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SURPRISE! YOU GET AN AUDIT, AND YOU GET AN AUDIT, AND YOU GET AN AUDIT!

PRESENTED BY:

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THE BRUMAN GROUP FALL FORUM 2023

DECEMBER 1, 2023

2 AGENDA



Current Observations in the Field



Strategic Concerns Looking Forward



Questions



Wrap-Up

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CURRENT OBSERVATIONS IN THE FIELD

WHAT'S HAPPENING OUT THERE?!

4 CURRENT OBSERVATIONS IN THE FIELD

- What is in this proverbial “field”?
- Why do we care?
- Who are the frequent visitors?
 - Prime organization
 - Subrecipients
 - Contractors



5 CURRENT OBSERVATIONS IN THE FIELD (CONTINUED)

- There are a number of repeat offenders, but the potentially most significant items we are seeing include programmatic and fiscal elements – and the closeout process that marries the two.
- Let's talk about:
 - Control Environment
 - Closeout
 - Monitoring
 - Follow-Up on Prior Audit, Review, and Assessment Findings

6 CURRENT OBSERVATIONS IN THE FIELD (CONTINUED)

- Control Environment
 - One of our core internal control components (Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring)
 - What is the Control Environment?
 - Of the three key prongs, where do you think our major glitch exists?



7 CURRENT OBSERVATIONS IN THE FIELD (CONTINUED)

- Closeout
 - 2 CFR Part 200.344, *Closeout*, presents our core requirements.
 - Recall the 2020 changes to the Uniform Guidance, including the separation of subrecipient final reports (within 90 days of the end of the period of performance) and prime recipients (within 120 days of the end of the period of performance).
 - Prompt payments, including refunds of unobligated cash or excess advances, are required.
 - Final accounting of real and personal property.
 - Final settlements of upward or downward adjustments.
- Two things to remember:
 - Some agencies have their own closeout rules; and
 - Reconciliations are critical and unreconciled balances are raising red flags currently.

8 CURRENT OBSERVATIONS IN THE FIELD (CONTINUED)

- Monitoring
 - Subaward agreements are incomplete, contain old rules and regulations, or generally insufficient for communication and oversight.
 - Monitoring efforts are not really risk based.
 - Risk assessments are undocumented.
 - Follow-up on prior findings and documentation of management decisions (these impact closeout amounts).
 - Lacking in the program area.



9 CURRENT OBSERVATIONS IN THE FIELD (CONTINUED)

- Follow-Up on Prior Findings
 - GAGAS
 - Internal Control Regulation (2 CFR Part 200.303)
 - Summary Schedule of Prior Findings
- What does this mean for me?
 - Impact on final reporting
 - Post Closeout Adjustments and Continuing Obligations



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WHAT SHOULD WE BE
THINKING ABOUT FOR THE
FUTURE?

LOOKING AHEAD





STRATEGIC CONCERNS LOOKING FORWARD: ITS ABOUT TO GET FUN!

- There are a host of major changes, events, and issues we must be aware of.
 - Budgetary challenges at the congressional level;
 - Stacked Funding
 - Infrastructure Funding
 - Closeouts and monitoring
 - Revised Uniform Guidance

12 STRATEGIC CONCERNS

- Budgetary Concerns
 - Cash flow management
 - Staff morale and sense of security
 - Linkages to “pressure” component of the fraud triangle
- Stacked Funding
 - What is it?
 - Whose rules govern?
 - What are the reporting implications and compliance aspects? Consider Davis Bacon if a portion of the project is for construction.

STRATEGIC CONCERNS (CONTINUED)

- Infrastructure
 - Build America, Buy America (BABA)
 - Length of projects and asset lifecycles trigger ongoing requirements
 - Asset and supply dispositions
 - Loans and recognition of obligations and expenditures

14 STRATEGIC CONCERNS (CONTINUED)

- Closeouts and Monitoring
 - Volume
 - New Complexities and rules (cannot just carryforward last year's tool)
 - Ability to negotiate as indirect cost rates and structures change and significant funding expires
- The Revised Uniform Guidance!!!



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