

2010 Financial Assistance Workshop

GMD Connected: The New Decade

**Office of Inspector General
Financial Assistance Audits
Daniel J. Buchtel
Regional Inspector General**

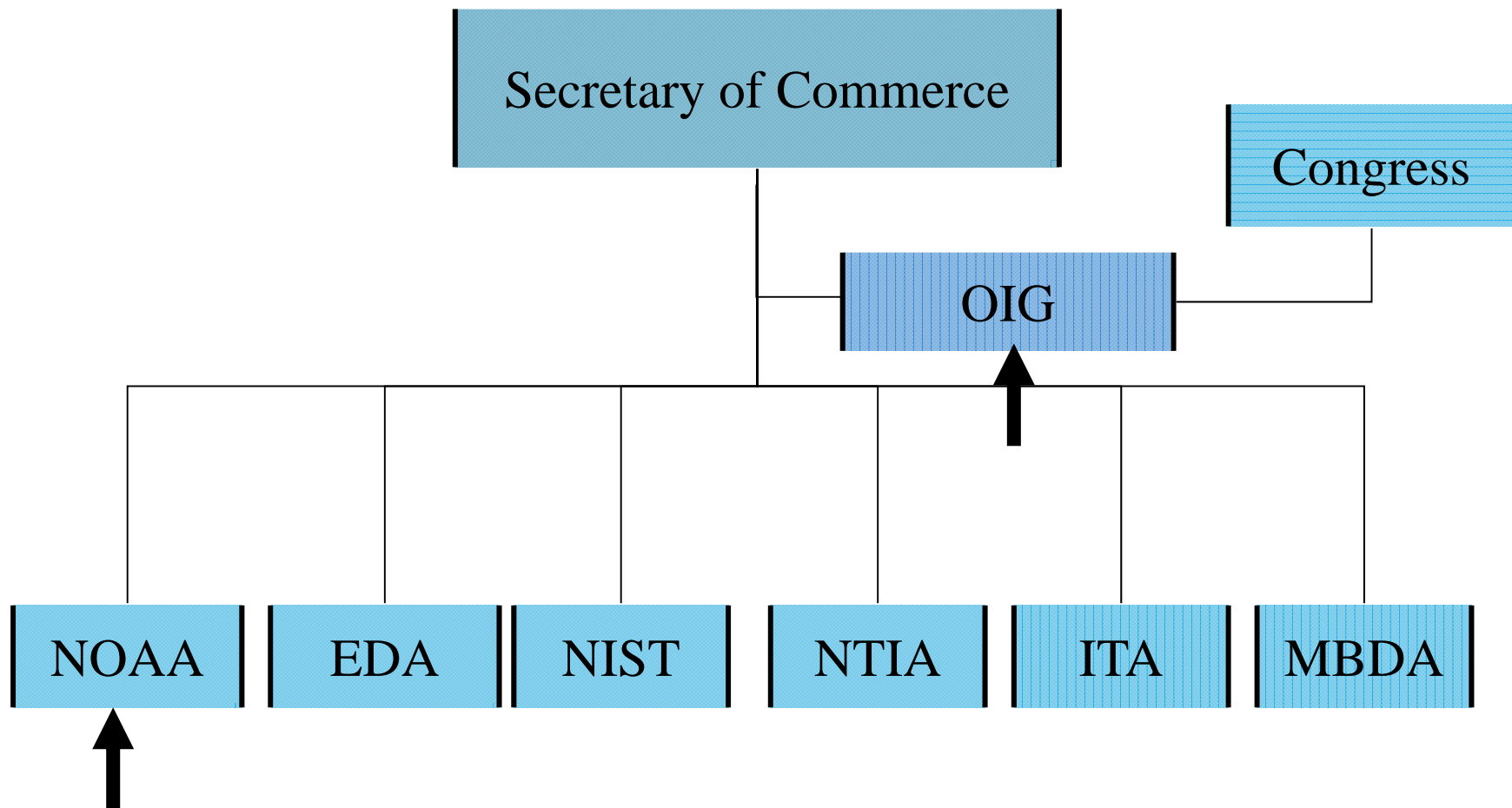




Hi, I'm here to help you!!



U.S. Department of Commerce





National Oceanic and Atmospheric Administration

OIG Regional Offices

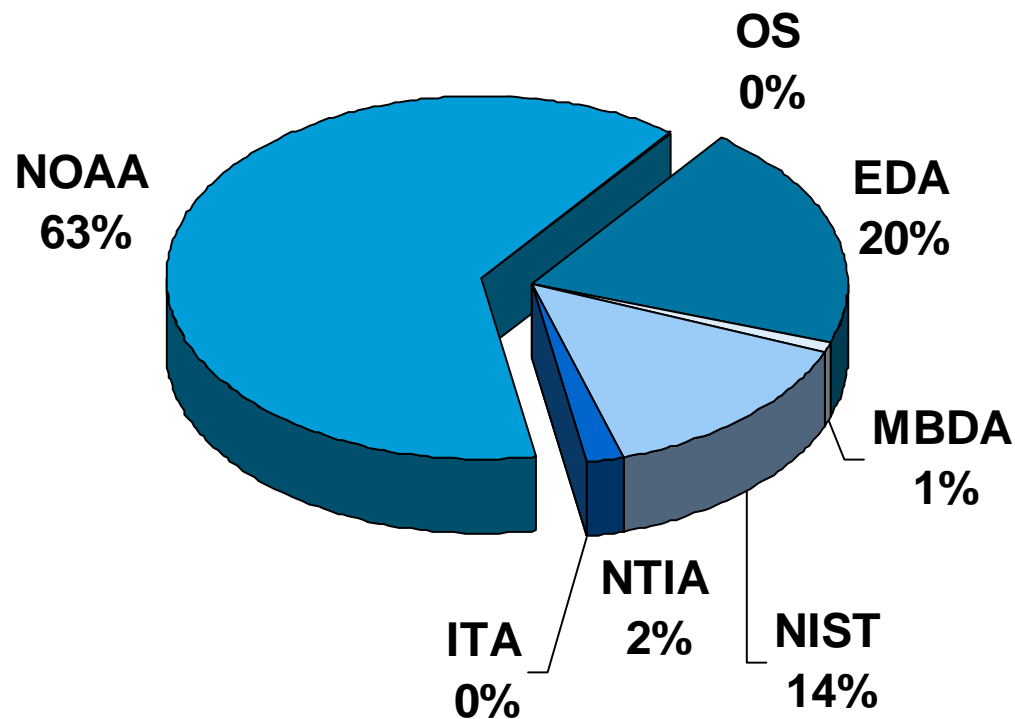


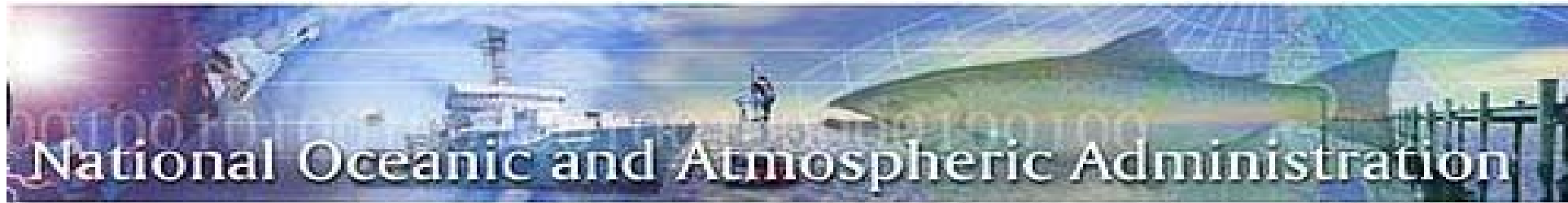
OIG's National Single Audit Office is located in Atlanta



Commerce Financial Assistance

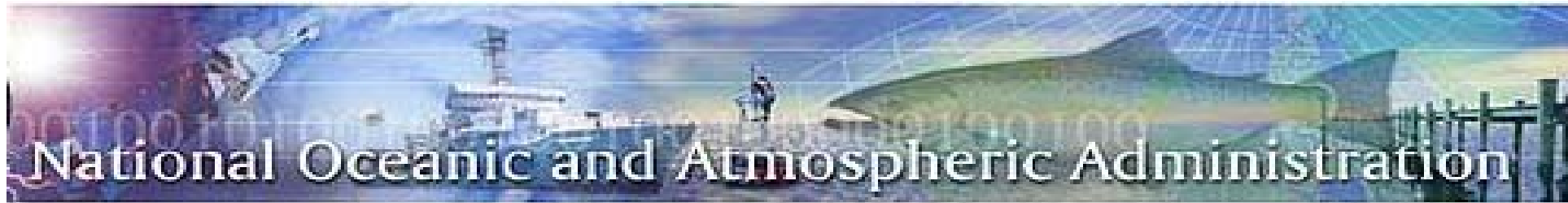
73 Programs and \$1.6 billion





Purpose of Single Audits

- Provide for uniform organization-wide audits
- Promote sound financial management and effective internal controls
- Promote efficient and effective use of audit resources
- Reduce burden on state and local governments and non-profit organizations
- Provide federal agencies reliable and useful audits



Implementing Single Audits

- Single Audit Act Amendments of 1996. Pub. L. No. 104-156, 31 U.S.C. §§ 7501-7507.
- OMB Circular A-133
- Compliance Supplements
- Clearinghouse
- Resolution Process



Single Audit Requirements in General

- Required when an entity has \$500,000 in annual expenditures of federal funds
- Major Programs receive the greatest audit coverage
- Must be submitted to the Clearinghouse within 9 months (electronically for fiscal years ending after January 1, 2008)



Key Auditee Responsibilities

- Identify all federal awards and programs
- Prepare a schedule of expenditures of federal awards



Major Programs

Program	Expenditures*
HHS	\$11,100,000
Interior	2,000,000
NOAA	1,000,000
USDA	550,000
EDA	300,000
EDA Planning	50,000
Total	\$15,000,000
	X 3%
Major Programs	\$ 450,000
*Federal Share	



Major Programs

Percent of Coverage Rule:

- Low Risk Auditee – 25 percent of federal awards on SEFA must be audited as major
- Not a Low Risk Auditee – 50 percent of federal awards on SEFA must be audited as major



Major Programs

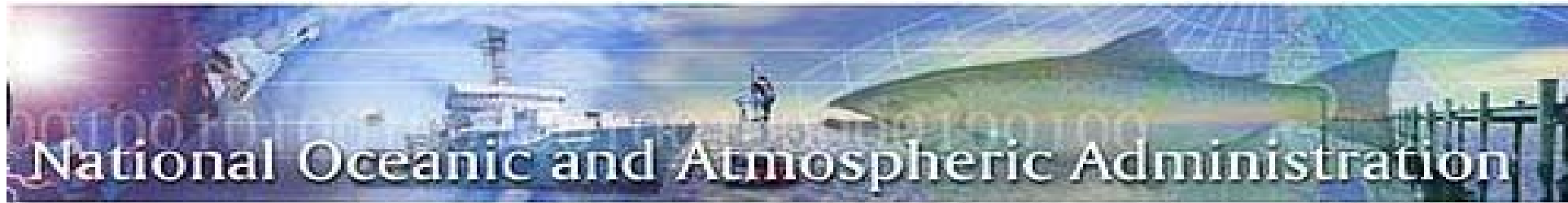
To qualify as a Low-Risk Auditee must meet all the following criteria for the last 2 consecutive years:

- Single audits filed annually,
- Unqualified opinions on financials and SEFA ,
- No deficiencies in internal controls over financials, and
- No major programs had a material weakness in internal controls, noncompliance findings, or questioned costs.



What Can Trigger A Federal Audit?

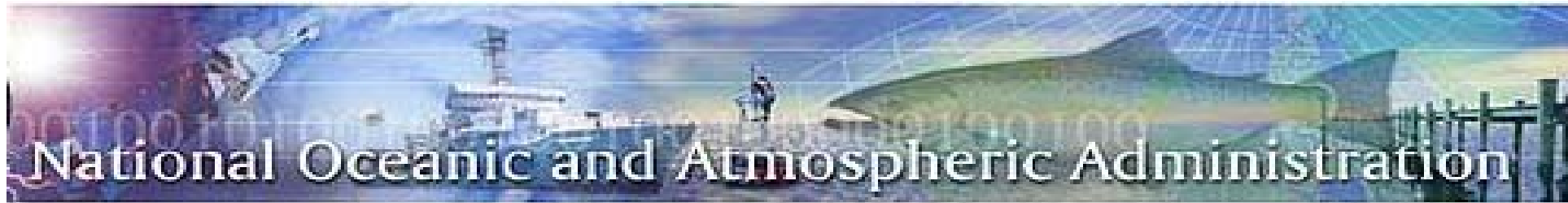
- Single Audit Oversight
- Grant Audit Task Force
- Grant/Program Officer Referral
- Hotline Complaints



Single Audit Oversight

- Commerce OIG Cognizant Agency
- RLF, Major, or High Risk Programs
- OIG Routinely Monitors
- Cost or Compliance Issues
- No Single Audit to Clearinghouse

Tricia Henry, Single Audit Coordinator
(404) 730-2780 - PHenry@oig.doc.gov



Risk Based Audit Selection

- Developed a systematic audit selection process targeting:
 - Relative Program Risk
 - Recipient Characteristics
 - Program Award Process Problems
 - Fraud Indicators
 - Cross-cutting Audit Issues



Grant/Program Officer Referral

- Financial/Performance Report Issues
- Site Visit or Monitoring Concerns
- Complaints or Allegations



Hotline Complaints

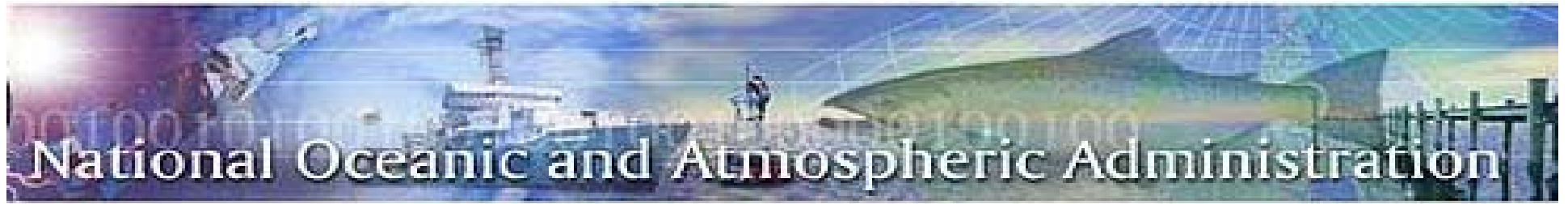
- Credible Complaint
- Significant or Material Issues
- Often Referred to Grants Officer
- Hotline Number: 1-800-424-5197



HELP!!!

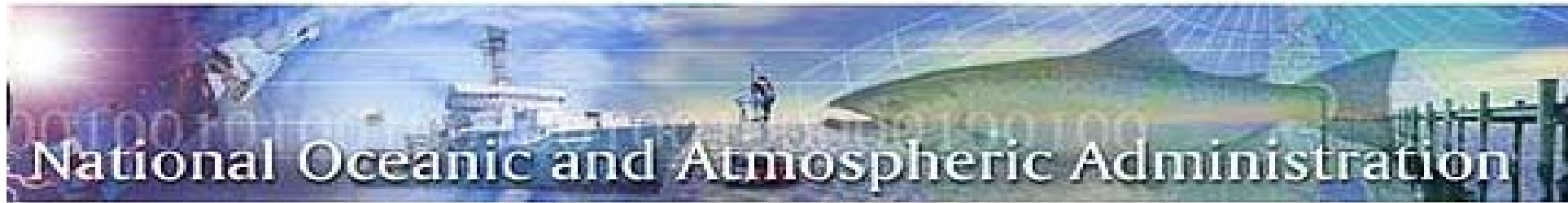
We're  Being

AUDITED



SCOPE OF AUDIT

- Cost
- Compliance
- Performance Issues



Cost Issues

- Salary Distribution
- Fringe Benefits
- Travel Costs
- Entertainment Costs
- Contributions & Gifts
- Lobbying Costs
- Indirect Costs & Allocation Plan

http://oamweb.osec.doc.gov/docs/GRANTS/indirect_costs.doc



Cost Issues

- In-kind Contributions
- Equipment
- Contracts & Subagreements



Compliance Issues

- Financial Management System
- Matching Funds/In-kind Contributions
- Scope/Budget Revisions
- Procurement Practices
- Property Management
- Subrecipient Monitoring
- Financial/Performance Reporting
- Program Income
- Misconduct in Research



Performance Issues

- Achieving Project/Performance Objectives
- Accomplishing legislative intent
- Meeting project timetable or performance deadlines
- Managing the project



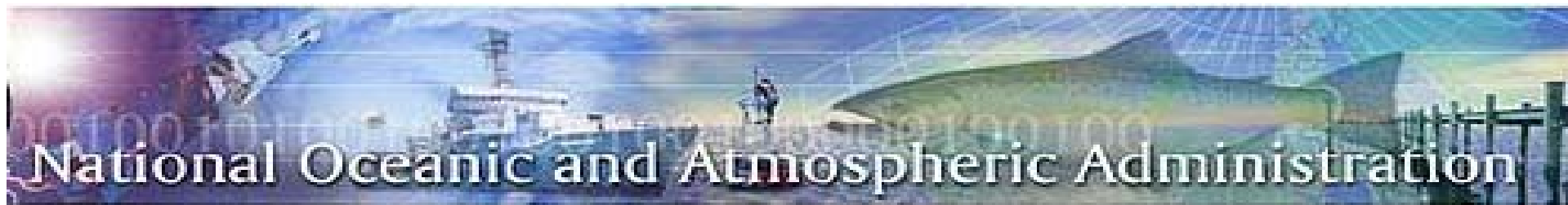
Auditee Comment

- During the Audit
- Exit Conference
- Response to Draft Audit Report
- Response to Final Audit Report
- Appeal of the Agency Audit Resolution Determination



To Avoid Audit Findings

- Prepare a thorough, fact-based proposal.
- Review and tune-up financial, administrative, and project management systems.
- READ and UNDERSTAND before you sign and revisit award requirements frequently during the project.
- Ensure all staff understand the project and award requirements and that they communicate fully and frequently throughout the project.



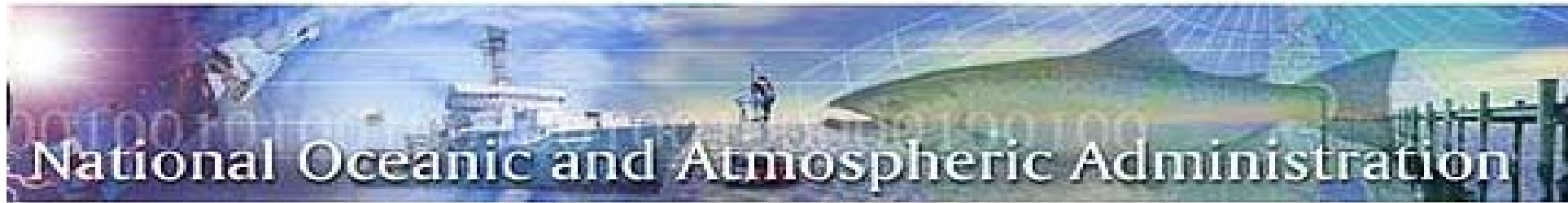
To Avoid Audit Findings

- If in doubt, ASK QUESTIONS and get answers and approvals BEFORE acting.
- Know your NOAA contacts.
- DOCUMENT, DOCUMENT, DOCUMENT!
- Attend training.
- Respond fully and timely at every opportunity during the audit and resolution.



How We Audit

- We audit in accordance with
 - Government Auditing Standards
 - AICPA Standards
 - The Inspector General Act of 1978, as Amended. 5 U.S.C. App. 3.
- We build upon A-133 and other audits where relevant to our audit objectives.



How We Audit

- We audit in accordance with criteria:
 - Award
 - Terms and Conditions
 - Proposal and Amending Letters
 - Assurances
 - Uniform Administrative Requirements
 - Federal Cost Principles
 - Laws, Regulations, and Program Guidance
 - Prudent Business Person



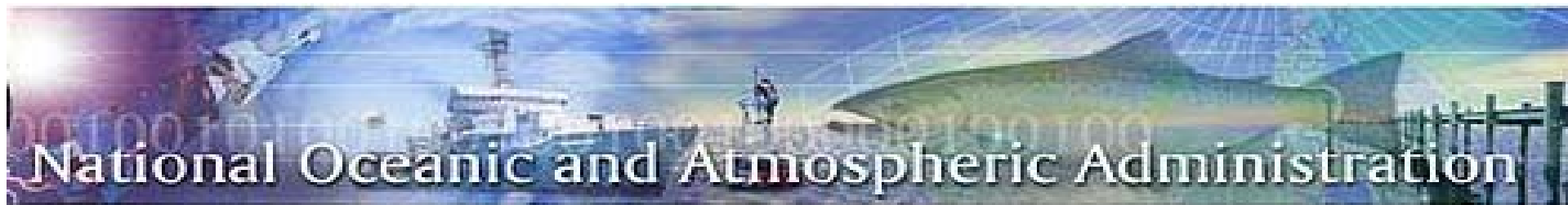
How We Audit

- Where necessary, we RECOMMEND that NOAA take corrective action.

APPLICABLE REGULATIONS SPECIFIC TO ORGANIZATIONAL TYPE

Type	Administrative	Cost Principles	Audits
For Profit Entities	15 C.F.R. Part 14	48 C.F.R. Part 31.2 (Federal Acquisition Regulations)	“Program-specific” audit using Government Auditing Standards
Institutions of Higher Education	15 C.F.R. Part 14	2 C.F.R. Part 220 (Formerly OMB Circular A-21)	OMB Circular A-133
Non-Profit Organizations	15 C.F.R. Part 14	2 C.F.R. Part 230 (Formerly OMB Circular A-122)	OMB Circular A-133
Hospitals	15 C.F.R. Part 14	45 C.F.R. Part 74	OMB Circular A-133
State and Local Governments	15 C.F.R. Part 24	2 C.F.R. Part 225 (Formerly OMB Circular A-87)	OMB Circular A-133

Note: In conjunction with the above referenced audit regulations, awardees must also follow (1) Department of Commerce Financial Assistance Standard Terms and Conditions, (2) General Terms and Conditions, and (3) Special Award Conditions.



Thank You

Questions??