



State Administrative and Accounting Manual

50.30 Federal Single Audit Act

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50.30.10 The purpose of these policies

Jan. 1, 2015

This section addresses the administrative requirements, cost principles and audit requirements related to federal assistance awards administered or expended by state agencies. It also contains state accounting and reporting policies related to administration and expenditure of federal assistance awards.



50.30.15 Authority for these policies

Jan. 1, 2015

This section is issued pursuant to the authority granted to the Director of Financial Management to “...adopt and periodically update an accounting procedures manual” [\[RCW 43.88.160\(1\)\]](#)

50.30.20 Applicability

Jan. 1, 2015

This part is applicable and binding on all agencies of the state of Washington administering or expending [federal assistance](#), unless otherwise exempted by federal law or appropriate federal authority. The Budget and Accounting Act ([RCW 43.88.020](#)) defines the term “Agency” to mean “Every state office, officer, each institution, whether educational, correctional, or other, and every department, division, board, and commission, except as otherwise provided...”

Agencies may request a waiver from complying with the state accounting or reporting requirements of this chapter. Refer to [Subsection 1.10.40](#) for information on how to request a waiver.

50.30.25 About the Single Audit Act requirements

June 1, 2022

In 1984, Congress passed the Single Audit Act, which required most governmental recipients of federal assistance (e.g., state and local governments) to have organization-wide [financial](#) and [compliance audits](#) on an annual basis.

Under the provisions of the Single Audit Act, as amended, the state of Washington has opted to obtain a statewide Single Audit to meet the basic federal audit requirements for all federal assistance awards administered or expended by [agencies](#) of the State.

Over the years, the federal Office of Management and Budget (OMB) issued several circulars to clarify administrative and audit requirements for various types of federal assistance recipients.

In 2013, the OMB issued the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards ([Uniform Guidance](#)) to clarify and streamline all existing federal guidance. **Effective December 26, 2014**, the Uniform Guidance became the authoritative set of rules and requirements for Federal awards that consolidates and supersedes guidance from earlier OMB circulars.

The Uniform Guidance contains major audit policy changes and audit requirements that target the risk of waste, fraud and abuse. The dollar threshold for the requirement of a Single Audit was increased to \$750,000 or more in expenditures in an entity’s fiscal year.



50.30.35 Responsibilities of the Office of Financial Management

Jan. 1, 2015

1. Prescribe statewide policies and procedures for accounting for and reporting federal assistance that meet the federal requirements.
2. Act as the auditee for the statewide Single Audit of Washington.
3. Collect the necessary information and prepare the annual Schedule of Expenditures of Federal Awards.
4. Work with the Office of the State Auditor to prepare the statewide Data Collection Form and submit it and the statewide reporting package to the federal audit clearinghouse.
5. Work with the Office of State Auditor to ensure that Single Audit requirements are met, particularly the inclusion of the Auditor's reports in the Reporting Package.
6. Prepare and publish the annual State of Washington Single Audit Report.
7. Maintain a system for tracking findings to provide information on the resolution of all findings contained in audits of state agencies and institutions.
8. Follow-up on audit findings, including compiling the Corrective Action Plan and Summary Schedule of Prior Audit Findings sections.

50.30.40 Responsibilities of the Office of the State Auditor

June 1, 2022

1. Conduct an annual statewide Single Audit in accordance with *Generally Accepted Governmental Auditing Standards*.
2. Ensure that audit satisfies Single Audit Act, as amended, and the OMB Uniform Guidance requirements regarding:
 - Financial statements;
 - Internal control;
 - Compliance with laws, regulations and provisions of contract and grant agreements; and
 - Audit follow-up on prior audit findings.
3. Identify major federal programs by establishing dollar thresholds to distinguish between Type A and Type B federal programs per section 200.518 of the Uniform Guidance and performing risk assessment of federal programs as required.
4. Complete and sign applicable sections of Data Collection Form.
5. Prepare and submit the auditor's reports.



50.30.45 Responsibilities of state agencies administering or expending federal awards

Jan. 1, 2015

1. Develop internal policies in accordance with federal requirements.
2. Establish and maintain effective internal controls over federal awards in accordance with guidance in “Standards for Internal Controls in the Federal Government” issued by the Comptroller General of the United States and the “internal control integrated framework” issued by Committee of Sponsoring Organizations of the Treadway Commission (COSO). Refer to [Chapter 20](#) for additional information on internal controls.
3. Evaluate and monitor compliance with federal statutes, regulations, and the terms and conditions of the federal awards.
4. Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.
5. Take reasonable measures to safeguard protected personally identifiable information and other sensitive information consistent with applicable federal and state laws regarding privacy and obligations of confidentiality.
6. Identify, account for, and report all expenditures of federal awards in accordance with laws, regulations, contract and grant agreements, and requirements included in this and other sections of the *State Administrative and Accounting Manual*.
7. Provide year-end, certified, federal financial data per requirements included in [Chapter 95](#).
8. Prepare a corrective plan, in the format specified in [Subsection 55.10.35](#), to address each agency audit finding and forward such plan(s) to OFM within 30 days following the issue date of the agency audit. Further, upon request, provide information on the current status of audit resolution in accordance with [Subsection 55.10.20 \(b\)](#).
9. Take corrective action on audit findings.
10. If acting as a pass-through entity, maintain a system of internal controls to monitor subrecipients.
11. Develop and submit cost allocation plans and indirect rate cost proposals in accordance with [Section 50.20](#).

50.30.50 Basis of accounting to use with federal assistance transactions

Jan. 1, 2015

The fund type of the account in which the federal assistance transactions are recorded determines the basis of accounting. Transactions for governmental fund type accounts are recorded using the modified accrual basis. Proprietary and trust fund type accounts use the accrual basis. Refer to [Subsection 80.30.20](#).



50.30.60 When to recognize federal assistance revenue

Jan. 1, 2015

Federal financial assistance revenue should be recorded using appropriate revenue source codes. Refer to [Subsection 95.10.30](#).

50.30.60.a Governmental Fund Type Accounts

Federal financial assistance is recognized as revenue in governmental fund type accounts in the accounting period when all eligibility requirements are met and it becomes susceptible to accrual, that is, both measurable and available (modified accrual basis). In applying this definition, carefully review legal, contractual, and accounting policy requirements for guidance.

- Entitlements are recorded as revenue at the time of receipt or earlier if the accrual criteria are met. Entitlements are restricted more in form than in substance. Generally, only a failure on the part of the recipient to comply with prescribed regulations will cause a forfeiture of the resources.
- Generally, revenue associated with expenditure driven assistance programs is recognized when the related expenditure is made. If cost sharing or matching requirements exist, revenue recognition depends upon compliance with these requirements.

Revenue associated with federal assistance awards for which the eligibility requirements are met but which is not available, should be recorded as Unavailable Revenue, GL codes 5192 or 5292, and, subsequently, recorded as revenue when the availability criteria is met.

50.30.60.b Proprietary and Trust Fund Type Accounts

Proprietary and Trust Fund Type Accounts. Federal assistance revenue received in proprietary and trust fund type accounts is recognized as revenue in the accounting period in which it is earned and becomes measurable (accrual basis).

50.30.60.c Unearned Revenue

Receipts from federal assistance awards received before the applicable revenue recognition criteria is met are to be recorded as Unearned Revenue, GL codes 5190 or 5290, and, subsequently, recorded as revenue when the revenue recognition criteria is met.

50.30.70 Use the Assistance Listing Number to record federal activity

June 1, 2022

50.30.70.a

Record federal assistance program revenues and expenditures by the unique [assistance listing number \(ALN\)](#) assigned to each federal financial assistance program. Agencies can utilize the ALN field



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(currently labeled CFDA) in AFRS to track expenditures by ALN. This may also be accomplished by maintaining a crosswalk of federal programs to ALNs.

50.30.70.b

When assistance listing numbers are not provided in the federal grant contract and cannot reasonably be determined by other means, agencies should:

- In the absence of an ALN where the agency has a federal award number, the last three digits of the ALN should be zeros preceded by the federal agency code (i.e. XX.000), and the federal award number must be provided.
- In the absence of both an ALN and a federal award number, the last three digits of the ALN should be nines preceded by the federal agency code (i.e. XX.999).

Note: The XX.000 and XX.999 ALNs are temporary numbers which will be assigned a different number (i.e. XX.UXX or XX.RD) after Phase 2 close. If these numbers are used, an OFM accounting consultant will contact you with further instructions. Refer to general disclosure form instructions in [Section 95.20.10.b](#).

50.30.80 Accounting for federal expenditures

June 1, 2022

50.30.80.a Federal Expenditure

In appropriated accounts, federal expenditures should be recorded using federal expenditure authority codes. Each agency is responsible for maintaining a system for tracking federal expenditures by the unique assistance listing number assigned to each federal financial assistance program, as listed in [SAM.gov](#).

50.30.80.b Cost of Administering Nonfinancial Programs

When allowable by the federal assistance program, administration costs for nonfinancial federal programs are recorded as federal revenues and expenditures under the applicable assistance listing number and reported at year-end on the Federal Financial Assistance - Direct form in OFM's electronic disclosure form reporting system.

50.30.80.c Donated Inventory Programs

Agencies of the state of Washington receive federal nonfinancial assistance in the form of [donated inventories](#) (primarily food commodities and immunization supplies). Such assistance may be received directly from a federal agency or indirectly from another state agency.

Donated inventories are recorded as [consumable inventories](#) offset by unearned revenue in accordance with [Subsection 85.56.40](#). Except as noted below, as donated inventories are consumed/distributed, revenues and expenditures should be recognized using GL Codes 3225 "Revenue Adjustment/Elimination (GAAP)" and 6525 "Expenditure/Expense Adjustment/Elimination (GAAP)." State agencies must report



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the fair value of inventory consumed/distributed during the year on the Nonfinancial Assistance form in OFM's electronic disclosure form reporting system.

Agencies distributing donated inventories to other governments, such as school districts, local health districts, and food banks, are to report the amount distributed in the pass through column on the Nonfinancial Assistance disclosure form.

Consistent with [Subsection 50.30.85](#), state agencies transferring federally provided inventories to other agencies are to report the revenue and expenditure. The agency actually using/distributing the commodities is to report the receipt of nonfinancial assistance as an expenditure recovery offsetting the associated nonfinancial expenditure/expense in its accounting records.

For food commodities, use the commodity list prepared by the Food and Nutrition Service of the U.S. Department of Agriculture to determine the fair value of the nonfinancial assistance.

50.30.80.d Federal Surplus Property

Do not record the value of federal surplus property received by a state agency or institution as revenue in the official state financial accounting records. Maintain the property in appropriate subsidiary ledgers for proper control of the assets. Report federal surplus property on the Nonfinancial Assistance form in OFM's electronic disclosure form reporting system under the applicable assistance listing number. It is to be valued at acquisition value if it is capitalized. If it is not capitalized, it is to be valued at its fair value at the time of receipt or the assessed value provided by the federal agency donating the property. As part of the year-end reporting process, the Surplus Property Program within the Department of Enterprise Services will provide each agency with a summary report of the value of federal surplus property received by that agency during the reporting year.

50.30.85 Accounting for federal assistance activity between state agencies

Jan. 1, 2015

Unless directed otherwise by federal law, regulation or federal awarding agency directive, record federal revenue and expenditure/expense activity between state agencies or institutions such that the activity is not duplicated either for accounting or reporting purposes.

State agencies involved in inter-agency federal assistance activity should use the following accounting procedures:

1. The originating state agency records and reports the federal revenue and a corresponding expenditure/expense using Object N "Grants, Benefits, and Client Services" for the amount paid to the subrecipient agency.
2. The subrecipient state agency records program expenditures offset by an interagency reimbursement (Object S) for the moneys received from the original agency. This results in no net revenue or expenditure/expense to the subrecipient agency.



50.30.90 **Accounting for federal assistance received from another nonfederal entity, other than another Washington State agency/institution (pass-through)**

Jan. 1, 2015

Record federal assistance received indirectly from another state (e.g. Oregon), local government, or private entity as federal pass-through revenue (Revenue Source Code 0546). There are additional year-end financial reporting requirements specific to federal pass-through revenue and expenditures found in [Subsection 95.20.70](#).