

REFERENCES IN TEXT

The Omnibus Budget Reconciliation Act of 1981, referred to in par. (1)(B), is Pub. L. 97-35, Aug. 13, 1981, 95 Stat. 357, as amended. For complete classification of this Act to the Code, see Tables.

§ 7303. Reports and public hearings on proposed uses of amounts

(a)(1) The chief executive officer of each State shall prepare for each fiscal year a report on the proposed use during the fiscal year of block grant amounts received by the State. The report shall include—

- (A) a statement of goals and objectives;
- (B) information on the types of activities to be supported, geographic areas to be served, and categories or characteristics of individuals to be served; and
- (C) the criteria for, and way of, distributing the amounts, including details on the way amounts will be distributed on the basis of need to carry out the purposes of the block grant amounts.

(2) Beginning with the fiscal year ending September 30, 1983, each report shall describe how the State met the goals, objectives, and needs in using the amounts described in the report for the prior fiscal year.

(b) A State may not receive block grant amounts for a fiscal year until the State conducts a public hearing, after adequate public notice, on the proposed use and distribution of the amounts set out in the report prepared under subsection (a) of this section for the fiscal year.

(c) Each report prepared under subsection (a) of this section and changes to the report shall be made public in the State on a timely basis and in a way that encourages comments from interested local government and persons.

(Pub. L. 97-258, Sept. 13, 1982, 96 Stat. 1040.)

HISTORICAL AND REVISION NOTES

| <i>Revised Section</i> | <i>Source (U.S. Code)</i> | <i>Source (Statutes at Large)</i> |
|------------------------|---------------------------|--|
| 7303 | 31:1243(note). | Aug. 13, 1981, Pub. L. 97-35, §1742, 95 Stat. 763. |

In subsection (a)(1), before clause (A), the words “for each fiscal year” and “during the fiscal year” are substituted for “for the previous fiscal year” for clarity.

In subsection (b), the words “by the State” are omitted as surplus.

In subsection (c), the words “by a State” are omitted as surplus.

§ 7304. Availability of records

To evaluate and review the use of block grant amounts, consolidated assistance, and other grant programs established or provided for in the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35, 95 Stat. 357), records related to the amounts, assistance, or programs that are in the possession, custody, or control of a State, a political subdivision of a State, or a grantee of a State or political subdivision of a State shall be made available to the Comptroller General.

(Pub. L. 97-258, Sept. 13, 1982, 96 Stat. 1040.)

HISTORICAL AND REVISION NOTES

| <i>Revised Section</i> | <i>Source (U.S. Code)</i> | <i>Source (Statutes at Large)</i> |
|------------------------|---------------------------|--|
| 7304 | 31:1243(note). | Aug. 13, 1981, Pub. L. 97-35, §1744, 95 Stat. 764. |

The words “records . . . shall be made available to” are substituted for “shall have access to any books, accounts, records, correspondence, or other documents” for consistency in the revised title and with other titles of the United States Code.

REFERENCES IN TEXT

The Omnibus Budget Reconciliation Act of 1981, referred to in text, is Pub. L. 97-35, Aug. 13, 1981, 95 Stat. 357, as amended. For complete classification of this Act to the Code, see Tables.

§ 7305. State auditing requirements

(a) The chief executive officer of each State shall conduct financial and compliance audits of block grant amounts received under the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35, 95 Stat. 357) and amounts received under a consolidated assistance program established or provided for in the Act. An audit shall be conducted for the 2-year period beginning on October 1, 1981, and for each 2-year period thereafter. As far as practicable, the audit shall be conducted consistent with standards the Comptroller General prescribes for the audit of governmental entities, programs, activities, and functions.

(b) An audit under subsection (a) of this section is in place of other financial and compliance audits of those amounts that the chief executive officer of the State is required to conduct under another provision of the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35, 95 Stat. 357) unless the other provision, by explicit reference to this section, provides otherwise.

(Pub. L. 97-258, Sept. 13, 1982, 96 Stat. 1041.)

HISTORICAL AND REVISION NOTES

| <i>Revised Section</i> | <i>Source (U.S. Code)</i> | <i>Source (Statutes at Large)</i> |
|------------------------|---------------------------|--|
| 7305 | 31:1243(note). | Aug. 13, 1981, Pub. L. 97-35, §1745, 95 Stat. 764. |

In subsection (a), the word “prescribes” is substituted for “established”, and the word “entities” is substituted for “organizations”, for consistency in the revised title and with other titles of the United States Code.

In subsection (b), the words “of funds” and “conducted” are omitted as surplus.

REFERENCES IN TEXT

The Omnibus Budget Reconciliation Act of 1981, referred to in text, is Pub. L. 97-35, Aug. 13, 1981, 95 Stat. 357, as amended. For complete classification of this Act to the Code, see Tables.

CHAPTER 75—REQUIREMENTS FOR SINGLE AUDITS

- Sec. 7501. Definitions.
- 7502. Audit requirements; exemptions.
- 7503. Relation to other audit requirements.
- 7504. Federal agency responsibilities and relations with non-Federal entities.
- 7505. Regulations.

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| Sec. | |
| 7506. | Monitoring responsibilities of the Comptroller General. |
| 7507. | Effective date. |

AMENDMENTS

1996—Pub. L. 104-156, §2, July 5, 1996, 110 Stat. 1396, amended chapter analysis generally, substituting in item 7504 “Federal agency responsibilities and relations with non-Federal entities” for “Cognizant agency responsibilities” and in item 7507 “Effective date” for “Effective date; report”.

§ 7501. Definitions

(a) As used in this chapter, the term—

(1) “Comptroller General” means the Comptroller General of the United States;

(2) “Director” means the Director of the Office of Management and Budget;

(3) “Federal agency” has the same meaning as the term “agency” in section 551(1) of title 5;

(4) “Federal awards” means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities;

(5) “Federal financial assistance” means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, or other assistance, but does not include amounts received as reimbursement for services rendered to individuals in accordance with guidance issued by the Director;

(6) “Federal program” means all Federal awards to a non-Federal entity assigned a single number in the Catalog of Federal Domestic Assistance or encompassed in a group of numbers or other category as defined by the Director;

(7) “generally accepted government auditing standards” means the government auditing standards issued by the Comptroller General;

(8) “independent auditor” means—

(A) an external State or local government auditor who meets the independence standards included in generally accepted government auditing standards; or

(B) a public accountant who meets such independence standards;

(9) “Indian tribe” means any Indian tribe, band, nation, or other organized group or community, including any Alaskan Native village or regional or village corporation (as defined in, or established under, the Alaskan Native Claims Settlement Act) that is recognized by the United States as eligible for the special programs and services provided by the United States to Indians because of their status as Indians;

(10) “internal controls” means a process, effected by an entity’s management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

(A) Effectiveness and efficiency of operations.¹

(B) Reliability of financial reporting.¹

(C) Compliance with applicable laws and regulations;

(11) “local government” means any unit of local government within a State, including a county, borough, municipality, city, town, township, parish, local public authority, special district, school district, intrastate district, council of governments, any other instrumentality of local government and, in accordance with guidelines issued by the Director, a group of local governments;

(12) “major program” means a Federal program identified in accordance with risk-based criteria prescribed by the Director under this chapter, subject to the limitations described under subsection (b);

(13) “non-Federal entity” means a State, local government, or nonprofit organization;

(14) “nonprofit organization” means any corporation, trust, association, cooperative, or other organization that—

(A) is operated primarily for scientific, educational, service, charitable, or similar purposes in the public interest;

(B) is not organized primarily for profit; and

(C) uses net proceeds to maintain, improve, or expand the operations of the organization;

(15) “pass-through entity” means a non-Federal entity that provides Federal awards to a subrecipient to carry out a Federal program;

(16) “program-specific audit” means an audit of one Federal program;

(17) “recipient” means a non-Federal entity that receives awards directly from a Federal agency to carry out a Federal program;

(18) “single audit” means an audit, as described under section 7502(d), of a non-Federal entity that includes the entity’s financial statements and Federal awards;

(19) “State” means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands, any instrumentality thereof, any multi-State, regional, or interstate entity which has governmental functions, and any Indian tribe; and

(20) “subrecipient” means a non-Federal entity that receives Federal awards through another non-Federal entity to carry out a Federal program, but does not include an individual who receives financial assistance through such awards.

(b) In prescribing risk-based program selection criteria for major programs, the Director shall not require more programs to be identified as major for a particular non-Federal entity, except as prescribed under subsection (c) or as provided under subsection (d), than would be identified if the major programs were defined as any program for which total expenditures of Federal awards by the non-Federal entity during the applicable year exceed—

(1) the larger of \$30,000,000 or 0.15 percent of the non-Federal entity’s total Federal expenditures, in the case of a non-Federal entity for

¹ So in original.