

Grant Managers Brown Bag

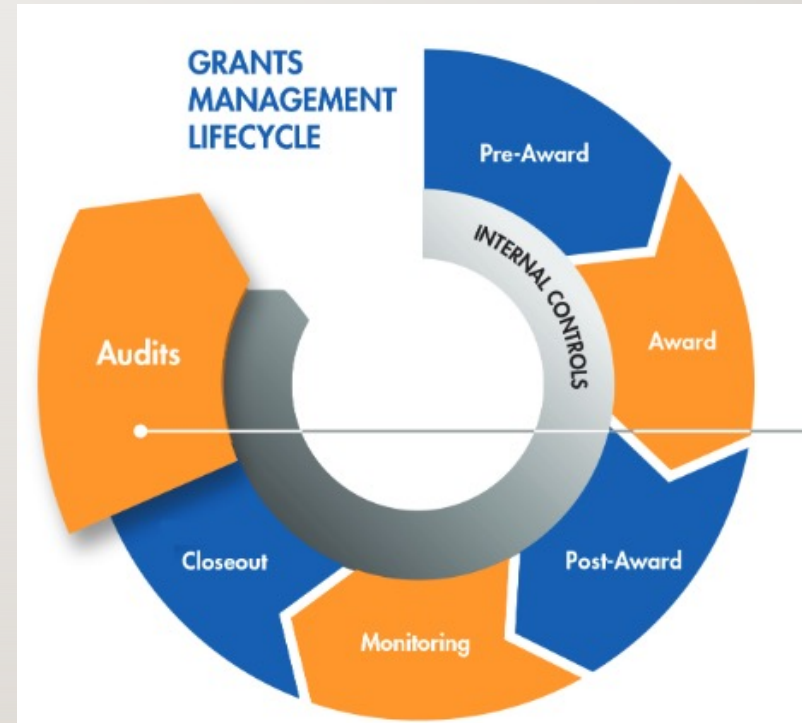
EVERYTHING YOU WANTED TO KNOW
ABOUT AUDITS BUT WERE AFRAID TO ASK

OCTOBER 2023



WHY AUDITS

- District grants are audited at least once a year.
- Increased focus on accountability with CARES Act funding.
- There is a lot of fear and confusion around the term audit and its implications.
- Little is said about audits but they are a critical component of the Grants Management Lifecycle. ([GMBok \(ngma.org\)](https://www.ngma.org))



WHAT IS AN AUDIT

A systematic, independent, and documented process for obtaining evidence and evaluating this evidence objectively to:

- 1) Determine the extent to which policies, procedures or requirements are fulfilled;
- 2) Provide objective, skilled, and impartial technical advice and recommendations; and
- 3) Improve operations and future performance.

AUDIT IMPLICATIONS

At the local level, audits:

- 1) Provide an opportunity to show constituents internally and externally what we are doing right and demonstrate compliance with grant program policies, procedures, and requirements;
- 2) Help identify areas in need of improvement;
- 3) May serve as the impetus for change and improvements in performance.



AUDIT IMPLICATIONS

At the funder level, audits:

- Serve the same role as they do at the local level;

BUT

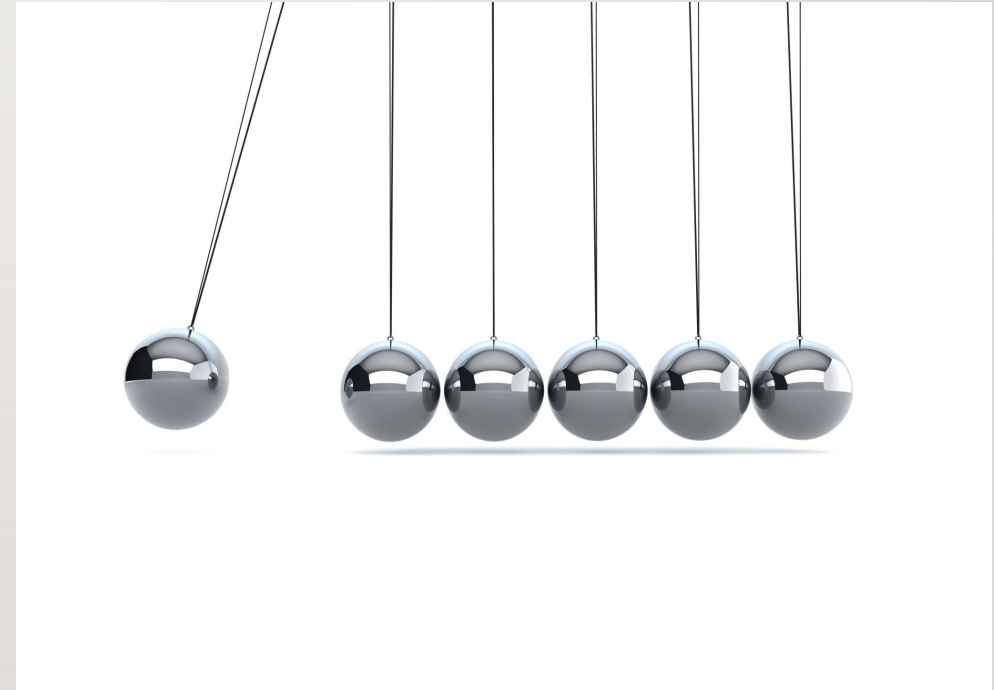
- Also provide an opportunity for funders to seek reimbursement for improper expenses

According to a 2020 report published by the Government Accountability Office (GAO), federal agencies issued an estimated \$175 billion in improper payments during fiscal year 2019.

GAO, Federal Agencies' Estimates of FY 2019 Improper Payments,
<https://www.gao.gov/assets/710/705016.pdf>

4 TYPES OF GRANT RELATED AUDITS

- Single Audits
- Program-Specific Audits (Desk Audit)
- Audits conducted by Office of Inspector General or Government Accountability Office
- Subrecipient Audits



TYPES OF AUDITS

Single Audit – Most Common Audit

- Required by all non-federal entities that expend \$750,000 or more in federal awards in a fiscal year
- Conducted by an independent auditor hired by the District
- Includes review of District's financial statements, internal controls, and compliance with laws and regulations
- Encompasses all district funds, not just grant funds;
- Is not specific to a specific grant

RCCD Annual Audit

- Led by the Controller's Office
- Available on the website generally one year after the fiscal year
- Reviewed and approved by Board of Trustees
- Includes a review of select federal grants
- [Microsoft Word - {6AD01A81-06BE-4F68-B68E-B5D3420459EB}.docx \(rccd.edu\)](#)
- Also uploaded to the Federal Audit Clearinghouse

TYPES OF AUDITS

Program-Specific Audits

- Specific to a singular grant program
- Often called a desk audit/desk review
- Conducted by a program officer or another entity on behalf of program office
- May include both financial and program review

Examples at RCCD

- National Science Foundation
- California Office of Emergency Services (Justice funded Bullet Proof Vest Grant)
- California Corps

TYPES OF AUDITS

OIG or GAO Audits

- Not very common
- Often the result of a whistleblower
- Funding agency has identified a significant concern and reached out for further assistance
- May result in the return of money, jail time, dismissal, other negative outcome

Example from the Field

- Duke Whistleblower Gets More Than \$33 Million in Research Fraud Settlement

[Duke Pays Whistleblower Millions In Research Fraud Case : NPR](#)

TYPES OF AUDITS

Subrecipient Audits

- Applies to subaward agreements granted/awarded by RCCD to a collaborative/cooperative partner (not a vendor, but a partner)
- Conducted by RCCD and/or its Colleges
- Goal is to monitor subrecipient activities to ensure the subaward is executed on time, within budget, and in compliance with program processes, procedures, and requirements
- May include recommendations and/or corrective actions
- Ensures that subrecipients are completing their annual Single Audits if required

Current Status of Subrecipient Auditing at RCCD

- Area of concern
- If conducted, it is at the program level
- The Office of Grants and Sponsored Programs is proposing that it will oversee subrecipient agreements for the district and be responsible for
 - Subrecipient assessment
 - Development of subaward agreements
 - Review of subaward invoices/payment
 - Subrecipient monitoring & compliance, including auditing

STEPS IN THE AUDIT PROCESS

- Audit Planning & Preparation
- Audit Execution
- Audit Reporting
- Audit Follow-Up



STEPS IN THE PROCESS

Step 1: Audit Planning and Preparation

- In nearly all cases, project director will have advanced notice of pending audit
- Audit group will send a list of expectations
- Audit may include a list of tasks for the project director, program, or college to complete



STEPS IN THE PROCESS

Step Two – Audit Execution

- May be held in person or via zoom or by phone
- Auditors will provide agenda
- Generally auditors will review requested documents and/or responses to questions



STEPS IN THE PROCESS

Step 3: Audit Reporting

- Important step in the process
 - But many weeks/months may pass between audit and report
- Auditors will provide a report upon completing review and analysis of grant documents
- Report includes a review of their opinions, findings (if any), and recommendations for improvement (if any)



STEPS IN THE PROCESS

Step 4: Audit Follow-Up

- If there are significant findings, auditors may require corrective actions
- If there are concerns, auditors may make recommendations
- Findings must be addressed by the identified deadline date
- Findings may be related to the program, but more often findings are related to college or district processes



COMMON AUDIT FINDINGS

Single Audit

- Incomplete or inaccurate Schedule of Expenditures of Federal Awards
- Poor cash management and/or internal controls
- Lack of written processes and procedures
- Insufficient documentation to justify charging expense to grant
- Comingling of funds in accounting records
- Lack of competitive bidding documentation

Program Specific Audits

- Charging unallowable costs to the grant program
- Poor subrecipient monitoring
- Program serving ineligible participants
- Untimely progress reports
- Insufficient documentation as outlined in grant agreement, such as equipment lists
- Cost reports do not reconcile to general ledger

COMMON AUDIT FINDINGS

- Recent Audit Findings at RCCCD
 - Lack of written processes and procedures
 - Unsigned time reports
 - Unclear roles and separation of duties among grant accounting team



WHAT TO DO IF

If you receive a notice from your program officer that an audit is pending,

- 1) Contact your local Grants Office
- 2) Share request with required actions, steps, and deadlines with Grants Office and Business Office
- 3) Reconcile grant budget in Galaxy
- 4) Ensure all expenses are appropriately documented, including Time and Effort Report

GRANT TEAM CONTACTS

- ✓ Alice Musumba, Director, Grants, Moreno Valley College
- ✓ Karina Gigliotti, Director, Grants, Norco College
- ✓ Rachel Weiss, Dean, Grant Development and Administration, Riverside City College
- ✓ Laurie McQuay-Peninger, Executive Director, Grants & Sponsored Programs, RCCD

PROJECT DIRECTOR ROLE

- Project director is responsible for:
 - Knowing program/grant requirements
 - Implementing grant activities and expending grant funds in accordance with grant requirements
 - Informing support teams, including Business Office, Human Resources, Purchasing, and Grants Team, of grant requirements
 - Approving all grant expenditures
 - Regularly reconciling grant expenditures in Galaxy



PROJECT DIRECTOR ROLE

- Project director is not responsible for:
 - Responding to non-program specific audit findings
 - Enacting non-program specific corrective actions
 - Ensuring that college/District complies with Uniform Guidance
 - College/District agrees to comply when grant award is accepted



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QUESTIONS AND RESOURCES

- Resources
 - [eCFR :: 2 CFR Part 200 -- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#)

