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# Reviewing Results of Federal Grants Oversight Using AI

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**Midwestern/Mid-America Intergovernmental Audit Forum**

**April 8, 2026**



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# Single audits help ensure that federal awards are being spent properly

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Single audits are independent reviews of states, local and tribal governments, and nonprofit organizations that spend **\$1 million or more** in federal funds in a fiscal year.



They are conducted by CPA firms or state or local government audit agencies.



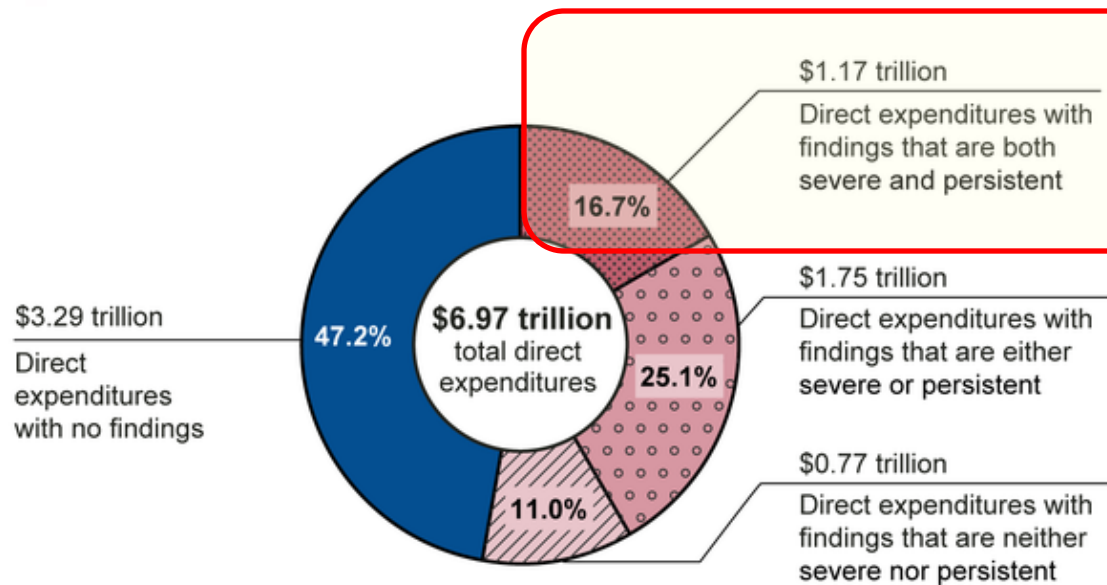
Recipients are required to submit single audit reports to the **Federal Audit Clearinghouse (FAC)**, currently operated by GSA at [www.fac.gov](http://www.fac.gov)



Federal agencies use single audits as a tool to help oversee recipients' compliance with award requirements by reviewing single audit findings.

# Severe and persistent single audit findings affected over \$1 trillion in federal awards

- GAO-24-106173 reviewed government-wide FY2017-2021 single audit data and administrative processes of the FAC
- Made 13 recommendations to GSA, OMB, and Congress to improve single audit quality



Source: GAO analysis of data from U.S. Census Bureau. | GAO-24-106173

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## **GAO has also used single audits to summarize deficiencies identified in individual federal programs**

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- In 2024, GAO reviewed single audits of HHS' Temporary Assistance for Needy Families program (*GAO-25-107291*) and found:
  - 56 material weaknesses
  - 90 significant deficiencies
  - 37 findings that were unresolved for 2 or more years prior, and
  - 105 findings that were unresolved for at least 1 year prior.
- In 2023, GAO reviewed state auditors' single audit findings for Medicaid and recommended CMS officials use them to inform further oversight activities (*GAO-23-105881*).

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## **FACET uses data analysis techniques and AI to summarize deficiencies in grant compliance**

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- GAO's Federal Audit Clearinghouse Exploration Tool (FACET) is an internal-use dashboard that analyzes single audit data for planning, scoping, and reporting
- FACET utilizes a custom data pipeline to transform and clean data from FAC.gov
- FACET uses data analysis techniques to:
  - identify trends in historical single audit findings across a population (i.e., program, agency, government-wide), and
  - identify the longest-standing unresolved single audit findings.
- FACET uses AI to:
  - format the text of single audit findings for faster analysis, and
  - review all findings text and assign topics with human readable labels.

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## AI can help provide tailored insights for different groups by making single audit data easier to understand

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- Using AI to classify single audit findings gives users other ways to identify trends and highlight areas of higher risk
- For example, a state audit official may want to know what findings other states have reported on a common state-administered grant program
- At the federal level, audit officials may want to compare year-over-year performance of auditees, either individually or in groups
- GAO is typically focused more on *overall* program and agency performance and effectiveness (*rather than individual award recipients or subrecipients*)

# FACET summarizes reported expenditures and findings on multiple levels

*Example: HHS' Child Care and Development Block Grant*

Filters are up to date

Reset Filters

Count of audits  
2,910

Count of Audits with Findings  
109

Count of Findings  
200

Basic Filters

Audit Year

2024

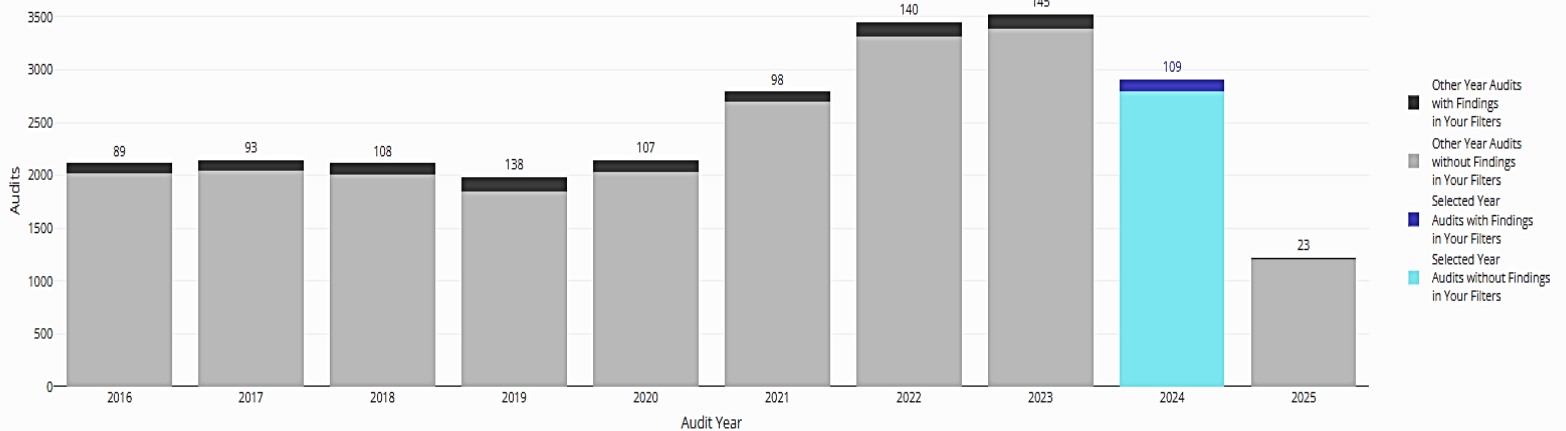
Federal Funding Agency

HHS - DEPARTMENT OF HEALTH AND HUMAN SERVICES (93)

Federal Funding Program (assistance listing)

93.575 - CHILD CARE AND DEVELOPMENT BLOCK GRANT

Time Trend of Audits With and Without Findings Matching Your Filters



### Funding Agencies and Programs Associated with Findings

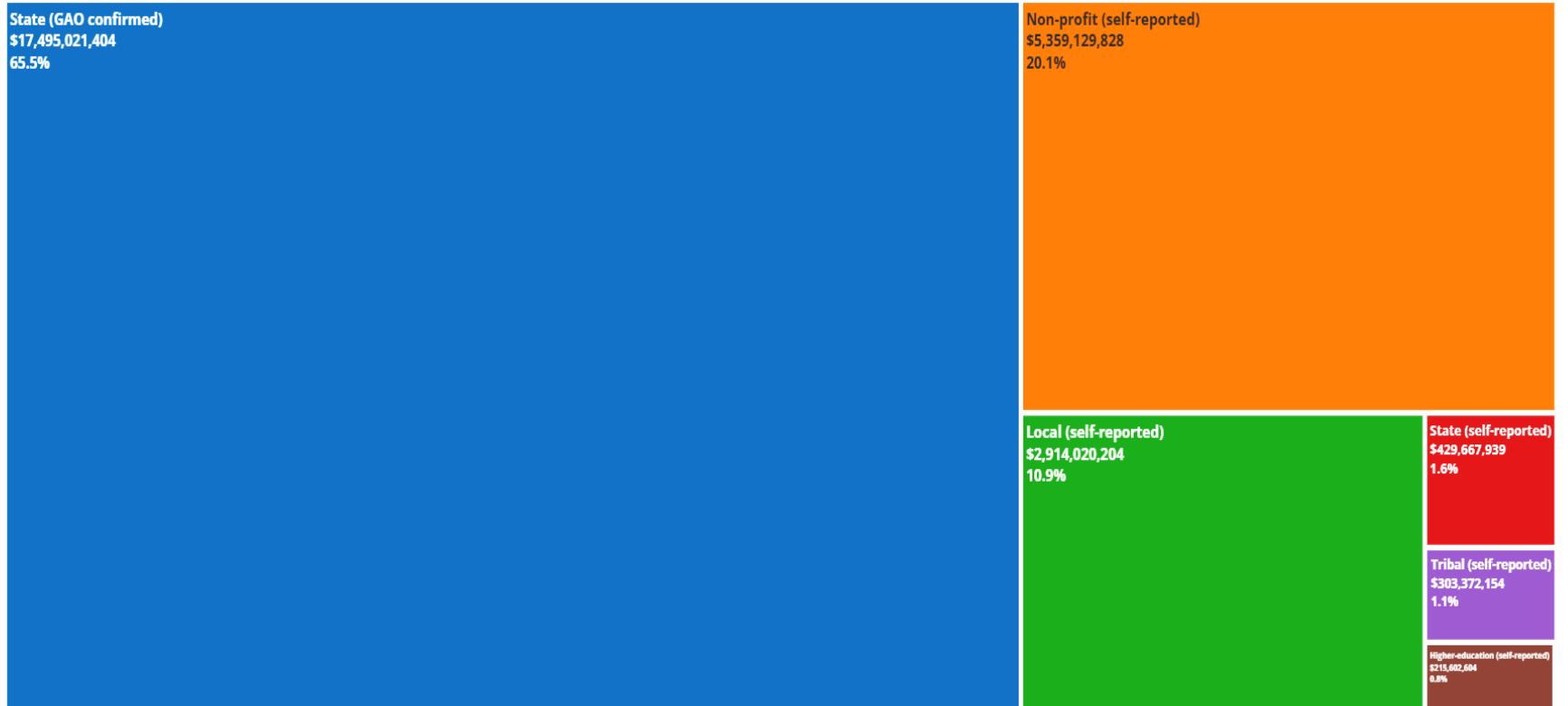
Select Columns to Add/Remove:

- Funding Agency
  Program
  Severity and/or Persistence
  Cognizant/Oversight Agency(ies) for Audit

Funding Agency	Program	Severity and/or Persistence	Audits with Findings	Findings
All	All	All	All	All
HHS	93.575 - CHILD CARE AND DEVELOPMENT BLOCK GRANT	4. Neither severe nor persistent	62	80
HHS	93.575 - CHILD CARE AND DEVELOPMENT BLOCK GRANT	1. Both severe and persistent	17	55
HHS	93.575 - CHILD CARE AND DEVELOPMENT BLOCK GRANT	2. Severe, not persistent	21	50
HHS	93.575 - CHILD CARE AND DEVELOPMENT BLOCK GRANT	3. Persistent, not severe	9	15

Note: Findings may be linked to more than one program; therefore, the number of findings shown here will often exceed the total number of audit findings shown elsewhere in this app.

Count of Federal Award Expenditures by Auditee Type



# Mid-America region findings (IA, KS, MO, NE)

Filters are up to date

Reset Filters

Basic Filters

Audit Year ⓘ

2024

Federal Funding Agency ⓘ

Federal Funding Program (assistance listing) ⓘ

Auditee Filters

Auditee Type ⓘ

Auditee State ⓘ

NE KS IA MO

Count of audits

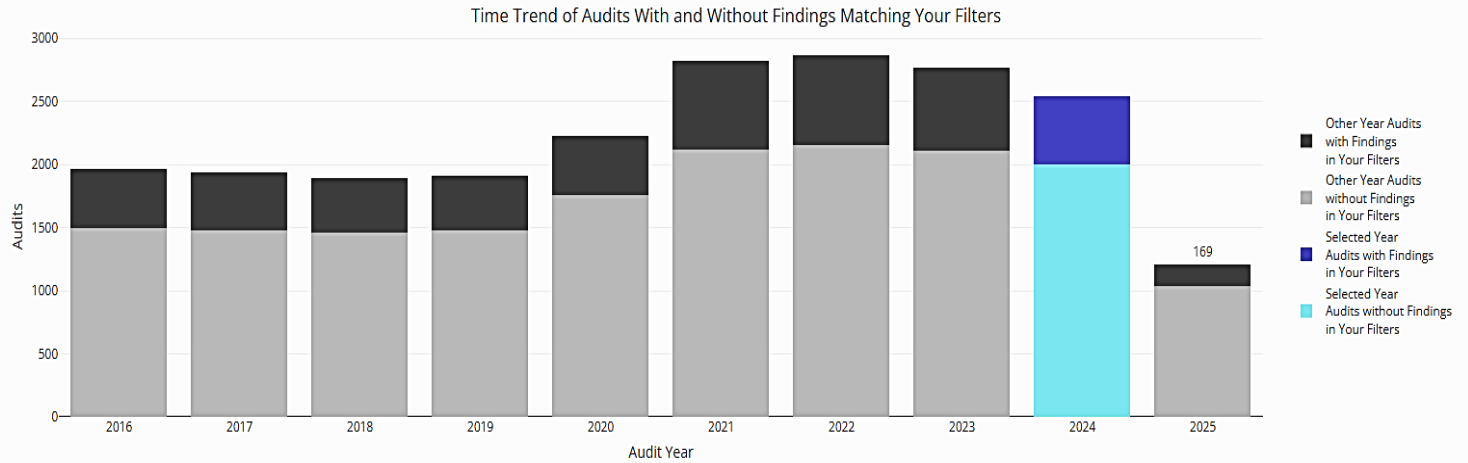
2,539

Count of Audits with Findings

542

Count of Findings

939



**Funding Agencies and Programs Associated with Findings**

Select Columns to Add/Remove:

# Midwestern region findings (IL, IN, MI, MN, OH, WI)

Filters are up to date

Reset Filters

Basic Filters

**Audit Year**  
2024

Federal Funding Agency

Federal Funding Program (assistance listing)

Auditee Filters

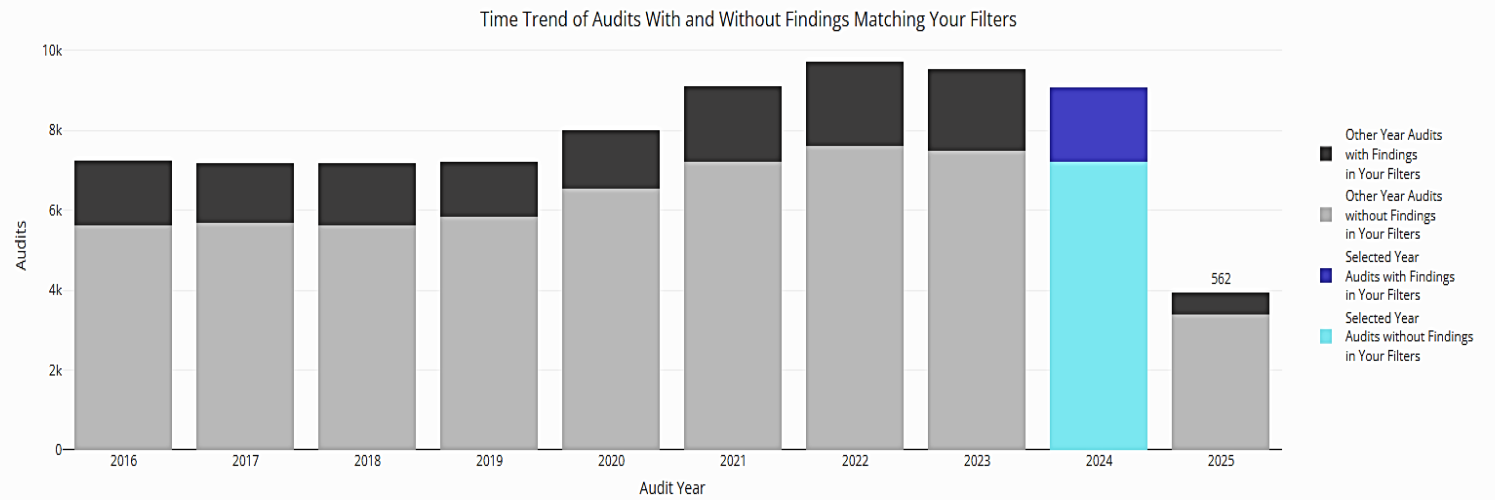
Auditee Type

**Auditee State**  
IL IN MI MN OH WI

Count of audits  
**9,083**

Count of Audits with Findings  
**1,860**

Count of Findings  
**3,417**



Funding Agencies and Programs Associated with Findings

Select Columns to Add/Remove:

Funding Agency  Program  Severity and/or Persistence  Coanizant/Oversight Agency(ies) for Audit



# Connecting findings from year-to-year identifies the longest unresolved issues for further investigation

Search: \_\_\_\_\_

Finding Text Formatted	Auditee Name	Audit Year	Finding Identifier	Generated Finding Topic (if available)	Finding Severity	Total Times Reported	First Year Reported	Most Recent Year Reported	All Finding Identifiers	Audit Report Identifier
<a href="#">[SHOW FINDINGS TEXT]</a>	CITY OF BALTIMORE, MARYLAND	2022	2022-021	Grant Fund Reimbursement Requests	3: Both Modified and Material	6	2019	2024	2019-036, 2020-033, 2021-022, 2022-021, 2023-022, 2024-026	<a href="#">2022-06-CENSUS-000147758</a>
<a href="#">[SHOW FINDINGS TEXT]</a>	NORTHWEST OREGON HOUSING AUTHORITY	2022	2022-003	Housing Authority Operations	3: Both Modified and Material	5	2020	2024	2020-002, 2021-004, 2022-003, 2023-003, 2024-001	<a href="#">2022-06-CENSUS-000182887</a>
<a href="#">[SHOW FINDINGS TEXT]</a>	OCALA HOUSING AUTHORITY	2022	2022-002	Housing Authority Operations	3: Both Modified and Material	6	2019	2024	2019-001, 2020-001, 2021-001, 2022-002, 2023-002, 2024-003	<a href="#">2022-09-CENSUS-000136610</a>
<a href="#">[SHOW FINDINGS TEXT]</a>	FLINT HOUSING COMMISSION	2022	2022-003	Housing Authority Operations	3: Both Modified and Material	5	2020	2024	2020-002, 2021-001, 2022-003, 2023-002, 2024-001	<a href="#">2022-06-CENSUS-000198836</a>
<a href="#">[SHOW FINDINGS TEXT]</a>	DENNIS-YARMOUTH REGIONAL SCHOOL DISTRICT	2022	2022-002	Employee Payroll and Activity Tracking	3: Both Modified and Material	5	2020	2024	2020-002, 2021-002, 2022-002, 2023-002, 2024-001	<a href="#">2022-06-CENSUS-000148549</a>
<a href="#">[SHOW FINDINGS TEXT]</a>	AREA 20/21 WORKFORCE DEVELOPMENT BOARD	2022	2022-002	State Grant Funds Usage	3: Both Modified and Material	8	2017	2024	2017-004, 2018-001, 2019-003, 2020-001, 2021-001, 2022-002, 2023-001, 2024-003	<a href="#">2022-06-CENSUS-000247002</a>
<a href="#">[SHOW FINDINGS TEXT]</a>	HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA	2022	2022-001	Housing Authority Operations	3: Both Modified and Material	8	2016	2023	2016-001, 2017-001, 2018-001, 2019-001, 2020-001, 2021-001, 2022-001, 2023-004	<a href="#">2022-06-CENSUS-000187678</a>
<a href="#">[SHOW FINDINGS TEXT]</a>	MARICOPA COUNTY	2022	2022-101	Student Enrollment Reporting	3: Both Modified and Material	9	2015	2023	2015-105, 2016-101, 2017-101, 2022-101, 2023-101	<a href="#">2022-06-CENSUS-000130463</a>



# FACET uses AI to group findings into categories

Search: \_\_\_\_\_

Finding Text Formatted	Auditee Name	Audit Year	Finding Identifier	Generated Finding Topic (if available)	Finding Severity	Total Times Reported	First Year Reported	Most Recent Year Reported	All Finding Identifiers	Audit Report Identifier
All	All	All	All	All	All	5.00 ... 11.00	All	All	All	All
<a href="#">[SHOW FINDINGS TEXT]</a>	CITY OF BALTIMORE, MARYLAND	2022	2022-021	Grant Fund Reimbursement Requests	3: Both Modified and Material	6	2019	2024	2019-036, 2020-033, 2021-022, 2022-021, 2023-022, 2024-026	<a href="#">2022-06-CENSUS-0000147758</a>
<a href="#">[SHOW FINDINGS TEXT]</a>	NORTHWEST OREGON HOUSING AUTHORITY	2022	2022-003	Housing Authority Operations	3: Both Modified and Material	5	2020	2024	2020-002, 2021-004, 2022-003, 2023-003, 2024-001	<a href="#">2022-06-CENSUS-0000182887</a>
<a href="#">[SHOW FINDINGS TEXT]</a>	OCALA HOUSING AUTHORITY	2022	2022-002	Housing Authority Operations	3: Both Modified and Material	6	2019	2024	2019-001, 2020-001, 2021-001, 2022-002, 2023-002, 2024-003	<a href="#">2022-09-CENSUS-0000136610</a>
<a href="#">[SHOW FINDINGS TEXT]</a>	FLINT HOUSING COMMISSION	2022	2022-003	Housing Authority Operations	3: Both Modified and Material	5	2020	2024	2020-002, 2021-001, 2022-003, 2023-002, 2024-001	<a href="#">2022-06-CENSUS-0000198836</a>
<a href="#">[SHOW FINDINGS TEXT]</a>	DENNIS-YARMOUTH REGIONAL SCHOOL DISTRICT	2022	2022-002	Employee Payroll and Activity Tracking	3: Both Modified and Material	5	2020	2024	2020-002, 2021-002, 2022-002, 2023-002, 2024-001	<a href="#">2022-06-CENSUS-0000148549</a>
<a href="#">[SHOW FINDINGS TEXT]</a>	AREA 20/21 WORKFORCE DEVELOPMENT BOARD	2022	2022-002	State Grant Funds Usage	3: Both Modified and Material	8	2017	2024	2017-004, 2018-001, 2019-003, 2020-001, 2021-001, 2022-002, 2023-001, 2024-003	<a href="#">2022-06-CENSUS-0000247002</a>
<a href="#">[SHOW FINDINGS TEXT]</a>	HOUSING AUTHORITY OF THE CITY OF DAYTONA BEACH, FLORIDA	2022	2022-001	Housing Authority Operations	3: Both Modified and Material	8	2016	2023	2016-001, 2017-001, 2018-001, 2019-001, 2020-001, 2021-001, 2022-001, 2023-004	<a href="#">2022-06-CENSUS-0000187678</a>
<a href="#">[SHOW FINDINGS TEXT]</a>	MARICOPA COUNTY COMMUNITY	2022	2022-101	Student Enrollment Reporting	3: Both Modified and Material	9	2015	2023	2015-105, 2016-101, 2017-101, 2018-101, 2019-101, 2020-101, 2021-101, 2022-101, 2023-101	<a href="#">2022-06-CENSUS-0000130463</a>



# FACET uses AI to format text for improved readability

Search: \_\_\_\_\_

Finding Text Formatted	Auditee Name	Audit Year	Finding Identifier	Generated Finding Topic (if available)	Finding Severity	Total Times Reported	First Year Reported	Most Recent Year Reported	All Finding Identifiers	Audit Report Identifier
All	All	All	All	All	All	5.00 ... 11.00	All	All	All	All

<b>[COLLAPSE]</b>	THE HOUSING AUTHORITY OF THE CITY OF AIKEN, SOUTH CAROLINA	2022	2022-002	Housing Authority Operations	3: Both Modified and Material	8	2017	2024	2017-003, 2018-003, 2019-005, 2020-002, 2021-002, 2022-002, 2023-001, 2024-001	<a href="#">2022-09-CENSUS-0000199743</a>
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**2022-002 Activities Allowed or Unallowed: Loans to Related Parties**

Public and Indian Housing Program  
 CFDA Number 14.850  
 Material Weakness in Internal Control  
 Material Noncompliance  
 Repeat of 9 30 21 Finding 2021-002  
 Originally reported as finding 2019-005 and 2019-010 at 09 30 19

**Criteria:** 24 CFR 990.280 b permits the use of Public and Indian Housing Program PIH for specific project related operating expenses. It does not permit such amounts to be loaned to related parties.

**Condition:** In prior years the Authority had loaned PIH monies to related parties. As of September 30 2022 approximately 209 000 of PIH loans remain outstanding to related parties and approximately 127 000 to other programs of the Authority.

**Cause:** Management of the Authority in prior years who were different individuals than the current management of the Authority either did not understand or did not follow federal guidelines.

**Effect:** PIH monies were used for unallowed purposes.

**Questioned Costs:** None.

**Recommendation:** Management of the Authority should continue to pursue collections of these amounts.

**Views of Responsible Officials of the Auditee:** Current management of the Authority understands these federal guidelines has stopped any further loans of PIH monies to related parties or other programs and is actively pursuing collection efforts.

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## **Enhancements to FACET will focus on high-risk areas and improving single audit quality**

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- Separating out elements of findings for use in modeling to identify characteristics of findings that are traditionally harder to resolve
- Using topic modeling on corrective action plan text to understand what actions are being taken to more efficiently resolve findings
- Understanding differences in results of single audits by auditor and auditee type to indicate audit quality

To see additional ways GAO is using AI, visit [Artificial Intelligence Use Cases | U.S. GAO](#)

**Thank you!**