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MEMORANDUM (REVISED)

TO: For Local Government Officials & CPAs Engaged to Conduct Audits and Reviews of Local Government Entities

FROM: Stuart T. Stickel CPA, CFE
Deputy State Auditor
Chief Inspector Division

DATE: July 10, 2020 (Previously Issued on June 5, 2020)

RE: Memo 20-02 – Further Guidance for Audit Extensions Related to COVID-19 (Revised 07-10-20)

Our office previously released a letter in March related to audit extensions based on Memo 20-17 issued by the Office of Management and Budget (hereinafter referred to as OMB) related to single audits (governmental entities expending over $750,000 in federal funds during a fiscal year). Because of this continuing health crisis, the Chief Inspector Division (hereinafter referred to as CID) is providing further guidance regarding audit extension procedures to *CPAs Engaged to Conduct Audits and Reviews of Local Government Entities*. Memo 20-02 (Revised 07-10-20) revises certain information, as noted, contained in our previous memorandum dated March 23, 2020 We are also providing additional information to ease extension procedures and align single audit deadlines with OMB issued memorandums. Certain conditions must be present in order for these extended due dates to be acceptable and firms and grantee governments should confer with the appropriate state and federal grantor agencies to determine if an extension beyond the normal 9-month deadline is appropriate. We strongly encourage firms and grantees to make every effort to meet the existing 9-month deadline. We will continue to monitor the situation and provide guidance when warranted.

- CID is granting a blanket audit extension for all single audits for fiscal year ending June 30, 2019 **to September 25, 2020** for audit issuance delays related to the COVID-19 pandemic. CPA firms and governments should still fill out and submit a *Delayed (COVID-19) Single Audit Submission Form* for single audits to document the reason for the delay. If the single audit delay is not due to COVID-19 pandemic, then firms and entities should utilize the *Delinquent Contract Explanation Form.* We are not requiring "live" signatures on these forms. **Recipient and sub-recipient grantees should confer with grantors (including State pass-through agencies) if it is anticipated that the audit issuance will be delayed beyond the normal 9-month deadline.**

- CID is granting a blanket audit extension for all non-single audits and reviews for fiscal years ending June 30, 2019 and before **to September 25, 2020.** Firms and governmental entities **will not** be required to complete and submit an *Audit Extension Form* unless engagements are not issued by September 25, 2020.

- Memo 20-26 issued by OMB stipulates that federal oversight and/or cognizant agencies are not authorized to grant extensions for single audits with fiscal years ending after January 1, 2020. Therefore, in response to the issuance of Memo 20-26 by OMB, CID will not be granting any extension for single audits with fiscal years ending June 30, 2020 beyond March 24, 2021 (7 days prior to the end of the ninth month after the end of the entity's fiscal year). Firms should review Section 2.13 of the *Procedures Manual for Procuring and Conducting Audits and Reviews of Local Governments* for potential consequences if a firm fails to meet the 9-month deadline for issuance of a single audit in accordance with OMB.

It is important to note that OMB Memo 20-17 and 20-26 state "recipients and sub-recipients should maintain documentation of the reason for the delayed filing" for entities taking advantage of the extended single audit filing deadline.

Furthermore, the Federal Audit Clearinghouse (FAC) added the following language to their homepage that does not appear in the OMB 20-17 and/or OMB 20-26 Memo:

"Individual recipients and subrecipients…*are requested to include a reference to the [OMB] memorandum in their audit reporting packages so that Federal agencies and pass-through entities are informed.*"

Our office will be providing resources for local government COVID-19 related (Cares Act) grant resources and tracking and auditor information via a link from our home page at www.wvsao.gov.

If you have questions, please do not hesitate to contact Michelle Hodge at 304-558-2261 ext. 2411 or at cpaaudits@wvsao.gov.