

Chapter 8

The Single Audit Act-- The Audit Evolves

Audits aren't what they used to be. To understand the current auditing paradigm, a brief review is in order. In 1984, Congress passed the Single Audit Act to improve the approach of federal financial assistance programs to audits. The Single Audit is part of the audit costs that falls under the unfunded OSA mandate. As you recall, this mandate calls for all 1st class cities and all counties to be audited by OSA at the entity's own expense. For counties released from the unfunded OSA mandate, the private CPA firms that contract with the counties are required to perform a Single Audit if the county incurred over \$500,000 in federal grant expenditures.



Before the Single Audit Act, governmental units would typically have had two audits. One audit was for financial reporting and the other was for federal compliance. In order to streamline the auditing process and eliminate duplication, our own Republican Senator Dave Durenberger (1978 – 1995) sponsored the bill that eventually became the Single Audit Act. ([THOMAS - Library of Congress - here](#))

The objectives of the Single Audit Act were to establish uniform audit requirements, to promote efficient and effective use of audit resources and to require audits of federal assistance recipients to be on an “entity-wide” basis. The Act also imposed requirements relating to testing of, and reporting on, internal control structure and compliance with laws and regulations.

These requirements extend beyond generally accepted auditing standards ([GAAS](#)) to include standards applicable to governmental financial audits contained in [Government Auditing Standards \(Yellow Book\)](#) and [OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations](#). The Comptroller General of the U.S. Government Accountability Office (GAO) issues the Yellow Book and the U.S. Office of Management and Budget (OMB) issues OMB Circular A-133.

Originally, the Single Audit Act and OMB Circular A-133 required a subrecipient to have a Single Audit within 13 months after the end of its fiscal year. Subsequent revisions to the Single Audit Act of 1984 shortened the deadline for submission of audits from 13 months to 9 months after the end of the fiscal year if the subrecipient spends more than \$500,000 in federal grant funds.

Hang in there; the history lesson is over and it's time to see how all this fits into today's world. H.R. 2182, *Enhanced Oversight of State and Local Economic Recovery Act* proposes changes to the Single Audit deadline. Beginning with FY

2010, Single Audits will be due within 7 months after fiscal year-end. Beginning with FY 2012, the deadline will be shortened again to 6 months after fiscal year-end.

A good source of verification and information on the Single Audit is the Oklahoma Office of the State Auditor and Inspector (i.e. third-party confirmation in accounting jargon). I am using their website because they have the best summary of H.R. 2182. What I am trying to verify is the Single Audit deadline moving from 9 months of fiscal year-end to 6 months of fiscal year-end by fiscal year-end 2012 without subjecting anyone in the audience to mundane accounting knowledge. In addition to that, please be aware that the Oklahoma State Auditor is a CPA. It's helpful to understand that the Oklahoma Office of the State Auditor and Inspector is similar to the Minnesota Office of the Legislative Auditor. The Office audits the Executive Branch of Oklahoma. Like the State of Minnesota, the State of Oklahoma, has a State Fiscal Year-end (SFY) of June 30. So, the Oklahoma Single Audit deadline is March 31, and it will be moved to December 31 beginning with SFY 2012. ([Click here for the Oklahoma OSA](#)).

Finally, in order to be in compliance with the American Recovery and Reinvestment Act of 2009 (ARRA aka the Stimulus), there are some additional rules. Local governments that are required to have a Single Audit must have their act together. Governments must have internal controls that are suitably designed, already established and operating effectively. This is to provide assurance that, for programs funded under the ARRA, audits required by ARRA (and other compliance with laws and regulations) are made accurately and timely.

As mentioned above, the current Single Audit deadline is 9 months after fiscal year-end. For fiscal year-end December 31 that deadline would be September 30. As I mentioned in [Chapter 6, *It's All About Staffing*](#), as of September 30, 2009, there were forty county audits subjected to the unfunded OSA mandate that were uncompleted for fiscal year-end December 31, 2008. All forty are Single Audits; thus, they missed the Single Audit deadline.

If the Minnesota OSA cannot meet the current 9-month deadline, how would it meet the 6-month deadline? The answer is *even more poorly*. I will discuss the consequences of missing the Single Audit deadline in Chapter 9. No one ever said that being an informed delegate and voter would be easy.

[Ask Jeff A Question](#)

This chapter's selected question is from Candy in Mankato.

Candy asks, "On your website, you say that you work for the OSA and that you are a CPA but that you are neither a member of a government union nor a member of any professional organizations. Will you please explain your decision not to join either one?"

Jeff's Answer: I decided long, long ago that the problems with the OSA are the results of the influence of special interest groups. Those groups include government unions like the Minnesota Association of Professional Employees (MAPE), Middle

Management Association (MMA), professional organizations like Minnesota Society of CPAs (MNCPA) and the Government Finance Officers Association (GFOA).

None of these organizations are looking out for the taxpayers. Government unions are interested in protecting government jobs and growing government in order to increase memberships. Professional organizations are interested in having the least possible government oversight of their operations and promoting the interests of their members.

Government has a proper role in all this, but it is not auditing; it is regulating private auditors with a peer review program administered by the OSA. This "Common Sense" solution is the middle ground of balance to be achieved with these special interest groups. To be a member of any one of the above types of organizations would taint my "Independence in Appearance and in Fact." I could not propose and advance my "Mission Statement" and "Plan" if I were a member of any one of the above mentioned special interest groups.

Address all your questions directly to me at [Contact Jeff](#). Please include name and town, name and town, if you wish to opine.

Blog Spot Links related story on my campaign by

[Speed Gibson](#)

Family



Edinburgh Fringe Festival with MHS.

My eldest daughter, Krysti (18), has a passion for being on stage. She started dancing at age three and has studied at seventeen different dance studios around the Twin Cities metro area and Detroit.

She earned the opportunity to perform with the Radio City Rockettes, *Christmas Spectacular*, in 2001 and 2002 when the troupe was on tour in Minneapolis and Seattle, respectively. She followed her passion throughout high school by performing in all of the musicals that Minnetonka High School (MHS) and Minnetonka Theatre produced. During that time, she was given the opportunity to perform in Edinburgh, Scotland at the

During her senior year, Krysti performed at Chanhassen Dinner Theatre as Alice in *Seven Brides for Seven Brothers*. She is pursuing an elementary education degree since she loves teaching kids as much as she loves performing on the stage. You can imagine the pride my family feels as Krysti continues her education and growth. Krysti is my campaign manager and web designer. To visit Krysti's website, click [here](#).

The time for government accountability has come.

Sincerely,

Jeff Wiita, CPA

Prepared and paid for by Jeff Wiita, CPA for State Auditor
http://www.jeffforstateauditor.com/Home_Page.html

Contact Jeff