



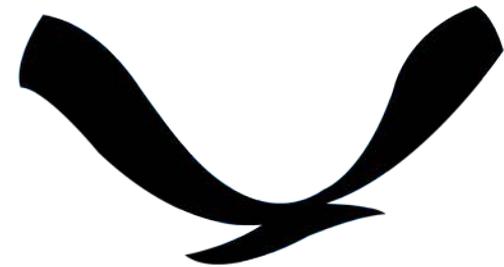
# 2016



NOAA's Acquisition and Grants Office  
presents

# CONNECTING the CHANNELS

Partnership in  
Grants  
Management



Seattle, WA

Silver Spring, MD



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# SINGLE AUDITS AND COMPLIANCE

Presented By: Tracy Jackson & Larry Jenkins

## Purpose of Single Audits

- Safeguards Federal funds and protects against fraud, waste and abuse
- Promotes sound financial management and effective internal controls
- Provides Federal agencies reliable and useful audits



## What are Single Audits?

- Nonfederal entities (states, local governments, tribes, colleges and universities, and non-profit organizations) *are required* by the Single Audit Act of 1984, as amended in 1996, to have an annual audit of their Federal awards
- General overview of Single Audits:
  - Required when the entity has at least \$750,000 (previously \$500,000) in annual expenditures of Federal funds
  - 2 CFR Part 200 Subpart F (previously OMB Circular A-133), *Audits of States, Local Governments, and Non-Profit Organizations*, implements the law and provides the basic requirements that must be followed

# Why do we review Single Audits?

The Federal awarding agency **must** perform the following:

- Ensure that audits are completed and reports are received in a timely manner.
- Follow-up on audit findings to ensure that the recipient takes appropriate and timely corrective action.
- Evaluate to determine need for initiation of Audit Resolution process for unresolved findings and questioned costs.



# Where are Single Audits submitted?



**Here?**

**No Silly Here...**



- Single audits must be electronically submitted to the Federal Audit Clearinghouse (FAC) within 9 months of the end of the recipient's fiscal year

## **Responsibilities of the FAC:**

- Review and process Single Audit submissions in accordance with 2 C.F.R. 200 subpart F.
- Maintain an archive of Single Audit submissions
- Provide information about Single Audits to Federal agencies and the public

# Audit Resolution

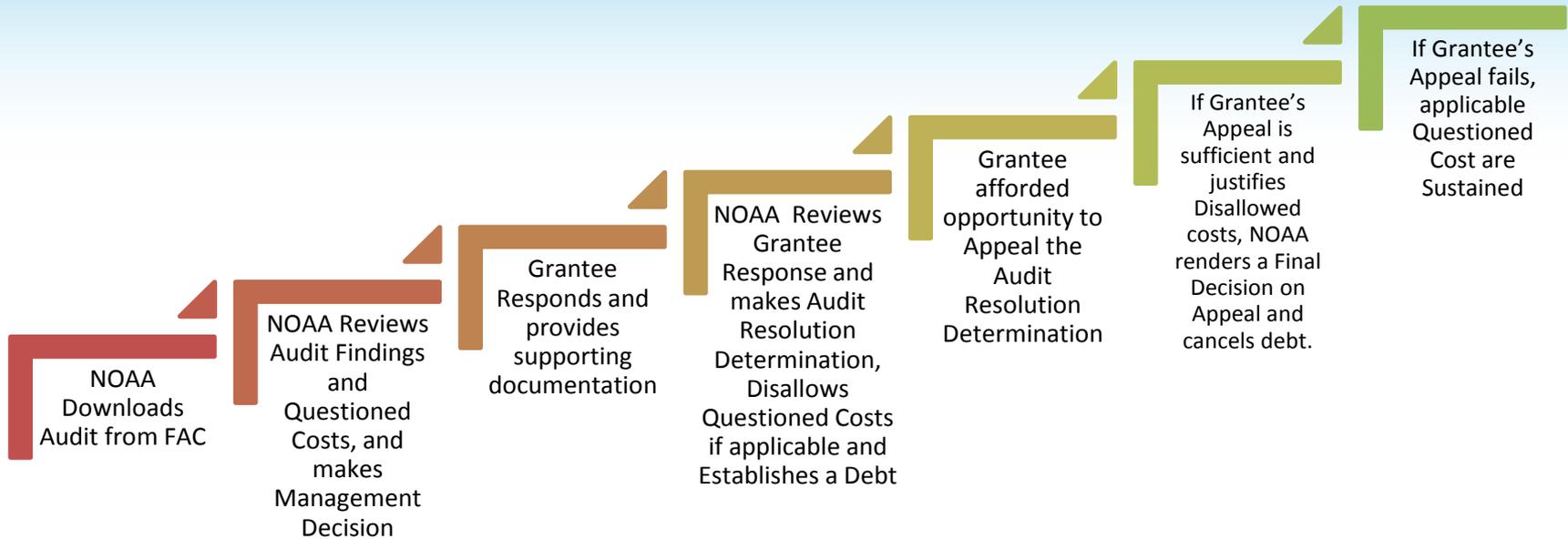


- Bureaus are now responsible for reviewing and resolving any audit findings
- Bureaus will now initiate the Audit Resolution Process
- Increased Program Officer Involvement

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# The Process of Audit Resolution



# Common Compliance Issues

- Inadequate or nonexistent Policies and Standard Operating Procedures
- 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.



# Common Compliance Issues Continued...

- Inadequate accounting system
- Cost that are not allowable, allocable or reasonable
- Inability to track Federal expenditures – no separate financial administration for each award
- Improper labor allocation for employees working on more than one project.
- Failure to submit re-budgeting request for agency approval – exceeds 10% budget line item variance

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# Fraud Detection

- Single Audits solidifies Transparency and Accountability and can lead to OIG Investigations for assessment of Fraud
- Fraud equates to deceit, trickery and deliberate neglect
- Common Compliance Issues can also lead to Fraud
- Examples of Fraud:
  - Misappropriation of Federal funds or Federal owned property
  - Deliberate neglect to adhere to grant laws, regulations and guidelines
  - Deliberate falsification of information competency



# Consequence of Non-Compliance

Misappropriation of Federal Funds  
Fraud :: Waste :: Abuse



**Example:** Two former employees of a grant were convicted for intentional misappropriation of funds and money laundering for Los Vegas Extravaganzas , and the purchase of luxury vehicles amounting to nearly half a million dollars.

# Consequence of Non-Compliance Continued...

Misappropriation of Federal Funds  
Conspiracy :: Embezzlement :: Bribery



**Example:** A former Executive Director of a grant embezzled Federal funds to purchase an Island off the coast of Jamaica and Yacht's. Other officials under the grant were charged with embezzlement, bribery and conspiracy. All were convicted.



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# How to Avoid Common Compliance Issues

- Prepare a thorough, fact based proposal
- Review and tune-up financial, administrative, and project management systems and Standard Operating Procedures
- READ and UNDERSTAND before you sign
- Revisit award requirements frequently during the project
- If in doubt, ASK QUESTIONS and get answers and approval BEFORE acting
- Conduct routine risk assessments of your internal controls
- DOCUMENT, DOCUMENT, DOCUMENT!

# Helpful Sources and Websites

- **2 CFR Part 200– Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards** - <https://www.federalregister.gov>
- **Department of Commerce Standard Terms and Conditions** – Section D. Audits
- **Department of Commerce Grants and Cooperative Agreements Manual** – Chapter 13, Audits
- **Federal Audit Clearinghouse** – <https://harvester.census.gov/facweb>
- **Grants Management Division, NOAA** – <http://www.ago.noaa.gov>
- **Office of the Inspector General, Department of Commerce** - <http://www.oig.doc.gov>

# QUIZ

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# QUIZ?

1. Single Audits safeguards Federal funds and protects against Fraud, Waste, and Abuse
2. Can Common Compliance issues also lead to Fraud?
  - a. Yes
  - b. No
3. One way to avoid Common compliance Issues is to:
  - a. Read and Understand before you sign
  - b. Conduct routine risk assessments
  - c. Prepare a through, fact based proposal
  - d. All of the above

# QUIZ

4. Federal awarding agencies only review Single Audits to verify submission?
  - a. True
  - b. False
  
5. What happens if a Grantee fails to Appeal a Federal agencies Audit Resolution Determination?

Applicable Questioned Cost Are Sustained!!!!



6. Are Single Audits mailed to the Federal Audit Clearinghouse or electronically submitted?

Electronically Submitted

# QUIZ

7. Fraud equates to:
  - a. Honesty
  - b. Deceit
  - c. Deliberate Neglect
  - d. Complying with Grant Terms and Conditions
  - e. B and C
  
8. Single Audit guidance can be found under 2 C.F.R. 200 Subpart?
  - a. A
  - b. D
  - c. F
  - d. E
  
9. The expenditure threshold which requires a Grantee to have a Single Audit is?  
\$750,000

# Questions & Answers



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