



## County of Santa Clara

Policy Name: Annual Audit Requirements for Federal Awards Single Audit

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**Policy Type:** Administrative

**Category:** Fiscal and Budget    **Sub-Category:** Budget Practices

**Policy Name:** Annual Audit Requirements for Federal Awards Single Audit

**Policy Owner:** Controller-Treasurer Department

### Policy Purpose

The purpose of this policy is to establish countywide guidelines and procedures for adhering to the federal Single Audit Act and its implementing regulations at [Part 200 of Title 2 of the Code of Federal Regulations](#), often referred to by the short-hand term "Uniform Guidance."

### Policy Summary

To comply with the [Uniform Guidance](#), the County must have a Single Audit conducted if it expends \$750,000 or more in federal awards during the County's fiscal year. Each fiscal year, the Controller-Treasurer Department must hire an independent auditor to conduct a Single Audit of all spending of federal funds. As part of the Single Audit requirements, the County must submit the following information to the auditor:

- total federal award amounts expended for each federally funded program;
- the dates of when each award was granted; and
- all new federal grants and any renewals of existing grants, with or without additional funding or any amendments, awarded after December 26, 2014.



In accordance with the Uniform Guidance, the auditor must use a risk-based approach to determine which federal programs are major programs for Single Audit purposes. The Uniform Guidance requires this risk-based approach to include consideration of:

- current and prior year audit experience;
- oversight by federal agencies and pass-through entities; and,
- inherent risk of the federal program.

Based on the entity-wide risk level, the auditor must test a certain percentage of the County-wide total federal expenditures. As such, both large and small programs could be selected for testing.

All Single Audit reports are submitted to the federal Office of Management and Budget (OMB) via the Federal Audit Clearinghouse where they are available electronically to government agencies and members of the public.

In order to ensure the County is in compliance with the requirements of the Single Audit Act and Uniform Guidance, the Controller-Treasurer Department General Accounting Unit (GAU) [Operations Section] collects data on an annual basis from County Agencies and Departments on all federal assistance disbursed for the current fiscal year. The Controller-Treasurer Department GAU [Operations Section] requires all County Agencies and Departments to report in the form of a Single Audit Questionnaire all estimated expenditures of federal assistance received directly from the federal government or passed through from other non-federal agencies. The information collected is used by the County's auditors to determine the nature and the scope of the audit they are required to perform. County Agencies and Departments subsequently report the actual expenditures on the Schedule of Expenditures of Federal Awards (SEFA).



It is the responsibility of the Controller-Treasurer Department GAU [Operations Section] to:

- Compile and reconcile the SEFAs submitted by County Agencies and Departments. The compiled SEFA includes all actual expenditures for all federal financial assistance programs that the County participated in during the fiscal year.
- Coordinate the audit process and submit the signed audit report to the California State Controller's Office and federal Office of Management and Budget (OMB) by March 31<sup>st</sup> of each year.
- Approve the submission of Form SF-SAC (Data Collection Form) to the Federal Audit Clearinghouse designated by OMB, to provide information about the auditee, its federal programs, and the results of the audit.

It is the responsibility of County Agencies and Departments to abide by federal requirements and accurately account for, record, and report costs.

### **Procedures**

#### Single Audit Questionnaire

- 1) On an annual basis, the **Controller-Treasurer Department GAU [Operations Section]** sends County Agencies and Departments a Single Audit questionnaire along with instructions on how to complete it and a specific deadline for when it should be returned to the Controller-Treasurer Department GAU [Operations Section].
- 2) **County Agencies and Departments** complete and return the Single Audit questionnaire, by the specified deadline, to the Controller-Treasurer Department GAU [Operations Section].



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- 2a) If no federal grants were received in the current fiscal year, notify the Controller-Treasurer Department GAU [Operations Section] by the specified deadline.
- 3) **County Agencies and Departments** that receive joint federal grant awards should coordinate to determine whether to submit separate questionnaires or a consolidated questionnaire.
- 4) The **Controller-Treasurer Department GAU [Operations Section]** prepares a summary spreadsheet of information received from all County Agencies and Departments.
- 5) The **Controller-Treasurer Department GAU [Operations Section]** provides a copy of the questionnaires received from County Agencies and Departments and a copy of the summary spreadsheet to the auditors.

### Schedule of Expenditures of Federal Awards (SEFA)

- 1) After the County's fiscal year-end is closed, **the Controller-Treasurer Department GAU [Operations Section]** sends County Agencies and Departments the SEFA and Reconciliation Schedule along with instructions on how to complete them, a certification of Federal grant revenues recorded in the County's accounting system, and a specific deadline when they should be returned to the Controller-Treasurer Department GAU [Operations Section].
- 2) **County Agencies and Departments** must certify the amount of Federal grant revenues recorded in the County's accounting system, complete the SEFA and Reconciliation Schedule and provide information on all subrecipients receiving federal pass-through funds.



- 2a) If a program has no subrecipients, indicate "none" in the SEFA-Subrecipients section.
- 3) **County Agencies and Departments** that receive joint federal grant awards should coordinate to determine whether to submit separate SEFAs or a consolidated SEFA.
- 4) **County Agencies and Departments** ensure expenditures for all federal awards received during the fiscal year are reported in the SEFA and send the completed schedules and certifications to the Controller-Treasurer Department GAU [Operations Section], by the specified deadline.
- 5) **The Controller-Treasurer Department GAU [Operations Section]** prepares a summary spreadsheet of information received from all County Agencies and Departments.
- 6) **The Controller-Treasurer Department GAU [Operations Section]** reconciles the information on the federal grant revenues certifications provided by County Agencies and Departments with the County's accounting system and ensures all federal awards are properly reported on the SEFA.
- 7) **The Controller-Treasurer Department GAU [Operations Section]** provides a copy of the schedules received from County Agencies and Departments and a copy of the summary spreadsheet to the County's auditors.
- 8) **County Agencies and Departments** monitor subrecipients to ensure compliance with Single Audit requirements.



**The Controller-Treasurer Department GAU [Operations Section] must:**

- 1) Review the draft of the audit report provided by the auditors. The review of the draft includes a comparison of the grant amounts and expenditures in the report to the amounts previously provided to the auditors by the Controller-Treasurer Department GAU [Operations Section].
- 2) Contact the auditors and obtain clarification for any discrepancies between the amounts included in the draft and those previously provided to the auditors, if applicable.
- 3) Once all discrepancies have been clarified and there are no other matters pending, provide the audit report draft to the Controller-Treasurer or designee for approval. The Controller-Treasurer Department GAU [Operations Section] will obtain a copy of the final audit report from the County's auditor.
- 4) Ensure that the audit report is submitted to the California State Controller's Office and OMB by March 31<sup>st</sup> of the year following the fiscal year being audited. If March 31<sup>st</sup> is on a weekend, the report is due on the next business day.
  - 4a) Upload the final audit report to the State's website by March 31<sup>st</sup> of each year.
  - 4b) Certify that the auditors can upload the final audit report to OMB. The certification will be done online via a link sent from the auditors to the Controller-Treasurer or designee.



- 5) Upload a secured copy of the audit report to the public facing Controller-Treasurer Department - [Single Audit Reports website](#).

Form SF-SAC (Data Collection Form)

- 1) The **Controller-Treasurer or designee** reviews and approves the Data Collection Form, completed by the auditors.

Management Representation Letter

- 1) County Agencies and Departments that have had a major program audit receive a draft Management Representation Letter from the County's auditor. The **County Agency or Department** must review and return the letter signed by the Department Head to the County's auditor by the specified deadline.

Audit Report – Board Submittal

- 1) The **Finance Agency Director** submits the Single Audit report to the County Finance and Government Operations Committee, who receives the report and forwards it to the Board of Supervisors for acceptance.

Audit Findings

- 1) **County Agencies and Departments** must take corrective action on audit findings immediately after the issuance of the audit report.
- 2) The **Controller-Treasurer Department GAU [Operations Section]** must follow up with County Agencies and Departments on audit findings, within two weeks of the issuance of the audit report, to



ensure that appropriate and timely corrective actions have been implemented.

- 3) **County Agencies and Departments** must provide the Controller-Treasurer Department GAU [Operations Section] with an update, within one month of the issuance of the audit report, on the corrective actions implemented to address the audit findings

### Definitions

- 1) **"Audit finding"** means a significant issue or deficiency identified during the audit.
- 2) **"County's accounting system"** means the SAP system or other similar system used by the County as its primary accounting and finance system.
- 3) **"Single Audit"** means one audit of all of an entity's federal programs versus separate audits of each federal program. Entities which expend \$750,000 or more in federal award funds in one fiscal year are subject to this audit. A Single Audit is generally conducted by an independent certified public accountant and is intended to assess whether the recipient is in compliance with the federal programs' requirements.
- 4) **"Subrecipient"** means an entity that: (a) receives a subaward from a federal grant awarded to the County, and (b) is accountable to the County for the use of the federal funds provided by the subaward.

### Frequently Asked Questions

None.



### **Related Policies**

None.

### **Related Forms and Information**

- *Code of Federal Regulations:* The Executive Office of the President, Office of Management and Budget's (OMB) guideline 2 CFR Part 200 (referred to as the "Uniform Guidance") Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - <https://www.ecfr.gov/cgi-bin/text-idx?SID=f52b7b4c9e714d73dca442e41f47a9d1&mc=true&node=pt2.1.200&rgn=div5>
- Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations - [https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/circulars/A133/a133\\_revised\\_2007.pdf](https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/circulars/A133/a133_revised_2007.pdf)

### **History**

Date	Changes Made
01/25/2019	Policy Adopted.