

OREGON ACCOUNTING MANUAL	
Subject: Accounting and Financial Reporting	Number: 30.40.00.PO
Division: State Controller's Division	Effective date: April 2, 2007
Chapter: Federal Compliance	
Part: Subrecipient Monitoring and Audit Reviews Under OMB Circular A-133	
Section:	
Approved: John Radford, State Controller	Original signature on file in SCD

Authority **ORS 291.015**
ORS 291.026
ORS 291.040
ORS 293.590
 Single Audit Act of 1984 as amended in 1996
 Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*

Subrecipient Monitoring

- .101 The State will monitor **subrecipients** of federal financial assistance in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. **Vendors** are not subject to certain provisions of OMB Circular A-133 related to subrecipient monitoring, but remain subject to all applicable federal, state, and local laws, rules, and regulations in accordance with grant and award agreements, and any compliance or audit requirements that are part of those agreements.
- .102 All agreements with subrecipients must contain assurances that the subrecipients will comply with the requirements of OMB Circular A-133. When federal funds are involved, the contracting agency will make a determination whether the local government or non-profit organization is a vendor or a subrecipient in accordance with OMB Circular A-133 and include that determination in the contract. The contract shall also include the responsibility of the subrecipient to monitor any local government or non-profit organization subrecipient to whom it may pass funds.
- .103 Subrecipients that expend less than \$500,000 per fiscal year in federal awards from state agencies are not subject to OMB Circular A-133 audit review by a state agency. However, these subrecipients remain subject to other requirements specified in OMB Circular A-133 and all applicable federal, state, and local laws, rules, and regulations as well as grant or contract agreements.
- .104 Statewide Accounting and Reporting Services (SARS) is responsible for collection of data on federal financial assistance sub-granted to subrecipients by all state agencies. This data collection is part of the annual preparation of the Schedule of Expenditures of Federal Awards (SEFA). Agencies will refer to the accompanying procedure for guidance related to complying with OMB Circular A-133.

Audit Agency Responsibilities

- .105 Based on listings prepared by SARS, the state agency that distributes the largest amount of funds to any subrecipient shall be the responsible **audit agency** for the purpose of subrecipient monitoring by the State under OMB Circular A-133.
- .106 As part of the annual statewide single audit, the Secretary of State Audits Division is responsible for examining the subrecipient monitoring conducted by audit agencies.
- .107 The audit agency is responsible for monitoring state compliance with requirements for second level subrecipient review. The State's direct subrecipients must monitor federal financial assistance passed through to subrecipients. The audit agency must assure that assigned subrecipients monitor audits and expenditures relating to any second level subrecipients. Second level subrecipients are those local governments and non-profit organizations that receive federal financial assistance from a local government or non-profit organization receiving federal financial assistance directly from a state agency.
- .108 Audit agencies will retain all subrecipient audit reports and associated checklists and workpapers for a minimum of three years from the date of the audit report. Longer retention periods may be necessary when notified in writing by the federal agency providing the financial assistance.