

U.S. DEPARTMENT OF COMMERCE
Office of Inspector General



U.S. CENSUS BUREAU

*Results Assessment of
Federal Audit Clearinghouse Database
Utilizing Agreed-Upon Procedures*

Final Audit Report No. ATL-16202-4-0001/May 2004

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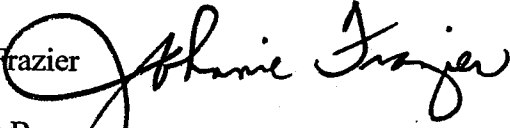
Office of Audits, Atlanta Regional Office



UNITED STATES DEPARTMENT OF COMMERCE
The Inspector General
Washington, D.C. 20230

MAY 21 2004

MEMORANDUM FOR: Charles Louis Kincannon, Director
U.S. Census Bureau

FROM: Johnnie E. Frazier 

SUBJECT: U.S. Census Bureau
Results Assessment of Federal Audit Clearinghouse
Database Utilizing Agreed-Upon Procedures
Final Report No. ATL-16202-4-0001

The Office of Inspector General has completed its Agreed-Upon Procedures engagement and prepared the attached final report. The executive summary begins on page i. We have summarized the Bureau's response to our draft report in the body of the report, and have included the entire response as Appendix V.

The Office of Management and Budget (OMB) requested that we perform the agreed-upon procedures engagement to assess the integrity of the Clearinghouse Database. Congress has given OMB statutory authority for implementing the Single Audit Act Amendments of 1996. OMB implemented the Amendments through the issuance of its Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. In the circular, OMB authorized the U. S. Census Bureau to operate the Clearinghouse, which serves as a repository for Single Audit reports and an audit processing service and data dissemination system for the entire Federal grant community.

The objectives in this engagement were to perform specified agreed-upon procedures to assist OMB, the U. S. Census Bureau, and other federal users in assessing the accuracy of the information in the Clearinghouse Database for fiscal year 2002 audit reports and to perform a limited scope review of the Information Technology (IT) general controls in place over the Clearinghouse Database System. We achieved our objectives by performing specific procedures in the following areas: (1) verifying the completeness of the reporting packages (the financial statements and auditors reports required by Circular A-133), (2) comparing the information in the Clearinghouse Database with the information provided to the Clearinghouse on the *Data Collection Form for Reporting on Audits of States, Local Governments and Non-Profit Organizations* and in the Single Audit reporting packages, (3) verifying whether all audit findings reflected in the Single Audit reports were also included in the Clearinghouse Database, (4) comparing the accuracy and completeness of specific reports and searches with the information we obtained during our review of the Clearinghouse Database, and (5) evaluating the adequacy and effectiveness of the general IT controls surrounding the Clearinghouse Database System.



To verify the accuracy and completeness of the information included in the Clearinghouse Database, we utilized a two-staged attribute sampling plan that consisted of testing 200 Single Audit reports and 14,800 report and data elements included in the Database. To assess the database's internal controls for a low level of risk, we used a 95 percent one-sided confidence level and a tolerable error rate of 7 percent or less. At a low level of risk, a high reliance can be placed on the system of internal controls over the accuracy and completeness of the data in the Clearinghouse Database. Based on the results of the projections, 56 data elements had projected errors that fell within a low level of control risk, 2 data elements had projected errors considered to have a moderate level of control risk, and none of the data elements had projected errors in the high level of control risk.

With regard to our IT general controls review of the Clearinghouse Database System we found that: (1) technical documentation over the system needs improvement because substantial portions of the documentation are incomplete, inaccurate, and/or out-of-date; (2) application development testing policies and procedures over the system needs improvement because application change controls are inadequate and incomplete; and (3) technical information and knowledge over the system should be better centralized because the specific personnel with knowledge over system components are spread throughout the organization. Our final report on the IT general controls review has been issued to the U. S. Census Bureau separately under Final Report No. ATL-16202-4-0002.

In conclusion, we recognize the significant improvements in the Clearinghouse Database System since we last examined it in 2000, including the acceptance of electronic data collection form information and the user friendly queries and reports available on the Clearinghouse website. In our opinion, these improvements are reflected in the agreed-upon procedures results.

We appreciate the cooperation and courtesies extended to us by the staff members of the U. S. Census Bureau's Governments Division in Suitland, Maryland and the National Processing Center in Jeffersonville, Indiana. We commend the U. S. Census Bureau on the cooperative and successful working relationship that it has established with the Office of Management and Budget's Office of Federal Financial Management and the federal agencies that rely on the Clearinghouse Database.

If you would like to discuss the report's contents, please call at (202) 482-4661, or Michael Sears, Assistant Inspector General for Auditing, on (202) 482-1934.

Attachment

cc: Kathleen B. Cooper, Under Secretary for Economic Affairs
Ted A. Johnson, Associate Director for Finance Administration, U. S. Census Bureau
Richard Schwartz, Associate Director for IT, U. S. Census Bureau
Patricia A. Boteler, Audit Liaison, U. S. Census Bureau
Elizabeth Phillip, Program Analyst, Office of Federal Financial Management, OMB
Frederick Knickerbocker, Associate Director for Economic Programs, Census Bureau

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EXECUTIVE SUMMARY

The Office of Management and Budget (OMB) requested that the Department of Commerce, Office of Inspector General, perform an agreed-upon procedures engagement to assess the integrity of the Federal Audit Clearinghouse (Clearinghouse) Database. Congress has given OMB statutory authority for implementing the Single Audit Act Amendments of 1996. OMB implemented the Amendments through the issuance of its Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. In the circular, OMB authorized the U.S. Census Bureau to operate the Clearinghouse, which serves as a repository for Single Audit reports and an audit processing service and data dissemination system for the entire Federal grant community.

Our objectives in this engagement were to perform specified agreed-upon procedures to assist OMB, the U. S. Census Bureau, and other users (listed in Appendix III) in assessing the accuracy of the information in the Clearinghouse Database for fiscal year 2002 audit reports and to perform a limited scope review of the Information Technology (IT) general controls in place over the Clearinghouse Database System. The IT general controls are significant because they help maintain the integrity of the information within the Clearinghouse Database.

The results of the agreed-upon procedures are described in this report. These procedures were performed in accordance with standards established by the American Institute of Certified Public Accountants and *Government Auditing Standards*, issued by the Comptroller General of the United States. The final report on the IT general controls review has been issued separately with the findings and recommendations summarized in this report.

In summary, we performed agreed-upon procedures to:

- Ascertain the completeness of the reporting packages accepted by the Clearinghouse.
- Compare the information in the Clearinghouse Database with the information provided to the Clearinghouse on the *Data Collection Form for Reporting on Audits of States, Local Governments and Non-Profit Organizations* (Data Collection Form) and in the Single Audit reporting package.
- Verify whether all audit findings reflected in the Single Audit reports were also included in the Clearinghouse Database.
- Test the results of submitted queries and accessing specialized reports available on the Clearinghouse website with the information we obtained during our review of the Clearinghouse Database.

To verify the accuracy and completeness of the information in the Clearinghouse Database, we used a two-stage attribute sampling plan developed by the Department of Labor, Office of Inspector General, to achieve a sample that was representative of the universe of 2002 Single Audit reports and the Catalog of Federal Domestic Assistance (CFDA) program entries in the

Clearinghouse Database. The sampling methodology used in the selection of 200 reports, known as the stage I sample, and the selection of 900 individual CFDA program entries, known as the stage II sample, is described in Appendix I.

Specifically, the results of the agreed-upon procedures are summarized as follows:

- We reviewed the 200 audit reports selected in the stage I sample to ascertain the completeness of the reporting package for the reports in our sample. The reporting package includes the auditee's financial statements and a supplementary schedule of expenditures of federal awards, the auditor's reports including a schedule of findings and questioned costs, a corrective action plan, and a summary schedule of prior audit findings. In three audit reports, we found the auditor did not include a required element. In one report the missing element was the Corrective Action Plan, and in two reports the Summary Schedule of Prior Audit Findings was missing. The details of the errors can be found in Table 1 of the Agreed-Upon Procedures and Results section of this report. (See page 6.)
- We compared the information in the Database with the information provided on the Data Collection Form and in the reporting package for the 200 Single Audit reports and the 900 CFDA program entries selected as part of our sample. The sample sizes for the two-stage attribute sampling plan resulted in the testing of 14,800 attributes (data elements). We found a total of 159 errors. Of the 159 errors, 21 were attributable to the Clearinghouse, and 138 to the auditors and auditees. Of the 21 Clearinghouse errors, we found 10 made by the data entry operators and 11 that resulted from a programming problem in transferring information from the Clearinghouse Database to the Clearinghouse website. The 138 errors attributable to the auditors and auditees were due to incorrect or incomplete Data Collection Forms or missing and inconsistent data elements in the preparation of the Auditor's Summary. The details of the errors can be found in Tables 2 through 6 of the Agreed-Upon Procedures and Results section of this report. (See pages 8 through 14.)
- We verified whether all audit findings reflected in the 200 sampled Single Audit reports reviewed were included in the Clearinghouse Database. We found 7 out of 200 reports that had findings omitted from the Database. These reports were considered to have critical errors. These errors were due to the auditor omitting the findings on the Data Collection Form. The details of the errors can be found in Table 7 of the Agreed-Upon Procedures and Results section of this report. (See page 15.)
- We verified the accuracy of specific reports and searches (queries) that users of the Database can request from the Clearinghouse website. We compared the information generated from six types of queries and four reports with the information we had confirmed during our Agreed Upon Procedures review of the Database. We found no errors in the queries we conducted. We found that three of the four reports had minor errors. The reports are generated from tables downloaded from the Database and these tables are not always updated in a timely manner. The Clearinghouse has corrected or is in the process of correcting the programs that generate these reports. The testing of the

reports and queries was done by judgmental sample and we make no projections based on the procedures conducted. The details of the errors can be found in Table 8 through 10 of the Agreed Upon Procedures and Result Section of this report. (See pages 16 through 21.)

Projections were made for the data elements in Tables 1 through 7 and a Summary Schedule detailing the error projections is included as Appendix II. It was decided to test internal controls for a low level of risk. To assess internal controls for a low level of risk, we used a 95 percent one-sided confidence level and a tolerable error rate of 7 percent or less. At this low level of risk, a high reliance can be placed on the system of internal controls over the accuracy and completeness of the data in the Clearinghouse Database.

Based on the projections included in Appendix II, 56 data elements had projected errors that fell within a low level of control risk, two data elements had projected errors considered to have a moderate level of control risk, and none of the data elements had projected errors in the high level of control risk. The two data elements considered to have a moderate level of control risk were: 1) the auditor's address, and 2) the auditor's identification of low risk auditee. The Clearinghouse has already corrected the programming error that did not allow the users of the Database to view the full address of the auditor. The importance of correctly reporting whether an auditee is classified as a low-risk auditee requires that the auditors be reminded of the importance of accurately completing the Data Collection Form and that care is needed in correctly reporting whether an auditee does or does not qualify as low risk on the Auditor's Summary.

In response to our draft report on our agreed-upon procedures engagement, the U. S. Census Bureau generally agreed with the results of the review but requested minor clarifications in the results section of Table 8. We agreed with the requested clarifications and have modified the final report in the appropriate places to reflect the clarifications. We have summarized the Bureau's response to the draft audit report and provided our comments in the appropriate report section. We have also included the Bureau's complete response as Appendix V.

As stated earlier, our office also performed a limited scope review of the Information Technology general controls in place over the Clearinghouse System. The system provides its users the ability, via the public Internet to submit or extract information to and from the Clearinghouse Database. The IT general controls are significant to the system because they help maintain the integrity, confidentiality, and availability of information maintained within the Clearinghouse Database.

The Clearinghouse System is comprised of multiple components, including a front-end web-server, several databases, remote access servers, data-entry workstations, and wide area connectivity. Many of these components are located in physically separate facilities and managed by different personnel. The overall objective of the review was to evaluate the adequacy and effectiveness of the IT general controls surrounding the Clearinghouse System using General Accounting Office's (GAO's) Federal Information System Controls Audit Manual (FISCAM).

The final report on the IT general controls review has been issued separately to the Director of the U.S. Census Bureau under Final Report No. ATL-16202-4-0002. We have summarized the findings of that report as follows:

- Technical documentation over the Clearinghouse system needs improvement because substantial portions of the documentation are incomplete, inaccurate, and/or out-of-date.
- Application development testing policies and procedures over the Clearinghouse system needs improvement because application change controls are inadequate and incomplete.
- Technical information and knowledge over the Clearinghouse System should be better centralized because the specific personnel with knowledge over system components are spread throughout the organization.

The final report on the IT general controls recommends that the Associate Director for Information Technology of the U.S. Census Bureau ensure the following:

- Minimum documentation standards for maintaining and restoring the Clearinghouse system components are defined and adhered to.
- Policies and procedures for testing application change controls including integration and acceptance testing are improved.
- A limited number of personnel are given the responsibility for maintaining a comprehensive understanding of the Clearinghouse system.

In response to the draft report, U.S. Census Bureau officials expressed the Bureau's general agreement with our recommendations.

INTRODUCTION

The Office of Management and Budget (OMB) has statutory authority for implementing the Single Audit Act Amendments of 1996. OMB implemented the Amendments through the issuance of its Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, which requires entities expending \$300,000 or more in federal funds to have an annual Single Audit performed. The Circular authorizes a Federal clearinghouse to receive these audit reports. OMB designated the U.S. Census Bureau to operate the Federal Audit Clearinghouse (Clearinghouse). Our objective was to perform specified agreed-upon procedures to assist OMB, the Census Bureau, and other specified users (listed in Appendix III) in assessing the accuracy of the information in the Clearinghouse Database for fiscal year 2002 audit reports and the accuracy of specific reports and queries available on the Clearinghouse Internet website. In addition to the agreed-upon procedures performed on the Clearinghouse Database, we performed a limited scope FISCAM review to identify any potential weaknesses within the information technology general controls environment.

The Clearinghouse collects completed Single Audit reporting packages from entities that are required to have Single Audits performed under Circular A-133. The entities must submit one complete reporting package for the Clearinghouse archives, additional copies for the Clearinghouse to distribute to Federal awarding agencies whose direct Federal awards are affected by findings in the auditor's report, and a completed *Data Collection Form for Reporting on Audits of States, Local Governments and Non-Profit Organizations* (Data Collection Form). Once the Clearinghouse receives an auditee's reporting package and Data Collection Form, it is responsible for distributing the reporting package to the Federal awarding agencies identified on the Data Collection Form.

The Clearinghouse serves as a repository for Single Audit reports and an audit processing service and data dissemination system for the entire Federal grant community. Using the information from the Data Collection Form, the Clearinghouse is responsible for incorporating information about each auditee, its Federal awards, and audit results into a government-wide database. The Clearinghouse Database's coverage begins with audit information for fiscal years beginning on or after July 1, 1996, and can be downloaded from or viewed directly on the Clearinghouse's website at <http://harvester.census.gov/sac>.

In calendar year 2000, our office issued an Agreed-Upon-Procedures report of our assessment of the Clearinghouse Database for fiscal year 1998 audit reports to verify the accuracy and completeness of the information in the Database. Since that review, there have been significant changes to the methods of entering data into the Clearinghouse Database. The Clearinghouse now accepts the Data Collection Form via an online Internet Data Entry System. For fiscal year 2002 audit reports, approximately 70 percent of the Data Collection Forms were entered online with the other 30 percent still being entered by Clearinghouse staff. A signed copy of all Data Collection forms are required to be submitted to the Federal Audit Clearinghouse along with copies of the reporting package. In addition, the information of the Clearinghouse Database is much more accessible due to reports and queries that can be accessed by users of the Database via the Internet.

OFFICE OF INSPECTOR GENERAL'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures described in the Agreed-Upon Procedures and Results section of this report at the request of OMB. These procedures were agreed to by OMB, the Census Bureau, and other specified agencies (listed in Appendix III). We performed these procedures solely to assist the specified users with assessing the accuracy and completeness of the auditee's fiscal year 2002 information in the Clearinghouse's Database as compared to the Data Collection Form and the reporting packages submitted by Federal award recipients as required by OMB Circular A-133. We also assessed the accuracy and completeness of specified reports and queries generated by the Clearinghouse, accessible on the website and compared the results to the Clearinghouse Database. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants and *Government Auditing Standards*, issued by the Comptroller General of the United States.

The sufficiency of the procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures therein, either for the purpose for which this report has been requested or for any other purpose. The procedures and results of these procedures are described in the Agreed-Upon Procedures and Results section of this report.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the completeness and accuracy of the information in the Clearinghouse Database as compared to the submitted reporting packages. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

This report is intended solely for the information and use of OMB, the Census Bureau, and the Federal agencies listed in Appendix III and is not intended to be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures.

We conducted the engagement's fieldwork at the Federal Audit Clearinghouse in Jeffersonville, Indiana, from July 2003 through September 2003. The sample selected for the engagement was taken from the 18,709 audit reports included in the Clearinghouse Database as of June 16, 2003, with the auditee's financial statement period ended during calendar year 2002.

SUMMARY OF OFFICE OF INSPECTOR GENERAL'S INFORMATION TECHNOLOGY CONTROLS REVIEW

In addition to the agreed-upon procedures performed on the Clearinghouse Database, we also performed a limited scope information technology review over the Clearinghouse's general controls environment. We reviewed the adequacy and effectiveness of the IT general controls for five of six control areas identified in the General Accounting Office's (GAO's) Federal Information Systems Controls Audit Manual (FISCAM). The IT general controls are significant to the system because they help ensure the integrity of the information within the Clearinghouse Database.

This review has been issued as a separate OIG report. A summary of this review begins on Page 22 of this report for information only.

AGREED-UPON PROCEDURES AND RESULTS

Our assessment of the accuracy and completeness of the information included in the Clearinghouse Database involved performing specific procedures in the following areas: (1) verifying the completeness of the reporting package, (2) comparing the information in the Clearinghouse Database with the information provided to the Clearinghouse on the *Data Collection Form for Reporting on Audits of States, Local Governments and Non-Profit Organizations* and in the Single Audit reporting package, (3) verifying whether or not all audit findings reflected in the Single Audit reports were also included in the Clearinghouse Database, and, (4) comparing the accuracy and completeness of specific reports and searches with the information we obtained during our review of the Clearinghouse Database. These agreed-upon procedures and results of the procedures are discussed on pages 6 through 21 of this report.

To verify the accuracy and completeness of the information included in the Clearinghouse Database, we utilized a two-stage attribute sampling plan developed by the Department of Labor, Office of Inspector General; the sampling plan is described in Appendix I. The stage I sample consisted of 200 Single Audit reports entered in the Clearinghouse Database as of June 16, 2003, with a financial statement period ended during calendar year 2002. The stage II sample consisted of 900 Catalog of Federal Domestic Assistance (CFDA) program entries associated with the 200 Single Audit reports selected in the stage I sample.

For stage I, the sampling plan utilized a stratified random attribute sample. The strata and sample sizes per stratum were as follows:

Stratum	Strata Range		Number of Single Audit Reports	Total Federal Expenditures in Universe	Sample Size	Federal Awards Expenditure in the Sample
1	\$ 300,000	\$ 25,000,000	18,323	\$ 46 Billion	100	\$ 304,168,022
2	25,000,000	500,000,000	337	31 Billion	66	5,659,768,291
3	500,000,000	70,000,000,000	49	354 Billion	34	261,874,725,662
Totals			18,709	\$ 431 Billion	200	\$ 267,838,661,975

For stage II, the sampling plan was designed to test 300 CFDA program entries for each stratum of Single Audit reports selected in stage I.

Stratum	CFDA Program Entries in Universe	CFDA Program Entries in Stage I Sample	CFDA Program Entries in Stage II Sample
1	154,251	943	300
2	28,936	4,344	300
3	32,023	18,722	300
Totals	215,210	24,009	900

The errors identified when applying the agreed-upon procedures to the two-stage sample can be found in Tables 1 through 7 of this report. Projections were made for the attributes (data elements) and a Summary Schedule detailing the error projections is included as Appendix II. We decided to test internal controls for a low level of risk. To assess internal controls for a low level of risk, we used a 95 percent one-sided confidence level and a tolerable error rate of 7 percent or less. At this low level of risk, a high reliance can be placed on the system of internal controls over the accuracy and completeness of the data in the Clearinghouse Database.

Based on the projections included in Appendix II, 56 data elements had projected errors that fell within a low level of control risk, two data elements had projected errors considered to have a moderate level of control risk, and none of the data elements had projected errors in the high level of control risk. The two data elements considered to have a moderate level of control risk were: 1) the auditor's address, and 2) the auditor's identification of low risk auditee. The Clearinghouse has already corrected the programming error that did not allow the users of the Database to view the full address of the auditor. The importance of correctly reporting whether an auditee is classified as a low-risk auditee requires that the auditors be reminded of the importance of accurately completing the Data Collection Form and that care is needed in correctly reporting whether an auditee does or does not qualify as low risk on the Auditor's Summary.

To verify the accuracy and completeness of the information in the special reports and queries available on the Internet we ran the reports and queries and used the information we retrieved directly from the Database to compare these reports and searches. It was impossible to include every query combination of data elements and data types, the possible combinations would be at a minimum in the millions, so we used a judgmental sample for our tests and did not make any projections on the results. These agreed-upon procedures and results of the procedures are discussed in Tables 8 through 10 of this report.

Ascertained the Completeness of the Reporting Package

Overview of Results

We reviewed 162 Internet submitted reports and 38 paper submitted reports for a total of 200 audit reports selected in the stage I sample to test the completeness of the reporting package. In three audit reports, we found the auditor did not include a required element. In one report the missing element was the Corrective Action Plan, and in two reports the Summary Schedule of Prior Audit Findings was missing. The calculation of the attributes (data elements) tested, and the details of the errors can be found in Table 1 below.

Projections were made for the data elements where errors were found, and a Summary Schedule detailing the error projections is included as Appendix II. We decided to test internal controls for a low level of risk. To assess internal controls for a low level of risk, we used a 95 percent one-sided confidence level and a tolerable error rate of 7 percent or less. Based on the projections, we found all data elements in Table 1 were considered low risk. At this low level of risk, a high reliance can be placed on the system of internal controls over the completeness of the reporting packages included in the Clearinghouse Database.

Procedures and Results

Table 1

Agreed-Upon Procedures Performed	Results of Procedures
<p>Verify that each reporting package selected as part of the stage I sample includes the following elements.</p> <ol style="list-style-type: none"> 1. Financial Statements. 2. Schedule of Expenditures of Federal Awards (SEFA). 3. Independent Auditor's Opinion on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards (Auditor's Report One). 4. Report on Compliance and on Internal Controls over Financial Reporting Based on an Audit of Financial Statements in Accordance with Government Auditing Standards (Auditor's Report Two). 5. Report on Compliance with Requirements Applicable to Each Major Program and on Internal Controls over Compliance in Accordance with OMB Circular A-133 (Auditor's Report Three). 6. Schedule of Findings and Questioned Costs. 7. Corrective Action Plan (CAP) for current year audit findings. 8. Summary Schedule of Prior Audit Findings (Prior Audit Findings) may be included although this schedule is not always required. 	<p>There were 1,600 attributes tested for Table 1. We calculated the attributes tested by multiplying the report's elements by the sample size of 200 ($8 \times 200 = 1,600$).</p> <p>Three reports of the 200 single audit reports reviewed had a missing element. The missing element in one report was the Corrective Action Plan, and in two reports the Summary Schedule of Prior Audit Findings.</p>

Assessed the Accuracy of Data Elements in the Clearinghouse Database

Overview of Results

We compared the information in the Database with the information provided on the Data Collection Form and in the reporting package for the 200 Single Audit reports (162 internet and 38 paper submissions) and 900 CFDA program (814 internet and 86 paper submissions) entries selected as part of our sample. The sample sizes for the two-stage attribute sampling plan resulted in the testing of 14,800 attributes (data elements). We found a total of 159 errors. Of the 159 errors, 21 were attributable to the Clearinghouse, and 138 to the auditors and auditees. Of the 21 Clearinghouse errors, we found 10 made by the data entry operators and 11 resulted from programming problems in transferring information from the Clearinghouse Database to the Clearinghouse website. The 138 errors attributable to the auditors and auditees were due to incorrect or incomplete Data Collection Forms or missing data elements in the preparation of the Auditor's Summary. The calculation of the attributes tested and details of the errors can be found in Tables 2 through 6 of the Agreed-Upon Procedures and Results section of this report.

Projections were made for the data elements where errors were found and a Summary Schedule detailing the error projections is included as Appendix II. We decided to test internal controls for a low level of risk. To assess internal controls for a low level of risk, we used a 95 percent one-sided confidence level and a tolerable error rate of 7 percent or less. At this low level of risk, a high reliance can be placed on the system of internal controls over the accuracy of the information included in the Clearinghouse Database.

Based on the projections, only the following two elements were not considered to have a low level of risk: 1) the auditor's address (included in Table 2), and 2) the identification of low risk auditee (included in Table 4). The complete auditor's address was unable to be viewed on the database website. However, this programming error has been subsequently corrected. The importance of correctly reporting whether an auditee is classified as a low-risk auditee requires that the auditors be reminded of the importance of accurately completing the Data Collection Form and that care is needed in correctly reporting whether an auditee does or does not qualify as low risk on the Auditor's Summary.

Procedures and Results

We have defined the Clearinghouse database elements by reference to the applicable item of Data Collection Form. Tables 2 through 6 report on the agreed-upon procedures performed to test the accuracy of the data elements in the Clearinghouse Database.

For each element listed in Tables 2 through 6, we compared the information in the Clearinghouse Database as retrieved from the Clearinghouse website with the information found on the Data Collection Form and in the reporting package. We defined an error as any instance where the information for the data element tested per the Database did not agree with the Single Audit report or the Data Collection Form as applicable. For dollar amount data elements, we did not

consider a difference of \$100 or less to be an error. We determined whether errors noted were the result of mistakes made by the Clearinghouse or by the auditor/auditee in completing the Data Collection Form or other parts of the reporting package.

Table 2

DATA COLLECTION FORM Part I - General Information		
Agreed-Upon Procedures Performed		Results of Procedures.
Item 1	Fiscal Year Ending Date Compared with Auditor's Report One.	<p>There were 2,800 attributes tested for Table 2. We calculated the attributes tested by multiplying the items listed in this table by the sample size of 200 (14 x 200 = 2,800). We found 21 errors associated with the items listed in Table 2.</p> <p>Items 6 and 7 We found 21 errors in Items 6 and 7. Of these 21 errors, an auditee made 1 typographical error in completing the auditor's name on the Data Collection Form. Twenty errors were made by the Clearinghouse. Of the 20 errors made by the Clearinghouse, 9 were made by data entry operators. Eight of the 9 were typographical errors involving a misspelled auditee and auditor's name and incorrect and incomplete addresses. The other error involved the acceptance of an updated data collection form with the name of a different certifying official without updating the Database. The other 11 Clearinghouse errors were in the display of the auditee or auditors address on the website. The Database correctly includes line 2 of the address for both the auditee and auditor, however, line 2 was not shown correctly on the website. This programming problem has been corrected.</p>
Item 2	Type of Circular A-133 Audit Compared with Auditor's Report Three.	
Item 3	Audit Period Covered Compared with Auditor's Report One.	
Item 5(a)	Auditee EIN Compared with Data Collection Form.	
Item 5(b)	Multiple EINs Compared with Data Collection Form.	
Item 5(c)	Multiple EINs Compared with Data Collection Form.	
Item 6(a)	Auditee Name Compared with Data Collection Form.	
Item 6(b)	Auditee Address Compared with Data Collection Form.	
Item 6(g)	Auditee Signature Verified completeness on Data Collection Form.	
Item 7(a)	Auditor Name Compared with Data Collection Form.	
Item 7(b)	Auditor Address Compared with Data Collection Form.	
Item 7(g)	Auditor Signature Verified completeness on Data Collection Form.	
Item 8	Federal Cognizance Determination Compared with Data Collection Form. We considered the following errors: (1) If the Part III, Item 10d total was \$25 million or less, cognizant designation was an error, and (2) If Part III, Item 10d total was more than \$25 million and included direct funds then responding that there was no cognizant agency was an error.	
Item 9	Name of Federal Cognizant Agency for Audit Compared with Data Collection Form, and cognizant agency list.	

Table 3

DATA COLLECTION FORM Part II- Financial Statements	
Agreed-Upon Procedures Performed	Results of Procedures
<p>Item 1 Type of Audit Report Compared with (a) Auditor's Report One, and (b) the Summary of Auditor's Results included in the Schedule of Findings & Questioned Costs (Auditor's Summary).</p> <p>Item 2 Going Concern Explanatory Paragraph Compared with Auditor's Report One.</p> <p>Item 3 Reportable Conditions Compared with (a) Auditor's Report Two, and (b) Auditor's Summary.</p> <p>Item 4 Material Weaknesses Compared with (a) Auditor's Report Two, and (b) Auditor's Summary.</p> <p>Item 5 Material Non-Compliance Compared with (a) Auditor's Report Two, and (b) Auditor's Summary.</p>	<p>There were 1,800 attributes tested for Table 3. We calculated the attributes tested by multiplying the items listed in this table by the sample size of 200 (9 x 200 = 1,800). We found a total of 11 errors in the items included in Table 3.</p> <p>Item 1 We found 1 error in Item 1(a). This error, attributable to the auditor, was due to a mismatch between the type of audit report recorded on the Data Collection Form and the type of report included in Auditor's Report One.</p> <p>Item 3 We found 4 errors in Item 3. All of these errors were attributable to the auditor. Item 3(a) had 3 errors. Of the 3 errors, 1 was due to a mismatch between reportable conditions included on the Data Collection Form but not included in Auditor's Report Two. The other 2 errors were due to the inclusion of reportable conditions in Auditor's Report Two but not reported on the Data Collection Form. Item 3(b) had 1 error due to a mismatch between the reportable condition information reported on the Data Collection Form and the information on the Auditor's Summary.</p> <p>Item 4 We found 4 errors in Item 4. All of these errors were attributable to the auditor. Item 4(a) had 1 error. The error was due to a mismatch between material weakness information on the Data Collection Form and the material weakness information included in Auditor's Report Two. We found 3 errors in Item 4(b). Two errors were due to a mismatch between the material weakness information reported on the Data Collection Form and the material weakness information reported on the Auditor's Summary. One error was due to the omission of the material weakness information on the Auditor's Summary.</p> <p>Item 5 We found 2 errors in Item 5(b). These errors, attributable to the auditor, were due to omissions of material non-compliance information on the Auditor's Summary.</p>

Table 4

DATA COLLECTION FORM Part III – Federal Programs		
Agreed -Upon Procedures Performed		Results of Procedures
Item 1	Type of Report on Major Program Compliance Compared with the (a) Auditor’s Report Three, and (b) Auditor’s Summary.	There were 2,600 attributes tested for Table 4. We calculated the attributes tested by multiplying the items listed in this table by the sample size of 200 (13 x 200 = 2,600). We found a total of 52 errors associated with the items included in Table 4. Item 1 We found 1 error in Item 1. Item 1(b) had 1 error, attributable to the auditor, due to a mismatch between the type of report on major programs included on the Data Collection Form and the type of report on major programs included on the Auditor’s Summary.
Item 2	Related A-133 Audits Compared with the Auditor’s Report Three	Item 2 We found 4 errors in Item 2. All of these errors were attributable to the auditor, due to a mismatch between the statements concerning related A-133 audits included on the Data Collection Form and the Auditor’s Report Three.
Item 3	Dollar Threshold to Distinguish Type A and Type B Programs Compared with the Auditor’s Summary.	Item 3 We found 8 errors in Item 3. All of these errors were attributable to the auditor. Of the 8 errors, we found 2 errors due to the auditor’s failure to list the Type A dollar threshold on the Auditors Summary, and 6 errors due to a mismatch between the type of report on major programs included on the Data Collection Form and the type of report on major programs included on the Auditor’s Summary.
Item 4	Low-Risk Auditee Compared with the Auditor’s Summary.	Item 4 We found 6 errors in Item 4. All of these errors were attributable to the auditor. Two errors were due to the auditor not listing whether the auditee qualified as a low risk auditee on the Auditor’s Summary, and 4 errors were due to a mismatch between the information on the Data Collection Form and the information on the Auditor’s Summary
Item 5	Reportable Condition Compared with the (a) Auditor’s Report Three, and (b) Auditor’s Summary.	Item 5 We found 4 errors in Item 5. All of these errors were attributable to the auditor. Item 5(b) had 1 error due to the auditor’s inclusion of reportable conditions on the Data Collection Form that were not indicated in the Auditor’s Summary and 3 errors due to a mismatch between the reportable conditions on the Data Collection Form and the audit findings included on the Auditor’s Summary.

Table 4 (cont.)

DATA COLLECTION FORM Part III- Federal Programs (cont.)	
Agreed-Upon Procedures Performed	Results of Procedures
<p>Item 6 Material Weakness Compared with the (a) Auditor’s Report Three, and (b) Auditor’s Summary.</p>	<p>Item 6 We found 4 errors in Item 6 that were attributable to the auditor. Item 6(a) had 1 error due to the auditor’s inclusion of a material weakness on the Data Collection Form that was not indicated in Auditor’s Report Three. Item 6(b) had 3 errors, 2 errors were due to the auditor not listing a material weakness noted in Audit Report Three and not on the Auditor’s Summary, and 1 error due to a mismatch between the audit findings on the Data Collection Form and the audit findings included on the Auditor’s Summary.</p>
<p>Item 7 Questioned Costs Compared with the Auditor’s Summary.</p>	<p>Item 7 We found 2 errors in Item 7 that were attributable to the auditor. The 2 errors were due to a mismatch between the audit findings on the Data Collection Form and the audit findings included on the Auditor’s Summary.</p>
<p>Item 8 Prior Audit Findings Compared with the Summary of Prior Audit Findings.</p>	<p>Item 8 We found 5 errors in Item 8 that were attributable to the auditor. The 5 errors were due to a mismatch between this item on the Data Collection Form and the actual inclusion of a Summary of Prior Audit Findings in the audit report.</p>
<p>Item 9 Reporting Package List Compared with the (a) Auditor’s Summary and (b).Summary of Prior Audit Findings.</p> <p>Federal Agencies Required to Receive the Reporting Package. For each finding identified in the Schedule of Findings and Questioned Costs, we determined which Federal awarding agency provided direct funds and should receive a copy of the report.</p>	<p>Item 9 We found 18 errors in Item 9, that were attributable to the auditor. In Item 9(a) for 4 of these errors, the auditor indicated Federal agencies were required to receive the reporting package when we could find no evidence that they were. Five of the errors, involved the mis-identification of all Federal agencies required to receive reports. For 2 of the errors the cognizant/oversight agency was not identified to receive a copy of the report, and for 5 of the errors, the schedule of prior audit findings did not include the CFDA’s so that the affected agency could be identified. In Item 9(b) for 2 of the errors the cognizant /oversight agency was not identified to receive a copy of the report.</p>

Table 5

DATA COLLECTION FORM Part III - Federal Programs		
Agreed Upon Procedures Performed		Results of Procedures
Item 10(a)	CFDA Number Compared with the SEFA.	There were 5,800 attributes tested for Table 5. We calculated the attributes tested by multiplying items 10(a) - 10(f) by the sample size of 900 (6 x 900 = 5,400) plus Totals 10(d)(a) and (b) by the sample size of 200 (2 x 200 =400). We found 65 errors associated with the items included in Table 5. Item 10(a) We found 4 errors in 4 reports. All of these errors, resulted from the auditor completion of the Data Collection Form that did not match the SEFA.
Item 10(b)	Research & Development Compared with the SEFA.	Item 10(b) We found 2 errors in 2 reports, both attributable to the auditor. For 1 CFDA program, we could not match the program name in the Data Collection Form to the SEFA, and one error was attributable to the fact that the research and development programs were not identified on the SEFA.
Item 10(c)	Name of Federal Program Compared with the SEFA.	Item 10(c) We found 4 errors in 4 reports. Three errors were attributable to the auditor, where we could not match the program name in the Data Collection Form to the SEFA. We also noted 1 error attributable to the Clearinghouse due to a typographical error.
Item 10(d)	Federal Awards Amount Expended Compared with the SEFA. We determined whether the amounts for Federal awards expended had been included in Item 10d of the Data Collection Form.	Item 10(d) We found 6 errors in 4 reports. Of these 6 program errors, all were attributable to the auditor. The errors were due to the amount of Federal expenditures in the Clearinghouse Database not matching the Data Collection Form or the SEFA. For two errors on one report, the amount reported was for revenues, not expenditures. For 2 errors on 2 reports, the CFDA program was not on the SEFA. For 2 errors on 1 report, the Data Collection Form listed the expenditure amount to the nearest dollar, and the SEFA rounded to the nearest thousand.
Total 10(d)	Total Federal Awards Expended Compared with the (a) SEFA, and (b) Data Collection Form.	Total Item 10(d) We found 4 errors in 4 reports. All of these errors were attributable to the auditor. Total 10(d)(a) had 3 errors due to a mismatch between the Database and the SEFA, and 1 error, where the amount reported on the Data Collection Form was for revenues, not expenditures.

Table 5 (cont.)

DATA COLLECTION FORM Part III - Federal Programs		
Agreed Upon Procedures Performed		Results of Procedures
Item 10(e)	Direct Award Compared with the SEFA.	Item 10(e) We found 35 errors in 19 reports. The auditors were responsible for all of the errors. Of the 35 errors, 19 errors, affecting 11 reports, were due to differences in the direct awards identified on the SEFA and the direct awards identified on the Data Collection Form. We found 13 errors, affecting 6 reports, the SEFA did not identify which programs were indirect (pass through) versus direct. Another 2 errors affecting 1 report, the Data Collection Form did not identify the breakdown of funds between indirect and direct for specific amounts. The other 1 error for 1 report was because the CFDA program entry could not be identified on the SEFA.
Item 10(f)	Major Program Compared with the Auditor's Summary.	Item 10(f) We found 10 errors in 9 reports. The auditors were responsible for all of the errors. Of the 10 errors, 9 errors, affecting 8 reports, were due to differences in the major programs identified on the Auditor's Summary and the major programs identified on the Data Collection Form. The other 1 error for 1 report was because the program could not be identified on the SEFA.

Table 6

DATA COLLECTION FORM Part III - Federal Program	
Agreed - Upon Procedures Performed	
Results of Procedures	
<p>Item 11(a) Type of Compliance Requirement Compared with Schedule of Findings and Questioned Costs, and Data Collection Form. For each audit finding identified, we read the finding in the Schedule of Findings and Questioned Costs, and determined the type of compliance requirement</p>	<p>There were 1800 attributes tested in Table 6. We calculated the attributes tested by multiplying the items listed in this table by the sample size of 900 (2 x 900=1,800). We found 10 errors associated with the items listed in Table 6.</p> <p>Item 11(a) We found 6 errors in 2 reports. All were counted as auditor errors. Five of the errors in one report were due to the auditor marking an incorrect and/or incomplete type of compliance requirement code on the Data Collection Form. One error for 1 report was because the program could not be identified on the SEFA.</p>
<p>Item 11(b) Finding Reference Numbers Compared to the Schedule of Findings and Questioned Costs.</p>	<p>Item 11(b) We found 4 errors in 2 reports. All were attributable to the auditor. One error was because the program could not be identified on the SEFA. Three errors for 1 report was a uploading error resulting from the auditor not changing the data fields to text prior to entering the information. The finding reference numbers that were two-digits (numbers 12 or less) a dash and two digits were being converted to month / day instead of the numeric finding reference number requested by the Data Collection Form.</p>

Verified the Completeness of the Audit Findings in the Database

Overview of Results

We verified whether all audit findings reflected in the 200 sampled Single Audit reports reviewed were included in the Clearinghouse Database. We found seven reports that had findings omitted from the Database. We classified these reports as having critical errors. The details of these errors can be found in Table 7 below.

Projections were made for the critical errors, and a Summary Schedule detailing the error projections is included as Appendix II. We decided to test internal controls for a low level of risk. To assess internal controls for a low level of risk, we used a 95 percent one-sided confidence level and a tolerable error rate of 7 percent or less. Based on the projections, we found that the completeness of audit findings in the Clearinghouse database is considered low risk. At this low level of risk, a high reliance can be placed on the system of internal controls over the completeness of audit findings in the Clearinghouse Database.

Procedures and Results

Table 7

Agreed-Upon Procedures Performed	Results of Procedures
Using the reporting packages obtained for the stage I sample, we tested all findings reported in the Schedule of Findings and Questioned Costs, Section III (Federal award findings and questioned costs), to determine if they were also reported as findings in the Clearinghouse Database. The audit finding reference number was used to make this determination.	We found 7 reports out of 200 that had findings omitted from the Database. These reports were considered to have critical errors. These errors were due to the auditor omitting the findings on the Data Collection Form. We found 6 reports where the findings were properly reported in the Database, however, the website showed finding reference numbers that were incomplete due to a Clearinghouse programming error. We did not consider these errors critical because the findings were included in the Database even though the finding reference numbers were incomplete.

Tested the Results of Submitted Queries and Accessed Specialized Reports

Overview of Results

The Federal Audit Clearinghouse Database contains information obtained from the Data Collection Forms. The Internet Data Dissemination System allows users to search the Federal Audit Clearinghouse's entire database through its website. We performed specific procedures to determine whether the queries and specialized reports were accurate against known elements in the Database. It was impossible to include every query combination of data elements and data type, the possible combination would be at a minimum in the millions, so we used a judgmental sample to compare the results to known information obtained while performing Agreed-Upon Procedures using the stage I and stage II sample. Consequently, we can make no projections of results of the queries and reports we tested. We found no errors in the queries tested, however, we found some minor errors in three of the reports accessible through the website. The queries and specialized reports we tested and the detail of the errors found can be found in Tables 8 through 10.

Procedures and Results

The Internet Data Dissemination System is located at the following web address: <http://harvester.census.gov/sac>. To access the database at the Clearinghouse website, type the web address in the browser's address bar and press GO. From the Clearinghouse home page, choose the link "Access Single Audit Data." Next, on the Single Audit Disclaimer Information page, click on the "Retrieve Records" button at the bottom of the page. The next page is the Access Options for Single Audit Data. Tables 8 through 10 on the agreed upon procedures performed test the accuracy and completeness of the information obtained from the Clearinghouse Database.

The screens for the queries and reports offer display and sort options. Not all display and sort options are applicable to every report or query. Because the information about which sort options work with each report and query is not available in the instructions for searching the database, we did not report the results of any of the sorts we ran.

Table 8

ACCESS SPECIALIZED REPORTS		
	Agreed Upon Procedures Performed	Results of Procedures
Item 1	<p>Statewide Report – FAC Generated</p> <p>Using the Stage I sample of 200 reports, compare the printed report with the information in the Clearinghouse database.</p>	<p>We found no errors in our test of the Statewide report. We traced the 24 state reports included in the stage I sample to the printed statewide report and all 24 were included on the report.</p>
Item 2	<p>COG List Report:</p> <p>Using the Stage I sample of 200 reports, compare the printed report with the information in the Clearinghouse database.</p>	<p>We found 1 error in our test of the Cog List Report. Of the 200 reports included in our stage I sample, 91 were identified as having a cognizant federal agency. We compared these 91 entities to the list of entities on the Cog list report and found that the report did not include one of the entities. This occurred because the Clearinghouse program comparing the information submitted on the Data Collection Form with the official list of Cognizant agency assignment provided in March 2002 was not implemented until November 2002 and some of the 2002 audit reports had already been entered into the Database. We found no errors for reports entered into the Database after the Cog List program was implemented in November 2002.</p>
Item 3	<p>COG List Search</p> <p>Using a selected sample of 6 reports taken from our Stage I sample of 200 reports, compare the information obtained from the query with the information in the Clearinghouse database.</p> <p>The search provides information on completed reporting packages that have a designated cognizant federal agency. The search is generated by entering part of the Auditee Name, the complete 9-digit EIN, or COG Agency identifying number.</p>	<p>We found no errors in our test of the query referred to as Cog LIST Search. We tested the information we obtained when performing the query with the information we had on 6 reports included in the stage I sample to determine that the query was providing accurate information.</p> <p>We generated the query 54 times using each of the available search criteria and found that the listed search criteria produced accurate results when compared to our sample.</p>

Table 8 con't

ACCESS SPECIALIZED REPORTS	
Agreed Upon Procedures Performed	Results of Procedures
<p>Item 4</p> <p>Submission Status of Entities With Cognizant Agency</p> <p>Using the stage I sample of 200 reports, compare the printed report with the information in the Clearinghouse Database.</p> <p>The report includes a 3-year comparison of total federal expenditures for entities with a designated cognizant agency during the three year period.</p>	<p>We found 2 reportable problems in our review of the Submission Status of Entities with Cognizant Agency Report.</p> <p>We reviewed two reports on the Clearinghouse website relating to the cognizant agency assignments for 2001 through 2005. The first report is entitled, Cog List Report (See Item 2 of Table 8). The second report, discussed in paragraph below is entitled, Submission Status of Entities with Cognizant Agency. As expected, the same error reported under Cog List Report was found again in our review of the Submission Status of Entities with Cognizant Agency.</p> <p>In addition, we found that the Submission Status of Entities with Cognizant Agency Report is not generated directly from the information in the Database, but from a table created from a replication of the Database. We found 2 instances when this table was not timely updated; therefore, the Submission Status of Entities with Cognizant Agency Report was not always current. We consider these 2 instances reportable problems. These problems have now been corrected.</p>

Table 9

SEARCH THE SINGLE AUDIT DATABASE		
Agreed Upon Procedures Performed		Results of Procedures
Query 1	<p>Status of Submissions</p> <p>Using a selected sample of 6 reports from the Stage I sample of 200 reports, compare the query results with the information obtained from the Clearinghouse Database.</p> <p>The Audit Status Search checks to see the status of an entity's reporting package submission. Information provided includes whether the package submitted is complete, or whether additional information has been requested. The query is generated by entering part of the auditee name, the complete 9-digit EIN, or State.</p>	<p>We found no errors in our test of the query for Status of Submission. We tested the information we obtained when performing the query with the information we had on the six reports included in the stage 1 sample and determined that query was providing accurate information for this test.</p> <p>We generated the query 46 times using each of the available search criteria and found that the listed search criteria produced accurate results when compared to our sample.</p>
Query 2	<p>Entity Search</p> <p>Using a selected sample of 6 reports from the stage I sample of 200 reports, compare the query results with the information obtained from the Clearinghouse Database.</p> <p>The Entity Search is a query for a list of entities based on name, EIN or State criteria. This query only provides information on completed report submissions.</p>	<p>We found no errors in our test of the query for Entity Search. We tested the information we obtained when performing the query with the information we had on the six reports included in the stage 1 sample and determined that query was providing accurate information for this test.</p> <p>We generated the query 31 times using each of the available search criteria and found that the listed search criteria produced accurate results when compared to our sample.</p>
Query 3	<p>Advanced Entity Search</p> <p>Using a selected sample of 6 reports from the stage I sample of 200 reports, compare the query results with the information obtained from the Clearinghouse Database.</p> <p>The Advanced Entity Search is a query for a list of entities based of any data element or combination of data elements included on the Data Collection Form. The query only provides information on completed report submissions.</p>	<p>We found no errors in our test of the query for Advanced Entity Search. We conducted two tests for each of our 6 sample reports using various Data Collection Form data elements and combination of data elements and verified that the requested information was accurate compared to our 6 reports used in the test.</p>

Table 9 con't

SEARCH THE SINGLE AUDIT DATABASE		
Agreed Upon Procedures Performed		Results of Procedures
Query 4	<p>CFDA Search</p> <p>Using a selected sample of 6 reports from the stage I sample of 200 reports, compare the query results with the information obtained from the Clearinghouse Database.</p> <p>The CFDA Search is a query for a list of CFDA program entries based on name, EIN or State criteria. This query only provides information on completed report submissions.</p>	<p>We found no errors in our test of the query for CFDA Search. We tested the information we obtained when performing the query with the information we had on the 6 reports included in the stage 1 sample and determined that query was providing accurate information for this test.</p> <p>We generated the query 26 times using each of the available search criteria and found that the listed search criteria produced accurate results when compared to our sample.</p>
Query 5	<p>Advanced CFDA Search</p> <p>Using a selected sample of 6 reports from the stage I sample of 200 reports, compare the query results with the information obtained from the Clearinghouse Database.</p> <p>The Advanced CFDA Search is a query of all Data Collection Form information entered into the Clearinghouse Database for completed report submissions. The search is generated by entering any data element or combination of data elements included on the Data Collection Form.</p>	<p>We found no errors in our test of the query for Advanced CFDA Search. We conducted two tests for each of our 6 sample reports using various Data Collection Form data elements and combination of data elements and verified that the requested information was accurate compared to our 6 reports used in the test.</p>

Table 10

Summary of Single Audits by Fiscal year	
Agreed Upon Procedures Performed	Results of Procedures
<p>Summary of Single Audits by Fiscal Year</p> <p>Compare the totals included in this report to the data in the Clearinghouse Database to verify the accuracy of the report.</p> <p>The report is a summary of the reporting packages received by the Clearinghouse for years 1997 through 2003. Summary totals are provided for Incomplete Receipts, Complete Receipts, Complete Receipts with Findings, and Complete Reports without Findings for years 1997 through 2003.</p>	<p>We found small errors in the totals reported on this summary report. The Clearinghouse identified three programming problems as the source of the errors. First, 150 reports were complete but not included in the total due to a missing data element. Second, 16 reports were misidentified as either findings or non-findings reports. Finally, the use of 2 different internal data sources for the summary report and dissemination files caused a mis-count of totals. The Clearinghouse had corrected the first two programming problems and is working on an automated solution for the third. In the interim, they are checking the counts daily, running a query to identify any missing records, so the report download has the correct totals.</p>

U. S. Census Bureau Response

In response to our draft report on our agreed-upon procedures engagement, the U. S. Census Bureau generally agreed with the results of the review but requested minor clarifications in the results section of Table 8. The Bureau’s complete response is included as Appendix V.

OIG Comments

We agreed with the Bureau’s requested clarifications and have modified the final report in the appropriate places to reflect the clarifications.

SUMMARY OF INFORMATION TECHNOLOGY CONTROLS REVIEW AND CENSUS REPOSE

In addition to the agreed-upon procedures, the Department of Commerce, Office of Inspector General also performed a limited scope review of the Information Technology general controls in place over the Clearinghouse System. The system provides its users the ability, via the public Internet to submit or extract information to and from the Clearinghouse Database. The IT general controls are significant to the system because they help ensure the integrity, confidentiality, and availability of information maintained within the Clearinghouse Database.

The Clearinghouse System is comprised of multiple components, including a front-end web-server, several databases, remote access servers, data-entry workstations, and support servers. These components rely upon wide-area network connectivity for communications between the various parts. Many of these components are located in physically separate facilities and managed by different personnel. The overall objective of the review was to evaluate the adequacy and effectiveness of the general IT general controls surrounding the Clearinghouse System using General Accounting Office's (GAO's) Federal Information System Controls Audit Manual (FISCAM). The general control areas we reviewed included the following: entity wide security program planning and management; access controls; application software development and change control; system software; and service continuity.

A final report on the IT general controls review has been issued separately to the Director of the U.S. Census Bureau under Final Report No. ATL-16202-4-0002. We have summarized the findings of that report as follows:

- Technical documentation over the Clearinghouse system needs improvement because substantial portions of the documentation are incomplete, inaccurate, and/or out-of-date.
- Application development testing policies and procedures over the Clearinghouse system needs improvement because application change controls are inadequate and incomplete.
- Technical information and knowledge over the Clearinghouse System should be better centralized because the specific personnel with knowledge over system components are spread throughout the organization.

The final report on the IT general controls recommends that the Associate Director for Information Technology of the U.S. Census Bureau ensure the following:

- Minimum documentation standards for maintaining and restoring the Clearinghouse system components are defined and adhered to.
- Policies and procedures for testing application change controls including integration and acceptance testing are improved.
- A limited number of personnel are given the responsibility for maintaining a comprehensive understanding of the Clearinghouse system.

In response to the draft report, U.S. Census Bureau officials expressed the Bureau's general agreement with our recommendations.

**Single Audit Clearinghouse Database
FY 2002 Audit Reports AUP Project
OIG Sampling Methodology**

This appendix describes the sampling methodology used to determine the Single Audit reports and Catalog of Federal Domestic Assistance (CFDA) program entries in the Federal Audit Clearinghouse Database that were tested. Stage I represents Single Audit reports entered in the Database as of June 16, 2003, with a financial statement period ended during calendar year 2002. Stage II represents CFDA program entries associated with such Single Audit reports as indicated in Part III of the *Data Collection Form for Reporting on Audits of States, Local Governments and Non-Profit Organizations*.

We utilized a two-stage attribute sampling plan prepared by the Department of Labor, Office of Inspector General, to achieve a sample that was representative of the individual CFDA program entries in the Database. As of June 16, 2003, the Database included 18,709 audit reports claiming \$431 billion in Federal awards expended during the auditee's fiscal year 2002. Of the 18,709 reports, we selected 200 reports for testing, using a stratified random sample. These 200 Single Audit reports included 24,009 individual CFDA program entries. Of these 24,009 entries, we selected 900 entries.

Definition and Source of the Universe

The universe was defined in two stages. The stage I universe was defined as all Single Audit reports entered in the Database as of June 16, 2003, with a financial statement period ended during calendar year 2002. This totaled 18,709 reports. The stage II universe was defined as all CFDA program entries as represented in part III of the Data Collection Form for the audit reports identified in the population. This totaled 215,210 entries.

The universe was obtained from the U. S. Census Bureau, Department of Commerce (Census). Census created a Microsoft Access file, which contained two data sets, that was placed on their FTP site for us to download. The files included all data included in the on-line database available over the Internet at <http://harvester.census.gov/sac/> as of June 16, 2003.

Stage I was used to test that all Single Audit packages included the required schedules that were complete prior to acceptance in the Database as indicated in Table 1.

Completeness of Reporting Package

IB1	Financial Statements
IB2	Schedule of Expenditures of Federal Awards
IB3A	Independent Auditor's Report
IB3B	Multiple Reports
IB4	Report on Compliance and Internal Control
IB5	Report on Compliance with Requirements of Each Major Program
IB6	Schedule of Findings and Questioned Costs
IB7	Corrective Actions Plan
IB8	Schedule of Prior Year Findings

Stage I was also used to test the following Database elements from the Database to the Single Audit report or Data Collection Form as indicated in Tables 2 through 4. Database elements are defined by reference to the applicable item on the Data Collection Form. The Data Collection Form is divided into three parts as follows:

- Part I, General Information
 1. Fiscal Year Ending Date
 2. Type of Circular A-133 Audit
 3. Audit Period Covered
 4. Date Received (not tested - Census use only)
 5. Employer Identification Number
 6. Auditee Name, Address and Signature
 7. Auditor Name, Address and Signature
 8. Did Auditee Expend More than \$25 Million in Federal Awards?
 9. Name of Federal Cognizant or Oversight Agency for Audit
- Part II, Financial Statements
 1. Type of Audit Report
 2. Going Concern Explanatory Paragraph
 3. Reportable Conditions
 4. Material Weaknesses
 5. Material Non-Compliance

- Part III, Federal Programs
 1. Type of Audit Report on Major Program Compliance
 2. Statement concerning other A-133 audits not included in this audit
 3. Dollar Threshold to Distinguish Type A and Type B Programs
 4. Low-Risk Auditee
 5. Reportable Conditions
 6. Material Weaknesses
 7. Questioned Costs
 8. Summary Schedule of Prior Audit Findings Reported
 9. Federal Agencies Required to Receive Reporting Package
 - 10d. Total Award Amount Expended

Stage I was also used to test that all Single Audit findings and questioned costs reported in the selected Single Audit reports were correctly included in the Database as indicated in Table 7.

Stage II was used to test the following CFDA program entries from the Database to the Single Audit report as indicated in Tables 5 and 6. Database elements are defined by reference to the applicable item on the Data Collection Form as follows:

- Part III, Federal Programs
 10. Federal Awards Expended During Fiscal Period
 11. Audit Findings

Stratification for Stage I and Stage II Sampling Plan

We used the software program Interactive Data Extraction & Analysis (IDEA) to perform several stratifications of the universe to determine the stratified sample selection for stage I and stage II. We stratified the universe as follows:

Stratum	Strata Range (in thousands)		Number of Single Audit Reports	% of Total Reports	Total Expenditures in Universe	% of Total Expended	Sample Size	Federal Award Expenditures in the Sample (in thousands)
1	\$ 300	\$ 25,000	18,323	97.9%	\$ 46 Billion	10.7%	100	\$304,168
2	25,000	500,000	337	1.8%	31 Billion	7.1%	66	5,659,768
3	500,000	70,000,000	49	.3%	354 Billion	82.2%	34	261,874,726
Totals			18,709	100.0%	\$431 Billion	100.0%	200	\$267,838,662

As mentioned earlier, the universe of the Stage II is the CFDA lines or programs included in the Schedule of Federal Awards. There is a total of 215,210 programs identified on the Clearinghouse Database for FY 2002 as of June 16, 2003.

Stratum	Range of Stage I Dollars Expended (in thousands)		Number of CFDA Entries	% of Total CFDA Entries	Total Expenditures (rounded)	% of Total Expended
1	\$ 300	\$ 25,000	154,251	71.7%	\$ 46 Billion	10.7%
2	25,000	500,000	28,936	13.4%	31 Billion	7.1%
3	500,000	70,000,000	32,023	14.9%	354 Billion	82.2%
Totals			215,210	100.0%	\$431 Billion	100.0%

Sampling Criteria an Determination of Sample Size

The stage I, sample size of 200 was determined using a confidence level of 95 percent one-sided, to assess a tolerable error rate of 7 percent or less. We estimated the deviation (error) rate at 3.75 percent. The actual error rate for the FY 1999 Agreed Upon Procedure Report on the Clearinghouse Database review was 1 percent or less. Therefore, the estimated error rate of 3.75 percent for the FY 2002 review is reasonable. We allocated the sample of 200 reports to the three strata as follows: stratum 1 includes 100 reports; stratum 2 includes 66 reports; and stratum 3 includes 34 reports. We used the formulas provided by Richard L. Scheaffer, *Elementary Survey Sampling* published by Duxbury Press (Wadsworth Publishing Co.), 1996, page 97, to verify that if the planned error rate of 3.75 percent was achieved, the combined sample for the three strata would produce a projected deviation rate of 7 percent or less.

It was decided to test internal controls for a low level of risk. Based on prior experience, we expect to find no more than 3.75 percent errors. To assess internal controls for a low level of risk, it requires that we use a 95 percent one-sided confidence level and a Tolerable rate of 7 percent or less. To see the effect of the Tolerable rate of 7 percent or less, for the stage I sample, the following is a range of sample sizes using different Tolerable rates:

Tolerable Rate	5%	7%	9%
Universe	18,709	18,709	18,709
Estimated Deviation Rate	3.75%	3.75%	3.75%
Sample Size	250	185	100

The above sample sizes were determined based on the AICPA, Auditing Procedures Study, *Audit Sampling (New York, 1997)*, Determination of Sample Size; Reliability, 95percent. We decided to use a total sample of 200 for the stage I sample.

In order to determine the stage II random sample, it was first necessary to link the stage I random sample with the data-file containing the CFDA detail to determine the total CFDA lines for each of the 200 sampled Single Audit reports. We identified that the 200 stage I sample reports have a total of 24,009 CFDA lines. In the previous audit, we selected CFDA lines from each sample transaction. For this audit, we decided to allow IDEA to select a random sample of 900 CFDA lines from the 24,009 universe of CFDA lines for the 200 stage I sample. We knew that this may result in not selecting CFDA lines for each of the 200 reports. The following is the results of the sample selection.

Stratum	Stage I Sample Reports	CFDA Program Entries in Stage I Sample	Number of Reports Selected	CFDA Program Entries in Stage II Sample
1	100	943	81	300
2	66	4,344	47	300
3	34	18,722	27	300
Totals	200	24,009	155	900

The random selection of 900 CFDA lines was derived from 155 Single Audit reports. In the prior year Agreed-Upon Procedures, we allocated the sample to each report. We believe that the current approach will also produce a low level of sampling risk. The total CFDA lines samples in the prior report was 2,559 and the precision was plus or minus 1 percent or less. Because of excellent results achieved, we decided that the sample for FY 2002 should be less than the prior sample. We believe that the 900 sample items will also produce a precision of less than plus or minus 2 percent.

Sample Evaluation

It was decided to test internal controls for a low level of risk. To assess internal controls for a low level of risk, we used a 95 percent one-sided confidence level and a tolerable error rate of 7 percent or less. At this low level of risk, a high reliance can be placed on the system of internal controls over the Clearinghouse Database.

Based on the projections, only the following two elements were not considered to have a low level of risk: 1) the auditor's address, and 2) the identification of low risk auditee. The Clearinghouse has already corrected the programming error that did not allow the users of the Database to view the full address of the auditor. The importance of correctly reporting whether an auditee is classified as a low-risk auditee requires that the auditors be reminded of the importance of accurately completing the Data Collection Form and that care is needed in correctly reporting whether an auditee does or does not qualify as low risk on the Auditor's Summary.

The stage I projections were calculated using formulas from *Elementary Survey Sampling*, by Richard L. Scheaffer, published by Duxbury Press (Wadsworth Publishing Co.), 1996, pages 95-97, formulas for Estimation of a Population Proportion formula 4.16 and 4.17. For Stage I projections when the sample showed no errors, we projected an upper range of errors of 1.10 percent. For this calculation, we used Table F-27 Sample Precision for Relative Frequencies for Random Samples Only- Rate of Occurrences in Sample = 0%.

For combining the Strata in stage I projections, we used the formulas from *Elementary Survey Sampling*, by Richard L. Scheaffer, published by Duxbury Press (Wadsworth Publishing Co.), 1996, page 150 using formula number 5.13 and 5.14. The Scheaffer formula were tested against the formula in the *Handbook of Sampling for Auditing and Accounting*, by Herbert Arkin, Second Edition, published by the McGraw-Hill Book Company, 1974. We used the formula on pages 172-175. Both formulas arrived at the same overall results with insignificant differences.

For the stage II formulas, we used the formulas from *Elementary Survey Sampling*, by Richard L. Scheaffer, published by Duxbury Press (Wadsworth Publishing Co.), 1996, page 345, formulas 9.11, 9.12, and 9.13. For combining the Strata in stage II projections, we used the formulas from *Elementary Survey Sampling*, by Richard L. Scheaffer, published by Duxbury Press (Wadsworth Publishing Co.), 1996, page 150. The formula were tested against the formula in the *Handbook of Sampling for Auditing and Accounting*, by Herbert Arkin, Second Edition, published by the McGraw-Hill Book Company, 1974, using the formula on page 175. Both formulas arrived at the same overall results with insignificant differences.

Summary Schedule of Sampling Projections

The following Summary Schedule includes the projections of errors resulting from the sampling plan developed by the Department of Labor, Office of Inspector General, as described in Appendix I. The sampling projections were based on the errors found and reported in Tables 1 through 7 of the Agreed-Upon Procedures and Results Section of this report. We did not include in this Summary Schedule those attributes where we found zero errors in the sample. However, even with zero errors in the sample you cannot assume zero errors in the population due to sampling error, the risk that our sample is not truly representative of the population.

The sampling plan utilized a two-stage stratified random attribute sample designed to achieve a confidence level of 95 percent one-sided, to assess a tolerable error rate of 7 percent or less. We estimated the deviation rate at 3.75 percent or less. We defined an error as any instance where the information for the data element tested per the Database did not agree with the Single Audit report or Data Collection Form as applicable. For dollar amount data elements, a difference of \$100 or less was not considered an error.

Agreed-Upon Procedures and Results Section I - Completeness of Reporting Package							
	Population	Sample	Errors	Point Estimate % ¹	Projected Errors at Point Estimate ²	Upper Range % ³	Projected Errors at Upper Range ⁴
Table 1 - Reporting Package							
7. Corrective Action Plan (CAP) for current year audit findings.	18,709	200	1	0.98%	183	2.58%	483
8. Summary Schedule of Prior Year Audit Findings may be included although this schedule is not always required.	18,709	200	2	0.05%	11	1.11%	208

¹ The Point Estimate % is derived from the three individual stratum error percentages and represents the most plausible estimate of the percentage of errors in the entire population. We have rounded the Point Estimate percentage to two-digits for this table.

² The Projected Errors at the Point Estimate is the point estimate percentage multiplied by the entire population and represents the estimated number of errors in the population. Although the point estimate percentage was rounded to two-digits for this table, the actual point estimate percentage was used in the calculation of the projected errors.

³ The Upper Range % is defined as a calculated value for which we are 95% confident (one-sided) that the true error percentage will not exceed the calculated percentage. The upper range percentage is simply the point estimate percentage plus the sampling risk for not auditing 100% of the population. We have rounded the Upper Range percentage to two-digits for this table. For the stage I sample data elements where we found 0 errors the upper range percentage is 1.10%.

⁴ The Projected Errors at the Upper Range is the upper range percentage multiplied by the population which equals the estimated errors in the population. We are 95% confident that the true errors will not exceed the Projected Errors at the Upper Range. Although the upper range percentage was rounded to two-digits for this table, the actual upper range percentage was used in the calculation of the projected errors. For the stage I sample data elements where we found 0 errors we calculated a projected error rate at the upper range of 206 errors.

Appendix II
Page 2 of 2

Agreed-Upon Procedures & Results							
	Universe	Sample	Errors	Point Estimate %	Projected Errors at Point Estimate	Upper Range %	Projected Errors at Upper Range
Table 2 - General Information							
Item 6(b) - Auditee Address	18,709	200	3	1.03%	193	2.64%	494
Item 6(g) - Auditee Signature	18,709	200	7	2.99%	559	5.74%	1,073
Item 7(a) - Auditor Name	18,709	200	1	0.98%	183	2.58%	483
Item 7(b) - Auditor Address	18,709	200	10	4.08%	763	7.24%	1,355
Table 3 - Financial Statements							
Item 1 - Type of Audit Report							
1(a) - Compared with Auditor's Report One	18,709	200	1	0.98%	183	2.58%	483
Item 3 - Reportable Conditions							
3(a) - Compared with Auditor's Report Two	18,709	200	3	2.94%	550	5.68%	1,063
3(b) - Compared with Auditor's Summary	18,709	200	1	0.98%	183	2.58%	483
Item 4 - Material Weakness							
4(a) - Compared with Auditor's Report Two	18,709	200	1	0.98%	183	2.58%	483
4(b) - Compared with Auditor's Summary	18,709	200	3	1.99%	372	4.24%	793
Item 5 - Material Non-Compliance							
5(b) - Compared with Auditor's Summary	18,709	200	2	0.99%	185	2.59%	485
Table 4 - Federal Programs Items 1-9							
Item 1 - Report on Major Program Compliance							
1(b) - Compared with Auditor's Summary	18,709	200	1	0.80%	150	0.15%	28
Item 2 - Related A-133 Audits	18,709	200	4	1.97%	369	4.23%	791
Item 3 - Type A Dollar Threshold	18,709	200	8	3.08%	576	5.82%	1,089
Item 4 - Low-risk Auditee	18,709	200	6	5.88%	1,100	9.70%	1,815
Item 5 - Reportable Conditions							
5 (b) - Compared with Auditor's Summary	18,709	200	4	1.06%	198	2.67%	500
Item 6 - Material Weakness							
6(a) - Compared with Auditor's Report Three	18,709	200	1	0.80%	150	0.15%	28
6(b) - Compared with Auditor's Summary	18,709	200	3	0.62%	116	0.12%	22
7 Questioned Costs	18,709	200	2	1.01%	189	2.61%	488
8 Prior Audit Findings	18,709	200	5	2.04%	382	4.30%	804
9 Reporting Package List							
9(a) Compared with Auditor's Summary	18,709	200	16	2.15%	402	4.40%	823
9(b) Compared to Summary of Prior Audit Finding	18,709	200	2	1.96%	367	4.21%	788
Table 5 - Federal Programs Item 10							
Item 10 - Federal Awards Expended							
10(a) - CFDA Number	215,210	900	4	0.36%	770	0.77%	1,657
10(b) - Research & Development	215,210	900	2	0.28%	592	0.68%	1,455
10(c) Name of Federal Program	215,210	900	4	0.50%	1,070	0.99%	2,136
10(d) - Federal Expenditures	215,210	900	6	0.91%	1,965	1.63%	3,501
10(d)(a) - Total Fed Expend compared with SEFA	18,709	200	4	1.06%	198	2.67%	500
10(e) - Direct Award	215,210	900	35	3.73%	8,027	5.08%	10,933
10(f) -Major Program	215,210	900	10	2.01%	4,326	3.12%	6,706
Table 6 - Federal Programs Item 11							
Item 11 - Audit Findings							
11(a) - Type of Compliance Requirement	215,210	900	6	0.49%	1,052	0.92%	1,987
11(b) - Finding Reference	215,210	900	4	0.34%	725	0.75%	1,610
Table 7 - Audit Findings							
Audit Findings	18,709	200	7	1.03%	193	2.63%	492

**SPECIFIED USERS OF FEDERAL AUDIT
CLEARINGHOUSE DATABASE**

Department of Agriculture
Department of Commerce
Department of Defense
Department of Education
Department of Energy
Department of Health and Human Services
Department of Housing and Urban Development
Department of the Interior
Department of Justice
Department of Labor
Department of Transportation
Corporation for National and Community Service
Environmental Protection Agency
Federal Emergency Management Agency (Department of Homeland Security)
National Aeronautics and Space Administration
National Science Foundation

GLOSSARY

Auditor's Report One	The Independent Auditor's Opinion on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards.
Auditor's Report Two	The Report on Compliance and on Internal Controls over Financial Reporting Based on an Audit of Financial Statements in Accordance with Government Auditing Standards.
Auditor's Report Three	The Report on Compliance with Requirements Applicable to Each Major Program and on Internal Controls over Compliance in Accordance with OMB Circular A-133.
Auditor's Summary	The Summary of Auditor's Results included in the Schedule of Findings and Questioned Costs.
CAP	A Corrective Action Plan for current year audit findings.
CFDA	The Catalog of Federal Domestic Assistance.
Data Collection Form	The Data Collection Form for Reporting on Audits of States, Local Governments and Non-Profit Organizations.
Prior Audit Findings	A Summary Schedule of Prior Audit Findings may be included although it is not always required.
SEFA	The Schedule of Expenditures of Federal Awards.



UNITED STATES DEPARTMENT OF COMMERCE
Economics and Statistics Administration
U.S. Census Bureau
Washington, DC 20233-0001
OFFICE OF THE DIRECTOR

MAR 31 2004

MEMORANDUM FOR Michael Sears
Assistant Inspector General for Auditing

Through: Kathleen B. Cooper *KBC*
Under Secretary for Economic Affairs

From: Charles Louis Kincannon *CKincannon*
Director

Subject: *Bureau of the Census: Results of Assessment of Federal Audit
Clearinghouse Database Utilizing Agreed-Upon Procedures*
Draft Report No. ATL-16202-4-0001/March 2004

This is in response to your memorandum of March 12, 2004, transmitting the above referenced draft audit report. We appreciate the efforts of the U.S. Department of Commerce's Office of Inspector General staff in conducting this review, and we generally agree with their results.

We have a few editorial comments and minor clarifications regarding the agreed-upon procedures portion of this report.

The U.S. Census Bureau will respond under separate cover to the Information Technology findings and recommendations in the *Federal Information System Controls Audit Manual Review of the Federal Audit Clearinghouse Database for FY 2003*, Draft Report No. ATL-16202-4-0002/March 2004.

Thank you for the opportunity to review and comment on this draft report.

cc: US/EA