



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-7000

OFFICE OF COMMUNITY PLANNING
AND DEVELOPMENT

SEP 22 2008

MEMORANDUM FOR: All State CDBG Grantees
All CPD Field Office Directors

FROM: Manuel T. Ochoa, Deputy Assistant Secretary for Grant Programs,
DG

SUBJECT: Reminder of Office of Management and Budget Circular A-133
Single Audit Act Requirements—State Community Development
Block Grant Program (CDBG)

The Office of Inspector General (OIG) recently performed a nationwide inspection of the State CDBG program and determined that some states are not properly tracking the audits of their State CDBG grant recipients. In response to the OIG's report, the Office of Block Grant Assistance offered to develop and provide guidance on tracking annual single audit reports in accordance with OMB circular A-133. This memorandum provides guidance that will assist State CDBG grantees (states) improve their audit tracking systems and help to comply with the Single Audit Act requirements. The results of the OIG's nationwide inspection can be found at the following website: <http://www.hud.gov/offices/oig/ied/cdbgmonitor.pdf>.

All states are required to establish a system to track the receipt of annual single audit reports submitted by their units of general local governments (UGLGs). Each UGLG and non-profit organization that expends \$500,000 or more in Federal funds during its fiscal year is required by the Office of Management and Budget (OMB) Circular A-133, to have an audit performed. The single audit shall be completed in accordance with the provisions of OMB Circular A-133, submitted to the Federal Audit Clearinghouse, <http://harvester.census.gov/sac/>, and to the appropriate HUD Field Office within the earlier of 30 days after receipt of the auditor's report, or nine months after the end of the audit period. States are expected to track and follow-up with all their UGLGs to ensure that 100% of the single audit reports are completed and submitted on time.

Each state must maintain a formal tracking and records system which documents that the UGLGs' audit information has been received, and that audit reports containing findings are being tracked until all issues are successfully resolved. As a starting point, states may consider sending a "Notification of Annual Single Audit" to their UGLGs to determine if they meet the threshold to submit a single audit. A "Notification" template is attached for your convenience.

Additionally, attached you will find a template for a tracking system. The tracking system which can be done electronically in Access or Excel for instance, must contain at least the following elements:

- Name of UGLG
- Audit year ending date
- Audit report number and date
- Number of findings and description of findings
- Date of acknowledgement letter sent to UGLG
- Date of anticipated final resolution.
- Date of closure for each audit finding (management decisions must be made within 6 months of the issuance of the audit report).

At a minimum, each state must develop a tracking system, maintain it, keep it on file and make it available for HUD's review during monitoring visits. The guidance provided in this memo will help states ensure compliance with OMB Circular A-133 requirements. Also, the state requirements can be found in OMB Circular A-133 section §__.400(d).

If you have any questions, please contact your local HUD Field Office. HUD Field Offices can contact the State and Small Cities Division at 202-708-1322 for assistance.

Attachments:

1. Notification of Annual Single Audit form
2. State CDBG Master List of UGLGs- OMB Circular A-133 Audits

Attachment 1

(Insert State Agency name)
Notification of Single Annual Audit

Recipients of a CDBG grant from the (Insert name, such as: 'Nebraska Department of Economic Development') must provide, no later than 60 days after their fiscal year end, the following information:

Grantee _____

1. List amount of federal expenditures from all sources for the fiscal year ended _____, 20____

2. Source/Grant# Dollar Amount

Total
\$ _____

3. Single Audit Not Required (Total Federal Expenditures less than \$500,000)

Single Audit Required (Total Federal Expenditures at least \$500,000)

If a single audit is required, the grantee must have it conducted in accordance with the Single Audit Act, OMB Circular A-133 and Generally Accepted Government Auditing Standards for the fiscal year noted above. The Single Audit must be submitted to the Federal Audit Clearinghouse (<http://harvester.census.gov/sac/>) within the earlier of 30 days after receipt of the auditor's report, or nine months after the end of the audit period.

4. Contact person responsible for audit arrangement _____

5. Certification by Chief Official

I certify that the amounts shown on this report accurately reflect the federal funds expended by us for the fiscal year indicated above.

Signature _____

Date _____

Title _____

