

What Is a Single Audit?

A single audit is an examination of an entity's financial management system, conducted by a professional auditor, to provide reasonable assurance that:

- ▶ Financial statements are presented fairly
- ▶ Internal controls are effective and adequate
- ▶ Federal statutes, regulations, and terms and condition of the programs are complied with

The audit is referred to as “single” because it includes all federal funds, grants, and awards that the entity has received, ensuring consistency and uniformity in the process.

Grant Financial Management Requirement

Under [2 CFR 200.501—Audit Requirements](#), a single audit is required for an entity that expends \$750,000 or more in federal awards during its fiscal year. The specifics are stipulated under [Subpart F](#) of 2 CFR.

Important Information to Know

If you are required to undergo a single audit, some of the responsibilities of the auditee and of the auditor are listed below. Review these before beginning any audit procedures.

What are the primary responsibilities of the auditee?

- ▶ Procure audit services
 - Ensure compliance with procurement standards in [2 CFR 200.317](#) through [2 CFR 200.327](#)
 - Make the objectives and scope of the audit clear
 - Request a copy of the audit organization's peer review report, which the auditor is required to provide under the [Generally Accepted Government Auditing Standards \(GAGAS\)](#)
- ▶ Prepare financial statements that reflect the entity's financial position, results of operations or changes in net assets, and, where appropriate, cash flows for the fiscal year audited
- ▶ Prepare a schedule of expenditures of federal awards that, at a minimum:
 - Lists individual programs by federal agency
 - Names the pass-through entity and your assigned identification number, if you are a subrecipient of a federal award
 - Provides the total federal awards expended for each federal program and the Assistance Listings Number
 - Includes the total amount sub-awarded to subrecipients for each federal program
 - Identifies, in the notes section, all outstanding balances at end of period for loan or loan guarantee programs
 - Includes notes identifying the accounting policies used to create the schedule and indirect cost rate utilized
- ▶ Follow up and take corrective action on audit findings by preparing a schedule of prior audit findings, as well as corrective action plans
- ▶ Provide the auditor with access to personnel, accounts, books, records, supporting documentation, and other information, as needed

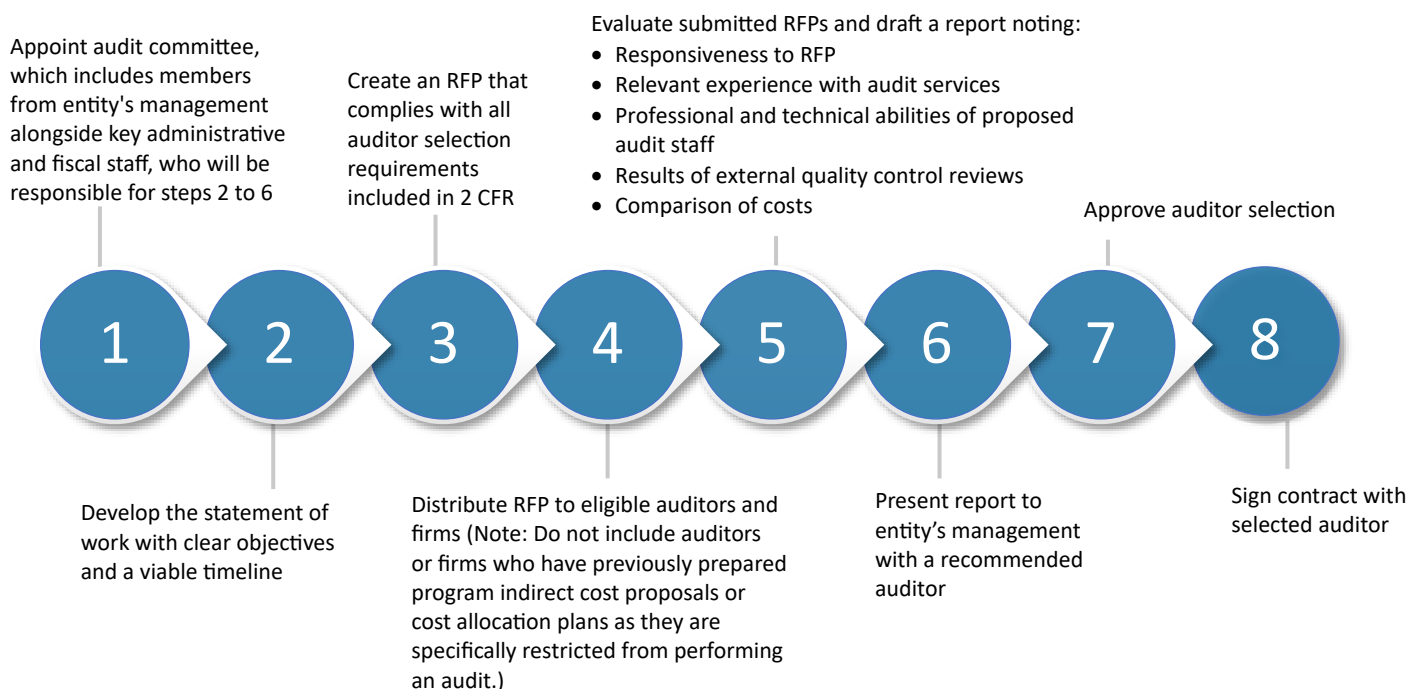
What are the primary responsibilities of the auditor?

- ▶ Conduct audit in accordance with GAGAS
- ▶ Determine whether financial statements are presented fairly in all materials in accordance with generally accepted accounting principles
- ▶ Determine whether schedule of expenditures is stated fairly in all materials in relation to auditee's financial statements as a whole
- ▶ Ensure entity's internal controls comply with:
 - [Standards for Internal Control in the Federal Government](#), issued by the Comptroller General of the United States
 - Internal Control-Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission
- ▶ Understand internal control over federal programs and plan audit and testing of internal controls to support a low assessed level of control risk of non-compliance for major programs
- ▶ Determine compliance with federal statutes, regulations, and terms and conditions of federal awards that may have a direct and material effect on each of its major programs
- ▶ Follow up on prior audit findings
- ▶ Perform procedures to assess reasonableness of summary schedule of prior audit findings prepared by auditee
- ▶ Report, as a current year audit finding, when auditor concludes that summary schedule of prior audit findings materially misrepresents the status of any prior audit finding

How This Applies to Your Grant

What is the audit service procurement process?

The audit procurement process ensures that the chosen candidate is experienced and adept in the tasks and topics to be covered so all objectives of the single audit are achieved. When selecting an auditor, follow the general steps outlined below.



What is the single audit schedule?

Although not all single audits are identical, they must cover the basic areas of financial statements, internal control, and compliance. A single audit should follow the general steps outlined below.

1. Grantee Preparation	2. Auditor Performance	3. Reporting	4. Follow-Up
<ul style="list-style-type: none">• Prepare financial statements• Prepare schedule of expenditure of federal awards• Provide auditor access to staff, accounting records, supporting documentation, grant records, and all other information, as requested	<ul style="list-style-type: none">• Auditor reviews grantee's financial statements to ensure information is in accordance with the generally accepted accounting principles• Auditor evaluates grantee's accounting processes and documents to assess effectiveness of internal controls in safeguarding funds and their appropriate use• Auditor reviews federal awards for compliance with terms and conditions of award for the specific program(s)• Auditor revisits previous audit findings and corroborates if corrective actions were executed and determines its impact on current audit	<p>Auditor's report on issues or findings with internal controls, compliance, and question costs must state that audit was performed in accordance with Uniform Guidance and include the following:</p> <ul style="list-style-type: none">• Opinion, or disclaimer of opinion, on financial statements• Opinion, or disclaimer of opinion, about whether the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole• Report on internal control over financial reporting and compliance• Report on compliance for each major program, and report on internal controls over compliance• Schedule of findings and questioned costs	<ul style="list-style-type: none">• Grantee is responsible for follow-up and corrective action on all audit findings• Grantee must prepare a summary schedule of prior audit findings related to federal awards and a corrective action plan

What should auditees adhere to when reporting?

Auditees have 30 days after receipt of the Single Audit Report or nine months after the end of the audit period to submit form SF-SAC, along with one complete reporting package, to the [Federal Audit Clearinghouse \(FAC\)](#). The instructions and forms are on the FAC website. Unless restricted by federal law or regulation, the auditee must make report copies available for public inspection. Auditees and auditors must ensure that their respective parts of the reporting package do not include protected personally identifiable information.

How can grantees take proactive steps to address and resolve audit findings?

Results of a single audit are not limited to the report; there may also be audit findings. Example findings include internal control deficiencies, inclusion of unallowable costs in the financial statements, and lack of proper documentation. Each of these findings require a corrective action plan, which must include the name(s) of the contact person(s) responsible for the plan, actions to be taken, and the anticipated completion date. If the grantee does not agree with the findings, the grantee must provide an explanation and the specific reasons for disagreement in its corrective action plan.

Resources

[2 CFR 200.501—Audit Requirements](#)

[Federal Audit Clearinghouse](#)

[Generally Accepted Government Auditing Standards \(GAGAS\)](#)

[Standards for Internal Control in the Federal Government](#)

About OJP TFSC

The **Office of Justice Programs Territories Financial Support Center (OJP TFSC)** offers free resources, training, and technical assistance for grantees in the U.S. territories. OJP TFSC services focus on building financial management capacity and can be accessed by emailing ojptfsc@usdoj.gov via our Virtual Support Center.



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