

The Single Audit

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NCURA
REGION VI
TUNDRA TO TROPICS

Agenda

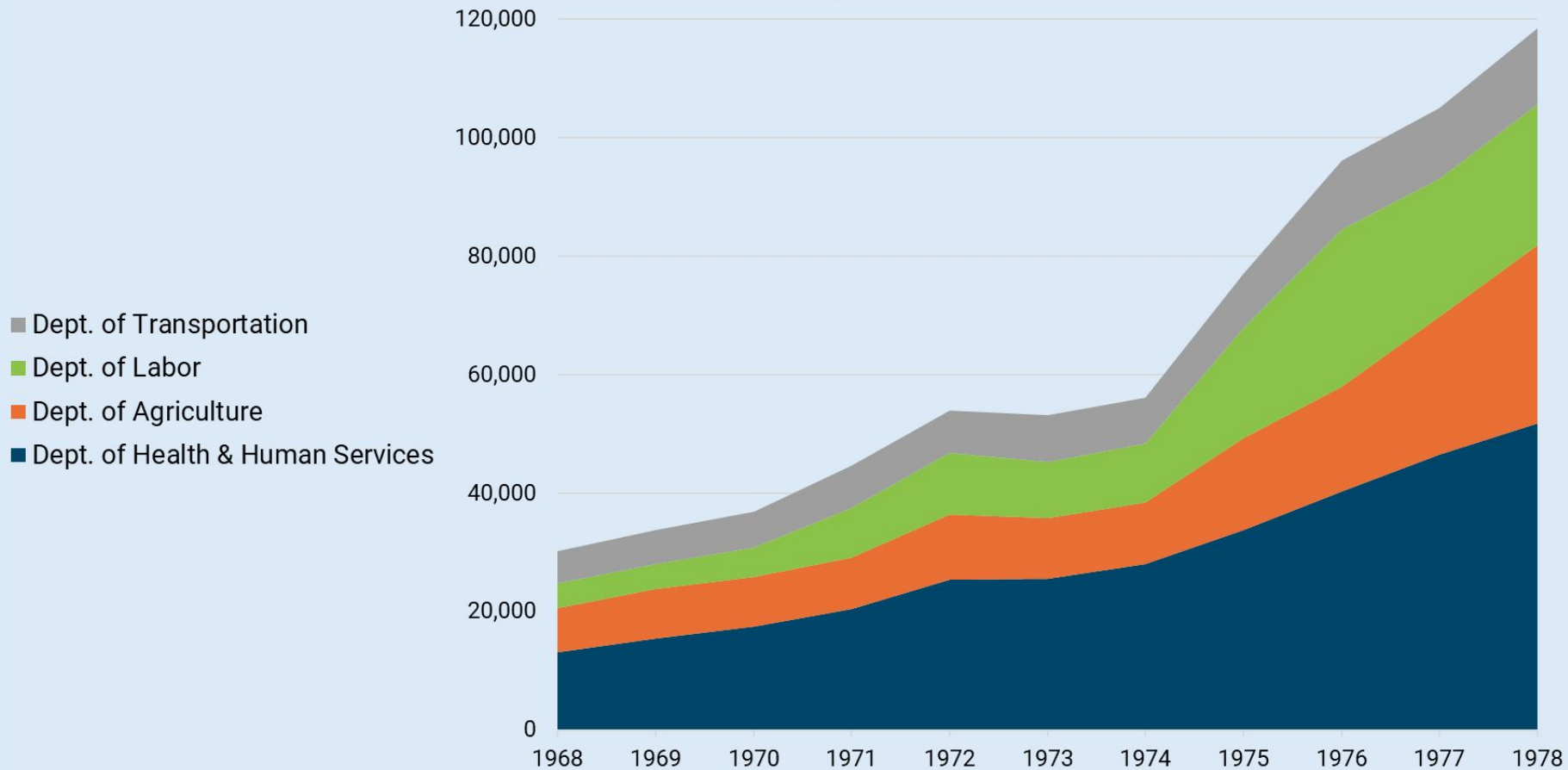
History of the Single Audit

Structure of the Single Audit Report

The Single Audit's Role in Subrecipient Monitoring



Federal Agency Outlays (in millions of dollars)



COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

GRANT AUDITING: A MAZE OF
INCONSISTENCY, GAPS, AND
DUPLICATION THAT NEEDS
OVERHAULING

D I R E C T

Federal grants will total about \$85 billion in fiscal 1979. The Government relies on audit as the basic control to see that these funds are spent as the Congress intended and to prevent unauthorized expenditures and loss of funds from fraud and abuse. Accordingly, the Congress and agencies have consistently provided for audits of grantees' records.

Important as grant auditing is, GAO found that Federal agencies' approaches to it are not coordinated and do not provide effective surveillance of these public funds or optimize the use of audit resources.

The ideal in auditing grant programs is to have a single audit of a recipient that would be acceptable to all the funding organizations. This audit should assure that the recipient's financial records and controls are adequate and check for compliance with important terms of the grants received. Such audits would be made periodically when needed. Funding organizations would then be free to perform additional audits of economy and efficiency and program results as deemed necessary.





1979 The General Accounting Office issues the [report](#) *Grant Auditing: A Maze Of Inconsistency, Gaps, And Duplication That Needs Overhauling*.

1984 Congress passes the [Single Audit Act](#), applicable to state and local governments.

1990 The Office of Management & Budget issues [Circular A-133](#), which extends the applicability of the single audit to non-profit organizations.

1996 Congress passes the [Single Audit Act Amendments](#), which introduce basic requirements for pass-through entities to monitor subrecipients and to review their Single Audits.

The single audit report includes a description of an organization's structure and finances, and an evaluation of their internal controls for compliance with federal awards.

It identifies deficiencies in internal control, which are documented as findings, and outlines plans for corrective action.

Single Audit Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State of Washington
Office of Financial Management
May 2024



Regulations & Resources

- Audit requirements are located in [2 CFR 200 Subpart F](#).
- Subrecipient monitoring requirements are located in [2 CFR 200.332](#).
- The Federal Audit Clearinghouse ([fac.gov](#)) houses single audit reports for domestic governmental and non-profit organizations.
- Some federal agencies, such as [NIH](#), [CDC](#), and [USAID](#), impose single audit requirements on foreign and for-profit organizations. These audits do not have an online repository.
- Standards for internal control are outlined in the GAO's [Green Book](#).
- OMB's [Compliance Supplement](#) provides instructions and guidance for auditors conducting a Single Audit.

Structure of the Single Audit Report

Section	Purpose
Report on Compliance for Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance SEFA	Describes in brief the audit process and opines on compliance.
Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	Describes in brief the audit process but does not include an opinion.
Schedule of Expenditures of Federal Awards (SEFA)	Describes in tabular format the spending on federal awards for the audit year, grouped by program cluster.
Schedule of Findings and Questioned Costs	Summarizes, in one page, findings and provides a snapshot of the single audit, will include details of any findings on subsequent pages.

Report Opinion

Unmodified

Audit did not identify any specific weaknesses in the control environment.
This is the best outcome.

Modified

Identifies specific items where existing systems may not be sufficient.
Determine how to control for identified risks.

Adverse

Statements and controls are not to be relied upon.
Proceed with caution.

Disclaim

Auditors are unable to get sufficient evidence to opine.
Proceed with caution.

Major Programs Letter Example

Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Members of the Board of Trustees
University of Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the University of Oregon's ("UO") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of UO's major federal programs for the year ended June 30, 2023. UO's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, UO complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Major Programs Letter Example

Modified

Except as described below, UO complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Finding #	CFDA #	Program Title	Compliance Requirement
2023-001	47.106	Research & Development	Subrecipient Monitoring
2023-002	84.326	Special Education	Reporting

Adverse

Due to the nature and severity of findings described below, UO did not comply, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Finding #	CFDA #	Program Title	Compliance Requirement
2023-001	47.xxx	Research & Development	Cash Handling
2023-002	47.xxx	Research & Development	Personnel Management
2023-003	47.xxx	Research & Development	Subrecipient Monitoring
2023-004	84.326	Special Education	Reporting

Disclaim

For the reasons described in the paragraph above, we are unable to determine whether UO complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Summary of Findings Part 1

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Summary of Findings Part 2

Identification of major federal programs and type of auditor's report issued on compliance for major federal programs:

<i>Federal Assistance Listing Numbers</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor's Report Issued on Compliance for Major Federal Programs</i>
84.425	COVID-19 Education Stabilization Fund	Unmodified
Various	Student Financial Assistance Cluster	Unmodified

Dollar threshold used to distinguish between type A and type B programs:

\$ 3,000,000

Auditee qualified as low-risk auditee?

Yes No

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

None reported

Example Finding Part 1

Section III – Federal Award Findings and Questioned Costs

FINDING 2018-001 Reporting **Significant Deficiency in Internal Controls over Compliance**

Federal Programs: Research and Development Cluster (various CFDA numbers)

Criteria:

The University is required to submit financial and performance reports within a specified time frame after a reporting period.

Condition:

The University is not in compliance with the federal requirement requiring timely submission of reports. During our testing of this compliance requirement we found that there were two instances of reports submitted after the deadline during fiscal year 2018.

For the Research and Development Cluster, one financial report was filed 57 days after the due date and another financial report was filed 7 days after the due date.

Questioned costs:

None.

Context:

Of the 12 financial reports examined for the Research and Development Cluster, 2 were submitted late.

Example Finding Part 2

Effect:

Reports were not submitted within the required timeframe.

Cause:

There was insufficient monitoring of the deadlines by the Sponsored Project Services.

Repeat finding:

No.

Recommendation:

The University should establish and monitor a control system to ensure all reports are prepared and submitted in accordance with the federal requirements.

Views of responsible officials and planned corrective actions:

The University has implemented a process that requires two managers, the Post-Award Manager and the Post-Award Associate Director, to certify monthly to the Director of Sponsored Projects Services that all sponsor reporting deadlines for the month have been identified and met and, if needed, any additional sponsor arrangements have been made.

Reviewing Subrecipient Audits: The Requirements

- 2 CFR 200.332 *Responsibilities for Pass-Through Entities* includes the requirement for pass-through entities to review the annual single audit reports of their subrecipients.
- This is part of a broader set of subrecipient monitoring requirements that has evolved over the past thirty years.
- Pass-through entities must formally respond to certain subrecipient audit findings in the form of a written management decision.

From [2 CFR 200.332\(d\)](#):

Pass-through entity monitoring of the subrecipient must include issuing a management decision for applicable audit findings pertaining only to the Federal award provided to the subrecipient from the pass-through entity as required by [§ 200.521](#)

[. . .]

The pass-through entity is responsible for resolving audit findings specifically related to the subaward and not responsible for resolving crosscutting findings.

From [2 CFR 200.1](#):

Cross-cutting audit finding means an audit finding where the same underlying condition or issue affects all Federal awards (including Federal awards of more than one Federal awarding agency or pass-through entity).

Section III—Federal Award Findings and Questioned Costs

Finding 2021-001

Identification of the Federal Program:

Grantor	Dept. of Health and Human Services
Program Name	Research and Development Cluster
Assistance Listing No	93.273
FAIN	P50AA012870
Pass-Through Entity	Yale University
Identifying Number	M16A12471

Condition:

Management has an established time and effort reporting policy which appropriately considers the time and effort requirements necessary to comply with grants under the Research and Development Cluster. However, management did not have an effective control in place to identify when the policy was not followed. As a result, management did not ensure that key personnel were appropriately reporting time and effort on a monthly basis and did not identify inaccurate reporting.

Audits and Risk: The Big Picture

- Even when they are not required to respond with a management decision, pass-through entities can and should use subrecipient audit results to make informed decisions about risk.
- Every institution will be different in this regard. We all have our own approaches to risk management, and our own tolerance to specific risks.
- In evaluating how to respond to a subrecipient's audit finding, imagine that your own organization has had the same finding. What would be a prudent response from a pass-through entity that has issued a subaward to you?

Corrective Action Plans

- Every audit finding comes with a corrective action plan, which includes an anticipated completion date. Many audit findings are relatively technical in nature and fairly easy to fix.
- The following year, auditors evaluate whether the corrective action plan was successful, and indicate whether the finding was resolved. If it is not, they indicate that the finding is a repeat finding.
- Repeat findings are a red flag that the process for resolution may not be working.

Common Sort of Findings

Universally of Concern

Payroll, Unallowable or Misallocated Costs, Timing of Reports or Revisions to Reports

Situational of Concern

Travel, Participant Support, Equipment

Unlikely to be of Concern

Student Financial Assistance, COVID relief funding

Severity of Findings

Finding

A filing cabinet with sensitive documents has an electronic lock, but the code hasn't been changed in six years.

Significant Deficiency

The filing cabinet has a lock, but everyone in the office freely shares the code with each other.

Material Weakness

The filing cabinet has no lock, and it's unclear whether files are missing.

Controlling Risk

Determine Risk Tolerance

Terms in contract

- Extra Documentation with invoices or reports

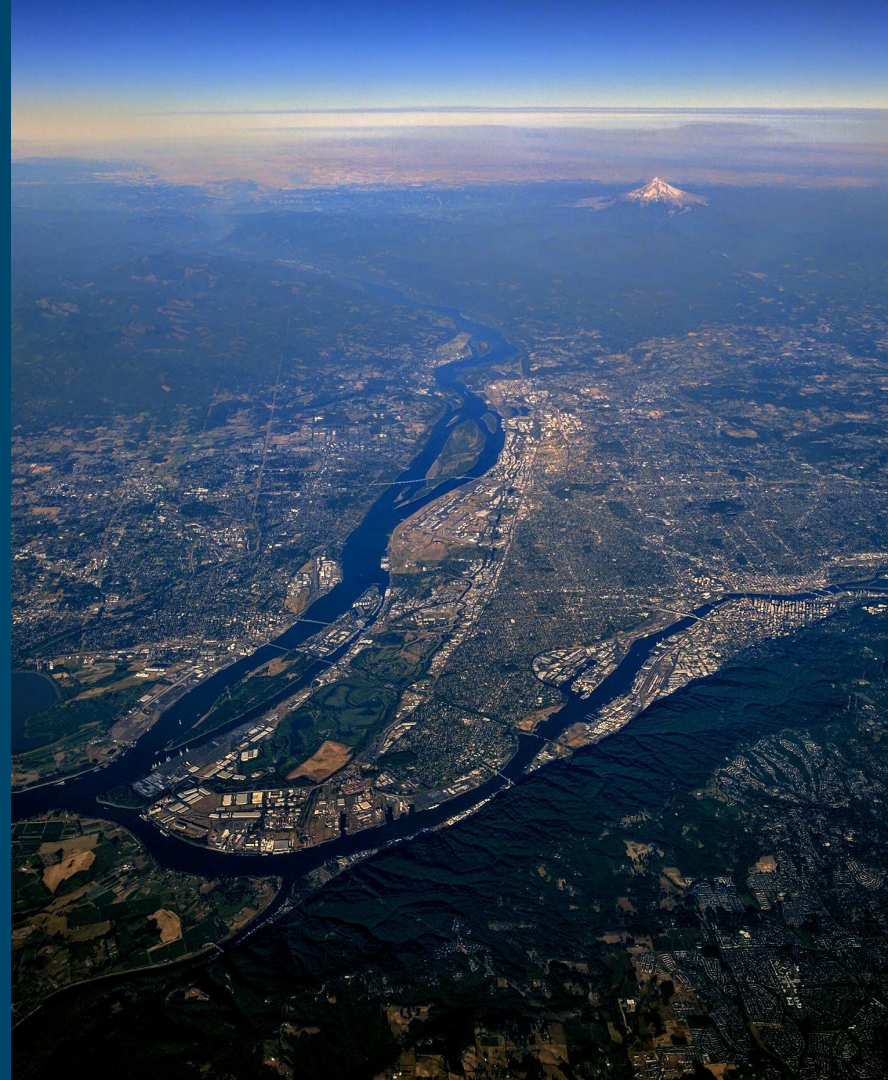
Timing of Contracts

- Duration
- End Date
- Carryforward

Site visits

- What do you want to see?

Use the PI and the department staff





Other Pitfalls

Sub-components (Universities audited as part of a state)

Persistent findings

Changes since the audit

Contact

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