

2023 Audit Updates

Year End Workshops

June 2023

Presented By:
Georgia Department of Audits



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Agenda

- ✓ DOAA Background
- ✓ Important Dates and Other Reminders
- ✓ Client Communication Items
- ✓ Accounting and Reporting Issues
- ✓ Standards and Other Updates



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DOAA Background

O.C.G.A. §50-6-6(a) – It shall be the duty of the Department of Audits and Accounts thoroughly to audit and check the books and accounts of the county superintendents of schools and treasurers of local school systems, of municipal systems, of the several units of the University System of Georgia, and of all other schools receiving state aid and making regular and annual reports to the State School Superintendent, showing the amount received, for what purpose received, and for what purposes expended. All such funds held by officials must be kept in banks separate from their individual bank accounts.



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DOAA Background

- DOAA is appropriated funds by the Georgia Assembly each year to provide our services at no cost to the School Districts in Georgia.
- We perform the external financial audit for the State of Georgia, college and universities, and local school districts complying with generally accepted auditing standards issued by AICPA.
- DOAA is the external auditor for 130+ School District clients in Georgia.
- 128 staff with advanced degrees or certifications.
- DOAA spends roughly 5% of available working hours on training our staff.



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Annual Audit Requirements

- Senate Bill 68 (SB68) has imposed additional requirements on both DOAA and local school districts, which went into effect July 1, 2021.
- DOAA has allowed some School Districts to received an audit by a CPA firm to meet the requirement of O.C.G.A. 50-6-6, this does not relieve the DOAA of its responsibilities under statute.
- DOAA may request more information or decide to perform additional procedures to ensure we meet our statutory obligations.



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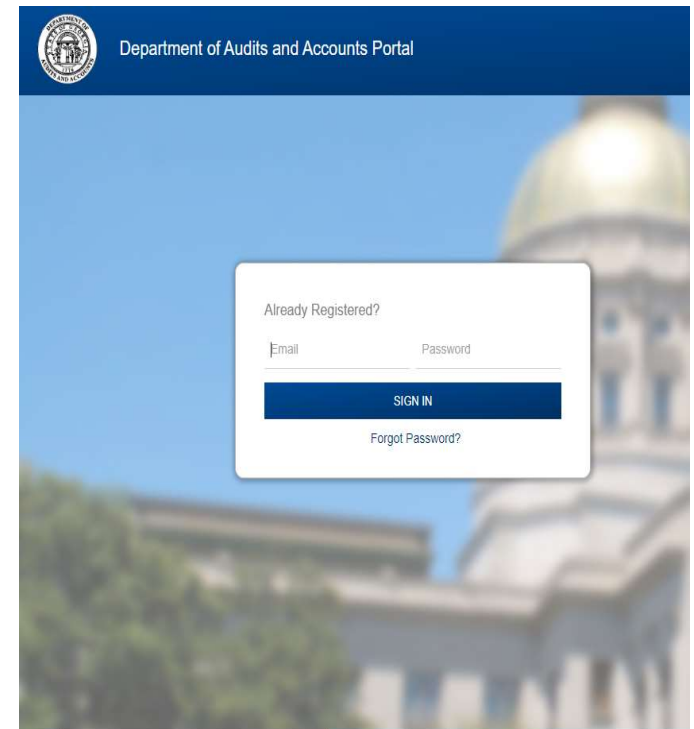
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Important Dates and Other Reminders

Compliance with Transparency in Government Act (TIGA) Dates

- Salary and Travel Collection (CS1)
 - Due August 15, 2023
 - FY23 will open July 2023
- Audit History/Payments/Purchase Card Files
 - Due October 2, 2023
 - FY23 will open July 2023
- Schedule of SPLOST Expenditures
 - Due by December 4, 2023



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Important Due Dates

Annual Immigration Compliance Reporting

- Due December 31, 2023
- System will open on November 1, 2023

Financial Statements Due to DOAA

- November 15th – Certificate of Distinction
- December 31st – All Others



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Important Dates

Availability of Audit Tools

- Financial Statement Templates
 - July 31, 2023
- Notes to the Basic Financial Statements
 - August 18, 2023

GASBO Financial Statement Workshop

- Tuesday, November 7, 2023



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Other Notes and Reminders

**NOTIFY US
ASAP!**

Special Reporting Needs? Scheduling Issue?

- Upcoming bond issuance
- Finance Director leaving/retiring
- Financial Statement assistance and questions
- New reporting deadline
- Possible new component units



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Client Communication Items



Status of Engagements

- 64 FY22 reports released
- 17 reports in the manager review or further stages
- 29 audits ongoing with crews
- 24 audits not started



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The auditors are gone. Where is my audit?

What is fieldwork?

Gather evidence to meet audit objectives:

1. Conduct interviews
2. Review documentation and processes
3. Test transactions and documentation

Fieldwork can be performed virtually, in person or hybrid.



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The auditors are gone. Where is my audit?

What happens between fieldwork and report issuance?

- Completion of audit procedures and audit wrap-up (finalization of misstatements and deficiencies).
- Multiple reviews of work papers and audit report at various levels of detail.
 - Auditor in Charge, Manager, Concurrent Review, Deputy Director and Director.
- Submission of audit report to word processing for proofing and clean-up.
- Exit Conference
- Closure and Submission of Corrective Action Plans
- Submission to Federal Audit Clearinghouse



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The auditors are gone. Where is my audit?

DOAA is continuing to use DocuSign to obtain required signatures during the closure process.

- The order of signatures is:
 - finance director
 - board chair
 - superintendent
- The finance director has to sign off before it is forwarded to the board chair and so on.
- If you can't locate email, contact your audit manger to resend it.



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Client Services

SPLOST Audits

- Are completed under performance audit standards
- We are able to use and rely on work already being performed during our financial audits.
- Service is provided at no cost to the School District.
- Service is open to all School Districts.
- If you are interested, please contact me or your audit manager.



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Client Services

GASB Implementation Consulting Services

- Late summer-early fall implementation consulting for GASB 96
- Service will be provided at no cost to the School District.
- Service is open to all School Districts.
- If you are interested, please contact me or your audit manager.



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Client Services

****Coming Soon****

New Client Request List Process





- New streamlined way to submit request list items
- Ability to interact between client and auditor
- Reduces likelihood of multiple requests for items
- Steven Desboefus from our Innovation, Automation and Analytics group will be reaching out to each School District in the next few months.




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LEA Request List
Cloud County Board of Education





Print a copy!    

Filters! 

Filters:

- Awaiting Response 51
- Response Submitted 3
- Returned 0
- Accepted 1
- All questions** 55

QUESTION SETS

- New Lease Agreements
- G.1: Revenue, Receivables, Receipt ... 
- Tax Abatements
- Accounts Receivable Documentation**
- Deferred Revenues Documentation
- H.1: Goods & Services & Accounts P... 
- Accounts Payable Documentation
- H.2: Debt & Debt Service 
- Temporary Loans
- Bonds Issued
- H.3: Insurance & Self-Insurance 

No due date | **MARK ALL RESPONDED**

Accounts Receivable Documentation Awaiting Response


Provide a listing of all account receivables at June 30 and documentation of subsequent period receipt upon request. Ensure that the listing includes the fund, account, vendor/grantor, and amount.

File upload

Drag and drop here or click to browse

COPY FROM CLOUD

June 1, 2023


10:14 am SD Test Comment 

Enter your comment SEND

Deferred Revenues Documentation Awaiting Response

Provide a listing of all deferred revenues at June 30 and documentation of validity upon request. Ensure that the listing includes the fund, account, vendor/grantor, and amount.

File upload

Drag 

Communicate directly with audit team! 



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Accounting and Reporting Issues



What role do you play with internal controls?

- Responsible for mitigating risk at your School District.
- Identification of Risk
 - What could go wrong?
 - How could we fail?
 - What decisions require the most judgement?
 - What activities and transactions are most complex?
- Indicator of Risk = CHANGE
 - New Personnel
 - New IT
 - New programs and services



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What role do you play with internal controls?

Actions:

- Establishing a healthy control environment
- Risk assessment process
- Design and implement controls
- Information system, including related financial reporting and communication
- Monitor controls



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What are the limitations of internal controls?

- Reasonable assurance
- Cost vs. Benefit
- May slow down operations
- **Human element** – judgement and actions



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What is an internal control?

A set of activities that are layered onto the normal operating procedures of an organization, with the intent of safeguarding assets, minimizing errors and ensuring that operations are conducted in an approved manner.

Controls are also useful for consistently producing reliable financial statements.



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Management Practices vs Internal Controls

Control Environment

Hire Qualified People

Retain Employees

Training

Communication

Reward Staff

Lead by Example

Control Activities

“Specific” procedures put in place by management to mitigate identified risks.



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Examples of Internal Controls

Vendor invoices will not be processed unless matched with proper receiving documentation.

Bank reconciliations are completed within 45 days of the bank statement and are reviewed and approved.

Receiving documents are sequentially pre-numbered, and missing documents are investigated weekly.

POs are compared to grant agreements by the program director to determine if the expenditure is allowable.



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Cybersecurity

Why are School Districts vulnerable?

- Wealth of sensitive information
- Budgetary challenges
- Reliance on third parties and contractors



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Cybersecurity - Risks

- Staying logged on
- Download data onto external memory stick/drive
- Writing down passwords
- Sending files to personal email accounts
- Telling colleagues passwords
- Log on over unsecured Wi-Fi



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Cybersecurity

Two types of cybersecurity threats:

- Phishing
- Ransomware



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Cybersecurity - Phishing

- The crafting of a message that is sent typically via emails and is designed to influence the recipient to “take the bait” via a simple mouse click.
- Seek to obtain personal information, such as names, addresses and social security numbers.
- The bait is most often a malicious attachment but can also be a link to a page that will request credential or drop malware.



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Cybersecurity - Phishing



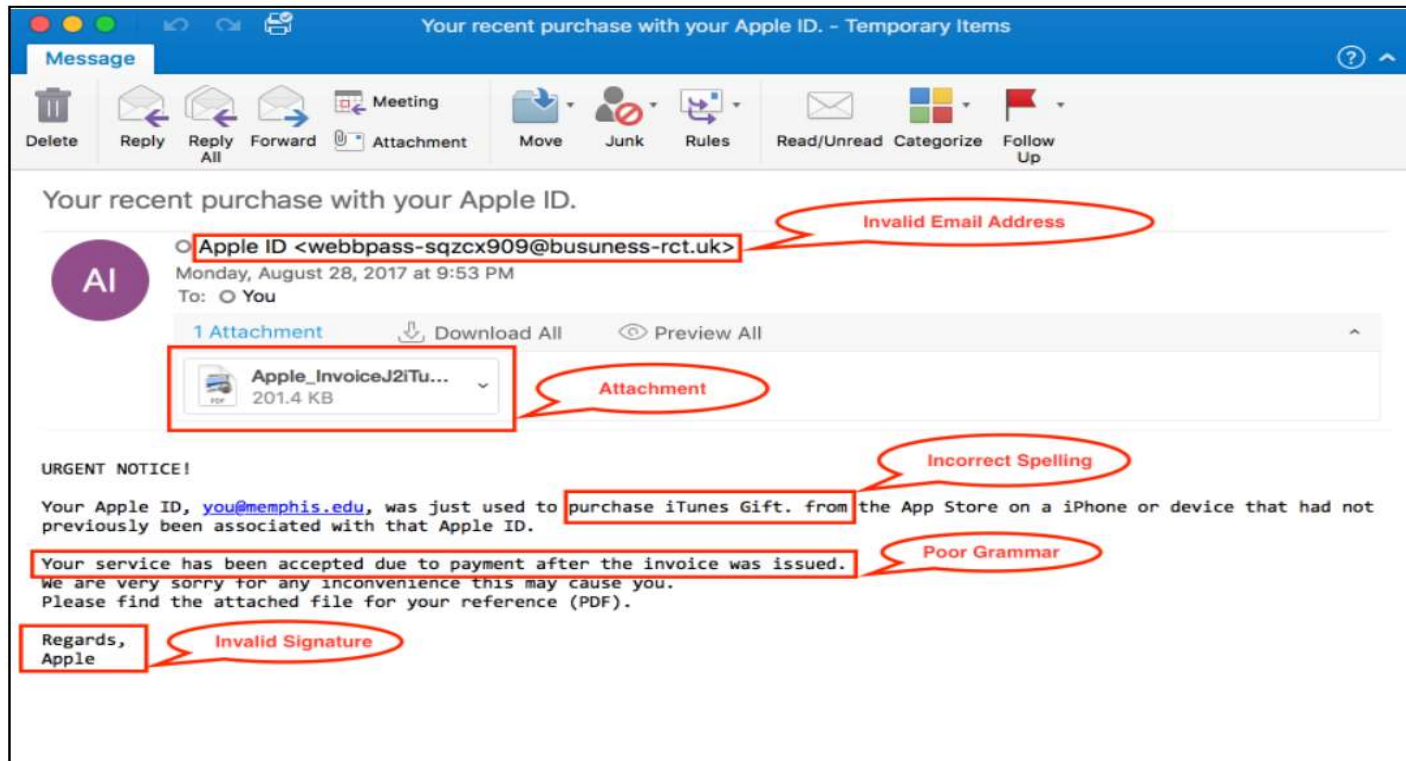
- May use shortened links or embed inks that redirect users to suspicious websites in URLs that appear legitimate
- Fake/disposable email address generators
- Some phishing emails are more poorly crafted than others to the extent that their messages oftentimes exhibit spelling and grammar errors



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Cybersecurity - Phishing



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Cybersecurity – Phishing Example

- HR and Finance staff members received an email from someone that forged the Superintendent's email address.
- Hacker requested the W2s of the entire School District's staff
- School District personnel took the bait and sent the tax information for all 7,500 employees.
- The employees filed and won a \$300,000 class-action lawsuit.
- One of the employees was reprimanded, and another was removed from her position.



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Cybersecurity - Ransomware

- Attacks are inevitable
- Around half of business victims pay the ransom
- Most can retrieve data after payment.
- Ransomware will continue to be one of the most prevalent attacks



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Cybersecurity - Ransomware

Example Situation:

- Georgia School District had hackers in their system.
- Had access to the cloud, server, etc.
- Hackers wanted around \$2million
- School District had to use a backup from 3 months prior
- Had to recreate the entire last quarter of the year
- Finance Director couldn't use their computer



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Cybersecurity - Recommendations

- What do you want to protect?
- Who do you want to protect it from?
- How likely is that you will need to protect it?
- How bad are the consequences if you fail?
- How much trouble are you willing to go through in order to try to present those?



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Cybersecurity - Recommendations

- Educate Educate Educate
- Entire organization not just IT
- Do not discourage false-positive reporting.
- Document your security policies in a way that everyone can understand.



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Cybersecurity - Recommendations

Limit

- Control use of administrative privileges
- Limit access based on need-to-know
- Limit and control remote access
- Do not share credentials.
- Be situationally aware for potential physical security issues



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Cybersecurity - Recommendations

Check

- Lockdown everything that isn't needed
- Filter out suspicious emails addressed to employees
- Generate logs and review them.

Prevent

- Lock down your laptop/computer when you step away
- Do not give out personal or company confidential information without confirming recipient.



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Cybersecurity - Recommendations

Backup – Backup – Backup

- Implement a regularly scheduled backup plan
- Put some distance between your primary site and secondary sites.
- Test your backups



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Senate Bill 68

How is our School District's risk designation determined by DOAA?

- Bill defines high risk and moderate risk LEAs
 - **High risk** = LEA that has reported irregularities or budget deficits for three or more consecutive years.
 - **Moderate risk** = LEA that has reported irregularities or budget deficits for one year or two consecutive years.
- **Irregularities** – Internal control findings - significant deficiency or material weakness (excludes FS Prep finding)
- **Budget Deficits** – opinion units that present a deficit as a result of a lack of controls over the budget process.



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Senate Bill 68

My School District is moderate risk. What does that mean to us?

Moderate Risk Consequences

- Submit a corrective action plan approved by the local board of education to GDOE within 120 days of receiving notice of designation from GDOE.
- Superintendent will be required to complete training on financial management and financial governance of a local school system.



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Senate Bill 68

My School District is high-risk. What does that mean to us?

High Risk Consequences

- Submit a corrective action plan approved by the local board of education to GDOE within 120 days of receiving notice of designation from GDOE.
- Superintendent will be required to complete training on financial management and financial governance of a local school system.
- All board members will be required to complete training regarding his or her own local school system's most recent audit findings and the risk status of the local school system.



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Senate Bill 68

- DOAA reports to State Board at GDOE quarterly.
- 246 audits have been released since SB68 went into effect July 1, 2021, through March 31, 2023
- 14 or 5% have been designated as moderate risk.
- 31 or 13% have been designated as high-risk.
- 12 School District have been removed the SB 68 risk designation list.



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Standards and Other Updates

GASB 87 – Year Two and Beyond

- Don't forget about GASB 87 – it is still here!
- Did you enter into any new leases during FY23?
 - Auditors will be performing audit procedures for completeness.
- School Districts should continue to amortize leases from prior year.



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GASB 87 – Year Two and Beyond

Account	Debit	Credit
Lease - Principal	\$XX,XXX	
Lease - Interest	\$X,XXX	
Cash		\$ XX,XXX

To record lease payment annually – on Fund Level statements.



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GASB 87 – Year Two and Beyond

Account	Debit	Credit
Lease Liability	\$XX,XXX	
Expense		\$XX,XXX

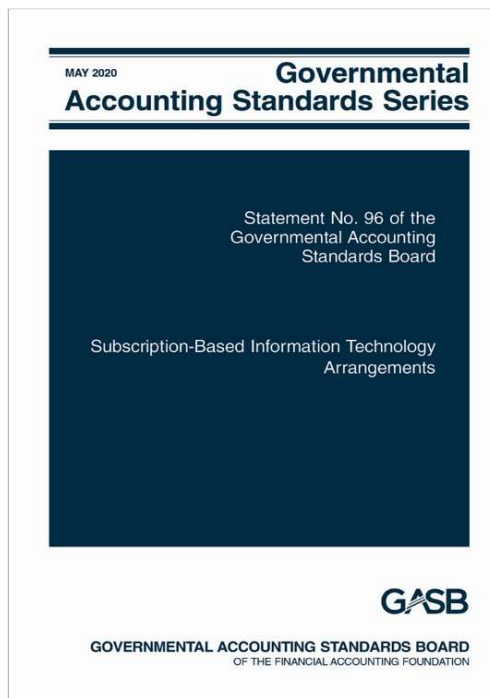
To reduce outstanding liability by the amount of principal paid.



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GASB Statement No. 96



Subscription-Based Information Technology Arrangements (SBITAs)

- Establishes standards of accounting and financial reporting for SBITAs by a government end user.
- Effective for periods beginning after June 15, 2022. Apply retroactively for all periods presented.
- Entities that have a July-June fiscal year will implement in FY2023.



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Why Do We Need GASB 96?

The landscape of how governments do business is changing.

1. The purchase of software in the cloud is becoming more popular than software that is housed on your local machine or network.
2. Cloud-computing arrangements are increasing in popularity.
3. Remote-working positions are becoming more permanent causing governments to look for cloud-based software options.
4. The previous GASB standards do not address cloud computing.



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GASB Statement No. 96, *SBITAs*

What is a SBITA?

A SBITA is a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.



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GASB Statement No. 96, *SBITAs*

To determine whether a contract conveys control of the right to use the underlying IT assets, a government should assess whether it has both:

1. The right to obtain the present service capacity from use of the underlying IT assets as specified in the contract
2. The right to determine the nature and manner of use of the underlying IT assets as specified in the contract.



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GASB NO. 96 VS GASB NO. 87

	GASB No. 96 SBITAs	GASB No. 87 Leases
Parties	<ul style="list-style-type: none">• Vendor• Government	<ul style="list-style-type: none">• Lessor• Lessee
Intangible Right-to-Use Asset	Subscription Asset	Lease Asset
Underlying Asset	Underlying IT Assets	Underlying Assets
Liability	Subscription Liability	Lease Liability



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What is **not** in scope of GASB No. 96?

Contracts that convey control of the right to use another party's combination of IT software and tangible capital assets – where the software component is insignificant when compared to the underlying cost of the tangible capital asset.

Governments that provide the right to use their IT software and associated tangible capital assets to other entities through SBITAs.

Licensing arrangement that provide a perpetual license to governments to use a vendor's computer software, which are subject to GASB No. 51.

Contracts that meet the definition of a Public-Private and Public-Public Partnerships and Availability Payment Arrangements.



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Perpetual

- One time fee
- Can use software after expiration date:
 - No maintenance
 - No security patches/updates

Subscription

- Yearly or monthly fee
- Right to use for a certain amount of time
- After expiration software can't be used until renewed



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GASB Statement No. 96, *SBITAs*

What falls under
GASB No. 87
vs.
GASB No. 96?

Accounting depends on what the underlying asset is:

- Tangible capital assets alone – **GASB No. 87**
- IT software alone – **GASB No. 96**
- IT software in combination with tangible capital assets:
 - IT Software component is insignificant compared to cost of underlying tangible capital asset – **GASB No. 87**
 - Otherwise – **GASB No. 96**



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Accounting for Activities Associated with a SBITA

Preliminary Project Stage

- Formulate and evaluate alternatives
- Determine existence of needed technology
- Review possible vendors.

Expensed as incurred

Initial Implementation Stage

- Design
- Configuration
- Code
- Installation and test

Capitalized as part of
subscription asset

Operation & Additional Implementation Stage

- Train Users
- Convert Data (non-operational)
- Maintain Software

Expensed as incurred unless they
meet specific capitalization
criteria



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Capitalizable implementation costs

Stages may overlap or occur in a different order

Determination of stage is based on both the nature of the activity and the relative timing; however, the nature of the activity should be the determining factor.

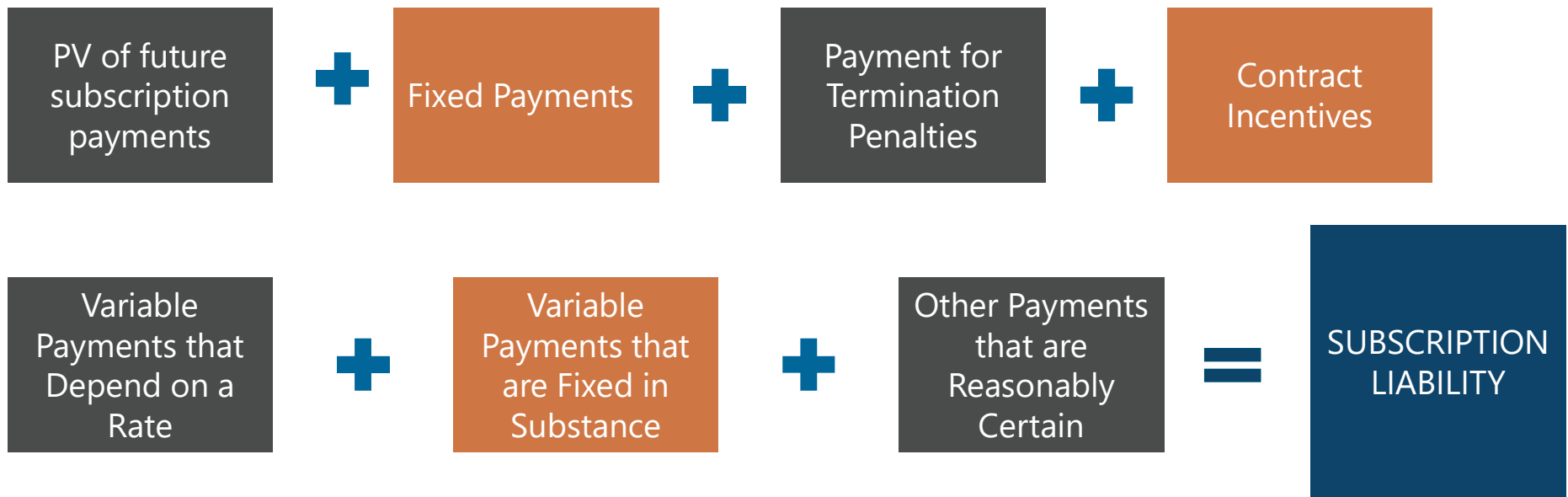
Training Costs - should be expensed as incurred, regardless of the stage in which they are incurred.



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How to calculate the subscription Liability



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What discount rate should I use?

The rate that is stated in the SBITA

OR

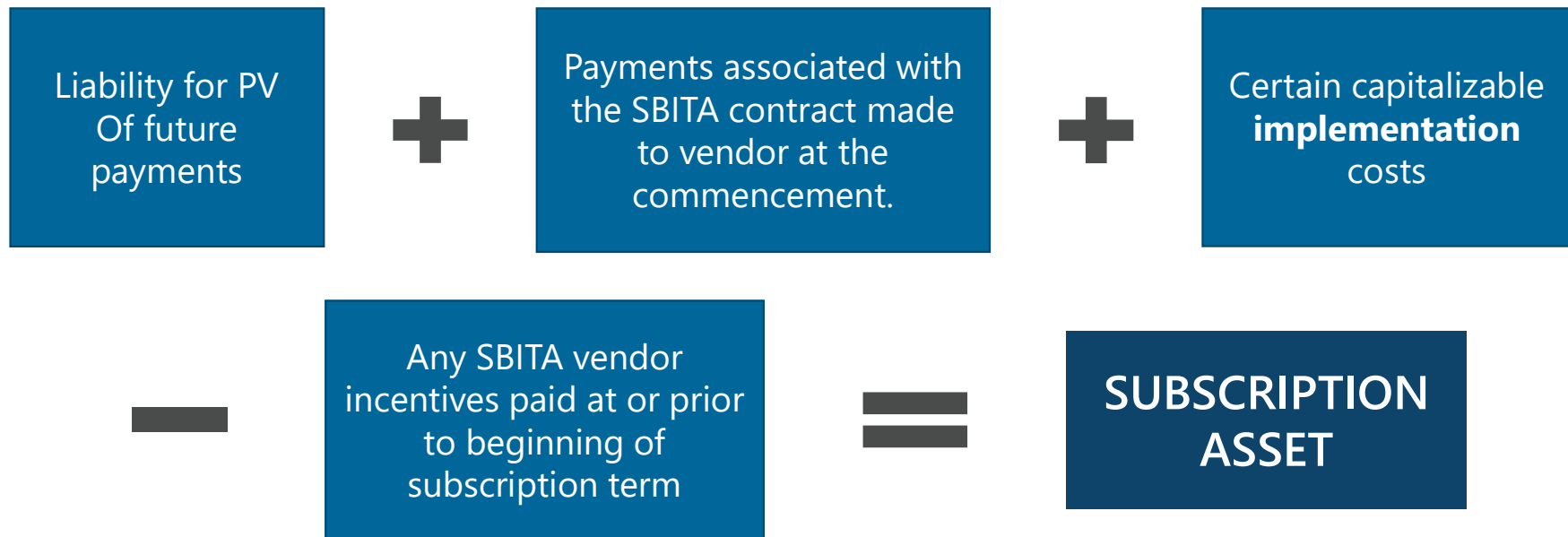
The government's estimated incremental borrowing rate should be used.



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How to calculate the subscription asset



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Case Study - Case Facts

Churchill Downs School District has decided to convert to a new financial reporting system.

- Subscription Start Date: July 1, 2022
- Subscription End Date: June 30, 2025
- First Payment Date: July 1, 2022
- Payments: \$15,000 annually, paid in advance (on July 1st)
- Discount Rate: 4%



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Case Study – Implementation Stages

In addition to the annual subscription payments of \$15,000, Churchill Downs School District incurred additional costs during the following stages:

- Preliminary project stage costs – The School District hired an outside consultant to assist with the selection and evaluation of the financial reporting software. They incurred fees of **\$5,000** paid to the consultant during the evaluation process.
- Initial implementation stage costs – During the initial implementation stage the School District needed to migrate data from their existing system into their new financial reporting system. The data migration cost the School District **\$2,000** and was paid directly to the SBITA vendor.



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Case Study – Implementation Stages

In addition to the annual subscription payments of \$15,000, Churchill Downs School District incurred additional costs during the following stages:

- Operation and additional stage costs – Subsequent to placing the new system in operation, the School District experienced operational challenges, which required additional support services and cost and additional **\$800**. These services did not add to the functionality of the system.



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Case Study – Calculation of Subscription Liability

Present Value of Subscription Payments

- \$15,000 annual subscription payments, paid in advance
- 3 year (36 month) subscription term
- 4% borrowing rate

Periodic Payment (P)		15,000.00
Rate per Period (r)		4.000%
# of Periods (n)		3
	=	\$43,291.42



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Case Study – Calculation of Subscription Asset

$$\begin{array}{rcl} \text{Subscription Liability} + & \text{Initial Implementation Costs} & = \text{Subscription Asset} \\ \$43,291.42 + & \$2,000 & = \$45,291.42 \end{array}$$

Preliminary project stage – \$5,000 expensed as incurred (these costs are always expensed as incurred)

Initial implementation stage – \$2,000 capitalized (these costs are typically capitalized as part of the subscription asset)

Operation and additional implementation state – \$800 expensed as incurred as it did not add value to the functionality or efficiency of the software



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Case Study – Amortization Calculation

Period	Cash	Interest Expense	Liability Reduction	Accrued Interest	Cumulative Accrued Interest Liability	Subscription Liability	Amortization Expense	Net Subscription Asset Balance	Accumulated Amortization
Beginning Balance						\$ 43,291		\$ 45,291	
Jul-22	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ -	\$ 28,291	\$ 1,258	\$ 44,033	\$ 1,258
Aug-22		94	0	94	94	28,291	1,258	42,775	2,516
Sep-22		94	0	94	189	28,291	1,258	41,517	3,774
Oct-22		94	0	94	283	28,291	1,258	40,259	5,032
Nov-22		94	0	94	377	28,291	1,258	39,001	6,290
Dec-22		94	0	94	472	28,291	1,258	37,743	7,548
Jan-23		94	0	94	566	28,291	1,258	36,484	8,807
Feb-23		94	0	94	660	28,291	1,258	35,226	10,065
Mar-23		94	0	94	754	28,291	1,258	33,968	11,323
Apr-23		94	0	94	849	28,291	1,258	32,710	12,581
May-23		94	0	94	943	28,291	1,258	31,452	13,839
Jun-23		94	0	94	1037	28,291	1,258	30,194	15,097
Jul-23	15,000	94	13,869	-1,037	0	12,738	1,258	28,936	16,355
Aug-23		42	0	42	42	12,738	1,258	27,678	17,613
Sep-23		42	0	42	84	12,738	1,258	26,420	18,871
Oct-23		42	0	42	127	12,738	1,258	25,162	20,129
Nov-23		42	0	42	169	12,738	1,258	23,904	21,387
Dec-23		42	0	42	212	12,738	1,258	22,646	22,645
Jan-24		42	0	42	254	12,738	1,258	21,387	23,904
Feb-24		42	0	42	297	12,738	1,258	20,129	25,162
Mar-24		42	0	42	339	12,738	1,258	18,871	26,420
Apr-24		42	0	42	382	12,738	1,258	17,613	27,678
May-24		42	0	42	424	12,738	1,258	16,355	28,936
Jun-24	15,000	42	14,533	-425	0	0	1,258	15,097	30,194
Jul-24	0	0	0	0	0	0	1,258	13,839	31,452



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Case Study – Journal Entries

On July 1, 2022 an entry is made to record the subscription liability and asset:

Account	Debit	Credit
Gross Subscription Asset	\$45,291	
Subscription Liability		\$43,291
Cash (for initial implementation costs)		\$ 2,000

To record initial subscription asset and liability as well as payment of implementation costs.



Case Study – Journal Entries

Also in July, this entry is made to recognize the activity throughout the month:

Account	Debit	Credit
Amortization Expense	\$1,258	
Subscription Liability	\$15,000	
Accumulated Amortization		\$1,258
Cash (for subscription payment)		\$15,000

To record the initial subscription payment and recognize activity for the month of July 2022.



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Case Study – Journal Entries

In the next month, August 2022, the follow entry is recorded, even though the School District isn't making a cash payment:

Account	Debit	Credit
Amortization Expense	\$1,258	
Interest Expense	\$94	
Accumulated Interest Liability		\$94
Accumulated Amortization		\$1,258

This entry would continue to be made monthly.



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Case Study – Journal Entries

In July 2024, the following entry is made to recognize the payment:

Account	Debit	Credit
Amortization Expense	\$1,258	
Subscription Liability (reduction)	\$14,492	
Accumulated Interest Liability	\$466	
Interest Expense	\$42	
Accumulated Amortization		\$1,258
Cash (for subscription payment)		\$15,000

To record the final subscription payment and recognize activity for the month of July 2024.



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Implementation Roadmap

Will this software no longer work/will we no longer be able to log in once the contract term ends?

If your answer is “yes, we will not be able to access the software at the end of the contract”, it is likely that a SBITA exists*

***Note** - Perpetual software licenses are excluded from GASB 96 (think your Excel version 95 that has been hanging around forever)



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Implementation Roadmap

Compile a listing of potential IT software – both alone or with tangible assets

- IT Department, Department Director, Curriculum and Learning Divisions, School District's contracts and board minutes, PO and general ledger
- Identify key parties of the subscription agreement.
- Clarify any ambiguous terms of the agreement. Consult with legal counsel, finance, departments originating the subscription agreement and vendors.
- Document subscription term and key assumptions (i.e. options are reasonably certain or uncertain? Discount rate, Materiality)



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Implementation Roadmap

Set a capitalization threshold for right-to-use subscription assets (SBITAs)

Auditors will be interested in verify completeness

- What analysis was performed to identify SBITA contracts?

Develop internal procedures for identifying SBITAs in the future (communication lines with all divisions, schools, etc.)

Create and implement a tracking process for SBITAs to comply with GASB 96 going forward.



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What's Coming Up?

FY2024

GASB No. 100 – Accounting Changes and Error Corrections

FY2025

GASB No. 101 – Compensated Absences



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FY2023 FEDERAL COMPLIANCE UPDATES



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Commonly Used Acronyms

Acronym	Description
AICPA	American Institute of Certified Public Accountants
ALN	Assistance Listing Number (formerly CFDA)
CARES	Coronavirus Aid, Relief, and Economic Security
CFR	Code of Federal Regulations
DOAA	Georgia Department of Audits & Accounts
ECF	Emergency Connectivity Fund
ED	United States Department of Education
ERC	Employee Retention Credit
ESF	Education Stabilization Fund
ESSER	Elementary and Secondary School Emergency Relief Fund
FCC	Federal Communications Commission

Commonly Used Acronyms

Acronym	Description
GAQC	Government Audit Quality Center (AICPA)
GaDOE	Georgia Department of Education
IDEA	Individuals with Disabilities Education Act
MOE	Maintenance of Effort
MOEquity	Maintenance of Equity
NSAA	National State Auditors Association
OMB	Office of Management and Budget
SEFA	Schedule of Expenditures of Federal Awards
UEI	Unique Entity Identifier
UG	Uniform Guidance
USC	United States Code

General Updates & Reminders



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Employee Retention Credit Program

Public school districts are typically not eligible to participate in the Employee Retention Credit (ERC) program.

- Per the CARES Act, subsequent legislation, and IRS guidance, governmental entities are not eligible for the credit.
 - Governmental employers that are 501(c)(1) organizations, are public colleges or universities, or have the principal purpose to provide medical or hospital care are exempt from this rule.
- Additionally, Georgia school districts generally could not satisfy other eligibility criteria, including:
 - A government-mandated suspension of operations during any calendar quarter from March 12, 2020 to December 31, 2022 (except for the second quarter of calendar year 2020), or
 - A significant decline in gross receipts during a calendar quarter.

UEI Numbers

If your school district's FY2022 audit is not yet complete, please ensure that you obtain the school district's UEI number.

- The Data Collection Form has been updated and audits cannot be submitted to the Federal Audit Clearinghouse without the UEI number.

LEA - Data Collection Form (DCF) Information
Part I, Sections 4 (Auditee Identification Numbers) & 5 (Auditee Information)


Section 4 - Auditee Identification Numbers

4a. Auditee Employer Identification Number (EIN) _____

4d. Auditee DUNS Number _____

4g. Auditee UEI Number _____

This is a new requirement for FY2022.



UEI Numbers (continued)

Guidance can be found on the following websites:

- If the school district is registered on SAM.gov: [How can I view my Unique Entity ID?](#)
- If the school district is not registered on SAM.gov: [How does the Unique Entity ID get assigned?](#)

Federal Findings

Under the Uniform Guidance, auditors are required to report a federal finding in the following circumstances:

- Significant Deficiencies or Material Weaknesses in internal control over compliance with a type of compliance requirement for a major program
- Material noncompliance related to a type of compliance requirement for a major program
- Known questioned costs are greater than \$25,000 (major or nonmajor program)
- Likely questioned costs are greater than \$25,000 for a type of compliance requirement for a major program
- Known or likely fraud affecting a federal award
- Significant instances of abuse relating to a major program
- The status of a prior audit finding is materially misrepresented in the Summary Schedule of Prior Audit Findings

Schedule of Expenditures of Federal Awards



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Reporting Transfers on the SEFA

If one federal program transfers funds to another, the expenditure of these funds should be reported under the program that ultimately expended the funds.

- Example – The Supporting Effective Instruction program transferred \$50,000 to the Title I program. The expenditure of these funds would be reported by the Title I program on the SEFA.

FY2024 E-Rate Audits



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E-Rate Audit Requirements

The E-Rate program (ALN 32.004) was originally reflected in the draft Compliance Supplement.

- Representatives from the AICPA GAQC and NSAA met with the FCC to express concerns regarding the addition of this program.
- Ultimately, the FCC decided to delay implementing the Uniform Guidance audit requirement until FY2024; however, the FCC has not amended the assistance listing on SAM.gov yet.

Financial Statement Effect

Accounting for E-Rate funding will be the same as the Emergency Connectivity Fund.

- DOAA plans to work with GaDOE to issue accounting guidance related to E-Rate funds.

Selection of Federal Programs and Samples for Testing



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Major Federal Programs Selected for Testing

Selection is based on instructions reflected within the Uniform Guidance and depends on many factors, including the classification of the program.

- Type A Programs – Larger expenditures that are based on a calculation reflected within the UG (typically greater than or equal to \$750,000).
- Type B Programs – Expenditures are less than the Type A threshold.

Major Federal Programs Selected for Testing (continued)

Type A programs must be audited as a major program if:

- It is a new program,
- The program has not been tested in the previous two audit periods,
- There is a prior year Material Weakness finding associated with the program and/or modified opinion over the program,
- The federal awarding agency has requested that the program be audited, or
- The program is designated at “higher risk” and received a material amount of COVID funding.

Selecting Samples for Testing

The DOAA utilizes the AICPA's methodology to determine sample sizes for federal testing.

- When testing controls, auditors must assess the "significance of the control."
 - Based on guidance from the AICPA, if the auditors are only testing one control for a compliance requirement, they should assess the control as "very significant," which increases the sample size requirements.
- When testing controls, auditors must also assess inherent risk.
 - Inherent risk takes into account a variety of factors, such as the newness of a program, how complicated the program requirements are, whether or not the grantor has designated the program as "higher risk," and if prior period deficiencies have been noted.
 - Therefore, programs like ESSER and ECF often result in a higher inherent risk assessment.

Selecting Samples for Testing (continued)

As noted in the grid below, a larger sample is selected in instances in which a control is deemed “very significant” and a higher inherent risk assessment is identified.

Table 1

Tests of Controls Sampling Table — Population: 250 or Greater

Minimum Sample Sizes—90% Confidence Level

Significance of Control	Inherent Risk of Noncompliance for Compliance Requirement	Tolerable Rate	Expected Deviations		
			0	1	2
Very significant	Higher inherent risk	3 – 4 %	60	100	138
Very significant	Limited inherent risk	5 – 7 %	40	68	93
Moderately significant	Higher inherent risk	5 – 7 %	40	68	93
Moderately significant	Limited inherent risk	8 – 10 %	25	43	59

Preparing for a Successful Federal Program Audit



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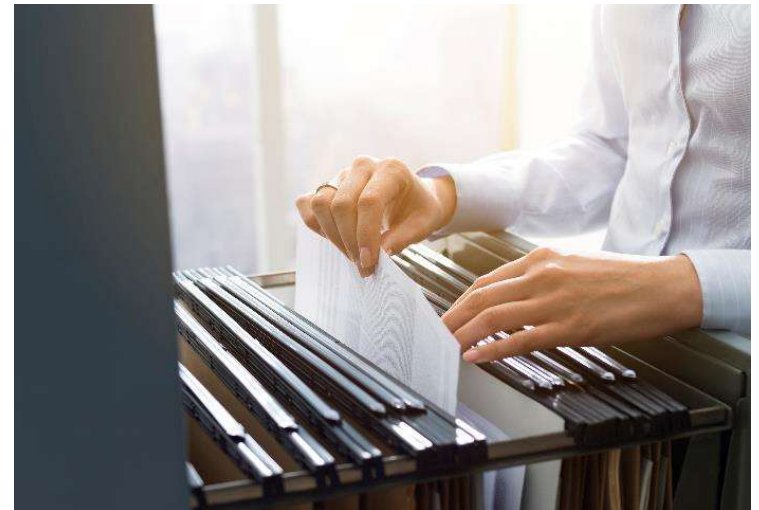
Study Regulations and Award Documents



- Become very familiar with requirements related to these funds.
- Understand the Uniform Guidance (2 CFR 200) requirements and which portions apply to the program.
- Obtain and review all award documents.

Maintain Documentation

- Documentation must be maintained to evidence control and compliance activities performed.
- Auditors are required to test controls over every direct and material compliance requirement denoted as subject to audit within the Compliance Supplement.



Develop and Follow Policies and Procedures



- Clear, written policies and procedures should be developed to address applicable compliance requirements and related internal controls.
- These policies and procedures should adhere to state and federal regulations, as necessary.
- These policies and procedures should also be followed to ensure compliance with federal program requirements.

Explore the OMB Compliance Supplement

- Auditors follow the steps reflected in the Compliance Supplement.
- Review those steps to determine what will be tested and address all significant compliance requirements and related internal controls.
- Examples of appropriate internal controls for each compliance requirement category are reflected in Part 6 – Appendix 2 of the Compliance Supplement.



Take Advantage of Resources



- Consult auditors, awarding agencies, OMB, various associations, etc.
- Attend trainings and conferences.
- Sign up for pertinent email updates and Google alerts.
- Network to find reliable peer groups.
- Ask questions.

Helpful Resources



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[Resources - DOAA \(ga.gov\)](https://ga.gov)

The screenshot shows the DOAA website's Resource Library page. At the top is a dark blue navigation bar with the DOAA logo and text 'DOAA Georgia Department of Audits & Accounts' on the left, and links for 'Reports', 'Resources', 'About', 'Careers', and 'Contact' on the right. A search icon is also present. Below the navigation bar is the 'Resource Library' section, which includes a sub-header and a brief description: 'Find guidance on technical issues, the audit process, submission processes, as well as key presentations, tools, and templates.' To the right of this section is a 'Next Deadline' alert for July 31, 2023, regarding submission dates for LG and NPO, with a link to 'Local Government, Non-Profits'. Below the main heading is a 'Resource for Organizations' section featuring seven buttons with icons and right-pointing arrows: 'Colleges & Universities', 'RESAs', 'Local Government', 'School Districts', 'Non-Profits', 'State Agencies', and 'Regional Commissions'. To the right of this is an 'Other Resources' section with three items: 'School System Financial Dashboard' (revenue, expenditures, fund balance, and fiscal health information), 'Transparency in Government Act' (submissions information in compliance with the act), and 'Immigration' (submissions information in compliance with Georgia's Illegal Immigration Reform and Enforcement Act).

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Reports Resources About Careers Contact

Resource Library

Find guidance on technical issues, the audit process, submission processes, as well as key presentations, tools, and templates.

Next Deadline
July 31, 2023 - Submission Dates for LG and NPO
[Local Government, Non-Profits >](#)

Resource for Organizations

- Colleges & Universities >
- RESAs >
- Local Government >
- School Districts >
- Non-Profits >
- State Agencies >
- Regional Commissions >

Other Resources

School System Financial Dashboard
Revenue, expenditures, fund balance, and fiscal health information for Georgia's county and city school systems.

Transparency in Government Act
Submissions information in compliance with the Transparency In Government Act.

Immigration
Submissions information in compliance with Georgia's Illegal Immigration Reform and Enforcement Act.

Georgia Department of Education

[Federal Programs
\(gadoe.org\)](http://gadoe.org)



Richard Woods

Offices & Divisions ▾ Programs & Initiatives ▾ Data & Reporting ▾ Learning & Curriculum ▾ State Board & Policy ▾ Finance ▾

🏠 → Office of School and District Improvement → Federal Programs

Division of Federal Programs (ESSA)

Division of Special Education Services and Supports (IDEA)

Title I, Part A- Improving the Academic Achievement of the Disadvantaged

Title I, Part A- Family School Partnership

Title I, Part A- Foster Care Provisions

Title I, Part C Education of Migratory Children

Title I, Part D- Neglected and Delinquent Children

Federal Programs

Mission

The mission of Federal Programs is to provide technical assistance, program monitoring, and resources to local educational agencies (LEA) to ensure that all children have an opportunity to obtain a high-quality education and to achieve proficiency on the state's high academic achievement standards.

Resources

- Federal Programs Monitoring
- LEA Consolidated Application
- Federal Programs Handbook
- Professional Qualifications and Related Reporting Requirements

Code of Federal Regulations

[eCFR | Home](#)



Code of Federal Regulations

A point in time eCFR system



Title 2

Displaying title 2, up to date as of 11/30/2022. Title 2 was last amended 11/07/2022. [view historical versions](#)

Go to CFR Reference

[Title 2](#) / [Subtitle A](#) / [Chapter II](#) / [Part 200](#) [Previous](#) / [Next](#) / [Top](#)

ECFR CONTENT

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ENHANCED CONTENT

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PART 200 - UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS

OMB Compliance Supplement

[Office of Federal Financial Management | OMB | The White House](#)

Resources and Other Information

- [OMB Bulletin No. 22-01, Audit Requirements for Federal Financial Statements](#) (August 26, 2022) (44 Pages, 599 KB)
- [2022 Compliance Supplement – 2 CFR Part 200 Appendix XI](#) (May 11, 2022) (1,968 Pages, 20,994 KB)
- [2021 Compliance Supplement – 2 CFR Part 200 Appendix XI](#) (August 25, 2021) (1,787 Pages, 29,513 KB)
- [OMB Circular A-136, Financial Reporting Requirements – Revised](#) (6/03/2022) (124 pages, 2.1 MB)
- [2020 Compliance Supplement Addendum – 2 CFR Part 200 Appendix XI](#) (December 22, 2020) (118 Pages, 1,280 KB)
- [Federal Program Inventory Exploratory Pilot](#) (December 03, 2020) (4 Pages, 4,058 KB)
- [2020 Compliance Supplement – 2 CFR Part 200 Appendix XI](#) (August 14, 2020) (1,559 pages, 15,241 KB)
- [2020 Compliance Supplement FRN](#) ↗ (August 18, 2020)

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 **Official U.S. Government Website**
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The Official U.S. Government System for:

Contract Opportunities
(was fbo.gov)

Contract Data
(Reports ONLY from fpds.gov)

Wage Determinations
(was wdol.gov)

Federal Hierarchy
Departments and Subtiers

Assistance Listings
(was cfda.gov)

Entity Information
Entities, Disaster Response Registry, and Exclusions

Entity Reporting
SCR and Bio-Preferred Reporting

Register Your Entity or Get a Unique Entity ID

Register your entity or get a Unique Entity ID to get started doing business with the federal government.

[Get Started](#)

[Renew Entity](#)

 [Check Registration Status](#)



Questions?

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