

# Tribal TANF A-133 Audits

**Patricia L. Fisher, CGFM**  
**Senior Financial Management Specialist**  
Region X (Seattle)  
Office of Grants Management  
Administration for Children and Families  
September 2010

# What is an A-133 Audit?

- Prescribed in OMB Circular A-133 (Audits of States, Local Governments, and Non-Profit Organizations)  
*[http://www.whitehouse.gov/sites/default/files/omb/assets/a133/a133\\_revised\\_2007.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/a133/a133_revised_2007.pdf)*
- Single Audit Act of 1984 and Single Audit Act Amendments of 1996 mandate audit requirements for State and Local Governments and Non-Profit Organizations
- Major control over the propriety of expenditures under grants and cooperative agreements
- Tests for eligibility, allowable activities and allowable costs

# Who is Audited?

- **Entities expending \$500,000 or more in Federal funds in a year**
- **Non-Federal entities that expend less than \$500,000 are exempt however records must be available for review**
- **Performed on an annual basis**

# Audit Costs & Sanctions

- **Costs of audits required by the Federal Government are allowable costs (A-133, Section 230)**
  
- **Delinquent Grantees HAVE NOT conducted or provided an annual audit to the Federal Audit Clearinghouse**
  
- **Sanctions Include:**
  - Withholding a percentage of Federal funds until the audit is completed
  - Withholding or disallowing overhead costs
  - Suspending Federal funds
  - Converting the Grantee to reimbursement method of payment
  - Withholding further grant payments
  - Termination of the Grant Award

# Auditor Reviews

- **Internal Controls**
- **Known questioned costs greater than \$10,000 for a program**
- **Known Fraud affecting a Federal award**
- **Prior Findings**

# OMB A-133 Compliance Supplement

## ■ Compliance Supplements

- Updated/Published in August 2010
- [http://www.whitehouse.gov/omb/circulars/a133\\_compliance\\_supplement\\_2010](http://www.whitehouse.gov/omb/circulars/a133_compliance_supplement_2010)

## ■ Program specific audit guides provide auditors with specific guidance with respect to:

- Internal Control
- Compliance Requirements
- Suggested Audit Procedures
- Audit Reporting Requirements



# Top 10 Ways to Prepare

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



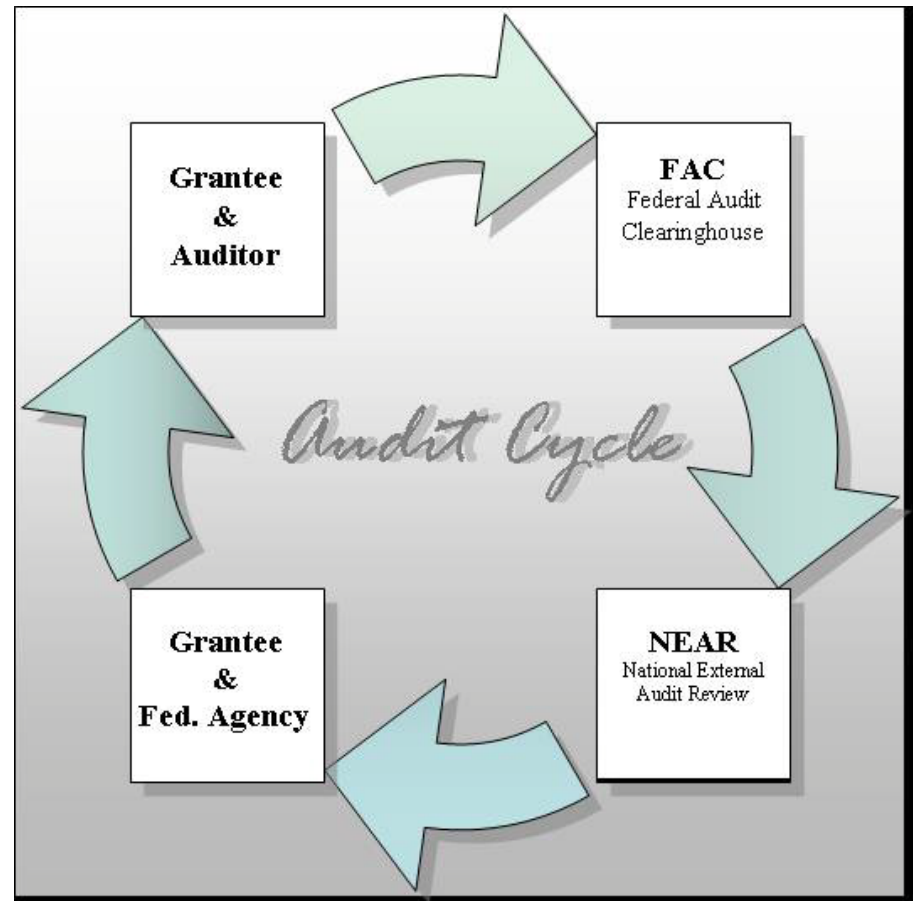
# Top 10 Ways to Prepare

- 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**



# Audit Steps

- Auditors provide an Audit Package to the Federal Audit Clearinghouse (FAC) within 9 months after the end of the Grantees Year End
- FAC checks Audit Package for completeness, assigns a unique Common Identifier Number and submits the audit to the National External Audit Review (NEAR)
- NEAR performs initial review of findings, recommends action on findings, sends an initial letter to the grantee and assigns the findings out to the appropriate Federal Agency



# ACF Responsibilities

- **Grants works with Program Staff and Office of Family Assistance to determine if TANF Penalty Process should be pursued or if audit will be resolved without penalty**
  
- **Yes, Penalty Assessed**
  - Sustained Audit Findings with questioned costs of \$10,000 or more
  - Repeat Findings regardless of questioned costs
  - Office of Family Assistance will prepare Penalty Letter
  
- **No, Penalty Assessed**
  - Un-sustained Audit Findings
  - Audit findings will go through Audit Resolution Process
  
- **Audit Resolution**
  - Grants works with Program Staff, Grantee & Auditor to understand basis of finding
  - Concur v. Non-Concur
  - Determine if corrective action exists to resolve the audit findings
  - Grants will prepare Audit Resolution Letter to the Grantee
  - Program and Grants will work with Grantee to prevent repeat findings

# TTANF Penalty vs. Audit Resolution

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

# Grantee Responsibilities

- **Understand Award Terms & Conditions**
- **Submit required Federal Reports in an accurate and timely manner**
- **Ensure required audits are performed and submitted within required timeframe**
- **Follow-up/Take Corrective Action on findings**
  - **Respond in writing to NEAR Letter and send a copy of the letter to the Region Office Contact**
  - **Written response should include**
    - **Concur or Non-Concur**
    - **Any comments that may support your position on finding**
    - **Corrective Action Planned or Taken**



# Common TTANF Reporting Audit Findings

Finding	Recommendation	Resolution
<p>Tribe did not submit quarterly financial reports (ACF-196T). This is considered a material noncompliance.</p>	<p>Recommend procedures be strengthened to ensure financial reports are accurate, complete &amp; submitted in a timely manner.</p>	<p>Tribe concurred &amp; submitted CAP stating that reporting requirements were clarified &amp; the Tribe is currently meeting the requirements.</p>
<p>Tribe did not file the Tribal TANF Data Report for a specific year.</p>	<p>Recommend required reports be completed &amp; 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 Internal Control Audit Findings

Finding	Recommendation	Resolution
<p>Tribe had not developed internal policies &amp; procedures for the TANF program.</p>	<p>Recommend program policies &amp; procedures be developed and implemented.</p>	<p>Tribe concurred with the recommendation. Tribe prepared written policies &amp; procedures &amp; submitted them to the RO for review.</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. Program Manager devoted more time to working with caseworkers to ensure that all financial eligibility documents are current in the files. Procedures being developed &amp; implemented in accordance with the program requirements.</p>

# Common TTANF Documentation Audit Findings

Finding	Recommendation	Resolution
<p>Tribe had not completed a physical inventory of its fixed assets within the last two year.</p>	<p>Recommend procedures be developed &amp; implemented to ensure a periodic physical inventory is performed &amp; reconciled with the fixed asset records.</p>	<p>Tribe concurred with this finding. The Tribe completed a physical inventory. Property Management section of their Accounting Policies were updated to include the inventory requirement.</p>
<p>Expenditures for emergency and employment assistance were made but, there were no documented policies over emergency and employment assistance in the TFAP.</p>	<p>Recommend participant eligibility is verified &amp; adequately documented. Questioned costs of \$90K.</p>	<p>Tribe concurred with finding and recommendation. The TFAP was amended. The questioned cost were not requested to be refunded.</p>

# Building Confidence

- **Work to eliminate repeat audit findings**
- **Understand the Audit Finding**
- **Maintain close contact with your ACF Regional Office for Program and Financial**
- **Be timely in submitting your written response to the NEAR Letter – Include a copy to your Region Grants Management Contact**
- **Corrective Action should include expected timeline, procedures in development, training planned, staffing changes, etc.**