

## Federal Issues

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## Audits of Federal Funds (Single Audits)

Entities that receive federal funds including states, local governments, and not-for-profit organizations (NPOs), are subject to audit requirements commonly referred to as "single audits" under the Single Audit Act of 1984, as amended in 1996. The Single Audit Act was enacted to standardize the requirements for auditing federal programs. The Act provides that grantees are subject to one audit of all of their federal programs versus separate audits of each federal program, hence the term "single audit." The AICPA believes that single audits should be performed in a high-quality manner, using appropriate professional standards, and provides guidance to its members through its [Governmental Audit Quality Center](#) and through other means such as technical publications, guidance, educational courses, and conferences.

### Legislative Proposals

#### 112th Congress

In November 2011, Representative James Lankford, an Oklahoma Republican, introduced the "Grant Reform and New Transparency Act" or GRANT Act, H.R. 3433. While the primary purpose of the bill is to improve transparency in the grant application, award and reporting processes, it also calls for the Office of Management and Budget (OMB) to submit a plan for improving the single audit process. Such a plan would have to include, among other things, a simplified single audit alternative for non-federal entities with expenditures for smaller federal awards. The legislation defines a "smaller Federal award" as \$1 million or less.

Because the Single Audit Act currently bases its audit requirement on total federal awards expended of \$500,000 or more, the AICPA is concerned that the bill's language is inconsistent because it implies that an audit would only be required when there is one federal award greater than \$1 million. As a result, the AICPA has advocated that the bill be clarified that the simplified audit alternative be explored for recipients expending greater than \$1 million in total federal awards.

The bill was favorably reported to the full House by the Oversight and Government Reform Committee in May 2012. The bill saw no further action in 2012.

#### Earlier Legislative Proposals and Executive Branch Actions

The federal funds provided to governments and NPOs subject to single audits have been significantly increased (by approximately \$800 billion) due to the passage of the American Recovery and Reinvestment Act of 2009 (Recovery Act), which was intended to stimulate the economy and create jobs.

Representative Edolphus Towns, a New York Democrat, introduced H.R. 2182 to require 0.5 percent of Recovery Act funds be allocated to conduct oversight to prevent waste, fraud and abuse. The bill passed the House in May 2009. There was no action on the bill in the Senate, and it died with end of the 111th Congress. It also has not been reintroduced in this Congress which began its term in January 2011.

Additionally, President Obama issued Executive Order 13520 on Nov. 23, 2009, creating a working group of federal, state and local officials to recommend improvements that could be made to single audits, including determining whether such audits are effective in identifying improper payments and whether single audit requirements should be streamlined or eliminated where their value is minimal. In March 2010, the Office of Management and Budget (OMB) issued government-wide guidance to the federal agencies (found at [http://www.whitehouse.gov/sites/default/files/omb/assets/memoranda\\_2010/m10-13.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/memoranda_2010/m10-13.pdf)) on the implementation of the Executive Order. Under OMB's guidance, which affects OMB Circular A-123, Management's Responsibility for Internal Control, federal agencies with programs susceptible to significant improper payments are required to submit a quarterly report on any identified high-dollar overpayments to the agency's Inspector General and the Council of Inspectors General on Integrity and Efficiency, and also make the report available to the public. Additionally, OMB continues to study the inter-relationship of single audits and the required federal agency reporting of improper payments and whether any changes are needed to single audit legislation or regulation as a result of its study.

#### Copy of Legislation

Copies of bills and all Congressional actions are available on the Library of Congress's [THOMAS](#) website by bill number after first selecting "Try the Advanced Search" and then the correct Congress.

#### AICPA Testimony

October 25, 2007 AICPA Testimony before the Senate Subcommittee on Federal Financial Management, Government Information, Federal Services and International Security ([linked here](#) and at Senate hearing of same day below).

#### Links to Congressional Hearings

November 19, 2009 House Oversight and Government Reform Committee hearing, [Tracking the Money: How Recovery Act Recipients Account for Their Use of Stimulus Dollars](#)

September 10, 2009 Senate Homeland Security and Governmental Affairs Hearing, [Follow the Money: An Update on Stimulus Spending](#)

July 8, 2009 House Oversight and Government Reform Hearing, [Tracking the Money: Preventing Waste, Fraud and Abuse of Recovery Act Funding](#)

October 25, 2007 Senate Subcommittee on Federal Financial Management, Government Information, Federal Services and International Security Hearing, [Single Audits: Are They Helping to Safeguard Federal Funds](#)

#### Links to Other Documents

November 20, 2009 Executive Order, [Reducing Improper Payment and Eliminating Waste in Federal Programs](#)

March 13, 2009 Government Accountability Office Report, [Single Audit: Opportunities Exist to Improve the Single Audit Process and Oversight](#)

June 2007 President's Council on Integrity and Efficiency and Executive Council on Integrity and Efficiency, [Report on National Single Audit Sampling Project](#) (report of results of Federal Single Audit Quality Study)

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### Congressional and Political Affairs Advocacy

**Overview:** The AICPA monitors and advocates on legislative and other matters that affect the accounting profession. Working with state CPA societies and other professional organizations, the AICPA provides information to and educates federal, state and local policymakers regarding key issues.  
 Published on January 07, 2015

### XBRL

**Overview:** Extensible Business Reporting Language (XBRL) used in financial and other reporting allows for easier access to more transparent information. AICPA supports legislative proposals to utilize XBRL by companies, Federal agencies and recipients of Federal funds.  
 Published on December 15, 2014

### **AICPA Letter to House Oversight and Government Reform Committee re DATA Act Implementation Hearing**

**Legislative Letters:** The AICPA wrote to the House Oversight and Government Reform Committee regarding the Committee's hearing entitled "Transforming Federal Spending: Implementing the Digital Accountability and Transparency Act."  
 Published on December 15, 2014

### Federal Legislative and Regulatory Issues

**Federal Law:** This page highlights the advocacy issues in which the Congressional & Political Affairs Team is advocating on behalf of the profession, and also those issues that the team has recently followed.  
 Published on October 28, 2014

### Accounting Partnership Retirement Practices

**Article:** In letters to members of the Equal Employment Opportunity Commission (EEOC), the American Institute of CPAs (AICPA) has asked commissioners to reject staff appeals to investigate and litigate against accounting firms regarding partner retirement provisions  
 Published on October 21, 2014

### Preserving the Cash Basis Method of Accounting for CPA Firms

**Article:** The AICPA is opposed to certain provisions included in tax reform proposals that would limit the availability of the cash basis method of accounting.  
 Published on September 29, 2014

### **Cash Accounting Bipartisan Letter to the House of Representatives**

**Legislative Letters:**  
 Published on September 11, 2014

### **Cash Accounting Senate Letter**

**Legislative Letters:**  
 Published on August 07, 2014

### **Camp Letter On Cash Basis April 25, 2014**

**Legislative Letters:** The American Institute of CPAs (AICPA) voices strong opposition to draft legislation that would limit the use of the cash method of accounting for pass-through entities and personal service corporations.  
 Published on May 08, 2014

### Convergence of International and US Accounting Principles and IFRS

**Article:** International Financial Reporting Standards (IFRS) set by the International Accounting Standards Board (IASB) in London is a response to worldwide demand from regulators, investors, businesses, and auditing firms for a single set of high-quality, globally-accepted accounting standards.  
 Published on April 17, 2014

### **AICPA Letter to SEC on Proposed Regulation Crowdfunding**

**Comment Letter:** AICPA comments on the SEC's proposed new Regulation Crowdfunding under the Securities Act of 1933 and the Securities Exchange Act of 1934 to implement the requirements of Title III of the JOBS Act as published in SEC File No. S7-09-13.  
 Published on February 06, 2014

### **Jan 2014 - AICPA Statement for the Record regarding Conferences and Travel**

**Article:** AICPA provided a Statement for the Record to the Senate Homeland Security and Government Affairs Committee in response to the hearing held on January 14, 2014 entitled, "Examining Conference and Travel Spending Across the Federal Government."  
 Published on January 28, 2014

### **Cash Basis Letter to Senate Finance Committee from Associations-Jan7-2014**

**Legislative Letters:** Cash Basis Letter to Senate Finance Committee dated January 7, 2014 from American Council of Engineering Companies, American Dental Association, American Farm Bureau Federation, American Institute of Architects, American Institute of CPAs and S Corporation Association.  
 Published on January 22, 2014

### Municipal Advisors

**Issue Brief:** The AICPA generally supports the SEC's proposed rules as a means to strengthen investor protections in the municipal securities market. The AICPA is concerned, however, because the proposed rule would require that accountants performing customary and usual accounting services would be required to register as municipal advisors. Published on January 07, 2014

**ERISA Fiduciary Definition - Appraisers of Employee Stock Ownership Plans**

**Article:** The AICPA believes that the U.S. DOL should implement rules that would require appraisers of ESOPs to meet minimum qualification requirements, including holding relevant credentials and training, and comply with applicable professional valuation standards. Published on December 30, 2013

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