



**Monitoring and Audits:  
Everything you need to know!**



# **Monitoring and Audits: Everything you need to know!**

Office of the State Superintendent of Education  
(OSSE)

Federal Grants Management Conference

Friday, September 27, 2013

Marriott Wardman Park

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- Recipients must manage and monitor each project, program, subaward, function supported with federal funds



- Recipients must monitor subawards to ensure subrecipient compliance



- Awarding agency prescribes frequency of performance reports



- Performance reports should compare actual accomplishments with objectives established, and explain why goals were not met



- Recipients must ensure subrecipients comply with A-133



# “Pass Through” Audit Responsibilities



- 1) Identify federal awards by CFDA number to each subrecipient
- 2) Advise subs of all federal requirements imposed on them
- 3) Monitor activities of subs to ensure compliance
- 4) Ensure subs expending more than \$500,000 met audit requirement
- 5) Issue management decision on audit findings within 6 months of receipt
- 6) Make necessary accounting adjustments
- 7) Require subrecipients to permit access to records



- If subrecipient expends under \$500,000 a year, pass-through's monitoring may include "limited scope audit" which include "agreed upon procedures engagements" to address allowability, eligibility, matching, MOE, earmarking, and performance

- Pass through may change “limited scope audits” to federal grant



# 4 Types of Reviews



- 1) Federal Monitoring
- 2) Pass-Through Monitoring
- 3) OIG Audit
- 4) A-133 Audit



All are legal processes with consequences

- Inspector General Act of 1978  
(5 U.S.C. App. 2 and 4)



- **OIG Audit vs. OIG Investigation**



- **OIG Audit**  **Recommendation to Program / Grant Office**
  - a) Confirm
  - b) Reject
  - c) Confirm in part



- Management letter issued within 180 days
  - OMB Circular A-50



# Auditors:



- 1) Disallow expenditures
- 2) Question expenditures
- 3) Records are inauditable





- Audits conducted in accord with Government Auditing Standards (December 2011 Revision) published by Comptroller General (Yellow Book)

# Suggested Toolbox for Audit Preparation



1. Pre-Audit
2. Audit
3. Audit Follow-up



# Pre-Audit



- Identify Core Team and Core Leader
- Ascertain Focus / Objective of Audit
- Establish chain of command for personnel access through Team Leader



# Pre-Audit – Team Leader



- Assemble relevant source documentation
- Written procedures on financial management
- Controls on inventory, cash, procurement, and Time / Effort Management





- Identify space for auditors
- Telephone / Internet access
- Caution on copiers
- Caution on proximity to sensitive files / personnel



# Pre-Audit – Team Leader



- Formalize contact with auditors
- Needs
- Size of team
- Request entrance and exit conference



- Control document exchange
  - Control interview process
    - Participation in interview
- vs.
- contemporaneous summary



- Daily debriefings
  - What is missing?
  - Where are auditors headed?
  - Is there additional / alternative documentation
- Limit courtesies
  - Pastries, meals, socializing



- Exit conference
  - Request additional time for document submission
  - Be prepared to challenge draft findings



# Post Audit



- Point Sheet
- Draft Audit Report
- Final Audit Report (subject to FOIA)



# Post Audit



- If adverse finding in Final Audit Report, prepare own press release



# Questions?



# Disclaimer



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