



NSF OIG CORNER

Ensuring the Quality of Single Audits

By Laura Rainey

What are single audits?

Like a car inspection, a “single audit” is a diagnostic check-up for entities that receive Federal funds. Colleges, universities, and non-profit organizations that expend \$750,000 or more a year in Federal awards must obtain an annual independent financial and compliance audit. These audits are conducted by public accounting firms or state auditors and are designed to ease the burden on awardees that receive funding from multiple Federal agencies and pass-through entities.

A single audit “reporting package” includes an opinion on an awardee’s financial statements and notes; a list of expenditures for awards received directly from the Government or through states and other entities; an evaluation of its internal controls over financial reporting; an opinion on its compliance with Federal statutes, regulations, and select award terms and conditions; and any instances of noncompliance with Federal requirements or weaknesses in internal controls.

Why are single audits important?

Federal agencies and pass-through entities use single audit information to track award expenditures, assess awardees’ ability to effectively manage Federal funds, and to ensure awardees take corrective actions to address audit findings. Awarding agencies and pass-through entities may use the results of single audit reports to plan oversight efforts including site visits and other post-award monitoring. OIGs with limited resources often rely on single audits for additional audit coverage of awardees and may use the results to help prioritize other audit and investigatory work.

How do we ensure single audits are reliable?

We evaluate the reliability of single audits through desk reviews and quality control reviews. During a desk review, we examine the audit reporting package, but not the underlying audit documentation. A desk review evaluates whether the audit reporting package contains all required elements in enough detail to enable agencies to make effective management decisions. We conduct desk reviews on all single audit reporting packages for which NSF is the cognizant or oversight agency for audit (generally defined as the audited entity’s predominant Federal funding agency).

Quality control reviews are an important tool for determining whether single audits meet Government auditing and reporting requirements and for helping to improve future audit quality. Quality control reviews expand on desk reviews by evaluating the underlying audit documentation to ensure it complies with Generally Accepted Government Auditing Standards (GAGAS), American Institute of Certified Public Accountants (AICPA) standards, and Federal requirements. The entity that performs the single audit can receive a rating of Pass, Pass with Deficiencies, or Fail.

What do you do with the results of desk and quality control reviews?

We share results of reviews with the awardee, its auditors, and its other Federal funding agencies and pass-through entities when warranted. When necessary, we refer auditors who do not meet GAGAS or AICPA standards to the AICPA and State Boards of Accountancy for additional review and imposition of required corrective action, up to and including the suspension of an auditor’s CPA license.

Where can I find additional information?

- **The Single Audit Act Amendments of 1996:**
www.congress.gov/bill/104th-congress/senate-bill/1579
- **Federal Audit Clearinghouse:**
<https://facweb.census.gov>

How can I report research misconduct or other forms of fraud, waste, abuse, or whistleblower reprisal?

- **Web:** <https://nsf.gov/oig/report-fraud>
- **Anonymous Hotline:** 1.800.428.2189
- **Email:** oig@nsf.gov
- **Mail:** 2415 Eisenhower Avenue, Alexandria, VA 22314
ATTN: OIG HOTLINE

Whistleblowers play a critical role in keeping our Government honest, efficient, and accountable. Please visit www.nsf.gov/oig/whistleblower.jsp for information about whistleblower protection.

Have a question or an idea for NSF OIG’s Corner?

Please contact us at
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