

**EMPLOYMENT ASSISTANCE
ISSUANCE PY 03-01**

EdRolle, Director

July 18, 2003

TO: Local Workforce Investment Areas

SUBJECT: Audit Resolution and Initial and Final Determinations

1. **Purpose:** To provide general guidance and information regarding the audit resolution and initial and final determinations for One-Stop Services Providers for WIA funds.
2. **General Information:** We have received questions as to who is responsible for the audit resolution and initial and final determinations for the One-Stop Service Providers.

29 CFR 99.400 (d) gives the following regulations for Pass-through entities:

Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:

- (1) Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal Agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.
- (2) Advise subrecipients of requirements imposed on them by Federal Laws, Regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity.
- (3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

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- (4) Ensure that subrecipients expending \$300,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for the fiscal year.
- (5) Issue a management decision on auditing findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.
- (6) Consider whether the subrecipient audits necessitate adjustment of the pass-through entity's own records.
- (7) Require each subrecipient to permit the pass-through entity and auditors to have access to the records and financial statements as necessary for the pass-through entity to comply with this part.

The WIA Financial Management TAG, Chapter II-12, Page 7, Paragraph 2 under the heading "**Resolution Responsibilities Rests with the Awarding Agency**" states that "Under 29 CFR 99.400, there is a requirement that a management decision be issued within six-months after receipt of an audit report. The responsibility for resolving all findings related to ETA-funded programs and funds rest with the awarding agency. ETA is responsible for audits of its direct recipients. Each awarding agency below the federal level that awards funds to lower-tier subrecipients is responsible for the resolution of findings in the audits of their subrecipients. Audit findings, including administrative findings, must be resolved within six months after receipt of the audit report. This does not necessarily mean that corrective action will have been fully completed or that disallowed costs will have been paid within the same six-month period.

3. **Action Required:** All Local Workforce Investment Boards should do audit resolutions and initial and final determinations for their subrecipient One-Stop Service Providers.
4. **Inquiries:** Contact John Casey, (501) 682-3894.
5. **Expiration Date:** Continuing.