Key Players in the Single Audit Process
What This Presentation Covers

- A summary of the single audit “ecosystem”
- A reminder of the basis for the authority of the single audit
- Key parties involved in the single audit process and what they do
What Gives the Single Audit its Authority?

**Single Audit Act Amendments of 1996**
- Enacted to streamline and improve the effectiveness of audits of federal awards and to reduce the audit burden on states, local governments, and not-for-profit entities
- Detailed implementation requirements for single audits contained in regulation

**Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200** (Uniform Guidance)
- Current regulation that implements Single Audit Act
- Replaces previous single audit and compliance regulations such as OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and other OMB Cost Circulars
Single Audit Ecosystem

- **Key Players**
  - Congress
  - Individual Federal Grant-Making Agencies
  - State and Local Governments (SLG)
  - Not-for-Profits (NFP)
  - CPA Firms
  - State Auditor Organizations
  - Federal Agency Offices of Inspector General (OIGs)
  - Council of the Inspectors General for Integrity and Efficiency (CIGIE)
  - Office of Management and Budget (OMB)
  - Government Accountability Office (GAO)
  - Council on Financial Assistance Reform (COFAR)
  - Federal Audit Clearinghouse (FAC)
  - Taxpayers

Federal Awards Granted

Grantee Expends Funds

Single Audit Performed

Single Audit

Federal Review of Single Audit Results
Congress

- Approves federal programs to address public objectives
- Assigns program administration responsibility to federal agencies
- Issued legislation for single audit requirements
  - Assigned administration responsibility to OMB
Federal Agency Management

- Federal program officials establish program compliance regulations and administer federal programs
  - Also develop audit objectives and suggested audit procedures for their federal programs (in OMB Compliance Supplement)

- Make federal awards to SLGs and NFPs

- Rely on single audits to assist with their own required monitoring responsibilities

- Follow-up on audit results and make “management decisions” regarding findings cited in single audits

- Provide technical assistance to auditees and auditors regarding federal program requirements

- Federal Agency Key Management Single Audit Liaison
  - Serves as the agency’s management lead for the single audit process

- Single Audit Accountable Official
  - Policy official of the awarding agency may be responsible for overseeing agency management’s role in audit resolution
SLG and NFP Recipients

- **Expend federal awards or participate in federal programs**
  - Some entities receive federal funds directly from federal government
  - Some entities receive federal funds indirectly from a pass-through entity (e.g., a state may pass funds to a local government or a county government may pass funds to a NFP)

- **Must comply with federal requirements and establish internal control to ensure compliance**

- **Subject to a single audit if expend 750K or more in federal funds**

- **Responsible for hiring the auditor**
  - Objective is to obtain high-quality audits

- **Must submit audits to Federal Audit Clearinghouse (FAC)**
  - Audit reporting packages publicly available on FAC Web site

- **Must respond to all single audit findings and submit corrective action plans to federal agencies**
CPA Firms and State Auditors

- Perform single audits on SLGs and NFPs
- Opine on auditee compliance and report when auditee has internal control deficiencies
- Required to report findings in certain defined areas

State Auditors

- May perform single audits on state agencies or local governments in the state
- May also perform oversight by reviewing quality of CPA firm single audits of local governments
Federal Agency OIGs

- Each federal agency OIG office dedicated to combating fraud, waste and abuse and to improving the efficiency of agency programs

Federal Agency Single Audit Coordinators
- Key single audit position in OIG office
- Often responsible for desk reviews and quality controls review of single audits
- Source for questions regarding audit requirements

Provide technical assistance to auditors regarding single audit requirements and other audit guidance

Perform government-wide studies of single audit quality in combined efforts with other agency OIG offices
CIGIE

Mission

• Address integrity, economy, and effectiveness issues that transcend individual government agencies; and

• Increase the professionalism and effectiveness of personnel by developing policies, standards, and approaches to aid in the establishment of a well-trained and highly skilled OIG workforce

CIGIE Audit Committee focuses on single audit matters

• Issues checklists for federal agency OIGs to use when performing desk reviews and quality control reviews

• Works on global federal single audit quality studies
OMB and GAO

OMB

• Single Audit Act gives OMB authority to develop government-wide guidelines and policy on performing audits to comply with the Act
• OMB’s Uniform Guidance establishes the audit requirements and, in addition, guidelines and policies on all aspects of managing federal awards by federal agencies and grantees

GAO

• In its congressional watchdog role, GAO investigates how the federal government spends taxpayer dollars
• Issues Government Auditing Standards which are also followed in a single audit
• Has historically performed work on single audit quality and has issued several reports on the topic
COFAR

- Interagency group of Executive Branch officials established by OMB to coordinate financial assistance
  - Includes Controller of OMB, 8 federal agency senior policy officials that provide the largest amounts of federal funds, and 1 additional agency

- Council activities include:
  - Providing recommendations to OMB on policies and actions necessary to effectively deliver, oversee, and report on grants
  - Sharing best practices and innovative ideas for transforming the delivery of this assistance
  - Engaging relevant stakeholders across government on key issues to foster more efficient and effective federal management
Operates on behalf of OMB

Primary purposes are to:

- Make single audit reporting packages available to federal agencies.
- Support OMB oversight and assessment of federal award audit requirements
- Maintain a public database of completed audits
- Help auditors and auditees minimize the reporting burden of complying with single audit requirements
Taxpayers

- Taxpayers may not be aware of single audits
- However, ultimately single audits are compliance audits of whether taxpayer dollars are being spent in accordance with federal requirements
On a Closing Note…..

- The single audit process is complex
- There are many key players participating in the process from various stakeholder groups
- It takes all parties working together, with a strong focus on the importance of single audits, for the process to work successfully