

Video Transcript: “The Grant Award Audit Process Webinar Video 2: The Start of a Grant Award Audit,” August 2018

Welcome to the second webinar of our 5-part series. We will continue to describe the lifecycle of a grant award audit. The Department of Justice awards billions of dollars in grant and cooperative agreement funding, which we refer to as “awards” throughout this presentation.

This presentation is for informational purposes only. It does not create or provide any rights to award recipients or other parties relating to the OIG’s audit process, nor does it create any responsibilities for the OIG. Additionally, the information presented here pertains only to grant audits performed by the Department of Justice Office of the Inspector General, and may not describe the practices of the DOJ OIG in other types of audits and reviews, or the practices of OIGs for other federal agencies.

The Department of Justice OIG generally follows a standard process for performing audits of grant awards. Although the timing and extent of these phases may vary depending on the circumstances of the award, the steps in the process include: notification to the DOJ component and the award recipient of the audit; entrance conference; onsite fieldwork; formal exit conference; a draft Report; final report; and audit resolution and closure.

Generally, the OIG will inform the award recipient of issues we are finding during an audit as they are identified, and allow awardees an opportunity to explain the circumstances giving rise to them, or provide more information to us. In addition, if at any time during the audit an awardee has questions, they should contact the audit team, or the OIG’s appropriate regional audit manager.

If an award recipient is selected for a grant award audit, the OIG regional audit office that will be performing the work will contact the award recipient. The OIG will inform the award recipient of the preliminary audit scope and the time period covered by the audit, as well as the preliminary audit objectives and the awards the audit will focus on. Generally, OIG audits will review award recipients’ management of the financial and programmatic aspects of the award program to determine compliance with the terms and conditions of the award, and awardee’s progress toward achievement of the goals of the award.

At this early stage, the OIG will arrange the logistical details of the audit, including appropriate points of contact at the OIG and the award recipient, an anticipated timeframe for the audit, and fieldwork requirements for when the team visits the award recipient in person.

We generally also provide an advance list of requested documents, which may include a general ledger for an identified time period, and supporting documentation of the deliverables mentioned in the progress reports.

The beginning of an audit’s fieldwork typically starts with a formal entrance conference, where the audit team arrives on-site. The audit team members introduce themselves to the individuals responsible for the program areas being reviewed during the audit, and provide a general overview of the expectations for the audit. This is also an opportunity for the award recipients to ask any questions about the process. At that point, the team will discuss: the

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objectives and scope of the audit; the next steps in the process; and the expectation that the award recipient be candid and forthcoming throughout the audit process, and notification that at the end of the audit, the award recipient will be asked to provide a management representation letter, signed by an official of the award recipient, attesting that it has provided completely and accurately, all information and access relevant to the audit. They will also discuss that the award recipient will have an opportunity to review a draft of the audit report and respond to our draft report, the OIG practice of posting its reports publicly, and the process to close the audit and any associated recommendations.

After we hold the Entrance Conference, the OIG team will conduct its review of the awards being audited. This generally involves interviews with personnel who have substantial involvement with the awards in our scope, as well as some other on-site work at the location, which may include file reviews and observation of major record-keeping systems. The OIG team will conduct further work at our OIG offices and may follow up with additional document requests, phone calls, or return visits, if needed.

OIG award audits usually have two major facets – a programmatic review, and a financial review of the awards – which will be confirmed in the stated objective we provide at the start of the audit. Depending on the nature of the program, the OIG may also review subrecipients or contractors associated with the awards being audited.

Thank you for listening to this part of the Grant Award Audit Process webinar. Please make sure to check out the other 4 videos in this series.