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REPORT BY THE  
**Comptroller General**  
OF THE UNITED STATES

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## Statutory Audit Provisions Applicable To Federal Financial Assistance Programs

Prior studies by GAO point to the need to consolidate the multiple statutory financial audit provisions which impede implementation of a uniform audit approach for federal financial assistance programs.

By reviewing authorizing and related legislation affecting 574 federal financial assistance programs, GAO identified 30 statutory audit provisions requiring or allowing for the examination of financial or financial and compliance information. One or more of these provisions affect 86 programs. Seventeen of these provisions assign audit responsibility to the grantee of program assistance, the other 13 generally place the responsibility at the federal level. These provisions vary as to the scope, frequency and the audit standards specified.

GAO believes this information will be useful in congressional deliberations on provisions for audit of federal assistance programs.



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COMPTROLLER GENERAL OF THE UNITED STATES  
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The Honorable William V. Roth, Jr.  
Chairman, Committee on Governmental  
Affairs  
United States Senate

The Honorable Jack Brooks  
Chairman, Committee on  
Government Operations  
House of Representatives

As indicated in our report, Study of Progress Made in Implementing the Single Audit Concept, GAO/AFMD-84-21, March 14, 1984, multiple statutory financial audit provisions impede the implementation of a uniform approach to auditing federal assistance programs. These audit provisions differ as to the frequency, scope, standards and designation of the responsible organization, making it difficult to combine audit efforts. As stated in our March report, we believe that legislation mandating uniform financial audit requirements for recipients of federal assistance is needed to consolidate multiple statutory financial audit provisions and thereby ease accomplishment of the single audit.

This report will further efforts to develop a consistent legislative approach by describing the content and applicability of existing financial audit provisions. The information presented also will serve as an initial framework for assessing how established statutory requirements will be affected by proposed single audit legislation.

As of June 1983, there were 30 statutory provisions contained in federal program and related legislation which expressly authorize or require financial audits of assistance programs. Seventeen provisions assign responsibility to the grantee and vary as to the audit scope and frequency and the standards to be followed. The other 13 provisions generally place this responsibility on the federal grantor agency or GAO, and afford them discretion in making such determinations. In total, one or more of the 30 provisions apply to 86 federal programs which accounted for about 44 percent of fiscal year 1982 obligations for the 574 programs we examined.<sup>1</sup>

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<sup>1</sup>Fiscal year 1982 figures were from the Catalog of Federal Domestic Assistance, the best available source at the time of our review for actual obligation amounts. Only obligations for the 574 programs examined were considered, and federal salaries and expenses were not included.

OBJECTIVES, SCOPE, AND METHODOLOGY

Our objective was to inventory statutory audit provisions by examining the legislation for all financial assistance programs listed in the Office of Management and Budget (OMB) June 1983 Catalog of Federal Domestic Assistance, exclusive of those for which only individuals and/or for-profit organizations are eligible to apply for aid. We identified audit provisions applicable to these 574 programs and cataloged their content. We did not determine how these provisions have been interpreted through agency regulations and court decisions or implemented by federal agencies or grantees. Moreover, we did not identify audit requirements imposed through regulations proceeding from the broad authority of federal agencies to administer assistance funds.

Appendix I explains our methodology, and appendix II lists the 86 programs covered by financial audit provisions. Appendices III and IV identify each statutory citation assigning financial audit responsibility to the grantee and to other entities, respectively, and include our classification of their content.

CONTENT OF GRANTEE AUDIT PROVISIONS VARIES

The 17 provisions requiring or authorizing financial audits by grantees apply to 49 federal programs. (See app. II--Part A.) Generally, these programs and audit provisions are recently enacted; two-thirds of the 49 programs were authorized after 1975, and 15 of the 17 audit provisions were enacted after 1977. Moreover, these programs include those which give substantial authority and discretion to the grantee, such as the general revenue sharing program and nine block grants enacted in 1981.

Most of the 17 provisions require the grantee to provide for a financial audit. Three provisions, however, merely authorize the federal agency to require grantees to have audits conducted. These provisions are contained in the General Education Provisions Act which applies to a number of programs and in legislation for the Airport Improvement Program and for Medical Assistance programs. (See app. III pages 21, 36, and 39.)

Although the 17 provisions generally specify the entity to conduct the audit, standards to be followed, and audit frequency, the specifications differ. Of the 13 provisions which indicate who is to perform the audit, 8 specify independent entities, 3 designate the grantee, and 2 specify either the grantee or an independent entity. Eight provisions stipulate or imply use of generally accepted auditing standards and/or the Comptroller General's Standards for Audit of Governmental Organizations, Programs, Activities and Functions. Two others

state that audits are to be conducted in accordance with generally accepted accounting principles.<sup>2</sup>

Thirteen of the 17 provisions specify how often the financial audit is to be performed; in six cases annually, in six biennially and, in the general revenue sharing program, from one to three years according to the amount of the grant award. (See app. III p. 25.)

The 17 provisions also vary as to the scope of audit work specified. Review of grantee compliance with applicable laws and regulations is required by nine provisions, either through specific direction or through stipulation that Comptroller General standards be used.<sup>3</sup> Also, nine provisions indicate that grantees should assure that subgrantees are audited. The general revenue sharing audit provision is the only one calling for grantees to have an independent audit made of their entire financial statements, not just of program funds received.

Although legislation for most federal programs does not assign financial audit responsibility to grantees, federal programs are generally governed by administrative regulations setting forth audit requirements. For example, federal agencies which administer grants to state and local governments are required to issue regulations necessary to implement audit provisions of OMB Circular A-102. Further, heads of executive agencies are empowered to issue program regulations, which may include audit requirements.

BROADER LEGISLATION DEFINES THE  
CONTENT OF PROGRAM SPECIFIC AUDITS  
ASSIGNED TO FEDERAL ENTITIES

Thirteen statutory provisions affecting 43 programs assign financial audit responsibility to entities other than the grantee. (See appendix II - Part B.)<sup>4</sup> Eight of these provisions assign responsibility to the federal administering

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<sup>2</sup>Although these two provisions make reference to accounting principles as the basis for conducting audits, generally accepted accounting principles do not contain auditing standards.

<sup>3</sup>Comptroller General standards require review of compliance with applicable laws and regulations that could materially affect the audited entity's financial statements.

<sup>4</sup>Six programs are covered by grantee audit provisions and by those assigning audit responsibility to other entities.

agency; three to GAO; one to the federal administering agency and GAO; and one to state advisory councils. In contrast to those assigning audit responsibility to grantees, these provisions basically authorize the designated entity to assure through audit the appropriateness of financial transactions in a given program area and afford the responsible entity discretion in determining the frequency and scope of the audit. Only 3 of these 13 provisions specify a certain number of audits to be conducted or require that audits be performed under certain conditions. (See app. IV pages 40, 46, and 52.)

Although the audit scope and standards are not defined in most of these provisions, broader legislation prescribes procedures concerning the oversight responsibility and authority of federal agencies. For example, only one of these provisions specifies that a compliance audit be performed in conjunction with the financial audit, and one other provision indicates that the Comptroller General's standards are to be used. However, under the Inspector General Act of 1978, each Inspector General is responsible for assuring that all audits with respect to his agency are conducted in accordance with the Comptroller General's standards, which require examination of certain compliance items.

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In the course of our research, we also collected information on statutory provisions calling for other types of program oversight. These include those calling solely for reviews of compliance with applicable laws and regulations and evaluations of program results, as well as provisions requiring grantees to provide access to records to federal agencies for audit and examination purposes. Also, other statutes require audits of certain governmental entities regardless of the source of funds received. Appendix V summarizes these additional provisions.

Copies of this report have been sent to the Inspectors General, the Director, OMB, and other interested persons upon request.



Comptroller General  
of the United States

OBJECTIVES, SCOPE, AND METHODOLOGY

Our objective was to determine the extent to which audit provisions pertaining to federal assistance provisions exist in federal statutes, the nature of these provisions and the federal programs to which they apply. To prepare this inventory of statutory audit provisions, we examined the authorizing and related legislation for over 500 federal financial assistance programs listed in the OMB Catalog of Federal Domestic Assistance (CFDA). Our work was done in accordance with generally accepted government auditing standards.

Although this report primarily describes the content and applicability of statutory financial audit provisions, we also collected information on provisions calling for other types of program oversight. Because an audit as defined in the Comptroller General's Standards for Audit of Governmental Organizations, Programs, Activities and Functions includes review of compliance with applicable laws and regulations, economy and efficiency of operations, and effectiveness in achieving program results, we also examined provisions calling for such reviews. Moreover, we identified provisions granting federal agencies access to records for purposes of audit or examination as well as those which authorize federal agency heads to issue regulations governing program administration. Some of these provisions may be interpreted as implicit authorization of financial audits.

Our effort in developing this inventory, however, was confined to determining which federal assistance programs are subject to statutory audit provisions and describing and analyzing the content of these requirements. We did not determine Congressional intent in enacting audit provisions by researching legislative history. Nor did we try to ascertain how audit provisions have been interpreted in agency regulations or by the courts. In addition, we did not examine how these requirements have been implemented by federal agencies or grantees.

Our review included 574 federal financial assistance programs selected from the CFDA, which contains descriptions of nearly 1,000 programs administered by over 50 federal agencies offering financial and nonfinancial assistance to individuals; nonprofit organizations; and local, state, territorial, and tribal governments. We included in the inventory only programs that offer financial assistance to governments or nonprofit organizations. We used the June 1982 edition of the CFDA to determine which programs met our criteria, noting information on program characteristics, such as applicant eligibility and type of assistance. The inventory was subsequently adjusted by including programs added to the June 1983 CFDA and excluding those deleted from this edition of the CFDA.

We identified audit and other relevant provisions by examining the authorizing and related legislation pertaining to each of the 574 programs as codified in the U.S. Code. We reviewed the laws authorizing individual programs, the statutes governing the various federal agencies' administration of assistance programs, and other pertinent legislation. Our basic source documents were the 1982 or 1983 versions of the U.S. Code Annotated and the U.S. Code Service depending on whether the laws being researched pertained to programs selected from the 1982 or 1983 editions of the CFDA. However, all financial audit provisions discussed in this report were drawn from the 1983 versions.

Each audit provision identified was categorized according to a classification scheme developed by analyzing the content of a sample of audit provisions. The sample consisted of all audit provisions we identified as applying to the 60 largest grants to state and local governments as listed in the December 1983 Compliance Supplement to OMB Circular A-102, Attachment P. The analysis of these provisions indicated that a typical audit provision can be characterized by the (1) method employed to examine the program, (2) the type of information to be examined, and (3) the object of the examinations. We considered financial audit provisions to be those which call for the audit, evaluation or review of the financial aspects of federal assistance programs. The content of the audit provisions, including assignment of responsibility for ensuring that the audit is conducted, the frequency of the audit, and standards to be followed was summarized to further define the nature of each provision.

Appendix II summarizes key information about each program subject to a financial audit provision. Appendix III includes each financial audit citation which assigns responsibility to the grantee and appendix IV includes those which assign this responsibility to other entities. Appendix V contains information on additional statutory provisions which establish other forms of oversight of federal assistance programs or of certain governmental entities.



FEDERAL ASSISTANCE PROGRAMS COVERED BY FINANCIAL  
AUDIT PROVISIONS  
LISTED IN THE 1983 CATALOG OF  
FEDERAL DOMESTIC ASSISTANCE

A. Programs Covered By Financial Audits Which Are the Grantee's Responsibility

<u>Program name and CFDA number</u>	<u>Year program enacted</u>	<u>Type of program</u>	<u>Eligible for grant</u>	<u>Federal admin- istering agency</u>	<u>1982 obligations (000 omitted)<sup>1</sup></u>	<u>USC citation for applicable financial audit provisions (see appendix III)</u>
Nutrition Assistance for Puerto Rico (10.566)	1981	Direct payments for specified use	Territory	Agriculture	\$ 205,000	7 USC 2028(b)(2)(A)
Credit Union Charter, Examination, Supervision and Insurance (44.001)	1970	Insurance	Individual, local, state	National Credit Union Administration	98,657 (This program is supported by fees and insurance pre- miums)	12 USC 1761d
Adult Education - State Administered Programs (84.002)	1970	Formula grants	Territories, state	Education	90,636	20 USC 1232c(a)(2)
Program for Education of Handicapped Children in State Operated or Supported Schools (84.009)	1978	Formula grants	Local, state	Education	146,520	20 USC 1232c(a)(2) 20 USC 2817
Educationally Deprived Children - Local Educational Agencies (ECIA Chap I) (84.010)	1981	Formula grants	State	Education	2,562,753	20 USC 1232c(a)(2)
Migrant Education - Basic State For- mula Grant Program (84.011)	1978	Formula grants	State	Education	248,678	20 USC 1232c(a)(2) 20 USC 2817

<sup>1</sup>From 1983 Catalog of Federal Domestic Assistance

<u>Program name and CFDA number</u>	<u>Year program enacted</u>	<u>Type of program</u>	<u>Eligible for grant</u>	<u>Federal administering agency</u>	<u>1982 obligations (000 omitted)<sup>1</sup></u>	<u>USC citation for applicable financial audit provisions (see appendix III)</u>
Handicapped Preschool and School Programs (84.027)	1970	Formula grants	Local, nonprofit, state, territories	Education	\$ 955,008	20 USC 1232c(a)(2)
Public Library Services (84.034)	1956	Formula grants	State	Education	60,000	20 USC 1232c(a)(2)
Interlibrary Cooperation (84.035)	1966	Formula grants	State	Education	11,500	20 USC 1232c(a)(2)
Vocational Education - Special Programs for the Disadvantaged (84.052)	1976	Formula grants	State	Education	14,470	20 USC 1232c(a)(2)
OO Grants to States for State Student Incentives (84.069)	1972	Formula grants	Local, state	Education	73,680	20 USC 1232c(a)(2)
Rehabilitation Services - Basic Support (84.126)	1973	Formula grants	State	Education	863,038	20 USC 1232c(a)(2)
Library Services and Construction Act - Construction (84.154)	1964	Formula grants	State	Education	-0-	20 USC 1232c(a)(2)
Migrant Education - Interstate and Intra-state Coordination Program (84.144)	1978	Project grants	State	Education	3,104	20 USC 2817
Neglected or Delinquent Transition Services (84.152)	1978	Project grants	Local, state	Education	1,764	20 USC 2817
Employment and Training Assistance - Dislocated Workers (17.246)	1982	Formula grants	State	Labor	-0-	29 USC 1574(a)(1)(2)(3)

<u>Program name and CFDA number</u>	<u>Year program enacted</u>	<u>Type of program</u>	<u>Eligible for grant</u>	<u>Federal administering agency</u>	<u>1982 obligations (000 omitted)<sup>1</sup></u>	<u>USC citation for applicable financial audit provisions (see appendix III)</u>
Community Services Block Grant (13.665)	1981	Formula grants	State, territories, tribal govts.	Health and Human Services (HHS)	\$ 340,327	31 USC 7305
National Diffusion Network (84.073)	1981	Project grants	Individual, local, nonprofit, state	Education	10,020	31 USC 7305
Improving School Programs--State Block Grants (ECIA, Chap.2) (84.151)	1981	Formula block grants	State, territories	Education	430,420	31 USC 7305
General Revenue Sharing (21.300)	1972	Formula grants	Local, tribal govts.	Treasury	4,571,640	31 USC 6723 (a) through (f)
Community Health Centers (13.224)	1975	Project grants	Local, nonprofit state	HHS	281,217	42 USC 254c(h)(1)
Grants for Preventive Medicine Residency Training (13.117)	1981	Project grants	Nonprofit	HHS	-0-	42 USC 292e(b)
Health Professions - Capitation Grants (13.339)	1971	Formula grants	Nonprofit	HHS	4,134	42 USC 292e(b)
Health Professions-Student Loans (13.342)	1963	Project grants	Local, nonprofit, state, territories	HHS	5,640	42 USC 292e(b)
Grants for Graduate Training in Family Medicine (13.379)	1971	Project grants	Local, nonprofit, state	HHS	15,060	42 USC 292e(b)

<u>Program name and CFDA number</u>	<u>Year program enacted</u>	<u>Type of program</u>	<u>Eligible for grant</u>	<u>Federal administering agency</u>	<u>1982 obligations (000 omitted)<sup>1</sup></u>	<u>USC citation for applicable financial audit provisions (see appendix III)</u>
Health Professions--Financial Distress Grants (13.381)	1981	Project grants	Nonprofit, state	HHS	\$ 7,104	42 USC 292e(b)
Scholarships for First-Year Students of Exceptional Financial Need (13.820)	1976	Project grants	Nonprofit	HHS	4,700	42 USC 292e(b)
Health Careers Opportunity Program (13.822)	1976	Project grants	Local, nonprofit, state	HHS	16,882	42 USC 292e(b)
Area Health Education Centers (13.824)	1976	Project grants	Local, nonprofit, state	HHS	18,058	42 USC 292e(b)
Grants for Residency Training in General Internal Medicine and/or General Pediatrics (13.884)	1976	Project grants	Local, nonprofit, state	HHS	16,157	42 USC 292e(b)
Grants for Physician Assistant Training Program (13.886)	1976	Project grants	Local, nonprofit, state	HHS	4,752	42 USC 292e(b)
Grants for Faculty Development in Family Medicine (13.895)	1971	Project grants	Nonprofit, state	HHS	2,890	42 USC 292e(b)
Grants for Predoctoral Training in Family Medicine (13.896)	1971	Project grants	Nonprofit, state	HHS	6,594	42 USC 292e(b)
Residency Training in the General Practice of Dentistry (13.897)	1976	Project grants	Nonprofit, state, territories	HHS	1,901	42 USC 292e(b)

<u>Program name and CFDA number</u>	<u>Year program enacted</u>	<u>Type of program</u>	<u>Eligible for grant</u>	<u>Federal administering agency</u>	<u>1982 obligations (000 omitted)<sup>1</sup></u>	<u>USC citation for applicable financial audit provisions (see appendix III)</u>
Health Administrative Graduate Traineeships (13.962)	1976	Project grants	Nonprofit, state	HHS	\$ 480	42 USC 292e(b)
Graduate Programs in Health Administration (13.963)	1976	Formula grants	Nonprofit, state	HHS	1,440	42 USC 292e(b)
Traineeships for Students in Schools for Public Health and Other Graduate Health Programs (13.964)	1976	Project grants	Nonprofit, state	HHS	2,851	42 USC 292e(b)
Curriculum Development Grants (13.969)	1976	Project grants	Local, nonprofit, state	HHS	-0-	42 USC 292e(b)
Grants for Establishment of Departments of Family Medicine (13.984)	1976	Project grants	Nonprofit, state	HHS	7,603	42 USC 292e(b)
Preventive Health and Health Services Block Grant (13.991)	1981	Formula grants	State, tribal govts.	HHS	79,100	42 USC 300a-5(b)(2)
Alcohol, and Drug Abuse and Mental Health Services Block Grant (13.992)	1981	Formula grants	State, territories, tribal govts.	HHS	428,095	42 USC 300a-5(b)(2)
Primary Care Block Grant (13.993)	1981	Formula grants	Local, state, territories, tribal govts.	HHS	281,200	42 USC 300g-7(b)(2)
Maternal and Child Health Federal Consolidated Programs (13.110)	1981	Project grants	Nonprofit	HHS	57,506	42 USC 706(b)(1)

<u>Program name and CFDA number</u>	<u>Year program enacted</u>	<u>Type of program</u>	<u>Eligible for grant</u>	<u>Federal administering agency</u>	<u>1982 obligations (000 omitted)<sup>1</sup></u>	<u>USC citation for applicable financial audit provisions (see appendix III)</u>
Maternal and Child Health Services Block Grant (13.994)	1981	Formula grants	State	HHS	\$ 316,200	42 USC 706(b)(1)
Medical Assistance Program (Medicaid) (13.714)	1965	Formula grants	Local, state	HHS	17,988,242	42 USC 1396a(a)(42)
State Medicaid Fraud Control Units (13.775)	1977	Formula grants	State	HHS	27,232	42 USC 1396a(a)(42)
Social Services Block Grant (13.667)	1981	Formula grants	State, territories	HHS	2,400,000	42 USC 1397e(b)
Low-Income Home Energy Assistance (13.818)	1981	Formula grants	State, territories, tribal govts.	HHS	1,874,634	42 USC 8624(b)(10),(e)
Airport Improvement Program (20.106)	1982	Project grants	Local, nonprofit, state, territories, tribal govts.	Transportation	410,000	49 USC 2217(b)(c)

B. Programs Covered By Financial Audits Which Are the Responsibility of Other Entities  
(Asterisk indicates programs also covered by audits which are the grantee's responsibility)

<u>Program name and CFDA number</u>	<u>Year program enacted</u>	<u>Type of program</u>	<u>Eligible for grant</u>	<u>Federal administering agency</u>	<u>1982 obligations (000 omitted)</u>	<u>USC citation for applicable financial audit provisions (see appendix IV)</u>
Food Stamps (10.551)	1964	Direct payments for specified use	State, territories	Agriculture	\$10,205,799	7 USC 2020(1)
Refugee Assistance - State Administered Programs (13.814)	1980	Direct payments with unrestricted use	State	HHS	574,672	8 USC 1522(a)(7)(B)
Refugee Assistance - Voluntary Agency Program (13.815)	1980	Project grants	Nonprofit, state	HHS	7,625	8 USC 1522(a)(7)(B)
Entrant Assistance - Cuban and Haitian Entrants (13.817)	1980	Direct payments with unrestricted use	State	HHS	162,466	8 USC 1522(a)(7)(B)
Health Programs for Refugees (13.987)	1980	Project grants	Local, state	HHS	4,985	8 USC 1522(a)(7)(B)
Transition Program for Refugee Children (84.146)	1980	Formula grants and direct payments for specified use	Local, nonprofit, state	Education	22,700	8 USC 1522(a)(7)(B)
National Defense/Direct Student Loan Cancellations (84.037)	1972	Direct payments for specified use and direct payments with unrestricted use	Nonprofit, state	Education	21,161	20 USC 429(b) 20 USC 1094(b)

<u>Program name and CFDA number</u>	<u>Year program enacted</u>	<u>Type of program</u>	<u>Eligible for grant</u>	<u>Federal administering agency</u>	<u>1992 obligations (000 omitted)</u>	<u>USC citation for applicable financial audit provisions (see appendix IV)</u>
National Defense Direct Student Loans (84.038)	1958	Direct payments for specified use	Nonprofit, state	Education	\$ 178,560	20 USC 429(b) 20 USC 1094(b)
Supplemental Educational Opportunity Grants (84.007)	1972	Direct payments for specified use	Nonprofit, state	Education	355,400	20 USC 1094(b)
Higher Education Act Insured Loans (84.032)	1965	Guaranteed insured loans	Individual, local nonprofit, state, territories, tribal govts.	Education	6,200,000	20 USC 1094(b)
Special Services for Disadvantaged Students (84.042)	1980	Project grants	Local, nonprofit, state	Education	60,702	20 USC 1094(b)
Talent Search (84.044)	1980	Project grants	Local, nonprofit, state	Education	17,058	20 USC 1094(b)
Upward Bound (84.047)	1980	Project grants	Local, Nonprofit, State	Education	63,720	20 USC 1094(B)
Higher Education - Veterans' Cost of Instruction Program (84.064)	1972	Direct payments for specified use	Local, nonprofit, state	Education	4,769	20 USC 1094(b)
Educational Opportunity Centers (84.066)	1980	Project grants	Local, nonprofit, state	Education	7,798	20 USC 1094(b)
Grants to States for State Student Incentives (84.069)*	1972	Formula grants	Local, state	Education	73,680	20 USC 1094(b)



<u>Program name and CFDA number</u>	<u>Year program enacted</u>	<u>Type of program</u>	<u>Eligible for grant</u>	<u>Federal administering agency</u>	<u>1982 obligations (000 omitted)</u>	<u>USC citation for applicable financial audit provisions (see appendix IV)</u>
Training for Special Programs Staff and Leadership Personnel (84.103)	1980	Project grants	Local, nonprofit, state	Education	\$ 959	20 USC 1094(b)
Migrant Education - High School Equivalency Program (84.141)	1980	Project grants	Local, nonprofit	Education	5,851	20 USC 1094(b)
Migrant Education - College Assistance Migrant Program (84.149)	1980	Project grants	Local	Education	1,160	20 USC 1094(b)
Vocational Education - State Advisory Councils (84.053)	1976	Formula grants	State	Education	5,184	20 USC 2305(f)(2) 20 USC 2312(a)
Appalachian Vocational and Other Education Facilities and Operations (23.012)	1967	Project grants	Local, nonprofit, state	Appalachian Regional Commission	4,952	20 USC 2312(a)
Vocational Education - Basic Grants to States (84.048)	1976	Formula grants	State	Education	500,856	20 USC 2312(a)
Vocational Education - Consumer and Homemaking Education (84.049)	1976	Formula grants	State	Education	29,363	20 USC 2312(a)
Vocational Education - Program Improvement and Supportive Services (84.050)	1976	Formula grants	State	Education	91,650	20 USC 2312(a)
Vocational Education - Program Improvement Projects (84.051)	1976	Project grants	Individual, local, nonprofit, state	Education	9,161	20 USC 2312(a)

<u>Program name and CFDA number</u>	<u>Year program enacted</u>	<u>Type of program</u>	<u>Eligible for grant</u>	<u>Federal administering agency</u>	<u>1982 obligations (000 omitted)</u>	<u>USC citation for applicable financial audit provisions (see appendix IV)</u>
Vocational Education - Special Programs for the Disadvantaged (84.052)*	1976	Formula grants	State	Education	\$ 14,470	20 USC 2312(a)
Bilingual Vocational Training (84.077)	1976	Project grants and direct payments for specified use	Individual, local, nonprofit, state	Education	2,396	20 USC 2312(a)
Bilingual Vocational Instructor Training (84.099)	1976	Project grants and direct payments for specified use	Individual, local, state, nonprofit	Education	921	20 USC 2312(a)
Bilingual Vocational Instructional Materials, Methods and Techniques (84.100)	1976	Project grants and direct payments for specified use	Individual, nonprofit, state	Education	369	20 USC 2312(a)
Vocational Education - State Planning and Evaluation (84.121)	1976	Formula grants	State	Education	3,616	20 USC 2312(a)
Program for Education of Handicapped Children in State Operated or Supported Schools (84.009)*	1978	Formula grants	Local, state	Education	146,520	20 USC 2835(a)(b)
Migrant Education - Basic State Formula Grant Program (84.011)*	1978	Formula grants	State	Education	248,678	20 USC 2835(a)(b)

<u>Program name and CFDA number</u>	<u>Year program enacted</u>	<u>Type of program</u>	<u>Eligible for grant</u>	<u>Federal administering agency</u>	<u>1982 obligations (000 omitted)</u>	<u>USC citation for applicable financial audit provisions (see appendix IV)</u>
Migrant Education - Interstate and Intra-state Coordination Program (84.144)*	1978	Project grants	State	Education	\$ 3,104	20 USC 2835(a)(b)
Neglected or Delinquent Transition Services (84.152)*	1978	Project grants	Local, state	Education	1,764	20 USC 2835(a)(b)
Health Maintenance Organizations (13.256)	1973	Direct loans and guaranteed insured loans	Individual, local, nonprofit, state	HHS	18,539	42 USC 300e-14 42 USC 300e-17(d)
Community Development Block Grants/ Entitlements Grants (14.218)	1974	Formula grants	Local, nonprofit, state	HUD	2,720,300	42 USC 5304(e)
Community Development Block Grants/ Small Cities Program (14.219)	1974	Project grants	Local, state	HUD	796,000	42 USC 5304(e)
Urban Development Action Grants (14.221)	1977	Project grants	Individual, local	HUD	337,010	42 USC 5304(e)
Community Development Block Grants/ State's Program (14.228)	1974	Formula grants	Local, state	HUD	-0-	42 USC 5304(e)
Community Development Block Grants/ Secretary's Discretionary Fund (14.229)	1974	Project grants and direct payments for specified use	Local, state, territories, tribal govts.	HUD	56,500	42 USC 5304(e)
Hazardous Substance Response Trust Fund (66.802)	1980	Project grants	State, territories	EPA	34,000	42 USC 9611(k)

<u>Program name and CFDA number</u>	<u>Year program enacted</u>	<u>Type of program</u>	<u>Eligible for grant</u>	<u>Federal admin- istering agency</u>	<u>1982 obligations (000 omitted)</u>	<u>USC citation for applicable financial audit provisions (see appendix IV)</u>
Railroad Rehabilitation and Improvement - Guarantee of Obligations (20.309)	1976	Guaranteed insured loans	Individual, local, state	Transportation	\$ 15,805	45 USC 834(a)(b)
Local Rail Services Assistance (20.308)	1976	Formula grants	State	Transportation	25,896	49 USC 1654a(3)(A)

FINANCIAL OR FINANCIALLY RELATED STATUTORY AUDIT  
PROVISIONS PERTAINING TO PROGRAMS LISTED IN THE  
1983 CATALOG OF FEDERAL DOMESTIC ASSISTANCE

PROVISIONS PLACING RESPONSIBILITY FOR AUDIT  
ON THE GRANTEE

1. a. USC Citation for Financial Audit Provision/Year Enacted.

7 USC 2028(b)(2)(A)/[1981]

"The Commonwealth [of Puerto Rico] shall provide for a biennial audit of expenditures under its program for the provision of the assistance described in subsection (a)(1)(A) of this section and within 120 days of the end of each fiscal year in which the audit is made, shall report to the Secretary the findings of such audit."

b. Summary of Audit Provision

<u>Entity Responsible for Audit</u>	Grantee
<u>Entity Which Will Conduct Audit</u>	Not specified
<u>Frequency of Audit</u>	Biennially
<u>Audit Coverage</u>	Grantee
<u>Audit Standards To Be Followed In Conducting Audit</u>	
None specified	
<u>Dollar Threshold</u>	None specified

c. CFDA Number and Name of Programs To Which Audit Provision Applies

10.566 Nutrition Assistance for Puerto Rico

## 2. a. USC Citation for Financial Audit Provision/Year Enacted.

12 USC 1761d/[1959]

"The supervisory committee [of the credit union] shall make or cause to be made an annual audit and shall submit a report of that audit to the board of directors and a summary of the report to the members at the next annual meeting of the credit union; shall make or cause to be made such supplementary audits as it deems necessary or as may be ordered by the Board, and submit reports of the supplementary audits to the board of directors. . ."

## b. Summary of Audit Provision

<u>Entity Responsible for Audit</u>	Grantee
<u>Entity Which Will Conduct Audit or cause to be made"</u>	Grantee "shall make
<u>Frequency of Audit</u>	Annually
<u>Audit Coverage</u>	Grantee
<u>Audit Standards To Be Followed In Conducting Audit</u>	
None specified	
<u>Dollar Threshold</u>	None specified

## c. CFDA Number and Name of Programs To Which Audit Provision Applies

44.001 Credit Union Charter, Examination, Supervision and Insurance

3. a. USC Citation for Financial Audit Provision/Year Enacted  
20 USC 1232c(a)(2)/[1978]

"In the case of any applicable program in which Federal funds are made available to local agencies in a State through or under the supervision of a State board or agency, the Commissioner [Secretary of Education] may require the State to submit a plan for monitoring compliance by local agencies with Federal requirements under such program and for enforcement by the State of such requirements. The Commissioner may require such plan to provide -

(2) for periodic audits of expenditures under such programs by auditors of the State or other auditors not under the control, direction, or supervision of the local education agency. . ."

b. Summary of Audit Provision

<u>Entity Responsible for Audit</u>	Grantee
<u>Entity Which Will Conduct Audit independent auditor</u>	Grantee or
<u>Frequency of Audit</u>	- Periodically
<u>Audit Coverage</u>	Subgrantees
<u>Audit Standards To Be Followed In Conducting Audit</u>	
None specified	
<u>Dollar Threshold</u>	None specified

c. CFDA Number and Name of Programs To Which Audit Provision Applies

84.002 Adult Education - State Administered Program

84.009 Program for Education of Handicapped Children in State Operated or Supported Schools

84.010 Educationally Deprived Children - Local Educational Agencies

84.011 Migrant Education - Basic State Formula Grant Program

84.027 Handicapped Preschool and School Programs

84.034 Public Library Services

84.035 Interlibrary Cooperation

84.052 Vocational Education - Special Programs for the Disadvantaged

84.069 Grants to States for State Student Incentives

84.126 Rehabilitation Services - Basic Support

84.154 Library Services and Construction Act - Construction



## 4. a. USC Citation for Financial Audit Provision/Year Enacted.

20 USC 2817/[1978]

"(a) Each State shall make provision for audits of the expenditure of funds received under this subchapter to determine, at a minimum, the fiscal integrity of grant or subgrant transactions and reports, and the compliance with applicable statutes, regulations and terms and conditions of the grant or subgrant. Such audits shall be made with reasonable frequency considering the nature, size and complexity of the activity. . ."

## b. Summary of Audit Provision

<u>Entity Responsible for Audit</u>	Grantee
<u>Entity Which Will Conduct Audit</u>	Not specified
<u>Frequency of Audit</u>	Reasonable frequency
<u>Audit Coverage</u>	Grantee and subgrantees
<u>Audit Standards To Be Followed In Conducting Audit</u>	
None specified	
<u>Dollar Threshold</u>	None specified

## c. CFDA Number and Name of Programs To Which Audit Provision Applies

84.009 Program for Education of Handicapped Children in State Operated or Supported Schools

84.011 Migrant Education - Basic State Formula Grant Program

84.144 Migrant Education - Interstate and Intrastate Coordination Program

84.152 Neglected or Delinquent Transition Services

5. a. USC Citation for Financial Audit Provision/Year Enacted.  
29 USC 1574(a)/[1982]

"(1) Each State shall establish such fiscal control and fund accounting procedures as may be necessary to assure the proper disbursement of and accounting for, Federal funds paid to the recipient..." The Director of the Office of Management and Budget, in consultation with the Comptroller General of the United States, shall establish guidance for the proper performance of audits. Such guidance shall include a review of fiscal controls and fund accounting procedures established by States under this section.

(2) At least once every two years, the State shall prepare or have prepared an independent financial and compliance audit of each recipient of funds...Under criteria established by the Director of the Office of Management and Budget, and upon application by the Governor, the Secretary may exempt designated recipients from all or part of the requirements of this section. . .

(3) Each audit shall be conducted in accordance with applicable auditing standards set forth in the financial and compliance element of the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions issued by the Comptroller General of the United States."

b. Summary of Audit Provision

<u>Entity Responsible for Audit</u>	Grantee
<u>Entity Which Will Conduct Audit</u> Independent entity	Grantee or
<u>Frequency of Audit</u>	Biennially
<u>Audit Coverage</u>	Grantees and subgrantees
<u>Audit Standards To Be Followed In Conducting Audit</u> Comptroller General's Standards	
<u>Dollar Threshold</u>	None specified

c. CFDA Number and Name of Programs To Which Audit Provision Applies

17.246 Employment and Training Assistance - Dislocated Workers

## 6. a. USC Citation for Financial Audit Provision/Year Enacted.

31 USC 6723(a) through (f)/[1976, revised 1982 and 1983]

"(a)(1) Except as provided in this section, a State government or unit of general local government which receives a payment under this chapter shall have an independent audit made of the financial statements of the government at least as often as is required by paragraph (2) to determine compliance with this chapter. The audit shall be carried out under generally accepted government auditing standards issued by the Comptroller General of the United States.

(2) Paragraph (1) of this subsection does not apply to a government for a fiscal year in which the government receives less than \$25,000 under this chapter. A government which receives at least \$25,000 but not more than \$100,000 under this chapter for a fiscal year shall have an audit made in accordance with paragraph (1) at least once every 3 years. A government which receives more than \$100,000 under this chapter for a fiscal year shall have an audit made in accordance with paragraph (1) for such fiscal year, except that, if the government operates on a biennial fiscal period, such audit may be made biennially but shall cover the financial statement or statements for, and compliance with the requirements of this chapter during, both years within such period.

(3) An audit of financial statements of a government carried out under another law of the United States for a fiscal year is deemed to be compliance with paragraph (1) for that year when the audit substantially complies with the requirements of paragraph (1)

(b)(1) A State government or unit of general local government may elect to waive application of subsection (a)(1) when -

(A) the financial statements of the government are audited by independent auditors under State or local law at least as often as would be required by subsection (a)(2)

(B) the government certifies that the audit is carried out under generally accepted government auditing standards issued by the Comptroller General of the United States; and

(C) the auditing provisions of the State or local law are applicable to the entitlement period to which the waiver applies.

(2) The election by the government shall include a brief description of the auditing standards used under the State or local law and specify the entitlement period to which the waiver applies.

(c) Under regulations of the Secretary of the Treasury, the Secretary may waive a requirement of subsections (a)(1) and (b) of this section for a State government or unit of general local government for a fiscal year when the Secretary decides that the financial statements of the government for the year -

(1) cannot be audited, and the government shows substantial progress in making the statements auditable; or

(2) have been audited by a State agency that does not follow generally accepted government auditing standards issued by the Comptroller General of the United States or that is not independent, and the State agency shows progress in meeting such auditing standards or in becoming independent.

(d) A series of audits carried out over a period of not more than 3 years covering the total amount in the financial accounts of a State government or unit of general local government is deemed to be a single audit under subsections (a)(1) and (b) of this section.

(e) An opinion on an audit carried out under this section shall be provided to the Secretary in the form and at times required by the Secretary. Not later than 30 days following completion of the audit, the audit report shall be made available for public inspection by the State government or unit of local government.

(f)(1) The Secretary shall maintain regulations providing reasonable and specific time limits for the Secretary to -

(A) carry out an investigation and make a finding after receiving a complaint referred to in section 6721(b) of this title, a determination by a State or local administrative agency, or other information about a possible violation of the chapter;

(B) carry out audits and reviews (including investigations of allegations) about possible violations of this chapter; and

(C) advise a complainant of the status of an audit, investigation, or review of an allegation by the complainant of a violation of section 6716(a) or (b) of this title or other provision of this chapter. . ."

The above provision appears as amended by Public Law 98-185, Local Government Fiscal Assistance Amendments of 1983, enacted November 15, 1983. The passages underlined are those which were amended. The amendments made two significant changes to the provision. First, the previous provision exempted governments receiving less than \$25,000 from audits but did not specify different audit intervals for various classes of grantees, as does the amended provision. Instead, all grantees subject to audits were to perform one every 3 years. The other change requires audits to be performed under the Comptroller General's standards rather than generally accepted auditing standards, as was previously required.

b. Summary of Audit Provision

<u>Entity Responsible for Audit</u>	Grantee
<u>Entity Which Will Conduct Audit generally</u>	Independent entity
<u>Frequency of Audit</u>	See Subsection (a)(2) above
<u>Audit Coverage</u>	Grantee as single entity
<u>Audit Standards To Be Followed In Conducting Audit</u>	Generally accepted government auditing standards issued by the Comptroller General
<u>Dollar Threshold</u>	\$25,000 (see also Subsection ((a)(2) above)

c. CFDA Number and Name of Programs To Which Audit Provision Applies

21.300 General Revenue Sharing

## 7. a. USC Citation for Financial Audit Provision/Year Enacted.

31 USC 7305/[1982]

"(a) The chief executive officer of each State shall conduct financial and compliance audits of block grant amounts received under the Omnibus Budget Reconciliation Act of 1981...and amounts received under a consolidated assistance program established or provided for in the Act. An audit shall be conducted for the 2-year period beginning on October 1, 1981, and for each two year period thereafter. As far as practicable, the audit shall be conducted consistent with standards the Comptroller General prescribes for the audit of governmental entities, programs, activities, and functions.

(b) An audit under subsection (a) of this section is in place of other financial and compliance audits of those amounts that the chief executive officer of the State is required to conduct under another provision of the Omnibus Budget Reconciliation Act of 1981...unless the other provision, by explicit reference to this section, provides otherwise."

## b. Summary of Audit Provision

<u>Entity Responsible for Audit</u>	Grantee
<u>Entity Which Will Conduct Audit</u>	Grantee
<u>Frequency of Audit</u>	Biennially
<u>Audit Coverage</u>	Grantees and subgrantees
<u>Audit Standards To Be Followed In Conducting Audit</u> Comptroller General's Standards	
<u>Dollar Threshold</u>	None specified

## c. CFDA Number and Name of Programs To Which Audit Provision Applies

13.665 Community Services Block Grant

84.073 National Diffusion Network

84.151 Improving School Programs - State Block Grants

8. a. USC Citation for Financial Audit Provision/Year Enacted  
 42 USC 254c(h)(1)/[1981]

"Each entity which receives a grant under subsection (d) of this section shall provide for an independent annual financial audit of any books, accounts, financial records, files, and other papers and property which relate to the disposition or use of the funds received under such grant and such other funds received by or allocated to the project for which such grant was made. For purposes of assuring accurate, current, and complete disclosure of the disposition or use of the funds received, each such audit shall be conducted in accordance with generally accepted accounting principles. Each audit shall evaluate -

(A) the entity's implementation of the guidelines established by the Secretary respecting cost accounting,

(B) the processes used by the entity to meet the financial and program reporting requirements of the Secretary, and

(C) the billing and collection procedures of the entity and the relation of the procedures to its fee schedule..

A report of each such audit shall be filed with the Secretary at such time and in such manner as the Secretary may require."

b. Summary of Audit Provision

<u>Entity Responsible for Audit</u>	Grantee
<u>Entity Which Will Conduct Audit</u>	Independent entity
<u>Frequency of Audit</u>	Annually
<u>Audit Coverage</u>	Grantee
<u>Audit Standards To Be Followed In Conducting Audit</u>	
Generally Accepted Accounting Principles	
<u>Dollar Threshold</u>	None specified

c. CFDA Number and Name of Programs To Which Audit Provision Applies

13.224 Community Health Centers

## 9. a. USC Citation for Financial Audit Provision/Year Enacted.

42 USC 292e(b)/[1978]

"Each entity which received a grant or entered into a contract under this subchapter shall provide for a biennial financial audit of any books, accounts, financial records, files and other papers and property which relate to the disposition or use of funds received under such grant or contract and such other funds received by or allocated to the project or undertaking for which such grant or contract was made. For purpose of assuring accurate, current, and complete disclosure of the disposition or use of the funds received, each such audit shall be conducted in accordance with such requirements concerning the individual or agency which conducts the audit, and such standards applicable to the performance of the audit, as the Secretary may by regulation provide. A report of each such audit shall be filed with the Secretary at such time and in such manner as he may require."

## b. Summary of Audit Provision

<u>Entity Responsible for Audit</u>	Grantee
<u>Entity Which Will Conduct Audit</u>	Not specified
<u>Frequency of Audit</u>	Biennially
<u>Audit Coverage</u>	Grantee
<u>Audit Standards To Be Followed In Conducting Audit</u> "as the Secretary may by regulation provide"	
<u>Dollar Threshold</u>	None specified

## c. CFDA Number and Name of Programs To Which Audit Provision Applies

13.117 Grants for Preventive Medicine Residency Training  
 13.339 Health Professions - Capitation Grants  
 13.342 Health Professions - Student Loans



- 13.379 Grants for Graduate Training in Family Medicine
- 13.381 Health Professions - Financial Distress Grants
- 13.820 Scholarships for First-Year Students of  
Exceptional Financial Need
- 13.822 Health Careers Opportunity Program
- 13.824 Area Health Education Centers
- 13.884 Grants for Residency Training in General Internal  
Medicine and/or General Pediatrics
- 13.886 Grants for Physician Assistant Training Program
- 13.895 Grants for Faculty Development in Family Medicine
- 13.896 Grants for Predoctoral Training in Family  
Medicine
- 13.897 Residency Training in the General Practice of  
Dentistry
- 13.962 Health Administration Graduate Traineeships
- 13.963 Graduate Programs in Health Administration
- 13.964 Traineeships for Students in Schools of Public  
Health and Other Graduate Public Health Programs
- 13.969 Curriculum Development Grants
- 13.984 Grants for Establishment of Departments of Family  
Medicine

- 10. a. USC Citation for Financial Audit Provision/Year Enacted  
42 USC 300w-5(b)(2)/[1981]

"(2) Each state shall annually audit its expenditures from payments received under...this title. Such State audits shall be conducted by an entity independent of any agency administering a program funded under this part and, in so far as practicable, in accordance with the Comptroller General's standards for auditing governmental organizations, programs, activities and functions. Within 30 days following the date each audit is completed, the chief executive officer of the State shall transmit a copy of that audit to the Secretary."

- b. Summary of Audit Provision

<u>Entity Responsible for Audit</u>	Grantee
<u>Entity Which Will Conduct Audit</u>	Independent entity
<u>Frequency of Audit</u>	Annually
<u>Audit Coverage</u>	Grantees and subgrantees
<u>Audit Standards To Be Followed In Conducting Audit</u> Comptroller General's Standards	
<u>Dollar Threshold</u>	None specified

- c. CFDA Number and Name of Programs To Which Audit Provision Applies

13.991 Preventive Health and Health Services Block Grant

11. a. USC Citation for Financial Audit Provision/Year Enacted  
42 USC 300x-5(b)(2)/[1981]

"Each State shall annually audit its expenditures from payments received under. . .this title. Such State audits shall be conducted by an entity independent of any agency administering a program funded under this part and, in so far as practical, in accordance with the Comptroller General's standards for auditing governmental organizations, programs, activities, and functions. Within 30 days following the date each audit is completed, the chief executive officer of the State shall transmit a copy of that audit to the Secretary."

- b. Summary of Audit Provision

<u>Entity Responsible for Audit</u>	Grantee
<u>Entity Which Will Conduct Audit</u>	Independent entity
<u>Frequency of Audit</u>	Annually
<u>Audit Coverage</u>	Grantees and subgrantees
<u>Audit Standards To Be Followed In Conducting Audit</u> Comptroller General's Standards	
<u>Dollar Threshold</u>	None specified

- c. CFDA Number and Name of Programs To Which Audit Provision Applies
- 13.992 Alcohol and Drug Abuse and Mental Health Services Block Grant

12. a. USC Citation for Financial Audit Provision/Year Enacted  
42 USC 300y-7(b)(2)/[1981]

"Each State shall annually audit its expenditures from payments received under. . .this title. Such State audits shall be conducted by an entity independent of any agency administering a program funded under this part and, to the extent practicable, in accordance with the Comptroller General's standards for auditing governmental organizations, programs, activities and functions. Within 30 days following the date each audit is completed, the chief executive officer of the State shall transmit a copy of that audit to the Secretary."

- b. Summary of Audit Provision

<u>Entity Responsible for Audit</u>	Grantee
<u>Entity Which Will Conduct Audit</u>	Independent entity
<u>Frequency of Audit</u>	Annually
<u>Audit Coverage</u>	Grantees and subgrantees
<u>Audit Standards To Be Followed In Conducting Audit</u> Comptroller General's Standards	
<u>Dollar Threshold</u>	None specified

- c. CFDA Number and Name of Programs To Which Audit Provision Applies

13.993 Primary Care Block Grant

13. a. USC Citation for Financial Audit Provision/Year Enacted  
42 USC 706(b)(1)/[1981]

"Each State shall, not less often than once every two years, audit its expenditures from amounts received under this subchapter. Such State audits shall be conducted by an entity independent of the State agency administering a program funded under this subchapter in accordance with the Comptroller General's standards for auditing governmental organizations, programs, activities, and functions and generally accepted auditing standards. Within 30 days following the completion of each audit report, the State shall submit a copy of that audit report to the Secretary."

- b. Summary of Audit Provision

<u>Entity Responsible for Audit</u>	Grantee
<u>Entity Which Will Conduct Audit</u>	Independent entity
<u>Frequency of Audit</u>	Biennially
<u>Audit Coverage</u>	Grantee
<u>Audit Standards To Be Followed In Conducting Audit</u> Comptroller General's Standards and generally accepted auditing standards	
<u>Dollar Threshold</u>	None specified

- c. CFDA Number and Name of Programs To Which Audit Provision Applies

13.110 Maternal and Child Health Federal Consolidated Programs

13.994 Maternal and Child Health Services Block Grant

14. a. USC Citation for Financial Audit Provision/Year Enacted  
42 USC 1396a(a)42/[1980]

"[A State plan for medical assistance must -] provide (A) that the records of any entity participating in the plan and providing services reimbursable on a cost-related basis will be audited as the Secretary determines to be necessary to insure that proper payments are made under the plan, (B) that such audits, for such entities also providing services under subchapter XVIII of this chapter, will be coordinated and conducted jointly (to such extent and in such manner as the Secretary shall prescribe) with audits conducted for purposes of such part, and (C) for payment of such proportion of costs of each such common audit as is determined under methods specified by the Secretary. . ."

- b. Summary of Audit Provision

<u>Entity Responsible for Audit</u>	Grantee
<u>Entity Which Will Conduct Audit</u>	Not specified
<u>Frequency of Audit</u>	"as the Secretary determines to be necessary. . ."
<u>Audit Coverage</u> (subgrantees)	Medicaid service providers
<u>Audit Standards To Be Followed In Conducting Audit</u>	
None specified	
<u>Dollar Threshold</u>	None specified

- c. CFDA Number and Name of Programs To Which Audit Provision Applies

13.714 Medical Assistance Program (Medicaid)  
13.775 State Medicaid Fraud Control Units

15. a. USC Citation for Financial Audit Provision/Enacted  
42 USC 1397e(b)/[1981]

"Each State shall, not less often than every two years, audit its expenditures from amounts received (or transferred for use) under this subchapter. Such State audits shall be conducted by an entity independent of any agency administering activities funded under this subchapter, in accordance with generally accepted auditing principles. Within 30 days following the completion of each audit, the State shall submit a copy of that audit to the legislature of the State and to the Secretary. . ."

- b. Summary of Audit Provision

<u>Entity Responsible for Audit</u>	Grantee
<u>Entity Which Will Conduct Audit</u>	Independent entity
<u>Frequency of Audit</u>	Biennially
<u>Audit Coverage</u>	Grantees
<u>Audit Standards To Be Followed In Conducting Audit</u> Generally Accepted Auditing Principles	
<u>Dollar Threshold</u>	None specified

- c. CFDA Number and Name of Programs To Which Audit Provision Applies

13.667 Social Services Block Grant

16. a. USC Citation for Financial Audit Provision/Year Enacted  
42 USC 8624(b)(10),(e)/[1981]

"[As part of the annual application...the chief executive officer of each State shall certify that the State agrees to. . .]

(10) provide that such fiscal control and fund accounting procedures will be established as may be necessary to assure the proper disbursement of and accounting for Federal funds paid to the State under this subchapter, including procedures for monitoring the assistance provided under this subchapter, and provide that at least every year the State shall prepare an audit of its expenditures of amounts received under this subchapter and amounts transferred to carry out the purposes of this subchapter;. . .

(e) Each audit required by subsection (b)(10) shall be conducted by an entity independent of any agency administering activities or services carried out under this subchapter and shall be conducted in accordance with generally accepted accounting principles. Within 30 days after the completion of each audit, the chief executive officer of the State shall submit a copy of such audit to the legislature of the State and to the Secretary."

- b. Summary of Audit Provision

<u>Entity Responsible for Audit</u>	Grantee
<u>Entity Which Will Conduct Audit</u>	Independent entity
<u>Frequency of Audit</u>	Annually
<u>Audit Coverage</u>	Grantees and subgrantees
<u>Audit Standards To Be Followed In Conducting Audit</u>	
Generally Accepted Accounting Principles	
<u>Dollar Threshold</u>	None specified

- c. CFDA Number and Name of Programs To Which Audit Provision Applies

13.818 Low-Income Home Energy Assistance



17. a. USC Citation for Financial Audit Provision/Year Enacted  
 49 USC 2217 (b),(c)/[1982]

"(b). . .The Secretary may require as a condition to receipt of a grant under this chapter, that an appropriate audit be conducted by a recipient."

"(c) In any case in which an independent audit is made of the accounts of a recipient of a grant under this chapter relating to the disposition of the proceeds of such grant or relating to the plan or program in connection with which the grant was given or used, the recipient shall file a certified copy of such audit with the Comptroller General of the United States not later than six months following the close of the fiscal year for which the audit was made. On or before April 15 of each year the Comptroller General shall report to the Congress describing the results of each audit conducted or reviewed by him under this section during the preceding fiscal year. The Comptroller General shall prescribe such regulations as are deemed necessary to carry out the provisions of this subsection."

- b. Summary of Audit Provision

<u>Entity Responsible for Audit</u>	Grantee
<u>Entity Which Will Conduct Audit</u>	Grantee
<u>Frequency of Audit</u>	Not Specified
<u>Audit Coverage</u>	Grantee
<u>Audit Standards To Be Followed In Conducting Audit</u>	
None specified	
<u>Dollar Threshold</u>	None specified

- c. CFDA Number and Name of Programs To Which Audit Provision Applies

20.106 Airport Improvement Program

FINANCIAL OR FINANCIALLY RELATED STATUTORY AUDIT  
PROVISIONS PERTAINING TO PROGRAMS LISTED IN THE  
1983 CATALOG OF FEDERAL DOMESTIC ASSISTANCE

PROVISIONS PLACING RESPONSIBILITY FOR AUDIT ON OTHER ENTITIES

1. a. USC Citation for Financial Audit Provision/Year Enacted  
 7 USC 2020(1)/[1980]

"Whenever the ratio of a State's average food stamp participation in any quarter of a fiscal year to the State's total population in that quarter. . .exceeds 60 percent, the Office of the Inspector General of the Department of Agriculture shall immediately schedule a financial audit review of a sample of project areas within that State, and shall, upon completion of the audit, provide a report to Congress of its findings and recommendations within one hundred and eighty days. Any financial review subsequent to the first such review, required under the preceding sentence, shall be conducted at the option of the Office of the Inspector General."

- b. Summary of Audit Provision

Entity Responsible for Audit                      Inspector General

Entity Which Will Conduct Audit                      Not specified

Frequency of Audit                      When state participation in Food Stamp Program exceeds 60 percent of state population.

Audit Coverage                      Grantees

Audit Standards To Be Followed In Conducting Audit  
 None specified

Dollar Threshold                      None specified

- c. CFDA Number and Name of Programs To Which Audit Provision Applies

10.551 Food Stamps

2. a. USC Citation for Financial Audit Provision/Year Enacted  
8 USC 1522(a)(7)/[1980]

"The Secretary [of HHS] together with the Secretary of State with respect to assistance provided by the Secretary of State..shall develop a system of monitoring the assistance provided under this section. This system shall include. . .

(B) financial auditing and other appropriate monitoring to detect any fraud, abuse or mismanagement in the operation of such programs. . ."

- b. Summary of Audit Provision

Entity Responsible for Audit Secretaries of State and HHS

Entity Which Will Conduct Audit Not specified

Frequency of Audit Not specified

Audit Coverage Grantees

Audit Standards To Be Followed In Conducting Audit  
None specified

Dollar Threshold None specified

- c. CFDA Numbers and Names of Programs to Which Audit Provision Applies

13.814 Refugee Assistance - State Administered Programs

13.815 Refugee Assistance - Voluntary Agency Programs

13.817 Entrant Assistance - Cuban and Haitian Entrants

13.987 Health Programs for Refugees

84.146 Transition Program for Refugee Children

3. a. USC Citation for Financial Audit Provision/Year Enacted  
 20 USC 429(b)/[1958]

"Financial transactions of the Commissioner [now Secretary of Education] pursuant to this subchapter, and vouchers approved by him in connection with such financial transactions, shall be final and conclusive upon all officers of the Government; except that all such transactions shall be subject to audit by the General Accounting Office at such times and in such manner as the Comptroller General may by regulation prescribe."

- b. Summary of Audit Provision

Entity Responsible for Audit Office      General Accounting Office

Entity Which Will Conduct Audit Office      General Accounting Office

Frequency of Audit General      As specified by Comptroller General

Audit Coverage      Financial transactions of Secretary of Education pursuant to National Defense Student Loan programs.

Audit Standards To Be Followed In Conducting Audit prescribed by Comptroller General      As prescribed by Comptroller General

Dollar Threshold      None specified

- c. CFDA Numbers and Names of Programs to Which Audit Provision Applies

84.037 National Defense/Direct Student Loan Cancellations

84.038 National Defense/Direct Student Loans

4. a. USC Citation for Financial Audit Provision/Year Enacted  
20 USC 1094(b)/[1980]

" . . .the Secretary is authorized to prescribe such regulations as may be necessary to provide for -

(A) A fiscal audit of an eligible institution with regard to any funds obtained by it under this subchapter and part C of subchapter I of chapter 34 of Title 42 or obtained from a student who has a loan insured or guaranteed by the Secretary under this subchapter and part C of subchapter I of chapter 34 of Title 42"

- b. Summary of Audit Provision

<u>Entity Responsible for Audit</u>	Secretary
<u>Entity Which Will Conduct Audit</u>	Not specified
<u>Frequency of Audit</u>	Not specified
<u>Audit Coverage</u>	Grantees
<u>Audit Standards To Be Followed In Conducting Audit</u>	
None specified	
<u>Dollar Threshold</u>	None specified

- c. CFDA Numbers and Names of Programs to Which Audit Provision Applies

84.007 Supplemental Educational Opportunity Grants  
84.032 Higher Education Act Insured Loans  
84.037 National Defense/Direct Student Loan Cancellations  
84.038 National Defense/Direct Student Loans  
84.042 Special Services for Disadvantaged Students  
84.044 Talent Search  
84.047 Upward Bound  
84.064 Higher Education - Veterans' Cost of Instruction Program  
84.066 Educational Opportunity Centers

84.069 Grants to States for State Student Incentives

84.103 Training for Special Programs Staff and  
Leadership Personnel

84.141 Migrant Education - High School Equivalency  
Program

84.149 Migrant Education - College Assistance Migrant  
Program

5. a. USC Citation for Financial Audit Provision/Year Enacted.

20 USC 2305(f)(2)/[1976]

"The expenditure of . . . funds is to be determined solely by the State advisory council. . . Each council shall designate an appropriate State agency or other public agency, eligible to receive funds under this Act, to act as its fiscal agent for purposes of disbursement, accounting, and auditing."

b. Summary of Audit Provision

Entity Responsible for Audit State advisory councils

Entity Which Will Conduct Audit Appropriate public agency eligible for grant funds.

Frequency of Audit Not specified

Audit Coverage Grantees (state advisory councils)

Audit Standards To Be Followed In Conducting Audit  
None specified

Dollar Threshold None specified

c. CFDA Numbers and Names of Programs To Which Audit Provision Applies

84.053 Vocational Education - State Advisory Councils

6. a. USC Citation for Financial Audit Provision/Year Enacted  
 20 USC 2312(a)/[1976]

"In order for the Federal government to assist the States in operating the best possible programs of vocational education -

(1) the Commissioner [Secretary of Education] shall within four months of the receipt of a State's annual program plan and accountability report to that State board an analysis of such plan and report, including suggestions for improvements in the State's programs and findings contained in any program or fiscal audits performed in that State pursuant to paragraph (2); and

(2). . .in at least ten States a fiscal year during the period beginning October 1, 1977, and ending September 30, 1982,. . .the Department of Health Education and Welfare [now the Department of Education] shall...conduct fiscal audits of. . .programs within those States."

b. Summary of Audit Provision

Entity Responsible for Audit Secretary of Education

Entity Which Will Conduct Audit Secretary of Education

Frequency of Audit At least 10 states to be audited annually

Audit Coverage Grantees and subgrantees

Audit Standards To Be Followed In Conducting Audit None specified

Dollar Threshold None specified

c. CFDA Numbers and Names of Programs To Which Audit Provision Applies

23.012 Appalachian Vocational and Other Education Facilities and Operations

84.048 Vocational Education - Basic Grants to States

84.049 Vocational Education - Consumer and Homemaking Education



84.050 Vocational Education - Program Improvement and Supportive Service

84.051 Vocational Education - Program Improvement Projects

84.052 Vocational Education - Special Programs for the Disadvantaged

84.053 Vocational Education - State Advisory Councils

84.077 Bilingual Vocational Training

84.099 Bilingual Vocational Instructor Training

84.100 Bilingual Vocational Instructional Materials, Methods and Techniques

84.121 Vocational Training - State Planning and Evaluation

-

7. a. USC Citation for Financial Audit Provision/Year Enacted  
20 USC 2835/[1978]

"(a) The Inspector General of the Department of Health, Education and Welfare [Office of the Inspector General of the Department of Education] shall make provision for audits of grants made under this subchapter to determine, at a minimum, the fiscal integrity of grant or subgrant financial transactions and reports, and the compliance with applicable statutes, regulations, and terms and conditions of the grant or subgrant."

- b. Summary of Audit Provision

Entity Responsible for Audit      Inspector General of  
Department of Education

Entity Which Will Conduct Audit      Not specified

Frequency of Audit      Not specified

Audit Coverage      Grantees and subgrantees

Audit Standards To Be Followed In Conducting Audit  
None specified

Dollar Threshold      None specified

- c. CFDA Numbers and Names Programs to Which Audit Provision Applies

84.009 Program for Education of Handicapped Children in State Operated or Supported Schools

84.011 Migrant Education - Basic State Formula Grant Program

84.144 Migrant Education - Interstate and Intrastate Coordination Program

84.152 Neglected or Delinquent Transition Services

8. a. USC Citation for Financial Audit Provision/Year Enacted  
42 USC 300e - 14/[1973]

"(a) The Secretary shall periodically review the programs of assistance authorized by this subchapter and make an annual report to the Congress of a summary of the activities under each program. The Secretary shall include in such summary. . .

(3) findings with respect to the ability of the health maintenance organizations assisted under this subchapter -

(A) to operate on a fiscally sound basis without continued Federal financial assistance. . ."

- b. Summary of Audit Provision

Entity Responsible for Audit Secretary of HHS

Entity Which Will Conduct Audit Not specified

Frequency of Audit Periodically

Audit Coverage Programs of assistance to health maintenance organizations

Audit Standards To Be Followed In Conducting Audit  
None specified

Dollar Threshold None specified

- c. CFDA Numbers and Names of Programs to Which Audit Provision Applies

13.256 Health Maintenance Organizations

- 9. a. USC Citation for Financial Audit Provision/Year Enacted  
42 USC 300e - 17(d)/[1978]

"The Secretary shall, as he deems necessary, conduct an evaluation of transactions [between the health maintenance organization and a party in interest] reported to the Secretary. . .for the purpose of determining their adverse impact, if any, on the fiscal soundness and reasonableness of charges to the health maintenance organization with respect to which they transpired. The Secretary shall evaluate the reported transactions of not less than five, or if there are more than twenty health maintenance organizations reporting such transactions, not less than one-fourth of the health maintenance organizations reporting any such transactions under. . .this section."

- b. Summary of Audit Provision

<u>Entity Responsible for Audit</u>	Secretary of HHS
<u>Entity Which Will Conduct Audit</u>	Not specified
<u>Frequency of Audit</u>	As Secretary of HHS deems necessary
<u>Audit Coverage</u>	Health Maintenance Organizations receiving federal assistance
<u>Audit Standards To Be Followed In Conducting Audit</u>	None specified
<u>Dollar Threshold</u>	None specified

- c. CFDA Numbers and Names of Program to Which Audit Provision Applies

13.256 Health Maintenance Organizations

- 10. a. USC Citation for Financial Audit Provision/Year Enacted  
42 USC 5304(e)/[1981]

"Insofar as they relate to funds provided under this chapter, the financial transactions of recipients of such funds may be audited by the General Accounting Office under such rules and regulations as may be prescribed by the Comptroller General of the United States. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and other papers, things or property belonging to or in use by such recipients pertaining to such financial transactions and necessary to facilitate the audit."

- b. Summary of Audit Provision

Entity Responsible for Audit Office            General Accounting Office

Entity Which Will Conduct Audit Office            General Accounting Office

Frequency of Audit    - Not specified

Audit Coverage        Grantees and subgrantees

Audit Standards To Be Followed In Conducting Audit  
". . . as may be prescribed by the Comptroller General. . ."

Dollar Threshold        None specified

- c. CFDA Numbers and Names of Programs to Which Audit Provision Applies

14.218 Community Development Block Grants/Entitlement Grants

14.219 Community Development Block Grants/Small Cities Program

14.221 Urban Development Action Grants

14.228 Community Development Block Grants/State's Program

14.229 Community Development Block Grants/Secretary's Discretionary Fund

- 11. a. USC Citation for Financial Audit Provision/Year Enacted  
42 USC 9611(k)/[1980]

"The Inspector General of each department or agency to which responsibility to obligate money in the [Hazardous Substance Response] Fund is delegated shall provide an audit review team to audit all payments, obligations, reimbursements, or other uses of the Fund, to assure that the Fund is being properly administered and that claims are being appropriately and expeditiously considered. Each such Inspector General shall submit to the Congress an interim report one year after the establishment of the Fund and a final report two years after the establishment of the Fund. Each such Inspector General shall thereafter provide such auditing of the Fund as is appropriate. Each Federal agency shall cooperate with the Inspector General in carrying out this subsection."

- b. Summary of Audit Provision

Entity Responsible for Audit      Inspectors General of departments or agencies responsible for Hazardous Substance Response Trust Fund

Entity Which Will Conduct Audit      Inspectors General noted above

Frequency of Audit      As appropriate

Audit Coverage from the Fund      Grantee (i.e., recipients of monies from the Fund)

Audit Standards To Be Followed In Conducting Audit  
None specified

Dollar Threshold      None specified

- c. CFDA Numbers and Names of Programs to Which Audit Provision Applies

66.802 Hazardous Substance Response Trust Fund

12. a. USC Citation for Financial Audit Provision/Year Enacted  
 45 USC 834/[1976]

"(a) The Comptroller General of the United States is authorized to audit the operations of the . . . obligation guarantee fund in accordance with such rules and regulations as he may prescribe. . .The representatives of the Comptroller General shall have access to all books, accounts, records, reports, files, and other papers. . .in use by or in connection with. . .the obligation guarantee fund or the Secretary which pertain to the financial transactions of the . . .obligation guarantee fund and which are necessary to facilitate an audit. . ."

- b. Summary of Audit Provision

Entity Responsible for Audit Office            General Accounting

Entity Which Will Conduct Audit            Not specified

Frequency of Audit            Not specified

Audit Coverage            Grantees

Audit Standards To Be Followed In Conducting Audit  
 Rules and regulations prescribed by the Comptroller General

Dollar Threshold            None specified

- c. CFDA Numbers and Names of Programs to Which Audit Provision Applies

20.309 Railroad Rehabilitation and Improvement -  
 Guarantee of Obligations

13. a. USC Citation for Financial Audit Provision/Year Enacted  
 49 USC 1654(m)(3)(A)/[1976]

"The Secretary and the Comptroller General shall regularly conduct, or cause to be conducted -

(A) a financial audit, in accordance with generally accepted auditing standards. . .

Such audits may be conducted by independent certified or licensed public accountants. . . approved by the Secretary and the Comptroller General, and they shall be conducted in accordance with such rules and regulations as may be prescribed by the Comptroller General."

- b. Summary of Audit Provision

Entity Responsible for Audit Secretary of  
 Transportation and Comptroller General

Entity Which Will Conduct Audit Secretary and  
 Comptroller General or independent accountant

Frequency of Audit Regularly

Audit Coverage Grantees and subgrantees

Audit Standards To Be Followed In Conducting Audit  
 Generally accepted auditing standards; rules and regulations prescribed by Comptroller General

Dollar Threshold None specified

- c. CFDA Numbers and Names of Programs to Which Audit Provision Applies

20.308 Local Rail Service Assistance



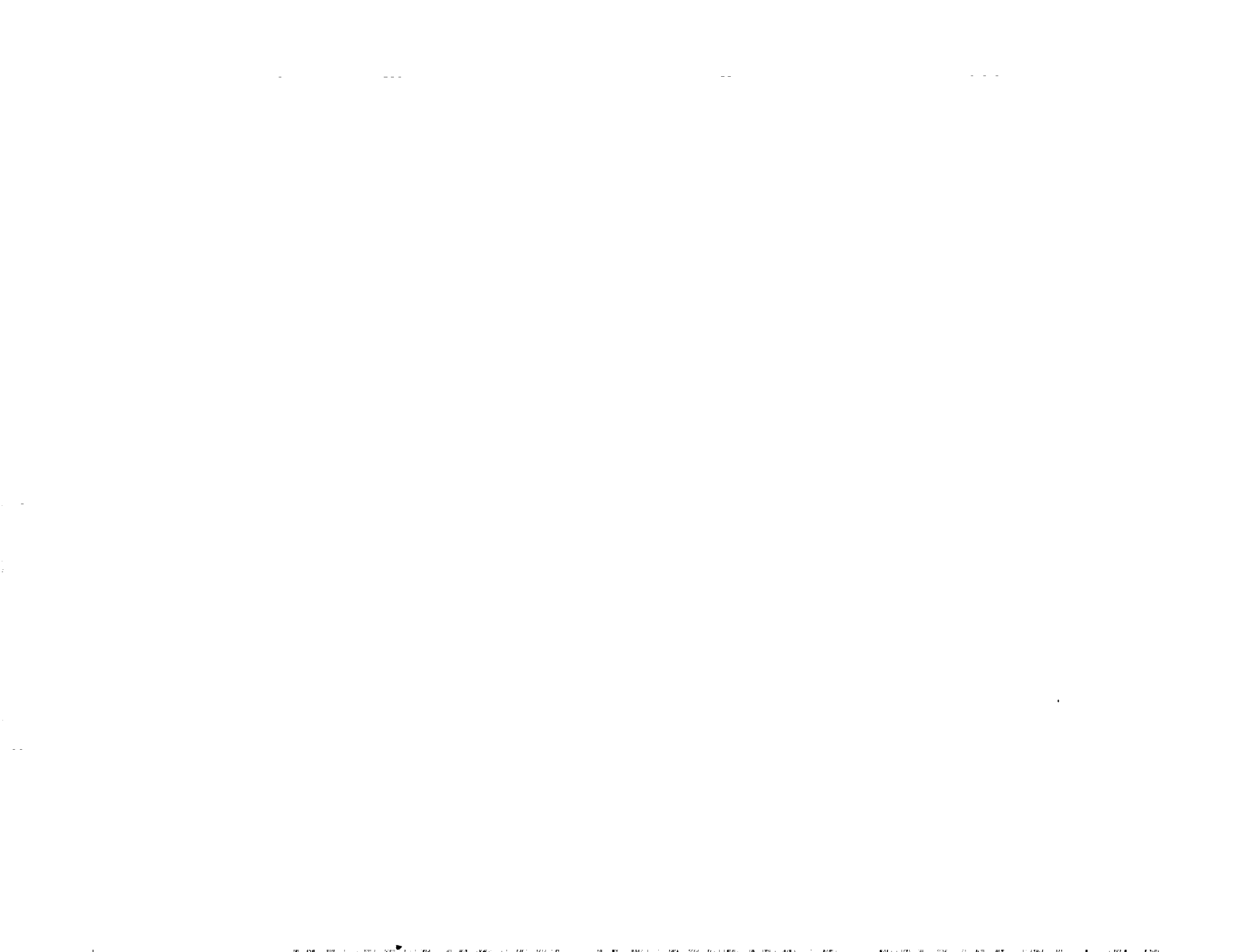
ADDITIONAL STATUTORY PROVISIONS ESTABLISH  
OTHER FORMS OF OVERSIGHT OF FEDERAL  
ASSISTANCE PROGRAMS OR OF CERTAIN  
GOVERNMENTAL ENTITIES

In the course of our research, we also collected information on other statutory provisions authorizing or requiring the use of other mechanisms for oversight over specific assistance programs or governmental entities. For example, there are over 130 statutory provisions (1 or more of which pertain to approximately 220 programs) which for the most part assign responsibility for evaluations of program results to the grantee or to the federal grantor agency. Also, we identified 42 provisions affecting 54 programs which call for reviews of compliance with applicable laws and regulations, 12 of which are to be performed in conjunction with a review of program results.

Other statutory provisions contained in program and related legislation require the grantee to provide access to records, generally to the federal grantor agency and/or GAO, for audit and examination purposes. Of the 574 programs examined, 280 have such provisions in their authorizing legislation, 75 of which are among the 86 programs affected by at least 1 of the 30 financial audit provisions. In addition to such provisions contained in program-specific legislation, the Intergovernmental Cooperation Act of 1968, as amended, provides the federal grantor agency and GAO access for audit purposes to records pertaining to grants-in-aid received by the states. However, none of these access-to-records citations require audits nor do they specify who should conduct audits.

Aside from the program specific audit provisions described in this report, other statutes require that financial audits be conducted of certain governmental entities regardless of the source of funds received. Under Public Law 97-357, the Inspector General, Department of the Interior, is required to establish an organization responsible for maintaining a satisfactory level of independent audit oversight with the authority to audit all accounts pertaining to the revenue and expenditures for the U.S. territories of American Samoa, Guam, the Virgin Islands, and the Trust Territory of the Pacific Islands. Under Public Law 98-146, GAO is authorized to audit all financial transactions of these territorial governments. GAO is also responsible for performing annual audits of the District government under the District of Columbia Self-Government and Governmental Reorganization Act.

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