

2009-119 AUDIT SCOPE AND OBJECTIVES—Recovery Act Funds—Early Review and Testing

The audit by the Bureau of State Audits will provide independently developed and verified information related to selected entities receiving Recovery Act funds and would include, but not be limited to, the following:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. Review the current estimates of Recovery Act funds anticipated for each federal program to determine the amount of Recovery Act funds relative to the total federal funds the program is projected to receive. From this analysis identify the programs—to include the State Energy Program—that in the past have not been subject to the Single Audit requirements but are expected to receive Recovery Act funds that are more than 10 times what they have historically received in federal funds.
3. From the previous year's Single Audit report, identify those departments that have known internal control deficiencies when administering traditional federal programs and intend to use those same controls to administer Recovery Act funds.
4. Identify the large federal programs that have not been audited in the past two fiscal years and are expecting to receive Recovery Act funds.
5. Review relevant proposed federal regulations and requirements in regards to the Single Audit and Recovery Act funds to determine how those proposed requirements could impact the programs identified in steps 2 through 4 above. To the extent possible, determine the number of additional programs for which internal controls have not been tested and that are not currently included under the Single Audit requirements.
6. For the programs identified in steps 2 through 4 above, select up to five programs, including the State Energy Program administered by the Energy Commission and perform the following:
 - a. Perform early testing of the internal controls the departments intend to use to administer Recovery Act funds.
 - b. Assess the extent to which the administering department is prepared to receive and administer the Recovery Act funds.
7. Recommend any needed areas of improvement to ensure the state departments are prepared to comply with federal requirements when administering federal

programs including those funded with Recovery Act funds and identify any critical issues.