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Professional Insights



Weathering the Federal Government Shutdown: Guidance for Contractors, Municipalities, and Grant Recipients

Provided by Booth Management Consulting, LLC

As the federal government shutdown continues to affect agencies and award recipients nationwide, Booth Management Consulting (BMC) offers guidance for contractors, municipalities, and nonprofit organizations managing federally funded programs. A shutdown can disrupt operations, delay payments, and strain cash flow—but with proactive planning and documentation, organizations can mitigate risks and recover more effectively once normal operations resume.

During the Shutdown: Protecting Operations and Compliance

- **Confirm Status:** Determine if your contract or grant is “excepted” (essential) or suspended. Obtain written clarification from your Contracting or Grants Officer and keep all communications, stop-work orders, and funding notices.
- **Protect Cash Flow:** Expect delays in reimbursements. Review accounts receivable and complete allowable drawdowns in PMS or ASAP before access is restricted.
- **Manage Staff:** Identify federally funded employees. If work pauses, reassign staff where possible and document idle or reassigned time for future adjustments or equitable requests.
- **Maintain Compliance:** Even with limited operations, keep documentation current under 2 CFR 200.303 (Internal Controls) and FAR 31.201-2 (Cost Principles).

After the Shutdown: Recovery and Realignment

- **Reconnect Quickly:** Contact your federal partners to confirm revised deliverables, deadlines, and funding guidance.
- **Reconcile Financials:** Review payroll, indirect costs, and invoices for accuracy. Update cash flow projections and project schedules.
- **Document and Communicate:** Record your organization’s response to support audit readiness and inform staff, subcontractors, and subrecipients of changes.

Planning for the Future

Integrate shutdown scenarios into your Business Continuity Plan, maintain 30–60 days of reserves, and keep boards updated on impacts and recovery. Continue building strong partnerships with federal agencies through transparency and accountability.

Shutdowns test even the strongest organizations—but with preparation, compliance, and clear communication, your organization can navigate uncertainty and emerge stronger.

At BMC, we remain committed to supporting our clients through every phase of uncertainty—helping them uphold compliance, manage risk, and sustain mission-critical services!

We Get It Done!

Contact Us for Assistance

Tips & Resources

WHAT CPAS NEED TO KNOW: KEY CHANGES IN THE 2024 YELLOW BOOK (GAGAS)

QUALITY CONTROL

- Moves from “quality control” to a broader, risk-based quality management framework.
- Leadership is now directly responsible for managing quality across engagements.

SCALABILITY AND FLEXIBILITY

- Adapts to firm size, structure, and audit complexity.
- Allows integration with other quality management systems.
- Reduces duplication for firms following multiple standards.

OPTIONAL ENGAGEMENT QUALITY REVIEWS

- EQRs are now optional for GAGAS engagements.
- Determined by firm size, risk level, and resources.
- Recommended for higher-risk or complex audits.

APPLICATION GUIDANCE ON KAM

- Adds clarity on when and how to report KAMs.
- Applies to audits involving government funding.
- Improves communication and transparency.

HOW CAN WE HELP?

Our Auditing Compliance Division can guide your organization through the 2024 GAGAS transition by aligning policies, procedures, and documentation with the new quality management framework. Our team offers tailored consulting, staff training, and implementation support to ensure full compliance and a smooth, timely adoption.

TIMELINESS FOR IMPLEMENTATION

- Effective for periods starting Dec. 15, 2025.
- Systems must be implemented by Dec. 15, 2025.
- Evaluation required by Dec. 15, 2026.

Strengthening Accountability in Federal Programs

Strengthening accountability in federal programs requires robust internal controls, transparency, enhanced management competencies, and a culture of responsibility across all agencies.

1 Internal Controls and Risk Management

Implement GAO's Green Book standards, assess and mitigate fraud risks, and strengthen cybersecurity to protect program integrity.

2 Program and Project Management Accountability

Apply the PMIAA to build federal-wide project management skills and ensure trained, certified leadership for effective oversight.

3 Transparency and Public Oversight

Publish data and performance results under FOIA, the DATA Act, and GPRAMA to increase visibility and public trust.

4 Fraud Prevention and Financial Integrity

Train staff to detect fraud, uphold whistleblower protections, and use systems like Treasury's Do Not Pay to reduce improper payments.

5 Internal Controls and Risk Management

Foster leadership that sets a strong tone for responsibility, transparency, and consistent performance management.

6 Use of Data and Evidence

Integrate data and evaluation to inform decisions, improve outcomes, and enhance accountability across programs.

BMC Expertise in Oversight, Auditing & Compliance

Smart Solutions for Oversight, Auditing, and Accounting

OVERSIGHT & MONITORING

Whistleblower Investigations: Safeguarding Integrity

Whistleblowers are the first – and best – line of defense against corruption, fraud, and wrongdoing... professional auditors only detected 19 % of fraudulent activities, while whistleblowers uncovered 43 %.

What Know:

- Whistleblowers detect more fraud than audits, exposing hidden risks.
- Independent investigations build accountability and transparency.
- Protects organizational reputation and strengthens public trust

COMPLIANCE AUDITING

Internal Control Audit Team: Independent Assurance

Strong internal controls are critical for reducing risks, preventing fraud, and ensuring organizations meet regulatory requirements. BMC's Internal Control Compliance Team provides independent audits and oversight to protect operations and strengthen accountability

- Internal controls safeguard compliance with laws and regulations.
- Independent audits uncover risks and improve efficiency.
- Strengthens transparency and builds stakeholder confidence.

ACCOUNTING SUPPORT

The Future of Accounting: AI Solutions

Artificial intelligence is transforming how organizations manage finances by improving accuracy, streamlining processes, and reducing risks. BMC leverages AI-powered tools to modernize accounting support, enhance decision-making, and strengthen compliance.

Why It Matters:

- AI automates bookkeeping, payroll, and reconciliations.
- Improves reporting accuracy and audit readiness.
- Frees teams to focus on strategy instead of manual tasks.