

OHIO AUDITOR OF STATE KEITH FABER



From: Auditor of State's Center for Audit Excellence

To: All IPA Firms

Subject: Clarification to ODOT 20.205 Federal Testing

Date: March 31, 2020

Beginning with the 2019 fiscal year end the ODOT Office of External Audits has been directing LPA subrecipients to use the State of Ohio's Warrant Date for SEFA reporting for transactions where the LPA reviews and approves the contractor's invoice and then forwards that invoice to ODOT for the State to make a direct payment to the contractor. This change in guidance was documented as item number 6 in the December 26, 2019 ODOT letter with the subject line *Tracking of ODOT Project Expenditures and Federal SEFA Reporting Requirements*. This document was posted to ODOT's Office of External Audits' webpage on December 30, 2019. See <http://www.dot.state.oh.us/Divisions/Finance/Auditing/Pages/LocalPublicAgencies-LPA.aspx>.

The revised guidance is applicable for LPA project transactions occurring in proximity to the December 31, 2019 fiscal year end and for future fiscal years. The basic concept is that going forward Federal funds transactions will be assigned to a fiscal year for SEFA reporting based upon a specific certain date; not an estimated date.

Therefore, if the LPA reported a Federal expenditure paid by ODOT on the LPA's behalf on their 2018 SEFA in accordance with ODOT's "15 days from submission date" methodology effective at 12/31/18, that expenditure would be considered a 2018 Federal expenditure and would not be reported on their 2019 SEFA.

ODOT initially sent correspondence to some LPAs to again report in the 2019 SEFA certain transactions paid by ODOT on their behalf, that the LPA had already reported in the 2018 SEFA. ODOT has since rescinded this guidance and are in the process of issuing revised correspondence.

In addition ODOT is providing the following additional guidance to LPAs for properly using the State of Ohio warrant date:

Most Ohio local governments have elected to prepare their SEFA using the cash-basis of accounting. Therefore, since they are using the cash-basis, for those transactions where the LPA reviews the contractor's / vendor's invoice and then forwards the invoice to ODOT so that the State issues a direct payment to the contractor/vendor, the LPA must use the State of Ohio Warrant Date to assign that transaction to a fiscal year for SEFA reporting. The use of any other date field may result in transactions of this type being assigned to the wrong fiscal year. So, for cash-basis SEFA preparers, for transactions of this type, the use of the State of Ohio Warrant Date is required.

Also, for cash-basis SEFA preparers, when the LPA issues a payment to the contractor for the Federal Share and is then subsequently reimbursed by ODOT, for these transactions the LPA must use their check date; not the date ODOT issued the reimbursement payment.

Further, for cash-basis SEFA preparers, for Federally reimbursed labor costs that originate within the LPA, the LPA is to use the dates the corresponding payroll was paid; not the date of ODOT's reimbursement payment.

Finally, there is a Capital Program Payments Report available from ODOT's Construction Management Reporting System (CMRS) at <https://cmsportal.dot.state.oh.us/Home/ViewExtReport?RptNme=CMSPortal%252fCapitalProgramPaymentReport&RptTitle=Capital%20Program%20Payment>. That report can be used to confirm State of Ohio Warrant Dates. However, as Federal, State and/or Local funds disbursed by ODOT may be commingled/combined in the Warrant or EFT, this report **cannot** be used to verify the disbursement of specific Federal funds **amounts**. This issue is one of the primary reasons for the Notice which appears on page one of the reports and the watermark which appears on every page. A different LPA source document must be used to confirm the Federal funds portion of the payment.

This information will be included in the 2019 20.205 FACCRs which will be updated and posted to the internet as soon as possible.

Questions can be directed to FACCR@ohioauditor.gov.