



FACT SHEET

Audit Services



As a pass-through entity for Federal Education funds, the Nebraska Department of Education (NDE) is providing this **Audit Services Facts Sheet** to assist Federal program subrecipients in the management and implementation of policies and/or procedures required for audit services using Federal dollars.

This information is being provided by the NDE as general compliance guidance only. Subrecipients of Federal funds should refer to the full text of the regulations which can be found at [Electronic Code of Federal Regulations \(eCFR\)](#) when developing their own internal control policies and procedures.

Subrecipients of Federal funds are solely responsible for meeting all applicable Federal regulations.

Requirements for Audit Services

§ 200.425 Audit services.

(a) A reasonably proportionate share of the costs of audits required by, and performed in accordance with, the Single Audit Act Amendments of 1996 ([31 U.S.C. 7501-7507](#)), as implemented by requirements of this part, are allowable. However, the following audit costs are unallowable:

- (1) Any costs when audits required by the Single Audit Act and [subpart F of this part](#) have not been conducted or have been conducted but not in accordance therewith; and
- (2) Any costs of auditing a non-Federal entity that is exempted from having an audit conducted under the Single Audit Act and [subpart F of this part](#) because its expenditures under Federal awards are less than \$750,000 during the non-Federal entity's fiscal year.

(b) The costs of a financial statement audit of a non-Federal entity that does not currently have a Federal award may be included in the indirect cost pool for a cost allocation plan or indirect cost proposal.

(c) Pass-through entities may charge Federal awards for the cost of agreed-upon-procedures engagements to monitor subrecipients (in accordance with subpart D, [§§ 200.331-333](#)) who are exempted from the requirements of the Single Audit Act and [subpart F of this part](#). This cost is allowable only if the agreed-upon-procedures engagements are:

- (1) Conducted in accordance with GAGAS attestation standards;
- (2) Paid for and arranged by the pass-through entity; and
- (3) Limited in scope to one or more of the following types of compliance requirements: activities allowed or unallowed; allowable costs/cost principles; eligibility; and reporting.

Federal Compliance Monitoring

As part of the NDE's annual Federal Compliance Monitoring program, staff from the NDE Office of Budget & Grants Management may review the subrecipient's internal control policies/procedures, including controls over the use of Federal funds. NDE will use the requirements of [2 CFR 200.425](#) when completing such reviews.

Technical Assistance

Please feel free to contact NDE Grants Compliance staff should you have any questions relative to the contents of this document.

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