

## Single Audit Reviews

A Single Audit is an organization-wide financial statement and federal awards audit of a non-federal entity that expends \$750,000 or more in federal funds in one year. As required by 2 C.F.R. § 200.501(a), that entity is required to have a single or program-specific audit. It is intended to provide assurance to the Federal Government that a non-federal entity has adequate internal controls in place, and is generally in compliance with program requirements. Non-federal entities typically include states, local governments, Indian tribes, universities, and non-profit organizations. The completed audit must be submitted to the Federal Audit Clearinghouse, within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit report period (2 C.F.R. § 512 (a)(1), Subpart F - Report Submission).

The amount of ARPA funding flowing directly from federal agencies, the State, and counties and local governments make it more likely that entities will meet the threshold for a required Single Audit. This Guidance document is meant to help state agencies identify those entities and take the steps necessary to ensure the proper procedures are followed. This includes:

- identifying funded entities that meet the threshold
- providing notification,
- documenting audit due dates
- obtaining the audit
- identifying any findings,
- opine (sustaining or disagreeing) as it relates to agency's specific funding of the entity
- documenting the agency's related actions if any

### **Identifying entities meeting the \$750,000 threshold during the entities' fiscal year**

Agency Financial Records are reviewed to identify any entity awarded \$750,000 or more by the agency. Those entities are automatically required to conduct a single audit. It is important to note that the entity could have a total of federal funding meeting or exceeding the threshold when combined with funding received through other state agencies or directly from a federal agency. An InfoAdvantage report should be run to determine the cumulative total of awards from all state agencies. InfoAdvantage report FIN-AP-F-0001, Subrecipients of Pass Through Grants, lists the amount of federal funds a subrecipient has received from State agencies through the CORE system. Please note, even though other state agencies provided funding that puts the entity at or above the threshold, each state agency must conduct all steps outlined in this guidance.



## Send notification letter to entity

For many entities, this may be the first time they will need to have a single audit. The notification should: 1) identify the general requirements, 2) point the nonfederal entity to the specific requirements as outlined in 2 CFR 200, 3) as well as identify the requirement and deadline for submission to the Federal Audit Clearinghouse. An example notification is below:

*As required by 2 C.F.R. § 200.501(a), if your entity expended \$750,000 or more in federal awards during your fiscal year, your entity is required to have a single or program-specific audit. The completed audit must be submitted to the Federal Audit Clearinghouse, within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit report period (2 C.F.R. § 512 (a)(1), Subpart F - Report Submission).*

It is important to note that for profit entities and contractors (rather than subrecipients) are not required to conduct single audits. For documentation purposes, it is important to provide notification along with an exemption attestation which details why the entity is exempt from the single audit requirement. This demonstrates that due diligence has been conducted, and the exemption documentation should be retained in the grant master file. [Exemption Attestation](#)

### [Example](#)

## Tracking of due dates/follow-up

Entities can have numerous different fiscal year end dates, which typically might be based on a calendar year (FYE 12/31), in alignment with the state fiscal year (FYE 6/30) or the federal fiscal year (FYE 9/30). Entities might have a fiscal year that is not in alignment with any of those. Therefore, it is important that the state agency identify the fiscal year end for each entity, and track the dates by which the audit should be completed and submitted to the Federal Audit Clearinghouse. The state agency needs to also track the date by which the agency should be able to obtain receipt of the audit via the Clearinghouse.

It is important to follow-up with the entity if the audit is not submitted in a timely fashion and document the details, including the revised expected date of submission, to clearly demonstrate that due diligence on the state's end is being conducted. This may require numerous contacts over a period of time, with each contact fully documented. When the audit is available, download a summary of findings.

## Opine/Actions

Because state agencies act as a pass-through entity, it is the responsibility of the agency to review and opine (sustain or disagree) on the subrecipient's audit finding(s). This action is taken through the



issuance of a management decision letter, which is required to be sent to the subrecipient no later than six months after it is received by the Federal Audit Clearinghouse. This letter will indicate if the agency's review of any findings are sustained, and if so, what action the state agency is taking. The reverse is true as well. The agency may determine that the findings are not relevant to the funding award from the agency, or that the agency disagrees with the findings.

Should the findings be sustained, a Corrective Action Plan is developed and sent to the entity. It is important to include information on how the entity may appeal the decision.

[Sample Management Decision Letter.](#)

