

**WEST VIRGINIA STATE AUDITOR'S OFFICE  
CHIEF INSPECTOR DIVISION**



# **An Explanation of the Single Audit Process and Procedures**

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# Overview

## Single Audit

- A single audit is an audit that includes specific requirements of federal awards to ensure federal funds are expended properly, in addition to auditing the financial statements.
- Required by the Single Audit Act of 1984, as amended in 1996.
- Uniform Guidance replaced Circular A-133 and established the threshold at \$750,000. OMB issued 89 FR 30046 on April 22, 2024.



# Resources

## Single Audits: Now and in the Future

- Title 2 *Code of Federal Regulations*, Subtitle A, Chapter II, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*
- Federal Register 89 FR 30046
- Government Accountability Office (GAO-24-106173) *Single Audits: Improving Federal Audit Clearinghouse Information and Usability Could Strengthen Federal Award Oversight*



# Single Audit

## Auditee Responsibilities:

- Procure a single audit and ensure it is properly performed and submitted when due.
- Prepare appropriate financial statements, **including the SEFA.**
- Take corrective action on audit findings.
- Prepare the Summary Schedule of Prior Audit Findings and a Corrective Action Plan, if applicable.
- Provide the auditor with appropriate access.



# Schedule of Expenditures of Federal Awards

## SEFA

- For each federal award program, the following information should be included, if applicable:
  - ✓ Federal Program Title, Cluster Title, and Federal Agency
  - ✓ Federal Assistance Listing Number
  - ✓ Pass-through Entity Name and ID Number
  - ✓ Amount Passed-through to Subrecipients
  - ✓ Federal Expenditures per Program, per Cluster, and Total



# Low-Risk Auditee

## Criteria:

- Must meet all of the following conditions for each of the two prior audit periods:
  - ✓ Single audits performed each year and submitted to the FAC by the deadline,
  - ✓ Unmodified audit opinions, including the in relation to opinion on the SEFA,
  - ✓ No material weaknesses in internal control,
  - ✓ No substantial doubt about ability to continue as a going concern reported,



# Low-Risk Auditee

## Criteria:

### ➤ And:

- ✓ None of the federal programs, when classified as a Type A program, had audit findings from any of the following:
  - ✓ Material weaknesses in internal control for major programs,
  - ✓ A modified opinion on a major program, or
  - ✓ Known or likely questioned costs exceeding 5% of the total federal money expended for the program during the period.



# Low-Risk Auditee

## Type A Programs

- Type A programs are federal programs with federal awards expended during the period exceeding the following:
  - \$750,000, if the total federal awards expended exceed \$750,000, but are less than \$25 million.
  - 3% of the total federal awards expended, if the total federal awards expended exceed \$25 million, but are less than \$100 million.





# Low-Risk Auditee

## What difference does it make?

- Percentage of coverage rule:
  - If the auditee is a high-risk auditee, the auditor is required to select, and audit, major programs exceeding 40% of total federal awards expended.
  - If the auditee is a low-risk auditee, the auditor is only required to select, and audit, major programs exceeding 20% of total federal awards expended.



# Major Programs

## A RiskBased Approach

- In determining your major programs, your auditor will use a risk-based approach to evaluating Type A and Type B programs, outlined in 2 CFR 200.518, including consideration of the following:
  - Current and prior audit experience,
  - Oversight exercised by federal agencies and pass-through entities, and
  - Inherent risk of the federal program.



# Indications of Higher Risk

## Just some examples:

- Internal control weaknesses
- Inexperienced staff administering the program
- Prior audit findings
- Programs not recently audited as major
- Monitoring oversight exercised by federal agencies or pass-through agencies (such as the WVDE) that disclosed significant problems



# Indications of Higher Risk

## Just a few more examples:

- Complex eligibility requirements
- Starting a new program
- Closing out a program
- Because the Federal Agency said so!



# Scope of Single Audit

## Internal control and compliance

- Compliance requirements:
  - ✓ Subject to audit (Matrix)
  - ✓ Material
- Internal control over federal programs
- To render opinions and report audit findings, as appropriate.



# Single Audit Findings

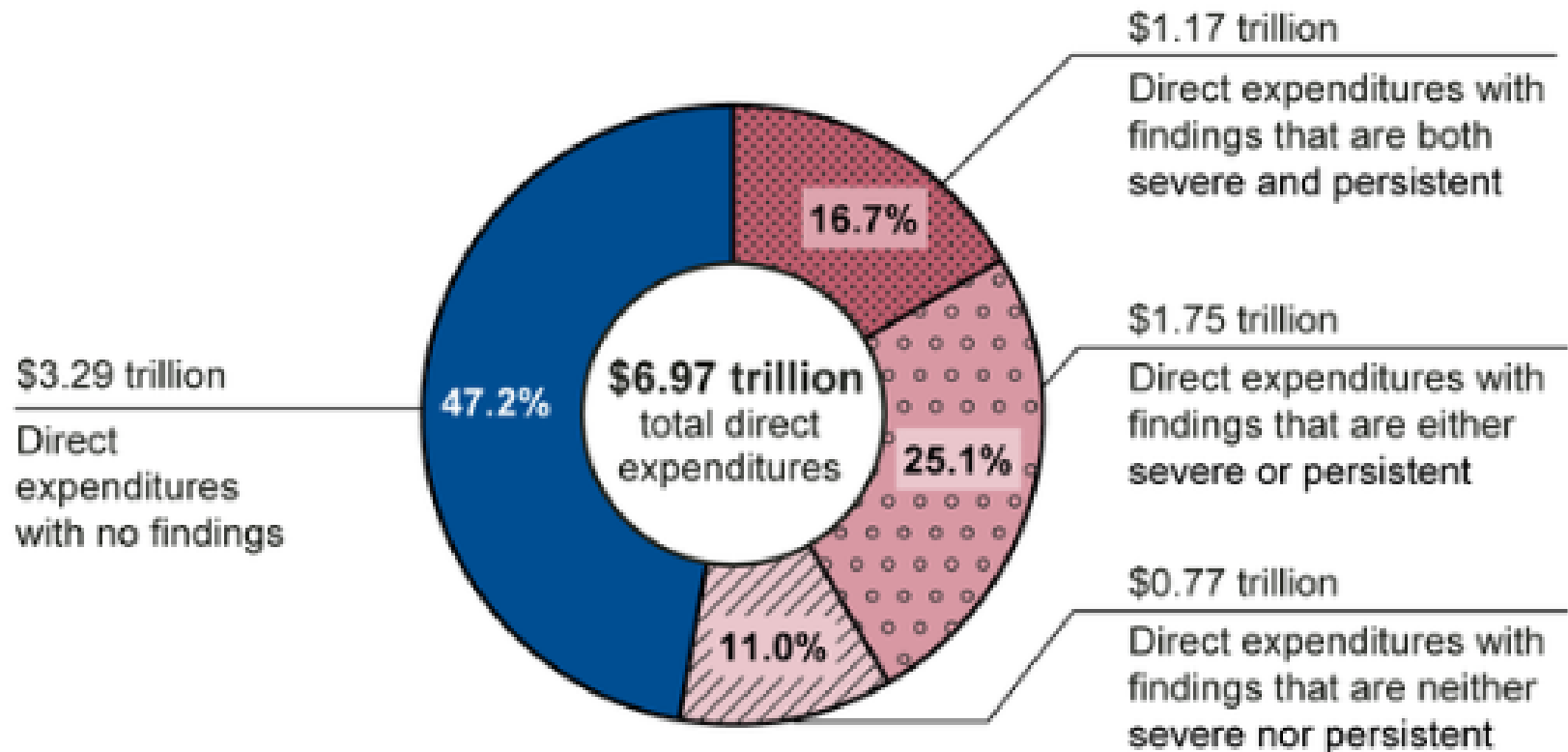
## Schedule of Findings and Questioned Costs

- Significant deficiencies and material weaknesses,
- Significant instances of abuse
- Material noncompliance with federal statutes, regulations, or terms and conditions of federal awards
- Known questioned costs greater than \$25,000
- Known questioned costs when likely questioned costs exceed \$25,000
- Circumstances resulting in a modification of opinion on a major program
- Known or likely fraud
- Material misrepresentations in status of prior audit findings



# Single Audit Findings

## Severity and Persistence of Single Audit Findings by Direct Expenditure of Federal Awards, 2017-2021



Source: GAO analysis of data from U.S. Census Bureau. | GAO-24-106173



# Single Audit Findings

## GAO Study

- These findings were related to \$69 billion of COVID-19 relief funds spent from 2020 to 2021.
- 213 findings reported in 2015 or earlier remained unresolved in 2021.
- For fiscal year 2023, \$1.1 trillion of awards were distributed and about 40,000 single audits were submitted to the FAC.
- The FAC cannot currently identify recipients that should have submitted a single audit but did not.





# Audit Finding Follow Up

## Corrective Action Plan

➤ Should include:

- ✓ Audit finding number
- ✓ Title of the audit finding
- ✓ Contact person
- ✓ Anticipated completion date for corrective action
- ✓ Corrective action planned to be taken



# Audit Finding Follow Up

## Summary Schedule of Prior Audit Findings

➤ Should include:

- ✓ Prior year finding number
- ✓ First fiscal year the finding was cited
- ✓ Title of finding
- ✓ Status of finding
- ✓ If necessary, corrective action to be taken
- ✓ Any partial corrective action taken



# Audit Report

## Opinions

- Whether the financial statements are presented fairly in all material respects.
- Whether the SEFA is stated fairly in all material respects in relation to the financial statements as a whole.
- Whether the auditee complied, in all material respects, with the compliance requirements that could have a direct and material effect on each major federal program.



# Audit Report

## Summary of the Auditor's Results

- Must include:
  - ✓ Opinion issued on financial statements
  - ✓ Whether significant deficiencies or material weaknesses in internal control were disclosed
  - ✓ Whether any noncompliance material to the financial statement were disclosed
  - ✓ Whether significant deficiencies or material weaknesses in internal control over major programs were disclosed
  - ✓ Opinion on compliance for major programs
  - ✓ Whether any findings required to be reported under 200.516(a) were disclosed
  - ✓ Identification of major programs



# Report Submission

## Deadline

- Single audits (data collection forms and reporting packages) are required to be certified and submitted to the Federal Audit Clearinghouse by the earlier of:
  - 30 days after receipt of the auditor's report, or
  - 9-months after the fiscal year end (i.e., March 31st).
  
- If the due date falls on a Saturday, Sunday, or federal holiday, the due date is extended to the next business day.



# Certification

## Certifying Official

- A senior level representative must certify that:
  - ✓ Auditee complied with requirements in 2 CFR 200,
  - ✓ Data was prepared in accordance with 2 CFR 200,
  - ✓ Reporting package does not include protected personally identifiable information,
  - ✓ Information is accurate and complete, and
  - ✓ FAC is authorized to make data collection form and reporting package publicly available on the web.



# Certification

## Submission

- After certifying statements, the auditee certifying official must electronically submit the data collection form to the FAC.
- A federal agency can request, and the auditee must submit a copy of, any management letters issued by the auditor.
- Required retention is three years from the date of submission to the FAC.



# Penalties

## Failure to comply

- When an entity displays a continued inability or unwillingness to have a single audit conducted and submitted timely, the federal agency and/ or the pass-through entity may:
  - ✓ Temporarily withhold payments,
  - ✓ Disallow costs,
  - ✓ Suspend or terminate the award in part or in full,
  - ✓ Initiate suspension or debarment proceedings,
  - ✓ Withhold further federal funds, and/ or
  - ✓ Pursue additional legal remedies.



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## Q&A

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