

## **Sub-Recipient Audit Requirements for Federal Funding**

### **#1 Sub-Recipient Audit Requirements – federal funds**

(a) **Audit required.** Non-Federal entities that expend \$300,000 (*\$500,000 for fiscal years ending after December 31, 2003*) or more in a year in Federal awards shall have a single audit conducted in accordance with § \_\_\_\_.500 except when they elect to have a program-specific audit conducted in accordance with paragraph (c) of this section.

b) **Single audit.** Non-Federal entities that expend \$300,000 (*\$500,000 for fiscal years ending after December 31, 2003*) or more in a year in Federal awards shall have a single audit conducted in accordance with § \_\_\_\_.500 except when they elect to have a program-specific audit conducted in accordance with paragraph (c) of this section.

(c) **Program-specific audit election.** When an auditee expends Federal awards under only one Federal program (excluding R&D) and the Federal program's laws, regulations, or grant agreements do not require a financial statement audit of the auditee, the auditee may elect to have a program-specific audit conducted in accordance with § \_\_\_\_.235. A program-specific audit may not be elected for R&D unless all of the Federal awards expended were received from the same Federal agency, or the same Federal agency and the same pass-through entity, and that Federal agency, or pass-through entity in the case of a subrecipient, approves in advance a program-specific audit.

(d) **Exemption when Federal awards expended are less than \$300,000 (*\$500,000 for fiscal years ending after December 31, 2003*).** Non-Federal entities that expend less than \$300,000 (*\$500,000 for fiscal years ending after December 31, 2003*) a year in Federal awards are exempt from Federal audit requirements for that year, except as noted in § \_\_\_\_.215(a), but records must be available for review or audit by appropriate officials of the Federal agency, pass-through entity, and General Accounting Office (GAO).

(e) **Federally Funded Research and Development Centers (FFRDC).** Management of an auditee that owns or operates a FFRDC may elect to treat the FFRDC as a separate entity for purposes of this part.

### **#2 Sub-Recipients Requirement to submit copy of audit, any audit findings & corrective action plan to DCR**

If a sub-recipient is subject to the single audit requirement above DCR requires that the sub-recipient submit copies of the annual audit including any audit findings, and a cover letter identifying the sub-recipient's corrective action plan (CAP) for any audit findings. These documents shall be mailed to the attention of the Federal Grant Manager in DCR's Finance Office, and the documents will be filed with the grant file that contains the grant award information.