

THE MISSISSIPPI PARTNERSHIP WORKFORCE DEVELOPMENT AREA

WIOA AUDIT & AUDIT RESOLUTION POLICY

Revised May 23, 2024

**THE MISSISSIPPI PARTNERSHIP
WORKFORCE DEVELOPMENT AREA
WIOA AUDIT & AUDIT RESOLUTION POLICY**

I. Scope and Purpose

This Policy sets forth the requirements for the Mississippi Partnership Workforce Development Area (MPWDA) policies for audit submission, review, and resolution of findings of all subgrantees receiving Workforce Innovation and Opportunity Act (WIOA) funds in accordance with 2 CFR 200.

According to 2 CFR 200.501 (a) any entity that expends \$750,000 or more in federal funds during its fiscal year must have a single or program-specific audit conducted. This requirement applies to any subrecipient organization of the Mississippi Partnership Workforce Development Area that meets the expenditure threshold. Any subrecipient organization that expends less than \$750,000 of federal funds in a year is exempt from the audit requirements for that year, but records must be available for review or audit by appropriate officials of the federal agency or pass-through entity.

II. Audit Requirements

Subrecipients that are units of government or nonprofit organizations that expend \$750,000 or more in federal funds during its fiscal year to operate one or more programs must have a single or program-specific audit that:

- Is on an annual basis, coinciding with the subrecipient's normal fiscal year;
- Is an agency- wide audit that includes financial and compliance coverage of the MPWDA programs within its scope; and
- Complies with Uniform Guidance.

III. Auditee Responsibility

An auditee may simultaneously be a recipient, a subrecipient, and a contractor depending on the substance of its agreements with Federal awarding agencies and pass-through entities.

The responsibilities of a subrecipient organization as an auditee are as follows:

- The subrecipient organization must procure the services of an auditor in accordance with MPWDA procurement policies and Uniform Guidance procurement standards.

- The subrecipient organization must prepare its financial statement in compliance with Audit Requirements as outlined in the Uniform Guidance.
- The subrecipient organization must follow up on any audit findings.
- The subrecipient must have an audit conducted within 9 months from the end of a fiscal year.
- Audits performed under these guidelines are due to Three Rivers PDD, fiscal and administrative agent for MPWDA, nine months from the end of the fiscal period or 30 days from completion of the audit, whichever is sooner.
- Single audit must be conducted using the scope established in Uniform Guidance.
- An auditor's report must be designed using the criteria established in Audit Requirements as outlined in the Uniform Guidance.

IV. Audit Submission to Three Rivers PDD

All subrecipients are required to submit completed audit reports to Three Rivers PDD, fiscal and administrative agent for MPWDA, nine months from the end of the fiscal period or 30 days from completion of the audit, whichever is sooner.

If there are no findings in the audit reports and no further action is required, Three Rivers PDD will issue a closeout letter.

If there are findings in the audit report related to WIOA or other federal grants which Three Rivers PDD has oversight, Three Rivers PDD will follow the Audit Resolution process stated below.

V. Audit Resolution Process

The submission of a subgrantee's final Audit Report which contains findings initiates MPWDA's audit resolution process. Upon receipt of the audit report, Three Rivers PDD will issue a letter to the subrecipient indicating the corrective action needed. The subrecipient will have 30 days to respond to this letter. Based on the subrecipient's response to the corrective action letter, Three Rivers PDD will issue a Statement of Findings and Determinations. Any debts due to audit disallowance are established at this point.

VI. Stand-In Costs

During the audit resolution process, the auditee may propose the use of stand-in costs to substitute for the disallowed costs. The use of stand-in costs is an audit resolution activity. Stand-in costs are usable as substitutes for unallowable costs identified in an audit report. Stand-in costs result when an Operators and Service Providers expend non- federal funds

on federal programs such as WIOA. To be considered, stand-in costs must be incurred for allowable federal costs that were reported as uncharged federal program costs, included within the scope of the audit, and accounted for in the auditee's financial system. The stand-in cost must have been expended in support of the same title and program year as the costs they propose to replace, and the costs must not cause a violation of the cost limitations and requirements. Stand-in costs must be actual expenses paid with nonfederal funds. Cash match in excess of the required match may also be considered for use as stand-in costs.

VII. Subrecipient Audit Resolution

Federal awards expended as a recipient or subrecipient are subject to audit requirements.

Three Rivers PDD must obtain and review the audit report of its subrecipients to ensure compliance with the requirements of Uniform Guidance. Three River PDD must:

- Verify subrecipients meet audit requirements.
- Prepare management decisions on subrecipient audit findings.
- Pursue debt collection.

VIII. MPWDA/Three Rivers PDD Reviews

In addition to the required annual audits, MPWDA subrecipients shall be subject to preliminary fiscal reviews, financial, and compliance audits. MPWDA reserves the right to conduct other audits and investigations in accordance with applicable federal and state laws and regulations.

IX. Audit Costs

The MPWDA subrecipient shall be responsible for the cost of the audit.

X. Effective Date

This policy is effective May 23, 2024.

**THE MISSISSIPPI PARTNERSHIP
WORKFORCE DEVELOPMENT AREA
WIOA AUDIT RESOLUTION PROCESS / PROCEDURE**

The Mississippi Partnership Workforce Development Area, as a subrecipient of federal funds, establishes the following Audit Resolution Process / Procedure to ensure effective compliance with the Audit & Audit Resolution Policy.

1. Three Rivers PDD, fiscal and administrative agent for the Mississippi Partnership Workforce Development Area, will ensure that all subrecipients of federal funds for which MPWDA has oversight are informed of the audit requirements in 2 CFR 200.501(a) by the following:
 - a. The Audits and Monitoring clause in the Terms & Conditions are included in all subgrants;
 - b. Three Rivers PDD will send an Audit Requirements letter annually to each active subgrantee; and
 - c. Three Rivers PDD will inform each subgrantee of the federal audit requirements when new subgrants are signed.
2. Upon receipt of an audit from a subgrantee, Three Rivers PDD's Division of Workforce Development will share a copy of the audit with the applicant Fiscal Division staff and both parties will independently review the audit.
3. Three Rivers PDD's Division of Workforce Development and Fiscal Division staff will meet regularly to discuss the reviews of audits received and to formulate a management decision and response to the subgrantee.
4. Three Rivers PDD will issue a management decision via an Audit Response letter to the subgrantee that will document needed corrective action. The management decision:
5. Three Rivers PDD will ensure that its monitoring staff is made aware of all audits received and that they review outstanding audit corrective actions and monitor subgrantee compliance with audit resolution requirements.