A-133 Audit Review

A-133/Audit Review (Subrecipient Monitoring)

Why? OMB Circular A-133 is the federal regulation which establishes audit requirements and defines federal responsibilities for implementing and monitoring requirements for institutions of higher education/other nonprofit organizations receiving federal awards either directly or indirectly. As a recipient of federal funds, Penn State is responsible for the programmatic and financial monitoring of its sponsored research award subrecipients. A key element of such financial monitoring is reviewing the A-133 and/or other audit reports filed by subrecipients.

How? When an A-133 audit or audited financial statement review is necessary, the following steps are taken by OSP:

- The audit report is accessed online via the Federal Audit Clearinghouse or, if the information is not available in the Clearinghouse, the subrecipient is contacted directly for the audit report.
- The audit report is reviewed for findings.
- If there are no findings, the subrecipient is considered low risk and the review is complete.
- If any findings are indicated, OSP sends a request to the subrecipient for a copy of their corrective action plan.
- Upon receipt of the corrective action plan, a risk assessment is done based on the information provided.
- A determination of low or high risk is made.
- If low risk, OSP documents the risk assessment details and the review is considered complete.
- If high risk, guidance is sought from the Director/Associate Director of OSP and further monitoring may be required.
- In a case where no audit is available, a risk assessment is performed based on several factors including history, alternative financial information provided by the subrecipient, amount of the subaward/subcontract, etc.