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DGM Policy Alert # 2024-01

Policies and Procedures for Compliance with Single Audit Submission Requirements

MEMORANDUM FOR: All Indian Health Services (IHS) Recipients of Federal Financial Assistance

FROM: Marsha Brookins
Director, Division of Grants Management

This Alert provides guidance to Indian Health Service (IHS) grant award recipients for compliance with the Single Audit Submission Requirements pursuant to 45 CFR Part 75 Subpart F Audit Requirements and 2 CFR Part 200.501, which superseded OMB Circular A-133.

This Alert also sets forth guidance for consistent enforcement of the Single Audit Submission Requirement as set by the Office of Management and Budget (OMB).

Applicant Single Audit Submission Requirements

Non-Federal entities that expend \$750,000 or more in Federal awards in a fiscal year are required to obtain an annual audit in accordance with the 45 CFR Part 75, Subpart F Audit Requirements and 2 CFR 200.501. Entities expending less than \$750,000 in a fiscal year are exempt from Federal audit requirements, but must make records available for review or audit by Federal agencies or pass-through entities (non-Federal entities from whom they receive Federal funds), if requested. Applicants who are required to submit Single Audits based on the above criteria must, as part of their initial application for an IHS grant award, submit 1) E-mail confirmation from FAC that audits were submitted; or 2) Face sheets from audit reports. These documents are considered mandatory, and the application will be considered incomplete without it.

Note: Grant applicants that are also Indian Self-Determination and Education Assistance Act (ISDEAA) contractors or compactors are required pursuant to their ISDEAA agreement to submit an audit if they expend \$500,000 or more in Federal awards in a fiscal year, as part of the terms of that agreement. See 25 U.S.C. § 5305(f). Nothing in this guidance document is intended to affect that threshold amount required for those awards.

Delinquent Audit Submissions

If the initial application requirements are met but a recipient's audit report is delinquent, a Special Award condition will be placed on the award, thereby restricting the full amount of the award. The high-risk special award designation will remain until the organization certifies submission of their Single Audit Report to the FAC and it is reviewed by the Division of Audit (DA). After review of the Single Audit, if there are findings which place the recipient in a high-risk status, the Special Award condition will remain. The Single Audit is a mandatory document when applying for an IHS award. Failure to submit the required documents may result in requests for reimbursement to be denied and/or may result in a loss of Federal funds. In addition, failure to provide the required audit documents may deem your award application to be ineligible.

Enforcement Actions

In cases of continued inability or unwillingness to have an audit conducted and submitted in accordance with 45 CFR 75.501, the DGM is required to take appropriate action as provided in 45 CFR 75.371

Remedies for Non-compliance:

1. Temporarily withhold cash payments pending correction of the deficiency by the non-Federal entity or more severe enforcement action by the HHS awarding agency or pass-through entity.
2. Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.
3. Wholly or partly suspend or terminate the Federal award.
4. Initiate suspension or debarment proceedings as authorized under 2 CFR Part 180 and HHS awarding agency regulations at 2 CFR part 376 (or in the case of a pass-through entity, recommend such a proceeding be initiated by a HHS awarding agency).
5. Withhold further Federal awards for the project or program.
6. Take other remedies that may be legally available.

If you have questions, please contact your Grant Management Specialist or email the IHS Division of Grants Management Inbox at DGM@ihs.gov.