

# Single Audit Act

## State Entity Responsibilities



# Overview

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# Single Audit Act Requirement

1. Non-federal entities 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. **California State Auditor (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 cash basis expenditures and the fair market value of the personal protective equipment 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 related to federal funds 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.
    - If state entities received and expended federal funds from a non-state entity that is not a federal agency as a subrecipient, such amount is reported as **Pass-Through 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. The Database has a separate field to report these amounts.
- 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 accompanying their SEFA.
  - 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. Finance will communicate the due date via email once the date is confirmed.

# 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) and determine which federal programs/AL numbers will be audited.
- o Any entity participating in the statewide Single Audit may be selected for further testing by the auditors 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/)

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

[Department of Finance Single Audit Website](#)

# Helpful Tips

1. Report federal expenditures in cash basis, **not receipts**.
2. Report federal expenditures under the proper Assistance Listing number (AL#), formerly known as Catalog of Federal Domestic Assistance (CFDA).
  - o Coronavirus State and Local Fiscal Recovery Fund (SFRF)=AL# 21.027
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 these 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](http://www.dof.ca.gov)
2. Office of Management and Budget:  
<http://www.whitehouse.gov/omb>
3. Code of Federal Regulations: [www.ecfr.gov](http://www.ecfr.gov)
4. Single Audit Reports: [Single Audit Report](#)
5. U.S. General Services Administration Federal Government: <https://www.sam.gov/>
6. Department of Finance, Single Audit Hotline:  
[OSAESingleAudit@dof.ca.gov](mailto:OSAESingleAudit@dof.ca.gov)
7. Single Audit Expenditure Report Database:  
<http://sefa.dof.ca.gov>