

Single Audits - What Are The Responsibilities Of Subrecipients?

Overview

Entities that receive federal funds are subject to certain federal requirements including those cited in Uniform Guidance. See <https://ecfr.io/Title-2/Part-200>

Responsibilities of a subrecipient who receives federally sourced financial awards (e.g. loans or grants) all relate to compliance with the terms of the financial award which incorporate federal requirements known as “Uniform Guidance.”

Extensive information on “Uniform Guidance” in table of content format is available online at <https://ecfr.io/Title-2/Part-200>.

Important requirements in Uniform Guidance include audits and internal controls.

Subrecipient Audit Requirements:

Source: See detailed requirements for auditee (subrecipient) responsibilities at Code of Federal Regulations: <https://ecfr.io/Title-2/Section-200.508>. Your Certified Public Accountant is an excellent source of guidance on audit requirements for a subrecipient. The compliance audit required is referred to as a “Single Audit.”

In summary, a subrecipient must arrange for a properly performed single audit, and submit it in a timely manner to the federal government at the Federal Audit Clearinghouse (see further information on filing of Single Audits at <https://facweb.census.gov/>). The audit must include appropriate financial statements including the Schedule of Federal Awards.

Additionally, a subrecipient must take corrective action promptly on adverse audit findings, report on corrective action plans and also disclose the status of prior audit findings.

Important: If federal expenditures during the fiscal year from all sources combined of federal funds do not equal or exceed a threshold of \$750,000, then a Single Audit is not required.

However, audited financial statements which are audited under Generally Accepted Government Auditing Standards (GAGAS) are still required. The Texas Water Development Board will ask for an annual confirmation of exemption from the single audit requirement if the \$750,000 threshold is not met .

Internal Control Requirements

Source: See detailed requirements for internal controls for subrecipients at Code of Federal Regulations: <https://ecfr.io/Title-2/Section-200.303>. Your Certified Public Accountant is an excellent source of guidance on internal controls for a subrecipient.

In summary, a subrecipient must establish (i.e. design the internal controls) and maintain effective internal control (i.e. effective performance) to provide reasonable assurance (i.e. the standard of performance) that compliance with federal requirements occurs.

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Important: The design and performance of internal control systems must follow professional standards established by either the Comptroller General of the United States (i.e. “Standards for Internal Control in the Federal Government” also referred to as the “Green Book”), or the Committee of Sponsoring Organizations of the Treadway Commission (COSO; i.e. “Internal Control Integrated Framework”). Again, your Certified Public Accountant is an excellent source of guidance on professional standards of internal controls.

Additionally, the system of internal control must include monitoring of internal control performance which includes taking prompt action to improve compliance (including resolution of any adverse audit findings).

Assistance

Your independent outside Certified Public Accountant is a key resource for assistance. You may also contact Financial Compliance for assistance at fmfinance@twdb.texas.gov or (512) 463-6775.