



Single Audit Act

**Overview Briefing
January 27, 2004**



General Topic of Discussion

- Single Audits -- Background and Key Provisions
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History

- 1979 Inconsistency, gaps and duplication
 - 1984 Single Audit Act
 - Office of Management and Budget Involvement
 - 1994 Major GAO report
 - 1996 Single Audit Act Amendments
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Audit Performance

- Entities are responsible for getting the audit conducted—generally use CPA firms and state audit organizations
 - Audits performed in accordance with Government Auditing Standards (Yellow Book)
 - Threshold for audit requirement is \$500,000 (OMB evaluates the threshold every 2 years)
 - Over 39,000 single audits conducted annually
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Audit Reporting

- Opinion on entities financial statements and the Schedule of Expenditure of Federal Awards
 - Report on internal controls related to the financial statements and major federal programs
 - Report on compliance with laws and regulations that could have a material effect on the financial statements and major federal programs
 - Reports are due 9 months after the entity's fiscal year-end
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Risk-Based Focus

- Select programs to audit
 - identify large dollar programs
 - identify risk at large dollar programs
 - identify high-risk smaller dollar programs
 - audit high-risk large dollar and selected smaller dollar programs
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Risk-Based Focus

- Risk factors considered in determining programs audited
 - recipient's current and prior audit experience with federal programs
 - results of recent oversight visits
 - program inherent risk
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Risk-Based Focus

- Many programs that would have been audited are not audited
 - Many programs that would not have been audited in the past are audited
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Federal Audit Clearinghouse Operations

- Entities send copies of single audit reports and data collection form to the Federal Audit Clearinghouse (FAC)
 - FAC distributes reports to appropriate federal agencies
 - FAC prepares and maintains a database of single audit information
 - FAC web site—<http://harvester.census.gov/sac>
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Barriers/Issues

- How do you know if all required single audits are conducted?
 - Are auditors following applicable standards when conducting the audits?
 - Is adequate monitoring occurring to ensure that recipients of federal funds correct findings reported in single audit reports?
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National Single Audit Sampling Project

- Program being developed to sample single audits and test for compliance with audit standards and single audit requirements
 - Quality control reviews are underway for a sample of 208 single audits across the U.S.
 - Results will be projected to the universe
 - Corrective actions will address specific audits and single audits in general
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Single Audits and the Improper Payments Act

- Improper Payments Act requirements
 - OMB's guidance ties single audit results to agency identification of improper payments made from funds expended by recipients of federal grants
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GAO's Single Audit Responsibilities

- Single Audit Act requires GAO monitoring of all proposed legislation for conflicts with Single Audit Act provisions
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