# Single Audit Act State Entity Responsibilities







#### Overview

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- Reporting Entity Responsibilities for Federal Expenditures
- Single Audit Expenditure Reporting Database
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#### Single Audit Act Requirement

- Non-federal entity that expended \$750,000 or more in federal awards must undergo an annual audit.
- 2. Audit must be conducted by an independent auditor.
  - > California is considered one non-federal entity.
  - California state entities are automatically subject to an annual audit regardless if the entity spent less than \$750,000.





#### **Audit Framework**

#### **Roles**

- 1. **FINANCE:** Responsible for federal audit coordination.
- 2. **CSA:** Responsible for conducting the State of California Single Audit.
- 3. External Auditor: Subcontracted by CSA to assist with conducting the federal compliance portion of the Single Audit.
- 4. **STATE ENTITIES:** Provide information to above entities for the Single Audit.

#### **Audit Framework**

**Audit Report** 



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- Develop and maintain written policies and procedures for the following:
  - Preparation of the Report of Expenditures of Federal Funds, Report 13.
  - Reporting of expenditures to Single Audit Expenditure Reporting Database (Database).
  - Development, implementation, and monitoring of the corrective action plan (CAP) for audit findings, if applicable.





- 2. Review your entity's audit findings related to the Single Audit, and address and mitigate findings timely.
- 3. Monitor corrective actions, and report the status to Finance.
  - > An e-mail is sent yearly from Finance requesting information on the CAP's status.





- Report all federal expenditures to Finance via the Database.
  - > State entities directly awarded funds by the federal government must report all federal **expenditures**.
  - State entities that received federal funds from other state entities <u>do not</u> report federal expenditures.
  - All federal expenditures reported to Finance must be supported by financial reports.

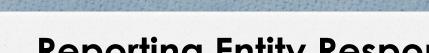


> Report all federal expenditures on a cash basis.

- Cash basis expenditures are defined as expenditures incurred and disbursed as of June 30 regardless of whether federal funds have been received. Cash basis expenditures
   <u>do not</u> include accruals of valid obligations, accrual reversals, encumbrances or receivables as of June 30.
- Report all federal expenditures related to Novel Coronavirus (COVID-19) that are subject to Single Audit reporting.
- Report federal expenditures using the correct Assistance Listing (AL) number (formerly known as Catalog of Federal Domestic Assistance). Do not combine expenditures of different ALs.
- Contractor payments should **not** be reported as subrecipient expenditures in the Database.

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- Calculation of federal awards expended under loan programs must follow the guidelines below:
  - (1) Value of new loans made or received during the reporting period; plus
  - > (2) Beginning of the reporting period balance of loans from previous years for which the Federal Government imposes continuing compliance requirements; plus
  - > (3) Any interest subsidy, cash, or administrative cost allowance received.
  - \*For prior or Institutions of Higher Education loans/loan guarantees, see 2 CFR 200.502 (c) and (d).
- Loans expended should <u>not</u> be reported as direct award expenditures in the Database.
- Disclose whether the 10 percent de minimis cost rate is used for indirect costs.





- 5. Single Audit reporting requirements require all state entities that received donated Personal Protective Equipment (PPE) to provide the fair market value of the PPE at the time of receipt as a stand-alone footnote.
  - > State entities that received donated PPE will be required to report to Finance the fair market value of the PPE at the time of receipt in the Database.
  - > State entities that **used federal funds to purchase PPE** must report federal funds expended as direct expenditures in the Database.



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- 6. Respond timely to all requests from Finance throughout the year.
- 7. For any updates or revisions to the expenditure data, immediately contact Finance to regain access to the Database for re-entry.
- 8. Submit a Management Representation Letter(MRL).
  - Prepare a customized MRL via the Database.
  - The MRL must be signed by two authorized signatories and must include the state entity Director or designee.
  - > Upload the signed MRL into the Database by the established due date.



#### Important to Note

- The statewide Single Audit is conducted by CSA and the External Auditor.
- CSA and the External Auditor perform a major program determination (2 CFR 200.518), similar to a risk assessment, and determines which federal program/Assistance Listing (AL) number will be audited.
- Therefore, any entity participating in the statewide Single Audit may be selected for further testing based on the major program and risk determination even if expenditures are less than \$750,000.





# Single Audit Expenditure Reporting Database

To get started:

<u>Single Audit Expenditure Reporting Database</u> <u>http://sefa.dof.ca.gov/</u>

Department of Finance Single Audit Website



#### **Helpful Tips**

- 1. Report federal expenditures, **not receipts**.
- 2. Report federal expenditures under the proper AL number, formerly known as the Catalog of Federal Domestic Assistance (CFDA).
- 3. Report federal expenditures regardless of whether funding for federal grants, reimbursements, or loans have been received.
- 4. Maintain supporting documents for reported federal expenditures.
- 5. Research and development costs are <u>not</u> reported as direct expenditures. The Database has separate fields to report research and development costs.
- 6. Use Finance as a resource if you need assistance.
- Clear website browsing history to view the most updated documents.





#### References

- 1. Department of Finance: <a href="https://www.dof.ca.gov">www.dof.ca.gov</a>
- 2. Department of Finance, Single Audit Hotline email address: OSAESingleAudit@dof.ca.gov
- Office of Management and Budget: <u>http://www.whitehouse.gov/omb</u>
- 3. Code of Federal Regulations: <a href="https://www.ecfr.gov">www.ecfr.gov</a>
- 4. Single Audit Reports: Single Audit Report
- U.S. General Services Administration Federal Government: <a href="https://www.sam.gov/">https://www.sam.gov/</a>
- Single Audit Expenditure Report Database: <a href="http://sefa.dof.ca.gov">http://sefa.dof.ca.gov</a>