

the Director, pertaining to Federal awards provided to the subrecipient by the pass-through entity; and

(D) require each of its subrecipients of Federal awards to permit, as a condition of receiving Federal awards, the independent auditor of the pass-through entity to have such access to the subrecipient's records and financial statements as may be necessary for the pass-through entity to comply with this chapter.

(g)(1) The auditor shall report on the results of any audit conducted pursuant to this section, in accordance with guidance issued by the Director.

(2) When reporting on any single audit, the auditor shall include a summary of the auditor's results regarding the non-Federal entity's financial statements, internal controls, and compliance with laws and regulations.

(h) The non-Federal entity shall transmit the reporting package, which shall include the non-Federal entity's financial statements, schedule of expenditures of Federal awards, corrective action plan defined under subsection (i), and auditor's reports developed pursuant to this section, to a Federal clearinghouse designated by the Director, and make it available for public inspection within the earlier of—

(1) 30 days after receipt of the auditor's report; or

(2)(A) for a transition period of at least 2 years after the effective date of the Single Audit Act Amendments of 1996, as established by the Director, 13 months after the end of the period audited; or

(B) for fiscal years beginning after the period specified in subparagraph (A), 9 months after the end of the period audited, or within a longer timeframe authorized by the Federal agency, determined under criteria issued under section 7504, when the 9-month timeframe would place an undue burden on the non-Federal entity.

(i) If an audit conducted pursuant to this section discloses any audit findings, as defined by the Director, including material noncompliance with individual compliance requirements for a major program by, or reportable conditions in the internal controls of, the non-Federal entity with respect to the matters described in subsection (e), the non-Federal entity shall submit to Federal officials designated by the Director, a plan for corrective action to eliminate such audit findings or reportable conditions or a statement describing the reasons that corrective action is not necessary. Such plan shall be consistent with the audit resolution standard promulgated by the Comptroller General (as part of the standards for internal controls in the Federal Government) pursuant to section 3512(c).

(j) The Director may authorize pilot projects to test alternative methods of achieving the purposes of this chapter. Such pilot projects may begin only after consultation with the Chair and Ranking Minority Member of the Committee on Governmental Affairs of the Senate and the Chair and Ranking Minority Member of the Committee on Government Reform and Oversight of the House of Representatives.

(Added Pub. L. 98-502, §2(a), Oct. 19, 1984, 98 Stat. 2329; amended Pub. L. 103-272, §4(f)(1)(W), July 5,

1994, 108 Stat. 1363; Pub. L. 104-156, §2, July 5, 1996, 110 Stat. 1399.)

REFERENCES IN TEXT

The effective date of the Single Audit Act Amendments of 1996, referred to in subsec. (h)(2)(A), is the effective date of Pub. L. 104-156, which is classified generally to this chapter. See section 7507 of this title.

AMENDMENTS

1996—Pub. L. 104-156 reenacted section catchline without change and amended text generally, substituting present provisions for similar provisions relating to audit requirements and exemptions from such requirements for State and local governments receiving Federal financial assistance of \$100,000 or more in any fiscal year and requiring audits to be conducted annually in most instances, to cover entirety of government operations, for reports to be made on audits in specified time period, and for appropriate corrective action plans to be submitted to Federal officials for any material State or local noncompliance with Federal laws and regulations.

1994—Subsec. (b)(2). Pub. L. 103-272, §4(f)(1)(W), substituted "October 19, 1984" for "the date of enactment of this chapter" in subpar. (A) and for "such date" in subpar. (B).

Subsec. (d)(5), (6). Pub. L. 103-272, §4(f)(1)(W)(iii), redesignated par. (6) as (5) and struck out former par. (5) which read as follows: "Each State or local government which, in any fiscal year of such government, receives directly from the Department of the Treasury a total of \$25,000 or more under chapter 67 of this title (relating to general revenue sharing) and which is required to conduct an audit pursuant to this chapter for such fiscal year shall not have the option provided by paragraph (1)(A) for such fiscal year."

Subsec. (g). Pub. L. 103-272, §4(f)(1)(W)(iv), substituted "section 3512(c)" for "section 3512(b)".

CHANGE OF NAME

Committee on Governmental Affairs of Senate changed to Committee on Homeland Security and Governmental Affairs of Senate, effective Jan. 4, 2005, by Senate Resolution No. 445, One Hundred Eighth Congress, Oct. 9, 2004.

Committee on Government Reform and Oversight of House of Representatives changed to Committee on Government Reform of House of Representatives by House Resolution No. 5, One Hundred Sixth Congress, Jan. 6, 1999. Committee on Government Reform of House of Representatives changed to Committee on Oversight and Government Reform of House of Representatives by House Resolution No. 6, One Hundred Tenth Congress, Jan. 5, 2007.

§ 7503. Relation to other audit requirements

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

(b) Notwithstanding subsection (a), a Federal agency may conduct or arrange for additional audits which are necessary to carry out its responsibilities under Federal law or regulation. The provisions of this chapter do not authorize any non-Federal entity (or subrecipient thereof) to constrain, in any manner, such agency from carrying out or arranging for such additional audits, except that the Federal agency shall plan such audits to not be duplicative of other audits of Federal awards.

(c) The provisions of this chapter 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.

(d) Subsection (a) shall apply to a non-Federal entity which undergoes an audit in accordance with this chapter even though it is not required by section 7502(a) to have such an audit.

(e) A Federal agency that provides Federal awards and conducts or arranges for audits of non-Federal entities receiving such awards that are in addition to the audits of non-Federal entities conducted pursuant to this chapter shall, consistent with other applicable law, arrange for funding the full cost of such additional audits. Any such additional audits shall be coordinated with the Federal agency determined under criteria issued under section 7504 to preclude duplication of the audits conducted pursuant to this chapter or other additional audits.

(f) Upon request by a Federal agency or the Comptroller General, any independent auditor conducting an audit pursuant to this chapter shall make the auditor's working papers available to the Federal agency or the Comptroller General as part of a quality review, to resolve audit findings, or to carry out oversight responsibilities consistent with the purposes of this chapter. Such access to auditor's working papers shall include the right to obtain copies.

(Added Pub. L. 98-502, §2(a), Oct. 19, 1984, 98 Stat. 2332; amended Pub. L. 103-272, §4(f)(1)(X), July 5, 1994, 108 Stat. 1363; Pub. L. 104-156, §2, July 5, 1996, 110 Stat. 1401.)

AMENDMENTS

1996—Pub. L. 104-156 reenacted section catchline without change and amended text generally, substituting present provisions for similar provisions relating to other audit requirements, including compliance and evaluation audits of individual Federal assistance programs, audits by State and local governmental entities, and provisions requiring Federal agencies to arrange for funding cost of conducting audits that are in addition to audits required by this chapter.

1994—Subsec. (a). Pub. L. 103-272 substituted "extent" for "extend" in second sentence.

§ 7504. Federal agency responsibilities and relations with non-Federal entities

(a) Each Federal agency shall, in accordance with guidance issued by the Director under section 7505, with regard to Federal awards provided by the agency—

- (1) monitor non-Federal entity use of Federal awards, and
- (2) assess the quality of audits conducted under this chapter for audits of entities for which the agency is the single Federal agency determined under subsection (b).

(b) Each non-Federal entity shall have a single Federal agency, determined in accordance with criteria established by the Director, to provide the non-Federal entity with technical assistance and assist with implementation of this chapter.

(c) The Director shall designate a Federal clearinghouse to—

- (1) receive copies of all reporting packages developed in accordance with this chapter;

(2) identify recipients that expend \$300,000 or more in Federal awards or such other amount specified by the Director under section 7502(a)(3) during the recipient's fiscal year but did not undergo an audit in accordance with this chapter; and

(3) perform analyses to assist the Director in carrying out responsibilities under this chapter.

(Added Pub. L. 98-502, §2(a), Oct. 19, 1984, 98 Stat. 2333; amended Pub. L. 104-156, §2, July 5, 1996, 110 Stat. 1402.)

AMENDMENTS

1996—Pub. L. 104-156 substituted "Federal agency responsibilities and relations with non-Federal entities" for "Cognizant agency responsibilities" in section catchline and amended text generally. Prior to amendment, text read as follows:

"(a) The Director shall designate cognizant agencies for audits conducted pursuant to this chapter.

"(b) A cognizant agency shall—

"(1) ensure that audits are made in a timely manner and in accordance with the requirements of this chapter;

"(2) ensure that the audit reports and corrective action plans made pursuant to section 7502 of this title are transmitted to the appropriate Federal officials; and

"(3)(A) coordinate, to the extent practicable, audits done by or under contract with Federal agencies that are in addition to the audits conducted pursuant to this chapter; and (B) ensure that such additional audits build upon the audits conducted pursuant to this chapter."

§ 7505. Regulations

(a) The Director, after consultation with the Comptroller General, and appropriate officials from Federal, State, and local governments and nonprofit organizations shall prescribe guidance to implement this chapter. Each Federal agency shall promulgate such amendments to its regulations as may be necessary to conform such regulations to the requirements of this chapter and of such guidance.

(b)(1) The guidance prescribed pursuant to subsection (a) shall include criteria for determining the appropriate charges to Federal awards for the cost of audits. Such criteria shall prohibit a non-Federal entity from charging to any Federal awards—

(A) the cost of any audit which is—

(i) not conducted in accordance with this chapter; or

(ii) conducted in accordance with this chapter when expenditures of Federal awards are less than amounts cited in section 7502(a)(1)(A) or specified by the Director under section 7502(a)(3), except that the Director may allow the cost of limited scope audits to monitor subrecipients in accordance with section 7502(f)(2)(B); and

(B) more than a reasonably proportionate share of the cost of any such audit that is conducted in accordance with this chapter.

(2) The criteria prescribed pursuant to paragraph (1) shall not, in the absence of documentation demonstrating a higher actual cost, permit the percentage of the cost of audits performed pursuant to this chapter charged to Federal awards, to exceed the ratio of total Federal