

CDC Clarification on Using the Single Audit to Comply with Section 1906(b) of the Public Health Service (PHS) Act (42 U.S. Code § 300w-5(b)) – Reports, Data and Audits

Section 1906(b) of the PHS Act, as amended, provides as follows:

- (b) (1) Each State shall establish fiscal control and fund accounting procedures as may be necessary to assure the proper disbursement of and accounting for Federal funds paid to the State under section 1903 and funds transferred under section 1904(c) for use under this part.
- (2) Each State shall annually audit its expenditures from payments received under section 1903. Such State audits shall be conducted by an entity independent of any agency administering a program funded under this part and, in so far as practical, in accordance with the Comptroller General's standards for auditing governmental organizations, programs, activities, and functions. Within 30 days following the date each audit is completed, the chief executive officer of the State shall transmit a copy of that audit to the Secretary.
- (3) Each State shall, after being provided by the Secretary with adequate notice and opportunity for a hearing within the State, repay to the United States amounts found not to have been expended in accordance with the requirements of this part or the certification provided by the State under section 1905. If such repayment is not made, the Secretary shall, after providing the State with adequate notice and opportunity for a hearing within the State, offset such amounts against the amount of any allotment to which the State is or may become entitled under this part.
- (4) The State shall make copies of the reports and audits required by this section available for public inspection within the State.
- (5) The Comptroller General of the United States shall, from time to time, evaluate the expenditures by States of grants under this part in order to assure that expenditures are consistent with the provisions of this part and the certification provided by the State under section 1905.
- (6) Not later than October 1, 1990, the Secretary shall report to the Congress on the activities of the States that have received funds under this part and may include in the report any recommendations for appropriate changes in legislation.

Recipients often submit audits pursuant to the Single Audit Act, 31 USC 7501 et seq., which includes the following provision:

An audit conducted in accordance with this chapter shall be in lieu of any financial audit of Federal awards which a non-Federal entity is required to undergo under any other Federal law or regulation. To the extent that such audit provides a Federal agency with the information it requires to carry out its responsibilities under Federal law or regulation, a Federal agency shall rely upon and use that information. 31 USC § 7503(a).

The Single Audit Act also authorizes agencies to "conduct or arrange for additional audits which are necessary to carry out its responsibilities under Federal law or regulation ... [so long as] such audits [are] not duplicative of other audits of federal awards." 31 USC § 7503(b).

In addition, the applicable grants regulation for awards made under Section 1903, found at 45 C.F.R. 96.31 provides as follows:

(a) *Basic rule.* Grantees and subgrantees are responsible for obtaining audits in accordance with the Single Audit Act Amendments of 1996 (31 U.S.C. 7501–7507) and revised OMB Circular A–133, "Audits of State, Local Governments, and Non-Profit Organizations." The audits shall be made by an independent auditor in accordance with generally accepted Government auditing standards covering financial audits.

Based upon the above, a Recipient may use an audit under the Single Audit Act to comply with the audit provision in section 1906(b) if: 1) the audit is conducted annually; 2) meets the requirements of the Single Audit Act (31 USC 7501-7507) and 45 CFR 96.31; 3) submits that audit to, and receives acceptance of the audit by, the Federal Audit Clearinghouse; and, 4) ensures that applicable Block Catalog of Federal Domestic Assistance (CFDA) number 93.758 is listed on the Schedule of Expenditures of Federal Awards (SEFA) contained in that audit.

The audit requirement at section 1906(b) does not:

- 1) Conflict with the Single Audit Act requirement.
- 2) Require an audit of the applicable CFDA in addition to the audit required by the Single Audit Act.
- 3) Require submission of the audit required by the Single Audit Act to CDC.
- 4) Mandate treatment of the applicable CFDA as a Major Program under the Single Audit Act.

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