

# Audits & Audit Resolution

Chapters II-12 & II-13

# Single Audit Act Audits

- Government-wide auditing standards
- System of audit responsibilities at each level
- Expenditure threshold of \$300,000
  - Total combined Federal expenditures
  - Within organization's fiscal year

# SAA, continued

- Annual audits
  - Exceptions
- Submission
  - Within 1 month of completion
  - No later than 9 months
- Applies to all recipients and subrecipients

# Single Audits

- 29 CFR Part 96
- 29 CFR Part 99
- No SAA requirements for:
  - Expenditures of less than \$300,000
  - Vendors
  - Commercial organizations
- Compliance supplements
  - Revised annually

# The Yellow Book

- Issued by Comptroller General
  - Last formal revision – July 1999
- 7 Chapters
  - General Standards
  - Standards for Field Work
  - Standards for Reporting
- Financial audits
- Performance audits

# Amendment #3

- Auditor Independence Requirements
- Pertains to non-audit services
  - Management functions
  - May not audit own work
  - No non-audit services if material to audit
- Additional safeguards
- Effective audit period beginning 01/01/03
- Formally incorporated-end of May 03

# Commercial Requirements

- Direct recipients
  - ETA responsible for audit
  - 29 CFR 96.32
  - Proposed 20 CFR 641.821
- Subrecipients
  - Organization wide or program specific audit
  - \$300,000 expenditure threshold

# Grantee Responsibilities

- Identify all Federal funds
- Maintain internal controls
- Prepare financial statements
- Assure lower level audits
- Follow-up on all audit findings



# SAA Audit Reports

- Single or combined reports
- Financial statements
- Internal controls
- Compliance
- Data collection form
- Schedule of findings & questioned costs

# Schedule of Findings

- Summary of auditors results
- Type of opinion
- Determination of major and non-major programs
- Dollar thresholds
- Findings & questioned costs

# Report Submission

- Summary schedule of prior findings
- Financial statements
- Auditor reports
- Data collection form
- Federal clearinghouse for distribution
- Awarding agency if subrecipient

# How Auditors View Themselves



# How Auditors are Viewed



# Audit Resolution

- DOL 29 CFR Part 96, Subpart E
- Accept or reject audit findings
- Apply sanctions
- Decision within 180 days
- Awarding agency responsibility

# Audit Resolution

- DOL 29 CFR Part 96, Subpart E
  - Initial Determination, Informal Resolution, Final Determination
- Use procedures used for other Federal grants
- Informal resolution – 60 days
- 180 or 360 day process

# Non-Federal Resolution

- No prescribed system
- Ensure corrective action
- Allow or disallow costs
- Determine applicability of "stand in" costs
- Establish debt
- Provide appeal rights



# Pre-Resolution Stage

- Accept audit or return for additional work
- Provide opportunity for additional documentation
- Establish time frames
- Provide contact information

# Initial Determination

- Preliminary decision
- Monetary or administrative findings
- Findings format
  - Condition
  - Criteria
  - Effect
  - Cause
  - Recommendation
- Informal resolution period

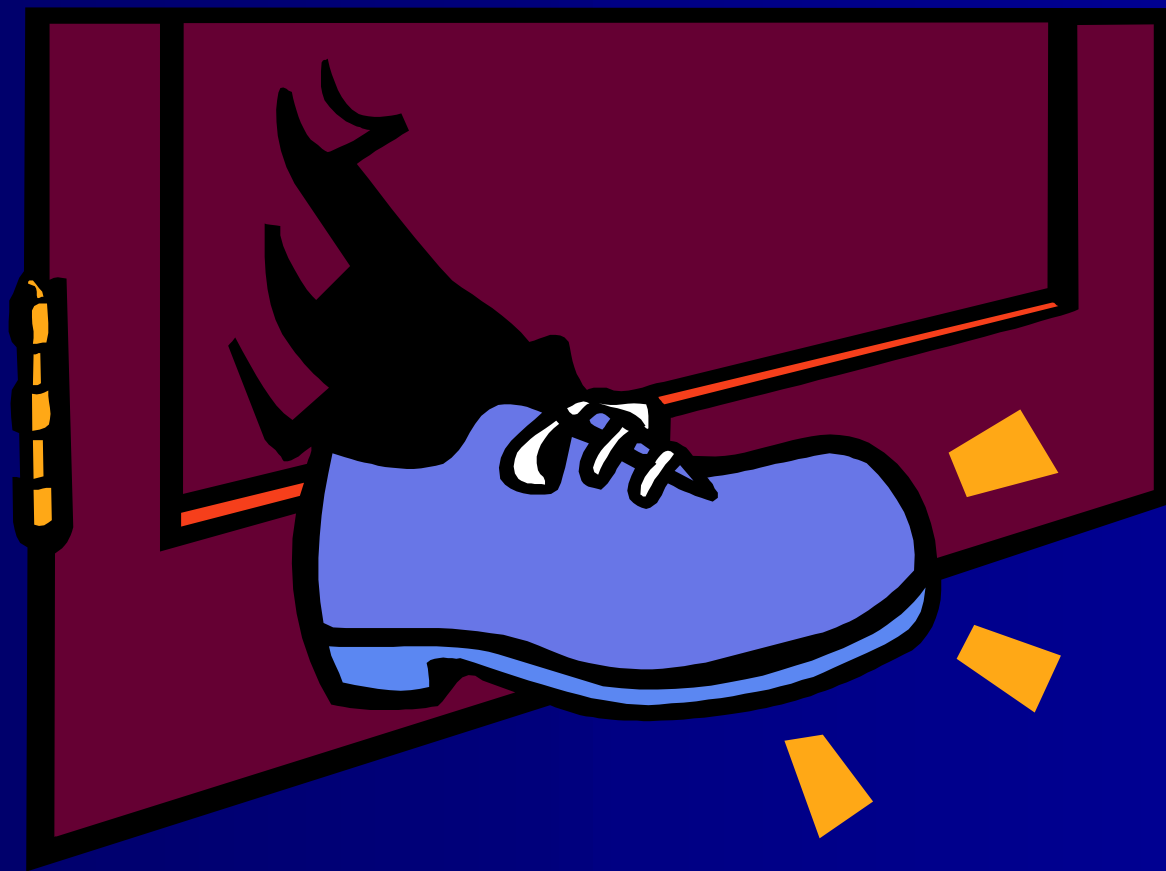
# Monetary Findings

- Clear violation of law or regulations
  - Eligibility
  - Unallowable costs
- Not supported by source documentation
  - Cannot be traced from books of account
- Results in disallowed cost

# Administrative Findings

- Deficiency in internal controls or financial systems
- Result in required corrective action
- Time frames for completion
- Sanctions if not corrected

# Stand-In....



# Stand-In Costs

- Allowable costs substituted for disallowed costs
- Additional program costs not financed by grant
- Included in audit scope
- Not result in limitation violation

# Stand-In Costs #2

- Accounted for in grantee financial system
- Documented in same manner as all grant costs
- In-kind contributions not acceptable
- Same time period
- Costs of same organization

# Final Determination

- Final awarding agency resolution
- Disallowed costs subject to repayment
- Corrective action for non-monetary findings
- Establishes debts
- Provides appeal rights



# Appeals



# Appeals - SCSEP

- Proposed 20 CFR 641.920, 930
- Applies to actions of the Secretary
- Filed within 21 days
- Certified return-receipt
- Alternative Dispute Resolution
- Next level appeals to the ARB

# Debt Collection

- System for collection of debts at all levels
- Cash is always preferred
- Debt collection also by
  - Administrative offset
  - Treasury offset

# Debt Collection

- Non-federal
  - No prescribed system
  - Must have process & procedures
- Payment to ETA
  - If fund availability lapsed



# QUESTIONS?

