
**RESULTS OF NATIONAL SINGLE
AUDIT SAMPLING PROJECT**

*Presentation by:
John Fisher
HHS/OIG/OAS*

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What was this project?

A project to accurately assess the quality of Single Audits government-wide, and provide a baseline for monitoring Single Audit quality in the future by performing quality control reviews (QCRs) of a statistical sample of single audits.

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Three State Auditors Participated

- *Commonwealth of Virginia*
(Board, QCRs)
- *State of Georgia*
(Board, QCRs)
- *State of Illinois*
(Board)

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Project Sampling Plan

The sample of 208 QCRs was drawn from the Universe of Single Audits accepted by the Federal Audit Clearinghouse for a one-year period. It was a random, statistical sample.

[Exception: Single Audits with total Federal expenditures less than \$500,000 were excluded. This is because effective for audit periods ending in 2004, Single Audits were no longer be required for entities with Federal expenditures less than \$500,000.]

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Areas Not Covered- The Financial Part of Single Audits

The Project did not include review of the content of, or the audit work performed related to the general-purpose financial statements, the auditor's opinion on those statements, or the auditor's review of internal control over financial reporting.

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ACCEPTABLE

- ***Acceptable (AC)*** – No deficiencies were noted or one or two insignificant deficiencies were noted.
- ***Accepted with Deficiencies (AD)*** – One or more deficiencies with applicable auditing criteria were noted that do not require corrective action for the engagement, but should be corrected on future engagements.

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LIMITED RELIABILITY

- **Significant Deficiencies (SD) – Significant deficiencies with applicable auditing criteria were noted and require corrective action to afford unquestioned reliance upon the audit.**

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UNACCEPTABLE

- **Substandard (SU) -audits with deficiencies so serious that the auditor's opinion on at least one major program cannot be relied upon.**

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UNACCEPTABLE (Cont'd)

- **Audits categorized in a *Material Reporting Error (MRE)* category :**
other serious deficiencies were not noted, but a material reporting error was noted and the report must be reissued for the report to be relied upon because:
 - At least one major program was incorrectly identified as a major program in the Summary of Auditor's Results Section of the Schedule of Findings and Questioned Costs; or
 - The required opinion on the Schedule of Expenditures of Federal Awards was omitted.

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Results of National Single Audit Sampling Project

Table I			
GROUP→	ACCEP TABLE	LIMITED RELIABILITY	UNACCEPTABLE
Stratum ↓			
I – Large ≥\$50M	61 63.5%	12 12.5%	23 24.0%
II-Other \$500K- <\$50M	54 48.2%	18 16.1%	40 35.7%
BOTH	115 48.6%	30 16.0%	63 35.5%

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Group →	Table II (Part 2) UNACCEPTABLE	
	Material Reporting Errors	Substandard
Stratum ↓		
I – Large ≥\$50M	9 audits 9.4%	14 audits 14.6%
II-Other \$500K- <\$50M	0 audits 0.0%	40 audits 35.7%
BOTH	9 audits 0.2%	54 audits 35.2%

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Table III Distribution of Dollars of Federal Awards Reported in the 208 Audits Reviewed in the Project by Quality Groupings				
Group Stratum	ACCEPTABL E	LIMITED RELIABILITY	UNACCEP TABLE	TOTAL
I – Large ≥\$50M	\$52.91 Billion 93.2%	\$1.27 Billion 2.2%	\$2.62 Billion 4.6%	\$56.80 Billion 100%
II-Other \$500K- <\$50M	\$232.0 Million 56.3%	\$39.7 Million 9.6%	\$140.5 Million 34.1%	\$412.2 Million 100%
BOTH	\$53.1 Billion 92.9%	\$1.3 Billion 2.3%	\$2.7 Bil. 4.8%	\$57Billio n 100%

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***Kind of Deficiencies Noted
in Project
with Estimates of
Rates of Occurrence***

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- ***At least Some Compliance Testing Not Documented as Performed or Not Applicable***

Stratum I – 46 audits (47.9%)
Stratum II – 67 audits (59.8%)
Both – estimated 59.6%

NOTE: This condition ranges from one of the 14 types of compliance requirements not documented as covered for one major program to all compliance requirements not documented as covered for one or more major programs.

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- ***Not documenting understanding of internal controls over compliance as required by A-133 §.500(c)(1) in a manner that addresses the five elements of internal control.***

Stratum I – 26 audits (27.1%)
Stratum II – 64 audits (57.1%)
Both – estimated 56.5%

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■ ***Not documenting testing of internal controls over compliance as required by A-133 §.500(c)(2).***

Stratum I – 33 audits (34.4%)
Stratum II – 69 audits (61.6%)
Both – estimated 61.0%

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■ ***Misreporting of Audit Coverage of Major Federal Programs - i.e., one or more of the major programs selected for review in the QCR were incorrectly identified as having been audited as a major program***

Stratum I – 9 audits (9.4%)
Stratum II – 7 audits (6.3%)
Both – 16 audits (6.3%)

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■ ***Unreported Audit Findings - i.e., we found audit documentation or management letter content that included matters that we concluded either should have been reported as audit findings or the audit documentation should have explained why they were not reported as findings.***

Both Strata: 22 of 208 audits – because audit findings may not exist for all audits, we cannot estimate rates of occurrence.

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■ *Missing Audit Finding Information i.e., one or more of the reporting elements prescribed by OMB Circular A-133 were not included.*

Both Strata: 49 of 208 audits – because audit findings may not exist for all audits, we cannot estimate rates of occurrence.

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■ *Deficiencies in Risk Assessments as Part of Major Program Determination*

Stratum I – 13 audits (13.5%)
Stratum II – 28 audits (25.0%)
Both – estimated 24.7%

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We found the following kinds of program risk assessment deficiencies:

■ Required risk analyses were not documented at all;
■ The basis for the assessments of risk was not documented;
■ The documentation indicated that the risk assessment was not performed or not properly performed for reasons including: not considering all programs, improperly clustering programs, not clustering programs, or mistakenly categorizing a program as Type A or as Type B; and
■ The risk assessment decision was not consistent with information in the audit documentation.

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■ *Indications that Current Compliance Requirements Were Not Considered*

Stratum I – 4 audits (4.2%)
Stratum II – 20 audits (17.9%)
Both – estimated 17.6%

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Other Deficiencies are described in the Report and Appendix A to the Report

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Other Matters-Testing and Sampling

We examined transaction testing for 50 audits (25 from each stratum) and found inconsistent numbers of transactions selected for testing of internal controls and compliance testing for the allowable costs/cost principles compliance requirement.

Also, many single audits did not document the number of transactions and the associated dollars of the universe from which the transactions were drawn.

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