

## **PA ATTACHMENT 8A**

### **AUDIT CLAUSE TO BE USED IN AGREEMENTS WITH SUBRECIPIENTS RECEIVING FEDERAL AWARDS FROM THE COMMONWEALTH**

#### **AUDIT REQUIREMENTS.**

The Grantee must comply with all federal and state audit requirements including: *The Single Audit Act Amendments of 1996; Office of Management and Budget, Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, (OMB Circular A-133) as amended;* and any other applicable law or regulation, and any amendment to such other applicable law or regulation which may be enacted or promulgated by the federal government.

If the Grantee is a local government or non-profit organization and expends total federal awards of \$500,000 or more during its fiscal year, received either directly from the federal government or indirectly from a recipient of federal funds, the Grantee is required to have an audit made in accordance with the provisions of *OMB Circular A-133*.

If the Grantee expends total federal awards of less than \$500,000 during its fiscal year, it is exempt from these audit requirements, but is required to maintain auditable records of federal awards and any state funds which supplement such awards, and to provide access to such records by federal and state agencies or their designees.

#### **SUBMISSION OF AUDIT INFORMATION TO THE COMMONWEALTH.**

The Grantee must submit an electronic copy of the audit report package to the Commonwealth, which shall include:

1. Auditor's reports
  - a. Independent auditor's report on the financial statements, which expresses an opinion on whether the financial statements are presented fairly in all material respects in conformity with the stated accounting policies.
  - b. Independent auditor's report on the supplementary Schedule of expenditures of Federal Awards (SEFA), which should determine and provide an opinion on whether the SEFA is presented fairly in all material respects in relation to the subrecipient's financial statements taken as a whole. This report can be issued separately or combined with the independent auditor's report on the financial statements.
  - c. Report on internal control over financial reporting, compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.
  - d. Report on compliance with requirements applicable to each major program and report on internal control in accordance with the circular.
  - e. Schedule of findings and questioned costs.
2. Financial statements and notes to the financial statements
3. SEFA and notes to the SEFA
4. Summary schedule of prior audit findings

5. Corrective action plan (if applicable)
6. Data collection form
7. Management letter (if applicable)

In instances where a federal program-specific audit guide is available, the audit report package for a program-specific audit may be different and should be prepared in accordance with the audit guide and *OMB Circular A-133*.

Effective July 1, 2009, the Office of the Budget, Office of Comptroller Operations, Bureau of Audits will begin accepting electronic submission of single audit/program-specific audit reporting packages. Electronic submission is required for the fiscal year ending December 31, 2008 and subsequent years. Instructions and information regarding submission of the single audit/program-specific audit reporting package are available to the public on Single Audit Submissions page of the Office of the Budget website (<http://www.budget.state.pa.us>). The reporting package must be submitted electronically in single Portable Document Format (PDF) file to [RA-BOASingleAudit@state.pa.us](mailto:RA-BOASingleAudit@state.pa.us).

#### **Steps for submission:**

1. Complete the Single Audit/Program Specific Audit Reporting Package Checklist available on the Single Audit Submissions page of the Office of the Budget website (<http://www.budget.state.pa.us>). The Single Audit/Program Specific Audit Reporting Package Checklist ensures the Grantee's reporting package contains all required elements.
2. Upload the **completed** Single Audit/Program-Specific Audit Reporting Package along with the Single Audit/Program Specific Audit Reporting Package Checklist in a **single** PDF file to an e-mail addressed to [RA-OASingleAudit@state.pa.us](mailto:RA-OASingleAudit@state.pa.us). In the subject line of the e-mail Grantee must identify the exact name on the Single Audit/Program-Specific Audit Reporting Package and the period end date to which the reporting package applies.

Grantee will receive an e-mail to confirm the receipt of the Single Audit/Program-Specific Audit Reporting Package, including the completed Single Audit/Program Specific Audit Reporting Package Checklist.

#### **GENERAL AUDIT PROVISIONS.**

The Grantee is responsible for obtaining the necessary audit and securing the services of a certified public accountant or other independent governmental auditor. Federal regulations preclude public accountants licensed in the Commonwealth of Pennsylvania from performing audits of federal awards.

The Commonwealth reserves the right for federal and state agencies or their authorized representatives to perform additional audits of a financial or performance nature, if deemed necessary by Commonwealth or federal agencies. Any such additional audit work will rely on work already performed by the Grantee's auditor and the costs for any additional work

performed by the federal or state agencies will be borne by those agencies at no additional expense to the Grantee.

Audit documentation and audit reports must be retained by the Grantee auditor for a minimum of five years from the date of issuance of the audit report, unless the Grantee's auditor is notified in writing by the Commonwealth, the cognizant federal agency for audit, or the oversight federal agency for audit to extend the retention period. Audit documentation will be made available upon request to authorized representatives of the Commonwealth, the cognizant federal agency for audit, the oversight federal agency for audit, the federal funding agency, or the Government Accountability Office.