

Federal Awards

WHAT YOU NEED TO KNOW

Federal Awards

Federal Awards can be in many forms:

- Grants
- Loans
- Non-cash assistance

Federal Award Definition

Financial assistance that a non-federal entity receives directly from a federal agency or from a pass-through entity.

- Non-federal entity – Any entity that is not the Federal government, for example a City or Town
- Pass-through entity – An entity that receives money from a federal agency and awards that money to another entity (subrecipient) to carry out the objectives of the grant. The pass-through entity is often the State of Indiana.

Types of Financial Assistance from State

There are two types of assistance from the State of Indiana:

- Federal assistance that is passing through the State, and
- State assistance

How to tell the difference

If the assistance provided by the State is federal assistance, the State must provide:

- Federal award identification;
- CFDA number and name;
- Amount of federal funds obligated to the subrecipient;
- Federal award date.

Why it's important to know the difference

Federal assistance has many requirements related to how the money can be spent.

- All requirements must be complied with.
- It is the award recipient's responsibility to know and follow the requirements in all situations.

Why it's important to know the difference

All federal assistance received must be reported on the Schedule of Expenditures of Federal Awards (SEFA).

- Used to determine if an audit of the federal assistance is needed.
- If a total of \$750,000 in federal assistance is expended in a year, an audit of the federal assistance is needed.
 - These audits are referred to as Single Audits.

Why it's important to know the difference

State assistance will also have requirements related to how the money can be spent.

- This assistance is not reported on the SEFA and is not subject to the Single Audit requirements.
- It may be monitored by the State awarding agency.

Why it's important to know the difference

If questions remain about whether the award is federal assistance or state assistance, contact the awarding agency.

- The awarding agency should also be contacted with questions about any requirements of the award and how to comply with them.

Why it's important to know the difference

In Indiana, federal award information is presented in the Gateway AFR.

- The federal award information entered on the Gateway AFR will be used to create a SEFA that will be approved by the City or Town officials and will be audited.

Single Audits

A Single Audit is an audit that includes both an audit of the financial statements and an audit of the federal awards received.

- The SEFA will be audited for accuracy.
 - This includes the program names, CFDA numbers, and amounts for each program.
- Internal controls over preparation of the SEFA will also be audited.

Single Audits

Once the SEFA has been audited, a risk based approach is used to determine which of the federal assistance programs will be audited as a major program.

- A major program is a program that is determined by the auditor to be of higher risk. Several requirements of these programs will be audited.

Single Audits

Not all requirements of the federal award will be audited during the Single Audit.

- Auditors are instructed on which requirements to audit.
- All requirements must be complied with.
 - The federal awarding agency and/or pass-through entity may also conduct reviews of the federal awards and may look at different requirements than the auditors.

Single Audits

At the conclusion of the audit of federal awards, an opinion will be given as to whether the requirements audited were complied with.

- Any material instances of noncompliance with federal award requirements will be reported.
- Any deficiencies in internal control related to compliance with federal award requirements will be reported.

Single Audits

If any of these matters are reported in the auditor's report, a Corrective Action Plan (CAP) must be provided.

- The CAP must be on entity letterhead, include the contact person information, the planned corrective action, and the expected date of implementation.
- This document will be included in the final audit report.

Single Audits

Once the audit is completed, all information will be entered on the Federal Audit Clearinghouse.

- The information entered must be certified by both the auditee and auditor.
- Instructions on how to complete this will be sent to the officials when the audit report is released publically.

Federal Award Requirements

Federal awards should be documented in a Grant Agreement.

- This agreement should include the specific requirements of the federal award.
- It may reference other laws and regulations related to the grant.

Records to Maintain

Records that must be maintained for federal awards include but are not limited to:

- Grant Agreements
- Other contracts or agreements related to the award
- All claims and supporting documentation related to expending of the award funds
- All reports submitted to the federal agency or pass-through entity.

Records to Maintain

Records that must be maintained for federal awards include but are not limited to:

- Ledgers recording the financial activity for the federal award
- Record of equipment purchased with the federal award
- Documentation on the method of procurement of goods or services purchased with the federal award

Records to Maintain

Records that must be maintained for federal awards include but are not limited to:

- Any monitoring reports provided by the federal awarding agency or pass-through entity
- Any other documentation that is related to any activity of the federal award

Questions????
