

Single Audit Act Requirements

Office of Management and Budget

The U.S. Environmental Protection Agency (EPA) clarified the Single Audit Act requirements as they apply to loans made from the Drinking Water State Revolving Fund (DWSRF) and Clean Water State Revolving Fund (CWSRF) in a memorandum dated November 6, 2001. EPA Program Guidance states that funds “directly” made available from DWSRF or CWSRF capitalization grants are to be considered federal funds. Funds drawn for a DWSRF or CWSRF loan will often, at least in part, be considered federal funds. Federal statute requires any non-federal entity expending \$750,000 or more in federal funds from any source in a fiscal year to comply with the audit requirements of 2 CFR 200, Section 514.

Per federal statute (2 CFR 200 subpart F), the reporting threshold is met when a sub-recipient’s (in this case the recipient of an CWSRF or DWSRF loan) expenditures of any federal funds exceed the \$750,000 threshold during a fiscal year. For the purposes of the DWSRF and CWSRF, an expenditure occurs at the time that funds are disbursed by the loanee/sub-recipient for the purpose of which the assistance is provided (i.e., construction). Non-federal entities meeting that threshold must have a single audit conducted for that year. This audit requirement applies to audits of non-federal entity fiscal years beginning on or after December 26, 2014.

This single audit must be performed and copies provided to the Department of Environment, Great Lakes, and Energy within nine months from the end of the entity’s fiscal year.

In order to ensure that the CWSRF/DWSRF programs are included in the Single Audit activities, it is the responsibility of the non-federal entity to report the federal financial assistance related to this program on its annual Schedule of Expenditures of Federal Awards. The specific amount of each draw considered to be federal funds and that must be reported on the Schedule is identified in the loan draw confirmation letter transmitted to the loan recipient by the Michigan Finance Authority (MFA).

The Catalog of Federal Domestic Assistance (CFDA) lists CWSRF and DWSRF assistance under the following:

<u>CFDA Number</u>	<u>Program Title</u>
66.458 66.468	Capitalization Grants for Clean Water State Revolving Funds Capitalization Grants for Drinking Water State Revolving Funds

Questions can be directed to your project manager or MFA staff.