ARPA: Single Audit? Or Alternative Compliance Examination Engagement (ACEE)?

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The U.S. Department of Treasury (Treasury) recognizes that due to the receipt of a State and Local Fiscal Recovery Funds (SLFRF)/ARPA award, many recipients may ***expend*** $750,000 or more in federal awards during their fiscal year and newly be required to complete a Single Audit or a Program-Specific Audit. Section IV of the SLFRF/ARPA Compliance Supplement describes an alternative approach for SLFRF/ARPA recipients that are required to undergo an audit pursuant to 2 CFR Part 200, Subpart F solely for the expenditures of SLFRF funds directly awarded by Treasury. An SLFRF/ARPA recipient may still elect to undergo a Single Audit or a Program-Specific Audit under 2 CFR Part 200, Subpart F.

Eligibility Criteria

SLFRF/ARPA recipients that ***expend*** $750,000 or more in federal awards during the recipient's fiscal year and that meet ***both*** criteria listed below have the ***option*** to follow the Alternative Compliance Examination Engagement (ACEE) Report:

1. The recipient's total SLFRF/ARPA award received directly from Treasury or received (through states) as a non-entitlement unit (NEU) of local government is at or below $10 million; **and**
2. Other federal award funds the recipient expended (not including their SLFRF/ARPA award funds) are less than $750,000 during the recipient's fiscal year.

Further details are included in:

- 21 SLFRF Compliance Supplement – Technical Update (see content beginning on page 9)
- 2022 SLFRF Compliance Supplement (see content beginning on page 10)
- 2023 SLFRF Compliance Supplement (see content beginning on page 11)

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Examination Guidance

The alternative approach to a Single Audit or Program-Specific Audit under 2 CFR Part 200, Subpart F permits eligible recipients to engage a practitioner (professional auditor) to perform a compliance examination engagement in accordance with the Government Accountability Office (GAO) Government Auditing Standards. These standards direct practitioners to conduct these engagements in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Attestation Engagements. The AICPA attestation standards are codified in the AT-C section of the AICPA's Professional Standards and AT-C Section 315, Compliance Attestation, which is the standard to be followed.

Some Additional Details to Remember about Local SLFRF/ARPA Awards

- Notice the name of the SLFRF/ARPA funding: STATE and LOCAL Fiscal Recovery Funds. The State of Vermont received **state** ARPA (~$1 billion) and municipalities received **local** ARPA (~$200 million).
- The amount of your total **local** SLFRF/ARPA award can be found in the Local Fiscal Recovery Funds Allocations table provided by the state government.
- All recipients of **local** SLFRF/ARPA funds are **direct recipients** (not beneficiaries or subrecipients).
- All recipients of **local** SLFRF/ARPA funds have a grant agreement (Coronavirus Local Fiscal Recovery Funds form and Assurances of Compliance with Civil Rights Requirements form) directly with the U.S. Department of Treasury.
- If a municipality receives **state** SLFRF/ARPA from the State of Vermont, then the municipality is most likely considered a subrecipient of these funds. If you

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are unsure, look at the first section of the first page of your grant agreement. It should look like this State of Vermont Grant Agreement.

- Expenditures of **local** SLFRF/ARPA funds should be included on a municipality's Schedule of Expenditures of Federal Awards (SEFA).

Other Supporting Documents

- Alternative Compliance Examination Engagement (ACEE) Report User Guide
- National League of Cities: What You Need to Know About ARPA and the Single Audit Alternative

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