

Subrecipient Audit - Repeat Finding Guidance

First Instance

- Per [2 CFR §200.521](#) Management decision:
 - The pass-through entity must be responsible for issuing a management decision for audit findings that relate to Federal awards it makes to subrecipients.
 - The management decision must clearly state whether or not the audit finding is sustained, the reasons for the decision, and the expected auditee action to repay disallowed costs, make financial adjustments, or take other action. If the auditee has not completed corrective action, a timetable for follow-up should be given.
- Subrecipient will check-in with agency quarterly to report on progress or any issues encountered, and prepare documentation to show what changes have been and will be made relating to the finding including, but not limited to:
 - Process/procedure documents
 - Internal control implementation documentation
 - Report on current progress made to corrective action plan
- Agency should review subrecipient monitoring plan to determine if additional monitoring is needed. (See [Subrecipient Monitoring Guide](#))
- Agency will appear and report to the State Board of Internal Control ("SBIC") on the findings.
- SBIC may recommend remedies for noncompliance per [2 CFR § 200.207](#) and [200.338](#).

Second Instance

- Complete the "First Instance" steps above
- Agency will meet with subrecipient management team and Statewide Internal Control Officer to discuss an action plan that identifies the reason(s) for the subrecipient's failure to correct the finding and details how the subrecipient plans to mitigate future findings.
- Agency will appear and report to SBIC on the findings.
- SBIC may recommend remedies for noncompliance per [2 CFR § 200.207](#) and [200.338](#).

Third Instance

- Complete the above "First Instance" steps again
- Agency will appear and report to SBIC on the findings.
- SBIC may recommend remedies for noncompliance per [2 CFR § 200.207](#) and [200.338](#) including that subrecipient management appear and report to SBIC on the findings and the changes subrecipient has made and will make to correct the findings.

Note: These guidelines are subject to change at the discretion of the State Board of Internal Control. Decisions made by the Board may be impacted by the qualitative and/or quantitative materiality of the audit findings, and those instances may escalate any action taken.