

“(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 awards expended by such non-Federal entity during the applicable fiscal year or years, to such non-Federal entity's total expenditures during such fiscal year or years.

(c) Such guidance shall include such provisions as may be necessary to ensure that small business concerns, qualified HUBZone small business concerns, and business concerns owned and controlled by socially and economically disadvantaged individuals will have the opportunity to participate in the performance of contracts awarded to fulfill the audit requirements of this chapter.

(d) Such guidance shall require audit-related information reported under this chapter to be reported in an electronic form in accordance with the data standards established under chapter 64.

(Added Pub. L. 98-502, §2(a), Oct. 19, 1984, 98 Stat. 2333; amended Pub. L. 104-156, §2, July 5, 1996, 110 Stat. 1403; Pub. L. 105-135, title VI, §604(e)(3), Dec. 2, 1997, 111 Stat. 2634; Pub. L. 116-103, §5(a)(2), Dec. 30, 2019, 133 Stat. 3270.)

#### AMENDMENTS

2019—Subsec. (d). Pub. L. 116-103 added subsec. (d).  
1997—Subsec. (c). Pub. L. 105-135 substituted “small business concerns, qualified HUBZone small business concerns, and” for “small business concerns and”.

1996—Pub. L. 104-156 reenacted section catchline without change and amended text generally, substituting present provisions for similar provisions relating to regulations, including implementation guidelines for regulations, criteria for determining appropriate charges to programs of Federal financial assistance for cost of audits, and guidelines to ensure that small business concerns and business concerns owned and controlled by socially and economically disadvantaged individuals have opportunity to participate in contracts awarded to fulfill audit requirements of this chapter.

#### EFFECTIVE DATE OF 1997 AMENDMENT

Amendment by Pub. L. 105-135 effective Oct. 1, 1997, see section 3 of Pub. L. 105-135, set out as a note under section 631 of Title 15, Commerce and Trade.

#### GUIDANCE

Pub. L. 116-103, §5(b), Dec. 30, 2019, 133 Stat. 3270, provided that: “Not later than 3 years after the date of enactment of this Act [Dec. 30, 2019], the Director [of the Office of Management and Budget] shall issue guidance requiring audit-related information reported under chapter 75 of title 31, United States Code, to be reported in an electronic form consistent with the data standards established under chapter 64 of that title, as added by section 4(a) of this Act.”

#### GUIDELINES FOR ACCEPTANCE OF AUDITS BY STATE AND LOCAL GOVERNMENTS RECEIVING FEDERAL ASSISTANCE

Pub. L. 104-201, div. A, title VIII, §808(c), Sept. 23, 1996, 110 Stat. 2607, provided that: “The Director of the Office of Management and Budget shall issue guidelines to ensure that an audit of indirect costs performed by the Federal Government is accepted by State and local governments that receive Federal funds under contracts, grants, or other Federal assistance programs.”

### § 7506. Effective date

This chapter shall apply to any non-Federal entity with respect to any of its fiscal years which begin after June 30, 1996.

(Added Pub. L. 98-502, §2(a), Oct. 19, 1984, 98 Stat. 2334, §7507; amended Pub. L. 104-156, §2, July 5, 1996, 110 Stat. 1404; renumbered §7506, Pub. L. 114-301, §2(a)(1)(B), Dec. 16, 2016, 130 Stat. 1514.)

#### PRIOR PROVISIONS

A prior section 7506, added Pub. L. 98-502, §2(a), Oct. 19, 1984, 98 Stat. 2333; amended Pub. L. 104-156, §2, July 5, 1996, 110 Stat. 1403, related to the monitoring responsibilities of the Comptroller General, prior to repeal by Pub. L. 114-301, §2(a)(1)(A), Dec. 16, 2016, 130 Stat. 1514.

#### AMENDMENTS

2016—Pub. L. 114-301 renumbered section 7507 of this title as this section.

1996—Pub. L. 104-156 struck out “; report” after “Effective date” in section catchline and amended text generally. Prior to amendment, text read as follows:

“(a) This chapter shall apply to any State or local government with respect to any of its fiscal years which begin after December 31, 1984.

“(b) The Director, on or before May 1, 1987, and annually thereafter, shall submit to each House of Congress a report on operations under this chapter. Each such report shall specifically identify each Federal agency or State or local government which is failing to comply with this chapter.”

### CHAPTER 77—ACCESS TO INFORMATION FOR DEBT COLLECTION

Sec.  
7701. Taxpayer identifying number.

#### AMENDMENTS

1996—Pub. L. 104-134, title III, §31001(i)(3)(A), Apr. 26, 1996, 110 Stat. 1321-365, which directed that the chapter