

## Sample – Findings and Questioned Costs

Required Format for Findings and Questioned Costs	EXAMPLE
200.511(a) <b>Reference numbers.</b> Each audit finding in the schedule of findings and questioned costs must include a reference number in the format meeting the requirements of the data collection form submission required by §200.512 Report submission, paragraph (b) to allow for easy referencing of the audit findings during follow-up.	<p><b>Finding 2016-01: Allowable Costs/Activities Allowed</b></p> <p><b>Note: The Finding number starts with the year of the audit and the number assigned to the finding in that year.</b></p>
200.516(1) Federal program and specific Federal award identification including the CFDA title and number, Federal award identification number and year, name of Federal agency, and name of the applicable pass-through entity. When information, such as the CFDA title and number or Federal award identification number, is not available, the auditor must provide the best information available to describe the Federal award.	<p><b>Federal Award and Specific Award Identification:</b>            U.S Department of Housing and Urban Development            Indian Housing Block Grant (IHBG)(NAHASDA            CFDA # 14.867            Grant No: 55-IH-99-99999</p>
200.516(2) The criteria or specific requirement upon which the audit finding is based, including the Federal statutes, regulations, or the terms and conditions of the Federal awards. Criteria generally identify the required or desired state or expectation with respect to the program or operation. Criteria provide a context for evaluating evidence and understanding findings.	<p><b>Criteria:</b>            Good internal controls require obtaining proper authorization and approval for all purchases. Proper documentation should be maintained to support all transactions, and federal procurement policies should be followed. Payments for services or goods charged to a federal grant or contract must be allowable.</p>
200.516(3) The condition found, including facts that support the deficiency identified in the audit finding.	<p><b>Statement of Condition:</b></p> <ul style="list-style-type: none"> <li>– Invoices from the contractor for work performed under this major program were woefully inadequate.</li> <li>– Competitive bidding process may have been performed inappropriately.</li> <li>– Independent Contractor / Employee hours charged to this major program were in excess of the normal work week hours.</li> <li>– Payment was made in advance of the work being performed and the work was never completed by the contractor.</li> <li>– No verification or testing of the invoices.</li> <li>– Contractor failed to comply with the State requirements to maintain adequate workers' compensation coverage.</li> </ul>

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<p>200.516(4) A statement of cause that identifies the reason or explanation for the condition or the factors responsible for the difference between the situation that exists (condition) and the required or desired state (criteria), which may also serve as a basis for recommendations for corrective action.</p>	<p><b>Cause:</b> The former Procurement Manager lacked the experience and knowledge in his capacity and did not follow established written Procurement Policy and procedures. There was lack of sufficient documentation on the award of the contract to the contractor.</p>
<p>200.516(5) The possible asserted effect to provide sufficient information to the auditee and Federal agency, or pass-through entity in the case of a subrecipient, to permit them to determine the cause and effect to facilitate prompt and proper corrective action. A statement of the effect or potential effect should provide a clear, logical link to establish the impact or potential impact of the difference between the condition and the criteria.</p>	<p><b>Effect:</b> The TDHE may have awarded the contract without adequate full and open competition, violating the procurement standards under 2 CFR 200 that must be applied to Federal awards.</p>
<p>200.516(6) Identification of questioned costs and how they were computed. Known questioned costs must be identified by applicable CFDA number(s) and applicable Federal award identification number(s).</p>	<p><b>Questioned Cost:</b> None</p>
<p>200.516(7) Information to provide proper perspective for judging the prevalence and consequences of the audit findings, such as whether the audit findings represent an isolated instance or a systemic problem. Where appropriate, instances identified must be related to the universe and the number of cases examined and be quantified in terms of dollar value. The auditor should report whether the sampling was a statistically valid sample.</p>	<p>This finding was discovered during the tenure of the former Procurement Manager and no findings related to this matter was found in the previous year with the Procurement Manager at that time.</p>
<p>200.516(8) Identification of whether the audit finding was a repeat of a finding in the immediately prior audit and if so any applicable prior year audit finding numbers.</p>	<p>N/A: Not a repeat finding.</p>
<p>200.516(9) Recommendations to prevent future occurrences of the deficiency identified in the audit finding.</p>	<p><b>Recommendation:</b> The TDHE to immediately review its employment practices to ensure all staff hired have the knowledge and experience to perform their duties. The TDHE should also contact appropriate legal counsel to pursue collection of funds from the contractor for payment of work that was not performed.</p>
<p>200.516(10) Views of responsible officials of the auditee.</p>	<p>Noted in the auditee's Corrective Action Plan</p>