



ARRA Examples

The following nonauthoritative examples are provided by the Governmental Audit Quality Center to illustrate the impact of American Recovery and Reinvestment Act (ARRA) awards on planning a single audit.

1 ARRA Award with existing CFDA number¹

- For Type A determination, aggregate with other awards with same CFDA number. This is same approach as before ARRA.²
- For major program determination purposes, if the CFDA number is a Type A, Appendix VII of the March 2009 *OMB Compliance Supplement* (Compliance Supplement) states:
Due to the inherent risk with the new transparency and accountability requirements over expenditures of ARRA awards, the auditor should consider all Federal programs with expenditures of ARRA awards to be programs of higher risk in accordance with §__.525(c)(2) and §__.525 (d) of OMB Circular A-133. Accordingly, when performing the risk-based approach under §__.520 (c) (1) of OMB Circular A-133, Type A programs with expenditures of ARRA awards should not be considered low-risk except when the auditor determines, and clearly documents the reasons, that the expenditures of ARRA awards is low-risk for the program.
- To develop an audit program look to the existing section for the CFDA number in Part 4 of the Compliance Supplement (if any) (along with Parts 2 and 3 of the Compliance Supplement) or Part 7 of the Compliance Supplement if the CFDA number is not included in Part 4. Also, look to either the grant award document(s) and/or Compliance Supplement addenda for additional compliance requirements related to ARRA.

2 ARRA Award with new CFDA number

- To determine if it is to be clustered, look for upcoming Compliance Supplement addenda which will include an updated cluster list (to be posted on the [OMB Web site](#)) as of the client's year-end to see if the new CFDA number is part of a new cluster or is to be added to an existing cluster.³

¹ The addition of an "- R" or "-ARRA" to an existing CFDA number does not create a new CFDA number

² See definition of federal program in §__.105 of A-133

³ Appendix VII of the Compliance Supplement states:

Many of the ARRA awards will have new CFDA numbers even though they are additions to and share common compliance requirement with the existing program. Therefore, OMB will need to update the clusters of programs as described in Part 5 of this Supplement. Any changes in clusters will be posted to the OMB Management Web site (<http://www.whitehouse.gov/omb/management> under "Grants Management" as addenda to this Supplement. OMB plans to post these as of the end of each month beginning June 2009. The auditor is responsible for using the cluster list that matches the auditee's fiscal year end. For example, OMB plans to post an addendum for changes to clusters applicable to an audit of the fiscal period ending June 30,

- A. For major program determination purposes, if the new CFDA number is identified as part of a cluster and the cluster is Type A
- Appendix VII of the Compliance Supplement states:

Any cluster (i.e. Research and Development [R&D], Student Financial Assistance [SFA], or other cluster) to which a Federal program with a new ARRA CFDA number has been added should be considered a new program and would not qualify as a low-risk Type A program under §__.520 (c) (1) of OMB Circular A-133 (i.e. the cluster will not meet the requirement of having been audited as a major program in at least one of the two most recent audit periods as the Federal program funded under the ARRA did not previously exist).
- B. For major program determination purposes, if the new CFDA number is not part of a cluster and the program is Type A, treat it like any other new program for major program determination. Keep in mind that if it is a Type A, for purposes of your high/low risk determination, it will not meet the requirement of having been audited as a major program in at least one of the two most recent audit periods as the federal program funded under the ARRA did not previously exist.
- To develop an audit program for a new cluster or a new program, look to upcoming Compliance Supplement addenda (to be posted on the [OMB Web site](#)) to see if program-specific guidance (similar to Part 4 of the Compliance Supplement) for that cluster has been included. If not, refer to Part 7 of the Compliance Supplement for the framework to determine the compliance requirements for testing.

2009, to be dated June 30, 2009, and posted on the OMB Management Web site under Grants Management by that date.