021, practice aids for CL-1.2.2, CL-1.3.2, Appendix 11H, Appendixes 11I-7 to 11I-12, and Appendix 11J will not be provided and the engagement letters at CL-1.1.1, CL-1.2.1, and CL-1.3.1, as well as the reports at Appendixes 11A, 11B, 11C, 11D, and 11F, can now be used for years ending before December 15, 2021. Practice aids for Appendixes 11I-1 to 11I-6 (reports with revisions for the 2018 Yellow Book) have been posted to the Thomson Reuters customer support website.**

**PPC’s Practice Aids for Audits of School Districts (PSD)**

The 3/20 edition of PSD was updated prior to the deferral of SAS No. 134 and related reporting standards and the availability of SAS No. 134 and 2018 Yellow Book compliant auditor’s reports for governments. As a result, practice aids were reserved at CL-1.2.2, CL-1.3.2, RP-7 through RP-16, and RP-20 through RP-22 with instructions for customers to find updated examples at the Thomson Reuters customer support website or from Checkpoint Tools. **Due to the deferral of the reporting SAS effective dates to years ending on or after December 15, 2021, practice aids for CL-1.2.2, CL-1.3.2, RP-7 through RP-8, RP-13 through RP-16, and RP-20 through RP-22 will not be provided and the engagement letters at CL-1.1.1, CL-1.2.1, and CL-1.3.1, as well as the reports at RP-1 through RP-6 and RP-17 through RP-19, can now be used for years ending before December 15, 2021. Practice aids for RP-9 through RP-12 (reports with revisions for the 2018 Yellow Book) have been posted to the Thomson Reuters customer support website.**

**PPC’s Guide to Single Audits (GSA)**
The 8/20 edition of GSA was finalized before the release of the 2020 Compliance Supplement Addendum. Subscribers should be alert for subsequent changes to federal award programs and compliance requirements resulting from the 2020 Compliance Supplement Addendum by monitoring the links in the next section.

**PPC’s Guide to HUD Audits (HUD)**

The 8/20 edition of HUD was finalized before the release of the 2020 Compliance Supplement Addendum. Subscribers should be alert for subsequent changes to HUD award programs and compliance requirements resulting from the 2020 Compliance Supplement Addendum by monitoring the links in the next section.

**PPC’s Practice Aids for Audits of Health Care Entities (PHCG)**

The 7/20 edition of PHCG was updated prior to the availability of 2018 Yellow Book compliant auditor’s reports. As a result, practice aids were reserved for the pre-SAS No. 134 compliant Yellow Book auditor’s reports with instructions for customers to find updated examples at the Thomson Reuters customer support website. The pre-SAS No. 134 compliant Yellow Book reports have been posted to the Thomson Reuters customer support website.

**How to Stay Informed**

PPC customers are encouraged to stay informed about the status of expected guidance and/or the availability of PPC products through the following sources:

- AICPA Government Audit Quality website – [aicpa.org/interestareas/governmentalauditquality.html](aicpa.org/interestareas/governmentalauditquality.html)
- PPC’s A&A Products page at the Thomson Reuters customer support website – [thomsonreuterstaxsupport.force.com/](thomsonreuterstaxsupport.force.com/)
- The PPC Nonprofit Update newsletter – [checkpoint.riag.com](checkpoint.riag.com)
- The PPC Governmental Update newsletter – [checkpoint.riag.com](checkpoint.riag.com)