

Video Transcript: “The Grant Award Audit Process Webinar Video 3: Fieldwork and the Review Process,” August 2018

Welcome to the third 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.

As part of the programmatic review, the OIG audit team will interview appropriate staff members as well as review award documents, program narratives, and progress reports. The team will likely review accomplishments outlined in the progress reports, and request support for those accomplishments (for example, if the organization provided ten trainings, we will ask to see evidence of those trainings, such as sign-in sheets, agendas, and materials). The team may also review compliance with special conditions outlined in the award document.

As part of the financial review, the OIG audit team will determine whether costs charged to the award were allowable, supported, and properly allocated in compliance with the award requirements. Before an audit team reaches out to the award recipient or arrives onsite, the team will have reviewed award documents and obtained information on the amount of funding that has been drawn down. Once the audit is underway, the team will generally assess the award recipients in the following areas: the financial management system used to account for award funds; internal controls; the process for drawing down award funds; adherence to the approved award budget; and the process for tracking and reporting award expenditures.

Audit teams also generally review specific award expenditures, which may include payroll costs, other direct costs, and overhead or indirect costs charged to the award.

Often large award recipients – such as states – engage with subrecipients, contractors, or other partners. In these instances, the primary award recipient may rely on third parties to implement certain portions of the award; however, the primary recipient is still ultimately responsible for the stewardship of award funds and award deliverables. In these instances, the OIG audit team will assess the following: the policies governing subrecipients, contractors, and other partners receiving award funding, including the selection or procurement process; the agreements governing these relationships; the extent to which the primary award recipient monitors performance of these entities and their handling of award funds; whether there is adequate support for payment of award funds to outside entities, and whether the payments are allowable; and whether the objectives from these agreements were ultimately accomplished, or are on track to be accomplished by the end of the award.

The same requirements that are imposed on the primary award are often also applicable to subgrants. At times, the OIG will visit subrecipients and perform testing of compliance with

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applicable award terms and conditions – as part of an audit of the primary award recipient. The OIG may also perform separate audits of subrecipients.

Thanks 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.