A-133 Compliance & Audit Readiness
Presented By:
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Audits - An Overview

• Sets forth standards for obtaining consistency and uniformity among Federal agencies for the audit of non-Federal entities expending Federal awards.

• Safeguards Federal funds and protects against fraud, waste and abuse.

• Audits focus on:
  – Compliance with laws, regulations, provisions of the grant agreement
  – Internal controls over the program
  – Financial management of Federal funds
A-133 Audits: Requirements
Organization-Wide Audits (Single Audit)

• **Applies to:** States, Local Governments, and Non-Profit Organizations

• **Required if:** Expenditures are $500,000 or more in one fiscal year.

• **Frequency:** Annually, following audit fiscal year end date.

• **Due:** 30 days after receipt from the auditor or nine months after the end of the recipients audit fiscal year end date.

• **Submission of Audit:** Audit reports and Data Collection Forms should be submitted to the Federal Audit Clearinghouse: [http://harvester.census.gov/fac/collect/ddeiindex.html](http://harvester.census.gov/fac/collect/ddeiindex.html)
Enforcement Action
A-133 Delinquency Tracking

• Grants Management Specialists check all awards for current A-133 submissions
  -- Notifies Recipients of delinquency.
    • 30 days from the date an organization receives them from their specific auditor, or by 9 months after the end of their fiscal year.
  -- If delinquent, informs Recipients risk of enforcement action:
    • High-Risk Designation
    • Suspension of Payment
    • Suspension of Award

• A-133 Single Audits are also checked for material weaknesses, significant findings and/or questioned costs
WHAT CAN TRIGGER AN OIG AUDIT?

**Single Audit Oversight**
- Cost or Compliance Issues
- No Single Audit to Clearinghouse

**Grant Audit Task Force**
- Relative Program Risk
- Recipient Characteristics
- Fraud Indicators

**Grant/Program Officer Referral**
- Questioned Cost Audit, Financial and Performance Report Issues
- Site Visit or Monitoring Concerns

**Hotline Complaints**
- Credible Complaint
- Significant or Material Issues
Unintentional Causes

- Inadequate Documentation

- Recipients unfamiliar with:
  - Federal Cost Principles
  - Federal Administrative Requirements
  - Grant Terms and Conditions
  - Audit Requirements
Common Audit Findings

- Cash Management – Expenditures are not properly supported.
- Reporting – Reports are not filed in a timely manner; incomplete or missing reports.
- Segregation of Duties – Payments initiated and approved by the same individual.
- Sub-Recipient Monitoring – Lack of financial and performance monitoring.
- Unallowable Costs Activities – Cost not applicable to grant or during time frame.
- Procurement Procedures – Debarment and suspension; no competitive bids.
Audit Resolution Process

- Departmental Administrative Order (DAO) 213-5 “Audit Resolution and Follow-up”
  - Audit Resolution Process:
    - OIG submits audit reports to the NOAA GMD with audit findings and recommendations where questioned costs are $10,000 or greater.
    - NOAA GMD conducts review, makes a proposal for audit resolution, notifies the FPO, and sends to OIG for concurrence.
    - NOAA GMD composes an Audit Determination Letter and establishes a debt.
    - Recipient is afforded the opportunity to appeal the Audit Determination.
    - GMD renders a Final Decision on Appeal.
### How to Stay in Compliance

#### After Award Acceptance
- Review regulations, terms and conditions, and relevant OMB Circulars
- Establish systems for documenting all grant activities and financial management
- Establish an Audit Committee
- Establish policies and procedures for procurement, data collection, and making payments

#### During the Life of the Award
- Maintain internal controls
- Ensure that sub-recipients and vendors abide by all requirements

#### At the Time of the Audit
- Ensure that an audit is performed by a qualified CPA firm
- Make all award file documentation accessible
The Future of Audits

- OMB Circular A-133 will be replaced by Subpart F-Audit Requirements in 2 CFR Part 200 which was published in the Federal Register on December 26, 2013.

- Increases audit threshold from $500,000 to $750,000

- Provides for greater transparency of audit results.

- Increases the threshold of questioned costs from $10,000 to $25,000.

- Requires identification of whether audit findings are a repeat from the prior year audit.

- Increases oversight and focus on where there is greatest risk of waste, fraud and abuse.
AUDIT READINESS
AN ALL HANDS EFFORT
Helpful Sources and Websites

- **OMB Circular A-133** – Audits of States, Local Governments, and Non-Profit Organizations

- **Department of Commerce Standard Terms and Conditions** – Section D. Audits

- **Department of Commerce Grants and Cooperative Agreements Manual** – Chapter 13, Audits

- **Federal Audit Clearinghouse** – [http://harvester.census.gov](http://harvester.census.gov)

- **Grants Management Division, NOAA** – [http://www.ago.noaa.gov](http://www.ago.noaa.gov)


- **Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards** - [https://www.federalregister.gov](https://www.federalregister.gov)
Questions?
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