



Professional Standards Committee Highlights

CSLFRF ALTERNATIVE ENGAGEMENT



An unprecedented level of federal funding has provided Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) to over 30,000 governmental agencies. Many of the recipients are small agencies that have not previously been required to undergo a single audit. In order to reduce the audit burden on these small agencies, as well as address concerns about the capacity of qualified auditors available to perform single audits, the Office of Management and Budget (OMB) issued a Federal Register technical update notice in April 2022, which provides an alternative to a single audit for eligible CSLFRF recipients.

The alternative engagement is a compliance examination, which will focus on a narrow scope of compliance requirements related to Activities Allowed or Unallowed, and Allowable Costs/Cost Principles. CSLFRF recipients that expend \$750,000 or more in federal awards during the fiscal year, and who meet both criteria listed below are eligible to utilize the alternative compliance examination engagement:

- The agency's total CSLFRF allocation received directly from the U.S. Department of Treasury or received as a non-entitlement unit of local government is at or below \$10 million; and
- Other federal expenditures (not including CSLFRF award funds) are less than \$750,000 during the agency's fiscal year.

If you feel like this might be an option for your agency, we encourage you to reach out to your auditor to discuss this option under the technical bulletin, which can be found [here](#).

If you have questions regarding this topic, contact Jason Al-Imam, Chair of the Professional Standards Committee at standards.chair@csmfo.org.

The Professional Standards Committee operates as a technical resource to CSMFO members. The Committee is comprised of municipal and commercial members whose mission is to keep members informed of emerging issues and best practices.
