

January 2020 – Topic of the Month – Corrective Action Plan

INTRODUCTION

Topic of the Month provides agencies and employees with resources to assist in understanding the requirements, responsibilities and expectations that come with certain processes, positions, and functions. The goal is to ensure that agencies have the knowledge to consistently comply with State and Federal law, regulations and guidelines, while reducing the risk of fraud, waste and abuse. Each month, GAO will address a new topic that includes specific information such as applicable policies, procedures, forms, best practices, and where this information can be located. This month's topic is the Single Audit *Corrective Action Plan also known as CAP*.

Corrective Action Plan (CAP)

What is the purpose of the Single Audit Corrective Action Plan (CAP)?

When an agency receives a finding as part of the Single Audit, they are required by the Uniform Guidance, 2 CFR Part 200, to formally reply. This formal reply must describe the plan for correcting the finding. The response is published in the Single Audit report to let the reader, including Federal grantors, know how the agency intends to correct. The Federal grantors are then required to review and follow up on those responses within a set timeframe.

What if you don't agree with the Single Audit finding?

The GAO and the State Auditor General's Office strongly recommend against any 'do not concur' responses and will work jointly to prevent such responses. However, if you, as the auditee, upon much deliberation, still do not agree with the finding, you must provide an explanation with specific reasons for your disagreement or explain why you believe no corrective action is required (2 CFR 200.511c). Please contact GAO as soon as possible if you do not agree with any audit finding even if the formal actual finding has not been received. Auditors typically provide advance notice that they anticipate a finding long before it is received in writing.

What is the format of a CAP?

The corrective action plan must provide the following:

- Audit Finding Number that was assigned by the auditor
- Name(s) of the contact person responsible for the corrective action
- Corrective action planned
- Anticipated completion date

You should be realistic with the anticipated completion date. If you fail to meet this date, you will be required to provide an explanation that will be published. Responses should be concise and address the actual issue or cause of the finding.

What is the timeline?

Per 2 CFR Part 200.51 (d), the auditee must initiate and proceed with corrective action as rapidly as possible and correction action should begin no later than upon receipt of the audit report. Agencies are also required to provide a copy of their audit findings to GAO within two business days. The CAP is **due no later than Friday, March 6th**. Due to the potential complexity of some of the findings, it is preferable for GAO to receive the CAP well before the March 6th deadline. GAO will provide timely feedback prior

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to the Auditor General's receipt of the CAP. Once reviewed by GAO, we will then forward to the Auditor General.

What are common mistakes?

- Typos
- Acronyms not spelled out
- Too much detail
- Unrealistic timeframes
- Failure to address all items described in the finding

Where can I find additional information on CAPs?

- SAAM 10-17 (Agency Specific Single Audit Submission Requirement to GAO)
- Uniform Guidance (2 CFR Part 200) at www.ecfr.gov
- gao.az.gov/federalcost-accounting/CAP & SSPAF Guidance for State Agencies

If you have any questions or require additional information, please email the GAO Federal Cost Accounting Team at Federalgrants@azdoa.gov

If there are any topics that your agency is struggling with and/or would like additional information on, please contact your GAO Liaison. Your agency liaison can be found at the following link: <https://gao.az.gov/afis/afis-information>

GAO is here to help!