



FACT SHEET
Broadband Technology Opportunities Program
Audit Requirement Overview

Background

Audits support Federal stewardship responsibilities. The Federal government uses audits as a tool to monitor recipients and ensure that they expend Federal funds properly. Audits focus on a recipient's compliance with laws, regulations, provisions of the grant agreement, internal controls over Federal programs, and financial management of Federal funds. While this fact sheet focuses on BTOP's external audit requirement, recipients also may be audited by the Department of Commerce (DOC) Office of Inspector General (OIG) or the General Accountability Office (GAO) at any time.

BTOP Audit Requirements

All BTOP grant awards contain provisions in the DOC Standard Terms and Conditions or Special Award Conditions requiring recipients to obtain audits. All BTOP recipients fall into one of BTOP's two separate audit requirements: Single Audits under OMB Circular A-133 (Single Audit) or Program-Specific Audits. Single Audits apply to all state, local, and tribal governments, universities, and non-profit organizations receiving Federal funding. Recipients subject to the Single Audit must have an audit for every fiscal year in which the recipient expends \$500,000 or more in Federal funds. For this purpose, the \$500,000 Federal fund threshold is not limited to BTOP expenditures but includes all Federal award funds expended during a recipient's fiscal year. The Single Audit is performed pursuant to OMB Circular A-133 and A-133 Compliance Supplement, which contains compliance requirements for BTOP. In a Single Audit, an auditor reviews "major programs" more closely than other Federal awards. An auditor should consider BTOP to be a major program in a Single Audit. After the audit, recipients submit their final Single Audit Report to the Federal Audit Clearinghouse via <http://harvester.census.gov/sac/> within 30 days of receiving it from the auditor, and no later than nine months after the end of the recipient's fiscal year. Audit costs are typically allowable direct administrative costs for state, local, and tribal governments, universities, and other non-profit organizations and should be included in the project budget.

NTIA requires all for-profit recipients to obtain a Program-Specific Audit. This audit is referred to as a Program-Specific Audit because it is not an audit of the recipient's entire organization, but instead, focuses on compliance with the BTOP grant award. When auditing an organization that received a BTOP grant, auditors should follow OMB Circular A-133 § __.235 and NTIA's Program-Specific BTOP Audit Guidelines, which NTIA expects to publish in Fall 2010. Recipients must submit the final program-specific audit report within 90 days of the end of the audit period (*i.e.*, end of the program year) to the OIG, U.S. Department of Commerce, Atlanta Regional Office of Audits, 401 West Peachtree Street, N.W., Suite 2742, Atlanta, GA 30308 and provide a second copy to the Post-Award Monitoring (PAM) system for Grants Office review.

Audit Type	Type of Entity	Audit Trigger	Year(s) Audited	Frequency	Due Date
A-133	State, Local, Tribal, Non-profit	Expend ≥ \$500,000 of Federal funds in one fiscal year	Fiscal	Annually	30 days after auditor completes or within nine months, end of fiscal year.
Program-Specific	For-profits	Receive > \$100,000 of Federal funds	Program	Bi-Annually (after the 1 st and 3 rd year)	90 days after the end of audit period (end of applicable program year).





Audit Responsibilities of BTOP Recipient

Preparation for an audit begins at the beginning of the grant and continues through the grant period of performance. The BTOP recipient is responsible for the management and administration of BTOP funds, for monitoring activities and progress, and for meeting reporting requirements. At the beginning of grant implementation, the recipient should:

- Review regulations, special award terms and conditions, and OMB Circulars relevant to the recipient's organization type.
- Establish a financial management system based on common standards set in 15 CFR 14.21 (university or other non-profit, and for-profit), 15 CFR 24.20 (state, local, or tribal government).
- Establish a system for documenting all actions and activities related to the grant.
- Establish an Audit Committee responsible for creating procurement standards for auditors, reviewing draft Requests for Proposal for audit services, reviewing annual audit plans, determining standards for auditors to follow, determining the scope of audits, ensuring auditor qualifications, and monitoring the auditor's conduct.
- Identify the individual responsible for approving payments for project costs and preparing financial status reports.
- Establish written procedures for procurement processes and employee standards of conduct.
- Establish data collection mechanisms (e.g., program results).

Throughout the grant program, the recipient should:

- Maintain internal controls over the program and comply with all laws, regulations, and provisions of the grant agreement.
- Maintain records that adequately identify the source and application of all grant funds.
- Monitor the activities of subrecipients and vendors, as necessary, to ensure that subrecipients and vendors use Federal awards for authorized purposes and are in compliance with laws, regulations, and the grant terms.
- Ensure that subrecipients and vendors achieve performance goals, provide timely financial reports, and designate staff to manage documentation and reporting process.
- Document the source, receipt, and use of all matching funds.
- Document all in-kind valuations.
- Document, in detail, each procurement process, including: the need for goods and services, the request for proposals or other solicitation, the proposals received, the cost or price analysis performed, the basis for selection, and the contract awarded.

At the time of the audit, some audit responsibilities of recipients are listed below:

- Ensure an audit is performed by contracting with an independent, third-party auditor that demonstrates a high degree of expertise, including being qualified as a CPA, having knowledge of generally accepted government auditing standards (GAGAS), and meeting continuing education and peer review requirements.
- Ensure that auditors use OMB Circular A-133, OMB Compliance Supplement, the Program-Specific Audit Guide (if applicable), to complete the audit.
- Ensure the letter of engagement between the recipient and the auditor shall specifically include a provision that the auditor is required to provide the Secretary of Commerce, the OIG, and the GAO, or their respective representatives, access to working papers or related documents.
- Prepare audit file, including program documentation and financials.





- Ensure the final Single Audit or Program-Specific Audit Report is submitted when due.
- Follow up and take any corrective actions required on audit findings.

Frequently Asked Questions

[My organization already performs an annual Single Audit. Are you saying that BTOP requires an additional audit?](#)

No. BTOP does not require a separate audit if your organization already performs a Single Audit. That Single Audit satisfies the BTOP audit requirement. In addition, please inform your auditor that the Department of Commerce considers BTOP awards a major program that should be reviewed under your annual Single Audit.

[What if I don't expend \\$500,000 in BTOP funds during my fiscal year? Am I still subject to a Single Audit?](#)

A BTOP recipient may still be subject to a Single Audit even if it does not expend \$500,000 in BTOP funds. The \$500,000 threshold refers to total Federal funds. Therefore, if an applicant receives Federal assistance from additional Federal agencies, it may still reach the annual \$500,000 threshold.

[Does BTOP require subrecipients to comply with the audit requirements?](#)

All Federal grants rules flow through to subrecipients and are based on that subrecipient's entity type. Therefore, audit requirements, like other grant requirements, apply to both recipients and subrecipients. Every recipient should inform its subrecipients of the requirements imposed on them as a recipient of BTOP funds. Contractors are not subject to BTOP audit requirements.

[What is BTOP's Catalog of Domestic Federal Assistance Number \(CDFA\) so I can find the Compliance Supplement?](#)

BTOP's CDFA number is 11.557.

[Will I be able to get an extension of time for filing my Single Audit or Program-Specific Audit?](#)

No. Due to the importance of BTOP audits and NTIA's reliance on these audit results to monitor activity, the OMB has advised Federal agencies that they should not grant any extension requests to recipients for fiscal years 2009 through 2011.

[Can I use my current CPA to perform the audit?](#)

It depends. GAGAS sets forth a number of qualifications for auditors performing Single Audits or Program-Specific audits, including knowledge of GAGAS, state CPA license, peer review and continuing education requirements and independence. See <http://www.dodig.mil/inspections/apo/PDFs/GAOIndependFacshT.pdf> to learn more about GAO's requirements for auditor independence. In addition, OMB Circular A-133 §__ .305 and the uniform administrative requirements require recipients to follow the competitive procurement rules when selecting an auditor to provide audit services. Recipients must also follow their written procurement processes when obtaining audit services for a Single Audit or Program-Specific audit.

Additional Resources

For additional information on audit requirements, please refer to the following resources:

- Office of Management and Budget www.whitehouse.gov/omb/circulars_default/
- OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations www.whitehouse.gov/sites/default/files/omb/assets/a133/a133_revised_2007.pdf
- OMB 2010 Circular A-133 Compliance Supplement www.whitehouse.gov/omb/circulars/a133_compliance_supplement_2010





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- OMB Circular A-50 Audit Follow-Up www.whitehouse.gov/omb/circulars_a050/
- DOC Grants Manual, Chapter 13, Audits <http://oam.eas.commerce.gov/docs/Ch13%20Audits.pdf>
- DAO 213-5 Audit Resolution and Follow-up http://www.osec.doc.gov/omo/dmp/daos/dao213_5.html
- Catalog of Federal Domestic Assistance www.cfd.gov
- Federal Audit Clearinghouse <http://harvester.census.gov/sac>
- Generally Accepted Government Auditing Standards (Yellow Book) www.gao.gov/new.items/d10853g.pdf
- American Institute of Certified Public Accountants, Governmental Audit Quality Center www.aicpa.org/gaqc
- Recovery Act specific sites: www.recovery.gov; www.whitehouse.gov/omb/recovery_default/; <http://gaqc.aicpa.org/Resources/Recovery+Act+Resource+Center.htm>
- Governmental Accountability Office (GAO) <http://gao.gov/recovery>

