

## Statewide Operating Policy

Owner: Minnesota Management and Budget, Financial Reporting Unit

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### Single Audit: Accounting for and Reporting of Federal Financial Assistance

#### Objective

To account for and report all federal financial assistance received and disbursed by state agencies in accordance with the Single Audit Act 31 USC Ch. 75, and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

#### Policy

All federal financial activity for each federal financial assistance program must be identified and reported by its Catalog of Federal Domestic Assistance (CFDA) number. This activity must be traceable in the state's accounting system. Expenditures of federal financial assistance must be reported annually in the "Financial and Compliance Report on Federally Assisted Programs" report (i.e. Single Audit Report).

#### Definitions

**Catalog of Federal Domestic Assistance Number (CFDA):** A number established by the federal government and assigned to identify each federal program provided for in a federal appropriation.

**Contractor:** An entity that receives a contract, which is a legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a Federal award. The term as used here does not include a legal instrument, even if the non-Federal entity considers it a contract, when the substance of the transaction meets the definition of a Federal award or subaward.

**Direct Award:** An award received directly from a Federal awarding agency.

**Federal Financial Assistance:** Assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, excluding amounts received as reimbursement for services rendered.

**Indirect Award:** An award received as a subrecipient from a pass-through entity.

**Pass-through Entity:** A non-Federal entity that provides a subaward to a subrecipient to carry out part of the Federal program.

**Schedule of Expenditures of Federal Awards (SEFA):** A federally-required report that includes total Federal awards expended by Federal program.

**Single Audit:** An organization-wide audit that contains both financial and compliance components whose objective is to provide assurance as to the management and use of federal assistance.

**Subrecipient:** A non-Federal entity that expends Federal awards received from a pass-through entity to carry out a Federal program. This does not include an individual who is a beneficiary of such a program.

## **Related Policies and Procedures**

[MMB Statewide Operating Procedure 0402-02.1 Single Audit](http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-4/0402-02-01-single-audit-procedure.docx): Accounting for and Reporting of Federal Financial Assistance (<http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-4/0402-02-01-single-audit-procedure.docx>)

## **See Also**

[Single Audit Act 31 USC Ch. 75](https://uscode.house.gov/view.xhtml?path=/prelim@title31/subtitle5/chapter75&edition=prelim)

(<https://uscode.house.gov/view.xhtml?path=/prelim@title31/subtitle5/chapter75&edition=prelim>)

[Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=5e06d0634600a5dd1c2045e0b30b9977&mc=true&n=pt2.1.200&r=PART&ty=H)

(<http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=5e06d0634600a5dd1c2045e0b30b9977&mc=true&n=pt2.1.200&r=PART&ty=H>  
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