

Section 7.3.2.: Audits

PURPOSE AND POLICY

Auditing is defined as conducting an examination of a series of events or activities to verify that those events or activities are being maintained and recorded in accordance with established guidelines, policies and procedures. Audits are standard requirements for any grant-funded activity as the grantor must ensure that funds are properly expended and tracked according to generally accepted accounting principles and in compliance with all applicable rules, regulations and laws. The grant program manager and the grantee agency's financial representative must be aware of the audit requirements for the grant and comply with applicable rules, regulations and laws. Per state policy ([State of Arizona Accounting Manual 70.05](#)), grants must be established in eCivis; the project file in eCivis is the official grant file and repository for all grant documents, which will be subject to review and audit. Grant program managers can find useful financial compliance tools and information on the [Association of Government Accountants \(AGA\) website](#) and state-specific information on the [Arizona General Accounting Office \(GAO\) website](#).

Uniform Guidance

[Uniform Guidance \(2 CFR 200\) Subpart F Audit Requirements](#) codifies the audit requirements for non-federal entities receiving federal funding. A non-federal entity that expends \$750,000 or more in federal funds during the non-federal entity's fiscal year must have a single or program-specific audit conducted for that year in accordance with the provisions of Uniform Guidance (this is generally referred to as the single audit requirement, formerly the A-133 audit). The non-federal entity that expends less than \$750,000 in federal funds during the fiscal year is exempt from federal audit requirements for that year, except as noted in [§200.503](#) (Relation to other audit requirements), but records must be available for review or audit by appropriate officials of the federal funding agency, pass-through entity, and federal Government Accountability Office. The grant program manager should have a thorough understanding of Uniform Guidance audit requirements.

Auditor General's Office

The [Auditor General's Office](#) has audit responsibility for state agencies, counties, universities, community college districts, and school districts. To fulfill its statutory duties, the office must: ascertain whether public entities are making wise use of their resources—public money, personnel, property, equipment, and space; determine whether public entities are complying with applicable laws, regulations, and governmental accounting and financial and reporting standards; and define standards and establish procedures for accounting and budgeting. The Auditor General's Office will review grant program documents as part of the scope of its work. The grant program manager should ensure that his/her program area is in compliance with all applicable state and federal requirements, rules, regulations and laws. The Auditor General's Office provides technical assistance to state agencies; if the grant program manager has questions about audits or any related issues, he/she should reach out to the Auditor General's Office for guidance. The Auditor General's Office performs the single audit for state agencies in accordance to the provisions of [Uniform Guidance §200.514](#); the Auditor General's Office annual single audit report is posted to the [Arizona General Accounting Office \(GAO\) website](#) with a link on the GAO Financials page. Two related reports also are posted at this link: Financial Statement

Findings and State Responses; and Federal Awards Findings, Questioned Costs and Corrective Action Plans.

Other audit requirements

The grantor may have audit requirements beyond what is described above (this may be the case with a non-government funder). Any specific audit requirements would be included in the terms and conditions of the grant agreement; the grant program manager should be cognizant of these requirements and prepare accordingly. Regardless of whether the funding source is a government agency or private funder, any state agency as a grantee has a legal obligation to expend and track grant funds according to generally accepted accounting principles. All state agency business is subject to open records laws.