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# **Single Audit Act**

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**Overview Briefing  
January 27, 2004**

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# General Topic of Discussion

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- Single Audits -- Background and Key Provisions
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# History

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- 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

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- 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

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- 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

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- 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

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- 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

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- 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

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- 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

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- 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

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- 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

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- 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

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