



# Council on Financial Assistance Reform (COFAR) Federal Grants Management 101 Uniform Guidance Risk Management and Single Audit Course Audio Transcript

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## **Lesson 1 Uniform Guidance Risk Management and Single Audit: Review of Risk Posed by Applicants (Pre-Award Risk Assessment)**

### **Screen 1: Title Screen**

Welcome to the Uniform Guidance Risk Management and Single Audit course.

### **Screen 2: Course Navigation**

**Audio:** You can toggle this course's narration by selecting the "Audio" button in the Navigation Bar. Please turn your speakers on and adjust the volume on your computer as necessary, or listen through headphones for the comfort of others. You can also select the Closed Captioning button on the Navigation bar to read any accompanying narration.

**Time:** This course will take you between 60 and 90 minutes to complete. This course does not have to be completed in one sitting but can be started and resumed at your convenience.

**Knowledge Checks:** This course contains opportunities to apply what you have learned. You need to complete all Knowledge Checks to continue to move forward in the course.

### **Screen 3: Course Overview**

At the completion of this course, you will have knowledge of the Uniform Guidance risk management and single audit review requirements. This includes pre-award activities to assess possible risks to the administration and implementation of an award and post-award oversight to ensure appropriate financial management, award implementation, and single audit compliance.

### **Screen 4: Lesson Objective**

At the completion of this lesson, you will have a basic understanding of how to assess and mitigate risk posed by applicants.

### **Screen 5: Lesson 1: Review of Risk Posed by Applicants (Pre-Award Risk Assessment)**

This lesson covers the sections that describe the risk assessment that a Federal awarding agency must conduct on an applicant prior to making a Federal award and how the Federal awarding agency may mitigate these risks by using specific award conditions.

### **Screen 6: What Do We Mean by Risk Posed by Applicants?**

So what do we mean by risk posed by applicants? It is the likelihood that the non-Federal entity, or NFE, will fail to achieve the grant's intended purpose because of financial instability, non-compliance with laws, regulations, or policies, or internal



control and management issues. Examples of these issues include employee turnover, lack of staff expertise, and external roadblocks.

### **Screen 7: §200.205: Review of Risk Posed by Applicants**

Federal awarding agencies are required by statute to assess the risk posed by an applicant prior to making a Federal award. Section 200.205 specifies the minimum requirements that a Federal awarding agency must meet in evaluating this risk. A Federal awarding agency must review information available in OMB-designated repositories of government-wide data and non-public segment of the OMB-designated integrity and performance system accessible through SAM. A NFE must also establish a framework for evaluating the risk posed by applicants. Let's review each of these requirements in more detail.

### **Screen 8: Review Information in OMB Repositories of Government-wide Data**

The Federal awarding agency must review the information in the System for Award Management or SAM. For awards with the Federal share expected to exceed the simplified acquisition threshold, the Federal awarding agency must also check the Federal Awardee Performance and Integrity Information System, or FAPIIS.

The applicant must demonstrate a satisfactory record of executing programs or activities under Federal grants, cooperative agreements, or procurement awards. It must also demonstrate financial integrity and business ethics.

### **Screen 9: SAM Exclusions List**

The System for Award Management was created in July 2012 and combines the Central Contractor Registration, Online Representations & Certifications Application, and the Excluded Parties List System into one database. The critical information available from this database to support a risk review is the exclusions list.

The exclusions list identifies entities excluded from receiving Federal contracts, certain subcontracts, and certain types of Federal financial and non-financial assistance and benefits. These are also known as suspensions and debarments. The exclusions list can be searched by entity name, DUNS number, or CAGE Code. If no exclusion record is found, then the entity does not have an active exclusion submitted in SAM by a Federal agency.

### **Screen 10: Past Performance System**

The Federal Awardee Performance and Integrity Information System, or FAPIIS, collects contractor and grantee performance information.

Once records are completed in FAPIIS, they become available in the Federal Past Performance Information Retrieval System, where they are used to support future acquisitions and grant awarding actions.

2 CFR 200.205 requires Federal agencies to review FAPIIS as part of the pre-award risk assessment before making an award in excess of the simplified acquisition threshold.



## Screen 11: Framework for Evaluating Risk

For competitive grants or cooperative agreements, Federal awarding agencies must also establish a framework for evaluating risk. This framework may be tailored to a specific award and can incorporate relevant factors for determining risk. The Federal awarding agency may use readily available information to assess the applicant's financial stability, quality of management systems and ability to meet the management standards prescribed in 2 CFR 200. A Federal awarding agency may also use an approved information collection form to obtain documentation for the risk assessment.

The Federal awarding agency may also consider the performance history of the entity. This may include whether the entity has already received Federal awards, the applicant's record in managing Federal awards, timeliness of compliance with applicable reporting requirements, and conformance with the terms and conditions of previous awards. If applicable, the review may consider the extent which any previously awarded amounts will be expended prior to future awards.

## Screen 12: Framework for Evaluating Risk, cont'd

Reports and findings from audits performed under 2 CFR 200 Subpart F—Audit Requirements or the reports and findings of any other available audits (further discussed in Module 5, Lesson 3) are easily available and are extremely helpful in assessing applicant risk.

Lastly, the Federal awarding agency must consider the applicant's ability to effectively implement statutory, regulatory, or other requirements imposed on non-Federal entities.

## Screen 13: Suspension and Debarment

When conducting a risk review, the Federal awarding agency must comply with the guidelines for government-wide suspension and debarment located in 2 CFR Part 180. They must also require that non-Federal entities comply with the provisions that restrict Federal awards, subawards and contracts with certain parties that are debarred, suspended, or otherwise excluded from or are ineligible for participation in Federal programs or activities.

## Screen 14: Examples and Resources

Federal awarding agencies have some latitude in how they establish a framework for evaluating risk or in choosing a risk-based approach. These examples illustrate some approaches developed for assessing risk. These resources also provide additional information about conducting a risk review.

## Screen 15: Knowledge Check

What is the purpose of a risk review? Select all responses that apply.

[Response choices]



- Measure the likelihood of a NFE achieving program objectives
- Finalize the budget for an award
- Assess potential non-compliance with laws, regulations, or policies
- Determine the eligibility of a NFE for an award
- Determine if a NFE will not be able to successfully complete an award due to inherent management issues

Feedback: The purpose of a risk review is to measure the likelihood of a NFE achieving program objectives; assess a NFE's potential compliance with laws, regulations, and policies; determine the eligibility of a NFE for an award; and determine if a NFE will not be able to successfully complete an award due to inherent management issues.

### Screen 16: Knowledge Check

Which of these tasks are required by 2 CFR 200.205 to be included in the review of risk posed by applicants? Select all responses that apply.

[Response choices]

- Review the System for Award Management exclusions list
- Check for tax liens with the IRS
- Establish a framework for evaluating risk posed by applicants
- Check the Federal Awardee Performance and Integrity Information System if Federal share is expected to exceed the simplified acquisition threshold
- Conduct a background check on all staff proposed for the award

Feedback: Section 200.205 requires that all Federal awarding agencies check the System for Award Management exclusions list and also establish a framework for evaluating risk posed by applicants. Federal awarding agencies must also check the Federal Awardee Performance Integrity Information System if the award is expected to exceed the simplified acquisition threshold.

### Screen 17: Risk Review Scenario

Let's consider how an agency might set up a framework for evaluating the risk of applicants for an award. An established non-profit that provides educational intervention services requested funding for an after school program for foster children and other at-risk groups in grades 1 through 5 under-performing in reading and language skills.

What factors might be included in a framework for evaluating risk for applications for this award?



### Screen 18: Scenario Risk Evaluation Framework

If, based on this evaluation framework, the applicant does not demonstrate any financial or organizational issues that affect their ability to implement the award, the Federal awarding agency may determine the risk to be low and deem the applicant eligible for the award.

### Screen 19: But What If..

What if the risk review does identify some potential issues with the applicant's ability to successfully implement an award? For example, this evaluation framework has revealed that the NFE has delinquent debt and existing awards with overlapping periods of performance with the proposed award. This NFE has a history of overdue reports, and the proposed award would be a significant percentage of the operating budget for the next year. A review of the single audit history also highlights issues with previous awards.

Does this type of review make an applicant ineligible for an award? Not necessarily.

### Screen 20: Making an Award if Risk Is Identified

If a review identifies risk associated with an applicant, the Federal awarding entity may still award if findings are not relevant to the current Federal award under consideration.

There are specific conditions that can appropriately mitigate the effects of the non-Federal entity's risk in accordance with Section 200.207 Specific conditions.

### Screen 21: §200.207: Specific Conditions

Conditions can be added to an award under three circumstances.

- If applicant or recipient of an award has a history of failing to comply with the specific terms or conditions of an award
- When an applicant or recipient fails to meet the expected performance goals as described in Section 200.210 information contained in a Federal award
- When applicant or recipient is not otherwise responsible

### Screen 22: Examples of Federal Award Conditions

There are several types of conditions that may be placed on an award. For successful applicants (recipients) who demonstrate a financial risk, the Federal awarding agency may provide reimbursement of funds to the recipient rather than advance payments. The Federal awarding agency may place additional requirements on the recipient such as requiring detailed financial reports or providing proof of acceptable performance before proceeding to the next phase of an award. Federal awarding agencies may also conduct project monitoring, provide technical or management assistance, or require additional prior approvals before the recipient begins work on the next phases of an award.





### Screen 23: Recipient Notification

The recipient must be notified of any condition placed on an award. The notification must specify the condition and the circumstance (issue) that prompted the Federal awarding agency to impose the condition. The notification must also include additional information such as what actions can be taken to remove the condition and how much time is allowed to address the issue that prompted the condition.

The Federal awarding agency must provide a method for the NFE to request reconsideration of the condition imposed on an award. If the NFE addresses the issue that resulted in the condition being added to an award, the Federal awarding agency must promptly remove the condition from the award.

### Screen 24: Knowledge Check

A Federal awarding agency must not provide a Federal award to an applicant with single audit findings. True or False?

Feedback: False. There are several types of conditions that may be placed on an award to mitigate the risk of an applicant with single audit findings.

### Screen 25: Knowledge Check

A Federal awarding agency may impose additional reporting requirements on a successful applicant (recipient) indefinitely.

Feedback: False. A recipient must be notified of the additional requirements and what actions can be taken to remove the requirements.

### Screen 26: End of Lesson

That concludes Lesson 1.

## Lesson 2 Uniform Guidance Risk Management and Single Audit: Post-Award Monitoring

### Screen 1: Title Screen

That completes Lesson 1.

### Screen 2: Lesson Objective

At the completion of this lesson, you will demonstrate an understanding of the application and agency implementation of post-award monitoring.

### Screen 3: Lesson 2: Post-Award Monitoring

The Federal awarding agency must manage and administer their Federal awards. The purpose of this monitoring is to ensure that Federal funding is efficiently expended and associated programs are implemented in full accordance with U.S. statutory and public policy requirements.



This lesson covers the sections in the Uniform Guidance that govern post-award monitoring. These sections describe the post-award monitoring requirements and how to implement them.

#### **Screen 4: Recipient Responsibilities**

Module 3 Lesson 3 described responsibilities of Federal award recipients in meeting performance measurement and financial management requirements. These requirements support post-award monitoring to ensure performance goals and outcomes are met and ensure Federal funds are expended in accordance with the Uniform Guidance.

#### **Screen 5: Pre-Award Review and Post-Award Monitoring**

Recall the budget review exercise in Module 4, Lesson 5. Based on a NFE's proposal, at the pre-award stage, a Federal awarding agency should have a clear idea of an NFE's budget, performance goals, indicators, and milestones. Post-award monitoring will focus on verifying that the performance is on track, and the NFE's expenditures are aligned with award accomplishments.

Let's consider a scenario for conducting performance measurement and evaluating financial management.

#### **Screen 6: Performance Measurement and Financial Management Scenario**

A Federal awarding agency approved a total annual budget of \$100,000 for a 3-year research project. The NFE's notice of award shows a total Federal share of \$300,000 for 3 years.

At the completion of Year 1, the NFE submitted a financial report that shows \$300,000 of Federal funds spent. The NFE's performance report indicated that hiring issues prevented the research project from starting on time. Work, including hiring staff, began in Year 2.

As a Federal awarding agency, do you identify any issues with this award?

Yes! The NFE should have zero expense on Year 1 since the project did not start until Year 2. The \$300,000 draw is not consistent with the grant accomplishments.

#### **Screen 7: §200.336(a): Access to Records**

The Federal awarding agency, Inspectors General, Comptroller General of the United States, and the pass-through entity or any of their authorized representatives must have the right of access to any documents, papers, or other records of the NFE which are pertinent to the Federal award in order to make audits, examinations, excerpts, and transcripts.

The right also includes timely and reasonable access to the NFE's personnel for the purpose of interview and discussion related to such documents.



In the scenario you just reviewed, the Federal awarding agency should ask the NFE to provide source documents for the expenses related to their \$300,000 draw. If the NFE is unable to comply with the request, the Federal awarding agency should refer to Section 200.338, Remedies for non-compliance. This section will be discussed later in this lesson.

### **Screen 8: §200.303: Internal Controls**

In addition to the requirements for performance measurement and financial management, a NFE must also establish and maintain effective internal control over the Federal award. Internal controls are the plans, methods, policies, and procedures an organization employs to ensure resources are used effectively in fulfilling its mission, goals, objectives, and strategic plan. Internal controls are intended to provide a stronger infrastructure of accountability and assurance that goals and objectives are met, resources are used safely and efficiently, and laws and regulations are complied with.

These internal controls should be in compliance with guidance in the “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States, or with the “Internal Control Integrated Framework” issued by the Committee of Sponsoring Organizations Treadway Commission (COSO).

### **Screen 9: Purpose of Internal Controls**

The Uniform Guidance does not dictate the types of internal controls that a NFE must use but does specify what the NFE must accomplish using these controls. The controls should help ensure that the NFE complies with Federal statutes, regulations, and the terms and conditions of the Federal award as well as monitor and evaluate this compliance.

Prompt action should be taken when instances of noncompliance are identified, including instances in audit findings. Reasonable measures should be in place to safeguard protected personally identifiable information and any other information determined to be sensitive by the Federal awarding agency or pass through entity.

### **Screen 10: §200.308: Revisions of Budget and Program Plans**

The approved budget for the Federal award summarizes the financial aspects of the project or program as approved during the Federal award process. When appropriate, the budget must be related to performance for program evaluation purposes.

Recipients are required to report deviations from the budget and from the project scope or objective. They must also request prior approval from the Federal awarding agency for budget or program plan revisions. Revisions can be requested for many reasons including key personnel changes and changes in scope or objective.



### **Screen 11: §200.328: Monitoring and Reporting Program Performance**

The NFE is responsible for the oversight of operations of the Federal award supported activities. The NFE must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and to meet performance expectations. The Federal awarding agency must use OMB-approved data elements for collecting this performance information. Performance reports are submitted at intervals established by the Federal awarding agency. The intervals can be no less than annually and no more frequently than quarterly, except under unusual circumstances.

### **Screen 12: Progress Reports**

The NFE must use the OMB-approved standard information collections when providing performance information. A performance report must include several specific elements. The report must provide a comparison of actual accomplishments to the objectives of award for the period and reasons why established goals are not met. The report can also include any significant developments, either problematic or favorable.

If the progress report does disclose problems or issues, the NFE must also include a statement of any action taken or contemplated and any assistance required to resolve the issue.

### **Screen 13: §200.338: Remedies for Noncompliance**

So what are the possible consequences if a NFE does not take corrective action for identified deficiencies or violations or otherwise fails to comply with Federal statutes, regulations, or the terms and conditions of a Federal award? There are several options available to the Federal awarding agency.

As during the risk review, the Federal awarding agency may simply impose additional conditions as described in Section 200.207 Specific conditions. These conditions include requiring reimbursements rather than advance payments or withholding authority to proceed until the NFE demonstrates acceptable performance. The NFE may need to provide more detailed financial reports or be subject to additional monitoring. The agency may require additional technical or management assistance for the NFE or prior approvals before work is completed.

### **Screen 14: §200.338: Remedies for Noncompliance, cont'd**

If imposing additional conditions on the award does not resolve the situation, additional increasingly severe remedies are available to the Federal awarding agency or pass-through entity.

The agency can temporarily withhold cash payments until the NFE corrects the deficiency. The agency can also disallow the use of funds or matching credit either in whole or in part for any activity not in compliance. Alternatively, the award itself can be suspended or terminated in whole or in part.



Beyond action on the award, the pass-through entity can recommend and the agency can initiate suspension or debarment proceedings as authorized under 2 CFR Part 180 and agency regulations. Future Federal awards can be withheld or other legally available remedies can be pursued.

### **Screen 15: §200.339: Termination**

When a Federal award is terminated, either the award or a part of the award is ended before the planned end of the period of performance. A Federal award can be terminated for several reasons:

- For failure to comply with terms and conditions of award
- By the Federal awarding agency or pass-through entity for cause
- By the Federal awarding agency or pass-through entity with the consent of the NFE. The two parties must agree upon the termination conditions, including the effective date and the portion to be terminated in the case of a partial termination.
- By request of the NFE upon written notification

The written notification must include the reasons for termination, the effective date of termination, and the portion to be terminated in the case of a partial termination. If the Federal awarding agency or pass-through entity determines that the reduced or modified portion of a partial termination will not accomplish the purpose of the award, they may terminate the entire award.

### **Screen 16: Reporting a Termination**

If an award is terminated prior to the end of the period of performance due to the NFE's material failure to comply with the Federal award terms and conditions, the Federal awarding agency must report the termination to the OMB-designated integrity and performance system. Currently, this means reporting this information to FAPIIS.

This information should not be reported until the NFE has exhausted all opportunities to object or challenge the decision or if the NFE does not notify the Federal awarding agency of its intent to appeal the termination decision within 30 calendar days of notification of the decision.

### **Screen 17: Reporting a Termination**

If a Federal awarding agency initiates a remedy for noncompliance, it must give the NFE an opportunity to object to the action and provide information and documentation challenging the suspension or termination.

This will be conducted in accordance with the Federal awarding agency's written processes and procedures. The Federal awarding agency or pass-through entity must comply with any requirements for hearings, appeals or other administrative proceedings that the NFE is entitled to under any applicable statute or regulation.



### Screen 18: §200.342: Effects of Suspension and Termination

Any costs that result from obligations incurred by the NFE during a suspension or termination are not allowable. These costs are allowable only if expressly authorized in the notification of suspension or termination or if authorized subsequent to the notification.

Costs incurred after suspension or termination are allowable if they result from obligations properly incurred before the effective date of the suspension or termination. The costs must not be incurred in anticipation of the suspension or termination and would be allowable if the award was not suspended or was allowed to expire normally at the end of the period of performance in which the termination takes effect.

Information about suspension and debarment can now be found at 2 CFR 200.213.

### Screen 19: Applicant/ Recipient Responsibilities

The non-Federal entity or applicant for a Federal award must disclose, in a timely manner, in writing to the Federal awarding agency or pass-through entity all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award.

Failure to make required disclosures can result in any of the remedies for noncompliance, including suspension or debarment. Information on integrity and performance matters is available at 2 CFR 200 Appendix XII.

In addition, each Federal awarding agency has an Office of the Inspector General confidential hotline that accepts tips and complaints from all sources about potential fraud, waste, abuse, and mismanagement of Federal funds.

### Screen 20: Knowledge Check

Now let's check what we've learned about remedies for non-compliance. Which of the following remedies may be imposed for non-compliance with the terms and conditions of a Federal award? Select all responses that apply.

[Response choices]

- Disallow or deny funds
- Report the NFE to the IRS
- Update FAPIIS with a summary of performance
- Wholly or partly suspend or terminate award
- Withhold cash payments
- Withhold future Federal awards
- Direct the NFE to terminate the Program Director

Feedback: The Federal awarding agency or pass-through entity may disallow or deny funds or credit, wholly or partly suspend or terminate the award, withhold cash payments, or withhold future Federal awards.



### Screen 21: Knowledge Check

Next question. Only the Federal awarding agency or pass-through entity can initiate an action to suspend or terminate a Federal award either in whole or in part. True or false?

Feedback: False. An NFE can request that an award be suspended or terminated in whole or in part by written notification. The written notification must include the reasons for termination, the effective date of termination, and the portion to be terminated in the case of a partial termination.

### Screen 22: Knowledge Check

Another question. A Federal awarding agency must report all termination actions to the OMB-designated integrity and performance system, currently FAPIIS. True or false?

Feedback: Only awards that are terminated for the NFE's material failure to comply with Federal statutes, regulations, or the terms and conditions of the award must be reported to the OMB-designated integrity and performance system, currently FAPIIS.

### Screen 23: §200.343: Closeout

The Federal awarding agency or pass-through entity is required to close out an award when all applicable administrative actions and all required work of the award have been completed by the NFE. Closeout actions must also be completed for any Federal award that is terminated or partially terminated. The tasks associated with closeout begin at the end of the period of performance. Both the Federal awarding agency or pass-through entity and the NFE have specific responsibilities for closeout.

### Screen 24: Closeout Actions: NFE

The NFE must submit all financial, progress, and other reports required under the terms and conditions of the award and liquidate all obligations incurred under the award not later than 90 calendar days after the end of the period of performance. This period can be extended at the request of the NFE and with the approval of the Federal awarding agency or pass-through entity.

Unobligated cash balances may exist due to advance payments or payments made but not authorized to be retained and used by the NFE for other projects. The NFE must promptly refund these balances and also account for any real or personal property acquired with Federal funds or received from the Federal government during closeout.

### Screen 25: Closeout Actions: Federal Awarding Agency/ Pass-Through Entity

The Federal awarding agency or pass-through entity must make prompt payment to the NFE for allowable reimbursable costs for the award being closed out. The Federal awarding agency must also make a settlement for any upward or downward adjustments to the Federal share of costs after closeout reports are received.



Closeout actions should be completed no later than one year after receipt and acceptance of all required final reports from the NFE.

### Screen 26: §200.344(a): Post-Closeout Adjustments

Closeout of an award does not affect the right for the Federal awarding agency or pass-through entity to make further adjustments. For example, the Federal awarding agency or pass-through entity may still disallow costs and or recover funds on the basis of audit. Any cost allowance determination must be made and the NFE notified within the record retention period.

An NFE will still be obligated to return any funds due as a result of later refunds, corrections or other transactions including final indirect cost rate adjustments. The NFE is also still subject to any audit requirements, property management and disposition requirements and records retention as defined in the Uniform Guidance.

### Screen 27: §200.344(b): Continuing Responsibilities

After closeout, the relationship created under a Federal award may be modified or ended in whole or in part with the consent of the Federal awarding agency or pass-through entity and the NFE. This decision must consider the responsibilities of the NFE, including those for property management if applicable. If this is a concern, provision must be made for the continuing responsibilities of the NFE as appropriate.

### Screen 28: Knowledge Check

Now for a final knowledge check. The NFE is responsible for which of these closeout actions? Select all responses that apply.

- Account for real and personal property acquired with matching funds
- Determine final indirect cost rate
- Liquidate obligations incurred
- Settle upward or downward adjustments to Federal share of costs
- Submit financial reports
- Submit performance reports

Feedback: An NFE must liquidate all obligations incurred under the award and submit financial reports and performance reports within 90 calendar days after the end date of the period of performance.

### Screen 29: End of Lesson

That concludes Lesson 2.





## Lesson 3 Uniform Guidance Risk Management and Single Audit: Single Audit Overview

### Screen 1: Title Screen

That completes Lesson 2; select “Next” to continue to Lesson 3.

### Screen 2: Lesson Objective

At the completion of this lesson, you will demonstrate a basic understanding of single audit basics in Subpart F of the Uniform Guidance.

### Screen 3: Lesson 3: Single Audit Overview

This course provides a brief history of the single audit process and key concepts and general requirements that define how the process works.

### Screen 4: Single Audit History

Prior to the issuance of the Single Audit Act in 1984, audits were carried out on Federally-funded programs on an ad hoc, agency by agency basis. This approach became increasingly difficult and inefficient due to the number of agencies making awards to the same non-Federal entity, or NFE, and the increasing number of programs to be audited.

The Single Audit Act of 1984 standardized audit requirements for any State, local government, or tribal government that expends a defined level of Federal funds (currently set at \$750,000). Using the single audit approach, a singular and comprehensive audit is conducted on applicable programs for an entire entity, thus avoiding multiple audits for a NFE.

OMB Circular A-133, issued in March 1990, extended the single audit process to non-profit organizations, which were not included in the Single Audit Act.

With the Single Audit Act Amendments of 1996, OMB updated Circular A-133 that established a risk-based approach for audit testing and a companion Compliance Supplement. The updated circular now applied not only to State and local governments but also to nonprofit organizations and universities.

Subpart F of the Uniform Guidance was issued in 2013 and replaced OMB Circular A-133. The audit requirements are effective for the fiscal year starting after December 26, 2014.

### Screen 5: What Is a Single Audit?

The single audit is a key tool used by Federal agencies to ensure accountability for Federal awards and is designed to meet the needs of both the NFE and the Federal agency. A single audit is a comprehensive examination that consists of two components: a financial review and a compliance review.

The financial review is an assessment of the NFE’s financial records and statements that pertain to the execution of the award. This includes a review of award transactions and expenditures.



The compliance review evaluates how well the NFE complied with statutes, regulations, and the terms and conditions of the award. This includes an assessment of management and operations, internal controls in place to identify instances of non-compliance, and the level of compliance of each major program. The Compliance Supplement outlines the requirements for the compliance review.

Audit opinions are provided on the NFE's financial statements, major programs selected for review, and internal controls for these programs.

### **Screen 6: Who Conducts a Single Audit and When Is It Conducted?**

A single audit is conducted by an auditor obtained by the NFE. Additional Federal audits are still allowed even if a single audit is completed, but the costs for these audits are paid by the Federal agency and these audits must build on the work completed for the single audit. The effective date for audits conducted under Subpart F of the Uniform Guidance is fiscal years beginning on or after December 26, 2014. The first single audits were conducted for fiscal year end December 31, 2015. Most audits are conducted annually except for some States that are allowed to perform a biennial audit in the original OMB Circular A-133.

### **Screen 7: Who Is Subject to a Single Audit?**

NFEs that meet the expenditures threshold are subject to the single audit requirement. The types of NFE are listed here. For profit organizations and foreign entities with Federal expenditures are NOT subject to single audits unless it is required specifically by the Federal awarding agencies.

### **Screen 8: What Types of Programs Are Subject to a Single Audit?**

Federal financial assistance such as grants, cooperative agreements, non-cash assistance, and loans or loan guarantees is subject to a single audit. Cost reimbursement contracts issued under the Federal Acquisition Regulation, or FAR, are also subject to a single audit. Fixed-price contracts and subcontracts awarded under the Federal Acquisition Regulation are not covered by single audit.

### **Screen 9: A Few More Facts About Single Audit**

In 1985, the original audit threshold established by OMB Circular A-128 was \$25,000. Circular A-133 established a threshold of \$300,000 in 1996. In 2003, the threshold was raised to \$500,000. The Uniform Guidance further increased the threshold to its current level of \$750,000. When a single audit is conducted, the report is due within 9 months of the end of the NFE's fiscal year. For example, if the NFE fiscal year end is December 31, 2017, its single audit submission is due on September 30, 2018.

### **Screen 10: A Few More Facts About Single Audit, cont'd**

Pass-through entities are accountable for money spent by their subrecipients. The pass-through entity is subject to audit, but the subrecipient is as well if they exceed the audit threshold. In this case, the same money can be audited twice.



The Federal Audit Clearinghouse is a government-wide database that accepts electronic submissions of audit reports and is the repository of records for Subpart F. Report packages for single audits must be submitted to the database using Form SF-SAC. Information from the database is available to all Federal agencies and to the public.

### Screen 11: Knowledge Check

Time for some knowledge checks! Here is your first one. Which NFEs are not subject to a single audit under the Uniform Guidance? Select the correct response.

[Response choices]

- Institution of higher education
- Local governments
- Non-profit organizations
- States
- Tribal governments
- All of these NFEs are subject to a single audit

Feedback: All of these non-Federal entities are subject to a single audit under the Uniform Guidance if they meet the expenditure threshold.

### Screen 12: Knowledge Check

According to the Uniform Guidance, what is the expenditure threshold that triggers a single audit? Select the correct response.

[Response choices]

- \$300,000
- \$500,000
- \$750,000
- All programs are subject to a single audit regardless of the level of Federal funds expended.

Feedback: The threshold for conducting a single audit is \$750,000 as established in the Uniform Guidance.

### Screen 13: Knowledge Check

And the final knowledge check. When part of a project is performed by a subrecipient on behalf of a pass-through entity, only the pass-through entity is subject to a single audit. True or false?

Feedback: Both the pass-through entity and the subrecipient can be audited for the same award.



## Screen 14: Form SF-SAC

All single audits submitted by a NFE are available on the Federal Audit Clearinghouse. For fiscal year audits prior to 2015, the Summary data are available. For fiscal years 2015 and after, both the Summary data and the entire audit report are available.

There are 4 main parts on the form SF-SAC. In the next few slides, we will walk you through these parts and point out some of the key elements that can be useful in your review of the auditee's financial and compliance status.

Each part is accessed by clicking on the specific tab.

## Screen 15: General Information

Part I contains general information regarding the auditee, such as demographic and contact information.

The auditor information and contact information are also contained in this part.

If a program-specific audit has been done instead of a single audit, this would be reflected in Item 2 of the form.

## Screen 16: Auditor Summary

Part III provides summary information about the auditee's financial statements, the Type A and Type B dollar threshold for major program determination, and whether the auditee is a low-risk auditee. It also lists agencies with prior audit findings.

In this example, the auditee receives an unmodified (or "clean") audit opinion on its financial statements (shown in Item 2.a.i) but also receives a significant deficiency in internal control (shown in Item 2.c).

Note that any "yes" answer for Items 2.b, 2.c, 2.d and 2.e deserve a closer review of the auditee during the proposal evaluation process.

Item 3.c indicates that the auditee is a "low risk" auditee, and Item 3.d indicates that it has prior audit findings associated with the Department of Commerce and the Department of Housing and Urban Development programs.

## Screen 17: Federal Awards

This page for Part II and III contains a lot of information through its 15 columns and summarizes the Federal awards received by the auditee and the audits of the program that were reviewed during the single audit, along with their audit opinions and audit findings.

Each row relates to a specific Federal program with the following information: CFDA number, amount expended, program and cluster totals, direct/indirect, pass-through entity information, major program identification, the audit opinion and the number of audit findings.

In our example, programs 1 and 3 are determined as "major programs" (as noted in column (a) of Part III).



They are both received as “direct programs” from the Federal agencies (as noted in column (k) of Part II).

Both of them received an “unmodified” (or clean) audit opinion (as noted in column (b) of Part III). However, they have in total 3 audit findings (as noted in column (c) of Part III).

Note also that the total of Federal Awards expended is \$1,150,000 and noted on the bottom of Part II.

Also note that program 2 is received as a subaward (as noted in column (k) of Part II). The pass-through entity is identified in column (l) of Part II. The program is not a “a major program” (as noted in column (a) of Part III) and, therefore, is not reviewed during the audit.

### Screen 18: Audit Findings

If Part III.1 column (c) reports any audit finding, then this Part would provide more details on those findings.

In this example, Part III.1 (c) lists 3 audit findings. The 3 audit finding details are, therefore, listed here in this Part.

Note that column (e) provides the Audit Reference number so that a reviewer can easily go the audit report to get more details about the particular audit finding (for example, item 2015-002).

Column (f) indicates the compliance area for that finding.

For example, audit finding 2015-002 relates to “F” which is a compliance requirement regarding equipment and real property management.

### Screen 19: Knowledge Check

Let’s do some knowledge checks. Only Federal agencies can access and view the single audit reports on the Federal Audit Clearinghouse Web site. True or False?

Feedback: Starting with fiscal year 2015, all single audit reports are available publicly to all interested parties on the Federal Audit Clearinghouse Web site.

### Screen 20: Knowledge Check

Auditors review and provide an audit opinion for all Federal programs listed in Part II of Form SF-SAC. True or False?

Feedback: Auditors only review and provide an audit opinion for “major programs”, based on a risk based approach. These major programs are marked “Y” in Part III, column (a), and the audit opinions are displayed in Part III, column (b).

### Screen 21: End of Lesson

That concludes Lesson 3. That concludes Lesson 3. You have completed the Risk Management and Single Audit module.