



## Audits Below the Single Audit Act (SAA) Threshold (Accounting Issue #4)

**Issue:** If a PHA expends less than \$500,000 in total Federal funds in a year, do they have a GAAS audit or a GAGAS audit (Yellow Book)?

Circular A-133 makes it quite clear that non-federal entities expending less than \$500,000 per year in Federal funds are exempt from the Single Audit Act (subpart b .200 of the OMB A-133 Circular). Additionally, there is no definitive language written anywhere that mandates a Yellow Book or a GAAS audit when an entity is below the \$500,000 threshold. The question has arisen that if an entity is below the SAA threshold, what type of audit can be done under these circumstances.

In meetings held with GAO, OIG and the REAC Quality Assurance Director, the “bottom line” conclusion reached was that an entity below the SAA threshold could have whatever type of audit it wanted. This position was staked out because of a lack of specific written guidance related to audits below the \$500,000 threshold.

PIH Notice 98-14 simply states that a PHA can request a “financial statement” audit. Thus, while REAC recommends that PHAs obtain a GAGAS audit even when they are exempt from the Single Audit Act, the final determination of the type of audit is left to the PHA’s management.