

Single Audits - What Are Internal Control Requirements For Subrecipients?

Overview

Having an internal control system that is designed and operating effectively in accordance with established standards is a requirement of receiving federal funds.

Guidance

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

Basic Tasks

The following is NOT a comprehensive list of requirements but includes important reminders of key requirements.

Internal Controls Systems Designed to Provide Reasonable Assurance

§ 200.303 Internal controls.

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (c) Evaluate and monitor the non-Federal entity's compliance with statutes, regulations and the terms and conditions of Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.
- (e) Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state, local, and tribal laws regarding privacy and obligations of confidentiality.

Assistance

Your independent 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.