

FAQ – Financial Audit of Grants Awarded by Texas State Agencies

Q: If a grantee's single Financial Audit covers grants to which the Uniform Grant Management Standards (UGMS) applies and others to which the Texas Grant Management Standards (TxGMS) applies, should the audit be conducted under UGMS or TxGMS?

A: TxGMS applies to grants that begin on or after Jan. 1, 2022, and grants to which funds are added that were in existence before March 1, 2021. The recommended approach is to conduct the audit under TxGMS, subject to the terms of the grant agreement between the grantor and grantee, and specifically whether the agreement's terms allow application of successor guidance to UGMS. A grantor and grantee may also agree to apply TxGMS to their grants. TxGMS is updated, more consistent with federal audit requirements, and better focuses the audit on the most significant programs and transactions.