

FEDERAL AUDITS

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- ▶ ***Schedule of Expenditures
of Federal Awards (SEFA)***
- ▶ ***Major Program Audit***

FEDERAL AUDITS

- ▶ **Summary of all Federal grants expended during the audit period**
 - ▶ **If total expenditures exceed \$750,000, a Single audit is required**

SEFA

- ▶ **All grant information is reported in Gateway**
 - ▶ **This information is used to compile the SEFA**

SEFA REPORTING

- ▶ **Before entering information in Gateway, be sure to have necessary documentation**
 - ▶ **Grant applications or grant agreements for each program including those received by departments**
 - ▶ **If necessary, the grantor agency may be contacted**

SEFA REPORTING

- ▶ **Ensure the following information is available for each grant:**
 - ▶ **CFDA #**
 - ▶ **Federal Awarding Agency**
 - ▶ **Title of Federal program**
 - ▶ **Whether the grant is direct or pass-through**
 - ▶ **Pass-through entity, if applicable**
 - ▶ **Whether the grant is on an advance or reimbursement basis**

SEFA REPORTING

- ▶ ***Title of Federal Programs can be found at:***
 - ▶ ***Beta.sam.gov***
 - ▶ ***Search Assistance Listing***

SEFA REPORTING

- ▶ ***The SEFA that is approved for audit will include clusters for applicable programs in addition to the elements already mentioned***
 - ▶ ***These are added to the SEFA by the macro***

SEFA REPORTING

- ▶ **Clusters can be verified in Part 5 of the Compliance Supplement**
 - ▶ <https://www.whitehouse.gov/omb/management/office-federal-financial-management/>

SEFA REPORTING

- ▶ **Determination of amounts reported:**
 - ▶ **Disbursements are reported for advance grants**
 - ▶ **Receipts are reported for reimbursement grants**
 - ▶ **If a different method is used, the notes should be updated to reflect that**

SEFA REPORTING

- ▶ ***All information reported will be audited***
 - ▶ ***CFDA #, Title of Program, Federal Awarding Agency, etc.***

AUDITING OF THE SEFA

- ▶ ***Internal control procedures over the preparation of the SEFA will also be audited***
 - ▶ ***Documentation of these procedures is important***

AUDITING OF THE SEFA

- ▶ ***Internal control deficiencies and errors on the SEFA are common issues reported in findings***

AUDITING OF THE SEFA

- ▶ ***Once the accuracy of the SEFA has been determined, the amounts will be used to determine the major programs in the manner required by Federal regulations***

USE OF SEFA

- ▶ **Each program is unique and has unique requirements**
 - ▶ **We audit the requirements specific to each program that OMB requires**
 - ▶ **<https://www.whitehouse.gov/omb/management/office-federal-financial-management/>**

AUDITS OF MAJOR PROGRAMS

- ▶ **The following are the areas we audit:**
 - ▶ **Activities Allowed or Unallowed**
 - ▶ **Allowable Costs/Cost Principles**
 - ▶ **Cash Management**
 - ▶ **Eligibility**
 - ▶ **Equipment and Real Property Management**
 - ▶ **Matching, Level of Effort, Earmarking**

AUDITS OF MAJOR PROGRAMS

▶ **The following are the areas we audit:**

- ▶ *Period of Performance*
- ▶ *Procurement and Suspension and Debarment*
- ▶ *Program Income*
- ▶ *Reporting*
- ▶ *Subrecipient Monitoring*
- ▶ *Special Tests and Provisions*

AUDITS OF MAJOR PROGRAMS

▶ **Documentation is needed for all activity that occurs related to a grant**

- ▶ *Requirements exist that SBOA is not required to audit but are still the responsibility of the grantee*
- ▶ *Grant agreements are important*

AUDITS OF MAJOR PROGRAMS

- ▶ ***Internal control procedures must be in place to ensure all requirements of the grant are met***
 - ▶ ***Control procedures should be documented so they can be audited***

AUDITS OF MAJOR PROGRAMS

- ▶ ***The lack of proper internal control procedures over requirements of grants is a common finding reported in major program audits***

AUDITS OF MAJOR PROGRAMS

- ▶ **Audits will be conducted by two separate teams for audits beginning after July 1**
 - ▶ **One team will complete the financial statement audit; the other team will complete the federal audit**

CHANGES IN FEDERAL AUDITS

- ▶ **Some current procedures will be split, but work will not be duplicated**
 - ▶ **For example, approval of the financial statements and SEFA may be separated, but each will only require one approval from management**

CHANGES IN FEDERAL AUDITS

- ▶ ***As much as possible, the Financial Statement audit and Federal audit will be conducted concurrently, but this will not always be the case***

CHANGES IN FEDERAL AUDITS

- ▶ ***Three separate reports will be issued:***

- ▶ ***Financial Statement Audit Report***
- ▶ ***Federal Single Audit Report***
- ▶ ***Supplemental Compliance Report (if needed)***

CHANGES IN FEDERAL AUDITS

- ▶ ***In the future, auditing of the SEFA will occur shortly after the AFR is submitted***
 - ▶ ***This will allow for better planning of the audits and will provide efficiencies***

CHANGES IN FEDERAL AUDITS

- ▶ ***There will be a separate billing process in place for both stages of the audit***

CHANGES IN FEDERAL AUDITS

QUESTIONS???