

# AUDITS

**Responsible personnel or unit:** Internal Controls and Compliance Team Leader and Accounting Team

## *Local Governments/Nonprofit Organizations*

For Recipients of \$750,000 or more in federal funds received from more than one source of federal funding in a fiscal year, an organization-wide audit must be performed. Auditees submit copies of audits to the Federal Audit Clearinghouse (FAC) to publish on the Web where it is available for public inspection (200.512(b)(2)).

For recipients of \$750,000 or more in federal funds received from a single source of funding in a fiscal year, a project audit, targeting only transactions dealing specifically with the project, may be performed in lieu of an organization-wide audit.

Recipients of less than \$750,000 in federal funds within a year are exempt from federal audit requirements. IEDA reserves the right to request additional information as needed.

## *Pre-Award Audit*

A Pre-Award Audit may be required of all for-profit and non-profit direct recipients of grant funds that exceed \$150,000. Pre-Award Audits will be initiated by IEDA following awards. Completion of the Pre-Award Audit survey including satisfactory results or remedies must occur prior to contract execution and transfer of funds from IEDA.

## *Audit Process*

### **Making Audits Publicly Available**

Auditees submit copies of audits to the Federal Audit Clearinghouse (FAC) to publish on the Web where it is available for public inspection (200.512(b)(2)).

### **IEDA Audit Process**

IEDA utilizes the State Auditors to meet single audit requirements which are conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) (200.514(a)). The Iowa Economic Development Authority is billed for only single audit work performed by the Iowa Auditor of State and specific internal auditor functions they provide related to the CDBG-DR funds. Single Audit bills are allocated to major programs based on prior fiscal year expenditures. If the federal funds are not selected as a major program of the state, no audit costs are charged. The specific internal auditor functions provided by the Iowa Auditor of State will be billed, in entirety to the CDBG-DR program as no other programs are reviewed as part of the internal audit function.

In addition to regular audits, IEDA's programmatic and financial oversight of activities will be completed by the Office of the Auditor of State in an agreed upon procedure document. They will also be responsible for detecting fraud, waste, and abuse through their audits as well as our compliance team leader.

The agreed upon procedures will be from **April 1, 2020 through June 30, 2021** with the IEDA maintaining the option to extend the performance end date. These agreed upon procedures will involve the evaluation and inspection of IEDA's (and its subrecipients) files, and policies/processes to determine compliance with requirements outlined in the Uniform Guidance related to:

- Activities allowed/or unallowed
- Allowable costs/Cost principles
- Eligibility
- Subrecipient monitoring
- Compliance with Duplication of Benefit provisions It is anticipated the IEDA will have the following program areas within this disaster funding:

1. Housing-FEMA Buyouts
2. Housing-CDBG Buyouts
3. Housing-Stormwater Infrastructure

#### **Recipient Audit Process**

1. Set up in iowagrants.gov – if IEDA is awarding more than \$750,000 to a City/County the Closeout/Audit section of iowagrants.gov is checked that an audit is required.
2. July of each year closeout coordinator sends Appendix XI Compliance Supplement Audit letter and Single Audit Form (SF-SAC) to every recipient. The Single Audit Form must be returned to IEDA.
3. As audits are received, they are logged into the iowagrants.gov by contract.
  - a. Date audit received
  - b. Type of Audit (City, County)
  - c. Audit Year
  - d. Audits are maintained in File Cabinets marked “Audits”
4. If the audit has findings or issues the project manager assigned to the contract will follow up until resolution. Per 2 CFR 200.331(d)(3), IEDA will issue a management decision for audit findings that relate to the DR awards made to Recipients.
5. Prior to closing a contract, closeout coordinator
6. Verifies receipt of 2 CFR 200 Audit or Single Audit Form
7. If not received, the recipient is contacted or auditor’s website is checked to see if audit is available. If available, print, update iowagrants.gov, file copy of audit and close out contract.
8. Check Federal Audit Clearinghouse (FAC) to verify audit has been received. Log date received into iowagrants.gov