

Audits

The intent of this section is to identify the policies for determining the proper and effective use of public funds rather than to prescribe detailed procedures for the conduct of an audit.

Audit Requirement. Non-federal entities that **expend** \$500,000 or more of federal awards in a year shall have a single or program-specific audit conducted for that year in accordance with the provisions [OMB Circular A-133: Audits of States, Local Governments and Non-Profit Institutions](#). Non-federal entities that **expend** less than \$500,000 a year in federal awards are exempt from federal audit requirements for that year, except as noted in S_.215(a), but records must be available for review or audit by appropriate officials of the federal agency, pass-through entity, and General Accounting Office (GAO).

Audit Costs. The prorated costs of audits made in accordance with the provisions of OMB Circular A-133 are allowable charges to federal awards. A non-federal entity shall not charge the cost of auditing a non-federal entity which has federal awards expended of less than \$500,000 per year and is thereby exempted under S_.200(d) from having an audit conducted. However, this does not prohibit OJA from securing the services of auditors to conduct a limited-scope audit to monitor the activities of recipients as necessary, to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements, and that performance goals are achieved.

Audit Objectives. Awards are subject to conditions of fiscal, program, and general administration to which the recipient expressly agrees. Accordingly, the audit objective is to review the recipient's administration of funds and required non-Federal contributions for the purpose of determining whether the recipient has:

- Established an accounting system integrated with adequate internal fiscal and management controls to provide full accountability for revenues, expenditures, assets, and liabilities. This system should provide reasonable assurance that the organization is managing federal financial assistance programs in compliance with applicable laws and regulations
- Prepared financial statements which presented fairly, in accordance with generally accepted accounting principles
- Prepared financial reports which contain accurate and reliable financial data, and are presented in accordance with the terms of applicable agreements
- Expended federal funds in accordance with the terms of applicable agreements and those provisions of federal law or regulations that could have a material effect on the financial statements or on the awards tested

Audit Reporting Requirements. Independent auditors should follow the requirements prescribed in [OMB Circular A-133: Audits of States, Local Governments and Non-Profit Institutions](#).

Audit reports are due to the Federal Clearinghouse no later than nine months after the end of the recipient's fiscal year.

OJA's sub-grantee audit coordination is done through the Wisconsin Department of Administration.

If an auditor becomes aware of illegal acts or other irregularities, prompt notice shall be given to recipient management officials above the level of involvement. The recipient, in turn, shall promptly notify OJA and the cognizant federal agency of the illegal acts or irregularities and of proposed and actual actions, if any.

Failure to Comply. Failure to have audits performed as required may result in the following:

- a. Withholding a percentage of federal awards until the audit is completed satisfactorily
- b. Suspending federal awards until the audit is conducted
- c. Terminating the federal award

Audit Resolution. Timely action on recommendations by responsible management officials is an integral part of the effectiveness of an audit. Each recipient shall have policies and procedures for responding to audit recommendations.

Top Ten Audit Findings

1. Untimely report submissions
2. Lack of documentation
3. Inadequate monitoring of sub-recipients
4. Inadequate time/effort reports
5. Inaccurate reports (Financial Status Reports and Requests for Payment)
6. Commingling of funds
7. Excess cash on hand
8. Unallowable costs
9. Inappropriate changes
10. Conflicts of interest