



ARIZONA STATE SENATE
Fifty-Sixth Legislature, Second Regular Session

FACT SHEET FOR S.B. 1473

agencies; single audit reports; penalty

Purpose

Assesses a penalty on a state agency that submits a Schedule of Expenditures of Federal Awards (SEFA) late to the Auditor General.

Background

The Auditor General is appointed to a five-year term by the Joint Legislative Audit Committee, upon approval of a concurrent resolution of the Legislature. The Auditor General conducts annual financial and compliance audits of financial transactions and accounts kept by or for all state agencies subject to the federal single audit requirements. The audits must be conducted in accordance with generally accepted governmental auditing standards and must include the issuance of suitable reports as required by the federal single audit requirements to inform the Legislature, the federal government and others of: 1) the adequacy of financial statements in compliance with generally accepted accounting principles; and 2) whether Arizona has complied with laws and regulations that may have a material effect on the financial statements and major federal assistance programs (A.R.S. §§ [41-1279.01](#) and [41-1279.03](#)).

The federal Single Audit Act establishes requirements for audits of non-federal entities that expend \$750,000 or more in federal awards during a fiscal year. Entities subject to the federal single audit requirements are required to prepare a SEFA and implement procedures to ensure an accurate and complete SEFA. The SEFA reports amounts expended, not the amount received, during the fiscal year. The single audit reporting package must be submitted to the Federal Audit Clearinghouse within 30 calendar days after receipt of the audit report or nine months after the end of the auditee's fiscal year, whichever comes earlier ([GAO; 31 U.S.C. Ch. 75; 2 C.F.R. § 200](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Requires a state agency that is required to comply with the federal single audit requirements to be assessed a penalty of up to one percent of the agency's annual budget in the upcoming fiscal year for every 30 days the agency is late in submitting a SEFA to the Auditor General.
2. Requires, when a state agency submits a SEFA late, the Auditor General to notify the State Treasurer of the state agency's penalty amount and directs the State Treasurer to withhold that amount from the agency's appropriation for the next fiscal year.
3. Becomes effective on the general effective date.