

# TRIBAL TANF SINGLE AUDIT

Region VIII  
Office of Grants Management  
Administration for Children and Families

August 12, 2013

Alan Sieber  
Susan Glenn



# AUTHORITY SOURCES AND PURPOSE OF THE 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
- A Single Audit is an audit which includes both the entity's financial statements and the Schedule of Expenditures of Federal Awards (SEFA)
- Establishes compliance with applicable laws, regulations, rules and award conditions
- Determines if the financial statements are presented fairly and accurately and are in accordance with generally accepted accounting principles (GAAP).



# AUDIT THRESHOLDS

- Non-federal entities expending \$500,000 or more in direct federal funds in a year are required to have an annual audit
- Non-federal entities that expend less than \$500,000 are exempt; however, records must be available for review
- <https://federalregister.gov/a/2013-02113>



# AUDITOR PROCESS

**During the A-133 audit, auditors are looking for any reportable conditions (weaknesses) in the entity's internal control over federal funds, material non-compliance with the terms and conditions or regulations and laws related to federal contracts or grant agreements, and questionable costs and fraud**

- **OMB A-133 Compliance Supplement**
- **Internal controls**
- **Known fraud affecting a federal award**
- **Prior year findings**



# OMB A-133 COMPLIANCE SUPPLEMENT

- **Compliance Supplements**

[http://www.whitehouse.gov/omb/circulars/a133\\_compliance\\_supplement\\_2013](http://www.whitehouse.gov/omb/circulars/a133_compliance_supplement_2013)

- **Audit guides provide auditors with program specific information**

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



# INTERNAL CONTROLS

**A good internal control system will have sufficient checks and balances in place to catch a potential problem**

- The auditor will review:
  - Effectiveness and efficiency of operations
  - Control of assets to protect against loss, theft or misuse
  - Compliance with applicable laws and regulations
  - Appropriate oversight by the tribal governing body
  - Adherence to the grantees own written policies and procedures
  - Reliability of financial reporting



# FEDERAL AUDIT CLEARINGHOUSE (FAC)

## ○ **Auditors**

- Submit audit package to the FAC within 9 months after the end of the tribal FY

## ○ **Audit Package includes**

- Financial Statements
- Schedule of Expenditures of Federal Awards
- Auditor's Report on Internal Controls
- Auditor's Report on Compliance
- Schedule of Findings and Questioned Costs
- Summary Schedule of Prior Audit Findings
- Initial Tribal Response and Corrective Action Plan
- Data Collection Form (SAC form)

## ○ **Common Identifier Number (CIN) assigned**

## ○ **Submission of Audit to National External Audit Review Center (NEAR)**

•Page 7



# NATIONAL EXTERNAL AUDIT REVIEW CENTER (NEAR)

- NEAR letter to Tribe
  - Written response due within 30 days
  - Addresses NEAR recommendations (Attachment A)
  
- Written response should include
  - Concur or Non-Concur
  - Any comments or additional information that you believe may have a bearing on the final determination of actions to be taken with respect to the ACF recommendations
  - An update of comments submitted with the report
  - Confirmation that previous comments and corrective action included with the audit remain unchanged for each finding

**PLEASE INCLUDE A COPY FOR YOUR  
REGIONAL OGM CONTACT**





# GRANTEE RESPONSIBILITIES

- Ensure required audits are performed and submitted within required timeframe
- Participate in the exit interview – this is your opportunity to discuss preliminary findings in the audit and to clear up misconceptions or erroneous information.
- Respond in writing to the NEAR Letter (30 days)
- Understand your award terms & conditions  
<http://www.acf.hhs.gov/grants/mandatory-formula-block-and-entitlement-grants>
- Submit required federal reports in an accurate and timely manner



# ACF RESPONSIBILITIES

- Regional OGM works with Program, Grantee & Auditor
- Concur v. Non-Concur
- Determine if corrective action resolves the findings
- Regional OGM drafts the Audit Determination Letter and collaborates with OFA for final recommendation determination (i.e. penalty)



# PREPARE FOR YOUR AUDIT

**The best way to prepare for your A-133 audit is to know the laws, rules, regulations, and terms & conditions of your award**

- **Review your written Policies and Procedures at least annually – Ensure that they are followed**
- **Be certain that you have prepared and submitted timely & accurate financial and performance reports**
- **Understand your Award Terms and Conditions**
- **Review your Program Specific Audit Compliance Supplement**



# PREPARE FOR YOUR AUDIT

## Be certain your expenditures are Allowable, Reasonable and Allocable

- Ensure that each expense is ordinary and necessary to both the organization and the award
- An expense should not exceed market cost for similar services or goods
- Treat costs consistently in accordance with your policies and procedures – costs incurred for the same purpose, in like circumstances should consistently be treated the same
- Enforce accurate and consistent accounting processes

# PREPARE FOR YOUR AUDIT

**Maintain Documentation (lack of supporting documentation is a common audit finding!) – What criteria does your Tribal Family Assistance Plan require?**

- **Documentation illustrates that a transaction was reviewed before it occurred and can often answer a question before it becomes an audit issue!**
- **Each transaction should have a well-documented audit trail that includes authorization for each expenditure, back up documentation and the allocation of the expenditure**

# AUDIT TRENDS

Federal awarding agencies place a great deal of emphasis on grantee accountability/compliance. Particular attention is paid to:

- Repeat Findings
- Material Noncompliance
- Oversight and risk reduction

# CREATING AUDIT CONFIDENCE

- Identify and resolve repeat audit findings – find the root cause
- Be Proactive – Not Reactive
- Understand your audit findings – don't be afraid to ask questions
- Answer the auditor's questions directly – participate in the Exit Interview
- Identify the expected timeline of resolution, key changes that will cause correction, and how these changes will occur (training, adding/changing personnel) – be specific
- Foster a relationship between program and fiscal staff
- Maintain close contact with your ACF regional program and grants staff



**THANK YOU!!!**

Questions?

