

Process of a Single Audit

Olivia Bernitt, SFS Auditor, DPI

Greg Pitel, CPA, Partner, KerberRose

Brianna Olson, CPA, Manager, KerberRose

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Jill K. Underly, PhD, State Superintendent

Process of a Single Audit Agenda

- **What is a Single Audit?**
- **When is a Single Audit Required?**
- **OMB Compliance Supplement**
- **Written Procedures**
- **How to Prepare for a Single Audit**
- **What to Expect During the Single Audit**
- **What to Expect After the Single Audit**

What is a Single Audit?

- **An audit of federal funds as required by 2 CFR part 200, subpart F of Uniform Guidance to determine that the receiving entity was in compliance with the direct and material compliance requirements of the program per the OMB Compliance Supplement. Specific Auditee responsibilities are Sections 200.508-512**
- **Authority of the Single Audit comes the Single Audit Act of 1984, then updated in the Single Audit Act Amendments of 1996**

What is a Single Audit?

Specific Auditee responsibilities are Sections 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

What is a Single Audit?

- Single audits are used to provide assurance to the federal agencies granting the funds that the use of the funds is in compliance with the program's requirements and **Uniform Guidance**.
- The single audit for Districts includes:
 - the financial statement audit in accordance with AICPA standards (GAAS) and *Government Auditing Standards* (Yellowbook or GAGAS) **AND** a compliance audit in accordance with GAAS and Uniform Grant Guidance

When is a Single Audit Required?

- **Non-Federal entities that expend \$750,000 or more in a fiscal year in Federal awards shall have a single or program-specific audit conducted in accordance with the provisions of the Uniform Grant Guidance.**
- **A single audit is required annually for districts that expend \$750,000 or more in a fiscal year in Federal awards.**

OMB Compliance Supplement

- The OMB Compliance Supplement details the compliance requirements that the awarding agency expects the auditor to test and suggests audit procedures.
- The compliance supplement for 2023 was issued May 19, 2023.
- Link to the compliance supplement:
<https://www.whitehouse.gov/omb/management/office-federal-financial-management/>

OMB Compliance Supplement

- **The compliance supplement is made up for 8 parts:**

Part 1 – Background, Purpose, and Applicability

Part 2 – Matrix of Compliance Requirements

Part 3 – Compliance Requirements

Part 4 – Agency Program Requirements

Part 5 – Cluster of Programs

Part 6 – Internal Controls

Part 7 – Guidance for Auditing Programs Not Included in this Compliance Supplement

Part 8 – Appendices

OMB Compliance Supplement

Department of Education

- 84.010 Title I Grants to Local Educational Agencies (Title I, Part A Of The ESEA)
- 84.011 Migrant Education-State Grant Program (Title I, Part C Of ESEA)
- 84.027 Special Education—Grants to States (Idea, Part B)
- 84.041 Impact Aid (Title VII of ESEA)
- 84.048 Career and Technical Education—Basic Grants to States (Perkins V)
- 84.173 Special Education—Preschool Grants (Idea Preschool)
- 84.282 Charter Schools
- 84.287 Twenty-First Century Community Learning Centers
- 84.365 English Language Acquisition State Grants
- 84.367 Supporting Effective Instruction State Grants
- 84.424 Student Support and Academic Enrichment Program
- 84.425 Education Stabilization Fund (ESF)
- 84.425D Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act

OMB Compliance Supplement

Department of Agriculture

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

Department of Health and Human Services

- **93.778 Medical Assistance Program**

OMB Compliance Supplement

Part 2 – Matrix of Compliance Requirements

- There are 12 compliance requirements that could be applicable to be tested for each federal program.
- The Matrix indicates what compliance requirement is subject to audit for each Federal program listed.

OMB Compliance Supplement

Part 3 – Compliance Requirements (applies to all grants)

- Each of the 12 compliance requirements have suggested audit procedures that Districts should familiarize themselves with
- The 12 compliance requirements are:
 - 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

OMB Compliance Supplement

Part 4 – 12 compliance requirements from the Compliance Supplement for Title I are:

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

- **Auditors will ask to review written procedures;**
- **For single audits, if there are no written procedures there will be a finding; and**
- **A finding will lead to terms and conditions being added to the subrecipient's grants through DPI's annual risk assessment.**
- **DPI does not provide sample written procedures.**
- **Part 6 of the compliance supplement**

Written Procedures

- Written procedures are not policies. A policy may state, “*Only allowable costs will be charged to the XXX grant.*”
- The procedures are the district’s internal steps for ensuring that only allowable costs will be charged to the grant.
- Required to have written procedures for allowable costs, cash management, purchasing and conflict of interest
- Uniform Grant Guidance Written Procedures:
<https://dpi.wi.gov/wisegrants/uniform-grant-guidance/writtenprocedures>

Written Procedures

- **Allowability of Costs:**

Required written procedures must address how the subrecipient is ensuring that costs on the federal grant, and ultimately claimed, are allowed under the individual Federal program and in accordance with the cost principles established in the Uniform Grant Guidance. 200.302(b)(7)

For payroll, this includes documentation of time and effort. Charges to federal awards must be based on records that accurately reflect the work performed.

Written Procedures

- **Cash Management:**

Required written procedures must address both advance payments and cost reimbursement. The written procedures should include steps involved in obligating, liquidating, and claiming of federal funds, 200.302(b)(6) and 200.305

Cost reimbursement is requesting federal funds for expenditures *after* they have been liquidated.

Advance payment is requesting federal funds for expenditures not yet incurred.

Written Procedures

- **Procurement:**

The district must use its own documented procurement procedures which reflect applicable State and local regulations, provided that the procurements conform to applicable Federal laws and the UGG, 200.319(d)

The district must have written procedures regarding solicitations to ensure that all procurement transactions are conducted in a manner providing full and open competition.

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

Written Procedures

- **Procurement:**

The district must maintain records sufficient to detail the history of procurement. Records must include, but not limited to:

200.318(i)

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

Written Procedures

- **5 Methods of Procurement 200.320**
 - 1) **Micro-purchase**
 - 2) **Small Purchase**
 - 3) **Sealed Bids**
 - 4) **Competitive Proposals**
 - 5) **Noncompetitive Proposals**

Suspension and Debarment

- **Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred.**
- **Must verify the entity is not suspended or debarred**
 - **System for Award Management ([SAM.gov](https://www.sam.gov))**
 - **Certification from entity**
 - **Clause or condition**

How to Prepare 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

How to Prepare 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:						
<u>Child Nutrition Cluster</u>						
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	84.010A	2022-133794-DPI-TIA-141	20,919	20,919	78,897	78,897
<u>Special Education Cluster (IDEA)</u>						
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-TIVA-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

How to Prepare 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**

Where to Review Findings

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting	
Material weakness identified?	Yes
Significant deficiency identified?	Yes
Noncompliance material to the financial statements?	No

Federal Awards

Internal control over major programs	
Material weakness identified?	No
Significant deficiency identified?	None Reported
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major federal programs:

ALN	Name of Federal Program
10.553	Child Nutrition Cluster
10.555	School Breakfast Program
10.559	National School Lunch Program
	Summer Food Service Program for Children
84.425	Elementary and Secondary School Emergency Relief
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B Programs

\$750,000

Auditee qualified as a low-risk auditee?

No

State Awards

Internal control over major programs	
Material weakness identified?	No
Significant deficiency identified?	None Reported
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with State Single Audit Guidelines or the Wisconsin Department of Public Instruction Audit Manual?	No

Identification of state programs with required procedures

State I.D. Number	Name of State Program
255.101	Handicapped Pupils and School Age Parents
255.107	Pupil Transportation
255.201	General Equalization

Where to Review Findings

Section II - Financial Statement Finding, Continued

Finding No.

2022-002

Material Account Adjustments

Prior Year Audit Finding:

2021-002

Criteria:

Management is responsible for maintaining internal controls and its accounting records in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

Condition:

During our audit, we identified and proposed adjustments (which were approved and posted by management) that were material, either individually or in the aggregate, to the District's financial statements.

Cause:

While District staff maintains financial records which accurately report revenues and expenditures throughout the year, preparing year end adjusting and closing entries required additional expertise that would entail additional training and staff time to develop.

Effect:

Year-end financial records prepared by the District prior to audit procedures may contain material misstatements.

Recommendation:

We recommend that management and the District Board continue to monitor the transactions and the financial records of the District. We recommend the District perform a risk assessment of its operations and current procedures to identify and implement mitigating controls to reduce the risk of errors and fraud.

Management's Response:

The District is aware of the reasons for the material account adjustments and will take necessary action to implement procedures for preparation for year-end adjustments.

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**

Proposed Changes to UGG

- **Increase in Single Audit Threshold from \$750,000 to \$1,000,000**
- **Raise in equipment threshold from \$5,000 per unit to \$10,000 per unit**
- **Updating “plain language”**

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!

Olivia Bernitt, SFS Auditor, DPI

608.261.2137

Olivia.Bernitt@dpi.wi.gov

Greg Pitel, CPA, Partner, KerberRose

715.318.7737

Greg.Pitel@kerberrose.com

Brianna Olson, CPA, Manager, KerberRose

715.318.7726

Brianna.Olson@kerberrose.com

Visit our website: <http://dpi.wi.gov/sfs>

