

**S. 4716, Financial Management Risk Reduction Act**

As ordered reported by the Senate Committee on Homeland Security and Governmental Affairs on July 31, 2024

By Fiscal Year, Millions of Dollars	2024	2024-2029	2024-2034
Direct Spending (Outlays)	0	*	*
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	*	*
Spending Subject to Appropriation (Outlays)	0	30	not estimated
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2035?	No	Statutory pay-as-you-go procedures apply?	Yes
		<b>Mandate Effects</b>	
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2035?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No
* = between zero and \$500,000.			

S. 4716 would amend the requirements for federal and nonfederal entities with respect to single audits. In general, current law requires that any nonfederal entity that spends more than a specified amount in federal grants, loans, or contracts within a fiscal year submit to an independent audit, called a single audit, and report the results to the Federal Audit Clearinghouse (FAC). Specifically, the bill would:

- Require the Office of Management and Budget (OMB) to designate at least one federal agency to conduct a governmentwide quality analysis of single audits,
- Require the General Services Administration (GSA) to develop analytical tools to identify risks related to the use of federal award funds, and
- Impose additional reporting requirements on federal agencies.

The bill also would require the Government Accountability Office to report, within four years of enactment, on single audits and GSA’s analytical tools.

The single audit is an oversight tool to ensure that an award recipient has adequate internal controls over federal programs and is complying with relevant requirements. The FAC

See also

[CBO’s Cost Estimates Explained](#), [CBO Describes Its Cost-Estimating Process](#), [Glossary](#)



reviews and stores single-audit reports and the underlying data. Beginning in 2023, GSA assumed the clearinghouse’s responsibilities from the Census Bureau. Since then, GSA has spent about \$10 million updating the FAC; ongoing maintenance is funded under interagency agreements.

Because single audits are a key component of the oversight of federal funds, CBO expects that the agency OMB directs to complete analysis of single audits would delegate the work to its inspector general. Using information from OMB and GSA on the current FAC and data on the costs of similar analyses provided by inspectors general, CBO estimates that implementing S. 4716 would cost \$30 million over the 2025-2029 period; any related spending would be subject to the availability of appropriated funds. Those costs would primarily be for GSA’s administrative and personnel costs, and for the additional costs incurred by the relevant inspector general.

The costs of the legislation, detailed in Table 1, fall within all budget functions involving federal grants, loans, and contracts.

**Table 1.**  
**Estimated Increases in Spending Subject to Appropriation Under S. 4716**

	By Fiscal Year, Millions of Dollars						2024-2029
	2024	2025	2026	2027	2028	2029	
Estimated Authorization	0	5	7	7	6	5	30
Estimated Outlays	0	5	7	7	6	5	30

Enacting S. 4716 also could affect direct spending by some agencies that are allowed to use fees, receipts from the sale of goods, and other collections to cover operating costs. CBO estimates that any net changes in direct spending by those agencies would be negligible because most of them can adjust amounts collected to reflect changes in operating costs.

The CBO staff contact for this estimate is Matthew Pickford. The estimate was reviewed by H. Samuel Papenfuss, Deputy Director of Budget Analysis.

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