



## Grant Recipient Audit Policy

### Purpose

As a 501(c)3 non-profit organization, the MidwayUSA Foundation is expected to perform due diligence to ensure that grant funds are being used for their intended (tax exempt and governing policy) purpose.

### Selection Process

The Foundation will periodically select grant recipients, from each region, at random. The Foundation may also initiate an audit if credible concerns are brought to the Foundation's attention.

### Definitions

Underlined words indicate a separate policy for that subject.

### Expectations and Assumptions

[a] Grants awarded are not to be deposited into a personal bank account.

[b] Grants awarded are to be used in accordance with the grant application guidelines.

[Team Cash Grant Application and Funding Policy](#)

[Agency and Donor Designated Cash Grant Application and Funding Policy](#)

[Donor Advised Fund Cash Grant Application and Funding Policy](#)

[Coach Training and Range Development Grant Application and Funding Policy](#)

[c] The Foundation recognizes the fact that cash grant distributions represent just a portion of the grant recipient's budget and does not expect the grant recipient to explain which expenses do, and do not, tie back to the grant distribution.

[d] The grant recipient recognizes that, by signing the consideration agreement in the grant application, the grant recipient will cooperate with any audit initiated by the Foundation.

[Team Cash Grant Application and Funding Policy \(Section 9\)](#)

[Agency and Donor Designated Cash Grant Application and Funding Policy \(Section 8\)](#)

[Donor Advised Fund Cash Grant Application and Funding Policy \(Section 8\)](#)

[Coach Training and Range Development Grant Application and Funding Policy \(Section 9\)](#)

### Process

#### **1. Data Collection**

- 1.1. The Controller will inform the grant recipient that their grant payment was selected for audit, and request a copy of their 12, most recent, team/organization/operational account bank statements. The Controller may additionally request copies of statements from other time periods.
- 1.2. The Finance Department will review the bank statements, select a representative sample of transactions for review, and return the list of transactions to the grant recipient.



- 1.3. The grant recipient will note the expense category for each of the selected transactions and provide the corresponding invoices and itemized receipts.

**Expense Categories**

- Personnel Costs
- Firearms
- Ammunition
- Travel
- Targets
- Administrative Costs
- Entry / Registration Fees
- Scholarships
- Fundraising
- Team Equipment
- Donations to MUSAF Endowment
- Other

**2. Data Analysis**

- 2.1. The Finance Department will review the supporting documentation associated with each of the selected transactions. Each transaction will be graded with the following scale.

- [A] Supporting Documentation appears unquestionable.
- [B] Supporting Documentation requires some sort of translation or explanation from the grant recipient.
- [C] No Supporting Documentation provided.
- [X] Expense is obviously not in line with the Foundation mission.

- 2.2. The Controller will prepare an audit findings summary to present to the Regional Program Manager and Executive Director along with the data analysis.

- Findings
- Observations
- Recommendations

- 2.3. The Regional Program Manager will review the audit findings summary and provide any required historical insight or context.

**3. Executive Director Review**

- 3.1. The Executive Director will review and add any pertinent comments to the audit findings summary, then finalize the document referred to in section 2.2.
- 3.2. The Executive Director will determine post audit actions, if any, in consultation with the Regional Program Manager and Finance. If a MidwayUSA Foundation policy violation(s) is identified, action may be taken up to and including, but not limited to, request for repayment of applicable grant funds, suspension of future cash and/or product grants for a specified period of time, endowment transfer and closure, and any other actions deemed appropriate by MidwayUSA Foundation.



## MidwayUSA Foundation Policy Document

Department: Financial  
Authority: Executive Director  
Process Owner: Controller  
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### 4. Grant Recipient Communication

- 4.1. The Controller will present the audit summary to the Grant Recipient.