

COMPARING OVERSIGHT PROCESSES

Subrecipient Monitoring

A means to oversee grants from “pass-through entities” that receive funds directly from the U.S. federal government to subrecipient agencies tasked with implementing the programs. It examines both fiscal and performance aspects of grant compliance. To accommodate a focus on performance, it is more flexible in methodologies than an audit.

Single Audit

Previously known as the OMB Circular A-133 audit, a Single Audit is an organization-wide financial statement and federal awards audit of a non-federal entity that spends \$750,000 or more in federal funds in one year.

Financial Statement Audit

An independent examination of the reliability of an entity’s financial statements by a certified public accounting firm, but not necessarily associated with federal funding. Used to assure stakeholders such as investors in public companies, the general public, board members, and holders of government bonds that financial reports are reliable. Stringent requirements on methodologies apply.

PURPOSE

- To ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward.
- To ensure that subaward performance goals are achieved.
- To improve grant programs by identifying weaknesses or instances of noncompliance and recommending corrective action.

- To obtain an understanding of internal control, assess risk, and test internal control as required by 2 CFR section 200.514(c).
- To determine whether federal awards were expended only for allowable activities.

- To determine accuracy and completeness of financial statements covering a past period.
- To assess compliance with financial reporting standards.
- To determine if financial statements provide a fair presentation of results and the financial position of the auditee.

REVIEW SUBJECTS

Subrecipients of federal grants —those that receive the grants through an intermediary. Also included are ground-level organizations, such as schools or non-profits, that receive the grants from the Subrecipient.

Entities on any level that expend \$750,000 or more in federal grants funds combined within the entity’s fiscal year.

Government agencies and publicly traded corporations; private companies on an as-needed basis.

TIMING & FREQUENCY

- Often occurs during the grant's lifecycle.
- Risk-based, typically conducted every three to five years, depending on program size.

- Usually conducted annually, after close of fiscal year

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ENGAGEMENT TEAM CREDENTIALS

Not formally prescribed, but typically Auditors and/or experts in the subject matter of the grant e.g. Educators, Human Services Professionals, Disaster Recovery Experts, and so forth.

Auditors/CPAs

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GOVERNANCE

- Uniform Guidance (UG) i.e. 2 CFR 200.300 – 200.346
- Federal, state, and local policies
- Programmatic requirements are governed by program-specific legislation authorizing the grant program.

- Single Audit Act (1984)
- Uniform Guidance (UG) i.e. 2 CFR 200.500 – 200.521
- 2 CFR Part 200, Appendix XI
- OMB "Yellow Book" (GAGAS)

- Securities and Exchange Commission (SEC) Act (1934)
- Sarbanes-Oxley Act (SOX, 2002)
- U.S. Generally Accepted Accounting Principles (GAAP)
- U.S. Generally Accepted Auditing Standards (GAAS)
- Statements on Auditing Standards (SAS)

STAKEHOLDERS

- Grant Managers
- Fund Providers
- Policymakers
- Watchdog Agencies
- Grantees

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- Fund Providers
- Policymakers
- Other federal agencies
- Grantees

- Creditors
- Investors
- Prospective buyers
- Donors
- Fund providers

PROCESS

1. Review any financial reports and performance data required by the pass-through agency
2. Follow-up; ensure that the subrecipient takes timely and appropriate action on all deficiencies detected through audits, on-site reviews, etc.
3. Issue management decisions for applicable audit findings
4. Verify completion of Single Audit of subawards, when applicable

1. Grantee preparation (financial statements, SEFA, and access to personnel and records as needed)
2. Review financial statements, internal controls, compliance with award terms and conditions, and corrective actions taken (or not taken) as a result of previous audit findings
3. Complete data collection form and reporting package

1. Agree to terms of engagement and request documents
2. Obtain understanding of auditee
3. Plan the audit
4. Assess risk and internal controls
5. Test controls and transactions
6. Verify assets and liabilities
7. Review financial statements
8. Obtain management representations
9. Formulate opinion

TOOLS

- Data collection, such as interviews and questionnaires
- Sampling of transactions
- Review of internal control policies and processes
- On-site visits/observation
- Comparison of field conditions with laws, rules, and regulations
- Discussions of findings and concerns or corrective action plans
- Training and technical assistance

- Risk assessment of grantee
- Sampling of transactions
- Review of internal control policies and processes
- Comparison of field conditions with laws, rules, and regulations
- Study the Schedule of Expenditure of Federal Awards (SEFA)
- Comparison of the SEFA and the financial statements of the grantee

- Inquiries of management and staff
- Observation of activities and operations
- Review of financial statements
- Sampling of transactions
- Examination or inspection of evidence
- Manual re-performance of controls (calculations)

DELIVERABLES

Monitoring report (includes findings and a Corrective Action Plan)

Single Audit Report

Audit report

PROVIDES ASSURANCE & ATTESTATION

No

Yes

Yes