

VT DHCD Grants Management: Federal Grant Funding Responsibilities & Single Audit Best Practice Guidance
Overview of Audit Requirements for Community Development Block Grant (CDBG) Grantees (April 12, 2019)

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1. DEFINITIONS

FEDERAL: The Federal government passed the **Single Audit Act of 1984**, as amended in 1996, to ensure organizations receiving federal funds are compliant with federal requirements. The Act refers to conducting one cost-effective ‘single audit’ for non-federal entities in lieu of multiple audits of individual programs. In December 2014, OMB issued Uniform Guidance to replace A-133 rules. https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

Single Audit: An organization wide financial statement and federal awards’ audit of a non-federal entity that expends \$750,000 or more in federal funds in one year this includes the Schedule for Expenditure of Federal Awards, .

CFDA or Catalog of Federal Domestic Assistance: Five digit number assigned to grants funded by federal government; and the CFDA Title identifies the federal program.

DUNS or Data Universal Numbering System (created by Dun & Bradstreet): Unique nine-character number identifying your organization. Required by OMB who uses this number to track how federal money is dispersed.

FAC or Federal Audit Clearinghouse: Place to submit the single audit reporting package, required by OMB Uniform Guidance.

Uniform Guidance: OMB Issued Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Final Rule, called 2 CFR 200: <https://cfo.gov/wp-content/uploads/2017/08/July2017-UniformGuidanceFrequentlyAskedQuestions.pdf> as well as federal grant guidance in the form of circulars prior to the Uniform Guidance.

SAM or System Award Management: web-based portal, government-wide application that collects, validates, stores, and disseminates business information about the federal government's trading partners in support of the contract awards, grants, and the electronic payment processes.

SEFA: Schedule for Expenditure of Federal Awards –the schedule on a Single Audit summarizing all federal grant expenditures for a given fiscal year compiled by the grantee. For required elements, see Auditee responsibilities.

Subrecipient: non-federal entity that receives a subaward from a pass through entity, such as State of Vermont, to carry out part of a federal program; may also be a recipient of federal funds directly from a federal awarding agency.

STATE OF VERMONT: Responsible to follow Uniform Guidance and those steps are outlined in State of Vermont, Agency of Administration Policy for Grant Issuance and Monitoring Bulletin 5: http://aoa.vermont.gov/sites/aoa/files/Bulletins/Bulletin_5_eff12-26-14.pdf

Primary Pass-Through Entity: lead State agency responsible for all aspects of the Single Audit to include: ensuring subrecipient’s conducts one, coordinates review of subrecipient’s Single Audit report with **Secondary Pass Through Entities**, and/or follows up with subrecipients, delinquent in submitting the *Subrecipient Annual Report* to the Department of Finance and Management.

SAR: Subrecipient Annual Report – As a condition of your federally funded grant award from the State of Vermont, you must annually complete this report in its entirety, within forty-five (45) days after your fiscal year end to report on all expenditures of federal funds in the fiscal year for any open grants. This indicates whether a Single Audit is required for a given fiscal year. This will reflect the CFDA for each federal award and outline all expenditures in a given fiscal year.

2. MUST DO & HOW TO:

Obtain a DUNS Number:

How do I get a DUNS number? → Call 1-866-705-5711 or access the Dun & Bradstreet website: <http://fedgov.dnb.com/webform> → **How long does this step usually take?** → 1-2 business days

Register with SAM – annual registration required

How do I register with the System Award Management (SAM)? → Access <https://www.sam.gov/portal/SAM/##11> You'll also need the authorizing official of your organization and an Employer Identification Number (EIN). And **select Public view.** → **How long does this step usually take?** → 7-10 business days (2 more weeks to acquire an EIN)

Submit Subrecipient Annual Report – annually when receiving any federal funds

How do I submit a Subrecipient Annual Report to the State of Vermont? → **Due within 45 days after your fiscal year end.** Access: http://finance.vermont.gov/sites/finance/files/documents/Forms/Grant_Recipients/FIN-Subrecipient_Annual_Report.pdf ; complete and follow all instructions. → **How long does this step usually take?** → Varies: allow time to complete and mail.

Submit Single Audit reporting package to: 1. FAC & 2. all State of Vermont granting agencies whose grant funds you expended

How do I submit a Single Audit to the Federal Audit Clearinghouse (FAC)? → **Due within the earlier of 30 days after receipt of auditor's report, or 9 months after end of the fiscal year.** Access <https://harvester.census.gov/facweb/default.aspx/> and create an account if you are not already a current user. *If due date falls on a Saturday, Sunday or Federal holiday, reporting package is due the next business day. → **How long does this step usually take?** → 5-7 business days (more if new account)

How do I submit a Single Audit to State of Vermont granting agency whose funds we expended? → Contact State of Vermont Department contacts at: http://finance.vermont.gov/sites/finance/files/documents/Pol_Proc/Grants/FIN-B5_Dept_Contact_List.pdf Submit Single Audit to each department contact via email → **How long does this step usually take?** → Varies: allow time to complete and email.

How to Submit a Single Audit to **ACCD-DHCD** → **Log onto GEARS at: <https://egrants.vermont.gov>, go to blue banner, Organization → Organization Documents → scroll down to SA-2017-NAME-000XX**

1. Plan for Single Audit: *confirms understanding of Single Audit → **Due within 10 days of Single Audit Open status.** → **When to submit?** → Due within 10 days of Single Audit Open status

2. Single Audit → **Due within 30 days after Auditor's Report or no later than 9 months after your fiscal year end.** → **When to submit?** → 30 days after Auditor Report/9 months after fiscal end

3. Auditee Single Audit Responsibilities & Requirements per Uniform Guidance

A. 200.509: Properly procuring an Auditor

1. Objective is to obtain high quality audit;
2. Proposals for auditing services must have clearly defined objectives and scope;
3. Auditee must request a copy of firm's peer review report;
4. Evaluate proposals based on:
 - Responsiveness to request for proposal
 - Relevant experience
 - Availability of staff with professional qualifications and technical ability
 - Results of peer and external quality control reviews; and
 - Price

B. 200.510(b): Preparing financial statements, including the Schedule of Expenditures of Federal Awards (SEFA) for the auditors that includes:

1. List individual Federal programs by Federal Agency
2. Federal awards received as a subrecipient
 - Name of Pass-through entity
 - Pass-through Grant number
3. Total Federal Award expended for each individual Federal Program, and the Catalog of Federal Domestic Assistance (CFDA) #
4. Total Paid **out to subrecipients** from each Federal Program.
5. Speak to loans and loan guarantees, and
6. Notes to include accounting policies used and whether or not elected to use 10% de minimis Indirect cost rate

C. 200.511: Prompt follow up and taking corrective action on audit finding, including a summary of prior audit findings and a Corrective Action Plan (CAP):

1. if findings are identified in a Single Audit, **the auditee** must prepare a CAP in a document **separate from the auditor's** Schedule of Findings and Questioned Costs (SFQC). The auditor's reference or summarizing the CAP does not meet Uniform Guidance requirements per section 200.511.
2. The **CAP** must provide:
 - The name(s) of the contact person(s) responsible for corrective action;
 - The corrective action planned; and the
 - The anticipated completion date.
 - If auditee does not agree with the audit findings or believes corrective action is not required, then the corrective action plan must include an explanation and specific reasons.
3. **Summary Schedule of Prior Audit Findings (SSPAF)** To prepare a Summary Schedule of prior audit findings.
4. **No prior audit findings to be noted:** Federal Audit Clearinghouse, frequently asked questions page, advises though a Summary Schedule is not required, if there are no prior audit findings, it does request a separate statement indicating there are no prior audit findings. To confirm compliance of 200.511, we request either a Summary Schedule of Prior Audit Findings page with a simple statement of no prior audit findings, or the separate statement indicating as such that was provided to the Federal Audit Clearinghouse at submission.

D. Best practice for the Auditee is to place both the CAP and the SSPAF on their letterhead "to make clear to those reviewing reporting packages that the information on the CAP and SSPAF are prepared by the auditee" as required by the Uniform Guidance

E. Providing the auditor with access to all relevant records to perform the audit

F. *When using federal funds to cover any audit costs, auditee must Request the auditor provide a dated itemized invoice specifying total cost of completed Single Audit for the relevant Fiscal Year.

- **Federal Audit Clearinghouse's Single Audit Component Checklist:** required components for the Audit Package at: https://harvester.census.gov/facides/Files/2015_2018%20Checklist%20Instructions%20and%20Form.pdf

4. Sample State of Vermont Grant Agreement, Part 1 – Grant Award Detail.

To comply with the federal guidelines, key information needed for the Single Audit Schedule of Expenditures of Federal Awards is highlighted below on the sample Vermont State Grant Agreement, Part 1 – Grant Award Detail .

STATE OF VERMONT GRANT AGREEMENT										Part 1 - Grant Award Detail		
SECTION I - GENERAL GRANT INFORMATION												
¹ Grant #: 07110-SS-2017-St. Albans City-00001					² Original <input checked="" type="checkbox"/> Amendment # _____							
³ Grant Title: Champlain Housing Home Repair Loan Program												
⁴ Amount Previously Awarded: \$ 0.00			⁵ Amount Awarded This Action: \$ 635,000.00			⁶ Total Award Amount: \$ 635,000.00						
⁷ Award Start Date: 10/17/2017			⁸ Award End Date: 12/31/2019			⁹ Subrecipient Award: YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>						
¹⁰ Vendor #: 40245		¹¹ Grantee Name: City of St. Albans										
¹² Grantee Address: PO Box 867, 100 North Main Street												
¹³ City: St. Albans					¹⁴ State: VT			¹⁵ Zip Code: 05478				
¹⁶ State Granting Agency: Agency of Commerce and Community Development-DHCD								¹⁷ Business Unit: 07110				
¹⁸ Performance Measures: YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>		¹⁹ Match/In-Kind: \$26,289,450 Description: See Attachment B - Payment Provisions and Project Budget, 4. Sources and Uses										
²⁰ If this action is an amendment, the following is amended: Amount: <input type="checkbox"/> Funding Allocation: <input type="checkbox"/> Performance Period: <input type="checkbox"/> Scope of Work: <input type="checkbox"/> Other: <input type="checkbox"/>												
SECTION II - SUBRECIPIENT AWARD INFORMATION												
²¹ Grantee DUNS #: 020671608					²² Indirect Rate: 0 % <small>(Approved rate or de minimis 10%)</small>			²³ FFATA: YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>				
²⁴ Grantee Fiscal Year End Month (MM format): 6/30								²⁵ R&D: <input type="checkbox"/>				
²⁶ DUNS Registered Name (if different than VISION Vendor Name in Box 11):												
SECTION III - FUNDING ALLOCATION												
STATE FUNDS												
Fund Type	²⁷ Awarded Previously	²⁸ Award This Action	²⁹ Cumulative Award	³⁰ Special & Other Fund Descriptions								
General Fund	\$0.00	\$0.00	\$0.00									
Special Fund	\$0.00	\$0.00	\$0.00									
Global Commitment (non-subrecipient funds)	\$0.00	\$0.00	\$0.00									
Other State Funds	\$0.00	\$0.00	\$0.00									
FEDERAL FUNDS <small>(includes subrecipient Global Commitment funds)</small>							Required Federal Award Information					
³¹ CFDA #	³² Program Title	³³ Awarded Previously	³⁴ Award This Action	³⁵ Cumulative Award	³⁶ FAIN	³⁷ Federal Award Date	³⁸ Total Federal Award					
14.228	Community Development Block Grant (CDBG)	\$0.00	\$317,500.00	\$317,500.00	B.18.DC.30.0 001	9/22/2017	\$6,282,652.00					
³⁹ Federal Awarding Agency: U.S. Department of Housing and Urban Development (HUD)		⁴⁰ Federal Award Project Descr: CDBG										
14.228	Community Development Block Grant (CDBG)	\$0.00	\$317,500.00	\$317,500.00	B.18.DC.30.0 001		\$0.00					
Federal Awarding Agency: U.S. Department of Housing and Urban Development (HUD)		Federal Award Project Descr: CDBG – FY18 Pending										
		\$0.00	\$0.00	\$0.00			\$0.00					
Federal Awarding Agency:		Federal Award Project Descr:										
		\$0.00	\$0.00	\$0.00			\$0.00					
Federal Awarding Agency:		Federal Award Project Descr:										
Total Awarded - All Funds		\$0.00	\$635,000	\$635,000.00								
SECTION IV - CONTACT INFORMATION												
STATE GRANTING AGENCY NAME: Patrick Scheld TITLE: Community Development Specialist PHONE: 802-828-1365						GRANTEE NAME: William Sawyer TITLE: Director of Planning & Development PHONE: 802-524-1500 x259						

5. To COMPLETE SUBRECIPIENT ANNUAL REPORT and SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

From OMB Uniform Guidance, 200.510, (b) 1-4, see the outline below for the information needed to complete both the Vermont Subrecipient Annual Report (SAR) (*see link in #2. Must Do & How To), and the Schedule of Expenditures of Federal Awards (SEFA) if a Single Audit is due.

Table 1: Where to find information to complete the Single Audit Schedule of Expenditures of Federal Awards (SEFA) in accordance with OMB Uniform Guidance 200.510(b) requirements

OMB Uniform Guidance, UG 200.510(b) Requirement For SEFA	Where information is found on the State of Vermont Grant Agreement, Part 1 (cover page)	SEFA information from Other Funding Sources
1. List individual Federal programs by Federal agency	Section III: #39 Federal Awarding Agency: U.S. Department of Housing and Urban Development (HUD)	Direct Federal Award Documentation; or other entities grant award documentation
2. For Federal Awards received as a Subrecipient	Section I: #9 Subrecipient Award, if Yes if checked	
a. 'Name of the pass-through entity'	Section I: #16 State Granting Agency: Agency of Commerce and Community Development - DHCD	
b. 'Identifying number assigned by the pass-through'	Section I: #1 Grant Number#: Starts with the Agency/Dept's five-digit business unit number prefix. ACCD-DHCD = 07110-XX-YEAR-NAME-00XXX	
3. Provide total Federal awards expended for each (award)	Grantee/Auditee's Financial records of expenditures	Grantee/Auditee's Financial records of expenditures
a. 'individual Federal program name'	Section III: #32 Program Title: Community Development Block Grant (CDBG), CDBG DR or CDBG DR Hurricane Sandy	
b. 'the CFDA number'	Section III: #31 CFDA #: 14.228 (CDBG & DR1) or 14.269 (DR2)	
4. Total amount provided to Subrecipients from each Federal program	Check Attachment A, Grant Agreement for terms stating if a subaward was made. If yes, review financial records for the subaward.	If yes, subaward: Grantee/Auditee's Financial records of expenditures passed through to a Subrecipient

6. PRORATA SHARE AND SINGLE AUDIT COSTS REIMBURSEMENT:

How to be reimbursed for allowable Single Audit costs that were budgeted in a grant:

If an Auditee (Municipality/Grantee) is required to have a Single Audit and wishes to be reimbursed with CDBG funds for allowable Single Audit costs, the reimbursement is based on the budgeted amounts in the grant and a pro rata share of the total cost of the Single Audit. Refer to the grant agreement budget, General Administrative activity for the specific amount set aside for Single Audit reimbursement and what remains in the grant.

Process:

To be reimbursed a prorata share of the Single Audit costs for CDBG grant expenditures, the Auditee (Municipality/Grantee) must upload into the GEARS requisition page the following documentation for each grant:

1. an auditor's dated itemized invoice specifying total cost of completing the Single Audit for the Fiscal Year, ie FY17 with the total cost of the Single Audit;
2. the Grantee's dated invoice requesting a pro-rata share reimbursement based on expenditures for that relevant grant, using the Single Audit Pro Rata calculation
3. the Schedule of Expenditures of Federal Award/SEFA page for that fiscal year from the Single Audit.
4. Canceled check the Grantee used to pay the Single Audit bill.

Determining Single Audit SEFA Pro Rata Share & Calculation:

The Single Audit act allows a percentage of costs charged to a federal grant to equal the percentage that the federal grant funds expended relate to the total funds expended during their fiscal year.

This means a grantee can be reimbursed a proportional amount of the Single Audit costs for the CDBG grant expenditures during the Single Audit period based on the total amount of Federal funds being audited. The percentage of Single Audit costs charged to the grant cannot exceed the percentage of the CDBG funds expended by the grantee during the fiscal year. This is called a pro rata share.

Calculation =

Pro Rata Share Reimbursement % percentage = Grant expenditure amount reported on SEFA divided by Total SEFA expenditures amount reported.

Pro Rata Share Reimbursement Amount = Total cost of Single Audit multiplied by **Pro Rata Share Reimbursement \$ percentage**

EXAMPLE:

Grant #1 expended amount reported on SEFA = \$163,933

Total SEFA grant expended amount = \$816,659

Full Single Audit invoice cost = \$3,960

Pro Rata Share Reimbursement % percentage = Grant expenditure amount reported on SEFA of \$163,933 divided by Total SEFA expenditures amount reported of \$816,659 = 20%.

Pro Rata Share Reimbursement Amount = Total cost of Single Audit of \$3,960 multiplied by **Pro Rata Share Reimbursement \$ percentage of 20%** = **\$792**

- *The allowable amount for this scenario is 20% of the total bill or \$792*

*Contact Cassie Bell to verify this from the Schedule of Expenditures of Federal Awards (SEFA) for the Municipality's Single Audit for that year.

7. BEST PRACTICE GUIDANCE & Contact Information

Journal of Accountancy:

- **Nov 1, 2016, 11 Tips for Success with Single Audits:** <http://www.journalofaccountancy.com/issues/2016/nov/single-audits.html>

AICPA, Governmental Audit Quality Center Uniform Guidance Resources:

- an overview of the resources available at:
<http://www.aicpa.org/INTERESTAREAS/GOVERNMENTALAUDITQUALITY/RESOURCES/SINGLEAUDIT/UNIFORMGUIDANCECFORFEDERALREWARDS/Pages/default.aspx>
- **Auditee Practice Aids: Schedule of Expenditures of Federal Awards`Worksheet for Identifying Federal Program Information:**
https://www.aicpa.org/InterestAreas/GovernmentalAuditQuality/Resources/SingleAudit/UniformGuidanceforFederalRewards/DownloadableDocuments/Auditee_Practice_Aids_SEFA_Uniform_Guidance.pdf
- ACIPA Governmental Audit Quality, Auditee Practice Aids: The Schedule of Expenditures of Federal Awards:
https://www.aicpa.org/InterestAreas/GovernmentalAuditQuality/Resources/SingleAudit/UniformGuidanceforFederalRewards/DownloadableDocuments/Auditee_Practice_Aids_SEFA_Uniform_Guidance.pdf
- Performing a Single Audit Under the Uniform Guidance? Key Matters to Understand and Tips for Enhancing Audit Quality. (2 pages)
<http://www.aicpa.org/InterestAreas/GovernmentalAuditQuality/Resources/SingleAudit/UniformGuidanceforFederalRewards/DownloadableDocuments/10ThingsAuditorsNeedtoKnowAbouttheUGFinal.pdf>
- **Feb 2017, Auditee Resource Center Article: Corrective Action Plan (CAP) and Summary Schedule of Prior Audit Findings (SSPAF) key points on Uniform Guidance (UG) requirements for Auditees:**
 1. to prepare a CAP in a document separate from the auditor's Schedule of Findings and Questioned Costs (SFQC). The auditor's reference or summarizing the CAP does not meet Uniform Guidance requirements per section 200.511.
 2. To prepare a Summary Schedule of prior audit findings.
 3. Best practice for the Auditee is to place both the CAP and the SSPAF on their letterhead "to make clear to those reviewing reporting packages that the information on the CAP and SSPAF are prepared by the auditee "as required by the Uniform Guidance
<https://www.aicpa.org/InterestAreas/GovernmentalAuditQuality/Resources/AuditeeResourceCenter/DownloadableDocuments/PracticeIssueNotedWithAuditeeCAPandSSPAF.pdf>

Sample: Washington State SAO, guidance on SEFA with sample found at:

http://www.sao.wa.gov/local/BarManual/Documents/GAAP_p4_Sched16.pdf

Questions:

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GEARS online grants system at: <https://egrants.vermont.gov>

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