

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 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.			

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