

# Audits of Discretionary Grants

---

# What are the audit requirements for my grant?

---

- The audit requirements of EDGAR, set forth in *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, implement the Single Audit Act Amendments of 1996. Under these requirements, grantees that expend \$500,000 or more in a year in federal awards must have a single audit or program specific audit performed for that year in accordance with the provisions of Circular A-133.

# What are the types of audits for discretionary grant projects?

---

- *OMB Circular A-133 Audits* - the one your organization arranges to have done by independent auditors in response to requirements of OMB Circular A-133. Generally, look at expenditures of federal funds across an entire organization and test the financial system by examining expenditures under major projects of the grantee.
- *ED Office of Inspector General (OIG) Audits* - an audit for fiscal and program compliance. This type of audit is done less frequently than A-133 audits and not every grantee is audited. OIG audits are most often triggered by serious *audit findings* identified during a review of the A-133 audit reports.

# What happens if the Office of Inspector General selects my project for an audit?

---

- You must cooperate with the OIG by providing the information requested and by responding to the findings and recommendations within the specified timeframe. The final audit report gives the name of an official in the Department who is responsible for resolving the issues discussed in the report.

# What happens if the audit report determines certain costs or activities are unallowable?

---

- If this happens, the Department uses the audit resolution process to recover the money from the grantee. The audit resolution process involves use of the governing regulations (for the audit period), including EDGAR, and any special terms and conditions, and attachments that apply to the grant to develop a written program determination on the findings.
- The program determination sets forth the Department's decision on the audit findings in the audit report and outlines the corrective action a grantee is required to take and/or the amount that is to be repaid.
- Grantees may be asked to provide additional information and documentation during the audit resolution process.

# How can I prepare for an audit?

---

- To obtain more information on preparing for an audit, you should get a copy of OMB's *A-133 Compliance Supplement* that is issued annually. The supplement is the guide for auditors that conduct the yearly audits under the Single Audit Act. It is also a helpful guide for grantees in preparing for an audit. It can be accessed electronically on OMB's Web site at the following URL:  
<http://www.whitehouse.gov/omb/circulars>.