

Strategies for Navigating the Tribal TANF Program Audit Process



PRESENTED BY:

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Audit Legislation & Regulations

Single Audit Act of 1984

Single Audit Act Amendments of 1996

OMB Circular A-133 – annual updates

**Uniform Guidance – 45 CFR 75,
Subpart F – Audit requirements**

Who is audited...

- Non-Federal Entities (NFE)
 - State governments
 - Local governments
 - **Indian tribes**
 - Institutions of higher education
 - Nonprofit organizations

Who is Audited?

- **+\$750,000 - Non-Federal Entities (NFE)** expending \$750,000 or more in Federal funds in a year.
- **<\$750,000 - NFE** expending less than \$750,000 in Federal awards are **exempt**, however records must be available for review

Audit Cycle

- Auditors provide an Audit Package & SF SAC to the Federal Audit Clearinghouse
- Federal Audit Clearinghouse - Review
- National External Audit Review Center (NEAR) – Review, recommendations and assignment – **Changes coming**



ACF Responsibilities

- **Audit Resolution**
- **Penalty Action**
- **Yes, Penalty Assessed – OFA penalty letter**
- **No Penalty Assessed – ACF audit determination letter**

Grantee Responsibilities

- Ensure TANF funds are used for **allowable** costs
- Understand Award **Terms & Conditions** & **TTANF Plan**
- Submit required Federal Reports
- Required audits are performed and submitted timely
- Follow-up/Take **Corrective Action** on findings
 - **Written** response to findings:
 - Agree?
 - Comments
 - **Corrective Action**

Audit Costs & Sanctions

- **Costs of audits – allowable**
- **If Grantees HAVE NOT conducted, or provided a complete annual audit to the FAC – sanctions include:**
 - Withholding funds
 - Suspending funds
 - PMS Restrictions
 - Termination of the grant award

Auditor Reviews

- **Internal Controls**
- **Compliance with Federal statutes, regulations, and terms and conditions of Federal awards**
- **Prior Findings**
- **Known Fraud affecting a Federal award**

Internal Controls

Examples

- **Policy and Procedures Manual**
- **Separation of duties**
- **Supporting documentation**
- **Expenditures over specified amount require higher-level review/approval**
- **Prepare and review budget : actual variance reports by funding source**
- **Cost allocation plan or method**
- **Process to collect and document errors; determine cause and fix it to prevent reoccurrence**

Building Confidence

- **Understand the Audit Finding**
- **Work to eliminate repeat audit findings**
- **Corrective Action should include specifics:**
 - **How**
 - **Who**
 - **When**
- **Maintain contact with your ACF Regional Program and Grants Offices – Call with questions *anytime.***

Top 10 Ways to Prepare

- 10. Assemble Audit Materials**
- 9. Answer Auditor Questions Directly**
- 8. Know the Terms and Conditions of the Award**
- 7. Expenditures are Allowable, Reasonable and Allocable**
- 6. Maintain Documentation**

Top 10 Ways to Prepare

- 5. Written Internal Policies and Procedures**
- 4. Time and Effort Reports**
- 3. Obtain Written Prior Approvals**
- 2. Submit Timely & Accurate Financial and Performance Reports**
- 1. Relationship of Financial and Program Staff**

TTANF Penalties

- Tribal TANF grantees face financial penalties if Federal funds are used in violation of the Act.
- Penalty amounts must be replaced by Tribal funds; if they are not, an additional 2% penalty imposed
- Total penalties in a year may not exceed 25% of TFAG
- Penalty regulations: 45 CFR 286.195

TTANF Penalties

- Misuse of funds – \$\$ amount identified
- Intentional misuse of funds – misuse \$\$ +5%
- Failure to meet minimum work participation rate(s) – 5% to 21% depending upon # years not met
- Failure to repay a Federal loan provided under section 406 – outstanding loan amount

Common TTANF findings – Internal Controls

Finding	Recommendation	Resolution
<p>Grantee was not able to support TANF expenditures because they had not retained supporting documentation.</p>	<p>Recommend procedures be strengthened to ensure expenditures are supported by adequate documentation. Questioned costs of \$65,000.</p>	<p>If sustained, it will go through the penalty process as a penalty for misuse of funds.</p>
<p>Same finding as above.</p>	<p>Same as above except questioned costs of \$4,000.</p>	<p>Initial Finding: Grantee will likely be required to submit a corrective action plan to address the problems but no penalty action Repeat Finding: ACF may assess a penalty</p>

Common TTANF Audit Findings – Internal Controls

Finding	Recommendation	Resolution
<p>Tribe did not have internal controls to ensure compliance with their procurement policy and the Uniform Guidance requirements at 45 CFR 75.326-335.</p>	<p>Recommend a procedure be established to ensure Grantee is following the procurement policy established and meeting the regulatory requirements.</p>	<p>Tribe concurred with this finding and updated their procurement policy and procurement manual to be consistent with requirements. Also purchased new software to manage all phases of purchasing & record-keeping and trained staff on the use of the new software.</p>
<p>Tribe had no written policies in place to support emergency assistance payments; therefore no guidance was available to identify eligibility, duration, amount or frequency of payments. Questioned costs of \$8K</p>	<p>Recommend policies and procedures be developed and implemented to ensure only allowable expenditures are charged to Federal programs.</p>	<p>Tribe concurred with finding. Policies and Procedures Manual was updated and approved by Tribal Council. The TFAP was amended. No penalty action.</p>

Common TTANF Audit Findings - Reporting

Finding	Recommendation	Resolution
<p>Tribe submitted only one quarterly financial report (ACF-196T) during the year. This is considered a material noncompliance.</p>	<p>Recommend procedures be strengthened to ensure required financial reports are completed accurately, and submitted timely to the granting agency.</p>	<p>Tribe concurred & submitted CAP stating that reporting requirements were clarified & the Tribe is currently meeting the requirements. Future findings may result in penalty action. Interim measures may include restrictive payments from PMS.</p>
<p>Tribe did not file the Tribal TANF Data Report for a specific year.</p>	<p>Recommend required reports be completed & filed timely with the appropriate agency in order to continue receiving Federal awards.</p>	<p>Tribe concurred. Procedures were implemented to ensure that Federal reports are filed in accordance with program requirements. TANF Data Report for the missing year was submitted.</p>

Common TTANF Audit Findings - Eligibility

Finding	Recommendation	Resolution
<p>Tribe didn't maintain documentation supporting eligibility determinations. 40 files tested, 14 did not have required documents.</p>	<p>Recommend program policies & procedures be developed and implemented to ensure verification of eligibility is documented and retained in client files.</p>	<p>Tribe concurred, prepared written policies & procedures & submitted them to the RO for review. Created & implemented eligibility documentation checklist. Confirmed that all 14 cases questioned were eligible.</p>
<p>Tribe failed to follow the required procedures relating to eligibility re-determination creating a significant risk of ineligible participants in the TANF program.</p>	<p>Recommend procedures be implemented to ensure participant eligibility is supported by adequate documentation.</p>	<p>Tribe concurred. Pgm mgr worked with caseworkers to ensure all financial eligibility documents current in files. Procedures developed, documented & implemented consistent with program requirements.</p>

Resources

- OMB Circular A-133 – FY 2017
- https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/circulars/A133/2017/Compliance_Supplement_2017.pdf
- Federal Audit Clearinghouse Questions and Answers:
<https://harvester.census.gov/facweb/FAQs.aspx#cert-q2>

Questions / Comments

