

Guide for Review of Financial Management			
Name of Program Participant:			
Staff Consulted:			
Name(s) of Reviewer(s)		Date	

**NOTE:** All questions that address requirements contain the citation for the source of the requirement (statute, regulation, NOFA, or grant agreement). Except for questions 6, 13, 15, 17, 25, 43 and 45, if the requirement is not met, HUD must make a finding of noncompliance. All other questions (questions that do not contain the citation for the requirement) do not address requirements, but are included to assist the reviewer in understanding the participant'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."

**Instructions:** Use this Exhibit to monitor a program participant's conformity to financial management requirements. The exhibit is divided into 11 sections covering: Financial Management; Advances; the SF-272, Federal Cash Transactions Report; Internal Controls; Accuracy of Report Information; Program Income; Salaries and Wages; Indirect Costs; Minority-Owned Financial Institutions; Lump Sum Drawdowns; and OMB Circular A-133. The program participant's financial management system is to be reviewed for compliance with 24 CFR Parts 84 or 85 (as applicable). Additional instructions for a review of compliance with OMB Circular A-133 are provided in Section XI, along with an attached audit review worksheet, "Guide for Review of OMB Circular A-133 Audits Management System."

**Questions:**

A. FINANCIAL MANAGEMENT SYSTEM

1.

Does the program participant record amounts budgeted for eligible activities as specified in 24 CFR 570, Subpart C? [24 CFR 570.502(a)(4)]	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No
<b>Describe Basis for Conclusion:</b>		

2.

a. Does the program participant record an encumbrance/obligation when contracts are executed, purchase orders issued, etc.? <b>NOTE:</b> If encumbrances/obligations are not recorded, the program participant should maintain information on obligations that is readily accessible. [24 CFR 570.502(a)(4)]	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No
<b>Describe Basis for Conclusion:</b>		

b. Does the program participant 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. [24 CFR 570.502(a)(4)]	<input type="checkbox"/> <input type="checkbox"/> <b>Yes</b> <b>No</b>
<b>Describe Basis for Conclusion:</b>  	

3.

Does the program participant's accounting records contain information on grant awards, obligations, unobligated balances, assets, liabilities, expenditures, and program income? (NOTE: The program participant 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)]	<input type="checkbox"/> <input type="checkbox"/> <b>Yes</b> <b>No</b>
<b>Describe Basis for Conclusion:</b>  	

4.

a. Does the program participant identify expenditures in its accounting records 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)]	<input type="checkbox"/> <input type="checkbox"/> <b>Yes</b> <b>No</b>
<b>Describe Basis for Conclusion:</b>  	

b. Did the record review indicate any instances of ineligible expenditures?	<input type="checkbox"/> <input type="checkbox"/> <b>Yes</b> <b>No</b>
<b>Describe Basis for Conclusion:</b>  	

B. ADVANCES

5.

If the <u>program participant</u> requests funds in advance, does the participant minimize the time elapsed between the transfer of funds from the U.S. Treasury and disbursement by the participant? [24 CFR 570.502(a)(5)]	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <b>Yes No N/A</b>
<b>Describe Basis for Conclusion:</b>	

6.

If the program participant advances grant funds to subrecipients, does the participant have procedures to minimize the time elapsed between the transfer of funds to, and disbursement by, the subrecipients? [24 CFR 570.502(a)(5)]	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <b>Yes No N/A</b>
<b>Describe Basis for Conclusion:</b>	

C. SF-272, FEDERAL CASH TRANSACTIONS REPORT

7.

a. Has the program participant submitted timely and complete SF-272 reports for the last 3 reporting periods? [24 CFR 570.502(a)(15)]	<input type="checkbox"/> <input type="checkbox"/> <b>Yes No</b>
<b>Describe Basis for Conclusion:</b>	

b. In its review of these reports, has HUD identified any problems where cash advances have been received and held in excess of three days?	<input type="checkbox"/> <input type="checkbox"/> <b>Yes      No</b>
<b>Describe Basis for Conclusion:</b>  	

c. If HUD has required the program participant to provide narrative explanations of actions taken to reduce excess balances of cash advances, has the program participant provided such justification? [24 CFR 570.502(a)(15)]	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <b>Yes    No    N/A</b>
<b>Describe Basis for Conclusion:</b>  	

d. If HUD has required the program participant to provide narrative explanations of actions taken to reduce excess balances of cash advances provided to subrecipients, has the program participant provided such justification? [24 CFR 570.502(a)(15)]	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <b>Yes    No    N/A</b>
<b>Describe Basis for Conclusion:</b>  	

8.

If grant advances are deposited into an interest-bearing account, what provisions have been made for return of interest income to HUD? [24 CFR 570.502(a)(5)]	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <b>Yes    No    N/A</b>
<b>Describe Basis for Conclusion:</b>  	

D. INTERNAL CONTROLS (Reference for some of the questions: GAO/AIMD-98-21.2.1, "Framework for Federal Financial Management System Checklist," May 1998)

9.

a. Does the program participant have an organization chart that sets forth the actual lines of responsibility?	<input type="checkbox"/> <input type="checkbox"/> <b>Yes No</b>
<b>Describe Basis for Conclusion:</b>	
b. Are duties for key employees of the program participant defined?	<input type="checkbox"/> <input type="checkbox"/> <b>Yes No</b>
<b>Describe Basis for Conclusion:</b>	
c. Has the program participant obtained fidelity bond coverage for responsible officials?	<input type="checkbox"/> <input type="checkbox"/> <b>Yes No</b>
<b>Describe Basis for Conclusion:</b>	
d. Does the program participant's chart of accounts include a complete listing of the account numbers used to support the control needed to ensure that resources used do not exceed resources authorized?	<input type="checkbox"/> <input type="checkbox"/> <b>Yes No</b>
<b>Describe Basis for Conclusion:</b>	
e. Do the program participant's approval controls provide reasonable assurance that appropriate individuals approve recorded transactions in accordance with management's general or specific criteria?	<input type="checkbox"/> <input type="checkbox"/> <b>Yes No</b>
<b>Describe Basis for Conclusion:</b>	

f. Do the program participant's controls over the design and use of documents and records provide reasonable assurance that transactions and events are properly documented, recorded, and auditable?	<input type="checkbox"/> <input type="checkbox"/> <b>Yes</b> <b>No</b>
<b>Describe Basis for Conclusion:</b>	
g. Does the program participant's segregation of duties controls effectively reduce the opportunity for someone to perpetrate or conceal errors or irregularities in the normal course of duties?	<input type="checkbox"/> <input type="checkbox"/> <b>Yes</b> <b>No</b>
<b>Describe Basis for Conclusion:</b>	
h. Is it clear that all personnel are responsible for communicating upward the program participant's operating problems and noncompliance with laws and regulations?	<input type="checkbox"/> <input type="checkbox"/> <b>Yes</b> <b>No</b>
<b>Describe Basis for Conclusion:</b>	
i. Do the program participant'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.)	<input type="checkbox"/> <input type="checkbox"/> <b>Yes</b> <b>No</b>
<b>Describe Basis for Conclusion:</b>	

E. ACCURACY OF REPORT INFORMATION

10.

<p>a. Does the program participant demonstrate that its systems and/or procedures ensure that accurate information is collected and reported to HUD and that such systems and/or procedures comply with Federal policies and requirements governing reporting?</p>	<table border="0"> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td><b>Yes</b></td> <td><b>No</b></td> </tr> </table>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Yes</b>	<b>No</b>
<input type="checkbox"/>	<input type="checkbox"/>				
<b>Yes</b>	<b>No</b>				

**Describe Basis for Conclusion:**

<p>b. Does the financial information (e.g., drawdowns, unexpended balances) recorded in HUD's financial management systems (e.g., LOCCS, IDIS) match the official accounting records of the program participant for the period covered by the last CPD-required performance report? [24 CFR 570.507, 24 CFR 91.520]</p>	<table border="0"> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td><b>Yes</b></td> <td><b>No</b></td> </tr> </table>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Yes</b>	<b>No</b>
<input type="checkbox"/>	<input type="checkbox"/>				
<b>Yes</b>	<b>No</b>				

**Describe Basis for Conclusion:**

<p>c. Does the information on obligations, expenditures, and program income submitted to HUD in the Consolidated Performance and Evaluation Report (CAPER), or other applicable report(s), reconcile with the program participant's accounting records? [24 CFR 570.504, 24 CFR 570.507, 24 CFR 91.520]</p>	<table border="0"> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td><b>Yes</b></td> <td><b>No</b></td> </tr> </table>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Yes</b>	<b>No</b>
<input type="checkbox"/>	<input type="checkbox"/>				
<b>Yes</b>	<b>No</b>				

**Describe Basis for Conclusion:**

<p>d. If the accounting system is on a cash basis, can the program participant support accrual data in the CAPER, or other applicable report(s), from documentation on hand? [24 CFR 570.504, 24 CFR 570.507, 24 CFR 91.520]</p>	<table border="0"> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td><b>Yes</b></td> <td><b>No</b></td> <td><b>N/A</b></td> </tr> </table>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
<b>Yes</b>	<b>No</b>	<b>N/A</b>					

**Describe Basis for Conclusion:**

F. PROGRAM INCOME

11.

Are revenue-generating activities (e.g., rehabilitation, economic development loans) being undertaken?	<input type="checkbox"/> <input type="checkbox"/> <b>Yes</b> <b>No</b>
<b>Describe Basis for Conclusion:</b>	

12.

If revenue-generating activities are being undertaken, has the program participant established revenue accounts to record program income? [24 CFR 570.502(a)(4)]	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <b>Yes</b> <b>No</b> <b>N/A</b>
<b>Describe Basis for Conclusion:</b>	

13.

If the program participant has an activity generating program income that is only partially Federally-assisted, does the participant have a system for ensuring that the program income is properly prorated to reflect the percentage of Federal program funds used?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <b>Yes</b> <b>No</b> <b>N/A</b>
<b>Describe Basis for Conclusion:</b>	

14.

<p>Has the program participant disbursed program income (other than program income deposited in revolving funds) in payment of program costs prior to making further cash withdrawals from the U.S. Treasury? [24 CFR 570.502(a)(5), 24 CFR 570.504(b)]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <b>Yes No N/A</b></p>
<p><b>Describe Basis for Conclusion:</b></p>	

15.

<p>a. Does the program participant have a system for tracking program income generated by subrecipients or other entities to which funds are passed through? [24 CFR 570.502(a)(4)]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <b>Yes No N/A</b></p>
<p><b>Describe Basis for Conclusion:</b></p>	

<p>b. If program income is retained by the subrecipient or pass-through entity, does the program participant have a system for ensuring that such income is reported in a timely and accurate manner?</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <b>Yes No N/A</b></p>
<p><b>Describe Basis for Conclusion:</b></p>	

<p>c. Upon expiration of any agreements between the program participant and the subrecipient and/or pass-through entity, does the participant have a system for ensuring:</p> <ul style="list-style-type: none"> <li>i. the timely and accurate transfer of any funds to be returned to the participant; and/or</li> <li>ii. the timely and accurate transfer of outstanding loans or accounts receivable?</li> </ul>	<table border="0"> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td><b>Yes</b></td> <td><b>No</b></td> <td><b>N/A</b></td> </tr> </table>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
<b>Yes</b>	<b>No</b>	<b>N/A</b>					
<p><b>Describe Basis for Conclusion:</b></p>							

16.

<p>a. Does the program participant comply with the requirements governing the receipt of, and reporting on the use of, program income in the Integrated Disbursements and Information System?</p>
<p><b>Describe Basis for Conclusion:</b></p>

<p>b. If the program participant received unexpected amounts of program income during its program year, did it follow the required procedures for amending or revising its Action Plan? [24 CFR 570.302]</p>	<table border="0"> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td><b>Yes</b></td> <td><b>No</b></td> <td><b>N/A</b></td> </tr> </table>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
<b>Yes</b>	<b>No</b>	<b>N/A</b>					
<p><b>Describe Basis for Conclusion:</b></p>							

<p>c. Did the program participant remit to HUD program income cash balances (except for amounts needed for immediate cash needs, cash balances in a revolving fund, and cash held in Section 108 accounts) that, as of the last day of the program year, exceeds one-twelfth of its most recent grant? [24 CFR 570.504(b)]</p>	<table border="0"> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td><b>Yes</b></td> <td><b>No</b></td> <td><b>N/A</b></td> </tr> </table>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
<b>Yes</b>	<b>No</b>	<b>N/A</b>					
<p><b>Describe Basis for Conclusion:</b></p>							

<p>d. Did the program participant remit to HUD, at least annually, the interest paid on cash balances held in revolving funds? [24 CFR 570.500(b)]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <b>Yes No N/A</b></p>
<p><b>Describe Basis for Conclusion:</b></p>	

17. Loan Servicing

<p>If the program participant provides loans, does it have a system for properly servicing all CDBG-assisted loans (including deferred payment loans and revolving loan funds) that includes:</p> <ul style="list-style-type: none"> <li>i. written loan agreements that clearly describe the repayment terms, what constitutes a default and how it can be cured, what actions the program participant will take if the default is not cured, and (if applicable) what is pledged as security for the loan?</li> <li>ii. 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, and criteria for writing off bad debts?</li> </ul> <p>[24 CFR 570.502(a)(4)]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <b>Yes No N/A</b></p>
<p><b>Describe Basis for Conclusion:</b></p>	

G. SALARIES AND WAGES

18.

<p>Are charges to the CDBG 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? [24 CFR 570.502(a)(4)]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <b>Yes No N/A</b></p>
<p><b>Describe Basis for Conclusion:</b></p>	

19.

a. For employees working solely on the CDBG program, 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)(4)]	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <b>Yes No N/A</b>
<b>Describe Basis for Conclusion:</b>	

b. 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)(4)]	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <b>Yes No N/A</b>
<b>Describe Basis for Conclusion:</b>	

H. INDIRECT COSTS

20.

a. Are indirect costs charged to the program?	<input type="checkbox"/> <input type="checkbox"/> <b>Yes No</b>
<b>Describe Basis for Conclusion:</b>	

b. 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)]	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <b>Yes No N/A</b>
<b>Describe Basis for Conclusion:</b>	

c. 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)]	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <b>Yes No N/A</b>
<b>Describe Basis for Conclusion:</b>	

I. MINORITY-OWNED FINANCIAL INSTITUTIONS

21.

Has the program participant used minority-owned financial institutions in conjunction with the grant program? ( <b>Note:</b> Because program participants are <u>not required</u> to use minority-owned financial institutions, they are encouraged to do so pursuant to 24 CFR Section 84.22(j) and 85.21(h), a “No” response to this question would <b>NOT</b> constitute a finding.) [24 CFR 570.502(a)(5)]	<input type="checkbox"/> <input type="checkbox"/> <b>Yes No</b>
<b>Describe Basis for Conclusion:</b>	

J. LUMP SUM DRAWDOWNS

22.

a. Does the program participant draw down funds in a lump sum as permitted by the regulations? [24 CFR 570.513]	<input type="checkbox"/> <input type="checkbox"/> <b>Yes No</b>
<b>Describe Basis for Conclusion:</b>	

b. Does the lump-sum agreement contain all of the required elements? [24 CFR 570.513(b)(2)]	<input type="checkbox"/> <input type="checkbox"/> <b>Yes No</b>
<b>Describe Basis for Conclusion:</b>	

c. 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]	<input type="checkbox"/> <input type="checkbox"/> <b>Yes No</b>
<b>Describe Basis for Conclusion:</b>	
d. Has use of the deposited funds commenced within 45 days of the initial deposit? [24 CFR 570.513(b)(4)]	<input type="checkbox"/> <input type="checkbox"/> <b>Yes No</b>
<b>Describe Basis for Conclusion:</b>	
e. Have funds been substantially disbursed within 180 days of receipt of the deposit? [24 CFR 570.513(b)(4)]	<input type="checkbox"/> <input type="checkbox"/> <b>Yes No</b>
<b>Describe Basis for Conclusion:</b>	

K. OMB CIRCULAR A-133: AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS

**Instructions:** Program participants under many CPD programs are subject to OMB Circular A-133, which establishes audit requirements pursuant to the Single Audit Act Amendments of 1996 for states, local governments, and non-profit organizations that receive Federal aid. The Circular defines responsibilities for implementing and monitoring those requirements. Program participants that, in turn, provide Federal funds to secondary organizations are called pass-through entities. For simplification purposes, the term “subrecipient” will be used in this guide to refer to all such secondary organizations. Pass-through entities are required by OMB A-133, §\_\_\_.400(d) to establish systems to oversee subrecipient compliance with A-133. This section of questions is designed to assist in determining whether the participant is in compliance with the required elements of an audits management system. An audits management review worksheet is attached to this Exhibit that can be used to help document the results from testing a sample of grants to subrecipients against the program participant’s control system.

23.

Does the program participant (or any of its subrecipients) meet the annual expenditure threshold (\$500,000) for having a single or program-specific audit conducted? If “no,” skip questions 28 through 46 and the Audit Review Worksheet.	<input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>
<b>Describe Basis for Conclusion:</b>	

24.

<p>What is the program participant’s means of ensuring that audits are conducted to meet all of the following:</p> <ul style="list-style-type: none"> <li>a. at the proper time? [OMB Circular A-133, § __.320(a)]</li> <li>b. by independent, qualified personnel? [OMB Circular A-133, § __.305]</li> <li>c. in a manner which meets the Comptroller General’s audit standards? [OMB Circular A-133, § __.500]</li> </ul> <p>[24 CFR 570.502(a)(7)]</p>
<b>Describe Basis for Conclusion:</b>

25.

<p>a. Does the program participant’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 A-133, § __.310(a) and 24 CFR 570.502(a)(7)]</p>	<input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>
<b>Describe Basis for Conclusion:</b>	

<p>b. Do the program participant’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 A-133, § __.310(a) and 24 CFR 570.502(a)(7)]</p>	<input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>
<b>Describe Basis for Conclusion:</b>	

26.

a. Does the program participant inform subrecipients of the OMB Circular A-133 audit requirements? [24 CFR 570.502(a)(7) and 24 CFR 570.503(b)(4)]	<input type="checkbox"/> <input type="checkbox"/> <b>Yes</b> <b>No</b>
<b>Describe Basis for Conclusion:</b>	

b. Has the program participant determined if subrecipients expending \$500,000 or more in Federal awards in the fiscal year met the requirements of OMB Circular A-133? [OMB Circular A-133, § __.200 and 24 CFR 570.502(a)(7)]	<input type="checkbox"/> <input type="checkbox"/> <b>Yes</b> <b>No</b>
<b>Describe Basis for Conclusion:</b>	

27.

Are the financial statements of subrecipients presented fairly in all material respects in conformity with generally accepted accounting principles? [OMB Circular A-133, § __.400(d)(4) and § __.500(b) and 24 CFR 570.502(a)(7)]	<input type="checkbox"/> <input type="checkbox"/> <b>Yes</b> <b>No</b>
<b>Describe Basis for Conclusion:</b>	

28.

Does the program participant 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?	<input type="checkbox"/> <input type="checkbox"/> <b>Yes</b> <b>No</b>
<b>Describe Basis for Conclusion:</b>	

29.

<p>Did the program participant review each audit report of its subrecipients that expended \$500,000 or more in Federal awards in the fiscal year to 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 A-133, § __.320(a) and § __.500(d) and 24 CFR 570.502(a)(7)]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <b>Yes No</b></p>
<p><b>Describe Basis for Conclusion:</b></p>	

30.

<p>Did the program participant ensure that audit reports of its subrecipients that expended \$500,000 or more in Federal awards in the fiscal year 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 program participant)? [OMB Circular A-133, § __.320(a) and 24 CFR 570.502(a)(7)]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <b>Yes No</b></p>
<p><b>Describe Basis for Conclusion:</b></p>	

31.

<p>Does the program participant 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 A-133, § __.400(d)(4) and § __.230 and 24 CFR 570.502(a)(7)]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <b>Yes No</b></p>
<p><b>Describe Basis for Conclusion:</b></p>	

32.

Does the program participant 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 A-133, § .400(d)(5) and 24 CFR 570.502(a)(7)]	<input type="checkbox"/> <input type="checkbox"/> <b>Yes</b> <b>No</b>
<b>Describe Basis for Conclusion:</b>  	

33.

Does the program participant 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 A-133, § .400(d)(5) and 24 CFR 570.502(a)(7)]	<input type="checkbox"/> <input type="checkbox"/> <b>Yes</b> <b>No</b>
<b>Describe Basis for Conclusion:</b>  	

34.

Does the program participant adjust its records if necessitated by a subrecipient audit? [OMB Circular A-133, § .400(d)(6) and 24 CFR 570.502(a)(7)]	<input type="checkbox"/> <input type="checkbox"/> <b>Yes</b> <b>No</b>
<b>Describe Basis for Conclusion:</b>  	

35.

Did record review disclose any items that should have been adjusted in the program participant's records, but were not? [OMB Circular A-133, § .400(d)(6) and 24 CFR 570.502(a)(7)]	<input type="checkbox"/> <input type="checkbox"/> <b>Yes</b> <b>No</b>
<b>Describe Basis for Conclusion:</b>  	

36.

Does the program participant's system or procedure require each subrecipient to permit independent auditors and program participant staff to have access to the records and financial statements, as necessary, to comply with the Circular? [OMB Circular A-133, § .400(d)(7) and 24 CFR 570.502(a)(7)]	<input type="checkbox"/> <input type="checkbox"/> <b>Yes</b> <b>No</b>
<b>Describe Basis for Conclusion:</b>	

37.

Does the program participant 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? [24 CFR 570.502(a)(7)]	<input type="checkbox"/> <input type="checkbox"/> <b>Yes</b> <b>No</b>
<b>Describe Basis for Conclusion:</b>	

38.

Does the program participant have a system or procedure to promptly inform HUD and federal law enforcement authorities of illegal acts or irregularities? [24 CFR 570.502(a)(7)]	<input type="checkbox"/> <input type="checkbox"/> <b>Yes</b> <b>No</b>
<b>Describe Basis for Conclusion:</b>	

39.

Is there a procedure to establish an account receivable from the subrecipient when a monetary sanction is involved?	<input type="checkbox"/> <input type="checkbox"/> <b>Yes</b> <b>No</b>
<b>Describe Basis for Conclusion:</b>	

40.

Does the program participant ensure consistent treatment of all audit findings?	<input type="checkbox"/> <input type="checkbox"/> <b>Yes No</b>
<b>Describe Basis for Conclusion:</b>	

41.

Does the program participant 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? ( <b>Note:</b> Because program participants are <u>not required</u> to use minority-owned financial institutions, but encouraged to do so pursuant to OMB Circular A-133, §___.305(a), a “No” response to this question would <b>NOT</b> constitute a finding.) [24 CFR 570.502(a)(5)]	<input type="checkbox"/> <input type="checkbox"/> <b>Yes No</b>
<b>Describe Basis for Conclusion:</b>	

42.

Based on the results of your review, does the program participant comply with its responsibility to establish and maintain a system for ensuring that its subrecipients comply with OMB Circular A-133?	<input type="checkbox"/> <input type="checkbox"/> <b>Yes No</b>
<b>Describe Basis for Conclusion Or Describe Deficiencies:</b>	

<b>Worksheet: Guide for Review of OMB Circular A-133 Audits Management System</b>			
<b>Name of Program Participant:</b>			
<b>Name(s) of Reviewer(s)</b>		<b>Date</b>	

**Instructions:** This worksheet is intended to supplement the information contained in the Section K. OMB Circular A-133: Audits of States, Local Governments, and Non-Profit Organizations, of the Guide for Review of Financial Management. Where subrecipient audits are reviewed to confirm the implementation of the program participant’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) of Part I. Insert due dates and receipt deadlines in columns (c) through (e) of Part I; and answer “yes” or “no,” as appropriate, in columns (f) through (j) of Part II.

PART I - RECEIPT DEADLINES

	<b>Subrecipient Name</b>	<b>Fiscal Year End Date</b>	<b>Audit Report Date</b>	<b>Audit Due Date</b>	<b>Audit Received Date</b>
	(a)	(b)	(c)	(d)	(e)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					

PART II - WERE REQUIREMENTS MET (YES/NO)?

	<b>A-133 Met?</b>	<b>Corrective Actions Accepted?</b>	<b>Corrective Actions Documented?</b>	<b>Corrective Actions Taken?</b>	<b>Corrective Actions Taken in 6 months?</b>
	(f)	(g)	(h)	(i)	(j)
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					

PART III - CONCLUSIONS

Explain negative responses or delays in complying with the required deadlines.
<b>Describe Basis for Conclusion:</b>