|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Guide for Review of Financial Management** | | | | |
| **Name of Grantee:** | | **Appropriation(s):** | | |
| **Staff Consulted:** | | | | |
| **Name(s) of Reviewer(s)** |  | | **Date** |  |

**NOTE:** Most questions that address requirements contain the citation for the source of the requirement (statute, regulation, *Federal Register* notice, or grant agreement). However, in some instances, a controlling document (i.e., grant agreement or *Federal Register* notice) is provided without a specific citation. This is because rules can vary significantly from appropriation to appropriation, causing the grant agreements and published Notices to vary accordingly. If deficiencies are identified in these instances, HUD should ensure that program violation citations are appropriately noted. In addition, a statute or *Federal Register* Notice may only apply to certain grantees; carefully review the citation to determine its applicability. If a requirement is not met, HUD must make a finding of noncompliance. All other questions may not address requirements, but are included to assist the reviewer in understanding the grantee's program more fully and/or to identify issues that, if not properly addressed, could result in deficient performance. Negative conclusions to these questions may result in a "concern" being raised, but not a "**finding**" (24 CFR 570.900(b)(5) and 24 CFR 570.901 for entitlement and state grantees under Public Law 113-2 (paragraph 26 of March 5, 2013 Notice) and 24 CFR 570.495 for state grantees).

**Instructions:** Use this Exhibit to monitor a grantee’s conformity to financial management requirements and applicable waivers, alternative requirements, and other grant terms issued via *Federal Register* notices relating to disaster recovery. The grantee’s financial management system is to be reviewed for compliance with 24 CFR parts 84 or 85 and 24 CFR part 570, Subparts J, I, and K (as applicable). This Exhibit is divided into two parts: (1) PART 1:Scope of Review, Financial Management and Cost Principles, Advances, Lump Sum Drawdowns, Internal Controls, Program Income, Salaries and Wages, Indirect Costs, Institutions, and Reporting; and (2) PART 2: Compliance with OMB Circular A-133. Use the Exhibit for all grants awarded prior to 12/26/2014, or as otherwise described in the *Federal Register*.

**PART 1:**

A. SCOPE OF REVIEW

1.

|  |  |
| --- | --- |
| Identify the types of recipients (referred to as “grantees” in this Exhibit) receiving Community Development Block Grant - Disaster Recovery (CDBG-DR) Funds: | |
| **State Grantee** |  |
| **Local Government Grantee** |  |
| **Subrecipient** (requires an agreement that complies with24 CFR 570.503, or for subrecipients of states pursuant to waiver, compliance with waiver requirements) or Unit of General Local Government (UGLG) Subgrantee  [UGLG must comply with 24 CFR 570.486] |  |
| For each Subrecipient or Subgrantee to be reviewed, list the subrecipients or subgrantees, their subrecipient agreement numbers, if applicable, and the appropriation under which they received funding from the Grantee:  [Subrecipient or Subgrantee Name] [Subrecipient Agreement Number] [Appropriation] | |
| List the applicable Appropriations and Grant Numbers to be reviewed:  [Appropriation] [Grant Number] | |

2.

|  |  |
| --- | --- |
| In regard to ***waivers, alternative requirements, or additional terms and conditions*** applicable to the grant: | |
| 1. Are there any waivers or alternative requirements associated with the *Federal Register* for the CDBG-DR Program that would impact the financial management of this grant? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Are there any additional terms and conditions required by the grant agreement(s) obligating the funds? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. If the answer is “yes” for either 2.a. or 2.b., is the grantee compliant with the wavier, alternative requirements, and/or additional terms and conditions? If not, identify the steps, if any, the grantee has taken to implement these requirements. | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| Listthe applicable waivers, alternative requirements, or other *Federal Register* requirements related to financial management, the effective dates, and *Federal Register* notices:  [Waiver] [Effective Date] [*Federal Register* Notice] | |
| **Describe Basis for Conclusion:** | |
|  | |

B. Financial Management System and cost principles

3.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 1. Do the grantee’s accounting records contain budgeted amounts for eligible activities?   [24 CFR 570.502(a)(4) and 24 CFR 85.20 (b)(1)–(2) (local government grantees), or 24 CFR 570.489(d) (States)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Do the grantee’s accounting records contain evidence of an encumbrance/obligation when contracts are executed, purchase orders issued, etc.?   NOTE: The grantee must maintain information on obligations. The information should be readily accessible and available for inspection.  [24 CFR 570.502(a)(4), 24 CFR 85.20 (b)(1),(2),(6) (local government grantees), or 24 CFR 570.489(d) (States)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Do the grantee’s accounting records contain information on grant awards, obligations, unobligated balances, assets, liabilities, expenditures, and program income?   NOTE:The grantee can usually document compliance with this requirement if it accounts for a grant program in a separate fund (e.g., Special Revenue Fund).  [24 CFR 570.502(a)(4), 24 CFR 85.20 (b)(1),(2),(5),(6) (local government grantees) or 24 CFR 570.489(d) (States)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Do the grantee’s accounting records contain the identification of expenditures according to eligible activity classifications specified in the statute, regulations, or grant agreement that clearly identify the use of program funds for eligible activities?   [24 CFR 570.502(a)(4) and 24 CFR 85.20 (b)(5) (local government grantees) or 24 CFR 570.489(d) and 24 CFR 570.490 (States)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

4.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 1. Does the grantee maintain adequate source documentation?   To determine compliance, select a sample of expenditures and determine whether they are supported by invoices, contracts, or purchase orders, etc. (See Table in question 5 below.)  [24 CFR 570.502(a), 24 CFR 85.20(b)(6) and 570.506 (local government grantees) or 24 CFR 570.490 (States)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Did the record review support that funds were used for allowable expenditures?   [24 CFR 570.502(a)(4), 24 CFR 570.502(a)(6) and 24 CFR 85.20(b)(5), 85.22 (local government grantees) or 24 CFR 570.489(d),(n) (States)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

5.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Record the vouchers reviewed in conjunction with Question 4. | | | | | |
| **Voucher Number** | **Voucher Line Item Number** | **LOCCS Transaction Date** | **Amount of Funds Disbursed** | **Compliant (Y/N)?** | **Comments** |
|  |  |  |  |  |  |
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6.

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| --- | --- |
| For applicable Public Law 113-2 grantees (New York, New Jersey, and New York City, NY), as designated in the CDBG-DR improper payments protocol maintained by the Disaster Recovery and Special Issues Division in the Office of Block Grant Assistance (required by Section 904 of Public Law 113-2): | |
| 1. Do reviewed files document that improper payments of CDBG-DR funds were not made (i.e., any payment that should not have been made or that was made in an incorrect amount, such as a payment unsupported by invoices, contractors, or purchase orders, payments for an ineligible service, advances without prior approval, or payments for services not received)? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. If answer to 6.a. is “no,” is the grantee taking corrective action (e.g., seeking recapture of funds resulting from an overpayment)? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **For reviewed activities with an improper payment, please complete the below:**   |  |  |  |  | | --- | --- | --- | --- | | Voucher number | Improper payment amount ($) | Type of improper payment | Corrective action | |  |  |  |  | |  |  |  |  | |  |  |  |  |  |  |  | | |
| *Please ensure that the voucher information listed correspond with those listed in Section B, Question 5 of this Exhibit.* | |
| **Describe Basis for Conclusion:** | |
|  | |

C. Advances

7.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| a. If the grantee is a state, is the program covered by a Treasury-State agreement? If the answer is “yes,” the State is subject to the requirements of the Treasury-State agreement and 31 CFR part 205, subpart A. (See Table A to 31 CFR §205.5 to determine whether the program is a major Federal assistance program that must be covered by a Treasury-State agreement. Major Federal assistance programs are determined based on the most recent Single Audit data available. If the CDBG-DR grant was made recently and therefore was not covered by the latest Single Audit, or if the program does not meet the threshold for a major Federal assistance program, the State is subject to 31 CFR subpart B.) | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| b. Does the grantee draw funds on a basis that is acceptable under 24 CFR 85.21 (for local governments) or the State-Treasury Agreement (for states)?  [24 CFR Part 85.21, and for states, 31 CFR §205.12 (program covered by a Treasury-State agreement) or 31 CFR 205.33 (program not covered by a Treasury-State agreement)? For states, see generally 31 CFR part 205 - Rules And Procedures For Efficient Federal-State Funds Transfers] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

8.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 1. If the grantee is paid in advance, does the grantee ensure that funds are not requested in advance of need (i.e., fail to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees)?   [Local government grantees 24 CFR 85.20(b)(7) and 85.21(b), States 31 CFR §205.11(a)–(b) or 31 CFR 205.33 if not a major Federal Assistance program, and 570.489(c)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Are funds that are drawn from the U.S. Treasury expended within three days?   [States covered by a Treasury-State agreement, 31 CFR 205.12, local government grantees and states not covered by a Treasury-State agreement, three days may be an indicator that funds were drawn in advance of need] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. If the grantee advances grant funds to subrecipients, does the grantee have procedures to minimize the time elapsed between the transfer of funds to, and disbursement by, the subrecipients?   [24 CFR 570.502(a)(5) (Local government grantees) or 24 CFR 570.489(c) (States), OMB Circular A-102, Attachment, paragraph 2] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. If HUD has required the grantee to provide narrative explanations of actions taken to reduce excess balances of cash advances, has the grantee provided such justification?   [24 CFR 570.502(a)(15) and 85.41(c)(2) (Local government grantees); no state requirement to provide a narrative – HUD may request a narrative but cannot make a finding based on failure to provide a justification.] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. If grant advances are deposited into an interest-bearing account, provisions have been made for return of interest income by the grantee to HUD (local government grantees) or by UGLGs and subrecipients to the State (States)?   [24 CFR 570.502(a)(5) (Local government grantees) or 24 CFR 570.489(c)(1) (States)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. If the interest is earned by the State, is the interest treated in accordance with the Treasury-State agreement and 31 CFR §205.15 if the CBDG-DR program is a major Federal assistance program, or treated in accordance with 31 CFR §205.15 and the Treasury State agreement, or if the CBDG-DR program is not a major Federal Assistance program, 31 CFR §205.33? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

D. Lump Sum Drawdowns FOR FINANCING OF PROPERTY REHABILITATION ACTIVITIES (24 CFR 570.513)

9.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| a. Does the grantee draw down funds in a lump sum for financing of property rehabilitation activities as permitted by the regulations? If answer is “yes,” answer Questions 9.b-e. If answer is “no,” move to Section E, *Internal Controls*.  [24 CFR 570.513] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| b. If answer to “a” above is “yes,” does the lump-sum agreement contain all of the required elements?  [24 CFR 570.513(b)(2)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Are the funds being used in accordance with the written agreement for the activities listed as eligible in 24 CFR 570.513?   [24 CFR 570.513] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Has use of the deposited funds commenced within 45 days of the initial deposit?   [24 CFR 570.513(b)(4)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Have funds been substantially disbursed within 180 days of receipt of the deposit?   [24 CFR 570.513(b)(4)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

E. Internal Controls

OMB Circular A-133, Subpart C, §\_\_\_.300, requires auditees to identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the Catalog of Federal Domestic Assistance (CFDA) title and number, award number and year, name of the Federal agency, and name of the pass-through entity. This regulation also requires auditees to maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. A-133 also defines internal controls and requires auditors to test for internal controls and to report material weaknesses.

The following questions help to test the internal controls of CDBG-DR funds. An answer of “No” could result in a concern that the internal controls are insufficient and would result in material weaknesses being identified in the audit process. For grantees under Public Law 113-2, internal controls were part of the grantee’s certification process and these questions test whether the grantee has the controls represented in the certification.

10.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| a. Does the grantee have an organization chart that sets forth the actual lines of responsibility? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| b. Are there any vacancies, and if so, is there a hiring plan to fill the vacancies? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| c. Are duties for key personnel of the grantee defined? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| d. Does the grantee’s segregation of duties controls effectively reduce the opportunity for someone to perpetrate or conceal errors or irregularities in the normal course of duties? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| e. Is it clear that all personnel are responsible for communicating upward the grantee’s operating problems and noncompliance with laws and regulations? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Does the grantee have a chart of accounts that includes a complete listing of the account numbers used, and does the use of these accounts provide the internal control needed to ensure that resources used do not exceed resources authorized? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Do the grantee’s approval controls provide reasonable assurance that appropriate individuals approve recorded transactions in accordance with management’s general or specific criteria? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Do the grantee’s controls over the design and use of documents and records provide reasonable assurance that transactions and events are properly documented, recorded, and auditable? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Do the grantee’s internal control procedures support its ability to prepare financial statements that are fairly presented in conformity with generally accepted or other relevant and appropriate accounting principles and regulatory requirements? (One level of assurance of the accuracy and integrity of data is provided by the attainment of an unqualified opinion on the audited annual financial statements and internal controls.) | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

F. Program Income. Generally, the *Federal Register* Notices governing CDBG-DR funds waive applicable program income rules at 42 U.S.C. 5304(j), for local government grantees, 24 CFR 570.500(a) and (b), 570.504, and for states, 570.489(e) to the extent necessary to provide additional flexibility as described under the Notices. The Notice will generally contain the applicable definition of program income and requirements for the use of program income, as well as program income reporting requirements. Therefore, the citations below are to the applicable *Federal Register* Notices. However, reviewers may cite to provisions in 42 U.S.C. 5304(j), 24 CFR 570.500(a) and (b) (local government grantees), 570.504 (local government grantees and state subrecipients, if applicable) and for states, 570.489(e) to the extent that these provisions are not modified by the applicable *Federal Register* Notices.

11.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| a. Are revenue-generating activities (e.g., rehabilitation, economic development loans) being undertaken? If answer is “yes,” answer Questions 11.b-d. If answer is “no,” move to Section G, *Salaries and Wages*. | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| b. Does the grantee accurately track program income?  [Applicable *Federal Register* notices] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. If the grantee has an activity generating program income that is only partially Federally-assisted, does the grantee have a system for ensuring that the program income is properly prorated to reflect the percentage of Federal program funds used?   [Applicable *Federal Register* notices] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Has the grantee disbursed program income in payment of program costs prior to making further cash withdrawals from the U.S. Treasury (Federal Register Notices generally require this to be done to “the maximum extent feasible”)?   [Applicable *Federal Register* Notices] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. If the recipient established a revolving loan fund, are the revolving loan funds substantially disbursed from the revolving fund before additional grant funds are drawn from the U.S. Treasury for payments which could be funded from the revolving fund?  [Applicable *Federal Register* Notices] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |

12.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Does the grantee have a system for tracking program income generated by subrecipients, tribes, or units of general local government (subgrantees)? If answer is “yes,” answer Questions 12.b-c. If answer is “no,” move to Question 13.  [Applicable *Federal Register* Notices] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. If program income is retained by the subrecipient or pass-through entity, does the grantee have a system for ensuring that such income is reported in a timely and accurate manner and is used in accordance with CBDG-DR requirements? Does the subrecipient agreement accurately describe program income requirements?   [Applicable *Federal Register* Notices] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Upon expiration of any agreements between the grantee and the subrecipient and/or pass-through entity, does the grantee have a system for ensuring: 2. the timely and accurate transfer of any funds to be returned to the participant; and/or 3. the timely and accurate transfer of outstanding loans or accounts receivable? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |

13. Applicable *Federal Register* Notices generally require a description of planned program income and how it may be used, and may include additional grantee requirements for reporting the receipt and use of Program Income through the Disaster Recovery Grant Reporting (DRGR) System as well as procedures for amending or revising the grantee’s Action Plan.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| a. Does the grantee comply with the requirements governing the receipt of, and reporting on the use of, program income in DRGR? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. If the grantee received unexpected amounts of program income that were not contemplated in the action plan during its program year, did it follow the required procedures for amending or revising its Action Plan to program those funds, and following the requirements for a substantial action plan amendment, only if the definition of a substantial amendment is met?   [Applicable *Federal Register* Notices] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

14.

|  |  |
| --- | --- |
| ***Loan Servicing.*** If the grantee provides loans, does it have a system for properly servicing all CDBG-assisted loans (including deferred payment loans and revolving loan funds) that includes: | |
| 1. Written loan agreements that clearly describe the repayment terms, what constitutes a default and how it can be cured, what actions the grantee will take if the default is not cured, and (if applicable) what is pledged as security for the loan? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Collection procedures that provide for the recognition of all current amounts due, payments received, notification to borrower when payments are overdue, a process for taking further action on defaulted loans? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

G. Salaries and Wages

15.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Are charges to the CDBG-DR program for salaries and wages, whether treated as direct or indirect costs, based on payrolls documented in accordance with the generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit?  [OMB Circular A-87, Attachment B(8)(h)(1)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

16.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 1. For employees working solely on a single CDBG-DR award or cost objective, are charges for their salaries and wages supported by periodic certifications that the employees worked solely on that program for the period covered by the certification?   [OMB Circular A-87, Attachment B(8)(h)(3), 24 CFR 570.502(a) (Local government grantees) or 24 CFR 570.489(n) (States)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Were the certifications prepared at least semi-annually and signed by the employee or a supervisory official having first-hand knowledge of the work performed by the employee?   [OMB Circular A-87, Attachment B(8)(h)(3), 24 CFR 570.502(a) (Local government grantees) or 24 CFR 570.489(n) (States)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. For employees who only work a part of their time on the CDBG-DR program, is there sufficient documentation to support the amount of time charged to the CDBG-DR program?   [OMB Circular A-87, Attachment B(8)(h)(4)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

H. Indirect Costs (oMB Circular requirements)

17.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 1. Are indirect costs charged to the program? If answer is “yes,” answer Questions 17.b-c. If answer is “no,” move to Section I, *Reporting*. | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. If indirect costs are charged to the program, have Cost Allocation Plans and/or an Indirect Cost Rate proposal been developed in accordance with OMB Circular A-87, Attachments C and E?   [24 CFR 570.502(a) (Local government grantees) or 24 CFR 570.489(n) (States)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Are indirect costs billed in accordance with an approved Cost Allocation Plan or Indirect Cost Rate developed pursuant to OMB Circular A-87, Attachment A, Section F?   [24 CFR 570.502(a) (Local government grantees) or 24 CFR 570.489(n) (States) | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

I. ReportING

18.

|  |  |
| --- | --- |
| ***In regards to the Disaster Recovery Grant Reporting (DRGR) and LOCCS systems:*** | |
| 1. Has the grantee submitted timely and complete quarterly reports in DRGR?   [See applicable *Federal Register* per appropriation] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Does the grantee demonstrate that its systems and/or procedures ensure that accurate information is collected and reported to HUD in DRGR and that such systems and/or procedures comply with Federal policies and requirements governing reporting? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Does the information on obligations, expenditures, and program income submitted to HUD in DRGR, or other applicable report(s), reconcile with the grantee’s accounting records?   [24 CFR 570.502(a)(4), 24 CFR 570.507, applicable *Federal Register* Notices for local government grantees; 24 CFR 570.489(d), 24 CFR 570.491, applicable *Federal Register* Notices for states] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Does the financial information (e.g., drawdowns, unexpended balances) recorded in HUD’s financial management systems (e.g., LOCCS, DRGR) match the official accounting records of the grantee for the period covered by the last CPD-required performance report?   [24 CFR 570.502(a)(4), 24 CFR 570.507, applicable *Federal Registe*r Notices for local government grantees; 24 CFR 570.489(d), 24 CFR 570.491, applicable *Federal Register* Notices for states] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. If the accounting system is on a cash basis, can the grantee support accrual data in DRGR, or other applicable report(s), from documentation on hand?   [24 CFR 570.502(a)(4), 24 CFR 570.507, applicable *Federal Register* Notices for local government grantees; 24 CFR 570.489(d), 24 CFR 570.491, applicable *Federal Register* Notices for states] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

19.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 1. Is the grant subject to the Federal Funding and Accountability Transparency Act (FFATA)? (Funds obligated in excess of $25,000 on or after 10/1/2010 per Public Law 109-282, as amended (31 USC 6101 note))? If answer is “no,” move to Section J, *OMB Circular Audits*. | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Is the agency award recorded in USA Spending? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Is the grantee compliant with the Federal Sub-reporting requirements? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

**PART 2: OMB Circular Audits of States, Local Governments, and Non- Profit Organizations:**

J. GRANTEE OMB Circular Audits

20.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 1. Has the grantee met the annual expenditure threshold for having a single or program-specific audit conducted? If answer is “yes,” proceed to Question 20.b. If answer is “no,” proceed to Section K, *Subrecipient OMB Circular Requirements*. | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Was the single or program-specific audit conducted in a timely manner? [24 CFR 570.502(a)(7) (local government grantees) and 24 CFR 570.489(m) (States)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

21.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 1. Does the grantee have a means of ensuring that audits are conducted to meet all of the following: 2. At the proper time? [OMB Circular for A-133, §\_\_\_.320(a)] 3. By independent, qualified auditors? [OMB Circular for A-133, §\_\_\_.305] 4. In a manner which meets the Comptroller General’s audit standards? [OMB Circular for A-133, §\_\_\_.500]   [24 CFR 570.502(a)(7) (local government grantees) or 24 CFR 570.489(m) (States)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Does the grantee make positive efforts to use small businesses, minority-owned firms, and women’s business enterprises in procuring audit services, and does its system encourage localities or subrecipients/ subgrantees to do the same?   NOTE: Because grantee are not required to use minority-owned financial institutions, but encouraged to do so pursuant to OMB Circular for A-133, §\_\_\_.305(a), a “No” response to this question would **NOT** constitute a finding.  [24 CFR 570.502(a)(5) (local government grantees) or 24 CFR 570.489(m) (States)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

22.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| a. Does the grantee’s audit report include an opinion on whether the financial statements are presented fairly in all material respects in conformity with GAAP and whether the schedule of expenditures is presented fairly in all material respects?  [OMB Circular for A-133, §\_\_\_.505(a) and 24 CFR 570.502(a)(7) (local government grantees) or 24 CFR 570.489(m) (States)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| b. Do the grantee’s financial statements reflect its financial position, results of operations or changes in net assets and, where appropriate, cash flows for the fiscal year?  [OMB Circular for A-133, §\_\_\_.310(a) and 24 CFR 570.502(a)(7) (local government grantees) or 24 CFR 570.489(m) (States)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

K. OMB Circular Audits of SUBREcipients or UGLGs receiving assistance through a method of distribution

For questions in this section, if the State distributed funds to units of general local government (UGLGs) through a method of distribution, the UGLGs are also required by 570.489(m) to conduct an audit in accordance with 24 CFR 85.26, which incorporates OMB Circular A-133. States are required to develop and administer an audits management system to ensure that audits of UGLGs are conducted in accordance with OMB circular A-133, if applicable.

The questions below reference subrecipients. When monitoring State grantees, the reviewer also should answer the same questions with respect to UGLGs receiving CDBG-DR funds from a State grantee in accordance with a method of distribution. For each question, in the box provided to describe the basis for the conclusions of the reviewer, the reviewer should note whether the questions are being answered for UGLGs, subrecipients, or both, and any differences.

23.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| a. Does the grantee utilize subrecipients to implement aspects of the program? If answer is “yes,” move to Question 23.b. If answer is “no,” move to Section L, *OMB Audit Conclusions*. | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| b. Has the grantee’s subrecipient(s) met the annual expenditure threshold for having a single or program-specific audit conducted? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Was the single or program-specific audit conducted in a timely manner? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |

24.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| a. Does the grantee inform subrecipients of the OMB Circular A-133 audit requirements?  [24 CFR 570.502(a)(7) and 24 CFR 570.503(b)(4) (local government grantees) or 24 CFR 570.489(m) and Applicable *Federal Register* Notices imposing 570.503 requirements on subrecipients of States (States)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| b. Based on the results of your review, does the grantee comply with its responsibility to establish and maintain a system for ensuring that its subrecipients comply with OMB Circular A-133? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| c. Does the grantee’s system or procedure require each subrecipient to permit independent auditors and grantee staff to have access to the records and financial statements, as necessary, to comply with the Circular?  [OMB Circular for A-133, §\_\_\_.400(d)(7) and 24 CFR 570.502(a)(7) (local government grantees) or 24 CFR 570.489(m) (States)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

25.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 1. Has the grantee determined if any subrecipients met the requirements of OMB Circular A-133?   [OMB Circular for A-133, §\_\_\_.200 and 24 CFR 570.502(a)(7) (local government grantees) or Applicable *Federal Register* Notices imposing requirements on subrecipients (States)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Does the grantee ensure that audit costs are allowable as a direct cost or as an allocated indirect cost, as determined in accordance with the applicable OMB cost principles? [OMB Circular for A-133, §\_\_\_.400(d)(4) and §\_\_\_.230 and 24 CFR 570.502(a)(7) (local government grantees) or 24 CFR 570.489(m) (States)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Did the grantee ensure the subrecipient’s single audits were submitted within 30 days after receipt of the auditor’s report, but not later than nine months after the end of the audit period (or such longer period agreed to in advance by the grantee)?   [OMB Circular for A-133, §\_\_\_.320(a) and 24 CFR 570.502(a)(7) (local government grantees) or 24 CFR 570.489(m) (States)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

26.

|  |  |
| --- | --- |
| Did the grantee review each subrecipient’s single audits to: | |
| 1. Determine whether the audit report states the subrecipient has complied with the laws, regulations, and provisions of contracts or grant agreements that may have a direct and material effect on each of its major programs?   [OMB Circular for A-133, §\_\_\_.320(a) and §\_\_\_.500(d) and 24 CFR 570.502(a)(7) (local government grantees) or 24 CFR 570.489(m) (States)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Ensure the financial statements of subrecipients presented fairly in all material respects in conformity with generally accepted accounting principles?   [OMB Circular for A-133, §\_\_\_.400(d)(4) and §\_\_\_.500(b) and 24 CFR 570.502(a)(7) (local government grantees) or 24 CFR 570.489(m) (States)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Ensure that each subrecipient audit confirms whether the subrecipient has internal accounting and other control systems to provide reasonable assurance that it is managing Federal financial assistance programs in compliance with applicable laws and regulations? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

27.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 1. Does the grantee have procedures for determining what corrective actions by the subrecipient are necessary and appropriate to resolve findings and that such actions are taken?   [OMB Circular for A-133, §\_\_\_.400(d)(5) and 24 CFR 570.502(a)(7) (local government grantees) or 24 CFR 570.489(m) (States)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Does the grantee issue management decisions for audit findings within six months after receipt of subrecipient audit reports, and provide follow-up to ensure that the subrecipient takes appropriate and timely corrective action?   [OMB Circular for A-133, §\_\_\_.400(d)(5) and 24 CFR 570.502(a)(7) (local government grantees) or 24 CFR 570.489(m) (States)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Does the grantee adjust its records if necessitated by a subrecipient audit?   [OMB Circular for A-133, §\_\_\_.400(d)(6) and 24 CFR 570.502(a)(7) (local government grantees) or 24 CFR 570.489(m) (States)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| 1. Is there a procedure to establish an account receivable from the subrecipient when a monetary sanction is involved? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

L. OMB Circular Audit Conclusions

28.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| a. Does the grantee have a process for referral of agency (or subrecipient)-contested findings and recommendations to senior level officials, outside of the normal chain of command, for resolution? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| b. Does the grantee have a system or procedure to promptly inform HUD and federal law enforcement authorities of illegal acts or irregularities?  [OMB Circular for A-133, §\_\_\_.400(a)(4) and 24 CFR 570.502(a)(7) (local government grantees) or 24 CFR 570.489(m) (States)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| c. Does the grantee ensure consistent treatment of all audit findings? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| d. Did record review disclose that any audit items of a subrecipient or UGLG that should have been adjusted in the grantee’s records were so adjusted?  [OMB Circular for A-133, §\_\_\_.400(d)(6) and 24 CFR 570.502(a)(7) (local government grantees) or 24 CFR 570.489(m) (States)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |

M. OMB Circular A-133 Audits Review worksheet

29. This worksheet supplements the information contained in Part 2: OMB Circular A-133: Audits of States, Local Governments, and Non-Profit Organizations. Where subrecipient audits are reviewed to confirm the implementation of the grantee’s system, select a sample of grants and insert the names of the subrecipients in column (a) and the fiscal year end dates in column (b). Insert due dates and receipt deadlines in columns (c) through (e); and answer “yes” or “no,” as appropriate, in columns (f) through (j).

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Subrecipient Name** | **Fiscal Year End Date** | **Audit**  **Report Date** | **Audit**  **Due Date** | **Audit Received**  **Date** |
|  | (a) | (b) | (c) | (d) | (e) |
| 1. |  |  |  |  |  |
| 2. |  |  |  |  |  |
| 3. |  |  |  |  |  |
| 4. |  |  |  |  |  |
| 5. |  |  |  |  |  |
| 6. |  |  |  |  |  |
| 7. |  |  |  |  |  |
| 8. |  |  |  |  |  |
| 9. |  |  |  |  |  |
| 10. |  |  |  |  |  |
| 11. |  |  |  |  |  |
| 12. |  |  |  |  |  |
| 13. |  |  |  |  |  |
| 14. |  |  |  |  |  |
| 15. |  |  |  |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **A-133 Met?** | **Corrective Actions Accepted?** | **Corrective Actions Documented?** | **Corrective Actions Taken?** | **Corrective Actions Taken in 6 months?** |
|  | (f) | (g) | (h) | (i) | (j) |
| 1. |  |  |  |  |  |
| 2. |  |  |  |  |  |
| 3. |  |  |  |  |  |
| 4. |  |  |  |  |  |
| 5. |  |  |  |  |  |
| 6. |  |  |  |  |  |
| 7. |  |  |  |  |  |
| 8. |  |  |  |  |  |
| 9. |  |  |  |  |  |
| 10. |  |  |  |  |  |
| 11. |  |  |  |  |  |
| 12 |  |  |  |  |  |
| 13. |  |  |  |  |  |
| 14. |  |  |  |  |  |
| 15. |  |  |  |  |  |

30.

|  |
| --- |
| Explain overall conclusions, including negative responses or delays in complying with the required deadlines. |
| **Describe Basis for Conclusion:** |