

AREA	FAQ #	Question	Response		
316 vs DCAA	FAQ 1	An inquiry from CH about an SBIR recipient asking if a DCAA audit is sufficient to comply with the regulation or if they need to add this to their audit they have performed yearly by a public accounting firm.	DCAA or other audits requested by DOE to look at indirect rates or incurred costs or closeouts. DCAA would never agree to perform A-133 or our 316 audits. They don't do A-133 audits for DOD awardees. The purpose of the audits are different, look at different things and in the few instances of overlap, from different perspectives. 316 audits are done for the recipient and paid for by the recipient (it is a reimbursable cost – either direct or indirect – following the normal rules for reimbursable costs.) DCAA audits are requested only by DOE never by a recipient. DCAA has scaled back what they did do for us and we have put in place a contract for a commercial firm to take over indirect rate, incurred costs, accounting system audits etc. (but we shall call them DCAA audits for simplicity.) DCAA knows we are using other auditors and they have no problems with that. Most civilian agencies don't use DCAA for these services. Their IG or a contractor do them. DCAA is really simply just another audit firm. 316 was not drafted to replace DCAA audits. Although fewer DCAA audits may be required for established firms with spotless 316 audits. No matter the intent then, this is the policy now.		
cost share	FAQ 2	Is recipient cost share considered in the threshold for 316 audits or is it only expended federal funds?	It is only federal funds expended.		
waivers	FAQ 3	We have a for-profit recipient on a cooperative agreement that didn't submit a required prior year annual audit, as required by 10 CFR § 600.316. The project had an unforeseen major scope change (approved by DOE) that essentially put the project primarily in to closeout activities, although the recipient still expended >\$500K during the year. In now trying to closeout the award, it's been discovered that the required prior year audit did not occur. This appears to have occurred for various reasons, including the significant de-scoping of the effort, but does not appear to be an intentional violation by the recipient. DOE-ID would like to waive the audit requirement	The Contracting Officer may waive, with HCA approval, the audit requirement for previous years. This waiver is a deviation to the regulation and as such should be processed in accordance with 10 CFR 600.4.		
	FAQ 4	We are aware of DOE contracting officers providing our clients with waivers from having compliance audit(s) performed for fiscal year 2010, even though the expenditures incurred during fiscal year 2010 associated with the DOE award(s) were at least \$500,000. The DOE Audit Guidance would have required such clients to have compliance audit(s) performed for fiscal year 2010. Would the clients in the above scenario be exempt from having compliance audit(s) performed for fiscal year 2010, due to the waivers from the DOE contracting officers?	The Audit Guidance is guidance to implement the regulation at 10 CFR 600.316. If the Contracting Officer waived the regulatory requirement, the Audit Guidance no longer applies.		
	FAQ 5	Is it really DOE's intent to require the recipient to obtain and submit audited financial statements if it's not their normal practice to do so?	If the recipient can demonstrate it is not their normal practice and that there is no requirement for audited financial statements, the Contracting Officer may waive the audit of the financial statements. The financial statements themselves should be submitted, audited or not.		

	FAQ 6	<p>We are aware of a client who has incurred at least \$500,000 of expenditures relating to a DOE award in each of the fiscal years 2007, 2008, 2009, and 2010. It is our understanding that a compliance audit was performed for each 2007 and 2008, based on the procedures that were agreed upon with and approved by the DOE. The compliance audit for fiscal year 2009 has not been completed yet, and it is our understanding there is currently no specified reporting deadline. Should the compliance audit for fiscal year 2009 be performed in accordance with the current DOE Audit Guidance? Or should the same procedures performed for fiscal years 2007 and 2008 compliance audits (as approved and accepted by the DOE) be applied for the compliance audit for fiscal year 2009?</p> <p><input type="checkbox"/></p>	<p>The same procedures used in FY 2007 and 2008 may be used for FY 2009. FY 2010 should follow the Audit Guidance. The CO may waive the audit -see FAQ 3.</p>		
	FAQ 7	<p>Since the financial statement audit has already been completed, that auditor did not express an opinion on the schedule (of Federal expenditures) in relation to the financial statements, and we, the auditors performing the compliance audit cannot express that opinion on another auditor's work. Can we obtain a waiver for the second part of this bullet?</p>	<p>The auditor performing the 316 audit does not need to express an opinion on the work of another audit firm on the financial statements of the recipient. Both audits should be submitted by the recipient.</p>		
	FAQ 8	<p>Can an audit organization provide an opinion on the schedule of DOE awards alone, similar to a program specific opinion, when such audit organization is not the financial statement auditor of a for-profit entity subject to the requirements in the DOE audit guidance? We assume this will be fine but the Guide is not specific on the question. Other firms are assuming this would be fine also as it would provide more assurance than the in relation to opinion. This is really the only way a firm that is not the auditor of the financial statements can provide the compliance opinion and is consistent with how this situation would be handled in an A-133 audit. I just wanted to verify you were fine with that approach.</p>	<p>That approach is acceptable. See also FAQ 5.</p>		
timing of reimbursements	FAQ 9	<p>I am finding that for some recipients of DOE awards, the request for reimbursement is sent to DOE by the recipient after the cost is incurred but before the cost is actually paid (the cost is sitting in AP awaiting an invoice and normal payment cycles. or in accrued payroll waiting for the next pay date.) Typically the cost is actually paid before the DOE reimbursement is actually received. In this situation would you expect this fact pattern to result in a finding based upon a literal reading of the compliance procedure in Part II page 3 of the DOE audit Guidance which states costs must be paid before the reimbursement request is made. If our client receives approval from the CO to send in an invoice before actual payment of it, would that be acceptable reasoning for not having a finding?</p>	<p>The guidance will be changed to say incurred instead of paid.</p>		

	FAQ 10	<p>We are aware of a few for-profit entities, who have an executed award agreement with the DOE, and have also executed a Letter of Agreement (or a Letter of Understanding) with the DOE (contracting officer), stating that the requirements to comply with the provisions of the Davis Bacon Act are not applicable to such entities. In February 2011, the Department of Labor issued a Q&A, clarifying that such for-profit entities are required to comply with the provisions of the Davis Bacon Act. The for-profit entities have not received clarification or guidance to confirm whether they are still required to comply with the provisions of the Davis Bacon Act for the 2010 fiscal year compliance audit. Are for-profit entities involved in the scenario described above required to comply with the Davis Bacon Act requirements for their 2010 fiscal year compliance audit?</p>	<p>If the CO has issued a letter to the recipient saying that Davis Bacon Act (DBA) does not apply to the work under the award, then DBA compliance is not required to be part of the audit.</p>		
parent company	FAQ 11	<p>Assuming that the Shared Service Company in the attached excel file is the entity subject to the requirements of the DOE audit guidance, could it submit an audited consolidated financial statements of the Parent Company? The SSC would have been subjected to audit procedures in conjunction with the consolidated financial statement audit at the Parent Company</p>	<p>Yes</p>		
	FAQ 12	<p>If the service company incurs expenses but also passes some funds to one of their regulated utilities (that all end up consolidated under a common parent company), would the regulated Utility be considered a subrecipient? There is a sentence in the Subrecipient Monitoring section of the audit Guide (Section M, page 37 , Note at top of page) that says “ Transfer of Funds to another component of the same auditee do not constitute a subrecipient or vendor relationship” We also have seen some instances where a Service Corp is awarded the grant but the payee is a regulated utility (all have common parent) and the entity has a document from DOE that says the regulated utility is not considered a subrecipient. I am wondering what the position of DOE is on this issue. In general A-133 would could issue a consolidated compliance report at the parent level as long as we covered all the entities under it that received federal awards. Can we follow a similar approach for the DOE guide? Or would each entity that receives the funds (that consolidate under a common parent) need to issue their own compliance report?</p>	<p>Follow the A-133 procedures.</p>		
	FAQ 13	<p>In the scenario described herein, should the regulated utilities be treated as sub-recipients based on the Letter of Agreement from the DOE contracting officer? If yes, the implication of treating the regulated utilities as sub-recipients is we will issue our report on the schedule of expenditures of federal awards, compliance, and internal control over compliance for each such utilities. We would like to confirm this is consistent with your expectation.</p>	<p>For the purposes of 316 audits, they are not sub-recipients - follow A-133</p>		

pre-award	FAQ 14	We have seen some grants with pre-award costs that have been approved in the grant that cross over years but are allowable costs for reimbursement based on the terms of the grant. If we are auditing the year ended December 31, 2010 but have pre award expenses incurred in 2009 but not approved as allowable until the grant was awarded in 2010, do we include and audit the pre award expenses in the 2010 schedule of federal awards? There is an argument that says we would as they become federal awards in the year the federal agency has approved them, even if for gaap purposes they were an expense in the prior fiscal year, but not sure what your position is on that question. I don't believe there is a formal consistent answer in A-133 on this type of situation.	Only funds actually expended in the applicable FY.		
corrective action and findings	FAQ 15	Sections N and O refer to the auditee preparing a summary of prior audit findings and a corrective action plan. While there are no prior audit findings this year, there could be corrective action plans. While they are not listed in section R as part of the reporting package, I assume that you would like the corrective action plans submitted to DOE?	Yes – we need the corrective action plans submitted to DOE.		
multiple COs	FAQ 16	Have you thought about situations like this . . . where a large company has about 40 awards with DOE (across multiple contract offices) and they are requesting an extension from only 1 CO. If the CO grants the extension, it will affect every award. How does this get communicated	See guide chapter on 316 audits which states that "In the case of an audit of a cluster of awards, the current CO for the award with the preponderance of the DOE funds must take the lead on performing the above responsibilities and must coordinate its activities with the other COs whose awards were part of the same compliance audit."		
threshold	FAQ 17	Your illustration under Item 3 below doesn't jive with the guidance - Part 1, E. Audit Objectives/Threshold of \$500,000 According to this Guidance, says "When a for-profit recipient or subrecipient has multiple DOE awards and one or more of the awards have expenditures of \$500,000 or more, a compliance audit is required for each of the awards with \$500,000 or more in expenditures. The remaining awards do not require, individually or in the aggregate, a compliance audit.	Guidance is being changed to clarify the application of the \$500K threshold. See FAQ # 18 for further discussion.		
multiple awards under one cfda	FAQ 18	...one matter in particular concerning the need (or not) to audit multiple awards with the same cfda number. This was the subject of an earlier email exchange we had , which I included below. We have different understandings of this and would like to talk with you about it for clarification.	The guidance will be clarified to explain that all awards under a CFDA should be considered a 'cluster' and the total expenditures by CFDA considered when determining if the \$500,000 threshold was met. This will make it consistent with how A-133 audits are done. The only caveat is that awards with the same CFDA do not necessarily have all the same characteristics so if the \$500K threshold is met for the CFDA, all awards under the CFDA will need to be looked at to some extent. Also note that we realize some 2010 audits have already been performed before this clarification was issued, DOE is not requiring that any of these audits be redone.		

	FAQ 19	<p>Regarding the matter below that you are working on for me, I have another piece of information that complicates the question further. I learned that form entitled "Outlay Report and Request for Reimbursement for Construction Programs" contains a check off box called "Basis of Request" . The choice is cash or accrual. Some clients, at least , view checking off accrual as putting DOE on notice that expenditures have been incurred but not necessarily paid prior to submitting the request for reimbursement.</p>	<p>That box is supposed to reflect how their financial systems are set up. Ignore this box for purposes of the 316 audits.</p>		
--	--------	--	--	--	--