

## **RETENTION OF RECORDS AND AUDIT REQUIREMENTS:**

Prior to any reimbursement of federal emergency relief funds, municipalities will need to enter into a grant agreement with the State. The following two requirements will be included in any such agreement so planning ahead will benefit all involved parties; please note that the timelines for requirements begin once the grant agreement is executed.

**Records Available for Audit:** The municipality will maintain all books, documents, payroll papers, accounting records and other evidence pertaining to costs incurred under this agreement and make them available at reasonable times during the period of the agreement and for three years thereafter for inspection by any authorized representatives of the State or Federal Government. If any litigation, claim, or audit is started before the expiration of the three year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved. The State, by any authorized representative, shall have the right at all reasonable times to inspect or otherwise evaluate the work performed or being performed under this agreement.

**Requirement to Have a Single Audit:** If this subrecipient expends \$500,000 or more in federal assistance during its fiscal year, it is required to have a single audit conducted in accordance with the Single Audit Act, except when it elects to have a program-specific audit.

The subrecipient may elect to have a program-specific audit if it expends funds under only one federal program and the federal program's laws, regulating or grant agreements do not require a financial statement audit of the entity.

If the subrecipient should spend less than \$500,000 in aggregate federal funds in any single fiscal year, organization-wide financial statements and a schedule of federal financial assistance for VTrans funds only shall be submitted within nine (9) months of the end of the fiscal year. The federal financial assistance schedule will list the funds by title, Code of Federal Domestic Assistance (CFDA) number, pass-through Municipal's number, award amount, receipts, and expenditures. At the Program Manager's discretion, agreed upon procedures, related to the VTrans schedule of federal financial assistance, may be required to be performed by a certified independent audit firm.

The State always reserves the right to withhold reimbursement of project costs if the subrecipient does not comply with the requirements of this section. Municipalities should not expect that any costs needed to comply with audit requirements will be eligible for federal emergency relief fund reimbursement, i.e. municipalities should expect to cover these costs with their own funds.