STATE OF NEW JERSEY
DEPARTMENT OF CHILDREN AND FAMILIES

DEPARTMENT POLICY:   DCF.P7.06-2007

EFFECTIVE DATE:  August 31, 2007        REVISED: JULY 1, 2017

SUBJECT:  Audit Requirements

I. PURPOSE


II. SCOPE

This policy applies to Provider Agencies for which the Department is cognizant. It should be used for both non-profit and for-profit entities receiving State and/or Federal financial assistance (Awards) from the Department and other sources (including direct and pass-through State and Federal funding). This policy also applies to those entities performing subcontracted services for Department Provider Agencies. It does not apply to vendors, who contract for goods or services with minimal or no program requirements (see NJ OMB Circular 15-08), or a social services client that is a beneficiary of a program.

III. DEFINITIONS

In addition to the defined terms included in the Glossary of the Contract Policy and Information Manual, the following terms, when capitalized, shall have meanings as stated:

Award(s) includes State grants, State aid, and Federal and State financial assistance in the form of grants, loans, loan guarantees, property, capital funding agreements, interest subsidies, insurance, food commodities and other assistance.

Cognizant is a term used to designate audit responsibilities and is generally used in conjunction with the awarding State agency that provides the predominant amount of direct funding to a Recipient, that originated with, or passed through, the State agency.
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Departmental Component means the division, bureau, office or other unit within the Department responsible for the negotiation, administration, review, approval, and monitoring of certain Third Party Social Service or training Contracts.

Licensed Public Accountant is the professional hired by a Provider Agency to audit its financial transactions in accordance with this policy.

Management Decision means the evaluation by the Federal or State awarding agency or the Pass-Through Entity of the audit findings and Corrective Action Plan and the issuance of a written decision as to what Corrective Action is necessary.

Pass-Through Entity means a non-Federal entity, which includes a State, local government, non-profit organization or for-profit organization that transmits a Federal or State Award to a Provider Agency or a subcontractor to carry out a Federal or State program.

IV. POLICY

A. All Provider Agencies which expend either $750,000 or more in Federal awards or $750,000 or more in State awards, within their fiscal year, in which the Department is the largest state funding source (Cognizant), must have an annual Single Audit performed in accordance with Federal OMB Uniform Guidance and Department policy. The reporting requirements are outlined in Attachment 1, Sections F and G. These Provider Agencies must also complete a Notification of Licensed Public Accountant (NLPA) form (Attachment 2).

B. All Provider Agencies which expend $100,000 or more in combined Federal and State Awards but less than either $750,000 in Federal Awards or $750,000 in State Awards, within their fiscal year, in which the Department is Cognizant, must have an annual organization-wide financial statement audit performed in accordance with generally accepted auditing standards, Government Auditing Standards (Yellow Book audit) and additional Department requirements as described below.

This audit report shall be in accordance with Attachment 1, Section F, which includes a supplemental Schedule of Expenditures of Federal Awards and/or a supplemental Schedule of Expenditures of State Awards. A combined supplemental Schedule of Expenditures of Federal and State Awards is acceptable. The Independent Auditor’s Report shall contain an opinion on each Schedule of Expenditures of Federal and/or State Awards that is presented in the audit report. These Provider Agencies shall also complete Attachment 2 (NLPA form).
C. Provider Agencies that either expend less than $100,000 in combined Federal and State Awards or have another NJ State department as the Cognizant department should not complete the NLPA form. Organization-wide audits are not required by the Department under these circumstances. If another Cognizant department requires an organization-wide audit of a Provider Agency, that audit report shall be forwarded to the Department when requested.

D. Public Provider Agencies (local governments, public institutions of higher education, county welfare agencies, etc.)

The Department of Community Affairs and the Department of Treasury generally assume Cognizant audit responsibilities for public Provider Agencies within the State of New Jersey. If the Department does provide the most funding and accepts cognizance for a public Provider Agency, the appropriate audit report as described in sections IV.A. and IV.B. of this policy shall be forwarded to both the Cognizant Departmental Component and the DCF Office of Grants Management, Auditing and Records (dcfauditing@dcf.state.nj.us) within nine months of the agency's fiscal year end.

E. Private Provider Agencies (nonprofit, for profit and hospitals) that engage a public accountant shall have their audit conducted:

1. By individual(s) with the following credentials:
   a. A licensed certified public accountant or persons working for a licensed certified public accounting firm; or
   b. A public accountant licensed on or before December 31, 1970, or persons working for a public accounting firm licensed on or before December 31, 1970, sufficiently independent as defined by GAO standards, to produce unbiased opinions, conclusions, or judgments.

2. Annually on the Provider Agency’s fiscal year;

3. On an organization-wide basis to ascertain that the financial statements fairly present the financial position, results of operations, or changes in net assets, and where appropriate, cash flows; and

4. In accordance with the audit requirements contained in Attachment 1 of this policy. Single audit reports of for-profit Provider Agencies should not make reference to OMB Uniform Guidance, but should make reference to Department Policy, Audit Requirements.
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F. Provider Agencies have a responsibility to determine that subcontracted services performed by entities expending $100,000 or more in Federal and/or State awards, when the Department is the largest source of those Awards, are audited according to this policy. A copy of this policy shall be made an integral part of the agreement with the subcontractor, and the Provider Agency may be required to assume the full requirements of a Pass-Through Entity as detailed in OMB Uniform Guidance, Section 200.331. (Please see Attachment 3.)

G. Provider Agencies that receive any amount of funding from the Department, including those that expend less than $100,000 in combined Federal and State Awards, within their fiscal year, are subject to audit by the Department or its representatives at their discretion. It does not matter whether the Department is Cognizant. Records must be made available on request, which adequately identify the source and application of funds awarded. As in all audits, accounting records must be supported by source documentation.

H. The reasonable cost of an audit is an allowable Contract cost when completed in accordance with this policy including the audit requirements contained in Attachment 1.

V. PROCEDURES

A. Private Provider Agencies

1. The Provider Agency must submit one copy of the audit report to the DCF Office of Grants Management, Auditing and Records (dcauditing@dcf.state.nj.us) and two copies to the Cognizant Departmental Component within 120 days after the Provider Agency’s fiscal year end.

2. In conjunction with the audit report submission to the DCF Office of Grants Management, Auditing and Records, the Provider Agency shall submit the Notification of Licensed Public Accountant (NLPA) form, which identifies key information about the Provider Agency. The NLPA form also identifies the Federal/State funding from all sources as well as the Licensed Public Accountant who will audit the subsequent or next audit period.

a. All information in the NLPA form (Attachment 2) shall pertain to the subsequent audit period.

b. If the auditor has not yet been selected for the upcoming audit, the Provider Agency shall only complete the top half of the NLPA form and mail the form with the audit report.
c. Once an auditor has been selected, an updated NLPA form shall be completed and mailed to the DCF Office of Grants Management, Auditing and Records.

d. If an updated form has not been received by the DCF Office of Grants Management, Auditing and Records, it will contact the Provider Agency approximately 90 days prior to the next audit fiscal year end date to obtain any previously omitted information on the original NLPA form.

3. Electronic transmission of the audit report and the NLPA form at dcauditing@dcf.state.nj.us is preferred. However, the audit report and NLPA form can be mailed to the Department of Children and Families, Office of Grants Management, Auditing and Records, P.O. Box 717, Trenton, NJ 08625-0717 or e-mailed to dcauditing@dcf.state.nj.us. Failure to submit these documents can lead to Contract Default proceedings.

4. The audit report submission to the DCF Office of Grants Management, Auditing and Records shall include the Licensed Public Accountant’s external quality control review. If a new auditor has been selected for the upcoming audit, an external quality control review of the new auditor shall be included with the audit report.

5. When the Provider Agency’s Licensed Public Accountant requires the agency to implement a Corrective Action in response to the LPA’s audit finding(s), the Provider is required to forward its Corrective Action Plan to the Departmental Component. The Departmental Component reviews the audit report finding, and the agency’s Corrective Action Plan to determine if there is any change in the agency’s Good Standing as referenced in Service Providers in Good Standing DCF.P8.03-2017.

In addition to the audit report, the Provider Agency shall submit to the DCF Office of Grants Management, Auditing and Records and the Cognizant Departmental Component, a Corrective Action Plan to address each audit finding in the current year’s audit report. The Corrective Action Plan shall provide the name(s) of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date. If the auditee does not agree with the audit findings or believes Corrective Action is not required, then the Corrective Action Plan must include an explanation and specific reasons. Corrective Action shall be initiated within six months of the audit report submission.
6. When expenditures of Federal Awards totaling $750,000 or more are incurred by the Provider Agency during the fiscal year, it shall submit a data collection form (Appendix X to Part 200-Form SF-SAC) as described in Federal OMB Uniform Guidance, Section 200.512 (b) to the Federal Audit Clearinghouse (FAC). The reporting package as described in Uniform Guidance, Section 200.512 (c), must also be forwarded. Both the data collection form and the reporting package should be sent to the Single Audit Clearinghouse, 1201 E. 10th Street, Jefferson, IN 47132 within nine months of the audit fiscal year end. The Provider Agency shall also forward a copy of the data collection form to the DCF Office of Grants Management, Auditing and Records.

7. In accordance with Section 6.3 of the Department's Contract Reimbursement Manual, the Provider Agency shall submit to the Cognizant Departmental Component (and other appropriate Departmental Components when requested) copies of its worksheets used to reconcile the Department’s final report of expenditures to the audited financial statements.

8. Summarization of audit report submission to:

   a. DCF Office of Grants Management, Auditing and Records:

      i. Copy of audit report

      ii. Corrective Action Plan (for internal control and compliance findings in the current year’s report) if prepared separately

      iii. Data collection form (if Federal expenditures are $750,000 or more)

      iv. NLPA form (for subsequent year’s audit period)

      v. External Quality Control Review

   b. Cognizant Departmental Component

      i. Two copies of audit report

      ii. Corrective Action Plan (for internal control and compliance findings in the current year’s audit report)

      iii. Reconciliation worksheets (crosswalk between the final report of expenditures and the audited financial statements)
9. Provider Agencies should use a competitive request for proposal process in procuring audit services. The Provider Agency shall include this policy in its contract with the Licensed Public Accountant. Whenever possible, agencies shall make positive efforts to utilize small businesses, minority-owned firms and women’s business enterprises. Provider Agencies should also consider procurement of a new accounting firm every three years.

B. Department of Children and Families

1. The Cognizant Departmental Component shall:
   a. Ensure that Provider Agencies meet the requirements of this policy;
   b. Perform the duties of a Pass-Through Entity, as detailed in Attachment 3, for Federal pass-through funds; and
   c. Issue Management Decisions (OMB Uniform Guidance 200.521) on audit findings within six months after receipt of Provider Agency audit reports, and ensure that the Provider Agency takes appropriate and timely Corrective Action.

2. The DCF Office of Grant Management, Auditing and Records shall:
   a. Determine that the Provider Agency’s independent public accountant is currently licensed in accordance with Section IV.E.1 of this policy and in compliance with Government Auditing Standards quality review requirements. If the accountant is not properly licensed or does not submit a copy of their quality control review, the DCF Office of Grants Management, Auditing and Records shall inform both the Cognizant Departmental Component and the Provider Agency that an audit conducted by such accountant is not acceptable, and that failure to comply with this policy is grounds for Contract Default;
   b. Review each audit report to ensure compliance with the requirements specified in Attachment 1, and notify the Cognizant Departmental Component of the results of its review on an exception basis;
   c. Notify immediately the Cognizant Departmental Component of any irregularities or illegal acts reported by the Licensed Public Accountant; and
d. Conduct or arrange for quality control reviews of selected agency audits and accompanying work papers at its discretion. Reviews will include determining whether reported Contract revenues, expenditures and other statistics by individual program and budget category were subjected to adequate testing, where applicable.
TO: The Provider Agency’s Licensed Public Accountant

SUBJECT: DEPARTMENT OF CHILDREN AND FAMILIES REQUIREMENTS FOR COMPLETION OF PROVIDER AGENCY AUDIT

The purpose of this memo is to communicate the Department of Children and Families (the Department) audit requirements for conducting Single Audits and Yellow Book audits with additional Department requirements of organizations or agencies which contract with the Department to provide social or training services to the Department's clients.

A. All Provider Agencies which expend either $750,000 or more in Federal Awards or $750,000 or more in State Awards, within their fiscal year, in which the Department is the largest funding source (Cognizant), must have an annual single audit performed in accordance with Federal OMB Uniform Guidance and Department policy. The reporting requirements are outlined in Sections F and G of this memo. These Provider Agencies must also complete a Notification of Licensed Public Accountant (NLPA) form (Attachment 2).

B. All Provider Agencies which expend $100,000 or more in combined Federal and State Awards but less than either $750,000 in Federal Awards or $750,000 in State Awards, within their fiscal year, in which the Department is Cognizant, must have an annual organization-wide financial statement audit performed in accordance with generally accepted auditing standards, Government Auditing Standards (Yellow Book audit) and additional Department requirements as described below.

This audit report shall be in accordance with Section F, which includes a supplemental Schedule of Expenditures of Federal Awards and/or a supplemental Schedule of Expenditures of State Awards. A combined supplemental Schedule of Expenditures of Federal and State Awards is acceptable. The Independent Auditor’s Report shall contain an opinion on each Schedule of Expenditures of Federal and State Awards that is presented in the audit report. These Provider Agencies shall also complete Attachment 2 (NLPA form).

C. Provider Agencies that either expend less than $100,000 in combined Federal and State Awards or have another New Jersey State department as the Cognizant department should not complete the NLPA form. Organization-wide audits are not required by the Department under these circumstances. If another Cognizant department requires an organization-wide audit of this Provider Agency, that audit report shall be forwarded to the Department of Children and Families when requested.

D. Provider Agencies that receive any amount of funding from the Department, including those that expend less than $100,000 in combined Federal and State Awards, within their fiscal year, are subject to audit by the Department or its representatives at their discretion. It does
not matter whether the Department is Cognizant. Records must be made available on request, which adequately identify the source and application of funds awarded. As in all audits, accounting records must be supported by source documentation.

E. The audit of a Provider Agency must be conducted:

1. By individual(s) with the following credentials -
   a. A licensed certified public accountant or person working for a licensed certified public accounting firm; or
   b. A public accountant licensed on or before December 31, 1970, or persons working for a public accounting firm licensed on or before December 31, 1970, sufficiently independent as defined by GAO standards, to produce unbiased opinions, conclusions, or judgments;

2. Annually on the Provider Agency’s fiscal year;

3. On an organization-wide basis to ascertain that the financial statements fairly present the financial position and results of operations, or changes in net assets, and where appropriate, cash flows;

4. And completed within 120 days of the Provider Agency’s fiscal year end; and

5. In accordance with (as currently amended):
   a. Generally accepted auditing standards established by the American Institute of Certified Public Accountants (AICPA).
   b. Government Auditing Standards established by the Comptroller General of the United States and issued by the U.S. General Accounting Office.
   c. The AICPA audit and accounting guides Audits of States, Local Governments and Nonprofit Organizations and, as applicable, AICPA industry audit guides and Statements of Position.
   d. On December 26, 2013, OMB issued final guidance titled Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The Uniform Guidance supersedes and combines the requirements of eight existing OMB Circulars (A-21, A-50, A-87, A-89, A-102, A-110, A-122, and A-133) and is effective December 26, 2014. New and incrementally-funded federal awards issued on or after December 26, 2014 will be subject to the Uniform Guidance. The Uniform Guidance raises the single audit expenditure threshold to $750,000 for
recipients and audit requirements under this guidance are effective for any fiscal year period beginning after December 26, 2014.


f. New Jersey Department of the Treasury, OMB “State Grant Compliance Supplement.”


F. The Yellow Book audit report with additional Department requirements must include the following:

1. An opinion or disclaimer of opinion on the financial statements taken as a whole.

2. Presentation of financial statements in accordance with the following applicable AICPA audit and accounting guides – Audits of States, Local Governments and Nonprofit Organizations, and as applicable, industry audit guides, and Statements of Position.

3. A supplementary schedule and opinion thereon of the Provider Agency’s expenditures of State and Federal Awards, showing expenditures by program (see the AICPA’s audit guides, Audits of States and Local Governments, and Audits of Not-for-Profit Organizations.


5. Disclosure in the notes to the financial statements if penalty and interest are incurred for late payment or filing of payroll taxes during the year of audit.

6. Presentation of each significant deficiency and material compliance finding should include the condition, criteria, cause, effect, recommendation, management's response and a Corrective Action Plan. If identified as such, management's response and Corrective Action Plan may be combined.

7. A copy of the management advisory letter when provided as a routine part of the audit engagement.

8. A report on irregularities or illegal acts, or indications of such acts when discovered (a separate written report is required).
G. The Single Audit report must include the following:

1. All the components of Paragraphs F.1 through F.8 as noted above;

2. A Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Uniform Guidance;

3. A Summary Schedule of Prior Audit Findings in accordance with Section 200.511(b) of Federal OMB Uniform Guidance;

4. A Schedule of Findings and Questioned Costs in accordance with Section 200.515(d) of Federal OMB Uniform Guidance; and

5. A data collection form if Federal expenditures are $750,000 or more. Both the data collection form (Uniform Guidance, Section 200.512 (b)) and the reporting package (Uniform Guidance, Section 200.512 (c)).

H. Additional Requirements:

1. If the audit uncovers or suggests any irregularities or illegal acts, knowledge of these acts must be communicated immediately by the independent public accountant to the DCF Office of Grants Management, Auditing and Records, PO Box 717, Trenton, New Jersey 08625-0717.

2. The audit workpapers and reports must be retained by the independent public accountant for a minimum of seven years from the date of the audit report unless the accountant is notified in writing by the Department for the need to extend the retention period. The audit workpapers and reports shall be made available upon request to the Department or its designee(s).

3. The independent accountant is subject to an external quality control review in accordance with Government Auditing Standards at least once every three years.

4. Individuals who audit Federal and State funds, and are responsible for planning or directing an audit, or conducting substantial portions of the fieldwork or reporting on the audit, are required to obtain the Continuing Professional Education credits necessary to fulfill the requirements of Government Auditing Standards.
STATE OF NEW JERSEY  
DEPARTMENT OF CHILDREN AND FAMILIES  
NOTIFICATION OF LICENSED PUBLIC ACCOUNTANT*

Provider Agency Name: 
Address: 
Contact Individual and Title: 

Telephone No. 
Agency Fiscal Year to be Audited: 

Federal ID No. 
Charities Registration No.: 

List All State and Federal Financial Funding During the Fiscal Year Under Audit

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Use back of form to list additional State and Federal Funding

Licensed Public Accountant (attach photocopy of firm’s license to practice, and most recent external quality control review)

Firm Name: 
Address: 
Telephone No.: 
E-Mail Address: 
Currently Licensed to practice in the State(s) of: 
Expiration Date: 
Contact Individual and Title: 

Certification:
I certify that we are aware of the requirements in DCF.P7.06 and that the audit will comply with this policy.

LPA Signature 
Title 

Audit Report Deficiencies- Does your firm have any outstanding audit reports with deficiencies for any provider agency contracting with any NJ State Department?  YES  NO

I certify that the above information is accurate. Any inaccurate information may result in termination of your contract with the provider listed above.

Provider Signature 
Title 

* This Notification (NLPA) is to be sent to the Department of Children and Families’ Office of Grant Management, Auditing and Records with the completed audit report. Although the NLPA form and the audit report shall be submitted together, all of the information in the NLPA form should relate to the subsequent year of the completed audit report. The anticipated completion date should not be more than 120 days after the end of the fiscal year. The Provider Agency and the Licensed Public Accountant should fill out this form to this point in its entirety.
§ 200.331 Requirements for pass-through entities (from the Code of Federal Regulations)

All pass-through entities must:

(a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:

1. Federal Award Identification.
   
   (i) Subrecipient name (which must match registered name in DUNS);

   (ii) Subrecipient’s DUNS number (see § 200.32 Data Universal Numbering System (DUNS) number);

   (iii) Federal Award Identification Number (FAIN);

   (iv) Federal Award Date (see § 200.39 Federal award date);

   (v) Subaward Period of Performance Start and End Date;

   (vi) Amount of Federal Funds Obligated by this action;

   (vii) Total Amount of Federal Funds Obligated to the subrecipient;

   (viii) Total Amount of the Federal Award;

   (ix) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);

   (x) Name of Federal awarding agency, pass-through entity, and contact information for awarding official,

   (xi) CFDA Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement;

   (xii) Identification of whether the award is R&D; and

   (xiii) Indirect cost rate for the Federal award (including if the de minimis rate is charged per § 200.414 Indirect (F&A) costs).
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(2) All requirements imposed by the pass-through entity on the sub-recipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award.

(3) Issuing a management decision for audit findings pertaining to the Federal award provided to the sub-recipient from the pass-through entity as required by section 200.521 Management Decision.

(4) An approved federally recognized indirect cost rate negotiated between the sub-recipient and the Federal government or, if no such rate exists, either a rate negotiated between the pass-through entity and the sub-recipient (in compliance with this part), or a de minimis indirect cost rate as defined in § 200.414 Indirect (F&A) costs, paragraph (b) of this part.

[Please note, inserted for reference: (200.414 (b)) Diversity of nonprofit organizations. Because of the diverse characteristics and accounting practices of nonprofit organizations, it is not possible to specify the types of cost which may be classified as indirect (F&A) cost in all situations. Identification with a Federal award rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect (F&A) costs of Federal awards. However, typical examples of indirect (F&A) cost for many nonprofit organizations may include depreciation on buildings and equipment, the costs of operating and maintaining facilities, and general administration and general expenses, such as the salaries and expenses of executive officers, personnel administration, and accounting.]

(5) A requirement that the sub-recipient permit the pass-through entity and auditors to have access to the sub-recipient’s records and financial statements as necessary for the pass-through entity to meet the requirements of this section, §§ 200.300 Statutory and national policy requirements through 200.309 Period of performance, and Subpart F—Audit Requirements of this part; and

(6) Appropriate terms and conditions concerning closeout of the sub-award.

(b) Evaluate each sub-recipient’s risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the sub-award for purposes of determining the appropriate Sub-recipient monitoring described in paragraph (e) of this section, which may include consideration of such factors as:

(1) The sub-recipient’s prior experience with the same or similar sub-awards;

(2) The results of previous audits including whether or not the sub-recipient receives a Single Audit in accordance with Subpart F—Audit Requirements of this part, and the extent to which the same or similar sub-award has been audited as a major program;

(3) Whether the sub-recipient has new personnel or new or substantially changed systems;
(4) The extent and results of Federal awarding agency monitoring (e.g., if the sub-recipient also receives Federal awards directly from a Federal awarding agency).

(c) Consider imposing specific sub-award conditions upon a sub-recipient if appropriate as described in § 200.207 Specific conditions.

(d) Monitor the activities of the sub-recipient as necessary to ensure that the sub-award is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the sub-award; and that sub-award performance goals are achieved. Pass-through entity monitoring of the sub-recipient must include:

(1) Reviewing financial and programmatic reports required by the pass-through entity.

(2) Following-up and ensuring that the sub-recipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the sub-recipient from the pass-through entity detected through audits, on-site reviews, and other means.

(3) Issuing a management decision for audit findings pertaining to the Federal award provided to the sub-recipient from the pass-through entity as required by § 200.521 Management decision.

(e) Depending upon the pass-through entity’s assessment of risk posed by the sub-recipient (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:

(1) Providing sub-recipients with training and technical assistance on program-related matters; and

(2) Performing on-site reviews of the sub-recipient's program operations;

(3) Arranging for agreed-upon-procedures engagements as described in § 200.425 Audit services.

(f) Verify that every sub-recipient is audited as required by Subpart F—Audit Requirements of this part when it is expected that the sub-recipient’s Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501 Audit requirements.

(g) Consider whether the results of the sub-recipient’s audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity’s own records.

(h) Consider taking enforcement action against noncompliant sub-recipients as described in § 200.338 Remedies for noncompliance of this part and in program regulations.