

SAMPLE AUDIT CHECKLIST



THOMPSON **GRANTS**
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Preparing for an Audit

Considering the huge amount of federal dollars being disbursed annually by awarding agencies and the potential likelihood of risk that may come from improper management of those funds, it is apparent that audits can play an important role in ensuring sound project implementation and proper stewardship of federal funds. Audits don't have to be all about waste, fraud and abuse, however. Audits can provide opportunities for better performance oversight and improved program outcomes. Having an audit checklist can help federal agencies and pass-through entities promote a successful audit.

This whitepaper, courtesy of Thompson Grants, provides you with an overview of the audit preparation process, as well as with your own fully usable template of an audit checklist.

The Process: Planning and Examination

There are several steps to planning for an audit and on-site visit. Federal agencies, pass-through entities and other nonfederal entities need to simultaneously plan for an audit while scheduling the on-site visit and developing a meeting agenda. The federal agency, or pass-through entity, should send a letter with the attached agenda detailing the meeting. Nonfederal entities, recipients or subrecipients, should request the information if it is not forthcoming. Nonfederal entities should also be permitted to add any items to the agenda. Both parties need to review applicable documents and files that are relevant to the award or subaward.

All granting agencies should, and federal granting agencies must, assess the risk of the recipient or subrecipient to determine what programs may require closer supervision.

Examples of risk include:

- programs with complex compliance requirements;
- high-dollar programs;
- a program newly authorized by Congress;
- programs with prior audit and/or monitoring findings;
- high-profile programs in which the grantor, Congress or the public have an interest;
- programs administered by inexperienced recipients or subrecipients;
- programs administered by recipients or subrecipients that have inexperienced staff; and
- recipient or subrecipient sites that have not been visited recently.

Once the level of risk is established, the programs to be audited will be selected and a visit will be arranged. When scheduling a visit to a recipient or subrecipient's program site, the auditor should consider providing the following information so the auditee can prepare for the visit:

- the visit's purpose;
- the agency's contact person;
- a list of records to be reviewed;
- areas of the site to be visited or observed;
- employees to be interviewed; and
- program participants to be interviewed (if any).

Once the planning stage ends, the examination stage begins, and this stage will cover the program and its financials.

In Summary

Conducting meaningful site visits is integral to an effective auditing and/or monitoring plan. The mantra of award and subaward management is, "Document, Document, Document!" Sound documentation goes a long way in demonstrating federal compliance and program stewardship.

On-site visits can support project implementation, as they provide proactive performance and compliance reviews, and alert all involved to any problems that should be addressed.

The on-site visit is an opportunity for the recipient or subrecipient to demonstrate how well the project is progressing. The visit is an opportunity for the federal agency or pass-through entity to identify any areas of weakness that would benefit from technical assistance. It can be a time for both federal agencies and nonfederal entities to identify best practices.

The Sample Audit Checklist

The following is a complete audit checklist template for you to use to prepare for your next on-site visit and evaluation, courtesy of Thompson Grants.

Sr#	Requirements	Compliance (Y/N)	Comments
Preparing for the audit site visit (federal agency or pass through entity)			
1.	Develop agenda		
2.	Prepare site visit letter		
3.	Assess risk		
4.	Select programs		
5.	Develop schedule for entrance conference, interviews and exit conference		

Sr#	Requirements	Compliance (Y/N)	Comments
Preparing for the audit site visit (recipient or subrecipient)			
6.	Arrange access to files		
7.	Arrange access to staff		
8.	Arrange office space for meetings and interviews		
9.	Be aware of ethics rules and what federal officials may not be able to accept (meals, program keep sakes, etc.)		

Sr#	Requirements	Compliance (Y/N)	Comments
Program Management			
10.	Program name		
11.	Objectives		
12.	Targets		
13.	Activities		
14.	Outcomes to date		

Sr#	Requirements	Compliance (Y/N)	Comments
Financial Management			
15.	Written procedures		
16.	GL transactions		
17.	Receipts		
18.	Purchase orders		
19.	Absence of comingling		
20.	Cost sharing/matching		
21.	Prior approvals obtained before amendments		

Sr#	Requirements	Compliance (Y/N)	Comments
Personnel Management			
22.	Written HR procedures		
23.	Hiring policies		
24.	Position descriptions		
25.	Recruitment		
26.	Evaluation		
27.	Professional development		
28.	Time and effort reporting		

Sr#	Requirements	Compliance (Y/N)	Comments
Subaward or Subcontract Management			
29.	Procurement procedures		
30.	Written policies		
31.	Open competition		
32.	Proposal or bid process		
33.	Award process		
34.	Monitoring process		

Sr#	Requirements	Compliance (Y/N)	Comments
Property or Equipment Management (if applicable)			
35.	Inventory records		
36.	Maintenance		

Sr#	Requirements	Compliance (Y/N)	Comments
Other			
37.			
38.			
39.			
40.			
41.			
42.			

Sr#	Requirements	Compliance (Y/N)	Comments
Other			
43.			
44.			
45.			
46.			
47.			

About Thompson Grants

For more than 45 years, [Thompson Grants](https://www.thompsongrants.com), a division of CBIS, has been the leading provider of grants compliance information, data and training covering the full grants life cycle — from pre-award to award, post-award and close-out. Thompson's comprehensive and easy-to-use grant-seeking and management resources are specifically designed to help easily navigate the complex web of grants compliance challenges. We've got you covered with:

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- Live training

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Audit Strategies for Auditors and Auditees A Thompson Grants eLearning Course

The uniform guidance made significant changes to the single audit process and federal agencies are expected to recover approximately \$50 billion a year in improper payments, including waste, fraud and abuse. That's why both auditors and auditees need to update the strategies they use to prepare for audits. From understanding the new audit threshold to rules for using cooperative audit resolution, now is the time to update your audit strategy to align with the 2 CFR 200's focus on risk and accountability!

In this 8-module online course, subject matter expert Karen Norris presents today's best strategies for preparing for an audit. Both auditors and auditees will learn how the Uniform Grant Guidance has changed the Single Audit process, including what is required if an audit identifies findings. From where the most common findings arise, to ways to trouble shoot your own documentation and reporting, you'll "graduate" from this course ready to make sure you have the right processes in place—and that they're being followed. Working at your own pace, you'll gain practical guidance on a proactive approach than can be used to help resolve issues and reduce the chance that findings will trigger disallowed costs. Auditees will learn how to map out audit strategies that anticipate auditors' questions. Auditors will gain valuable know-how into new requirements including thresholds, time and effort reporting, procurement provisions, tribal reporting exemptions and many other key areas of the Subpart F single audit.

Learning Objectives:

- 1) Understand the focus on risk in the uniform guidance
- 2) Recognize most common audit findings
- 3) Identify varied monitoring techniques
- 4) List steps to prepare for a site visit
- 5) Review changes to the new SF-SAC form
- 6) Identify requirements in the compliance supplement
- 7) Gain awareness of a new audit resolution strategy
- 8) Review considerations for formal audit appeals

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