

Single-Audit

As a pass-through entity for Federal Education funds, the New Hampshire Department of Education (NHDOE) has prepared this **Single Audit Fact Sheet** to assist non-Federal entity's in meeting the Audit requirements in accordance with 2 CFR 200.501.

This information is being provided by the NHDOE as general compliance guidance only. Subrecipients of Federal funds should refer to the full text of the regulations which can be found at <https://www.gpo.gov/fdsys/granule/CFR-2014-title2-vol1/CFR-2014-title2-vol1-part200/content-detail.html>.

Summary

A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions outlined below [2 CFR 200.501 (a)].

Provisions

1. A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single audit conducted in accordance with 2 CFR 200.514 except when it elects to have a program-specific audit conducted in accordance with the following [2 CFR 200.501 (b)];
2. When an auditee expends Federal awards under only one Federal program (excluding research and development, also known as R&D) and the Federal program's statutes, regulations, or the terms and conditions of the Federal award do not require a financial statement audit of the auditee, the auditee may elect to have a program-specific audit conducted in accordance with 2 CFR 200.507. A program-specific audit may not be elected for R&D unless all of the Federal awards expended were received from the same Federal agency, or the same Federal agency and the same pass-through entity, and that Federal agency, or pass-through entity in the case of a subrecipient, approved in advance a program-specific audit [2 CFR 200.501 (c)];
3. A non-Federal entity that expends less than \$750,000 during the non-Federal entity's fiscal year in Federal awards is exempt from Federal audit requirement for that year, except as noted in 2 CFR 200.503,

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but records must be available for review or audit by appropriate official of the Federal agency, pass-through entity, and Government Accountability Office (GAO) [2 CFR 200.501 (d)].

4. Management of an auditee that owns or operates a federally funded research and development center (FFRDC) may elect to treat the FFRDC as a separate entity for purposes of this part.

5. An auditee may simultaneously be a recipient, a subrecipient, and a contractor. Federal awards expended as a recipient or a subrecipient are subject to audit under this part. The payments received for goods or services provided as a contractor are not Federal awards [2 CFR 200.501 (e)].

6. In most cases, the auditee's compliance responsibility for contractors is only to ensure that the procurement, receipt, and payment for goods and services comply with Federal statutes, regulations, and the terms and conditions of Federal awards. Federal award compliance requirements normally do not pass through to contractors. However, the auditee is responsible for ensuring compliance for procurement transactions which are structured such that the contractor is responsible for program compliance or the contractor's records must be reviewed to determine program compliance. Also, when these procurement transactions relate to a major program, the scope of the audit must include determining whether these transactions are in compliance with Federal statutes, regulations, and the terms and conditions of Federal awards [2 CFR 200.501 (f)].

Basis for determining Federal awards expended

The determination of when a Federal award is expended must be based on when the activity related to the Federal award occurs. Generally, the activity pertains to events that require the non-Federal entity to comply with Federal statutes, regulations, and the terms and conditions of Federal awards, such as: expenditure/expense transactions associated with awards including grants, cost-reimbursement contract under the FAR, compacts with Indian Tribes, cooperative agreements, and direct appropriations; the disbursement of funds to subrecipients; the use of loan proceeds under loan and loan guarantee programs; the receipt of property; the receipt of surplus property; the receipt or use of program income; the distribution or use of food commodities; the disbursement of amounts entitling the non-Federal entity to an interest subsidy; and the period when insurance is in force [2 CFR 200.502 (a)].

Relation to other audit requirements

1. An audit conducted in accordance with this part must be in lieu of any financial audit of Federal awards which a non-Federal entity is required to undergo under any other Federal statute or regulation. To the extent that such audit provides a Federal agency with the information it requires to carry out its responsibilities under Federal statute or regulation, a Federal agency must rely upon and use that information [2 CFR 200.503 (a)].

2. Notwithstanding subsection (a), a Federal agency, Inspector General, or GAO may conduct or arrange for additional audits which are necessary to carry out its responsibilities under Federal statute or regulation. The provisions of this part do not authorize any non-Federal entity to constrain, in any manner,

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such Federal agency from carrying out or arranging for such additional audits, except that the Federal agency must plan such audits to not be duplicative of other audits of Federal awards [2 CFR 200.503 (b)].

3. The provisions of this part do not limit the authority of Federal agencies to conduct, or arrange for the conduct of, audits and evaluations of Federal awards, nor limit the authority of any Federal agency Inspector General or other Federal official [2 CFR 200.503 (c)].

4. A Federal agency that conducts or arranges for additional audits must, consistent with other applicable Federal statutes and regulations, arrange for funding the full cost of such additional audits [2 CFR 200.503 (d)].

5. A Federal awarding agency may request that an auditee have a particular Federal program audited as a major program in lieu of the Federal awarding agency conducting or arranging for the additional audits [2 CFR 200.503 (e)].

Frequency of audits

Except for the provisions for biennial audits provided in this section, audits required by this part must be performed annually. Any biennial audit must cover both years within the biennial period [2 CFR 200.504].

1. A state, local government, or Indian tribe that is required by constitution or statute, in effect on January 1, 1987, to undergo its audits less frequently than annually, is permitted to undergo its audits pursuant to this part biennially. This requirement must still be in effect for the biennial period [2 CFR 200.504 (a)].

2. Any nonprofit organization that had biennial audits for all biennial periods ending between July 1, 1992, and January 1, 1995, is permitted to undergo its audits pursuant to this part biennially [2 CFR 200.504 (b)].

Sanctions

In cases of continued inability or unwillingness to have an audit conducted in accordance with this part, Federal agencies and pass-through entities must take appropriate action as provided in 2 CFR 200.339.

Cost for audit services

1. A reasonably proportionate share of the costs of audits required by, and performed in accordance with, the Single Audit Act Amendments of 1996 (31 U.S.C. 7501-7507), as implemented by requirement of this part, are allowable. However, the following audit costs are unallowable [2 CFR 200.425 (a)]:

a. Any costs when audits required by the Single Audit Act and subpart F of this part have not been conducted or have been conducted but not in accordance therewith; and [2 CFR 200.425 (a)(1)]

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b. Any costs of auditing a non-Federal entity that is exempted from having an audit conducted under the Single Audit Act and subpart F of this part because its expenditures under Federal wards are less than \$750,000 during the non-Federal entity's fiscal year [2 CFR 200.425 (a)(2)].

2. The costs of a financial statement audit of a non-Federal entity that does not currently have a Federal ward may be included in the indirect cost pool for a cost allocation plan or indirect cost proposal [2 CFR 200.425 (b)].

3. Pass-through entities may charge Federal wards for the cost of agreed-upon-procedures engagements to monitor subrecipient (in accordance with Subpart D, 2 CFR 200.331-333) who are exempted from the requirements of the Single Audit Act and Subpart F of this part. This cost is allowable only if the agreed-upon-procedures engagement are [2 CFR 200.425 (c)]:

a. Conducted in accordance with GAGAS attestation standards [2 CFR 200.425 (c)(1)];

b. Paid for and arranged by the pass-through entity; and [2 CFR 200.425 (c)(2)]

c. Limited in scope to one or more of the following types of compliance requirements: activities allowed or unallowed; allowable costs/cost principles; eligibility; and reporting [2 CFR 200.425 (c)(3)].

Auditor selection

1. In procuring audit services, the auditee must follow the procurement standards prescribed by the Procurement Standards in 2 CFR 200.317-326 of subpart D of this part or the FAR (48 CFR part 42), as applicable. When procuring audit services, the objective is to obtain high-quality audits. In requesting proposals for audit services, the objectives and scope of the audit must be made clear and the non-Federal entity must request a copy of the audit organization's peer review report which the auditor is required to provide under GAGAS. Factors to be considered in evaluating each proposal for audit services include the responsiveness to the request for proposal, relevant experience, availability of staff with professional qualifications and technical abilities, the results of peer and external quality control reviews, and price. Whenever possible, the auditee must make positive efforts to utilize small businesses, minority-owned firms, and women's business enterprises, in procuring audit services as state in 2 CFR 200.321, or the FAR (48 CFR part 42), as applicable [2 CFR 200.509 (a)].

2. An auditor who prepares the indirect cost proposal or cost allocation plan may not also be selected to perform the audit required by this part when the indirect costs recovered by the auditee during the prior year exceeded \$1 million. This restriction applies to the base year used in the preparation of the indirect cost proposal or cost allocation plan and any subsequent years in which the resulting indirect cost agreement or cost allocation plan is used to recover costs [2 CFR 200.509 (b)].

3. Federal auditors may perform all or part of the work required under this part if they comply fully with the requirements of this part [2 CFR 200.509 (c)].

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Technical Assistance

Please feel free to contact the Bureau of Federal Compliance staff should you have any questions relative to the contents of this document.

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NH Department of Education
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