

OHIO AUDITOR OF STATE  
KEITH FABER

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## How to Prepare for a Single Audit

2023 Local Government Officials Conference

Presented by: Amanda Stidham, CPA, CFE  
Quality Assurance and Technical Specialist

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## Agenda

- What is a Single Audit?
- Single Audit Requirements
- How to Prepare for a Single Audit
- AL #21.027 Alternative Compliance Examinations
- Resources

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## What is a Single Audit?

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### What is a Single Audit?

Required if a non-Federal entity expends \$750,000 or more of Federal awards during a single fiscal year.

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### What is a Single Audit?

Performed in Conjunction with Financial Statement Audit

Opinion Issued on Financial Statements

In-Relation Opinion on the Federal Schedule

Major Federal Programs

- Internal Controls Testing
- Compliance Opinion

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### Single Audit Requirements

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### Required Frequency of an Audit

- Ohio Law- Biennial
- Federal Single Audit - Annual
- Public Office Request or AOS Initiative – If Requested / Necessary

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### Required Financial Statement Basis: Ohio Administrative Code

Ohio Admin. Code Sections 117-2-03(B) and (C)

<b>GAAP</b> <ul style="list-style-type: none"><li>Counties</li><li>Cities</li><li>Schools, ESCs, and Community Schools</li><li>Some Government Insurance Pools</li></ul>	<b>Special Purpose Framework</b> <ul style="list-style-type: none"><li>All Others</li></ul>
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### Required Financial Statement Basis: Uniform Guidance

2 CFR 200.514(a)

- Auditors must determine whether financial statements are presented fairly in all material respects in accordance with GAAP.

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### Deadlines to Consider

Financial Statement Filing Deadline	Single Audit Reporting Deadline	Other Regulator Deadlines
<ul style="list-style-type: none"><li>GAAP: 150 Days After Year-End</li><li>Non-GAAP: 60 Days After Year-End</li></ul>	<ul style="list-style-type: none"><li>30 Days after Auditor's Report Date</li></ul> <p style="text-align: center;"><b>OR</b></p> <ul style="list-style-type: none"><li>9 Months After Year-End</li></ul>	<ul style="list-style-type: none"><li>Grantor</li><li>Debt Report</li><li>ACFR</li></ul>

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### Auditee Responsibly: Financial Statement Components

GAAP Basis			
Management Discussion and Analysis	Financial Statements	Notes to the Financial Statements	Other Required Supplementary Information

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OCBOA Basis		
Management Discussion and Analysis (Optional)	Financial Statements	Notes to the Financial Statements

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Regulatory Basis	
Financial Statements	Notes to the Financial Statements

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### Auditee Responsibility: Single Audit Components

Schedule of Expenditures of Federal Awards (SEFA)
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Notes to the SEFA
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Data Collection Form - Federal Audit Clearinghouse

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### Auditor Responsibility: Single Audit Letter

Compliance Opinion	Basis for Opinion	Entity Management and Auditor Responsibilities
Other Matters	Assessment of Internal Controls Over Compliance	In Relation Opinion on Federal Schedule

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### Auditee and Auditor Responsibility: Data Collection Form (DCF)

Auditors Fill Out a Majority of the Form	Local Government Certifies Information Entered by the Auditor	Information from Audited Schedule of Expenditures of Federal Awards(SEFA), Notes to the SEFA, and Audit Report
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### What Auditors Test During a Single Audit

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### Major Program Compliance Sections Tested by Auditors

Activities Allowed and Unallowed	Allowable Costs and Cost Principles	Cash Management	Eligibility
Equipment and Real Property	Matching, Level of Effort, and Earmarking	Period of Performance	Procurement Suspension and Debarment
Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions

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### How to Prepare for a Single Audit

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### How to Prepare for a Single Audit

- Remain Alert for New Federal Awards**
  - Talk to Department Heads
  - Pay Attention to Trustee/Council Approvals
- Track Federal Activity**
  - Retain Copies of Grant Awards Letters and Other Documents
  - Record Financial Activity in Separate Fund and/or Cost Center
- Adopt Required Policies**

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### Required Written Policies under Uniform Guidance

Cost Principles

Cash Management

- Allowability of costs in accordance with Cost Principles 2 CFR 200.302(b)(7)
- Employee Compensation, including Time and Effort 2 CFR 200.430
- Leave Policies 2 CFR 200.431
- Reimbursement of relocation costs 2 CFR 200.464(a)(2)
- Travel Reimbursements 2 CFR 200.475

- Cash Management requirements of 2 CFR 200.305
- 2 CFR 200.302(b)(6)

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### Required Written Policies under Uniform Guidance (Continued)

Procurement

- Conflicts of Interest 2 CFR 200.318(c)(1)
- Organizational Conflicts of Interest 2 CFR 200.318(c)(2)
- Method for Conducting Technical Evaluations of Competitive Proposals 2 CFR 200.320(b)(2)
- Procurement Transactions 2 CFR 200.319(d)

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### Required Written Policies under Uniform Guidance (Continued)

Procurement "Claw" (Sections 200.317-326)

[https://zabinsandior.gov/resource/contracts/Procurement\\_Claw.pdf](https://zabinsandior.gov/resource/contracts/Procurement_Claw.pdf)

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### Required Written Policies under Uniform Guidance (Continued)

Procurement "Claw" (Section 200.320)

- 1. Micro Purchases**
  - \$10K or less
  - Informal
  - No COA
  - No award with approval
  - No questions
  - Equitable distribution
- 2. Small Purchases**
  - Up to \$250K
  - No questions
  - No cost or price analysis
- 3. Sealed Bids**
  - \$250K
  - Competitive
  - Public to major
  - Construction
- 4. Competitive Proposals**
  - \$250K
  - Best price or cost
  - Competitive
  - RFP with
  - Evaluation/selection
- 5. Sole Source**
  - Single
  - Public emergency
  - Awarded by agency
  - RFP
  - No competition

[https://ciba.auditor.gov/resources/corid19/Procurement\\_Claw.pdf](https://ciba.auditor.gov/resources/corid19/Procurement_Claw.pdf)

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### Schedule of Expenditures of Federal Awards (SEFA)

List Individual Federal Programs by Agency, Including Assistance Listing Number	Federal Clusters Must Include Cluster Name (and Individual Programs)	Cash and Non-Cash Expenditures for Each Program and Totals by Program, Cluster, and Agency
Pass-through Entity Name and Identifying Number	Amount Provided to Subrecipients From Each Program	COVID Funding Must be Separately Identified

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### What Programs Are Reported on the SEFA?

<b>Federal Grant Expenditures for Programs</b> <ul style="list-style-type: none"> <li>• Received Directly from a Federal Agency</li> <li>• Received as Subrecipient via a Pass-Through Entity</li> </ul>	<b>Verify Federal Versus State Programs</b> <ul style="list-style-type: none"> <li>• Review Terms and Conditions of Award</li> <li>• Discuss with Grantor</li> </ul>	<b>Determine Relationship with Grantor</b> <ul style="list-style-type: none"> <li>• Discuss with Grantor</li> <li>• Subrecipient Relationships Reported on SEFA</li> <li>• Vendor or Beneficiary Relationship <i>NOT</i> Reported on SEFA</li> </ul>
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### Notes to the Schedule of Expenditures of Federal Awards (SEFA)

- Basis of Presentation
- Summary of Significant Accounting Policies
- Indirect Cost Rate
- Other Information

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### Shells Available for SEFA and Notes to the SEFA

<https://ohioauditor.gov/references/practiceaids.html>

#### SINGLE AUDIT REPORT SHELLS

- Sample Corrective Action Plan Uniform Guidance
- Schedule of Expenditures of Federal Awards Uniform Guidance 111KB
- Notes to the Schedule of Expenditures of Federal Awards Uniform Guidance 41KB
- Schedule of Findings and Questioned Costs Uniform Guidance 28KB
- Schedule of Prior Findings and Questioned Costs Uniform Guidance 23KB

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### How to Keep Single Audit Costs Low

- Timely and Effective Communication with your Auditors
- Provide Records in Electronic Format, When Possible
- Understand Grant Requirements, Maintain Records to Support Compliance

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### How to Keep Single Audit Costs Low

- Implement Effective Internal Controls
- Ensure Relevant Staff is Available During Audit
- Be Aware of Unique Circumstances
- Maintain Complete, Organized Records

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### Typical Records Requested During a Single Audit

Schedule of Expenditures of Federal Awards (SEFA)	Notes to the SEFA	Ledgers to Support SEFA	Grant Agreements, Award Letters, Communications
Minutes	Asset Records	Receipt Support	Procurement Records

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### Typical Records Requested During a Single Audit

Contracts	Policies and Procedures	Support for Expenditures (Payroll and Nonpayroll)	Reports Required by Grantor
Eligibility Determinations	Subgrant Agreements	Corrective Action Plan	Summary Schedule of Prior Audit Findings

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**Assistance Listing #21.027  
Alternative  
Compliance Examinations**

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**Alternative Compliance  
Examination Engagement (ACE)**

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**Alternative Compliance  
Examination Engagement (ACE)**

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### Alternative Compliance Examination Engagement (ACE)



Purpose: Issue an Opinion

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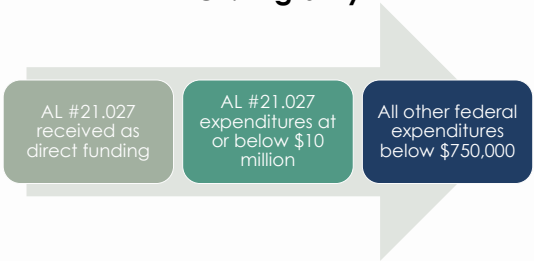
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### ACE: Eligibility



AL #21.027 received as direct funding

AL #21.027 expenditures at or below \$10 million

All other federal expenditures below \$750,000

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### ACE: Is a SEFA Required?



Schedule of Federal Awards Expenditures (SEFA) Not Required

- Total Federal expenditures must be verified to determine eligibility.

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### ACE: Controls

Evaluated to  
Ensure  
Implementation

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### ACE: What are auditors testing?

Very Limited Testing

Costs were not ineligible

Costs treated consistently with established practices

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### ACE: What are auditors testing?

Negative Assurance

Verify expenditures were *not* for one of the program-wide ineligible uses

Offset Reduction in Net Tax Revenue (State Level)

Deposits into Pension Funds

Debt Service or Replenishing Reserves (Rainy Day Funds)

Satisfaction of Settlement / Judgment

Undermine Efforts to Stop Spread of COVID-19

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### ACE: Procurement

Auditors do *not* test procurement.

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### ACE: Reporting

Issue Opinion on Compliance Requirements A and B

Findings, If Applicable

Auditee Files with Treasury  
<https://home.treasury.gov/system/files/136/ACEE-Report-User-Guide.pdf>

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### ACE: Practice Aids

Practice Aids Available on AOS Website

Eligibility Checklist

Report Shell

<https://ohioauditor.gov/references/practiceaids.html>

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## ACE: Eligibility Checklist and Report Shell Location

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## ACE: Eligibility Checklist and Report Shell Location

**Reference Materials Quick Links**

- GASB 84
- GASB FAQs
- Ohio Compliance Manuals
- Financial Statement Shells & Footnotes
  - GAAP
  - GASB 44 - Tables
  - CSCSA
  - Regulatory
  - Specialized Footnotes
- Single Audit Practice Aids & Report Shells
- Federal Award Compliance Control Records (FACCR)
- Agreed Upon Procedure Shells
- Audit Report Shells
  - FYE 12/31/21 & Subseq
  - Prior to FYE 12/31/21
- Additional Audit Guidance
- Ohio Laws & Rules
- Publications & Manuals

**AL #21.027 State and Local Fiscal Recovery Fund Alternative Compliance Examination Practice Aids**

A brief discussion on the benefits of performing an Alternative Compliance Examination Engagement rather than a full Single Audit is available on demand.

- #21.027 Alternative Compliance Examination Eligibility Checklist (pdf)
- #21.027 Alternative Compliance Examination Report Shell (docx)

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## Resources

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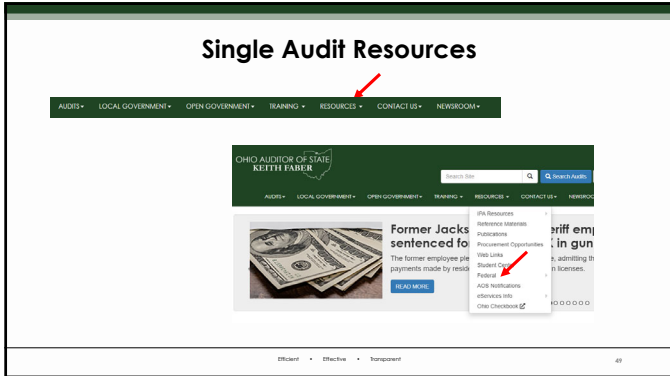
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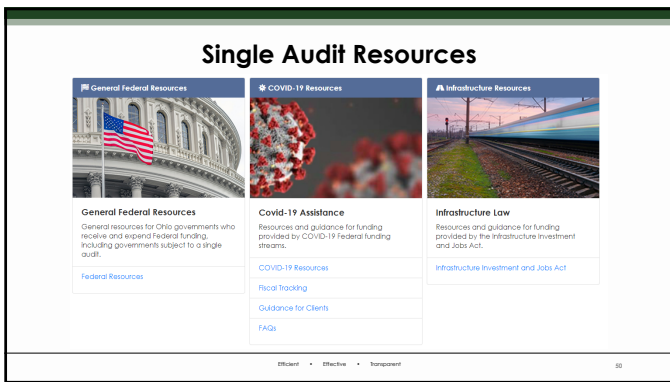
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