

FAILURE TO COMPLY

Failure to have audits performed as required may result in the withholding of new discretionary awards and/or withholding of funds or change in the method of payment on active awards.

AUDIT THRESHOLD

1. Effective FY ending after December 31, 2003, non-Federal entities that expend \$500,000 or more in Federal funds (from all sources including pass-through subawards) in the organization fiscal year (12-month turnaround reporting period) shall have a single organization-wide audit conducted in accordance with the provisions of OMB Circular A-133.
2. Effective FY ending after December 31, 2003, non-Federal entities that expend less than \$500,000 a year in Federal awards are exempt from Federal audit requirements for that year. Records must be available for review or audit by appropriate officials including the Federal agency, pass-through entity, and General Accounting Office (GAO).

AUDIT CONFIRMATION REQUESTS

Send audit confirmation requests to:

Office of the Comptroller
Attention: Monitoring Division
810 7th Street, NW
Washington, DC 20531

DUE DATES FOR AUDIT REPORTS

Audits are due no later than nine (9) months after the close of each fiscal year during the term of the award.

AUDIT COMPLIANCE

Techniques to use to determine recipient compliance with Federal requirements when an organization-wide audit is not conducted include:

1. Obtaining audits from recipients that were made in accordance with the “Government Auditing Standards”;
2. Relying on previous audits performed on recipient’s operations;
3. Desk reviews by program officials of project documentation;
4. Project audits by auditors or auditors obtained by recipients; and
5. Evaluations of recipient’s operations by program officials.

RESOLUTION OF AUDIT REPORTS

Timely action on recommendations by responsible management officials is an integral part of the effectiveness of an audit. Each recipient shall have policies and procedures for responding to audit recommendations by designating officials responsible for:

1. Following up;
2. Maintaining a record of the action taken on recommendations and time schedules for completing corrective action;
3. Implementing audit recommendations;
4. Submitting periodic reports to the cognizant Federal audit agency on recommendations and actions taken; and
5. Providing an audit special condition on all subawards. This special condition contains information, such as the audit report period, required audit report submission date, and name and address of cognizant Federal agency. The policy of the awarding agency is not to make new awards to applicants who are not in compliance with the audit requirements.

The awarding agency monitors the audit requirements through its audit tracking system and is responsible for tracking audit reports received through the audit process until resolved and closed.

TOP TEN AUDIT FINDINGS

1. Untimely report submissions;
2. Lack of documentation;
3. Inadequate monitoring of subrecipients;
4. Inadequate time/effort reports;
5. Inaccurate reports (Financial Status Reports);
6. Commingling of funds;
7. Excess cash on hand;
8. Unallowable costs;
9. Inappropriate changes; and
10. Conflicts of interest.