

**STATE OF VERMONT
AGENCY OF ADMINISTRATION
DEPARTMENT OF FINANCE AND MANAGEMENT**

Subject: **Single Audit Review and Coordination**

Effective Date: **July 1, 2016**

Applicable To: **All State Agencies and Departments**

Issued By: **Department of Finance & Management**

Approved By: **Andrew Pallito, Commissioner**

PURPOSE

To outline the procedures to be used by State of Vermont agencies and departments when reviewing single audit reports in accordance with Vermont Agency of Administration Bulletin 5, Section VIII.E (Bulletin 5) and 2 CFR Chapter I, Chapter II, Part 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Subpart F (Uniform Guidance).

This procedure document should be used in conjunction with Bulletin 5 and if there are any discrepancies between it and the bulletin, Bulletin 5 shall prevail.

BACKGROUND

The Uniform Guidance contains federal regulations pertaining to all aspects of federal grants management. Subpart F of the Uniform Guidance contains audit provisions which include the requirement for non-federal entities that expend \$750,000 or more in federal awards during a fiscal year (\$500,000 or more during fiscal years beginning before December 26, 2014) to have a single or program-specific audit conducted. Bulletin 5, effective December 26, 2014, is the State of Vermont's policy regarding the grant issuance and monitoring components of the Uniform Guidance and it requires State Granting Agencies to review the single audit reports of their subrecipients and to follow-up on audit findings that pertain to awards provided by them.

Since there are numerous State of Vermont agencies and departments who grant federal funds (called pass-through entities by the Uniform Guidance), subrecipients may receive grants from multiple pass-through entities during a fiscal year. In order to minimize duplication of effort, it is necessary to coordinate review of single audit reports between State of Vermont pass-through entities and this document contains the procedures required to accomplish this coordination.

DEFINITIONS

Cross-Cutting Audit Finding means a single audit report finding that relates to instances of noncompliance with Federal laws and regulations which relate to multiple Federal programs and/or state granting agencies, including findings pertaining to internal controls. For example, a cash management finding may impact all Federal programs administered by the subrecipient since it may use the same process for all of its cash management functions.

Granting Plan means a written plan describing how a business unit will administer and monitor the grant awards it issues. This plan will include the basic elements as described in the [Bulletin 5 Granting Plan Supplement](#) and must be approved by the Commissioner of the Department of Finance and Management.

Management Decision Letter means a letter or other formal correspondence issued by the primary pass-through entity to a subrecipient regarding its evaluation of the audit findings and corrective action plan for a particular single audit report. A management decision should clearly state whether or not the audit finding is sustained, the reasons for the decision, and, when necessary, the expected action to repay disallowed costs, make financial adjustments, or other action. If the subrecipient has not completed its corrective action, a timetable for follow-up should be given. The management decision may also describe any appeal process available to the subrecipient, when applicable.

Official Grant Monitoring File means the official file where all monitoring documentation exists for a particular grant award or subrecipient/fiscal year. The format of this file may be paper, electronic, or a combination of the two in accordance with the business unit's approved Granting Plan.

Primary Pass-Through Entity means the business unit designated by Finance & Management as the lead business unit for a subrecipient's single audit review.

Secondary Pass-Through Entity means a business unit that has granted funds to a subrecipient but has not been designated as the primary pass-through by Finance & Management.

Single Audit means an audit conducted in accordance with 2 CFR Part 200, Subpart F. Its purpose is to provide assurance to federal agencies and pass-through entities as to the management and use of federal grant funds. The audit is typically performed by an independent certified public accountant (CPA) that is trained and qualified to perform a single audit and it encompasses both financial and compliance components.

Subrecipient means a non-federal entity that receives a subaward from a State of Vermont pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such a program. A subrecipient may also be a recipient of other federal awards directly from a federal awarding agency. A subaward passed through from one State of Vermont Business Unit to another is not considered a subrecipient agreement for single audit purposes although other monitoring requirements may still exist.

Subrecipient Annual Report means the annual report submitted by subrecipients to Finance and Management which states whether or not the subrecipient requires a single audit for a given fiscal year. This annual report is required by Bulletin 5 and is a mandatory requirement of all federally funded grant agreements.

ROLES AND RESPONSIBILITIES

I. Primary Pass-Through Entity

The primary pass-through entity fulfills a role similar to a Federal Cognizant Agency for Audit as defined by Uniform Guidance §200.18. The primary pass-through is the lead State of Vermont pass-through entity responsible for verifying that the subrecipient submits copies of the audit to the Federal Audit Clearinghouse (FAC), reviewing

the audit report, coordinating review among State of Vermont granting agencies, issuing a management decision if required, and updating the VISION Grant Tracking module regarding single audit review.

II. Secondary Pass-Through Entity

The secondary pass-through entity is responsible for reviewing single audit reports for their subrecipients and determining if the report contains findings pertaining to its grant programs. The secondary must also communicate with the primary in order to facilitate drafting of the management decision and finalizing single audit review per the procedures described in this document.

KEY ROLES AND RESPONSIBILITIES	
Primary	Secondary
Obtain the single audit report from the FAC or directly from the subrecipient. Review the report to identify any cross-cutting issues and to findings pertaining to programs funded by the primary.	Review single audit reports to identify findings or other issues that may impact their program(s) and to review and evaluate the corrective action plan for such findings.
Coordinate review of the single audit report with secondary State of Vermont pass-through entities.	Communicate with the primary pass-through entity regarding review of the audit report.
If an audit report contains findings, issue a management decision on the subrecipient’s corrective action plan and/or responses to the findings within six months after receipt of the audit report.	Notify the primary whether the audit report contains findings pertaining to the secondary’s program(s) and when such findings exist, draft the management decision to the corrective action plan for those findings.
Update the appropriate section of the Review page of the Grant Tracking module to identify the status of various stages of single audit review such as receipt of the report, review of the report, etc.	Audit review checkboxes in the Grant Tracking module are <u>not</u> to be updated by secondary pass-through entities.
Enter thorough comments in the <i>Comments</i> boxes of the Grant Tracking Review page, both positive and negative as applicable.	Enter thorough comments in the <i>Comments</i> boxes of the Grant Tracking Review page, both positive and negative as applicable.
Document all monitoring activities in the official monitoring file using the Single Audit Review Log or similar document.	Document all monitoring activities in the official monitoring file using the Single Audit Review Log or similar document.

PROCEDURES

A. SINGLE AUDIT REVIEW

All pass-through entities must review the audit reports of all of their subrecipients, regardless of who has been assigned as primary pass-through entity. In addition to the tasks outlined in this document, each granting agency must follow the procedures described in its approved Granting Plan.

When reviewing a single audit report, it is important to understand the purpose of a single audit and also its limitations. A single audit looks primarily at the subrecipient’s “major programs” (larger programs which meet the definition of a major program) and “non-major” programs which the auditor determines have a high risk of non-compliance with Federal regulations. Auditors are required to include reportable conditions, material weaknesses, findings of noncompliance, questioned costs, suspected fraud, etc. in the audit report *only for the programs that were audited*. Depending upon specific program requirements and the results of previous audits, major programs

may be audited only once every three years and non-major/low-risk programs are generally excluded from the audit altogether.

Reliance on Single Audits: Many State of Vermont subrecipients are relatively small organizations with only one major program and the scope of their single audit is focused only on this program and its compliance requirements. Due to the limitations of this narrow focus, pass-through entities should not rely solely on single audit reports for their monitoring activities. In order to adequately monitor a subrecipient, the pass-through entity may need to perform site visits, additional desk reviews, or other monitoring activities. Additional monitoring will allow a pass-through entity to monitor areas of a major program that an auditor would not test, or to monitor programs that are not tested during the single audit either because they are too small or they are not considered high-risk.

Use of the Federal Audit Clearinghouse

The Uniform Guidance requires single audit reports to be submitted electronically to the FAC within 30 days after the report has been issued but no later than nine months after the subrecipient’s fiscal year has ended. The FAC is implementing functionality to allow downloading of the audit report package directly from their website. Whenever possible, primary and secondary pass-through entities should download copies of audit reports directly from the FAC once this functionality has been implemented. In the meantime, copies should be obtained directly from the subrecipient and electronic copies are preferred.

General Review Guidelines <i>Conducted by both Primary and Secondary Pass-Through Entities</i>
Obtain the single audit report from the Federal Audit Clearinghouse or directly from the subrecipient if download functionality is not available on the FAC website. (The report is due no later than nine months after the subrecipient’s fiscal year end.)
Review all required sections of the audit report.
Cross-cutting audit findings, such as those pertaining to internal controls, may affect all programs including non-major programs, so particular attention should be given to these findings even if no programmatic findings exist.
Document review using checklists, a review log, or other written/electronic means and file this documentation in the Official Grant Monitoring File .
Primary and secondary pass-through entities must communicate on the adequacy of management’s response to the corrective action plan. The secondary will draft responses to findings pertaining to its own grant programs. A final management decision is due no later than six months after completion of the audit report.
NOTES: <i>The State of Vermont is not authorized to grant extensions for submission of single audit reports.</i> <i>Pass-through entities are not required to follow up on findings or other matters pertaining to awards not passed through the State of Vermont, such as direct Federal awards or subawards from non-State of Vermont entities.</i>

Required Sections to Review

- Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters;
- Auditor's Report on Compliance for Each Major Program;
- Report on Internal Control over Compliance;
- Report on Schedule of Expenditures of Federal Awards (SEFA);
- Schedule of Findings and Questioned Costs;
- Corrective Action Plan (when separately reported.)

Expenditures reported on the SEFA should be reviewed by pass-through entities for reasonableness as compared to financial reports submitted during the fiscal year period. If there appear to be errors or omissions on the SEFA, a revised report should be requested. Any requests for revised reports should be made by the primary and coordinated with secondary pass-through entities. The subrecipient should coordinate the revision with their auditor. Pass-through entities should not make requests for revisions directly to the subrecipient's auditor.

Checklists

Pass-through entities should use one or more checklists in order to facilitate consistent and thorough review of all reports and as a means of documenting the review. A sample [audit review checklist](#) is found on the Finance & Management website but pass-through entities may develop their own checklist if the sample does not meet their needs. Pass-through entities are expected to consistently use their checklists for all single audit reports it reviews.

Corrective Action Plan

The subrecipient must provide a formal response to each finding contained in the single audit report and many reports contain this response within the single audit report itself. When an audit report does not contain an adequate management response to findings, a corrective action plan must be requested. The primary will typically take the lead in communicating with the subrecipient for matters pertaining to cross-cutting audit findings and for findings pertaining specifically to the primary's programs and the secondary will communicate regarding follow-up for their own programs. However, there may be instances where the primary and secondary may mutually agree that it makes sense to share this responsibility. Regardless of which pass-through entity communicates with the subrecipient, copies of all corrective action plans and associated correspondence must be filed with the audit and retained by pass-through entities per the procedures of their Granting Plan.

B. COORDINATION OF SINGLE AUDIT REVIEW

In order to facilitate efficient and timely monitoring of single audit reports, the tasks listed in [Appendix I](#) are assigned to primary and secondary pass-through entities along with a recommended timeframe for each. A summarized timeline of audit review tasks is found in [Appendix II](#).

The timeline provided is recommended but may vary depending upon the current situation. Variations to the recommended timeline may be agreed to by pass-through entities without approval of Finance and Management, provided single audit review is **completed within six months** after each subrecipient's report has been issued as required by the Uniform Guidance.

It is important to note that the majority of single audit reports reviewed by State of Vermont pass-through entities are due March 31 (fiscal year-end June 30) and review must be completed by September 30. This is a busy time of year due to fiscal year-end deadlines and activities and it may be necessary to fluctuate from the recommended timeline particularly during this time of year.

Primary Pass-Through Entity Tasks

Coordination of single audit review between State of Vermont granting agencies is conducted by the primary pass-through entity. The primary must document each step of its review of single audit reports using the [Single Audit Review Log](#) found on the Finance & Management website or in a similar document. This log should be filed in the official monitoring file.

Note: Finance & Management provides a list of key contact persons in each State of Vermont granting agency on the Bulletin 5 page of its website. Refer to the Monitoring Contacts for the applicable business unit(s) when communicating with another pass-through entity.

The primary is not expected to:

- Make a hard copy of the report for the secondary pass-through entities;
- Notify secondary pass-through entities of findings that may appear in the report;
- Review or comment upon the corrective action plan for findings related to a secondary's programs.

VISION Grant Tracking Module: The primary is responsible for all Grant Tracking Review page entries which should occur throughout the review process. Since the time between receiving a single audit report and when its review is finalized can be as long as 6 months, it is the expectation that Grant Tracking will be updated as events occur and not all at once after the fact. *It is especially important that the Audit Received checkbox is checked immediately upon receipt of the audit report since this status effects the subrecipient's eligibility for future grant awards.*

Secondary Pass-Through Entity Tasks

Although coordination of single audit review is conducted by the primary, a secondary pass-through entity must be responsive to requests made by the primary and must conduct their own timely review of their subrecipients' single audit reports. The secondary pass-through must also document each step of its review of single audit reports using the [Single Audit Review Log](#) found on the Finance & Management website or in a similar document. This log should be filed in the official monitoring file. At a minimum, the tasks listed in [Appendix I](#) must be documented.

C. MANAGEMENT DECISION AND FINALIZING REVIEW

The Uniform Guidance and Bulletin 5 require the primary to send a Management Decision Letter (MDL) to the subrecipient only when the audit contains findings. This letter provides the State's assessment of the subrecipient's response to findings and it **must** be sent within six months after the audit report has been issued. As a best practice, when a single audit report does not contain findings, it is recommended that the primary communicate via a formal letter or email to the subrecipient that review of the report has been completed and that no further follow-up is required.

Although the primary has ultimate responsibility for the MDL, all secondary pass-through entities are responsible for providing timely feedback to the primary in order for the MDL to be drafted within the required timeframe. When an audit report contains findings, but does not contain findings that pertain to a secondary's programs, the secondary should communicate this to the primary as soon as possible. This will allow the primary to avoid contacting them to solicit a response and may allow the process to be completed earlier and more efficiently.

When findings in the audit report affect programs administered by both the primary and one or more secondary pass-through entities, the primary is responsible for drafting the MDL and for including relevant comments or narrative provided by the secondary.

D. BULLETIN 5 RISK ASSESSMENT

Bulletin 5 requires granting agencies to perform pre-award risk assessments when issuing new grant awards and one area of evaluation pertains to the results of prior audits. In order to provide meaningful information to grants staff who perform future risk assessments, it is important to enter thorough comments in the Comments boxes of the Grant Tracking Review page, both positive and negative as applicable. A reviewer's tendency may be to enter only negative comments for an audit that contained numerous or serious findings, but both positive and negative comments are useful and important for grants staff when performing future risk assessments. Comments may be entered by any user with access to the Review page and are also visible to all users with access to the page.

E. OFFICIAL GRANT MONITORING FILE

As required by Bulletin 5, documentation of all monitoring activities, including activities and correspondence related to single audit review, must be kept in the pass-through entity's official monitoring file in accordance with the approved granting plan. Pass-through entities must also keep copies of subrecipient single audit reports and corrective action plans. Contents of grant monitoring files must be made available to Finance & Management and/or auditors upon request. Files and corresponding audit reports must be retained in accordance with the State of Vermont General Record Schedule [GRS-1000.1007: Audit Records](#) or with the pass-through entities' own records retention schedule. In some cases, Federal program regulations require a longer retention period and, when applicable, those requirements shall prevail.

APPENDIX I

PRIMARY PASS-THROUGH AUDIT REVIEW TASKS	
Task Description (Document activities in the Single Audit Review Log or similar document)	Due Date
<p>Ascertain Report Status</p> <ul style="list-style-type: none"> ➤ Review the expected audit completion date reported on the Subrecipient Annual Report (SAR). This can be found by downloading the SAR from the Review page of the VISION Grant Tracking module. ➤ Contact the subrecipient to ascertain the status of the audit. <ul style="list-style-type: none"> ▪ <i>If a date has not been provided on the SAR, contact the subrecipient no later than seven months after the fiscal year end date (two months prior to the nine-month deadline).</i> 	<p>3 months after subrecipient’s fiscal year-end</p> <p>At least 2 months prior to report due date</p>
<p>Obtain Report</p> <ul style="list-style-type: none"> ➤ Check the FAC after the expected due date to see if an audit report has been submitted and download the report if available. If the FAC download functionality is not yet available, contact the subrecipient directly for a copy. ➤ Follow up with the subrecipient if it has not been submitted. <i>Make it clear to the subrecipient that failure to comply with the deadline puts them out of compliance and they are <u>ineligible for future awards</u> until they are in compliance.</i> <p>Note: <i>The State of Vermont does <u>not</u> have the authority to grant extensions for the nine-month single audit due date.</i></p>	<p>Within 2 - 4 weeks after the 9-month deadline</p>
<p>Preliminary Review</p> <ul style="list-style-type: none"> ➤ Verify that it is a single audit report and that it appears to include all required components. (See Required Sections.) ➤ Review the SEFA and verify that the correct Business Unit has been selected as primary. <ul style="list-style-type: none"> ▪ If the correct primary has <u>not</u> been selected, email a copy of the SEFA to Finance & Management and request that the primary is changed. <p>Note: <i>If Finance & Management concurs, the primary will be changed in VISION and the former primary will take on the role of secondary for the remainder of this audit review.</i></p> <ul style="list-style-type: none"> ➤ Determine if the report contains findings and if so, if a management response (corrective action plan) has been included ➤ Request a corrective action plan from the subrecipient if a management response is not included in the report ➤ Check the Audit Received checkbox on the VISION Grant Tracking Review page. <p>Note: <i>Since receipt of the single audit report affects a subrecipient’s eligibility for future awards, it is very important that the Audit Received checkbox be checked as soon as the audit report has been received.</i></p>	<p>Within 1 week of receipt of report</p> 
<p>Contact Secondary Pass-Through Entities</p> <ul style="list-style-type: none"> ➤ Contact all secondary pass-through entities whose programs were included in the SEFA. 	<p>Within 10 days of receipt of report</p>

PRIMARY PASS-THROUGH AUDIT REVIEW TASKS	
Task Description (Document activities in the Single Audit Review Log or similar document)	Due Date
<p>Contact Secondary Pass-Through Entities <i>(continued)</i></p> <ul style="list-style-type: none"> ▪ Contact should be a brief email notifying the secondary that the single audit report is available and the subrecipient has reported expending funds from one or more of the secondary’s programs. ▪ As a courtesy, if the audit report has been received electronically, a copy of the report should accompany the email to the secondary pass-through entity. <p><i>Note:</i> Consult with the subrecipient or Finance & Management if unable to determine if there are secondary State of Vermont pass-through entities on the SEFA.</p>	
<p>Thoroughly review the Single Audit Report</p> <ul style="list-style-type: none"> ➤ Use the sample Audit Review Checklist or other similar document to assist in thoroughly reviewing the audit report. ➤ Determine if the report contains cross-cutting audit findings or to programs managed by the primary pass-through entity. ➤ Determine if the report contains a management response to the findings. If it does not, the primary will request a corrective action plan from the subrecipient within this 30-day period. ➤ Verify that the SEFA appears to be correctly stated for the primary’s programs. ➤ Check the <u>Audit Reviewed</u> checkbox in VISION. <p>Report without Findings</p> <ul style="list-style-type: none"> ➤ It is recommended that the primary send a letter to the subrecipient acknowledging their audit report review is complete and no further follow-up is required. A copy of this letter will be maintained in the official monitoring file. ➤ Check the <u>Audit Accepted</u> checkbox in VISION and verify that all other checkboxes have been checked. 	<p>Within 30 days of receipt of the report</p>  <p>Immediately upon completion of review</p> 
<p>Review Corrective Action Plan (CAP) <i>(when report contains findings)</i></p> <ul style="list-style-type: none"> ➤ Review the CAP for all cross-cutting audit findings. ➤ Review the CAP for finding responses related to the primary’s programs. <p><i>If CAP is part of the original report:</i> Review is part of overall report review. <i>If CAP is submitted separately:</i> Review as soon as possible upon receipt.</p> <ul style="list-style-type: none"> ➤ Contact subrecipient if corrective action plan is deemed incomplete or inadequate to address the audit findings and request an updated plan. ➤ Check the <u>Audit Contains Findings/Issues</u> checkbox and all appropriate <u>Corrective Action Plan</u> checkboxes in VISION. ➤ Contact all secondary pass-through entities via email and ask for their assessment of responses to audit findings for the secondary’s program(s) and for input into the Management Decision Letter. (See section below.) <p><i>Note:</i> State of Vermont agencies are not required to review or comment on findings contained in the report related to programs <u>not passed through the State of Vermont</u>.</p>	<p>(Part of report review)</p> <p>Within 30 days of receipt of report</p>  <p>Within 45 days of receipt of the report</p>

PRIMARY PASS-THROUGH AUDIT REVIEW TASKS	
Task Description (Document activities in the Single Audit Review Log or similar document)	Due Date
<p>Follow-Up with Subrecipient</p> <ul style="list-style-type: none"> ➤ The primary should follow-up as needed pertaining to findings related to their programs. ➤ If further information or other follow-up is needed from the subrecipient regarding cross-cutting audit findings, the primary should typically take the lead in communicating with the subrecipient. However, there may be instances where the primary and secondary may mutually agree that the secondary should reach out directly. ➤ The primary is <u>not</u> expected to follow-up with the subrecipient regarding findings that pertain to a secondary's programs. ➤ Communication with the subrecipient may be in writing, on the telephone, or in person, and whichever form is used, it should be documented in the Single Audit Review log or similar document. ➤ Decisions or formal requests should be made in writing and, when applicable, forwarded to secondary pass-through entities along with the subrecipient's response. 	<p>As needed during report review</p> 
<p>Management Decision Letter</p> <ul style="list-style-type: none"> ➤ Draft the initial letter: <ul style="list-style-type: none"> ▪ Include all cross-cutting findings ▪ Include findings related to the primary pass-through entity's programs ▪ Incorporate comments submitted by the secondary pass-through entities for findings related to their programs ➤ Send draft of the management decision letter to all secondary pass-through entities for their review and additional comments <i>(If there are no findings pertaining to a secondary and if they had no other comments for the letter, this step may be omitted.)</i> ➤ Issue the final management decision to the subrecipient ➤ Check the <u>Management Decision Letter Issued</u> checkbox in VISION ➤ Check the <u>Audit Accepted</u> checkbox in VISION 	<p>3-5 months after receipt of the report</p>  <p>No later than 6 months after receipt of the report</p>
<p>Comments</p> <ul style="list-style-type: none"> ➤ Enter pertinent comments as needed. See Bulletin 5 Risk Assessment. ➤ The commenter should identify their comments by entering their name or initials, business unit, and the date entered to allow anyone with questions to contact them. 	<p>Throughout review cycle</p> 

SECONDARY PASS-THROUGH AUDIT REVIEW TASKS	
Task Description (Document activities in the Single Audit Review Log or similar document)	Due Date
<p>Obtain Report</p> <ul style="list-style-type: none"> ➤ Check the FAC after the expected due date to see if an audit report has been submitted and download the report if available. A copy of the report may be forwarded by the Primary after their preliminary review. ➤ Follow up with the primary to ascertain the status if the report has not been submitted to the FAC. <p><i>Note: The State of Vermont does not have the authority to grant extensions for the nine-month single audit due date.</i></p>	<p>Within 2 - 4 weeks after the 9-month deadline</p> 
<p>Preliminary Review</p> <ul style="list-style-type: none"> ➤ Determine if the report contains findings (related to the secondary's programs or cross-cutting findings) and if so, if a management response (corrective action plan) has been included. ➤ Communicate with primary if CAP is not included to determine when it will be available. ➤ Verify that the SEFA appears to be correctly stated for the secondary's programs. ➤ If the report contains neither findings pertaining directly to the secondary's programs nor cross-cutting findings that may impact the secondary's programs, a more thorough review is not necessary. <ul style="list-style-type: none"> ▪ In this case, a courtesy email should be send to the primary stating the secondary has no comments and their review is complete. ▪ Document this in the Single Audit Review Log. 	<p>Within 2 weeks of receipt of report</p>  <p>Within 30 days of receipt of the report</p> 
<p>Detailed Review of the Single Audit Report and Corrective Action Plan (CAP) (when the report contains findings)</p> <ul style="list-style-type: none"> ➤ Use the sample Audit Review Checklist or other similar document to assist in reviewing the audit report. ➤ Review is focused on direct programmatic findings or cross-cutting findings that may impact programs passed through to the subrecipient by the secondary. ➤ If the CAP is inadequate, or if additional information is required from the subrecipient regarding the secondary's programs, the secondary may contact the subrecipient directly for follow-up. <p><i>Note:</i> In order to minimize repeat questions and requests for follow-up between the State and a subrecipient regarding cross-cutting findings, the primary should take the lead in communicating with the subrecipient on these issues. However, there may be instances where the primary and secondary may mutually agree that the secondary should reach out directly.</p>	<p>Within 30 days of receipt of the report</p>  <p>Within 45 days after receipt of the report</p>
<p>Management Decision Letter (MDL)</p> <ul style="list-style-type: none"> ➤ Provide the primary with an assessment of responses to findings related to programs issued by the secondary. ➤ Provide the primary with language to be included in the MDL, if applicable. 	<p>Within 90 days after receipt of the report</p> 

SECONDARY PASS-THROUGH AUDIT REVIEW TASKS	
Task Description (Document activities in the Single Audit Review Log or similar document)	Due Date
<p>Management Decision Letter (MDL) <i>(continued)</i></p> <ul style="list-style-type: none"> ➤ Review the draft Management Decision Letter drafted by the primary pass-through entity and provide comments or approval within allotted timeframe. ➤ File final MDL in official monitoring file. 	<p>Within 2 weeks after receiving the draft</p>
<p>Comments</p> <ul style="list-style-type: none"> ➤ Enter pertinent comments as needed. See Bulletin 5 Risk Assessment. ➤ The commenter should identify their comments by entering their name or initials, business unit, and the date entered to allow anyone with questions to contact them. ➤ The secondary should not check any of the VISION Review page checkboxes. <p>Note: Comments may be entered by both primary and secondary pass-through entities.</p>	<p>Throughout process</p> 

Appendix II

Key		
FYE	Subrecipient's Fiscal Year-End Date	Primary's Tasks
RD	Date subrecipient's report was received	Secondary's Tasks
MDL	Management Decision Letter	

AUDIT REVIEW TIMELINE		
Task Description	Timeline	6/30/2015 Example
Subrecipient's Fiscal Year Ends		
➤ Subrecipient Annual Report Due to Finance & Management	FYE + 45 days	8/15/2015
➤ All Pass-Through Entities Run Reports on their Subrecipients' Status	<= Quarterly	9/30/2015
Ascertain Report Status		
➤ Determine expected audit completion date	FYE + 3 months	9/30/2015
➤ Contact the subrecipient to ascertain the status of the audit	FYE + 7 months (or expected report date minus 2 months)	1/31/2016
Subrecipient's Single Audit Report Due	FYE + 9 months	3/31/2016
Obtain Report		
➤ Check the FAC and follow-up with subrecipient, if necessary	FYE + 9.5 to 10 months	4/15/2016 – 4/30/2016
Preliminary Review		
➤ Verify that report is complete and that the primary is correct	RD +< 1 week	4/22/2016
➤ Request a corrective action plan, if necessary		
➤ Check the <u>Audit Received</u> checkbox		
Contact Secondary Pass-Through Entities		
➤ Email all secondary pass-through entities on SEFA	RD +< 10 days	4/25/2016
Contact Primary		
➤ If CAP is missing for secondary's programs	RD +< 2 weeks	4/29/2016
➤ If report does not have findings pertaining to the secondary	RD + 30 days	5/15/2016
Thoroughly review the Single Audit Report		
➤ Request a corrective action plan from the subrecipient if necessary	RD +< 30 days	5/15/2016
➤ Check the <u>Audit Reviewed</u> checkbox in VISION.		

AUDIT REVIEW TIMELINE		
Task Description	Timeline	6/30/2015 Example
Report without Findings <ul style="list-style-type: none"> ➤ Send review completion letter to subrecipient ➤ Check the <i>Audit Accepted</i> checkbox ➤ Verify that all other checkboxes have been checked 	Immediately upon completion of review	5/15/2016
Review Corrective Action Plan (CAP) (when report contains findings) <ul style="list-style-type: none"> ➤ Review the CAP for all findings related to internal controls ➤ Review the CAP for program finding responses 	RD +< 30 days	5/15/2016
<ul style="list-style-type: none"> ➤ Contact subrecipient if more information needed 	RD +< 45 days	5/31/2016
Seek input for Management Decision Letter (MDL) <ul style="list-style-type: none"> ➤ Contact all secondary pass-through entities and ask for input into the MDL ➤ Check the <i>Audit Contains Findings/Issues</i> and <i>Corrective Action Plan</i> checkboxes 	RD +< 45 days	5/31/2016
<ul style="list-style-type: none"> ➤ Provide assessment of CAP and MDL draft language to primary 	RD +< 90 days	7/15/2016
Draft Management Decision Letter <ul style="list-style-type: none"> ➤ Draft the MDL which includes comments from secondary, if applicable. ➤ Send draft to secondary (if secondary had comments to be included.) 	RD + 3-5 months	6/30/2016 - 8/31/2016
Review Management Decision Letter <ul style="list-style-type: none"> ➤ Review the draft MDL and respond to primary within allotted timeframe 	Within 2 weeks of receiving draft	MDL Draft dated 6/30/2016: due 6/14/2016
Issue Management Decision Letter <ul style="list-style-type: none"> ➤ Issue the final management decision to the subrecipient. ➤ Check the <i>Management Decision Letter Issued</i> and <i>Audit Accepted</i> checkboxes 	RD + < 6 months	No later than 9/30/2016
Comments <ul style="list-style-type: none"> ➤ Enter comments on Grant Tracking Review page as needed throughout review cycle 	Throughout review cycle	