Preparing for a Single Audit

Introductions

Don Shaw, Speaker
 - *Audit Principal, Lauterbach & Amen, LLP*
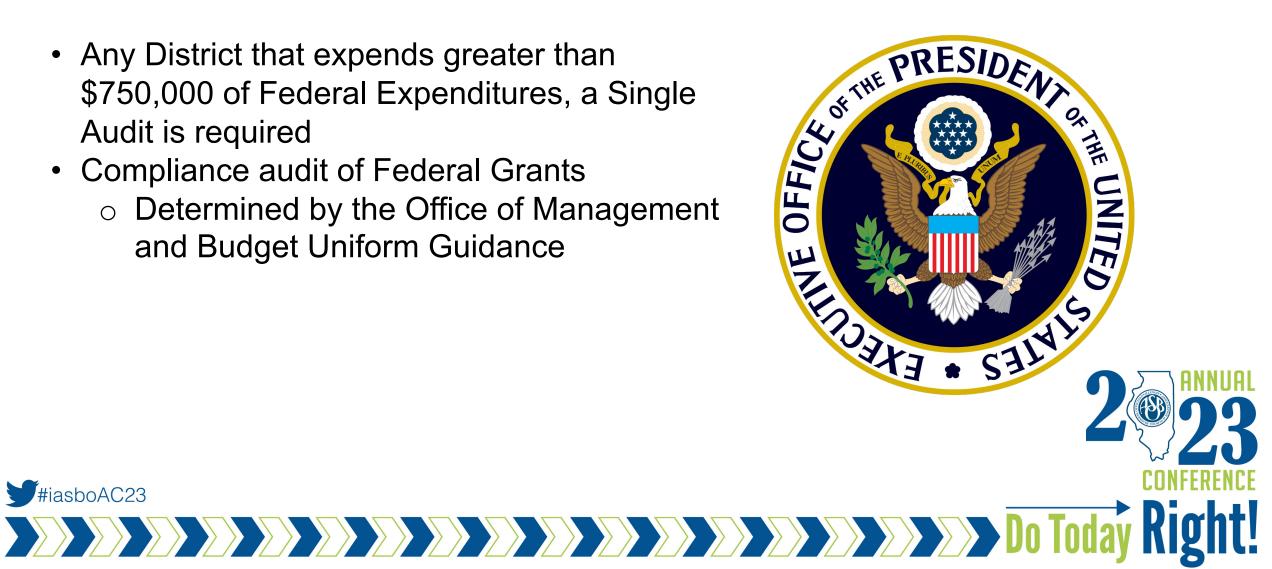
Chuck Gusswein, Speaker
 - *Audit Manager, Wipfli LLP*

What is a Single Audit?

- Any District that expends greater than $750,000 of Federal Expenditures, a Single Audit is required
- Compliance audit of Federal Grants
  - Determined by the Office of Management and Budget Uniform Guidance

Schedule of Federal Expenditures

- Summary of all Federal Grants
- Must include:
  - **Cluster Name**: Grouping of closely related programs that share common compliance requirements (Child Nutrition Cluster, IDEA Special Education, Medicaid Cluster)
  - **Federal Grant Agency**: Original Source of funds (Department of Education)
  - **Pass-Through Agency**: Who District receives the funds from (Illinois State Board of Education)
  - **Program Title**: Name of Program
  - **Federal Assistance Listing #**: Specific # associated with Grant/Program (ex. 84.425)
  - **Program/Grant #**: Provided on grant agreement/application (ex. 2022-4210)
  - **Expenditures:** Amount of funds spent in the fiscal year
  - **Amount Provided to Subrecipients**: Funds provided to another entity

Low Risk Auditee Determination

- Determines how much Auditor needs to test

- Single Audit Performed in previous 2 years (must be consecutive) AND:
    1. In conformance w/ GAAP
    2. Unmodified Opinion in both years
    3. No material weaknesses in both years
    4. No Going Concern
    5. Major Programs:
        a) Unmodified Opinion
        b) No Material Weaknesses
        c) No Questioned Costs (unallowed costs) in previous 2 years on Major Programs

Compliance Requirements

- OMB releases Compliance Supplement each year to identify the compliance requirements the Federal Government expects to be considered for Single Audit Purposes
- Each CFDA # has it's own separate Compliance Requirement
- What we are testing to ensure the funds received are being spent correctly
- https://www.whitehouse.gov/omb/office-federal-financial-management/

Types of Compliance

A. Activities Allowed/Unallowed

B. Allowable Cost/ Cost Principles

C. Cash Management

D. N/A

E. Eligibility

F. Equipment/ Real Property Management

G. Matching, Level of Effort, Earmarking

H. Period of Performance

I. Procurement, Suspension & Debarment

J. Program Income

K. N/A

L. Reporting

M. Subrecipient Monitoring

N. Special Tests & Provisions

Most Common Compliances

A. Activities Allowed/Unallowed

   - "...activities that can or cannot be funded under a specific program"
   - What is the District doing with the funds?
     - Instructional, Special Education, Food Services

B. Allowable Cost/Cost Principles

   - What types of expenditures is the District spending the funds?
     - Salaries, benefits, supplies, equipment

Most Common Compliances

C.   Cash Management
*   Timing of when funds are received
*   Advances: receive money upfront and spend the funds down
*   Reimbursement based
    *   Most Common
    *   District expends _allowable costs_ up front and gets reimbursed for expenses

E.   Eligibility
*   Who can benefit from the funding?
*   Non-Community Eligibility Provision Building, applications must be submitted for free & reduced lunch
*   Based on household size, income

Most Common Compliances

G. Matching, Level of Effort, Earmarking

- Local contributions to program, not reimbursed (Matching)
- Required levels of services, or required level of local spending ("supplement not supplant") → Maintenance of Effort (MOE calculation)
- Minimum and/or maximum of funds set aside

H. Period of Performance

- Time Period of when funds need to be spent (Grant Program Year)
- 6/30 vs. 9/30 grant periods

Most Common Compliances

L.   Reporting

- Performance Reports
- Filed through grant agency (iWAS)
- Meet filing deadlines
- Agree to supporting documentation (General Ledger)

We have a Single Audit, now what?

Best Practices

- Implement appropriate Internal Control Procedures
  - Proper segregation of duties
  - Approval of expenditures (approve invoice, purchase orders, time sheets)
  - Approval of eligibility applications
  - Approval & review of reports submitted
  - Document! No proof, didn't happen!
- Document Procedures
- Highlight key deadlines

Types of Findings

- Control Finding
  - Lack of internal controls
  - Internal controls failed
- Compliance Finding
  - District did not follow compliance requirements
    - Unallowed Costs
    - Missed reporting deadlines

Questions and Answers

We thank you for your time!

Do Today Right!

ANNUAL 2023 CONFERENCE

Presenters:

MODERATOR INFO:

Name, Job Title; School District
(123) 456-7890; email

PANELISTS INFO:

Don Shaw, *Audit Principal, Lauterbach & Amen, LLP*
dshaw@lauterbachamen.com

Chuck Gusswein, *Audit Manager, Wipfli LLP*
chuck.gusswein@wipfli.com