

Section 11: Audit Requirements

I. AUDIT GUIDE

The Single Audit Act of 1984 and Office of Management and Budget (OMB) Circular A-128 were amended by Congress during 1996 and the state has revised the audit requirements according to the new amendments.

II. AUDIT REQUIREMENTS

The Single Audit Act Amendments of 1996 and OMB Circular A-133 (replacing A-128) requires local governments that receive a significant amount of federal grant assistance to have an annual audit. More specifically, the requirements are as follows:

- A. If the local government disburses or expends \$500,000 or more of federal grant assistance from all programs, it must have an annual audit performed in accordance with OMB Circular A-133. An A-133 audit is a financial and compliance audit that covers the entire operations of the local government, rather than being limited to the NSP project or other federal grants.
- B. If the local government expends less than \$500,000 in a fiscal year, it will be the option of the Kansas Department of Commerce to determine if a project specific audit will be required.
- C. Grantees will be required to submit the “Audit Information Form” to the Kansas Department of Commerce each fiscal year. This form must be submitted to the Department on or before May 15th of each fiscal year.

III. AUDITOR SELECTION

If an A-133 audit is required, the audit must be performed by an independent qualified auditor. The local government should follow the regular federal or state procurement standards in the hiring of an auditor if NSP funds are paying for the audit.

IV. DEADLINES

The local governmental entity must make the audit report available for public inspection within 30 days of completion and keep it on file for four years from the date of issuance.

The audits should be submitted to the Department within 30 days of completion and no later than nine months after the end of the audit period. For example, an audit covering the period January 1 - December 31, 2001, must be submitted no later than September 30, 2002.

V. SUBMISSION OF AUDITS

One copy of the audit should be sent to Commerce. The address is:

Kansas Department of Commerce
Small Cities NSP/CDBG Program
Attention: Close-Out/Audit Specialist
1000 S.W. Jackson Street, Suite 100
Topeka, Kansas 66612-1354

If the grantee has an A-133 audit covering more than \$500,000 of federal funds, a copy should also be sent to the Single Audit Clearinghouse. The address is:

Single Audit Clearinghouse
Bureau of the Census
Data Preparation Division
1201 East 10th Street
Jeffersonville, Indiana 47132

If the audit covers other federal grants, the federal or state agency administering those grants should also be given a copy of the audit.

VI. AUDIT REVIEW

Audits are reviewed by the Department to ensure that federal audit requirements are being met as well as to handle findings of noncompliance or questioned costs relating to the NSP projects. The Department will notify the local grantee in writing of its formal acceptance or rejection of an audit. (If an audit is rejected, the audit must be revised or a new audit performed.) The Department's audit acceptance letter will take note of any findings or questioned costs relating to the NSP grants. The local grantee will be required to take action to remedy the findings or questioned costs within a specified time horizon. When sufficient action has been taken, the Department will notify the grantee that the findings are resolved, and the audit is closed.

VII. PRIMARY DOCUMENTS AND REGULATIONS

The Audit Guide of the American Institute of Certified Public Accountants has identified six primary documents governing the performance of single audits:

- A. The Single Audit Act Amendments of 1996 (P.L. 104-156);
- B. OMB Circular A-133, "Audits of State and Local Governments";
- C. OMB Circular A-87, "Costs Principles for States and Local Governments;"

- D. Government Auditing Standards: Standards for Audit of Government Organizations, Programs, Activities, and Functions;
- E. OMB Compliance Supplement for Single Audit of State and Local Governments; and
- F. Catalog of Federal Domestic Assistance (CFDA).

NOTE: The CFDA number for the Small Cities Community Development Block Grant is 14.228.

AUDIT INFORMATION FORM

Grantee: _____

Address: _____

FEIN: _____

Fiscal Year: _____

Is Grantee required to have an audit? ☐ Yes ☐ No If yes, no further information is required.

Please list all sources and amounts of Federal Financial Assistance expended this year:

NSP Grant No. _____ Amount \$ _____

CDBG Grant No. _____ Amount \$ _____

Grant No. _____ Amount \$ _____

Other Federal Grants:

Name: _____ Amount \$ _____

Name: _____ Amount \$ _____

Name: _____ Amount \$ _____

Name: _____ Amount \$ _____

Total All Federal Financial Assistance Expended: \$ _____

Signature of Authorized Elected Official

Title

Date