

# U.S. DEPARTMENT OF THE TREASURY

**OFFICE OF RECOVERY PROGRAMS**

## **Introduction to Single Audits and the Compliance Supplement**

**ORP Office of Grant Policy**

July 2023



# Single Audit Overview

## What is a Single Audit?

- Single Audits are required from all recipients who expend \$750,000 or more in aggregate federal financial assistance within their fiscal year
- Single Audits are comprised of two main sections:
  - Financial Statements: Audit of a recipient's financial statements, policies, documentation, and system of internal controls
  - Programmatic Compliance Evaluation: Test of a recipient's compliance with the requirements of their federal awards which often assesses the effectiveness of award spending and evaluate performance progress

# Single Audit Objectives

## What are the Objectives of Single Audits?

- Determines if the recipient (i.e., Auditee):
  - Established an accounting system with adequate internal controls that provide full accountability for assets, liabilities, revenues, and expenditures
  - Prepared financial statements which are presented fairly and in accordance with generally accepted accounting principles (GAAP)
  - Submitted financial reports, cash reports, and claims for advances and reimbursements that contain accurate and reliable financial data, and are presented in accordance with the terms and conditions of the financial assistance awards' agreements
  - Expended federal funds in accordance with the terms of award agreements and those provisions of federal law or regulations that could have a material effect on the financial statements or on the financial assistance awards tested

# High-level Single Audit FAQs

## Who Is Subject to a Single Audit?

- Auditees which meet the \$750,000 expenditure threshold within their fiscal year
- **Note:** For-profit organizations and foreign entities are NOT subject to Single Audits unless required due to unique circumstances

## Who Conducts Single Audits?

- Independent Auditors procured or otherwise arranged by Auditees

## When are Single Audits Conducted?

- An Auditee's Single Audit is conducted after the conclusion of their fiscal year
- Single Audit reporting packages are due to the Federal Audit Clearinghouse (FAC) the earlier between 30 calendar days after receipt of an Auditor's report, or within nine months after the Auditee's fiscal year end

## What Types of Programs are Subject to Single Audits?

- Programs that award federal financial assistance (e.g., grants, cooperative agreements, direct payments for specified use awards, and loans)

# Federal Level Single Audit Roles



## Office of Management and Budget

OMB is responsible for issuance and maintenance of Single Audit regulations, annual Compliance Supplement, and coordinating with federal awarding agencies



GAO is responsible for issuance of the Generally Accepted Government Auditing Standards (GAGAS) and performing Government-wide reviews and studies



The Federal Audit Clearinghouse (FAC) collects and disseminates single and program-specific audit reports and information on-behalf of the OMB

## Federal Awarding Agencies



DEPARTMENT OF THE TREASURY

# Key Auditee Responsibilities (200.508-509; 200.303)

Auditees are responsible for arranging their Single Audits and ensuring they are performed properly. Auditees must establish internal controls and evaluate or monitor compliance with federal statutes, regulations, and the terms and conditions of their awards.

## Key Auditee responsibilities include:



**Procure audit  
(*hire the Auditor*)**



**Provide the Auditor with access  
to necessary documents**



**Prepare financial statements,  
including SEFA**

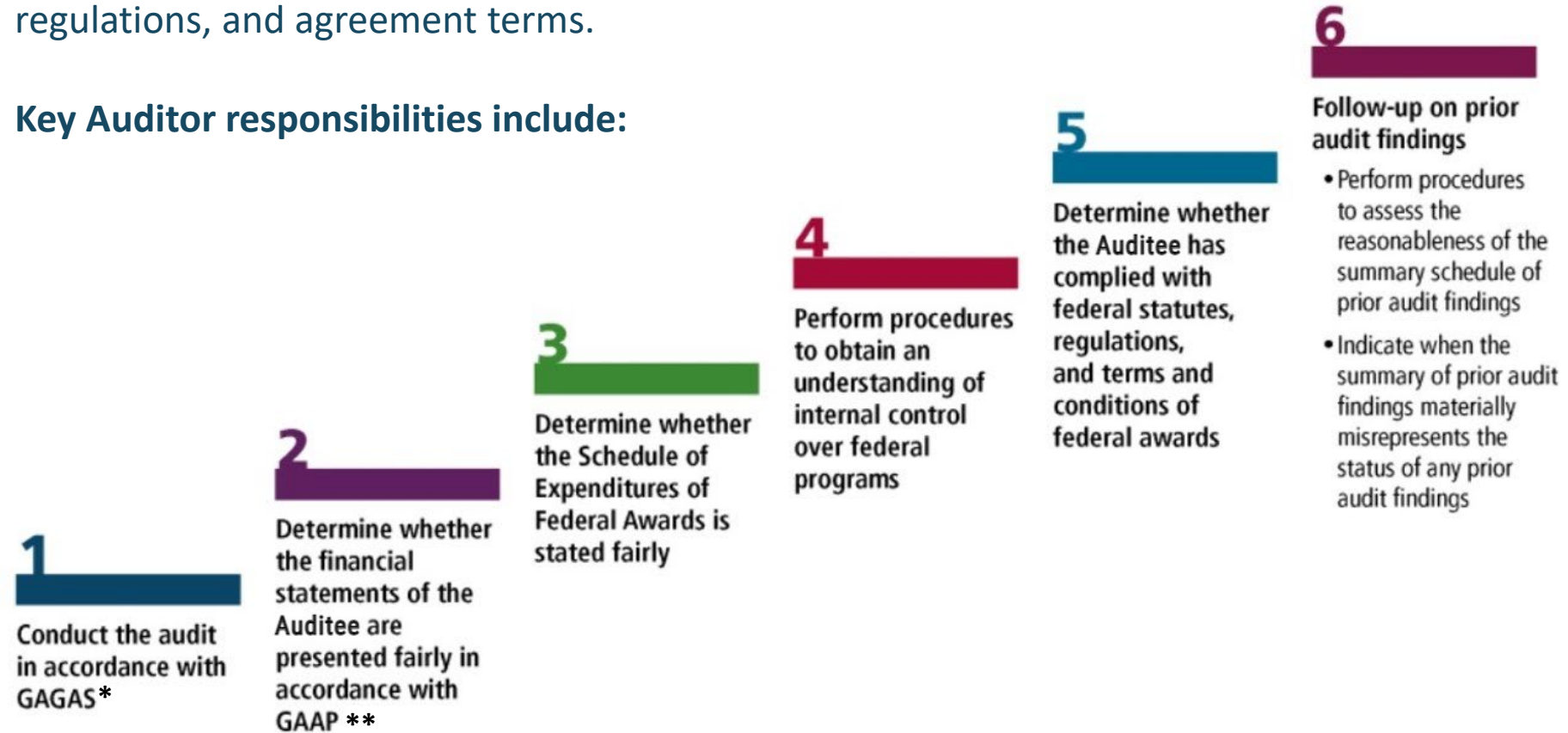


**Follow-up and take corrective  
action on audit findings**

# Key Auditor Responsibilities (2 CFR 200.514; 200.516)

Auditors determine whether the Auditee's internal control systems provide reasonable assurance that it is managing federal awards in compliance with applicable laws, regulations, and agreement terms.

Key Auditor responsibilities include:



\*Generally Accepted Government Auditing Standards (GAGAS)

\*\*Generally Accepted Accounting Principles (GAAP)

# Auditee vs. Auditor Responsibilities Comparison

## (2 CFR 200.303; 200.509-200.521; 200.514)

### Auditee Responsibilities

- Establish and maintain effective internal control over federal awards
- Comply with federal statutes, regulations, and the terms and conditions of each award
- Procure and arrange for the audit
- Prepare financial statements and Schedule of Expenditures of Federal Awards (SEFA)
- Follow up and take corrective action on audit findings identified by Auditors, including preparing a summary schedule of prior audit findings, and a corrective action plan for current audit findings
- Submit the SF-SAC Data Collection Form, and the single audit report package to the Federal Audit Clearinghouse (FAC). Ensure the documents do not contain any personally identifiable information (PII)

### Auditor Responsibilities

- Conduct audit in accordance with GAGAS, 2 CFR Part 200, Subpart F, and the Compliance Supplement, if applicable
- Determine whether Auditee financial statements are presented fairly in all material respects in conformity with GAAP
- Test the Auditee's internal controls
- Determine whether the Auditee complied with applicable statutes, regulations, and terms and conditions of federal awards
- Follow up on the status prior-year audit findings schedule and related corrective action plan (e.g., implemented, in progress, or repeat)
- Complete and sign the specified sections of the SF-SAC in the FAC



# Compliance Supplement Overview

## What is the Compliance Supplement?

- 2 CFR Part 200, Subpart F – Audit Requirements includes broad instructions for Agencies, Auditees (i.e., recipients, subrecipients), and Auditors for how to conduct Single Audits and program-specific audits
- OMB issues the Compliance Supplement annually to provide Auditors with guidance and program-specific instructions for how to evaluate Auditees that is distinct from what is required in 2 CFR Part 200
- Prior to 2019, Auditors were required to evaluate 12 Compliance Requirements for every major program based on the major program threshold for each Auditee (also known as the Type A/B threshold)
- Since 2019, Agencies must identify up to 6 Compliance Requirements which Auditors should evaluate for each program in the Compliance Supplement, this is also known as A/B plus 5
- In the absence of a Compliance Supplement, Auditors evaluate all 12 Compliance Requirements

# Compliance Supplement Objectives and Impacts

Objectives	Impacts
<b>Non-Federal Entities</b>	
Resource to understand Single Audit Compliance Requirements and program-specific audit requirements	<ul style="list-style-type: none"><li>• Non-Federal entities are required to ensure that Auditors follow the Single Audit instructions in the Compliance Supplement</li></ul>
<b>Auditors</b>	
Provides direction on which 6 of the 12 Compliance Requirements to focus testing for programs and how to test them	<ul style="list-style-type: none"><li>• Direction and testing instructions reduce Auditor burden by narrowing the scope of Single Audits</li><li>• Auditors provide more in-depth, targeted analysis on programs included in the Compliance Supplement</li></ul>

# Compliance Supplement Sections



PART 1  
**Background, Purpose,  
and Applicability**



PART 5  
**Clusters of Programs**



PART 2  
**Matrix of Compliance  
Requirements**



PART 6  
**Internal Control**



PART 3  
**Compliance  
Requirements**



PART 7  
**Guidance For Auditing  
Programs Not Included in  
This Compliance Supplement**



PART 4  
**Introduction-Agency  
Program Requirements**



**Appendices**

# 2023 HAF Compliance Matrix View in the Supplement

Link to the [2023 HAF Compliance Supplement](#)

## COMPLIANCE REQUIREMENTS

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment and Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement and Suspension and Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	Y	N	Y	N	N	N	Y	Y	N

### HAF Compliance Requirements

A. Activities Allowed or Unallowed

B. Allowable Costs/Cost Principles

E. Eligibility

G. Matching, Level of Effort, Earmarking

H. Period of Performance

L. Reporting

M. Subrecipient Monitoring

# Single Audit Report Submission Package (2 CFR 200.515)

The Auditee is required to submit its Single Audit Report to the FAC **within 30 calendar days** after receipt of the Auditor's report, **or within nine months** after the close of the Auditee's fiscal year, whichever is earlier.

## Once the Single Audit is completed, the “report package” submitted to Federal Audit Clearinghouse will include:

- Auditor's report on the financial statements of the entity and SEFA evaluation
- Auditees financial statements and SEFA
- Auditor's report(s) on internal control over financial reporting, compliance and other GAGAS requirements
- Auditor's report on compliance and internal control over compliance (major programs)
- Auditor's schedule of current findings and questioned costs
- Auditee's summary schedule of prior-year audit findings, if applicable
- If available, the Auditee's corrective action plan of current year findings

## Questions and Contact Info



- *Questions?*
- Please direct any single audit questions to:
  - Nasr Fahmy, ORP Single Audit Advisor
    - 202-527-4036
    - [Nasr.Fahmy@treasury.gov](mailto:Nasr.Fahmy@treasury.gov)