

Internal Auditing

"Don't Worry, Be Happy"

<http://www.the-alternative-accountant.com/accounting-songs.html>



Facilitator:

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- SPIPA TANF Program Coordinator of Client Services
- 10 years of Tribal TANF Experience



search ID: ktan177

Kate had originally been very enthusiastic to prepare the annual global audit plan.

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Objectives

By the end of this session we will cover:

- Preparing for Audits
- Audits as a part of Financial Management
- A 133 OMB Audit Circular Matrix
- Periodic internal audit done on all participant files
- Case Management system: eligibility, payments etc...
- Written policies, procedures for expenditures and procurement.
- Expenditures – supported by documentation and reviewed

Identifying Your Needs

The Parking Lot

What are your expectations?

What would you like to cover today?

What information do you most want?



Preparing for Audits

- The federal regulations require that, "The TFAP must provide an assurance that the Tribe applies the fiscal accountability provision of section 5(f)(1) of the Indian Self-Determination and Education Assistance Act (25 USC 450cc(f)(1), relating to submission of a single agency audit report required by chapter 75 of title 31, United States Code."

Preparing for Audits

- Does your Tribal Government utilize an internal auditor?
- Does your TANF program complete internal audits?
- Auditing is a huge component of a Tribal TANF Program

Preparing for Audits

- Utilize internal audit check off lists
- Create a plan to allow for auditing
 - Quarterly
 - File Transfer (case worker to caseworker or site to site)
 - Annually

TANF Playbooks

- Federal Regulations § 45 CFR 286
 - OMB Circulars (i.e. A-122 & A-87 - cost principals, A-110 – grants and agreements, & A-133 – auditing guidelines)
 - Federally approved TANF Plan (TFAP)
 - State IGA Agreement
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- Data Share Agreement
 - Operating Agreement local DSHS Offices
 - SPIPA Agency Policies (i.e. Procurement & Travel)
 - SPIPA TANF Policy and Procedure Manual
 - Tribal MOAs (i.e. Tribal Sites, Puyallup, & IT)



Internal Auditing

- **What?** - Internal auditing is an objective assurance designed to monitor compliancy and improve services.
- **Why?** - Internal auditing assists a Tribal TANF program to accomplish its objectives by bring a systematic approach to evaluate compliancy, controls, process and identify training issues.
- Since 2004, providers and contractors who receive more than \$500,000 in federal funding in their fiscal year are required to follow the audit requirements found in OMB Circular A-133. What are the compliancy requirements for the A-133 audit?

**What will the auditors be
looking at?**

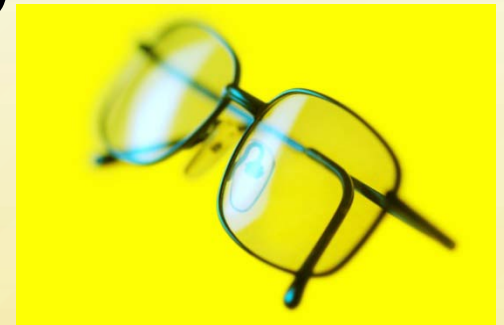


OMB Circulation A-133 Compliance Supplement

- What is the CFDA number for the Tribal TANF Program?
 - CFDA# - 93.558
- http://www.whitehouse.gov/sites/default/files/omb/circulars/a133_compliance/2010/pt2.pdf

Types of Compliance Requirements

- A. Activities Allowed or Unallowed
- B. Allowable Costs/Cost Principles
- C. Cash Management
- E. Eligibility
- F. Equipment and Real Property Management



Types of Compliance Requirements

- G. Matching Level of Effort, Earmarking
- H. Period of Availability of Federal Funds
- I. Procurement and Supervision and Debarment
- J. Program Income
- L. Reporting
- M. Sub recipient Monitoring
- N. Special Test and Provisions



Other Internal Auditing Considerations



Participant Files

- Is there a periodic internal audit done on all participant files?
- Is there a process in place to ensure eligibility?
 - Eligibility Check List
 - Internal Auditing Check List



Case Management System

- Case Management Data Base System is used to generate all expenditures for clients.
- Checks and Balances
 - How is the data base managed and audited?
 - Passwords

Written Procedures

- Do you have written policies and procedures
- Are they followed?
- How do you monitor?
- Documentation of Exception to Policies



Expenditures

- Support services, monthly grants, etc...
are they supported by source documentation?
- Do financial statements accurately reflect the purchases and expenses?

What if you identify an audit issue?



Corrective action plans.

Accounting and Audit Swear Words

#%&!

#%&!

- Unsupported expenditures
- Unauthorized
- Non-compliant
- Claiming expenses
- Lunch break
- Unexplained difference
- Salary raise
- Adverse variance
- Pay rise
- Unreconciled

- Entertainment
- Loss
- Overtime
- Qualified audit report
- Unmatched Purchase Order
- Control weakness
- Circular reference
- Conversation
- Risk
- Spend down

Resources

Tribal TANF Audit Supplement Guide

[http://www.acf.hhs.gov/programs/ofa/dts/
guidance/Tribal_TANF_Audit_Supplement.
pdf](http://www.acf.hhs.gov/programs/ofa/dts/guidance/Tribal_TANF_Audit_Supplement.pdf)

Questions?



Wrap Up

- Revisit Parking Lot

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