

Governmental Audit Quality Center (GAQC) Response to Report on National Single Audit Sampling Project

The federal study on the quality of audits performed under OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, was issued on June 22, 2007. The report titled, [Report on National Single Audit Sampling Project](#) (the PCIE report), was issued by the President's Council on Integrity and Efficiency (PCIE) and addressed to the Office of Management and Budget (OMB). Overall, the study had two goals: (1) to determine the quality of single audits and establish a statistically based measure of audit quality; and (2) to recommend changes in single audit requirements, standards and procedures to improve the quality of single audits. The PCIE report goes into detail regarding the types of deficiencies noted on the audits reviewed. It shows that improvements are needed in many areas. The PCIE report provides several recommendations that are directed to various organizations including the OMB and other federal agencies, the AICPA and its Governmental Audit Quality Center (GAQC), and other single audit stakeholders. They include (1) revising and improving single audit criteria, standards, and guidance to address deficiencies noted in the report; (2) establishing minimum requirements for completing comprehensive single audit training as a prerequisite for conducting such audits and thereafter, requiring single audit update training for continued performance of single audits; and (3) reviewing and enhancing processes to address unacceptable audits and not meeting the established training and continuing professional education requirements (CPE).

The AICPA and the GAQC share the commitment of the federal agencies involved in the PCIE study to improving the quality of single audits. The [GAQC Executive Committee](#) and GAQC staff will be working closely with the federal government on a go-forward basis to address the PCIE report recommendations. The GAQC just recently established various task forces to address the detailed specific recommendations in the report relating to standards and guidance including:

- Sampling/Materiality Issues in a Single Audit Environment
- Internal Control and Compliance Responsibilities in a Single Audit Environment
- Schedule of Expenditures Federal Awards Reporting Issues
- Reporting Audit Findings in a Single Audit
- Single Audit Training Needs and Continuing Professional Education Evaluation
- Practice Monitoring in a Single Audit Environment
- Revisions to SAS No. 74, *Compliance Auditing Considerations in Audits of Governmental Entities and Recipients of Governmental Financial Assistance*

Many future GAQC activities will be undertaken to respond to the PCIE report and to help auditors avoid having similar problems in single audits. Watch the GAQC Web site (<http://www.aicpa.org/GAQC>) for updates on the status of the above-described activities. We will also communicate with you in future newsletters regarding AICPA efforts in response to the PCIE report, as well as any new developments from OMB or other federal agencies.

Based on an article from a recent Governmental Audit Quality Center newsletter