



Audits and Site Visits

Unidos siempre será vencido

History of Our Community

is written on the pages of the lives of the past & present residents & the legacy it leaves its future generations

INTRODUCTION:

Subrecipient Risk for Audits



Subrecipient prior experience with similar subawards



Results of previous audits with similar subawards



Whether subrecipient has new personnel or substantially changed systems



Extent and results of federal agency monitoring

INTRODUCTION:

Other Risk Assessment Considerations



Identify or prioritize which items are higher risk



Other considerations: Maturity of organization, organization type (for profit or non-profit)

Preparation – Set Up Grant Project File



Subrecipients must have unique identifier for tracking grant project and set up grant project file at beginning of grant project to maintain relevant financial and programmatic information related to the grant



Financial records, supporting documents and all other records pertinent to federal award must be retained 7 years



Include: Grant application, work plan, all accompanying documents, grant agreement



Include: Federal Financial Reports and progress reports



Include: Payment requests with supporting documentation



Include: Changes to award agreement and other written approvals, correspondence with EPA



Include: Purchase records for equipment, supplies, materials or services



Include: Contracts, subawards, payments to program beneficiaries

Audit Requirements



THRESHOLD: Federal grant expenditures totaling \$1M or more starting on or after 10/1/24 require an audit



MEASUREMENT PERIOD: Calendar year federal grant expenditures



TYPES OF AUDITS: Single Audit or Program-Specific Audit
Only Single Audits would typically be conducted



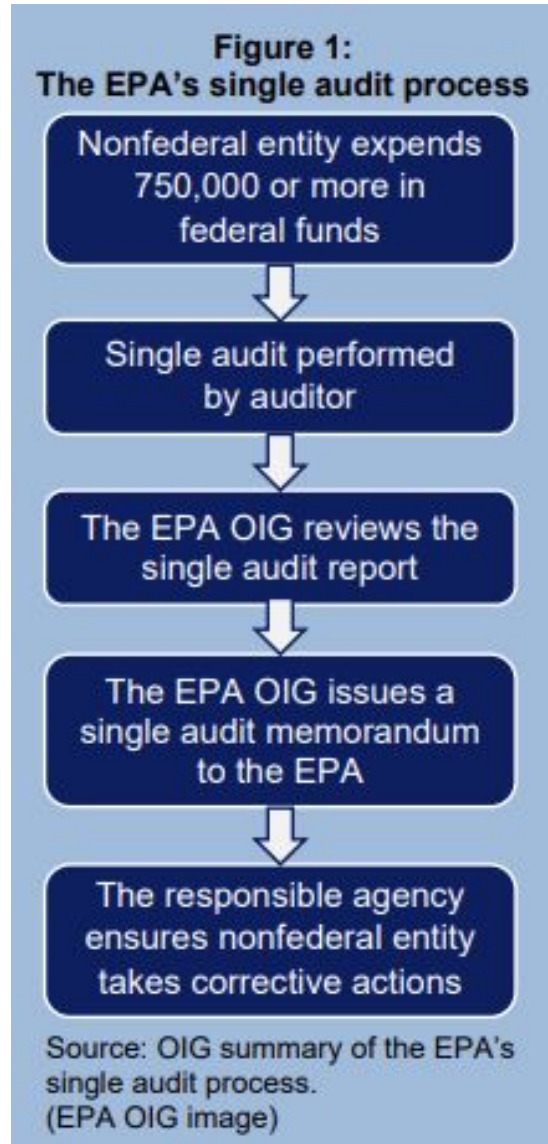
REQUIREMENT: Must submit single audit report from independent auditor within 9 months of end of recipient's fiscal year to Federal Audit Clearinghouse



EXEMPTION: For profit organizations and grants with federal expenditures less than \$1M during calendar year with a few exceptions: other financial audits required under another federal regulation, GAO may conduct additional audits; request for major program audit

AUDITS:

Single Audit Process



Areas of Compliance Under Review

(up to six compliance areas below can be selected)

- Activities Allowed or Unallowed
- Allowable Cost/Costs Principles
- Cash Management
- Eligibility
- Equipment and Real Property
- Matching, Level of Effort, Earmarking
- Period of Performance
- Procurement and Suspension and Debarment
- Program Income
- Reporting
- Subrecipient Monitoring
- Special Tests and Provisions



Audit Findings

- Significant deficiencies or material weaknesses in internal control over major programs
- Material noncompliance with Federal statutes, regulations or terms and conditions of federal grant awards related to a major program
- Known questioned costs or likely questioned costs greater than \$25,000 for a compliance requirement for major program – auditor will evaluate prevalence and consequences of questioned costs
- Known questioned costs greater than \$25,000 for federal program not audited as major program
- Circumstances on why auditor’s report on compliance for major program is not an unmodified opinion – unless reported in audit findings in schedule of findings and questioned costs
- Known or likely fraud affecting federal grant award - unless reported in audit findings in schedule of findings and questioned costs
- Misrepresentation of prior audit findings
- Audit findings must be presented with sufficient detail and clarity to allow recipient to prepare corrective action plan, take corrective action, and federal agency to arrive at management decision



Site Visits

- Desk reviews
 - Focused examinations of relevant documentation and financial systems for a grant program
 - Usually conducted virtually
 - Evaluate recipient's capacity to manage their award
 - Can be preliminary step before site visit
- Site Visits
 - Occur at recipient's office or program location or virtual
 - Review capacity, performance and compliance of recipient
 - Allow federal agency access to offices and facilities, documentation, financial records, physical assets, written policies and procedures, audit compliance records, and internal controls
 - Not only with high-risk grantees

Focus Areas for Site Visits



Typical monitoring areas of focus to ensure recipient is compliant



Monitoring Financial Reports

Review all financial reports – cost incurred with drawdowns to ensure both sets of documentation agree per 2 CFR 100.332(d)



Monitor Performance and Program Reports

Review submission of programmatic reports to ensure reports submitted on time and show recipient progress and requirements fulfilled per 2 CFR 200.332(d)(1)



Monitor Administrative Requirements

Compliance on internal controls, accounting, allowability, procurement, inventory process, audit resolution, records retention

Resources

- [Considerations from Single Audit Reports for the EPA's Administration of Infrastructure Investment and Jobs Act Funds](#)
- [eCFR :: 2 CFR Part 200 Subpart F -- Audit Requirements](#)
- [Preparing for Desk Reviews and Site Visits Guide Sheet](#)
- [EPA General Terms and Conditions effective October 1, 2024 or later](#)
- [EPA Subaward Policy Requent Questions \[Updated November 2024\]](#)
- [Information on Requirements that Pass-Through Entities must "Flow Down" to Subrecipients \[Revision Date: March 2023\]](#)