

**2008 AICPA/ HHS
Single Audit Workshop**
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*Auditing Federal Programs-
Selected Department of Education Issues*

*Hugh M. Monaghan
Carolyn McShannon
U.S. Dept. of Education (ED), OIG*

What we plan to Cover in this session

- **Auditing of Subrecipient Monitoring in a Single audit, which is very important to ED Programs;**
- **Identifying Compliance Requirements Using the ED Cross-Cutting Section (84.000) for ED Programs; and**
- **Try to address your Questions**

Most ED grants awarded to State Education Agencies (SEAs) provide Federal Financial Assistance that is passed-through to Local Education Agencies (LEAs) and Other Subrecipients

For such programs, the SEA's compliance with requirements relating to their role as pass-through entity is material. For many ED and other Federal programs awarded to pass-through entities, among the most important of these responsibilities is *Subrecipient Monitoring*.

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More often than they should, questions arise in ED as to whether SEAs have properly fulfilled Subrecipient Monitoring compliance requirements, including requirements relating to Single Audits of subgrantees.

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Consequently, we will review the audit objectives to be addressed per the Compliance Supplement for the *Subrecipient Monitoring* type of compliance requirements.

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In addition to reviewing related internal controls, here are the Audit Objectives to be addressed for *Subrecipient Monitoring* per the Compliance Supplement:

- Determine whether the pass-through entity properly identified Federal award information and compliance requirements to the subrecipient, and approved only allowable activities in the award documents.

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- Determine whether the pass-through entity monitored subrecipient activities to provide reasonable assurance that the subrecipient administers Federal awards in compliance with Federal requirements.

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- Determine whether the pass-through entity ensured required audits are performed, issued a management decision on audit findings within 6 months after receipt of the subrecipient's audit report, and ensures that the subrecipient takes timely and appropriate corrective action on all audit findings.

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- **Determine whether in cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity took appropriate action using sanctions.**

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- **Determine whether the pass-through entity evaluates the impact of subrecipient activities on the pass-through entity.**

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Identifying Compliance Requirements Using the Compliance Supplement for ED Programs Included in Part 4 of the Compliance Supplement

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For Federal programs covered in Part 4 of the OMB Compliance Supplement, compliance requirements are identified using 3 parts in sequential order:

1. **Part 2, Matrix of Compliance Requirements; then**
2. **Part 3, Compliance Requirements; then**
3. **Part 4, Agency Program Requirements**

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The same applies for U.S. Department of Education Programs, except:

- In Part 4, ED has a “Cross-Cutting Section” that must be consulted prior to consulting the specific sections included for the specific ED program.
- Also, the Student Financial Aid Programs are covered as a cluster in Part 5.

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The ED “Cross Cutting Section”:

- is found at pages 84.000-1 through 84.000-33 of the Compliance Supplement.
- Is an extra step in determining compliance requirements for the ED programs included in Part 4 of the Compliance Supplement.

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Consequently, for ED Federal programs covered in Part 4 of the OMB Compliance Supplement, compliance requirements are identified using in sequential order:

1. Part 2, Matrix of Compliance Requirements; then
2. Part 3, Compliance Requirements; then
3. Part 4, Agency Program Requirements, Cross-Cutting Section, 84.000; then
4. Part 4, Agency Program Requirements; Specific Section of the ED Program

Any questions?

hugh.monaghan@ed.gov

carolyn.mcshannon@ed.gov

Thank you!
