



# Single Audits

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# What is a Single Audit?

- Previously known as the **OMB Circular A-133 audit**, a **Single Audit** is an organization-wide financial statement and federal awards' audit of a non-federal entity that expends \$750,000 or more in federal funds in one year.
- Usually conducted annually or sometime at the end of an organization's fiscal year.



# Single Audit Filing Information

## ■ **Who has to file?**

- You will file if your organization spends more than \$750,000 or more in federal funds in one year. This includes funding outside of HCD program funding.

## ■ **Due date?**

- 9 months after the entity's fiscal year. Sooner the better!

## ■ **Where does it go?**

- Federal Audit Clearing House (FAC), then the State Controller Office (SCO)



# Single Audit Filing Information

(continued)

## ■ **Who can perform the Single Audit?**

- Single Audits are performed by independent auditors, usually certified public accountants (CPAs).
- Make sure that the chosen CPA has experience doing Single Audits and Federal Funds.
- You can't have someone within your organization perform your Single Audit.
- Independent auditors who perform Single Audits must regularly complete specific continuing education courses as required by **Government Auditing Standards (GAS)**, given the specialized nature of this work.



# Importance of a Single Audit

- Compliance check to ensure federal funding is being used appropriately.
- Helps HCD learn more about your organization and how it manages funding.
- **Per 2023 NOFA: Single Audit is a Threshold Item**
- **Federal Regulations:**
  - Financial Management Requirements: 2 CFR §200
  - Single Audit Requirements: 2 CFR §200.501(b)
    - Scope of Audit: 2 CFR §200.514



# REMINDER

Per the Office Hours Newsletter, sent out by Michael Phillips on Friday, July 28, 2023 (Meeting on July 26, 2023):

Acceptable Single Audits for 2023 and 2024 NOFAs:

- All grantees must submit their most recently completed single audit.
- At minimum, grantees must have completed a 2020-2021 Single Audit. This must be submitted with all funding applications. There will be no exceptions made.
- If your jurisdiction has not completed its 2021-2022 Single Audit, you must submit documentation that an auditor has been engaged to work on it. Once completed, it must be submitted to HCD.
- Federal COVID extensions have all expired. 2 CFR 200 and HUD requirements are in full effect.



# What if I am Exempt from Filing?

## ■ Per the 2023 NOFA:

- If an Applicant is not subject to single audit requirements, the Applicant is not required to submit an audit.
- If an Applicant is **not required to submit an annual single audit**, they must provide certification to such affect.

No - we were exempt from filing a Single Audit Report

**Note:** Exemptions will be cross-referenced on [SCO's Website](#). If the most recent report for the latest fiscal year shows the entity as any status but "exempt," the Jurisdiction **MUST** submit documentation directly from the State Controller's Office of exemption status. Failure to provide this will result in immediate disqualification without exception or appeal.

- Upload Proof of Single Audit Exemption \*





# What is in a Single Audit?

- Independent Auditor's Report
- Basic Financial Statements
- Required Supplementary Information
- Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards
- Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards





# What is in a Single Audit?

(continued)

- Schedule of Expenditures of Federal Awards
- **Schedule of Findings and Questioned Costs\***
- **Summary Schedule of Prior Audit Findings (if no prior audit findings, please indicate)\***
- **Corrective Action Plan (if applicable)\***
- Management Letter (required if issued by the entity's CPA)
- The Comprehensive Annual Financial Report (or if applicable, Financial Statement Report) is required.
  - If the Comprehensive Annual Financial Report and Single Audit Report are separate reports, both reports must be submitted to SCO.



# Findings & Concerns

- If there are findings &/or concerns in your most recent single audit, even on any awards, you will be required to submit a corrective action plan (CAP) for these items to SCO.
- The same CAP that is sent as part of the reporting package to SCO **MUST** be included with your application to HCD.



# Findings & Concerns

(continued)

## ■ **Per the 2023 NOFA:**

- If the Applicant had or has single audit findings identified in their most recently filed single audit, the Applicant **must** include the remediation plan/agreement;
- The Applicant **will be deemed ineligible for funding** through the state CDBG program **until the findings are resolved** or a remediation plan or agreement is established.
- **Any and all single audit findings are included in this evaluation.**



# HCD's Involvement in Single Audit Findings & Concerns

- HCD's involvement is a case-by-case basis, depending on the kind and/or severity of the issues found in your Single Audit.
  - **Examples of HCD getting involved:**
    - Misappropriation of federal funding
    - Material Weaknesses (HOME grants)
    - Records Retention Problems
    - Serious findings that have been repeat findings over multiple years with no CAP.



# HCD Threshold Review

- Recently filed Single Audit (with SCO)
  - We review the uploaded single audit to find the following sections:
    - Schedule of Findings & Questioned Costs
    - Summary Schedule of Prior Audit Findings (if applicable)
    - Corrective Action Plan (CAP) (if applicable)
  - The CAP, whether it is clearance or remediation plan or clearance letter, should include the following:
    - Finding Number (Per the Single Audit Report)
    - What the finding was
    - Planned Corrective Action
    - Anticipated Completion Date
      - Please note that “In Progress” is not acceptable; we need a hard date.
- HCD Staff also cross-check with SCO to ensure that you are exempt from filing.



# Most Common Errors During Application

- Selecting the “no findings” option, but after reviewing the single audit, there are findings and no CAP uploaded.
- Selecting “findings” option, but not uploading the CAP.
- Selecting “exempt from filing,” but come to find out, the grantee was required to file and there are/are not findings on their report.
- **Uploading an annual audit instead of single audit.**



# Single Audit vs. Annual Audit

## **Single Audit**

- Covers the entire organization's financial operations and more detailed.
- Combines the annual financial statement audit with the additional audit coverage of Federal funds.

## **Annual Audit**

- Just a verification process of your company's financial systems and statements, which will be reviewed for accuracy by the auditor.





# REMINDER

**Please make sure that you give yourself plenty of time to double check your work PRIOR to submitting your application.**

**Applications will be disqualified if the single audit is not uploaded and/or has findings that you do not include as part of your application.**

**Applicants that fail to disclose findings on their most recent single audit will be disqualified without exception or appeal.**



# Consequences of Not Filing

- For HCD, the applicant will not be eligible for funding until they are caught up on reporting.
- Missing your Single Audit deadline or being found noncompliant can be costly and time-consuming.
- If you are found noncompliant, the federal government may withhold funds until the deficiency is remedied, completely suspend or terminate the award, initiate suspension or debarment proceedings or withhold further federal awards for the program.
- The government may also pursue other available legal actions.



# RESOURCES

- 2023 NOFA: eCivis & HCD Website
- Federal Audit Clearinghouse
- CA State Controller Single Audit Status Report
- Federal Regulations
  - Financial Management Requirements: **2 CFR §200**
  - Single Audit Requirements: **2 CFR §200.501(b)**
    - Scope of Audit: **2 CFR §200.514**



**THANK YOU**  
**FOR WATCHING**