

Preparing for the Federal Single Audit

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Who needs to complete the single audit?

LEAs that expend more than \$750,000 in total federal awards are subject to the audit requirements of Uniform Guidance ([2 CFR 200.501\(b\)](#)).



Compliance Supplement

- 2022 Compliance Supplement
(May 11, 2022)
- Office of Federal Financial Management



8 Parts of the Compliance Supplement

1: Background,
Purpose,
Applicability

2: Matrix of
Compliance
Requirements

3: Compliance
Requirements

4: Agency
Program
Requirements

5: Cluster of
Programs

6: Internal
Controls

7: Guidance for
Auditing
Programs

8: Appendices

OMB Compliance Supplement

Department of Education

- 84.000-Cross-Cutting Section 4-84.000
- 84.010-Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA) 4-84.010
- 84.011-Migrant Education-State Grant Program (Title I, Part C of ESEA) 4-84.011
- 84.027-Special Education-Grants to States (IDEA, Part B) 4-84.027
- 84.041-Impact Aid (Title VII of ESEA) 4-84.041
- 84.048-Career and Technical Education-Basic Grants to States (Perkins V) 4-84.048
- 84.173-Special Education-Preschool Grants (IDEA Preschool) 4-84.027
- 84.181-Special Education-Grants for Infants and Families 4-84.181
- 84.282-Charter Schools 4-84.282
- 84.287-Twenty-First Century Community Learning Centers 4-84.287
- 84.365-English Language Acquisition State Grants 4-84.365
- 84.367-Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) 4-84.367
- 84.424-Student Support and Academic Enrichment Program 4-84.424
- 84.425-Education Stabilization Fund (ESF) 4-84.425

OMB Compliance Supplement

Department of Agriculture

- 10.553 School Breakfast Program (SBP)
- 10.551 National School Lunch Program (NSLP)
- 10.556 Special Milk Program For Children (SMP)
- 10.558 Child and Adult Care Food Program (CACFP)
- 10.559 Summer Food Service Program for Children (SFSP)

Department of Health and Human Services

- 93.778 Medical Assistance Program

Department of the Treasury

- 21.019 Coronavirus Relief Fund

Specific Auditee Responsibilities



Section 200.508-512

- 200.508 – Audit responsibilities
- 200.509 – Auditor selection
- 200.510 – Financial statements
- 200.511 – Audit findings follow-up
- 200.512 – Report submission

12 Areas of Compliance

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/ Cost Principles	Cash Management	Eligibility	Equipment/ Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	Y	N	Y	N	N	N	Y	Y	Y

Written Procedures

LEAs are required to have written procedures for:

- Allowable Costs
- Cash Management
- Purchasing and Conflict of Interest

The procedures are the district's internal steps for ensuring that only allowable costs will be charged to the grant.



Uniform Grant Guidance Written Procedures

Written Procedures for Allowed Costs

Written procedures for determining the allowability of costs in accordance with Subpart E—Cost Principles and the terms and conditions of the Federal award.

Costs must meet the following general criteria in order to be allowable under Federal awards:

- Conforms to cost principles or Federal award as to types or amount of cost items
- Reasonable and necessary and allocable
- Consistent with policies and procedures that apply uniformly to federal and non-federally funded activities
- Consistent treatment as direct or indirect cost
- In accordance with GAAP
- Not included as a cost to meet cost sharing or matching requirements of any other federally-financed program
- Adequately documented

Allowable Costs Written Procedures Resources

DPI's resources for written procedures on allowed costs:

- [Allowable Costs Written Procedures technical assistance](#)
- [Allowable Costs webpage](#)
- [Written Procedures PowerPoint \(additional guiding questions\)](#)



Allowed Costs: Construction

- [Technical Assistance Document and Presentation Resources](#)
- **Construction vs Minor Remodeling**
- [Davis-Bacon and Related Acts](#)
- **Construction Services Budgeting**
 - Assurances
 - Requirements
- **Discuss construction projects with your LEA's legal counsel**



Davis-Bacon and Related Acts

Davis-Bacon and Related Act compliance

ALL contractors/ subcontractors performing on construction and minor remodeling contracts in excess of \$2,000

What this means for the LEA?

- Construction Assurances and documentation of Davis-Bacon
- Signed commitments from contractors/subcontractors for prevailing wage and other stipulations



Tips for Davis-Bacon Compliance

Davis-Bacon and Related Acts Compliance technical assistance document

- Collect certified payroll reports and statements of Davis-Bacon compliance from the contractor weekly.
- The LEA will work with the contractor to determine the appropriate wage determination classification of contracted and subcontracted laborers.
- Ensure the Davis-Bacon poster and wage determination are posted at the work site.
- Review payroll reports and related records for accuracy and compliance.



Equitable Participation

Equitable Participation of Private School Children Cross-Cutting Audit Objectives:

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- Documentation of timely consultation with the private school
- Review program expenditure and other records to verify that educational services that were planned were provided.

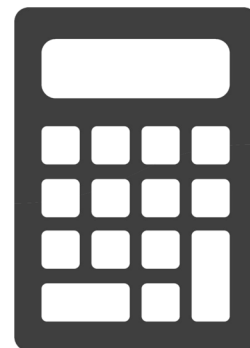
WISEgrants 

- Calculation of private school share
- Written contracts for third party providers should:
 - Describe the services to be provided
 - Provide that the agency, consortium, or entity retains ownership of materials, equipment, and property purchased with Federal funds

Allowable Costs/Cost Principles

The requirements for allowable costs/cost principles are contained in 2 CFR Part 200, Subpart E.

- **Specific areas to pay attention to:**
 - Time and Effort Reporting
 - Hazard/Premium Pay
 - Staff and Teacher Targeted Financial Incentives (Retention and Recruitment Bonuses)



Time and Effort Reporting

Time and Effort Reporting Documentation:

- LEAs that are charging salary and wage expenses to the federal stimulus funds will need to record Time and Effort.
- The level of documentation:
 - Depends on the job responsibilities of employee
 - Grant objectives
- Determine if the employee(s) are a single or multiple cost objective
- Written Procedures

Supplement, not Supplant

The philosophy that federal funds should be used for new or additional costs and not be used to reduce the amount the subrecipient was already spending locally on the program's objectives.

How this concept is tested varies among the Federal programs.

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Supplement, not Supplant

Title I, Part A - LEAs are required to

- identify the methodology used to allocate state and local funds to Title I schools AND
- demonstrate that these schools receive all the state and local funds they would be entitled to, even if they were not Title I schools (Sec 1118(b))

Other ESEA Titles (Title I, Part C, Title II, Title III, Title IV, Parts A & B, Title V) - LEAs should use the SnS Presumption Test to determine if supplantin occurred. (Sec 1304(c)(2); (Sec 2301; (Sec 3115(g))(Sec 4110 & 4204(b)(2)(G); (Sec 5232)

SnS Presumption Tests

In the following instances, it is presumed that supplanting has occurred when the SEA or LEA used:

- federal funds to provide services that the SEA or LEA was required to provide under other federal, state, or local laws or
- federal funds to provide services that the SEA or LEA provided with nonfederal funds (or for Title III, Part A, other federal funds) in the prior year.
- MEP funds to provide services for participating children that the SEA or LEA provided with nonfederal funds for nonparticipating children.

Supplement, Not Supplant

	TI-A	MEP	TII-A	TIII-A	TIV-A	REAP	21st CCLC	IDEA	ESF
State and Local Funds	ESSA Sec. 1118(b)	ESSA Sec. 1304(c) (2)							-
Non-Federal Funds			ESSA Sec. 2301		ESSA Sec. 4110				-
Fed., State, Local Funds				ESSA Sec. 3115(g)		ESSA Sec. 5232	ESSA Sec. 4204	34 CFR 300.164 300.202(a)	-

Supplement, not Supplant

Title	Provision
Title I, Part A (Sec 1118(b))	LEAs are required to: identify the methodology used to allocate state and local funds to Title I schools AND demonstrate that these schools receive all the state and local funds they would be entitled to, even if they were not Title I schools
Title I, Part C (Sec 1304(c)(2))	"SnS Presumption Tests" Plus
Title II (Sec 2301)	"SnS Presumption Tests"
Title III (Sec 3115(g))	"SnS Presumption Tests" Plus
Title IV, Parts A & B (Sec 4110 & 4204(b)(2)(G))	"SnS Presumption Tests"
Title V (Sec 5232)	"SnS Presumption Tests"

Procedures for Procurement

The district must maintain sufficient records to detail the history of procurement. Records must include at a minimum: 200.318(i)

- Rationale for the method of procurement
- Selection of contract type
- Contractor selection or rejection
- The basis for contract price



Conflict of Interest

Maintain written standards for “Conflict of Interest” 200.318(c)(2)

The LEA’s relationships with a contractor or subcontractor should not impede on their bidding process. LEAs should ensure that the costs are both reasonable and necessary and that outside relationships with vendors remain impartial throughout the procurement process.

Procurement Suspension & Debarment

LEAs must follow the procurement standards set out at 2 CFR sections 200.318 through 200.326. LEAs must use their own documented procurement procedures, which reflect applicable state and local laws and regulations, provided that the procurements conform to applicable federal statutes and the procurement requirements identified in 2 CFR Part 200.

1. General Procurement Standards
2. Full and Open Competition
3. Informal Procurements
 - a. Davis-Bacon
4. Sealed Bid or Proposal
5. Cost Analysis
6. Bonding Requirements

Procurement Suspension & Debarment

Overview of what Auditors will look for:

- LEAs followed their procurement procedures
- That procurements made with federal funds were made in compliance with the federal regulations for procurement.
- LEAs verified that their vendors were not suspended, debarred, or otherwise excluded.
- WISEgrants assurances



Cash Management

- LEAs must establish written procedures for cash management.
- Auditors will test to ensure that the procedures are followed ([2 CFR section 200.302\(b\)\(6\)](#)).
- Documentation must include procedure to request reimbursement for only allocable, allowable, and reasonable contract costs that have already been paid.



Equipment and Real Property

Equipment and Real Property: non-federal entities must follow 2 CFR sections 200.313(c)-(e)

Written procedures for:

- Inventory
- Property records
- System of control
- Disposal of equipment
- Property once the grant period ends

Preparing for a Single Audit

- Review the compliance supplement to know what the auditors will be reviewing
- Assess the district's control environment and ensure they have written procedures
- Have documentation for each grant readily accessible for auditors to review
- Additional cost - Charge additional costs back to grant
- Let auditors know you believe you may need a single audit early so they can plan accordingly

Preparing for a Single Audit

- The auditee prepares the Schedule of Expenditures of Federal Awards (SEFA) for the year ended.
- SEFA is a financial statement schedule that lists the LEA's expenditures of federal awards for the fiscal year by federal agency, grant number and amount.

Example SEFA

Awarding Agency Pass-Through Agency Award Description	Federal Assistance Listing Number	Pass-Through Entity ID Number	Receivable July 1, 2021	Receipts	Expenditures	Receivable June 30, 2022
U.S. Department of Agriculture						
Passed through Wisconsin Department of Public Instruction:						
Child Nutrition Cluster						
Food Service Aid - Breakfast	10.553	2022-133794-DPI-SB-546	\$ 11,975	\$ 247,930	\$ 235,955	\$ -
National School Lunch Program	10.555	2022-133794-DPI-NSL-547	32,424	1,135,881	1,103,457	-
Donated Commodities	10.555	Not Available	-	117,010	117,010	-
Food Service Aid - Special Milk Program	10.556	2022-133794-DPI-SMP-561	10	395	385	-
Total Child Nutrition Cluster			44,409	1,501,216	1,456,807	-
Total U.S. Department of Agriculture			44,409	1,501,216	1,456,807	-
U.S. Department of the Treasury						
Passed through Dane County Department of Health and Human Services:						
Coronavirus State and Local Fiscal Recovery Funds	21.027	85224	-	17,779	29,980	12,201
Total U.S. Department of Treasury			-	17,779	29,980	12,201
U.S. Department of Education						
Passed through Wisconsin Department of Public Instruction:						
ESEA Title I-A Basic Grant						
Special Education Cluster (IDEA)	84.010A	2022-133794-DPI-TIA-141	20,919	20,919	78,897	78,897
IDEA Flow Through	84.027A	2022-133794-DPI-FLOW-341	197,829	518,007	597,571	277,393
IDEA Preschool Entitlement	84.173A	2022-133794-DPI-PRESCH-347	1,320	7,492	15,325	9,153
Total Special Education Cluster (IDEA)			199,149	525,499	612,896	286,546
Carl Perkins Act Formula Allocation	84.048	2022-133794-DPI-CTE-400	18,220	18,220	16,245	16,245
ESEA Title II-A Teacher/Principal Training	84.367A	2022-133794-DPI-TIIA-365	46,977	46,977	37,519	37,519
Student Support and Academic Enrichment Program	84.424A	2022-133794-DPI-TIIA-381	12,962	12,962	10,123	10,123
Elementary and Secondary School Emergency Relief - COVID 19	84.425D	2022-133794-DPI-ESSERFII-163	120,573	120,573	36,806	36,806
Passed through CESA 2:						
Title III, Part A English Language Acquisition	84.365	2022-133794-DPI-TIIIA-391	-	1,311	1,311	-
Total U.S. Department of Education			418,800	746,461	793,797	466,136
U.S. Department of Health and Human Services						
Passed through Wisconsin Department of Health Services:						
Medical Assistance Program	93.778	Not Available	-	238,089	238,089	-
Total Federal Awards			\$ 463,209	\$ 2,503,545	\$ 2,518,673	\$ 478,337

Auditors access to WISEgrants

- WISEgrants for Auditors technical assistance document
- What information auditors may need from WISEgrants
- Where to locate information in WISEgrants
- Give auditors access to WISEgrants



WISEgrants 

Preparing for a Single Audit

Risk Assessment and Major Program Determination:

- Major programs are the programs that the auditor will test during the Single Audit.
- Auditors complete a risk assessment on the programs and the district.
- The district can either be high risk or low risk. The risk level determines the total dollar amount to test to meet coverage.

What to Expect During the Single Audit

- Additional time needed during fieldwork
- Walk through with grant administrator on controls and compliance relating to the grant
- Go through the written procedures
- May be more than one program being tested depending on the auditor's risk assessment

What to Expect During the Single Audit

- Have supporting documentation readily available.
- Auditors will be reviewing supporting documentation for the major program/programs they are testing.
- There will likely be samples to test each of the different compliance requirements noted earlier that are direct and material to the program.
- Testing will be done both for internal controls over compliance and compliance requirements.

What to Expect After the Single Audit

- Communication of Findings
- If there were findings, providing a corrective action plan
- If any noncompliance is identified, districts should be prompt when completing any required follow up action
- Data Collection Form

What to do if there is an audit finding?

- Opportunity for improving your systems
- Contact DPI for support
- If non-compliance is identified, LEAs should be prompt when completing any corrective action



Audit Findings

If there is an audit finding, DPI will receive a Management Letter. DPI will determine whether to sustain or not sustain a finding:

- **Sustained:** Develop a corrective action on how to resolve the finding
- **Not Sustained:** DPI responds to the letter stating the finding is not accurate

Common Federal Findings

- No proper approval of claims, verification reports, etc.
- Proper documentation was not kept
- Procurement, Suspension and Debarment
- Davis-Bacon Act related to ESSER grants
- UGG written procedures
- Allowable costs

Resources

- [WISEgrants for Auditors](#)
- [Preparing for the Single Audit](#)
- [Guidance on Allowable Costs](#)
- [Written Procedures](#)
- [WI School District Audit Manual](#)
- [Equipment Purchased with Federal Funds](#)
- [Federal Procurement Standards](#)
- [Conflict of Interest](#)
- [Allowable Costs Written Procedures](#)
- [NVL Audit Report Guidance](#)

**THANK
YOU!**