

## **Part 3 Chapter 10: Subrecipient Single Audit Resolution**

### *Rule 10.1 Subrecipient Single Audit Resolution.*

#### **Oversight of Subrecipient Single Audit Resolution**

The Subrecipient Single Audit Resolution procedure applies to audits of subrecipients of federal funds from the Mississippi Department of Education (MDE). For this policy, subrecipients are public school districts, charter schools, community colleges, Institutions of Higher Learning (IHLs), and other public/non-public entities. Each subrecipient shall obtain an audit that meets the requirements of the Education Department General Administrative Regulations, Cost Principles and Audit Requirements for Federal Awards. The Subrecipient Single Audit Resolution process is designed to ensure that federal grants are used for authorized purposes, in compliance with federal statutes, regulations, and the terms and conditions of federal awards, a requirement given to the MDE in 2 C.F.R. § 200.332.

#### **Single Audit Report Collection**

The Bureau of Internal Audit receives and reviews Single Audit Reports from entities that receive grants from the MDE. Subrecipient entities that receive federal funds directly from MDE shall submit a Single Audit Report if the entity expends federal award funds, during its fiscal year, that meet or exceed the established expenditure threshold as prescribed by 2 C.F.R. § 200.501.

Entities that receive federal funds directly from MDE are notified of the Single Audit requirements by the appropriate federal program offices that administer the grants. The federal programs offices instruct the entities to submit a copy of the annual audit report to the Federal Audit Clearinghouse (FAC) within the earlier of 30 calendar days after receipt of the auditor's report or nine months after the end of the audit period, unless the Office of Management and Budget (OMB) authorizes an extension. The federal programs offices shall provide a listing of entities meeting the threshold to the Bureau of Internal Audit by January 15.

#### **Resolution and Corrective Action Plan**

Upon receipt of the Single Audit Report, the Bureau of Internal Audit shall determine if there are audit findings related to federal programs for which funds were disbursed by MDE. The Bureau of Internal Audit shall work collaboratively with the appropriate federal programs office(s) and the Office of Grants Management to determine if findings are valid. The Corrective Action Plan (CAP) that is included in the audit report, shall include the name(s) of the contact person(s) responsible for the CAP, an anticipated completion date for the corrective action(s), the corrective action steps necessary to resolve the audit finding(s) and specific reasons that support the entity's disagreement with the audit finding(s), if applicable. When the audit report is received, the Bureau of Internal Audit shall forward the related federal findings and CAP along with supporting documentation to the Office of Grants Management and/or the appropriate federal programs offices for review and written approval for the Bureau of Internal Audit to issue a Management Decision letter.

If an entity receiving U.S. Department of Education funds has been notified by the Bureau of Internal Audit of the need for further information on a finding and/or a corrective action plan in the audit report, and the entity does not respond within 60 days, the Bureau of Internal Audit will consult with the Office of Grants Management and may request the State Superintendent place in escrow, up to 60 days, all or a portion of federal funds payable to the entity until an appropriate response is received. The entity shall initiate and proceed with corrective action as soon as possible, and corrective action shall begin no later than upon receipt of the audit report.

For subrecipients whose audit is not received timely, or subrecipients unwilling or unable to correct a finding, the Bureau of Internal Audit shall notify the Office of Grants Management and/or the appropriate federal programs offices and the respective program offices will take the appropriate action which may include initiating the Seriously Deficient Process. *See* 2 C.F.R. § 200.339 “Remedies for Noncompliance.”

If an audit finding results in questioned cost(s), the Bureau of Internal Audit shall work collaboratively with the Office of Grants Management and/or other federal programs offices to determine if return of the funds is warranted. If so, the Bureau shall initiate a collection process as instructed by the Office of Grants Management and/or other federal programs offices. The entity shall submit the repayment of funds from State/Local funds to the Office of Grants Management and/or the appropriate federal programs offices. The offices shall follow the procedures for cash receipts in compliance with the MDE Employee Policies and Procedures Manual (MEPPM). The repayment shall be receipted into the appropriate fund and all supporting documentation related to receipt and deposit of funds will be forwarded to the Bureau of Internal Audit to file in the subrecipient’s audit report folder.

### **Management Decision Letter**

The Bureau of Internal Audit shall issue timely Management Decision Letters no more than six months from the date the audit report is received by the FAC. When the Management Decision Letter is issued it shall include whether the MDE concurred with (sustained) the auditor’s findings and whether the MDE agrees that the entity’s CAP is sufficient to resolve the issues that resulted in the findings.

A copy of the issued Management Decision Letter shall be saved in the subrecipient’s audit report folder. The Bureau of Internal Audit will work with the Office of Grants Management and/or the appropriate federal programs offices as directed to ensure there is appropriate follow-up on the status of CAP implementation for repeated audit findings in subsequent audit reports.

The entity has the right to request a hearing on the decision of the MDE concerning the findings of the audit. A written request for a hearing shall be submitted to the State Superintendent within 30 calendar days of notification that the MDE has sustained the audit finding and seeks to recover questioned costs. If the appeal request provides evidence that suggests the decision was contrary to Federal law, or the rules, regulations, and guidelines governing the applicable program, a hearing officer shall be appointed, and a hearing shall be scheduled within 30 calendar days. The entity shall be notified in writing concerning the hearing’s time and location, and the procedures of the hearing. Upon completion of the hearing, the hearing officer shall

make a report to the State Superintendent. No later than 10 days after the hearing, the State Superintendent shall issue a written ruling, including reasons therefor. If the State Superintendent determines such final action was contrary to Federal or State law, or the rules, regulations, and guidelines governing such applicable program, the State Superintendent shall rescind such final action. All additional rules and timelines regarding the appeals and hearing process will apply based upon the applicable federal agency regulations of the federal program(s) cited in the single audit reports.

The Bureau of Internal Audit shall be responsible for record retention of the documents received by the Bureau during the audit resolution process as related to these procedures in accordance with Uniform Grant Guidance.

Source: *2 C.F.R. §§ 200.331-200.344, 200.501, Miss. Code Ann. § 37-1-3 (Revised 5/2023)*