

FEDERAL YEAR-END UPDATE FY15

Sara Rupe

(360) 725-0189

Sara.Rupe@ofm.wa.gov

Agenda

- Federal Requirements
- Single Audit Report Preparation
- 2014 Statewide Single Audit
- State Agency Subrecipient Reporting
- Disclosure Forms
- FY15 Key Dates
- Changes to SAAM
- Data Act
- Training
- Resources

Federal Requirements – Report Submission

- NEW Uniform Grant Guidance §200.512 states in part:
 - The audit must be completed and the **reporting package** must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period.
 - For the state this is **March 31st**
 - The Reporting Package must include:
 - Financial statements and schedule of expenditures of Federal awards
 - Summary schedule of prior audit findings discussed
 - Auditor's report
 - Corrective action plan
 - No change from Circular A-133 requirement

Federal Requirements - SEFA

- NEW Uniform Grant Guidance §200.510 states in part:
 - *Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended. The schedule must include:
 - List individual Federal programs by Federal agency.
 - For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
 - Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
 - Include the total amount provided to subrecipients from each Federal program.
 - Loans and loan guarantee programs disclosure requirements.
 - SEFA note disclosure requirement.
- No change from Circular A-133 requirement

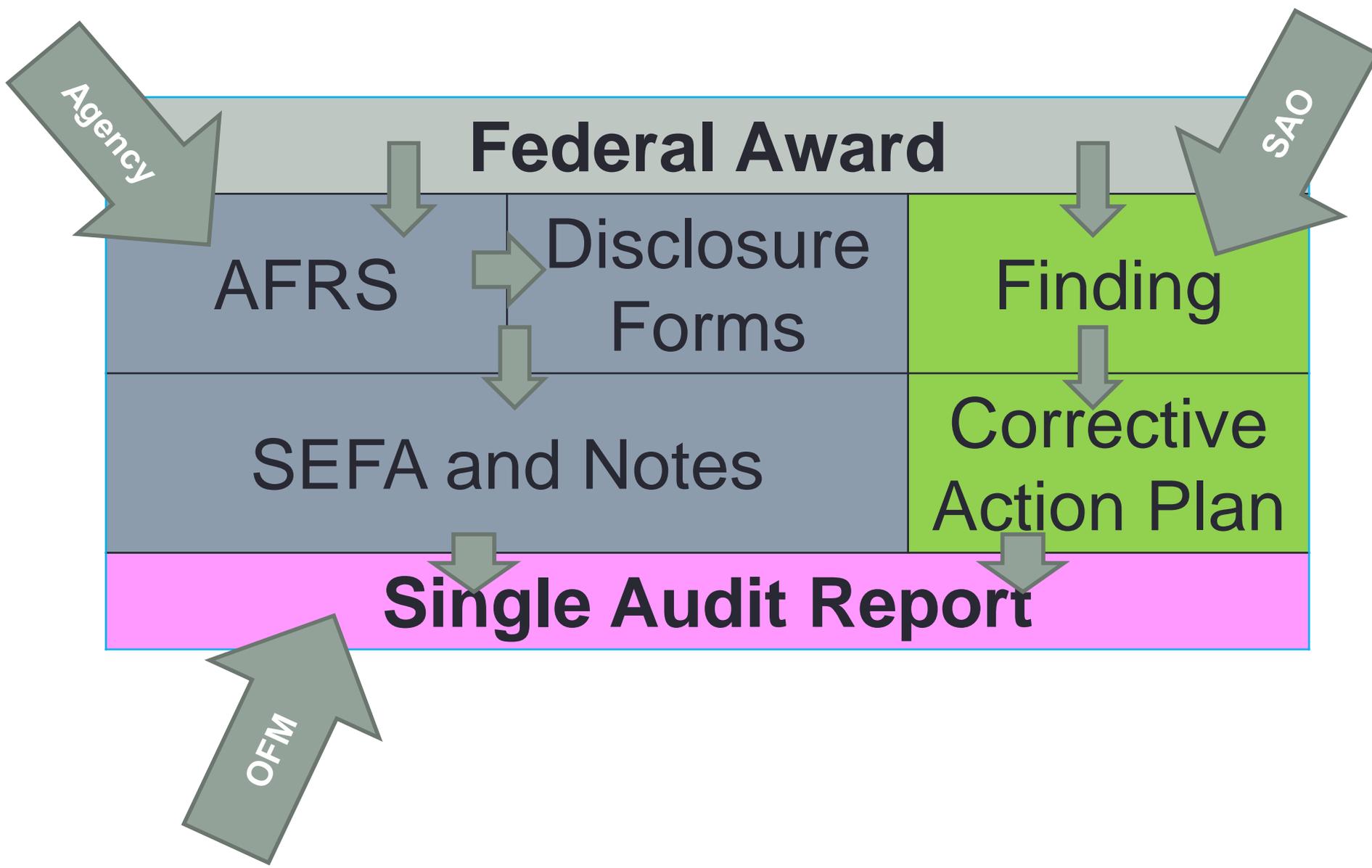
Federal Requirements – Finding follow-up

- NEW Uniform Grant Guidance §200.511 states in part:
 - (b) *Summary schedule of prior audit findings.* The summary schedule of prior audit findings must report the status of all audit findings included in the prior audit's schedule of findings and questioned costs.
 - (c) *Corrective action plan.* At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports.
- No change from Circular A-133 requirement

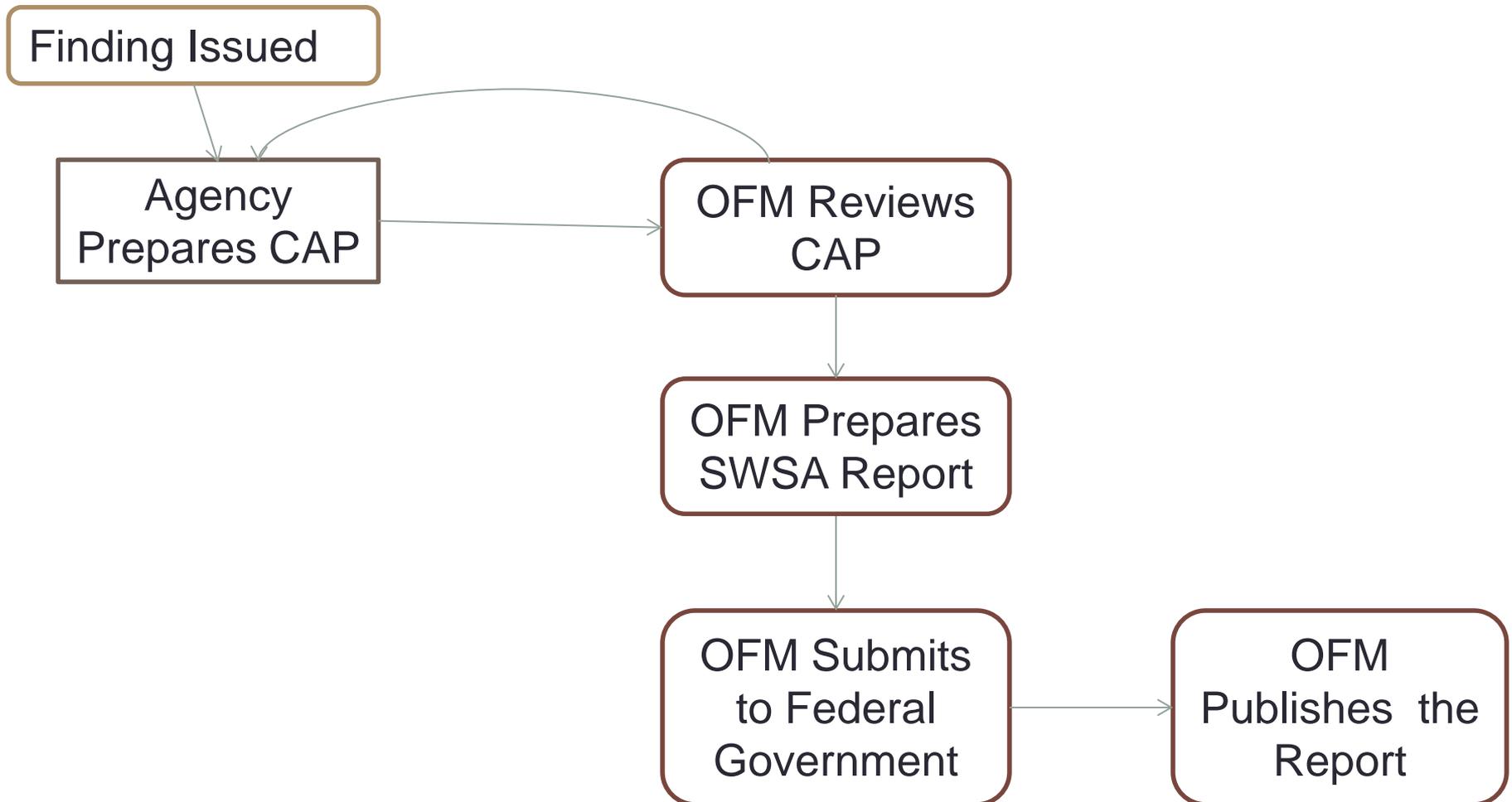
Single Audit Report Preparation

- How does OFM prepare the Statewide Single Audit Report for all state agencies?
 - Schedule of Expenditures of Federal Awards
 - Corrective Action Plan
 - Summary Schedule of Prior Findings

Single Audit Report Preparation



Single Audit Report Preparation Corrective Action Plan Process



Single Audit Report Preparation

Corrective Action Plan

- Review Checklist – Does the Corrective Action Plan:
 - Address each recommendation listed in the finding
 - Address Questioned Costs if any
 - Spell out acronyms
 - Completion date in Month and Year and estimated if not yet complete.
 - Refer to the Office or Department.

| Try this: | Instead of this: |
|--|--|
| The Office concurs with the findings. | The Office of Financial Management concurs with the finding. |
| The Department will take the following corrective actions. | We will take the following corrective actions. |

- For more information about the corrective action plan process refer to the CAP training materials on the OFM website:
 - http://www.ofm.wa.gov/accounting/fmac/OFM_Audit_Corrective_Action_Plans_02.26.15.pdf

2014 Statewide Single Audit Report

- <http://www.ofm.wa.gov/singleaudit/default.asp>
- The Single Audit Report includes:
 - Financial Statements Section
 - Auditor Section
 - Audit Opinions
 - Federal Findings
 - Auditee Section
 - Schedule of Expenditures of Federal Awards and Notes
 - Corrective Action Plans
 - Summary Schedule of Prior Findings

2014 Statewide Single Audit Report

Summary of Results

| | 2014 | 2013 | 2012 |
|---------------------------------|-----------------|----------------|----------------|
| Federal Assistance Expenditures | \$ 15.7 Billion | \$14.9 Billion | \$15.8 Billion |
| Questioned Costs | \$3.9 Million | \$4.3 Million | \$4.0 Million |
| Total Number of Findings | 55 | 45 | 63 |
| | | | |
| Total Number of Repeat Findings | 20 | 22 | 22 |

Potential Impact of Findings and Questioned Costs:

- Funding could be decreased
- We may be required to pay back questioned costs

2014 Statewide Single Audit Report

Summary of Results

| Finding Category | Number of Findings |
|---|--------------------|
| Activities Allowed or Unallowed/ Allowable Costs/ Cost Principles | 17 |
| Reporting - FFATA | 12 |
| Special Tests and Provisions | 7 |
| Subrecipient Monitoring | 3 |
| Eligibility | 3 |
| Level of Effort | 3 |
| Suspension and Debarment | 2 |
| Period of Availability | 1 |
| Procurement | 1 |
| Cash Management | 1 |
| Program Income and Cash Management | 1 |
| Multiple Compliance Areas | 4 |

State Agency Subrecipient Reporting

- SAAM 95.20.10b
- The portion of federal award expenditures passed through to subrecipients. **Do not include amounts passed through to other agencies of the state of Washington, except when:**
 - **A portion of the amount passed through is subsequently passed through to a non-state agency (subrecipient).** This amount should be reported as a pass through expenditure by the original state agency.

Important Notice

State Agency Subrecipient Reporting

| | Agency A Received Federal Funds | → | Agency A Passes the federal funds to Agency B | → | Agency B Passes the federal funds to subrecipient |
|---------|---------------------------------|---|---|---|---|
| EXAMPLE | \$1,000,000 | | \$500,000 | | \$200,000 |

REPORTING REQUIREMENTS

| | | | | | |
|---------------------------------------|-------------|--|--|--|-----------|
| Agency A: | | | | | |
| Disclosure Form – Expenditure Column | \$1,000,000 | | | | |
| Disclosure Form – Pass Through Column | | | | | \$200,000 |
| | | | | | |
| Agency B: | | | | | |

Communicate with Agency A the total amount passed through to non state agency subrecipients. In this example the \$200,000

DO NOT report anything on the disclosure forms since Agency A has already reported the full amount.

Review Questions

- DSHS expended \$1,000,000 in federal awards for FY15. Of this amount, \$500,000 is passed through to the City of Olympia and \$250,000 was passed through to HCA.
- What should be reported on the disclosure forms by DSHS?

| | Expenditure Amount | Expenditure Amount Passed Through to <u>Subrecipients</u> |
|----------|---------------------------|--|
| A | 1,000,000 | 750,000 |
| B | 1,000,000 | 0 |
| C | 0 | 0 |
| D | 1,000,000 | 500,000 |

Review Questions

- Of the \$250,000 that HCA received from DSHS \$100,000 was passed through to the City of Tumwater.
- What should be reported on the disclosure forms by HCA?

| | Expenditure Amount | Expenditure Amount Passed Through to <u>Subrecipients</u> |
|----------|---------------------------|--|
| A | 1,000,000 | 750,000 |
| B | 1,000,000 | 600,000 |
| C | 0 | 0 |
| D | 1,000,000 | 500,000 |

Review Questions

- Same question from above.
- What should be reported on the disclosure forms by DSHS?

| | Expenditure Amount | Expenditure Amount Passed Through to <u>Subrecipients</u> |
|----------|---------------------------|--|
| A | 1,000,000 | 750,000 |
| B | 1,000,000 | 600,000 |
| C | 0 | 0 |
| D | 1,000,000 | 500,000 |

Disclosure Forms - Overview

| Federal Disclosure Forms | SAAM | Required | Completed |
|--|----------|-----------------|-----------|
| Due 9/04/15 – Phase 2 Disclosure Forms | | | |
| Federal Analytical Review - Direct  | 95.20.30 | | Yes / N/A |
| | | | |
| Federal Assistance Received from Nonfederal Sources (Pass-Through) | 95.20.70 | | Yes / N/A |
| Federal Financial Assistance - Direct | 95.20.20 | | Yes |
| Federal Identification Numbers | 95.20.80 | Required | Yes |
| Federal Loan Balances | 95.20.60 | | Yes / N/A |
| Federal Nonfinancial Assistance | 95.20.40 | | Yes / N/A |
| Federal Nonfinancial Assistance Inventory Balances | 95.20.50 | | Yes / N/A |
| Due 12/4/2015 - Certification | | | |
| Federal Assistance Certification | 95.20.90 | Required | Yes |

Disclosure Forms - Basics

- Report revenue using sources
 - 0301-0353 and 0357-0399
 - 0546 Federal Revenue – Pass Through
- In most cases:
 - Federal revenues = AFRS and
 - Federal revenues = federal expenditures
 - If not, an allowable explanation must be provided

Disclosure Forms - Basics

- Examples of Allowable Explanations
 - One agency records the revenue and another agency records the expenditures
 - An agency records revenue in federal sources and records related expenditures in non-federal appropriations
 - An agency reports expenditures on the DF but not in AFRS and another agency reports state expenditures that are later reimbursed by feds
 - Minor rounding differences

Disclosure Forms - Basics

- Other Reminders:
 - Extract criteria the agency uses needs to tie to the Disclosure Form
 - Report both direct and indirect and actual and accrued expenditures
 - Round amounts to the nearest dollar.

Disclosure Forms

Federal Financial Assistance Direct Form

| CFDA # | Federal Funding Agency | Major Sub-division | Program Title | Cluster | Award Contract Number | Revenue Amount | Expenditure Amount | Difference | Expenditure Amount Passed Through to Subrecipients |
|--------|------------------------|--------------------|---------------|---------|-----------------------|----------------|--------------------|------------|--|
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

Of the total expenditure amount reported, how much was passed through subrecipients?

Report the total dollar amount of expenditures of federal awards .

In general, the revenue amount should be equal to the expenditure amount. Therefore the difference should be zero.

Use the "Federal Revenue" ER Report for the reconciliation .

The reconciliation is prefilled with federal revenue information. If there is a variance a detailed explanation should be included.

Reconciliation of Agency Direct to ER "Federal Revenue" report

| | | |
|--|----------|-------------|
| | Revenue | Expenditure |
| Totals from above | \$ _____ | \$ _____ |
| Revenue totals from ER "Federal Revenue" report | | |
| GL Codes 3205, 3210 and 3260, excluding Revenue Source Code 0355 | _____ | _____ |
| Differences (should be zero) | _____ | _____ |

If there is a difference, please note the CFDA number and include an explanation below.

Disclosure Forms

Federal Analytical Review - Direct Form



95.20.30 Federal Analytical Review - Direct

Instructions: Complete this form after you have finished the Federal Financial Assistance - Direct form. If there has been a material change on the Federal Financial Assistance - Direct form since last fiscal year, this form will automatically populate with the current year and prior year information. Provide an explanation for the material changes(s) listed below between the current fiscal year and prior fiscal year, by CFDA number.

Enter all information on the direct form first

The information will prefill from the direct form

Expenditures from the Federal Financial Assistance- Direct form

| CFDA# | Federal Funding Agency | Major Sub-division | Program Title | Prior Year Expenditure Amount | Current Year Expenditure Amount | Change | Explanation |
|-------|------------------------|--------------------|---------------|-------------------------------|---------------------------------|--------|-------------|
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

For each line that has data prefilled add a explanation for the reason for the change from the prior year

Disclosure Forms

Federal Analytical Review - Direct Form



95.20.30 Federal Analytical Review - Direct

Instructions: Complete this form after you have finished the Federal Financial Assistance - Direct form. If there has been a material change on the Federal Financial Assistance - Direct form since last fiscal year, this form will automatically populate with the current year and prior year information. Provide an explanation for the material changes(s) listed below between the current fiscal year and prior fiscal year, by CFDA number.

Enter all information on the direct form first

The information will prefill from the direct form

Expenditure amount passed through to subrecipients from the Federal Financial Assistance - Direct form

| CFDA # | Federal Funding Agency | Major Sub-division | Program Title | Prior Year Expenditure Amount Passed Through to Subrecipients | Current Year Expenditure Amount Passed Through to Subrecipients | Change | Explanation |
|--------|------------------------|--------------------|---------------|---|---|--------|-------------|
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

For each line that has data prefilled add a explanation for the reason for the change from the prior year

Disclosure Forms - EXAMPLE

Federal Analytical Review - Direct Form



Federal Financial Assistance - Direct

EXAMPLE Agency – 2014 Direct Form

SAAM Manual (95.20.20)

Return To Lead Sheet

Users must click the "Save" button located at the end of the form to save their data in the form.

| CFDA # | Federal Funding Agency | Major Subdivision | Program Title | Cluster | Award Contract Number | Revenue Amount | Expenditure Amount | Difference | Passed Through |
|--------|------------------------|--|--|---------|-----------------------|----------------|--------------------|------------|----------------|
| 84.126 | Dept of Education | Office of Special Education and Rehabilitative Ser | Vocl Rehab Grants to State Basic | 01 | | 10,322,909 | 10,322,909 | 0 | 0 |
| 84.169 | Dept of Education | Office of Special Education and Rehabilitative Ser | Independent Living - State Grants | 01 | | 55,164 | 55,164 | 0 | 0 |
| 84.177 | Dept of Education | Office of Special Education and Rehabilitative Ser | Independent Living Older Blind | 01 | | 663,056 | 663,056 | 0 | 0 |
| 84.187 | Dept of Education | Office of Special Education and Rehabilitative Ser | Supported Employment Services for Individuals With | 01 | | 46,570 | 46,570 | 0 | 0 |
| 84.265 | Dept of Education | Office of Special Education and Rehabilitative Ser | Rehabilitation Training_state Vocational Rehabilit | 01 | | 8,995 | 8,995 | 0 | 0 |
| Totals | | | | | | 11,096,694 | 11,096,694 | 0 | 0 |

1

2

Disclosure Forms - EXAMPLE

Federal Analytical Review - Direct Form



Federal Financial Assistance - Direct

EXAMPLE Agency – 2015 Direct Form

SAAM Manual (95.20.20)

Return To Lead Sheet

1

2

Users must click the "Save" button located at the end of the form to save their data in the form.

| CFDA # | Federal Funding Agency | Major Subdivision | Program Title | Cluster | Award Contract Number | Revenue Amount | Expenditure Amount | Difference | Expenditure Amount Passed Through to Subrecipients |
|--------|------------------------|--|--|---------|-----------------------|----------------|--------------------|------------|--|
| 84.126 | Dept of Education | Office of Special Education and Rehabilitative Ser | Vocl Rehab Grants to State Basic | 01 | | 13,000,000 | 13,000,000 | 0 | 8,500,000 |
| 84.186 | Dept of Education | Office of Elementary and Secondary Education | Safe and Drug-Free Schools and Communities_state G | 01 | | 5,000,000 | 5,000,000 | 0 | 4,990,000 |
| Totals | | | | | | 18,000,000 | 18,000,000 | 0 | 13,490,000 |

Disclosure Forms - EXAMPLE

Federal Analytical Review - Direct Form



Warning: you have not completed all the required explanations. ←

Instructions: Complete this form after you have finished the Federal Financial Assistance – Direct form. If there has been a material change on the Federal Financial Assistance Direct form since last fiscal year this form will automatically populate with the current year and prior year information. Provide an explanation for the material changes(s) listed below between the current fiscal year and prior fiscal year, by CFDA #.

Expenditures from the Federal Financial Assistance Direct form

| CFDA # | Federal Funding Agency | Major Subdivision | Program Title | Prior Year Expenditure Amount | Current Year Expenditure Amount | Change | Explanation |
|--------|------------------------|--|--|-------------------------------|---------------------------------|-------------|------------------------------|
| 84.126 | Dept of Education | Office of Special Education and Rehabilitative Ser | Vocl Rehab Grants to State Basic | 10,322,909 | 13,000,000 | (2,677,091) | |
| 84.186 | Dept of Education | Office of Elementary and Secondary Education | Safe and Drug-Free Schools and Communities_state G | 0 | 5,000,000 | (5,000,000) | this was a new grant in 2015 |

Make sure every line on this form has an explanation.

1

Expenditures Passed Through to Subrecipients from the Federal Financial Assistance Direct form

| CFDA # | Federal Funding Agency | Major Subdivision | Program Title | Prior Year Expenditure Amount Passed Through to Subrecipients | Current Year Expenditure Amount Passed Through to Subrecipients | Change | Explanation |
|--------|------------------------|--|--|---|---|-------------|----------------------|
| 84.126 | Dept of Education | Office of Special Education and Rehabilitative Ser | Vocl Rehab Grants to State Basic | 0 | 8,500,000 | (8,500,000) | |
| | Dept of | Office of Elementary and Secondary | Safe and Drug-Free Schools and Communities_state | | | | this was a new grant |

2

Disclosure Forms

Federal Nonfinancial Assistance

| CFDA # | Federal Funding Agency | Program Title | Revenue Amount | Expenditure Amount | Difference (Must be zero) | Expenditure Amounts Passed Through to Subrecipients |
|--------|------------------------|---------------|----------------|--------------------|---------------------------|---|
| | | | | | | |
| | | | | | | |
| | | | | | | |
| Totals | | | | | | |

NEW column this year
If any of the non financial assistance was passed through to subrecipient that amount should be reported .

Reconciliation of Agency Nonfinancial to ER Federal “Non-Financial Revenues & Expenditures” report

| | Revenue | Expenditure |
|---|----------|-------------|
| Totals from above, less CFDA number 39.003, if any | \$ _____ | \$ _____ |
| Totals from ER Federal “Non-Financial Revenues & Expenditures” report Accounts 001 and 416 | | |
| Revenues: GL Code 3225, Revenue Source codes 03XX | | |
| Expenditures: Accounts 001 and 416, GL Code 6525, Objects N and E, Expenditure Authority types 2 and 3 (Account 001) and Expenditure Authority types 2, 3 and 6 (Account 416) | _____ | _____ |
| Differences (should be zero) | _____ | _____ |

If there is a difference, please note the CFDA number and include an explanation below.

Disclosure Forms

Federal Loan Balance



| CFDA # | Federal Funding Agency | Major Sub-division | Program Title | Cluster | Loan Balances as of July 1 |
|--------|------------------------|----------------------|------------------------------|---------|----------------------------|
| 84.038 | Dept. of Education | Student Financial... | Federal Perkins Loan Program | 03 | 300,000 |
| | | | | | |
| | | | | Total | 300,000 |

Agency enters CFDA number and Beginning Balance

Federal Loan Balances Reconciliation

| | |
|--|-------------------|
| Beginning loan balances as of July 1, from above | \$ 300,000 |
| Plus: New loans | 110,000 |
| Less: Repayments | (10,000) |
| Ending loan balances as of June 30 | <u>\$ 400,000</u> |

Pre-filled from above

Agency enters

Agency enters

Calculated

Reconciliation to the Federal Direct Form

| | |
|---|-------------|
| New loans, from the loan balance reconciliation above | \$ 110,000 |
| Repayments, from the loan balance reconciliation above | (10,000) |
| Total | 100,000 |
| Amount reported on the Federal Financial Assistance - Direct form | 100,000 |
| Difference (should be zero) | <u>\$ 0</u> |

Pre-filled from above

Pre-filled from above

Calculated

Prefilled from Direct form

Calculated

If there is a difference, note the CFDA number and provide an explanation below:

Disclosure Forms

Federal Assistance Received from Nonfederal Sources(Pass-Through)

| CFDA# | Federal Funding Agency | Major Sub-division | Program Title | Cluster | Entity Name | Award Contract Number | Revenue Amount | Expenditure Amount | Difference | Expenditure Amounts Passed Through to Subrecipients |
|-------|------------------------|--------------------|---------------|---------|-------------|-----------------------|----------------|--------------------|------------|---|
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |

NEW column this year
If any of the financial assistance reported on this form was passed through to subrecipient that amount should be reported .

Reconciliation of Agency Pass-Through to ER Federal "Other Grant Assistance" report

| | Revenue | Expenditure |
|--|----------|-------------|
| Totals from above | \$ _____ | \$ _____ |
| Revenue totals from ER Federal "Other Grant Assistance" report | | |
| GL Codes 3205, 3210 & 3260, Revenue Source Code 0546 | _____ | _____ |
| Differences (should be zero) | _____ | _____ |

If there is a difference, please note the CFDA number and include an explanation below.

Disclosure Forms

Federal Assistance Certification

95.20.90 Federal Assistance Certification

I certify, that to the best of my knowledge, the following statements are true:

- (1) We are responsible for complying, and have complied with the requirements of
 - the Office of Management and Budget (OMB) Circulars A-133, *Audits of States, Local Governments and Non-Profit Organizations* and applicable cost principles, or
 - the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance).

- (12) We have monitored subrecipients to determine they have expended pass-through assistance in accordance with applicable laws and regulations, and have met the requirements of OMB Circular A-133 and applicable cost principles or the Uniform Guidance. If applicable, we have:
 - Issued management decisions timely after receiving subrecipients' auditor's reports that identified noncompliance with laws, regulations, or the provisions of contracts or grant agreements; and ensured that subrecipients have taken the appropriate and timely corrective action on findings, and
 - Considered the results of subrecipient audits and made any necessary adjustments to our books and records.

Due December 4th

Disclosure Forms

Without changes

- Federal Nonfinancial Assistance Inventory Balances
- Federal Identification Numbers

Fiscal Year 2015 Key Dates

| Date | Reporting Item |
|---------------|--|
| July 15 | Disclosure Form application opens |
| July 31 | Federal surplus property report |
| July - Aug | Updates to prior finding corrective action plans |
| Sept 4 | Phase 2 closes and disclosure forms close |
| Sept 16 | State Financial Certification form is due |
| Dec 4 | Federal Assistance Certification form is due |
| Ongoing | Corrective action plans for FY 15 findings |
| Mar 31 | Submit to the Single Audit Clearinghouse |

SAAM Changes

- SAAM 50.20 and 50.30
- Updated to reflect the Uniform Guidance issued by the Office of Management and Budget (OMB) effective for new federal awards after December 26, 2014.
- Will reference old circulars and the new uniform grant guidance.
- Instead of including detail of federal requirements we now refer to where you can find the guidance.

Data Act

- Signed on 5/9/14 *Digital Accountability and Transparency Act of 2014* (DATA Act).
- Amends FFATA for better spending data.
- Requires the development of government-wide data standards for both federal agencies and other grant recipients.
- Assigns the Treasury secretary responsibility for developing the new standards.
- Does not mandate additional recipient reporting.
- Requires OMB to establish a 2 year pilot program to develop recommendations.

Data Act

- The pilot program will lay the foundation for the law's implementation and will run May 2015 – May 2017.
- 90 days later OMB will report to Congress.
- One year later(2018), OMB will issue guidance on implementation of government-wide data standards.
- For more information about the Data Act and the Pilot Program please visit the following websites:
 - <http://www.grants.gov/web/grants/outreach/grants-gov-pilots.html>
 - <https://www.usaspending.gov/Pages/Data-Act.aspx>

Available Training

- Thompson webinar library training is available through the end of the year. Topics include:
 - Uniform Grant Guidance
 - Time and Effort documentation
 - Data Act
 - Policies and Procedures
 - Subrecipient Monitoring

If you are interested please email me and I will provide you the link and access code.

Resources

- OFM Website: www.ofm.wa.gov
 - Statewide Single Audit Report
 - SAAM
 - 55.10 Audit Tracking
 - 50.30 Compliance with Federal Single Audit Act
 - 95.10 Federal Reporting Policies and Procedures
 - 95.20 Federal Disclosure Reporting Structure
- Agency Financial Consultant

Questions

