



Lunch Panel



Office of the State Superintendent of Education (OSSE)
Community-Based Organizations (CBOs)
Grants Management Conference
Tuesday, September 17, 2013
Marriott Wardman Park

Presenters:

- **Bob Bloom, Raffa**
- **Brian McQuade, McQuade Brennan LLP**
- **Christopher Powell, F.S. Taylor & Associates, PC**



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Getting Ready for an OMB Circular A-133 Audit

A. Robert Bloom, Senior Manager
September 17, 2013



Thrive. Grow. Achieve.



AGENDA

Overview Of OMB Circular A-133

Non Profit Circular Overview

Compliance Requirements

Reporting Requirements

The Audit And Review Of Sample Reports

- Schedule Of Federal Awards
- Grant Tracking
- Federal Financial Report
- Drawdown Requests

OMB Circular A-122

Selecting The Audit Firm

Resources

OVERVIEW OF AN OMB AUDIT

- **Expend more than \$500,000 of Federal funds in one year**
- **There are 3 opinions:**
 - Audit of the Financial Statements and Schedule of Federal Awards
 - Compliance Audit
 - Internal Controls

NON-PROFIT CIRCULAR OVERVIEW

- **What are OMB Circulars?**
- **Why are they important?**
- **Which Circulars apply to non-profit organizations?**

WHAT ARE OMB CIRCULARS?

- **Administrative policy documents issued by the Office Of Management and Budget (OMB) to federal agencies as instructions or information regarding a variety of topics including grant administration.**
- **OMB has worked cooperatively with the grantor agencies and the grantee community to develop government-wide policy to assure that grants are managed properly and that federal dollars are spent in accordance with applicable laws and regulations.**

WHY ARE THEY IMPORTANT?

- **Entities receiving funds directly from the federal government are required to follow the rules and regulations outlined in the OMB circulars.**
- **Entities that receive “pass-through” funds from foundations and other state agencies are also required to follow OMB circulars.**
- **Auditors test compliance with these circulars and report findings to the agencies.**

WHICH CIRCULARS APPLY TO NONPROFIT ORGANIZATIONS?

- **Key Circulars for all Non-Profit Organizations:**
 - *OMB A-110* – Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals or Other Non-Profit Organizations
 - *OMB A-122* – Cost Principles for Non-Profit Organizations
 - *OMB A-133* – Audits of States, Local Governments and Non-Profit Organizations
- **Circulars can be found at:**
<http://www.whitehouse.gov/omb/circulars>

THE AUDIT: DETERMINING A MAJOR PROGRAM AND TESTING

- **Low risk auditee – qualifies for reduced threshold for testing, if:**
 - Not a first year OMB audit, and
 - If filed Data Collection form for previous year audit by nine after year end, and,
 - If in compliance with OMB Circular A-133 in previous two years (i.e. no prior year A-133 findings)
- **Calculation of type A and type B programs**
 - Auditor defined: select programs for testing
 - Testing will be all types of cash disbursements, both direct and indirect costs and payroll, spent during the fiscal year using federal funds
- **Auditors perform risk assessment of type A and type B programs**

COMPLIANCE REQUIREMENTS (MATRIX)

- 1. Activities allowed and unallowed**
- 2. Allowable costs/cost principles (A-122)**
- 3. Cash management**
- 4. Davis-bacon act**
- 5. Eligibility**
- 6. Equipment and real property management**
- 7. Matching, level of effort, and earmarking**
- 8. Period of availability of funds**

COMPLIANCE REQUIREMENTS

(continued)

- 9. Procurement and suspension and debarment**
- 10. Program income**
- 11. Real property acquisition and Relocation assistance**
- 12. Reporting**
- 13. Subrecipient monitoring**
- 14. Special tests and provisions**



HOW TO DETERMINE WHICH REQUIREMENTS APPLY

AUDITOR / AUDITEE RESPONSIBILITY:

- Compliance Matrix in Supplement
- Read Grant Agreements
- Discussions with Individuals within Organization
- Make Inquiries of Granting Agency Personnel

INTERNAL CONTROLS

- **Definition of internal controls**
- **Segregation of duties**
- **Management's responsibility**
- **Used in the detection of fraud**



Compliance Requirements – Activities Allowed and Unallowed and Allowability/Cost Principles (A-122)

- **Internal Control**

- Obtain an understanding of the internal control structure and test internal controls sufficient to support the low assessed level of control risk.

- **Compliance**

- Gain an understanding of grant activities.
- Review allowability in accordance w/OMB Circular A-122.

COMPLIANCE REQUIREMENTS – CASH MANAGEMENT

- **Internal Control**

- Obtain an understanding of the internal control structure and test internal controls sufficient to support the low assessed level of control risk.

- **Compliance**

- Advances vs. Reimbursements
- Test a sample of draw downs to determine that the internal control procedures are followed
- Interest earned on advances

COMPLIANCE REQUIREMENTS – DAVIS BACON ACT

- **Internal Control**

- Obtain an understanding of the internal control structure and test internal controls sufficient to support the low assessed level of control risk.

- **Compliance**

- Select a sample of construction contracts and perform the following:
 - Verify that the required prevailing wage rate clauses were included
 - Verify that the contractor submitted weekly the required certified payrolls

COMPLIANCE REQUIREMENTS- ELIGIBILITY

- **Internal Control**

- Obtain an understanding of the internal control structure and test internal controls sufficient to support the low assessed level of control risk.

- **Compliance**

- Eligibility for individuals
- Eligibility for Group of Individuals or Area of Service Delivery
- Eligibility for Sub-recipients

COMPLIANCE REQUIREMENTS - EQUIPMENT AND REAL PROPERTY MANAGEMENT

- **Internal Control**

- Obtain an understanding of the internal control structure and test internal controls sufficient to support the low assessed level of control risk.

- **Compliance**

- Inventory Management of Equipment
- Physical inventory taken every two years
- Trace selected purchases to property records
- Physical inspection of the property
- Disposition of Equipment and Real Property



COMPLIANCE REQUIREMENTS – MATCHING, LEVEL OF EFFORT, EARMARKING

- **Internal Control**

- Obtain an understanding of the internal control structure and test internal controls sufficient to support the low assessed level of control risk.

- **Compliance**

- Verify that required matching contributions were met
- Determine the source of matching contributions and verify that it is an allowable source
- Verify the reasonableness of values assigned to in-kind contributions
- Verify that the level of effort requirements and percentage or dollar requirements for earmarking are met

COMPLIANCE REQUIREMENTS – PERIOD OF AVAILABILITY

- **Internal Control**

- Obtain an understanding of the internal control structure and test internal controls sufficient to support the low assessed level of control risk.

- **Compliance**

- Review the grant documents to determine the period of availability.
- Test a sample of transactions charged to the Federal award before, during, and after the end of period of availability.

COMPLIANCE REQUIREMENTS – PROCUREMENT AND SUSPENSION AND DEBARMENT

- **Internal Control**

- Obtain an understanding of the internal control structure and test internal controls sufficient to support the low assessed level of control risk.
- Obtain the Organization's procurement policies and verify that the policies comply with federal requirements.

- **Compliance**

- Verify that contract files exist and that they document a significant history of procurement including the following:
 - Rationale for the chosen method of procurement
 - Selection of contract type
 - Contractor selection or rejection
 - Basis of contract price
 - Cost or price analysis
 - Contract modifications
 - Justification for any limitation on competition
 - www.epls.gov

COMPLIANCE REQUIREMENTS - PROGRAM INCOME

- **Internal Control**

- Obtain an understanding of the internal control structure and test internal controls sufficient to support the low assessed level of control risk.

- **Compliance**

- Program income may be used in one of three ways and requires specific approval from the grantor:
 - deducted from outlays
 - added to the project budget
 - used to meet matching requirements



COMPLIANCE REQUIREMENTS – REAL PROPERTY ACQUISITION AND RELOCATION ASSISTANCE

- **Internal Control**

- Obtain an understanding of the internal control structure and test internal controls sufficient to support the low assessed level of control risk.

- **Compliance**

- Property Acquisitions – Appraisal, Negotiations, and Residential Relocations
- Replacement Housing Payments
- Rental or Downpayment Assistance
- Business Relocations – Moving expenses and Business reestablishment expenses

COMPLIANCE REQUIREMENTS - REPORTING

- **Internal Control**

- Obtain an understanding of the internal control structure and test internal controls sufficient to support the low assessed level of control risk.

- **Compliance**

- **Financial Reports**

- Select a sample of reports and trace amounts reported to GL.
- Review reports for clerical accuracy and timely filing.
- Obtain written representation from management that the reports provided are true copies of the reports submitted to the grantor.

- **Performance Reports**

- Verify that the data was accumulated and summarized in accordance with the stated criteria.

COMPLIANCE REQUIREMENTS - SUBRECIPIENT MONITORING

- **Internal Control**

- Obtain an understanding of the internal control structure and test internal controls sufficient to support the low assessed level of control risk.

- **Compliance**

- Ascertain whether the Organization has provided sub-recipient's with the necessary guidelines and has monitored the sub-recipient's activities and reports.
- Obtain copies of each sub-recipient's audit report and verify that the effects of the sub-recipient's non-compliance are properly reflected in the pass-thru entity's records.

COMPLIANCE REQUIREMENTS - SPECIAL TESTS

- **Internal Control**

- Obtain an understanding of the internal control structure and test internal controls sufficient to support the low assessed level of control risk.

- **Types of Special Tests**

Examples from a DHHS Grant:

- Review Panel must consist a minimum of 5 people
- The panel must include an employee of the state or local health department
- Submit a letter that lists the members of the panel, the members affiliation, and the project director
- Keep on file of the voting results signed by the program review panel that states the vote for approval or disapproval of each proposed item

AUDITOR'S REPORTING PACKAGE

- **Audited financial statements**
- **Schedule of expenditure of federal awards**
- **Summary schedule of prior audit findings**
- **Corrective action plan**
- **Auditor's report(s), including a schedule of findings and questioned costs**
- **Data collection form**



OMB CIRCULAR A-122 KEY DEFINITIONS

- **Allowable**
- **Reasonable**
- **Allocable**
- **Cost Types**
- **Unallowable**

DEFINITION: ALLOWABLE

TO BE ALLOWABLE, COSTS MUST BE:

- Reasonable and allocable
- Conform to any limitations or exclusions set forth in the cost principles or the award
- Be consistent with policies and procedures afforded all activities of the organization
- Be accorded consistent treatment
- Be determined in accordance with GAAP
- Not already be included in a cost sharing or matching requirement
- Be adequately documented

“ADEQUATELY DOCUMENTED”

- **Key essentials of “adequate documentation”:**
- **Contemporaneous – done at or close to the time of the event**
- **Sufficient – does not require additional explanation or support**
- **Documents exceptions or changes – describes changes to original information, as necessary**

DEFINITION: REASONABLE

- **A cost is reasonable if, in its nature or amount:**
 - It does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs.
 - The question of the reasonableness of specific costs must be scrutinized with particular care in connection with organizations or separate divisions thereof which receive the preponderance of their support from awards made by Federal agencies.

DEFINITION: ALLOCABLE

A cost is allocable to a particular cost objective, such as a grant, contract, project, service, or other activity, in accordance with the relative benefits received. A cost is allocable to a federal award if it is treated consistently with other costs incurred for the same purpose in like circumstances and if it:

1. Is incurred specifically for the award.
2. Benefits both the award and other work and can be distributed in reasonable proportion to the benefits received, or
3. Is necessary to the overall operation of the organization, although a direct relationship to any particular cost objective cannot be shown.

Any cost allocable to a particular award or other cost objective under these principles may not be shifted to other federal awards to overcome funding deficiencies, or to avoid restrictions imposed by law or by the terms of the award

COST TYPES

Direct costs, where the final cost objective is known or a single cost objective or program benefits.

Indirect costs, incurred for common or joint purposes benefiting more than one cost objective, but which are not readily identified or assigned to the benefiting cost objective (and usually recovered through an indirect cost rate).

DEFINITION: UNALLOWABLE

- Those specifically identified in the grant or contract as being unallowable.
- Specifically identified in A-122 as being unallowable.
- Does not meet the criteria listed in A-122 to be allowable.

ALLOWABLE VS. UNALLOWABLE

Allowable	Unallowable
<u>Advertising</u> : Recruitment, Procurement & Disposal	<u>Advertising</u> : Promotional, gifts and souvenirs
Communications	Alcoholic beverages / entertainment
Compensation (Does your Organization use Timesheets?)	Contingency provisions
Depreciation/amortization	Contributions / Donations
Equipment as direct charge	Equipment as a indirect charge
	Fines and penalties
	Goods and services for personal use

ALLOWABLE VS. UNALLOWABLE

(continued)

Allowable	Unallowable
Insurance	Housing and living allowance (unless approved in advance by awarding agency)
Labor relations costs	Interest
	Investment fees and council
Lobbying	Lobbying
Maintenance costs	Losses on other awards
Materials and supplies	Organizational costs, unless approved by awarding agency in advance
Meetings and conferences	Country clubs

ALLOWABLE VS. UNALLOWABLE (continued)

Allowable	Unallowable
Pre-award costs, to negotiate contract, and approved by awarding agency	
Professional services	
Relocation costs	Relocation costs
Selling and marketing	
Severance	
Taxes	
Travel costs, economy/coach	Travel costs, first class

SELECTING AN AUDIT FIRM

Considerations

- Experience with NPOs of similar size (total assets or revenues)
- Experience with OMB Circular A-133, of similar size (total federal awards)
- Board of Directors referrals / recommendations
- Unsolicited recommendations
- Fees

SELECTING AN AUDIT FIRM

OUTLINE OF REQUEST FOR PROPOSAL (RFP)

- **Background of your organization, previous audits and Federal Form 990 (also available on Guidestar.org)**
- **Services to be performed:**
 - Professional experience
 - Team qualifications
 - Audit approach
 - Communication
 - Timing
 - Fees
- **References – request 3**
- **Key contacts within your Organization**

REFERENCE MATERIALS

- **OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations**
- **OMB Circular A-122, Cost Principles for Non-Profit Organizations**
- **OMB Circular A-110, Uniform Administrative Requirements for Grants and Cooperative Agreements With Institutions of Higher Education, Hospitals and Other Non-profit Organizations**
- **Government Auditing Standards (Yellow Book)**
- **OMB Circular A-133 Compliance Supplement (Updated annually around March)**
- **Catalog of Federal Domestic Assistance (CFDA)**
- **Checkpoint, Government Documents Library, Single Audits, AAG Government Auditing Standards and Circular A-133 Audits**

WEBSITES

- OMB Web Site www.whitehouse.gov/OMB/
(look under grants management)
- GAO Web Site www.gao.gov
- Catalog of Federal Domestic Assistance Web Site www.cfda.org
- Federal Audit Clearing House
<http://harvester.census.gov/sac>



THANK YOU!

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Staying Compliant with Successful Accounting Controls and Procedures

Presented by Brian McQuade

McQuade Brennan LLP

Overview

- Today we will discuss some key steps to create a strong internal control environment.
- We will focus on some best accounting practices for charter schools as well as effective ways to maintain compliance with Federal programs.
- Putting forth the time and effort to establish strong bookkeeping makes compliance less of a headache, and it will keep OSSE happy!

Preventing and Detecting Errors and Fraud

- The basis for a solid internal control environment is adequate review and segregation of duties.
- Divide key processes, such as expense approval and check signing, between the accounting department and other departments.
- Executive Director involvement is critical.
- Consider requiring Board approval for large checks/ expenditures greater than \$5,000.

- **Staying Compliant with Federal Standards**
 - A federal expenditure is any purchase or disbursement that is made using funds from a federal source.
 - Expenditures greater than **\$500,000** in a fiscal year require an A-133 audit.
 - **REMEMBER:** Even if the funds come from OSSE, they most likely were passed through from a Federal Agency.

Allowable Costs/Activities

- The auditee's compliance responsibility is to ensure that the procurement, receipt and payment for goods and services comply with provisions of the grant agreement.
- The underlying premise of allowability is that the government wants to pay its fair share for reasonable and necessary costs related to the purpose of the grant.
- Make sure that invoices are reviewed and approved by an individual knowledgeable of allowable costs according to OMB circulars A-122 and A-133.
- Costs must be supported by adequate documentation, such as vendor invoice, purchase order, etc.

Some Common Unallowable Costs

- Some common unallowable costs include alcohol, lobbying expenses, and payment of fines.
- Using Federal funds to fulfill matching obligations on other Federal grants.
- Ultimately, allowability depends on the specific terms of the federal award.
- When in doubt, consult the awarding agency.
- Please see www.whitehouse.gov for a full copy of OMB circular A-122.

Payroll

- Every employee should have a complete personnel file with the related background checks, tax information, and current salary/hourly rate.
- Timesheets are a great way to keep track of time charged to different grant programs.
- A strong control is to have the Executive Director review each payroll report and sign-off to show his/her approval.

Revenue and Cash Receipts

- Ensure that revenue is recognized in the proper period; some grants pay in advance, leading to deferred revenue, while others are cost-reimbursable and lead to receivable balances.
- For cost-reimbursable grants, make sure to maintain all supporting documentation for reimbursement requests and have these requests reviewed by someone knowledgeable of A-133 requirements.
- Many clients set up each grant as a separate “job” or “class” in their accounting software in order to more effectively keep track of revenues and expenditures for each individual grant.

Monthly Close and Bank Reconciliation

- The Executive Director should receive the unopened bank statements each month and review before forwarding to the accounting department.
- The accounting department should reconcile each bank statement on a monthly basis.
- A solid control step is to have the accounting department sign each reconciliation and then have the Executive Director sign off to document his/her review.

Monthly Close and Bank Reconciliation

- Perform a monthly review and reconciliation of key accounts.
- Ensure that revenues and expenses are accrued in the proper period.
- Maintaining accurate accruals is key for complying with US GAAP and many federal compliance requirements.
- Budget vs. Actual analysis
- Many clients have a journal entry checklist to ensure that no closing entries are missed.

Reporting

- If accurate books are maintained, it becomes much easier to generate the reports you need.
- Before submitting a report, have someone knowledgeable of A-133 requirements review the report and supporting documentation for accuracy.
- Create a checklist to keep track of monthly, quarterly, and annual reporting requirements. These can be incorporated in your monthly close checklist.

Questions?

- Staying compliant and developing a strong internal control environment can be challenging; we are here to help.
- Consulting an outside expert can be an effective step to ensure that you have an efficient and effective accounting system in place.
- www.mcquadebrennan.com



Preparing for OMB A-133 Compliance Audits

Presented by Christopher Powell, MBA, CPA
Manager, FS Taylor & Associates, P.C.
Community-Based Organizations Grant Management Conference
Tuesday, September 17, 2013



OVERVIEW

- General Requirements
- BEFORE the Audit – How to Prepare
- DURING the Audit – What to Expect
- AFTER the Audit – Responding to Findings and Implementing Corrective Action Plans
- Common Findings and Best Practices to Address Them
- Resources and Links



GENERAL REQUIREMENTS

- When is an A-133 Compliance audit required?
 - \$500k or more in Federal expenditures
 - Required by funding agency
- Compliance with all pertinent requirements
 - General requirements outlined in OMB Circular A-133 Part 3
 - Requirements specific to the Federal program outlined in OMB Circular A-133 Part 4 or 5
 - Additional requirements outlined in the grant award
- Submit audit report package to Federal Audit Clearinghouse
 - Must be processed electronically
 - Submitted earlier of 30 days after receipt of the audit report or 9 months after fiscal year end



BEFORE THE AUDIT – HOW TO PREPARE

- Contact grantor/funding agency
 - Timing of funding
 - Requirements outlined in the award
 - Expectations related to performance of the grant
- Research A-133 requirements
- Ensure program personnel are kept abreast of current and upcoming applicable regulations and laws



BEFORE THE AUDIT – HOW TO PREPARE

- Perform an overall risk assessment of financial reporting and compliance
 - Identify those areas that are susceptible to errors of non-compliance
 - Instances of non-compliance or material adjustments from previous audits
 - Correspondence with grantors and oversight agencies
 - Internal discussions with program personnel, management, and audit committee
 - Implement new controls or revise existing controls to address deficiencies
- Ensure accounting system is properly designed for adequate reporting
 - Identify and report on Federal expenditures at the grant level
 - Track federal costs to monitor determine available funding



BEFORE THE AUDIT – HOW TO PREPARE

- Prepare the SEFA with all pertinent information
 - Expenditures by federal program
 - Includes the following for each program:
 - Federal funding agency
 - Pass-through agency (if not a direct award)
 - CFDA or other identifying grant number
- Reconcile expenditures to the accounting system to ensure consistency
- Designate program personnel to coordinate all audit requests



DURING THE AUDIT – WHAT TO EXPECT

- Provide the SEFA to the auditor prior to the beginning of the audit
 - Planning and risk assessment
 - Program determination
 - Identify pertinent compliance requirements
 - Prepare list of items that will be needed for the audit
 - Provides sufficient time for client to do final preparations prior to the audit



DURING THE AUDIT – WHAT TO EXPECT

- Program designee should ensure compilation of all requested audit information
- Document processes and controls in place related to financial reporting of federal costs and compliance with related requirements
- Meet with auditor to discuss any significant changes or updates from prior year
 - Regulations applicable to program
 - New or significant program activities
 - Revisions to control processes
 - Changes to program personnel



DURING THE AUDIT – WHAT TO EXPECT

- Common forms of documentation requested:
 - Grant awards
 - Budgets
 - Details of federal costs for each federal program
 - Invoices
 - Reimbursement requests/draws on federal grants
 - Lists of beneficiaries of program services and sub-grantees to whom federal funds were passed
 - Financial and performance reports required under the program



AFTER THE AUDIT – RESPONDING TO FINDINGS AND IMPLEMENTING CORRECTIVE ACTION PLANS

- Meet with audit engagement team and grant personnel
 - Gain a clear understanding of potential findings
 - Cause of finding
 - Context
 - Criteria
 - Effect
 - Questioned costs
 - Provide additional documentation to potentially resolve finding
- Internal meeting with personnel
 - Analyze cause of finding to determine most effective solution
 - Revisit controls around affected processes
 - Revise existing controls and/or implement additional controls



AFTER THE AUDIT – RESPONDING TO FINDINGS AND IMPLEMENTING CORRECTIVE ACTION PLANS

- Provide auditors with final corrective action plans
- Finalize audit process by processing Data Collection Form
- During–the–year monitoring
 - Periodic meetings with program personnel to reinforce new/revised controls
 - Increase monitoring over affected areas
 - Common examples:
 - Disbursements – require additional level of approval
 - Reporting – designate alternative personnel to prepare in case primary person is unable
 - Sub-recipient monitoring – increase number or frequency of site visits



COMMON FINDINGS AND BEST PRACTICES TO ADDRESS THEM

- Activities Allowed/Allowable Costs
 - Findings:
 - Travel costs in excess of federal per diem rates
 - Salaries/fringe are not properly allocated to federal programs
 - Resolutions:
 - Have Program Manager disseminate GSA rates to all personnel who may have related costs charged to grant
 - Require that personnel attach print-out of relevant GSA rates and attach to other receipts when requesting reimbursement
 - Ensure timesheets properly identify specific fund codes for each project/program an employee works on
 - Allocate salaries to the general ledger based on respective fund codes which relate to designated projects
- Cash Management/Period of Availability
 - Finding:
 - Large amount of unexpended funds close to grant close
 - Resolutions:
 - Work with Program and Budget Managers early in the grant performance period to identify activities and projects
 - Perform regular budget-to-actual comparisons to identify over/under spending
 - If necessary, contact grantor to discuss grant extensions to avoid loss of funds



COMMON FINDINGS AND BEST PRACTICES TO ADDRESS THEM

- Equipment and Real Property Management
 - Findings:
 - Assets acquired with federal funds are not properly designated
 - Required physical inventory is not performed on a regular basis
 - Resolutions:
 - Create identifiers (labels, stickers, ID tags) and place on all assets acquired with federal funds
 - Designate a program personnel to monitor asset tracking and perform a physical inventory annually
- Procurement
 - Finding:
 - Lack of documentation of review of contractors' suspension/debarment status
 - Resolutions:
 - At the time a contract is awarded, print out search from System for Award Management database and include and contract/vendor file
 - Additional searches are required if contract is extended beyond original term



COMMON FINDINGS AND BEST PRACTICES TO ADDRESS THEM

- Reporting
 - Finding:
 - Reports required under the grant are not submitted by the established deadline
 - Resolutions:
 - Contact grantor and review grant award for reporting requirements
 - Types of reports required (financial, performance, progress narratives)
 - Information to include in reports
 - Frequency of reporting
 - Basis in which reports are to be prepared (cash vs. accrual)
 - Ensure Program Manager and other program designees (Director, Grant Accountant) are provided with schedule of deadlines
 - Designate and train alternative personnel of report composition and submission in case primary is absent or unable to perform



COMMON FINDINGS AND BEST PRACTICES TO ADDRESS THEM

- Sub-Recipient Monitoring
 - Findings:
 - On-site monitoring of sub-grantees is inadequate
 - Not enough sub-grantees are monitored
 - Frequency of monitoring is not sufficient to properly determine if funds are spent in accordance with grant requirements
 - Failure to ensure compliance with FFATA requirements
 - Resolutions:
 - Develop a system to identify higher risk sub-grantees
 - Consider annual site visits for these recipients
 - For lower risk grantees, triennial site visits or other methods of monitoring may be more appropriate
 - Program Manager should check CCR website to ensure grantees are properly registered, if applicable



COMMON FINDINGS AND BEST PRACTICES TO ADDRESS THEM

- Reporting on Federal Expenditures
 - Findings:
 - SEFA does not include all federal expenditures
 - Failing to properly accrue federal costs incurred
 - Not including indirect federal grants (funds awarded from federal agency to state/local agency, then passed through to organization)
 - ARRA funds not being separated or properly designated on SEFA
 - SEFA does not include all required information
 - Resolutions:
 - As part of month/year-end closing process, review invoices that are received after year-end to determine if costs related to current fiscal period
 - Grants Manager should review all grant award notices to determine the ORIGINAL source of the funds
 - Multiple levels of personnel should review SEFA to ensure all required information is included



RESOURCES AND LINKS

- Office of Management and Budget (OMB Circular A-133 Compliance Supplement
 - http://www.whitehouse.gov/omb/circulars/a133_compliance_supplement_2013
- Catalog of Federal Domestic Assistance
 - <https://www.cfda.gov/>
- Internet Data Entry System
 - <https://harvester.census.gov/fac/collect/ddeindex.html>
- System for Award Management
 - <https://sam.gov/>