

Single Audit Act

State Entity Responsibilities



Overview

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- o Reporting Entity Responsibilities for Federal Expenditures
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Single Audit Act Requirement

1. 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



Reporting Entity Responsibilities

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1. 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.

Reporting Entity Responsibilities

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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.

Reporting Entity Responsibilities

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4. 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 **do not** report federal expenditures.
 - All federal expenditures reported to Finance must be supported by financial reports.

Reporting Entity Responsibilities

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- 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 **do not** 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.

Reporting Entity Responsibilities

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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 ***not*** be reported as direct award expenditures in the Database.
- Disclose whether the 10 percent de minimis cost rate is used for indirect costs.

Reporting Entity Responsibilities

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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.

Reporting Entity Responsibilities

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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

- o The statewide Single Audit is conducted by CSA and the External Auditor.
- o 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.
- o 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:

[Single Audit Expenditure Reporting Database](#)

<http://sefa.dof.ca.gov/>

[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 **not** 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.
7. Clear website browsing history to view the most updated documents.

References

1. Department of Finance: www.dof.ca.gov
2. Department of Finance, Single Audit Hotline email address: OSAESingleAudit@dof.ca.gov
3. Office of Management and Budget:
<http://www.whitehouse.gov/omb>
3. Code of Federal Regulations: www.ecfr.gov
4. Single Audit Reports: [Single Audit Report](#)
5. U.S. General Services Administration Federal Government: <https://www.sam.gov/>
6. Single Audit Expenditure Report Database:
<http://sefa.dof.ca.gov>