



N A S C S P

NATIONAL ASSOCIATION FOR STATE COMMUNITY SERVICES PROGRAMS

# SINGLE AUDIT

# Subpart F – Audit Requirements

- Required for non-Federal entities that expend \$750,000 or more in Federal awards in a year
- The auditee shall:
  - Prepare appropriate financial statements
  - Procure or otherwise arrange for the audit
  - Follow up and take corrective action on audit findings
- Audit Reporting
  - Opinion on financial statements
  - Report on internal control over financial reporting and on compliance with laws, regs and provisions of awards
  - Report on compliance and internal control over compliance applicable to each major program
  - Schedule of findings and questioned costs
  - Summary of audit results

# Subpart F – Audit Requirements

- Conducting a Single Audit
  - Step 1 – Determine Type A programs
    - Generally, \$750,000 or larger
  - Step 2 – Determine which Type A are low risk
    - Generally, audited in last 2 years without issue
  - Step 3 – Determine which Type B are high risk
    - Auditor's professional judgment
  - Step 4 – Determine major programs
    - Type A & B High Risk Programs

# Subpart F – Audit Requirements

- Conducting a Single Audit
  - Percentage of Coverage Rule
    - If low risk auditee – 20% of expenditures
    - If other – 40% of expenditures

# Subpart F – Audit Requirements

- Major Program – Compliance Elements
  - A. Activities Allowed/Unallowed
  - B. Allowable Costs/Cost Principles (combined)
  - C. Cash Management
  - D. Davis–Bacon
  - E. Eligibility
  - F. Equipment and Real Property Management
  - G. Matching, Level of Effort and Earmarking
  - H. Period of Availability of Federal Funds
  - I. Procurement and Suspension and Debarment
  - J. Program Income
  - K. Real Property Acquisition and Relocation Assistance
  - L. Reporting
  - M. Subrecipient Monitoring
  - N. Special Tests and Provisions

# Subpart F – Audit Requirements

- ***Audit Findings***
  - Significant deficiencies and material weaknesses in internal control over major programs
  - Material noncompliance with the provisions of laws, regulations or terms/conditions of awards over a major
  - Known questioned costs that are greater than \$25,000
    - Auditor should project potential error
  - Known or likely fraud

# Subpart F – Audit Requirements

- Elements of a finding
  - Federal program and Federal award identification
  - CFDA number and title
  - Criteria upon which the audit finding is based (citation)
  - Condition found (facts that support the deficiency)
  - Statement of effect
  - Identification of questioned cost and how computed
  - Information on prevalence (# of findings from # in universe)
  - Whether a repeat finding from a previous audit
  - Recommendation to prevent future occurrences
  - View of responsible official of the auditee

# Finding Example

Finding: ACCOUNT RECONCILIATIONS – ALL PROGRAMS (2009 – 01)

Questioned Costs: None

Condition: Several asset, liability and net asset accounts contain misstated or unidentified balances. These balances were analyzed and adjusted during audit fieldwork.

Criteria: OMB Circular A-110, *Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations* Subpart C. 21(b)(1) requires recipients to have a financial management system that provides accurate, current and complete disclosure of the financial results of each program. In addition, subpart C.21(b)(3) requires a financial management system that provides adequate control over all funds, property and other assets.

Effect: Failure to timely reconcile and adjust account balances allows errors to be made and not caught and corrected, thus allowing inaccurate financial statements and assets that are not adequately controlled.

Recommendation: We recommend that monthly reconciliation responsibility for each general ledger account be assigned to an appropriate person. Any unknown or misstated balance should be investigated and corrected as soon as possible.

Responsible Official: Ms. Mary Jane Smith, Finance Director

Auditee Response: Twin Cities Community Action Programs agrees with the auditor's recommendation. A schedule with assigned accounts will be developed within 30 days. The Finance Director will review all accounts 30 days after month end to verify that each account has been appropriately analyzed.

Auditor Assessment: The proposed action by the TCCAP should adequately address this finding.

# Just for fun.....

- From the audit opinion....
  - Material deficiencies in financial reporting...
  - ...did not maintain effective internal control over financial reporting and compliance with significant laws and regulations...
  - ...financial condition and long-term fiscal outlook is continuing to deteriorate.