

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. Committee on Oversight and Government Reform of House of Representatives changed to Committee on Oversight and Reform of House of Representatives by House Resolution No. 6, One Hundred Sixteenth Congress, Jan. 9, 2019. Committee on Oversight and Reform of House of Representatives changed to Committee on Oversight and Accountability of House of Representatives by House Resolution No. 5, One Hundred Eighteenth Congress, Jan. 9, 2023.

§ 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.)

Editorial Notes

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;

(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);

(3) participate in and furnish information for the review under subsection (e); and

(4) 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.

(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; and

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

(d) Not later than 2 years after the date of enactment of this subsection, and every 2 years thereafter, the Director shall submit to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Oversight and Accountability of the House of Representatives a report listing the recipients identified under subsection (a)(4).

(e)(1) The Director shall designate 1 or more Federal agencies to conduct a Government-wide analysis of single audit quality, which may include a consideration of the results of reviews of single audit quality by—

(A) Federal agencies;

(B) inspectors general of Federal agencies;

(C) State auditors; and

(D) external peer reviews conducted in accordance with generally accepted government auditing standards.

(2) Not later than 3 years after the date of enactment of this subsection, and every 6 years

thereafter, the Federal agencies designated under paragraph (1) shall complete a Government-wide analysis of single audit quality.

(3) The Director shall submit to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Oversight and Accountability of the House of Representatives and make publicly available a summary of the results of each review under paragraph (2).

(f) Not later than 2 years after the date of enactment of this subsection—

(1) the Administrator of General Services, in coordination with the Director, the Council on Federal Financial Assistance (or any successor thereto), and key management single audit liaisons of Federal agencies designated as described in section 200.513 of title 2, Code of Federal Regulations (or any successor thereto), shall develop analytic tools to use audit data in the Federal clearinghouse to identify cross-Governmental risks to Federal award funds; and

(2) the Director, in coordination with the Administrator of General Services, the Council on Federal Financial Assistance (or any successor thereto), and key management single audit liaisons of Federal agencies designated as described in section 200.513 of title 2, Code of Federal Regulations (or any successor thereto), shall develop a strategy to use audit data in the Federal clearinghouse to identify cross-Governmental risks to Federal award funds.

(g) Not later than 4 years after the date of enactment of this subsection, the Comptroller General of the United States shall complete an evaluation of—

(1) the effectiveness of the strategy and analytic tools developed under subsection (f);

(2) reporting burdens for auditors and audited entities and the capacity of auditors and audited entities to fulfill the requirements under this chapter; and

(3) the responsiveness of Federal agencies to repeat single audit findings and corrective action plans.

(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; Pub. L. 118-207, §2, Dec. 23, 2024, 138 Stat. 2701.)

Editorial Notes

REFERENCES IN TEXT

The date of enactment of this subsection, referred to in subsecs. (d), (e)(2), (f), and (g), is the date of enactment of Pub. L. 118-207, which was approved Dec. 23, 2024.

AMENDMENTS

2024—Subsec. (a)(3), (4). Pub. L. 118-207, §2(1), added pars. (3) and (4).

Subsec. (c)(2), (3). Pub. L. 118-207, §2(2), redesignated par. (3) as (2) and struck out former par. (2) which read as follows: “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”.

Subsecs. (d) to (g). Pub. L. 118-207, §2(3), added subsecs. (d) to (g).

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 reasonable 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