

Single Audits - What Are They And Do I Need One?

Overview

The Single Audit Act Amendments of 1996 (Single Audit Act) were enacted to streamline and improve the effectiveness of audits of federal awards expended by states, local governments, and not-for-profit entities (referred to as non-federal entities), as well as to reduce audit burden. The Single Audit Act requires these audits, referred to as “single audits” to be conducted by an independent auditor. Single audits have a significant public interest component as they are relied on by federal agencies as part of their administrative responsibilities for determining compliance with the requirements of federal awards by non-federal entities.

The Single Audit Act gives the Director of the Office of Management and Budget (OMB) the authority to develop government-wide guidelines and policy on performing audits to comply with the Act. The OMB’s Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, commonly referred to as “[Uniform Guidance](#)” is the most recent OMB directive issued for this purpose. It includes uniform [cost principles](#) and [audit requirements](#) for federal awards to nonfederal entities and [administrative requirements](#) for all federal grants and cooperative agreements. (courtesy AICPA’s Government Audit Quality Center <https://www.aicpa.org/interestareas/governmentauditquality/resources/singleaudit.html>)

Guidance

If an organization expends federal funding provided directly by the federal government or received through an intermediary (e.g. pass through entity), then requirements of Uniform Guidance apply. Note that compliance with Uniform Guidance is required regardless of the amount of federal dollars expended.

However, a Single Audit is required only if expenditures of federal funding from all sources combined equal or exceed a threshold of \$750,000 for the fiscal year.

If the spending threshold is not met, then an entity may be asked to certify (via a “Confirmation of Exemption”) the amount of federal expenditures during the year in lieu of completing a Single Audit.

Expertise

Single Audits are completed by an independent Certified Public Accountant and are completed in conjunction with an audit of the financial statements.

Requirements

Uniform Guidance sets forth requirements of the auditor and the auditee. Requirements are also established for a pass-through entity (such as the Texas Water Development Board) if funds are not received directly from the federal government. See <https://ecfr.io/Title-2/Part-200>

Assistance

Consult with your independent CPA. You may also contact Financial Compliance for assistance at fmfinance@twdb.texas.gov or (512) 463-6775.