All sponsored awards are subject to both internal and external audits, regardless of the funding source (federal and non-federal). The federal government (Office and Management and Budget) issues a yearly Compliance Supplement which “identifies existing, important compliance requirements that the federal government expects to be considered as part of a [federal] audit”.

During the early parts of 2020, many federal agencies issued guidance allowing for flexibilities from the federal regulations due to impacts from COVID-19. These flexibilities expired in the summer and fall of 2020.

In December of 2020, the OMB issued a Compliance Supplement Addendum to the 2020 Compliance Supplement “to provide additional guidance for programs with expenditures of COVID-19 awards that the auditor determines are major programs in audits.”

The 2020 Compliance Supplement and the Addendum are effective for audits of fiscal years beginning on or after June 30, 2019.

**Key Takeaways for Campus Research Units**

The compliance requirements subject to audit for COVID-19 awards under the Addendum are similar to the compliance requirements under the Compliance Supplement. Auditors are expected to test compliance with the regulations concerning allowable costs/cost principles, cash management, equipment management, program income, subrecipient monitoring, procurement, reporting, cost sharing, and level of effort.

Additionally, federal auditors are directed to consider agency guidance documents in determining whether a recipient is in compliance with the federal regulations or agency terms and conditions.

If your Department has awards which implemented flexibilities due to impacts from COVID-19 under OMB and awarding agency guidance be sure to include the following supporting documentation for each transaction:

- reference the specific agency COVID-19 flexibility which permits the transaction and/or action; and
- include any communications with the sponsor.

Please refer to the COGR webpage for a list of guidance issued by federal agencies for COVID-19 flexibilities: [COGR: Institutional and Agency Responses to COVID-19 and Additional Resources](#).

Please see the PAFC webpage on [COVID-19 Impacts to Sponsored Awards](#) for more information.