**WorkforceGPS**

**Resolving Audits Effectively and Efficiently**

**Wednesday, April 22, 2020**

*Transcript by*

*Noble Transcription Services*

*Menifee, CA*

JON VEHLOW: Welcome to "Resolving Audits Effectively and Efficiently." So without further ado, I'd like to kick things off to our moderator today, Kevin Brumback, audit resolution specialist, U.S. Department of Labor, Employment and Training Administration, Office of Grants Management. Kevin?

KEVIN BRUMBACK: Jon, thank you so much. Thank you for that nice introduction. And thank you for taking the time to join me today to talk about audit resolution. And first and foremost, I just want to thank you as members of the grantee community for all that you're doing for those of us – for the workforce and during this challenging time. So your grant contributions are definitely appreciated. So that goes without saying, but I wanted to make recognition of that.

I'm also joined, if I need it, with my supervisor Ana Mulero and my division chief Latania Torrance (ph), if I run into any trouble.

But today we're going to go into audit resolution, a little bit about the process. And Jon, just a heads-up, I'm good with the slides. So we're good.

A little bit about the process and then just some tips and tricks and some words of encouragement on audit resolution.

So the purpose of today is to discuss with you grantees strategies for resolving audit findings effectively and efficiently. The focus will be on resolving single audits, as those are the bulk of the audits handled by ETA. But we'll also briefly touch on the other types of audits, such as OIG reports and ETA modeling reports. But note that the informal resolution process described today is similar.

So again, the focus of today's discussion will be resolving single audits and those are the bulk of the audits handled by audit resolution here at ETA. And we – it follows the informal resolution model described in our DOL regulations, which we'll touch on later.

Note that you may also be responsible for resolving findings that come about as a result with regional monitoring from our regional colleagues here at ETA. That process begins at the ETA regional office level. But for those that are later referred to the national office, the process again is similar to what we will be discussing today.

And OIG reports. OIG reports are important and they do happen. But you as grantee, it's less likely that you'll be resolving any – resolving OIG reports. But in the event you are involved, you will still – you still follow a similar process discussed today.

Just a note on questions as I go through. I'm going to be handling questions as they pop up. Or if they are going to be addressed later in the presentation, I may just hold off. There will be time at the end of the presentation for – plenty of time for questions.

So let's talk a little bit about the single audit, the single audit dollar threshold. These cover non-federal entities that expend $750,000 or more in federal financial assistance award funds during a fiscal year is required to have a single audit conducted for that fiscal year. Note that a program-specific audit may be substituted only when the grant auditee spends federal award funds under only one federal program.

The specific costs that form the basis for determining federal awards expended are found at 2 CFR 200.502. I'll be making a number of references to 2 CFR today. 2 CFR 200 is the uniform guidance issued by OMB – the Office of Management and Budget. So I encourage you, if you're not already familiar with 2 CFR 200, that'll be a valuable resource for you.

But again, the specific costs that form the basis for your single audit are 2 CFR 200.502 and they include accrued costs, disbursements to subrecipients, the program income expended, among others.

And note that if a non-federal entity is exempt because it spends less than $750,000 in federal funds in a fiscal year, it's still required to have records available for review or audit by appropriate officials in a federal agency, such as OIG, a pass-through entity, and GAO. And these entities may choose to conduct program-specific, limited scope, or agreed upon procedures audit or review to ensure the federal funds are properly expended.

OK. A little bit about the single audit applicability. The single audit requirements in uniform guidance apply directly to direct recipients, pass-through entities, and subrecipients, which include states and local governments, nonprofit organizations, Indian tribes, and institutes of higher education. So I imagine that pretty much covers everybody on the call today.

So again, a little bit more about the single audit. If your organization is the recipient of grants from two or more federal programs, you're required to have a single audit conducted in accordance with generally accepted government accounting standards – GAGAS – that's the GAO's yellow book – and 2 CFR 200.514.

So the single audit is an organization-wide audit with procedures and tests to not only conclude on overall organization's operations, but also to conclude on the organization's compliance with specific rules and regulations governing the use of federal awards. It's a relatively comprehensive review of an organization's entire spectrum of financial activity.

Financial statements must cover all funds expended by an organization within a single audit period, and all federal funds, whether those are directly expended by the organization or your organization functions as a pass-through with the funds hopefully being expended at the subrecipient level.

I had a question coming in about what is an OIG report? I'll get to that later in the presentation.

The purpose of the single audit. So why was the Single Audit Act – what is the Single Audit Act and why was it created? Well, prior to the single audit, grantees had to contend with multiple auditors and multiple audit reports across multiple federal programs.

So the Single Audit Act of 1984 and the Single Audit Act amendments of 1996 made updated audit requirements for organizations who receive federal awards. The law aimed at just streamlining the audit process so that award recipients only had to conduct a single annual audit, instead of conducting multiple audits of individual programs. And the idea, obviously, was to reduce the burden on grant recipients by cutting back on the number of different auditors conducting reviews on their organization's books and records.

2 CFR 200 part F, we recite that a lot here in the Audit Resolution Unit, that is the audit requirement section of the uniform guidance. It was issued to implement the requirements of the Single Audit Act amendments of 1996. And these were intended, again, to improve the audits of federal financial assistance programs by setting standards to ensure consistency and uniformity, and that requirements and policies for audits for recipients and subrecipients that receive federal financial assistance.

Now, keep in mind, the Single Audit Act – single audit was never intended to provide detailed, in-depth coverage of individual grant program awards.

OK. A little bit about the auditee responsibilities. 2 CFR 200.508 through 200.512 talks about your responsibilities as an auditee. We'll briefly go through that and then try to move on to the resolution process part of our presentation today.

But 2 CFR 200.508 through 512 identifies the following responsibilities to be carried out by you the auditee. So I encourage you to be familiar with those requirements, if you're not already. It requires you to procure and arrange for an audit in accordance with 2 CFR 200.509. And the basic tenor of the requirement is full and open competition of your auditor.

Now, there are poor auditors and good auditors out there. Some auditors will spot weaknesses right away and others will not. And I have additional guidance on procuring an auditor at the end of this presentation.

Now, as an auditee you are required to prepare appropriate financial information in accordance with 2 CFR 200.510, including financial statements, schedule of expenditures of federal awards – which we call the SEFA.

And then that the auditee must identify in its books of account all the federally-funded awards that are received and all those funds expended by federal program, including the code of federal domestic assistance title and number, the award number and year, the name of the federal agency, and the name of the pass-through entity. And again, these are all described in detail in 2 CFR 200.510.

You're also required to list the individual federal programs and the federal agency. And for any federal awards received as a subrecipient you must name the pass-through entity, and identifying number assigned by the pass-through entity must be included. You're also required to include the amount provided to subrecipients from each program.

You of course must provide the auditor with any new information that it requires to complete the audit. And you are required to promptly follow up on all audit findings and take necessary corrective actions to address the findings. And this includes the preparation of prior audit findings and the corrective actions taken to address those findings, and the preparation of a corrective action plan on all current findings. And I'll talk again in a little bit more what that – more detail briefly.

So again, as the auditee you are – you and your organization have a number of responsibilities, including that you must maintain internal controls sufficient to ensure that federal awards are managed in compliance with applicable laws, regulations, and award provisions. Talk more about internal controls in a moment.

And finally, you the entity must ensure that all the required audits are performed and submitted when due. This includes the expectation that the organization will procure single audit in a timely manner and at the term of the audit agreement, including the time of completion of submittal to the clearinghouse, which I'll talk about on my next slide.

So 2 CFR 200.504 requires that a single audit be conducted annually. Now, there are a couple of exceptions that apply to states under 2 CFR 200.504, so I won't be addressing that today. But you can look those exceptions up there.

2 CFR 200.512 states that when the amounts are completed, the audit report and the data collection form are submitted to the Federal Audit Clearinghouse by you, the auditee, within one month of completion of the audit, but in no case later than nine months after the end of the auditee's fiscal year.

2 CFR 512 also describes what needs to be submitted with your audit submission. That includes the reporting package which is the appropriate financial statements, summary schedule of prior audit findings, the auditor's report itself, and the corrective action plan for prior and current audit findings.

Now, along those lines, on March 19th, 2020, OMB did issue memo M-20-17 extending the single audit filing date for those recipients and subrecipients affected by the loss of capacity or increased cost due to COVID-19. So this applies to those entities that have not filed their single audit to the Federal Audit Clearinghouse as of March 19th, 2020, for fiscal years ending through June 30, 2020.

So this extension permits affected recipients and subrecipients to delay the completion and submission of single audit reporting package, as required under 2 CFR 200.501, for six months beyond their normal due date.

Note that individual recipients and subrecipients are required to maintain documentation of the reason for the delay and are requested to include a reference to the memorandum – so M-20-17 – in their audit reporting packages, so that federal agencies and pass-through entities are informed.

And again, briefly some references to your response to as a pass-through. So you are prime entities that we're talking with today. But you also have pass-through entities that are subrecipients beneath you. You do, under 2 CFR 200.331, are required to verify the subrecipient is audited if they meet the expenditure threshold which we talked about earlier. So the $750,000 in a fiscal year. And you must work with your subrecipients to resolve those audit findings.

And we encourage you to follow the informal resolution process that we'll talk about in detail today. You do have to prepare management decisions on any subrecipient findings – any audit findings. So management decisions are what we determine to be final determinations. You must issue your final management decision within 12 months of the acceptance of the audit report by the Federal Audit Clearinghouse and pursue any debt collection if necessary.

Now, that 12-month deadlines is a little differently than our deadline that we at ETA have directly with our prime recipients, which is six months – or 180 days – which we'll talk about.

OK. So let's talk a little bit about the audit resolution process. And again, as we go through I'll try and either take questions or I'll hold those off till the end.

A little bit about our process. Our process here with resolving single audits starts with OIG. So OIG – the Office of the Inspector General – they conduct and supervise audits of DOL programs and operations and determine if the agency actions are sufficient to resolve recommendations. They pull down all the single audit reports that you the grantee submit, and they issue them to the appropriate DOL agencies for resolution.

OIG maintains the official system for tracking audits and audit resolution process, and they report any unresolved audits over six months old in a semi-annual report to Congress.

So there was a question earlier about what is an OIG report? OIG has – there an independent entity. They have the authority to issue their own audit reports. So they – for ETA purposes, it's common for them to audit an entire ETA program. So let's just say they do an audit of the YouthBuild program. In doing so, they might require financial and programmatic records from – (audio break).

Great. Sorry for that, everybody. Challenges. Technical difficulties are past and so hopefully you can hear me now. I'll follow up with where I was.

I was leaving off on OIG responsibilities, talking mostly about the OIG – part of the OIG that we work here in audit resolution that's the Division of Single Audit. They essentially pull down the single audits for us and give them for us to resolve.

There's also the Office of Labor Racketeering and Fraud Investigations. Those are only in the incident that OIG or ETA discovers a possible fraud or criminal activity related to your grant awards. But since you guys are joining us today, we are sure you guys won't be running into any of those kind of problems.

We did have a question earlier about what is an OIG report? Darn, I had a screen shot of a blue-bordered OIG report, but I was describing it earlier. An OIG report is essentially a deep dive from OIG into a specific ETA program. Sometimes it involves individual grantees and grant records. And it's possible that in resolution of those reports our office works with you to resolve those findings. So that's essentially what an OIG report is.

Great. So let's talk a little bit more about the cooperative audit resolution process. That is spelled out in 2 CFR 2900.20. At a minimum the process requires the final audit report be issued and initial determination be issued, if necessary. And then the informal resolution process, which is a 60-day period. And then final determination is issued. And ETA recommends the process described for you as prime if you need to resolve audit findings if you're a subrecipient.

Great. So along the lines of "an ounce of prevention is worth a pound of cure," I want to talk a little bit about some of the common audit findings we receive. So you'll see I've included the two CRF references. I encourage your organization to bone up on those citations and they might give you a little – it might head off any possible findings that could be coming your way from your auditor.

Lack of internal controls. I'd say that's easily the biggest one we get, the most common amount of findings. That's kind of an umbrella term that refers to a variety of grant administration and management.

Some of the common findings under that umbrella include a lack of separation of duties. So let's say the ability of someone to solely review timecards and issue paychecks, without an intermediary in there to – as a checks and balance. Or the ability of someone to review and approve and make purchases with grant fund without any kind of oversight.

The ability of someone to be separated from the organization to still have access to official grant systems; sometimes we see that as a finding. And also the lack of written and approved policies and procedures on grant administration rules and responsibilities.

So I'd say that kind of big lump is a – of lack of internal control is something that, if your organization was boned up, was prepared, you would avoid a lot of common audit findings.

I won't read all the other citations on this slide and the next slide, but just kind of summarize what some of the other common findings are. So an inadequate documentation to support grant charges, inaccurate financial reports, inadequate documentation of participant records and eligibility. Now, those are the 2 CFR references, but obviously your organization will have to contend with any program-specific regulations, such as YouthBuild.

Lack of procurement policies and procedures, a lack of verification of subrecipient suspension and debarment status. This does not meant that your organization is routinely awarding contracts and subawards to debarred entities, but it just means that you have – don't have documentation that you verified that such subrecipients have been suspended or debarred.

A lack of required terms and conditions in your subaward agreements, as per 2 CFR 200.331, and a lack of subrecipient monitoring and oversight. You as prime, again, are required to oversee the activities of recipients.

Another common audit finding is that UI improper payments; that applies to the unemployment insurance program.

So let's talk a little bit about the – again, the time requirement. So here at DOL, the final determination for any audit findings must be issued by ETA within six months, or 180 days, of receipt from OIG. Those timelines are spelled out in our uniform guidance exception at 2 CFR 2900.21.

And note that there are generally no extensions to that six months. That is a hard deadline. ETA does not control that six-month, 180-day, deadline. In the event a grantee does request an extension, we have to go through OIG and we have to justify that extension. So those extensions are rare.

Let's talk a little bit about who's involved in the resolution process. Here at ETA in our office, the audit resolution grant officer – so it's Ana Mulero is our fearless leader on that. I'm one of the audit resolution specialists. I'm not an accountant; I'm not an auditor. I'm an audit resolution specialist.

At the ETA regional office level, there's the audit point of contact, the financial and program staff, and the federal project officer.

And then you the grantee often (meet ?) the audit findings (essentially ?) comptroller, executive director, or program manager, etc.

A little bit about the process. Again, I touched on it briefly. The Office of the Inspector General pulls down the single audit from the Federal Audit Clearinghouse. They forward it to the appropriate agency by a formal memo for resolution. And then the audit resolution unit verifies the information in the memo and ensures that the audit's being forwarded and do indeed belong to ETA. Occasionally we get some that are not for ETA to resolve.

And then what do we do? Well, the audit resolution staff verifies the data on the data collection sheet is correct and accurate, and the appropriate contacts are accurate, that the address is accurate. And we send that file audit report to you, the grantee, within five days of receipt.

I will say that sometimes the data collection sheet is – may be outdated or the day-to-day contact may not be the appropriate person on that and that's we are working to resolve. But in any case, if you hear from us asking to confirm the appropriate contact, please get back to us quickly so that we can make sure that we're working with the appropriate officials in your organization and not lose any time in the audit resolution process verifying receipt.

We also forward a copy of that audit to the regional office and we work with you and the regional office to resolve the findings. It's a team effort. Our regional colleagues are great and have a tremendous amount of expertise, definitely have a lot of familiarity working directly with grantees to resolve findings.

And just some words of encouragement at this stage. Let me go back to that slide.

So remember, at this point of the process the details of the audit and the audit findings are brand-new to ETA. But you have already been familiar with your audit and the auditors for months. You've already prepared your policies and procedures. You already prepared your financial documents to the auditor. You've been audited. You've responded to the auditor's findings and prepared a corrective action plan.

So now that you've received the audit from us, refresh yourself on what the findings are, what you said your corrective action plan was. You have a head-start on us; you're already familiar with this audit for at least a month or so by the time ETA gets it and the clock starts counting on our six-month resolution deadline.

Great. So then what happens after that? Well, you the grantee may submit documentation during this period for consideration for the initial determination. You're generally given about 45 to 60 days to provide your response.

And one of my most important tips is feel free to ask for any technical assistance if needed. So generally, the audit findings are worded to direct the grantee as to what is needed to resolve the finding. ETA follows the auditor's recommendations closely, so pay close attention to what the auditor recommends.

It's common for the auditor to cite specific statutes or regulations that have not been complied with. And if it's not clear to you what the appropriate citations are or what is needed to resolve the finding, please reach out to your regional point of contact or your audit resolution specialist for assistance.

And again, just please be specific in what you provide and be mindful of the material sufficient to resolve the finding. And it's in ETA's best interest to resolve findings and resolve them early whenever possible. So one word of encouragement and one tool we have here in the audit resolution unit is that we can move straight to FD. So this is music to our ears.

FD means final determination. So this means that if ETA has sufficient documentation to resolve all findings, the grant officer can skip issuing the initial determination and move straight to issuing final determination. Now again, this is only if all findings in question call for resolve. But if we do this, you can shave months off the audit resolution process and it takes some future work off all parties involved.

Now, in the event you need no technical assistance to resolve the audit findings, feel free to send your response early. You do not have to wait the full time allotted – the 45 to 60 days – to respond. Maybe it's a timing issue. Maybe you've already had these – by the time the audit got completed, you were just about ready to resolve this finding but the auditor had to go ahead and submit it. If you're at that point where you can resolve it right away, please feel free to send in all documentation required to resolve.

Great. So then a little bit about after you submit your initial response. The regional office and the audit resolution unit reviews the documentation and gives that recommendation to the grant officer.

Then an initial – if findings are not all resolved, then an initial determination is issued. The initial determination summarizes which findings are considered corrected and uncorrected and which costs are allowed or tentatively disallowed. And then at that point you're – the informal resolution process begins and lasts 60 days from the issuance of the initial determination. So you get another bite at the apple. You get another chance to resolve your findings.

Great. So then what happens, you get another shot to resolve the findings. The initial determination will spell out the amount of – any question – (inaudible) – if any, and the administrative findings and what you need to correct the findings.

Now, we understand that sometimes correction actions can only be completed so fast and that multiple parties may be involved. Now, for example, revised policies and procedures are required to resolve the finding, we will say that in our initial determination. So you should be prepared to provide those revised policies and procedures. And not that those should be approved by an authorized official within the organization.

Sometimes we get partial answers where a grantee says, this is what we plan on doing, but they didn't actually provide us appropriate policies and procedures, for example.

Great. So then what happens, the documentation is again reviewed by the – documentation is again reviewed by the national office and the region. And the final determination is issued and states any disallowed costs on the uncorrected administrative findings. But in the event the findings are corrected, it has corrected findings and allowed or disallowed costs.

And again, just a reminder of the – DOL has 6 months, or 180 days, within receipt of the audit from OIG to issue our final determination. And extensions are rare.

What happens after the final determination? The region will follow up with any uncorrected findings with the entity, with the grantee. The region will provide technical assistance to help resolve uncorrected findings and disallowed costs are sent to ETA's accounting for possible debt collection. We'll talk a little bit more of that on the next slide.

2 CFR 200.345 talks about the federal debt collection process. Note that in your final determination as issued, it does say that your disallowed costs should be payable within 30 days. If not within 30 days, then the debt collection process starts and generally that involves debt collection letters up to – every 30 days up to 90 days.

And we do have the authority to withhold any advance payments or other grant awards you may be receiving from other awards, or take other federal – take corrective actions permitted by the appropriate applicable federal statute. And note that any interest – that interest may be charged on your overdue debt.

And how do you repay? Well, you repay the flat cost through pay.gov. We no longer use a paper check process. You pay through pay.gov for your disallowed costs. Some initial guidance is given in your final determination, but further guidance is given by ETA's Office of Financial Assistance Administration.

Appeals. A little bit about appeals. The final determination does state that you have 21 days within receipt of a final determination to submit your appeal. That's 21 calendar days; not 21 work days. It is important to submit your appeal timely.

The appeal process is managed by the administrative law judge – the Department of Labor administrative law judge and by our lawyers here in ETA ETLS. So that's the – if you're late on your appeal, that's not under the discretion of the audit resolution grant officer.

Appeals are generally in the case of disallowed costs and grantees may wish to either – additional time to repay or to provide documentation to support that the cost should be allowable.

Great. So a little bit more tips as we start to wind down here and I take any questions you may have. Again, encourage you to get a head start on your resolution of your findings – your single audit findings. Don't wait. You don't have to wait until the last hour to resolve your findings.

Communicate. Communicate regularly with your regional office POC, with our federal project officer, with your POC here in the – the audit resolution specialist here in the DC national office. Ask for technical assistance when needed.

Be specific in your responses and supporting documentation. Again, the goal is to resolve findings that you may be incurring. And note that we do – ETA is on the hook to resolve past and current audit findings. So these audit findings, they do stay on the books. They don't just go away. So you are encouraged to seek resolution whenever possible.

Here are some additional resources that may be helpful in regards to audit resolution and in regards to your specific programs. You can look at that later at your leisure.

And I mentioned it earlier in the presentation, some additional guidance on procuring an auditor is found on this slide – (inaudible) – attached.

And I'm almost done. We will be capturing your questions. If your question doesn't get answered today, you can submit it through your federal project officer and they will route it to me. My supervisor Ana also wanted to add her email, so – not on this slide, but her email is Mulero – M-U-L-E-R-O – dot Ana – A-N-A at dol.gov. So again, we don't want to leave you hanging if you questions about the audit resolution process.

With that, that concludes my formal presentation. I will start scrolling back through some of your previous questions.

I addressed what OIG means. (Pause.)

ANA MULERO: Kevin?

MR. BRUMBACK: Yes.

MS. MULERO: Maybe you should state what OIG means again for those who have missed it.

MR. BRUMBACK: OK. Sure. OIG stands for the Office of the Inspector General. The Inspector General Act, I believe, created an independent entity within all federal agencies called the Office of the Inspector General. They report to Congress on the actions of the executive branch and they – so for us, we work directly with OIG. They submit – they pull down the single audits from the Federal Audit Clearinghouse and give them to our audit resolution unit to resolve. That's probably out most direct contact with OIG.

One of the questions is, "When does debt collection occur?" We touched on that a little bit. In the final determination, if your final determination contains disallowed costs, you are given 30 days to repay and instructions on repayment. Then I believe at that point that the debt collection process starts, with a series of letters every 30 days up until 90 days, I believe.

And then, "What situation would warrant a debt collection?" Again, I believe I touched on that. The final determination letter states you have 30 days to repay. Now, I will say one other thing to ward off debt collection if you do intend to – if you do not agree with the disallowed costs and do not intend to repay. You can appeal within the 21 days after the final determination; that will suspend the debt collection process as well.

But again, sometimes – in rare cases – debt collection happens when grantees go silent on us and we don't hear back from them. We don't know if they intend to repay and we start the debt collection process there.

But again, I don't want to scare anybody. That is not that common within our process.

OK. A question that says, "So if our audit findings were corrected, why are our costs disallowed?" I'm not exactly sure exactly what that means based on the way that's worded. Generally, when we refer to things being corrected, they are – findings fall into two major categories, administrative findings and questioned costs.

So let's say you had a finding about lack of policies and procedures on procurement. That's an administrative finding. The audit does not specifically say there are any costs that are questioned or disallowed. You would revise or update your policies and procedures to reflect the appropriate procurement activities. We review that. If we consider them to be sufficient, then that would be considered corrected. So that'd be – that's the process for correcting an administrative finding.

If you have disallowed costs, that means that the auditor has identified that there are costs that you spent with federal funds that were inappropriate. You either need to repay those costs or provide documentation that justifies that those costs were allowable. So – (inaudible) – that answers your question.

And I'm trying to scroll through questions as we talk. "Can you touch on specific corrective actions?" I think I just gave you one example of a specific corrective action. A lot of our corrective actions deal with internal controls, as I stated earlier. And the specific policies and procedures. And again, this is where your audit resolution specialist, and especially your regional points of contact – your FPO and your – (inaudible) – staff in the region are great. They often give you specific guidance on what that means to correct a finding.

So if you're like, I really don't understand. I don't quite understand what's needed to correct this finding. What does it mean to have appropriate procurement policies and procures, or allowable cost procedures? The regional – your audit resolution contact and your regional POCs are great about providing you technical assistance on what is needed to address that finding.

There's a question that's about monitoring, "Can you share monitoring tools for both –" this (definition ?) is largely about our resolution of audit findings. I believe in the slide of additional resources, does reference the Core Monitoring Guide. We do have a Core Monitoring Guide to help aid our grantees and our federal project officers and our financial staff in monitoring. So they might be able to handle that and help you with that separately.

OK. One question is, "A common finding identified was substandard documentation to support an expense. Can you give us some examples of documentation that do not meet standards?"

Good example, so this could be a – (inaudible) – report or it could be a single audit. And let's say an entity is using federal funds to maintain a membership in an organization, trade association, union, union dues. And it's not exactly clear why you are using federal funds to – for that, to support the grant. You would need to justify why is that – why are grant funds used to support that membership, those dues, et cetera. It's possible and it may be allowed, but if it's not clear or if it seems like it's largely an entertainment expense or an entertainment organization, those costs could be disallowed.

So that's kind of one example of identification of a questioned cost and how it could be allowed or disallowed. (Pause.)

That's a good question about, "Can a pass-through and a subrecipient agree on a repayment plan beyond the 90 days?" That's a good question. I would lean towards saying yes, but I will get back with you on a more specific answer. Repayment plans are – do happen. Those are generally for larger findings, but they do happen. (Pause.)

I had a question that says, "I had my last audit report – I had my last audit in November and there was a major finding. We still have not received our audit report. We responded to the finding. Are you saying ETA cannot hold us to the finding because they have not responded within (100 ?) days?"

Tell you what. For the person that asked that question, my contact info is at the last slide. I encourage you to first check in with your federal project officer. But you can also email me and copy my supervisor, Ana Mulero, Mulero.Ana@dol.gov. We will follow up on that. That sounds like maybe something fell through the cracks on that as no fault of your own.

MS. MULERO: Kevin?

MR. BRUMBACK: Yeah.

MS. MULERO: On question number 11, we have – it's our responsibility – the audit resolution – to reach out to the grantee to resolve any unresolved findings that's in your audit report.

MR. BRUMBACK: Correct. Correct. Thank you, Ana. Yeah. The question is, "If we have a single audit finding, the OIG reaches out to us to resolve, correct?" No. The single audit report is sent to you by us. But you work with us and ETA to resolve the finding. And then at the end of the process, we send the final determination back to OIG. So you work directly with us. I think that answers the question, right, Ana?

MS. MULERO: Yes.

MR. BRUMBACK: OK. Great. No, thank you for catching that, Ana.

One question is, "Can you elaborate on the six-month management decision per 200.521, versus the 12-month per 2900.20 to 22?" Good question. Yeah. Please don't get confused on that. The 12-month period refers to you resolving findings that occur between you the prime grantee and your subrecipients. The six-month requirement is resolving findings that occur between you the prime grantee and us here at the national office. So when you are the – when you the prime are the recipient of the audit – the single audit – and you are the auditee, you work with us to resolve within six months. Good question.

And bear with me as I read through some of your good questions.

MS. MULERO: Eighteen is yes, it can still be questioned. (Pause.)

MR. BRUMBACK: OK. Yeah, thank you, Ana. The question is, "If a grantee provided documentation but the documentation that was provided was, say, dated October 31st, 2019 through present, but the audit period but for 2017 to 2018, can the cost be questioned?" And Ana said yes, the cost can still be questioned. (Pause.)

MS. MULERO: And 19 –

MR. BRUMBACK: Another question is – sorry, Ana. Did you need to say something?

MS. MULERO: No. Number 19 is correct. All communication goes to the grantee, not the subrecipient.

MR. BRUMBACK: Yep. Correct. I was just about ready to get to that one. So the question is, "So all communications go to the grantee, not subrecipients, including final results and corrections?" That's correct. We here at the national office send you the grantee the final – the single audit report. We work with you directly to resolve. If you need to work with your subrecipients in resolution, which does happen, we don't get involved in that communication. You communicate directly with your sub and then respond back to us.

MS. MULERO: I think that was all.

MR. BRUMBACK: (Inaudible) – on some questions. And again, if you think of one later or we didn't get to yours today, please contact your FPO or me or Ana, as I discussed earlier.

And Ana or Latania, feel free to jump in if I didn't stress something or address something.

MS. MULERO: No. No, you –

MR. BRUMBACK: Just going to keep the line open as we scan for – as we –

MS. MULERO: Yeah. We covered all the questions that we had answers to. If there was any more questions that come up later, you can definitely submit them and we'll respond to you as quickly as we can.

MR. BRUMBACK: Great. I think we have one last question which I'll get to and then I think we'll call it a day. I think we've officially slowed down.

The last question is, "If an entity needs assistance deeming a deliverable an allowable prior to an audit, is there a department that can assist?" I'm going to interpret that question to be if there's an allowable cost applicable. You could check with your federal project officer to deem if such cost is allowable.

I think with that I'll turn it back over to Jon and Grace.

(END)