

Single Audit Act Requirements

Each year, the Federal Government provides billions of dollars in grants to non-Federal entities (States, local and tribal governments, etc...). Audits are a primary tool used by the Federal Government to ensure that these funds are expended properly. A single audit provides a cost-effective mechanism for non-Federal entities to conduct one audit in lieu of multiple audits of individual programs.

- **When is a single audit required?** Audits are required in accordance with the Single Audit Act of 1984 (as amended) and OMB Circular A-133 "Audits of States, Local Governments, and Nonprofit Organization," as referenced in Federal Regulation 49 CFR Part 18.26.

Non-federal entities* (airport sponsors including sub-grants recipients under the FAA's State Block Grant Program) that **expend** \$500,000 or more of federal funds in the sponsor's fiscal year must have a single or program-specific audit conducted for that year. The \$500,000 threshold represents **all federal** funding sources, not just grants from the Federal Aviation Administration.

***Note:** Airport sponsors that are part of a larger government entity (city or county) commonly are covered by the larger entity's Single Audit submission. This submission fulfills the audit requirement.

- **What does a single audit contain?** A single audit combines the annual financial statement audit with additional audit coverage of federal funds. The single audit is intended to meet the basic audit needs of both the non-federal entity and the federal awarding agencies, combining all federal programs into a single report.

The auditor conducting the single audit must comply with the requirements outlined in OMB Circular A-133. Additionally, the Compliance Supplement provides special instructions for each federal program. The special instructions for the Airport Improvement Program ensure the auditor reviews airport revenues as well as other aspects of the airport's financial statements.

- **How do I obtain an auditor?** OMB Circular A-133 requires that federal administrative rules be followed in procuring audit services. Factors to consider in evaluating proposals for audit services include responsiveness to the request for proposal, availability of staff with professional qualifications and relevant experience, results of quality reviews, and cost. The audit is typically performed by an independent certified public accountant (CPA).

Information is also available on the General Accountability Office's website at www.gao.gov. A pamphlet called "How to Avoid a Substandard Audit: Suggestions for Procuring an Audit" is available for use.

- **How do I submit my audit?** Sponsors can no longer mail audit reports to the Federal Audit Clearinghouse. Instead, Sponsors must upload their completed audit report online at the Federal Audit Clearinghouse website (<http://harvester.census.gov/fac/>).

Users are instructed to create an online report ID and then complete form SF-SAC prior to uploading the audit report.

- **Where can I get more information?** Single audit requirements are set forth in OMB Circular A-133 and the Compliance Supplement. Information related to single audit requirements can be found at: www.whitehouse.gov/omb/financial_fin_single_audit.



Where Can I Learn More? The following three websites contain more information on this subject: www.gao.gov, www.whitehouse.gov/omb/financial_fin_single_audit, www.faa.gov/airports.