# Montana Audit Tracking and Reporting System (MATRS)

# MATRS BACKGROUND

- OBPP's Corrective Action Plan Database
- Allows Agencies to Electronically Update their Corrective Action Plans
- Allows Agencies to Review the Status of Other Agency's Corrective Action Plans
- Streamlines Annual and Single Audit Reporting Requirements

# Corrective Action Plan Requirements

Montana Operations Manual 373 – Legislative Audit Division Reports

Pre-MATRS Database:

- 30 Days After Legislative Audit Division Presentation
- Annually Every August
- Semi-Annually for Single Audit Report (Even Numbered Year)

MATRS Database Revision:

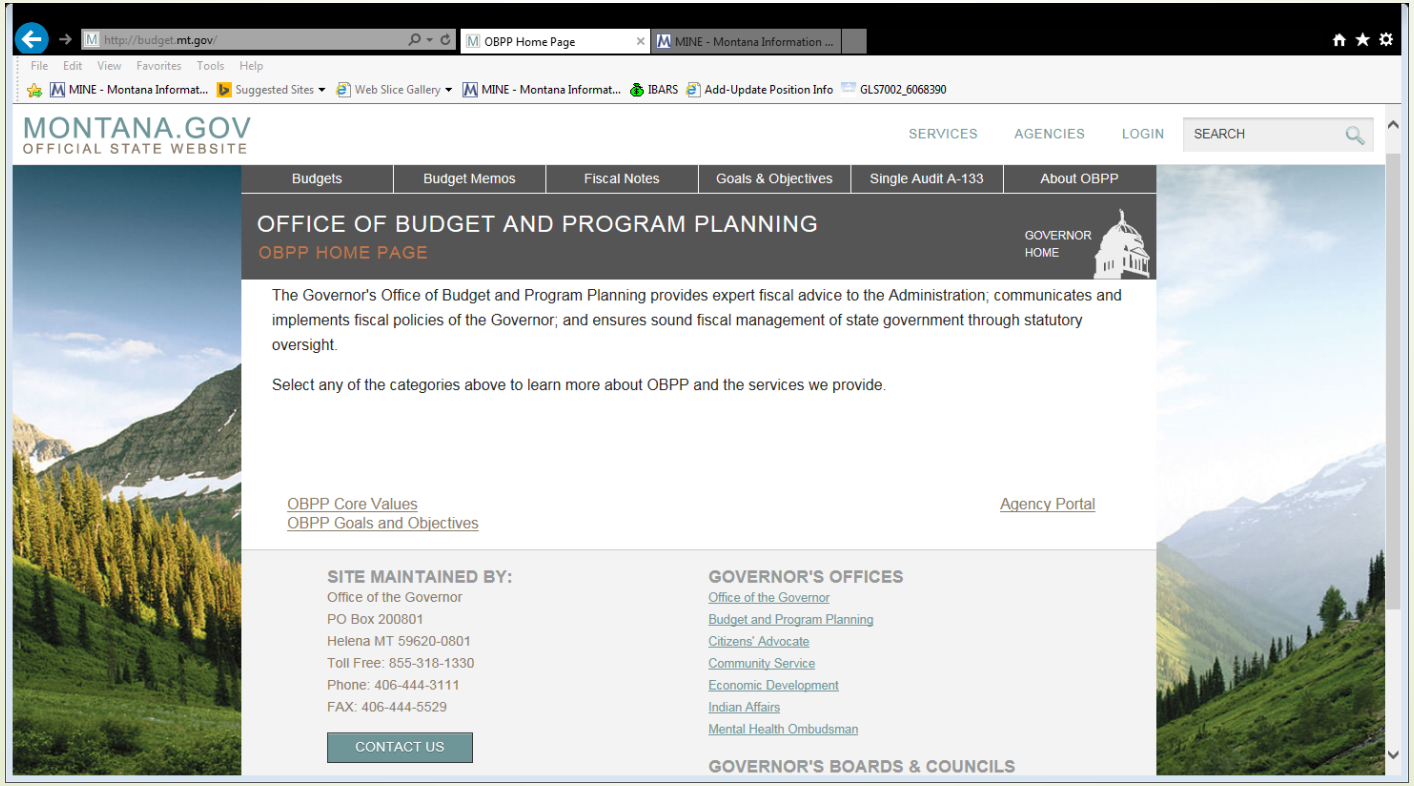
- 30 Days After Legislative Audit Division Presentation
- Ongoing, as Agency Corrective Action Plans are Completed

# Access to MATRS

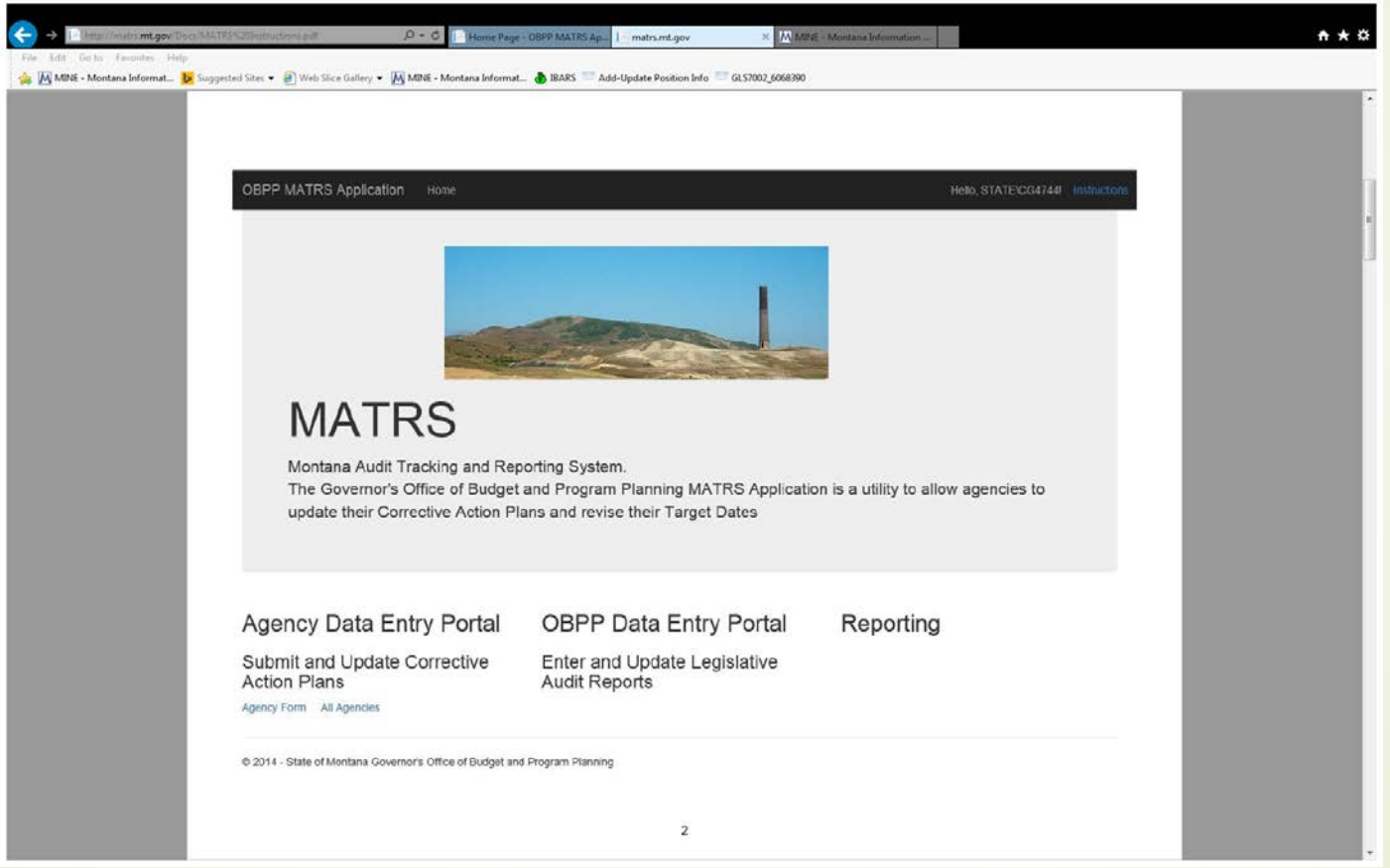
- Requested by agencies.
- Send e-mail request to your budget analyst or Sonia Powell at OBPP.
- Instructions for accessing and inputting Information into MATRS are provided on e-mail notification response.
- Instructions are also available on the MATRS home page.
- Once access is granted, agencies have the ability to create a new corrective action plan and to edit existing plans.
- In addition, agencies can also review (but not edit) other corrective action plans through the “All Agencies” link.

# How to Access

- Type in MATRS Web Page Address: http://matrs.mt.gov
- Go to OBPP Home Page

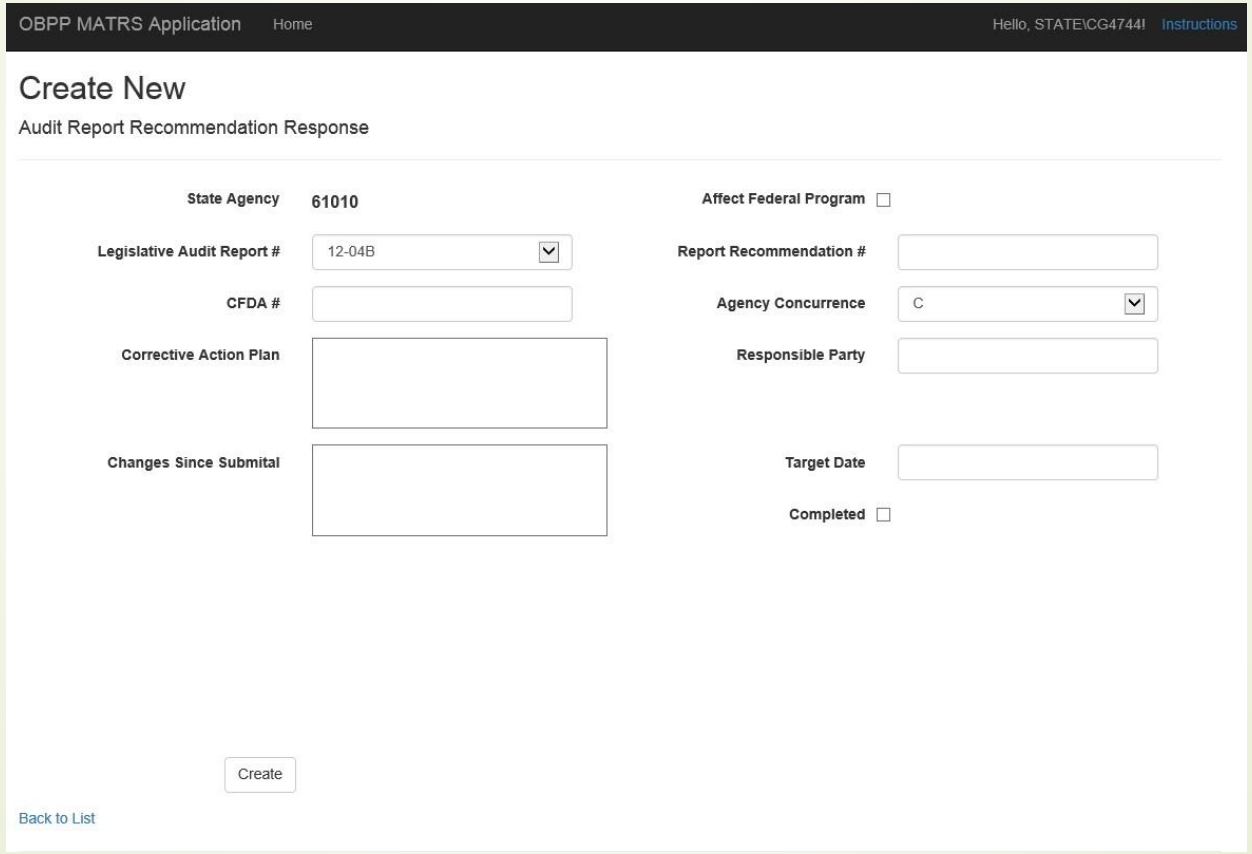


# MATRS – Home Page



# Creating a New Corrective Action Plan

Go to Create New option:



# Creating a New Corrective Action Plan

- **State Agency:** This option will already be selected for your agency.
- **Legislative Audit Report #:** Select your audit report from the drop down list provided.
- **Report Recommendation #:** Enter the number that corresponds to the audit recommendation in your audit report.

  Note: If there are several sections to each recommendation (i.e., 1A, 1B, etc.), then create a new Audit Recommendation Report Response for each section.

- **Agency Concurrence:** Indicate whether your agency concurs, partially concurs, conditionally concurs, or does not concur with the audit recommendation.

# Agency Concurrence Possibilities

- Concur – **C:** Agency director agrees with the substance of the legislative audit report recommendation and will implement the recommendation.
- Partially Concur – **PC:** Agency director agrees with the substance of a portion of the legislative audit recommendation and will implement the portion of the recommendation concurred with.
- Conditionally Concur – **CC:** Agency director agrees with the substance of the legislative audit recommendation but cannot implement the recommendation, whether in part or in its entirety, because of insufficient resources, unalterable time constraints, or other documented justification.
- Do not Concur – **DNC:** Agency director may or may not agree with the audit findings, does not agree with the legislative audit recommendation, and will not implement that recommendation for specific, documented reasons.

# Creating a New Corrective Action Plan

- **Corrective Action Plan:** Briefly describe your proposed corrective action, limiting your response to 500 characters or less.
- **Affect Federal Program:** Check this box if the audit recommendation pertains to a federal compliance finding.
- **CFDA#:** If this is a federal compliance finding, include the Catalog of Federal Domestic Assistance (CFDA) number, or numbers, associated with the federal program identified in the audit recommendation.
- **Responsible Party:** Complete this box with the name of the person or persons responsible for tracking the implementation of this audit recommendation.

# Creating a New Corrective Action Plan

- **Changes Since Submittal:** Use this option for updates to your earlier corrective action plan submittal, limiting your response to 500 characters or less. This can be done throughout the year as your plan is revised.
- **Target Date:** This box includes a calendar pop-up to identify the date the audit finding will be implemented by the agency.
- **Completed:** Agencies can check this box if they have completed their proposed corrective action. Once marked, the proposed corrective action will no longer be flagged for OBPP staff follow up.

Hit the "Create" button to generate the record. Repeat this process for every audit recommendation and recommendation section (i.e., 1A).

# Filtering

Agency Form:

- For Legislative Audit Report
- Completion Status of Corrective Action Submitted Previously

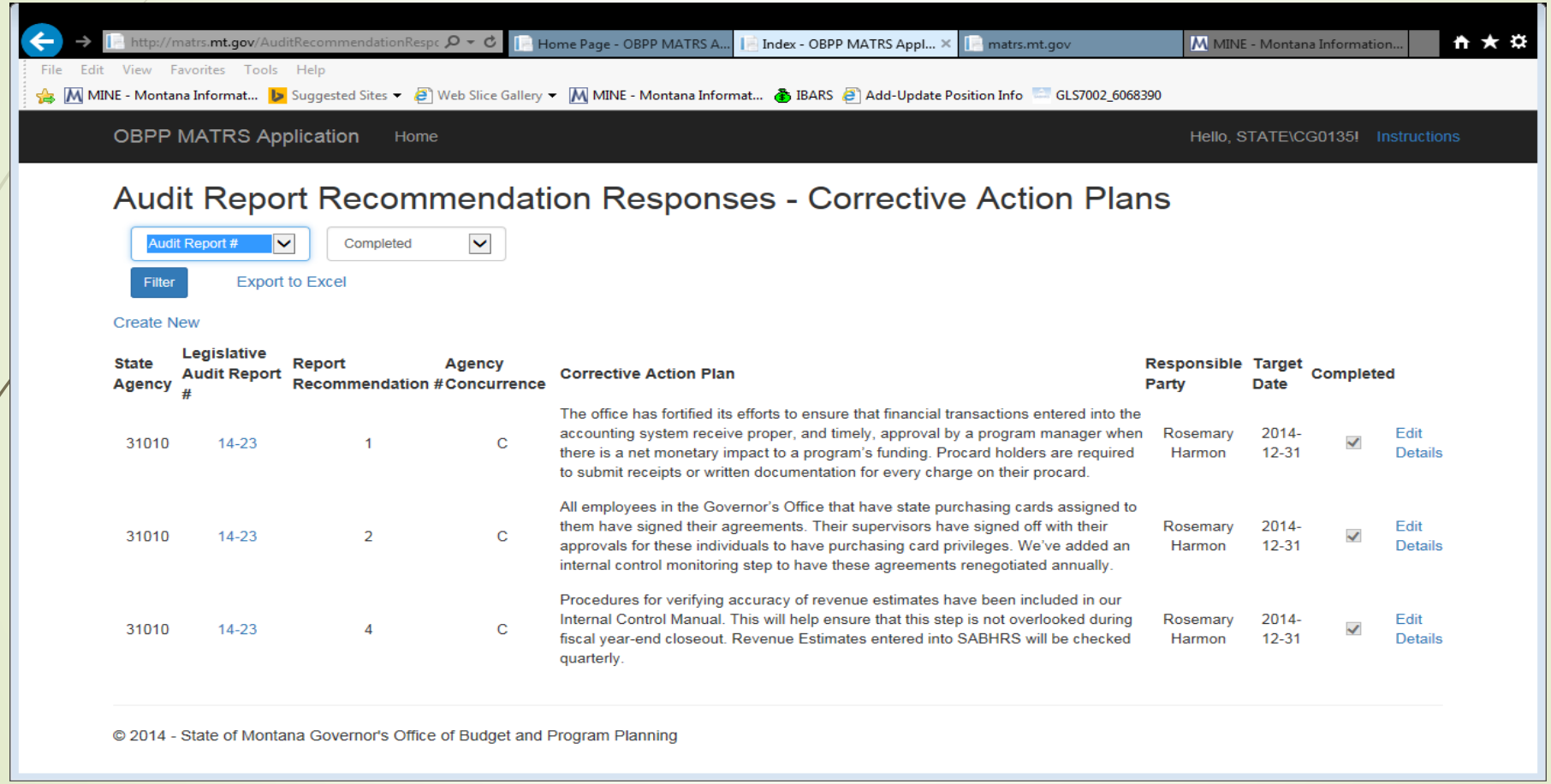
All Agencies

- For Legislative Audit Report
- Type of Finding
- Internal Control Classifications
- Completion Status of Corrective Action Submitted Previously

# Filtering

- To Filter:  Use the drop down list to select your information and then click the “Filter” button.
- To Clear:  Select the header in the drop down list and click the “Filter” button again.
- Hyperlinks to the legislative audit report are also built in, which will allow agencies to refer to the actual audit for additional information regarding each finding.
- Excel Export – Agencies can click the Export to Excel link to have their information downloaded in a worksheet.

# Filtering


http://matrs.mt.gov/AuditRecommendationRespc
Home Page - OBPP MATRS A...
Index - OBPP MATRS Appl...
matrs.mt.gov
MINE - Montana Information...
File Edit View Favorites Tools Help
MINE - Montana Informat...
Suggested Sites
Web Slice Gallery
MINE - Montana Informat...
IBARS
Add-Update Position Info
GLS7002_6068390
OBPP MATRS Application
Home
Hello, STATE\CG0135!
Instructions
Audit Report Recommendation Responses - Corrective Action Plans
Audit Report #
Completed
Filter
Export to Excel
Create New
State Agency
Legislative Audit Report #
Report Recommendation #
Agency Concurrence
Corrective Action Plan
Responsible Party
Target Date
Completed
31010 14-23 1 C The office has fortified its efforts to ensure that financial transactions entered into the accounting system receive proper, and timely, approval by a program manager when there is a net monetary impact to a program's funding. Procard holders are required to submit receipts or written documentation for every charge on their procard. Rosemary Harmon 2014-12-31 Edit Details
31010 14-23 2 C All employees in the Governor's Office that have state purchasing cards assigned to them have signed their agreements. Their supervisors have signed off with their approvals for these individuals to have purchasing card privileges. We've added an internal control monitoring step to have these agreements renegotiated annually. Rosemary Harmon 2014-12-31 Edit Details
31010 14-23 4 C Procedures for verifying accuracy of revenue estimates have been included in our Internal Control Manual. This will help ensure that this step is not overlooked during fiscal year-end closeout. Revenue Estimates entered into SABHRS will be checked quarterly. Rosemary Harmon 2014-12-31 Edit Details
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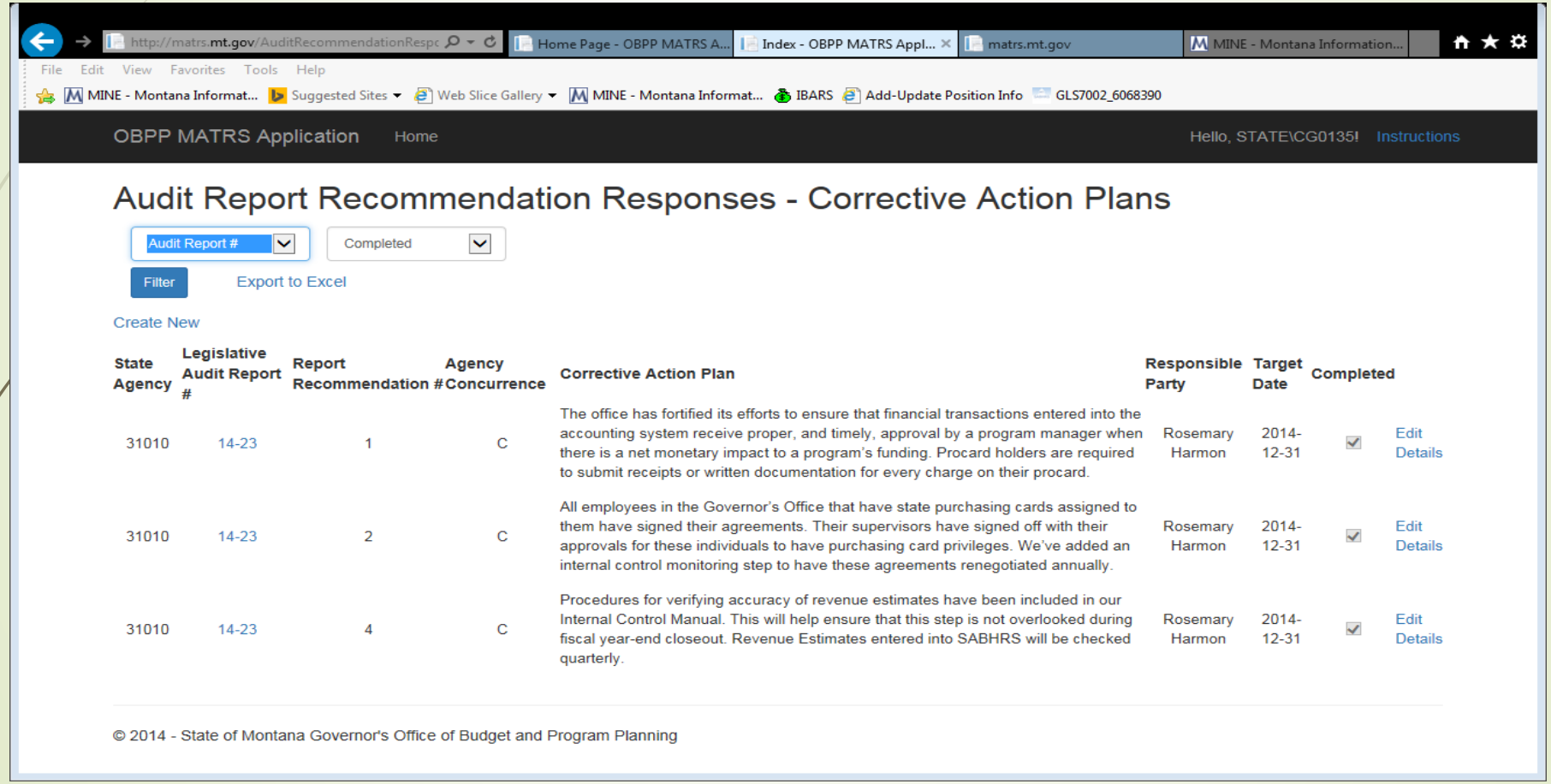
# Editing Existing Plan

- Corrective Action Plans can be edited from your Audit Recommendation Responses – Corrective Action Plans agency summary page.
- Click the Edit link at the far right-hand side of the page to access your corrective action plan information. After you have completed your revisions, click on the Save button to update your plan.

# Editing Existing Plans



# OBPP Follow Up

- The MATRS database allows OBPP to track the target dates associated with each audit finding and recommendation.
- Agencies can either contact their budget analyst at OBPP or update their information directly in the MATRS database.
- Although a recommendation is marked “Completed” at the agency level, an audit recommendation is not removed from the MATRS database until fully implemented, as determined by the Legislative Audit Division.

# Future MATRS Features

- Additional tracking for reports with no audit findings.
- Ability to enter a “Do Not Concur” response without inputting a target date.
- Alphabetical sort feature for selecting audit reports.
- Automated e-mail notification to agency contact personnel.
  - 30 Days From Target Date
  - 7 Days From Target Date
  - Target Date
  - Post-Target Date

# Contact Information

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Budget and Program Planning

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# SEFA 2016

Changes to the Schedule of Expenditures of Federal Awards Reporting Requirements

# Importance of SEFA

- Required part of the financial statements under Single Audit Act Amendments of 1999, Uniform Guidance, and earlier OMB Circular A-133 guidance.
- Basis for determination of the state's major programs for Single Audit purposes.
- Provides a consolidation of all federal awards expended by the state during each fiscal year.

# New Reporting Guidance

- Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)
- Effective for audits with fiscal years beginning after December 26, 2014.
- Federal awards may be subject to new guidance, or to prior guidance issued under OMB Circular A-133 and applicable cost principles, depending upon the date of the award.

# Federal Award Definition

**§200.38 Federal award.**

*Federal award* has the meaning, depending on the context, in either paragraph (a) or (b) of this section:

(a)(1) The Federal financial assistance that a non-Federal entity receives directly from a Federal awarding agency or indirectly from a pass-through entity; or

(2) The cost-reimbursement contract under the Federal Acquisition Regulations that a non-Federal entity receives directly from a Federal awarding agency or indirectly from a pass-through entity.

# Federal Award Definition

(b) The instrument setting forth the terms and conditions. The instrument is the grant agreement, cooperative agreement, other agreement for assistance covered in paragraph (b) of §200.40 Federal financial assistance, or the cost-reimbursement contract awarded under the Federal Acquisition Regulations.

(c) Federal award does not include other contracts that a Federal agency uses to buy goods or services from a contractor or a contract to operate Federal Government owned, contractor operated facilities (GOCOs).

(d) See also definitions of Federal financial assistance, grant agreement, and cooperative agreement.

# Federal Financial Assistance

**§200.40 Federal financial assistance.**

(a) *Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of:

(1) Grants;

(2) Cooperative agreements;

(3) Non-cash contributions or donations of property (including donated surplus property);

(4) Direct appropriations;

(5) Food commodities; or

(6) Other financial assistance.

# Federal Financial Assistance

(b) For §200.202 Requirement to provide public notice of Federal financial assistance programs and Subpart F – Audit Requirements of this part, *Federal financial assistance* also includes assistance that non-Federal entities receive or administer in the form of:

(1) Loans;

(2) Loan Guarantees;

(3) Interest subsidies; and

(4) Insurance.

(c) *Federal financial assistance* does not include amounts received as reimbursement for services rendered to individuals as described in §200.502.

# Federal Awards Expended

## §200.502 Basis for determining Federal awards expended.

Determining Federal awards expended. The determination of when a Federal award is expended must be based on when the activity related to the Federal award occurs. Generally, the activity pertains to events that require the non-Federal entity to comply with Federal statutes, regulations, and the terms and conditions of Federal awards, such as:

(a) expenditure/expense transactions associated with awards including grants, cost-reimbursement contracts under the FAR, compacts with Indian Tribes, cooperative agreements, and direct appropriations;

(b) the disbursement of funds to subrecipients;

(c) the use of loan proceeds under loan and loan guarantee programs;

(d) the receipt of property;

(e) the receipt of surplus property;

(f) the receipt or use of program income;

(g) the distribution or use of food commodities;

(h) the disbursement of amounts entitling the non-Federal entity to an interest subsidy; and

(i) the period when insurance is in force.

# Federal Awards Expended – Loans

Since the Federal Government is at risk for loans until the debt is repaid, the following guidelines must be used to calculate the value of Federal awards expended under loan programs:

(1) Value of new loans made or received during the audit period; plus

(2) Beginning of the audit period balance of loans from previous years for which the Federal Government imposes continuing compliance requirements; plus

(3) Any interest subsidy, cash, or administrative cost allowance received.

# Federal Awards Expended – Loans

- When loans are made to students of an IHE but the IHE does not make the loans, then only the value of loans made during the audit period must be considered Federal awards expended in that audit period. The balance of loans for previous audit periods is not included as Federal awards expended because the lender accounts for the prior balances.

- Loans, the proceeds of which were received and expended in prior years, are not considered Federal awards expended under this part when the Federal statutes, regulations, and the terms and conditions of Federal awards pertaining to such loans impose no continuing compliance requirements other than to repay the loans.

# Federal Awards Expended – Other

- Endowment funds - The cumulative balance of Federal awards for endowment funds that are federally restricted are considered Federal awards expended in each audit period in which the funds are still restricted.
- Free rent - Free rent received by itself is not considered a Federal award expended under this part. However, free rent received as part of a Federal award to carry out a Federal program must be included in determining Federal awards expended and subject to audit under this part.
- Valuing non-cash assistance - Federal non-cash assistance, such as free rent, food commodities, donated property, or donated surplus property, must be valued at fair market value at the time of receipt or the assessed value provided by the Federal agency (i.e., federal excess personal property is valued 22.47% of the acquisition value for FY 2016).

# Federal Awards Expended – Other

- Medicare - Medicare payments to a non-Federal entity for providing patient care services to Medicare-eligible individuals are not considered Federal awards expended under this part.
- Medicaid - Medicaid payments to a subrecipient for providing patient care services to Medicaid-eligible individuals are not considered Federal awards expended under this part unless a state requires the funds to be treated as Federal awards expended because reimbursement is on a cost-reimbursement basis.
- Certain loans provided by the National Credit Union Administration - For purposes of this part, loans made from the National Credit Union Share Insurance Fund and the Central Liquidity Facility that are funded by contributions from insured non-Federal entities are not considered Federal awards expended.

# Federal Award Characteristics

- Determine who is eligible to receive what federal financial assistances;
- Have your performance measured against the federal program objectives;
- Have responsibility for programmatic decisions;
- Adhere to federal program compliance requirements; and
- Use the federal funding to carry out a program, versus providing goods or services for the program.

# Contractor Characteristics

- Provides goods and services as part of normal business operations.
- Provide goods and services to many different purchasers;
- Contractor normally operates in a competitive environment;
- Contractor provides goods or services that are ancillary (secondary) to the operation of the federal program; and
- Contractor is not subject to the specific requirements of the federal program, although other federal requirements may still apply (i.e., drug-free workplace, etc.).

# At a minimum, the SEFA must ....

- List individual federal programs by federal agency;
- For a cluster of programs, provide the cluster name, list individual federal programs within the cluster of programs, and provide the applicable federal agency name;
- For Research and Development (R&D), total federal awards expended may be shown by individual federal award or by major subdivision within the federal agency (i.e., National Institutes of Health is a major subdivision of the Department of Health and Human Services;
- For federal awards received as a subrecipient (pass-through awards), include the name of the pass-through entity and the identifying number assigned by the pass-through entity.

# Minimal Requirements (Cont.)

- Provide total federal awards expended for each individual federal program and the CFDA number, or other identifying number, when the CFDA information is not available;
- For a cluster, also provide the total for the cluster;
- Include the total amount provided to subrecipients from each federal program; and
- Include the total federal awards expended for loan and loan guarantee programs.

These are minimum reporting requirements. Auditee may choose to provide other information to make the schedule easier to use.

# Individual Federal Awards and Clusters

| State of Montana<br>Schedule of Expenditures of Federal Awards<br>For the Fiscal Year Ending June 30, 2015 | | AMOUNT |
|---|---|---|
| **SOCIAL SECURITY ADMINISTRATION** | | |
| 96.008 | Social Security - Work Incentives Planning and Assistance Program | $90,020 |
| | ***TOTAL*** | **$90,020** |
| ***Disability Insurance/SSI Cluster*** | | |
| 96.001 | Social Security_Disability Insurance | $7,361,170 |
| | ***TOTAL*** | **$7,361,170** |
| | ***SOCIAL SECURITY ADMINISTRATION TOTAL*** | **$7,451,190** |

# Research and Development Cluster

**State of Montana**
**Schedule of Expenditures of Federal Awards**
**For the Fiscal Year Ending June 30, 2015**

| RESEARCH AND DEVELOPMENT CLUSTER | | | AMOUNT |
|---|---|---|---|
| **DEPARTMENT OF EDUCATION** | | | |
| **Office Of Elementary And Secondary Education** | | | |
| 84.299 | Indian Education -- Special Programs for Indian Children | | $88,224 |
| | Little Big Horn College | ILEAD | $245,432 |
| 84.367 | Improving Teacher Quality State Grants | | |
| | University of California, Berkeley | 09-MT02-SEED2012 | $5,617 |
| **Office Of Special Education And Rehabilitative Services** | | | |
| 84.133 | National Institute on Disability and Rehabilitation Research | | $191,425 |
| | University of Kansas | H133B110006 | $47,668 |
| | | ***DEPARTMENT OF EDUCATION TOTAL*** | **$578,366** |

# Unknown CFDA Numbers

**State of Montana**
**Schedule of Expenditures of Federal Awards**
**For the Fiscal Year Ending June 30, 2015**

| RESEARCH AND DEVELOPMENT CLUSTER | | | AMOUNT |
|---|---|---|---|
| **Miscellaneous** | | | |
| 12.999 | Miscellaneous Non-Major Grants | | $1,673,518 |
| | Science Applications International Corporation | P010200731 | $5,284 |

***Schedule of Unknown Federal CFDA Numbers (XX.999)***

| *Federal Agency* | *State Agency* | *Contract or Grant Number* | *Amount* |
|---|---|---|---|
| Department of Agriculture (10) | | | |
| | Montana State University - Bozeman | 13-CS-11015600-057 | 1,202 |
| | Montana State University - Bozeman | 58-0510-4-039 N 7600043373 | 22,255 |
| | University of Montana - Montana Tech | 05-CS-11010800-010 | 14,274 |
| | University of Montana - Montana Tech | 65-0325-09-034 | 3,223 |
| | University of Montana - Montana Tech | 12-CS-11015600-054 | 4,000 |
| Department of Defense (12) | | | |
| | University of Montana - Missoula | W9128F-14-2-0002, TO 0001 | 1,558,005 |
| | University of Montana - Missoula | W9128F-14-2-0002, TO 0002 | 115,513 |
| | University of Montana - Missoula | P010200731 | 5,284 |

# New SEFA Reporting Guidance

- Include the total amount provided to subrecipients from each federal program. (Prior guidance encouraged, but did not require, this identification in the schedule).
- Include the total federal awards expended for loan and loan guarantee programs. (Includes beginning balances for those loans for which the federal government imposes continuing compliance requirements.)
- Include noncash awards.
- Include totals for each cluster. (Montana's SEFA already reports totals for each cluster.)

# Subrecipient - Definition

**§200.93 Subrecipient**

*Subrecipient* means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

# Subaward - Definition

**§200.92 Subaward**

*Subaward* means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.

# Subawards and Subgrants

The terms subawards and subgrants tend to be used interchangeably – the difference for Montana's SEFA reporting relates to who receives, and who disburses, the federal funding:

1) Pass-through – Federal awards received from a non-state source (i.e., another state's university or a nonprofit organization).
2) Internal Subgrants – Federal awards received from another Montana state agency or Montana state university.
3) External Subgrants – Federal awards distributed to a non-state entity such as a local government, county, another state's university, or a nonprofit organization.

# Pass-through Subgrants

Subgrants or subawards received from a non-state agency or non-state university:

- State is the subrecipient.
- Identified on Montana's SEFA shell as a "P" for pass-through award in column G.
- Listed on SEFA report with the identifying grant number, if the grant number is available.

| BusUnit | StateProgID | ResDev | DSP | SPEntity | CFDAN | Cluster | FYExpend | GrantConNur | ARRA |
|---|---|---|---|---|---|---|---|---|---|
| 51040 | 4W3575 Early Childhood Educ | T | D | | 84.299 | Research & Development Cluster | 88,224.00 | | No |
| 51040 | 4W4219 Indian Leadership Ed | T | P | Little Big Horn College | 84.299 | Research & Development Cluster | 245,432.00 | ILEAD | No |

# Research and Development Cluster

State of Montana
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ending June 30, 2015

| RESEARCH AND DEVELOPMENT CLUSTER | | | AMOUNT |
|---|---|---|---|
| **DEPARTMENT OF EDUCATION** | | | |
| **Office Of Elementary And Secondary Education** | | | |
| 84.299 | Indian Education -- Special Programs for Indian Children | | $88,224 |
| | Little Big Horn College | ILEAD | $245,432 |
| 84.367 | Improving Teacher Quality State Grants | | |
| | University of California, Berkeley | 09-MT02-SEED2012 | $5,617 |
| **Office Of Special Education And Rehabilitative Services** | | | |
| 84.133 | National Institute on Disability and Rehabilitation Research | | $191,425 |
| | University of Kansas | H133B110006 | $47,668 |
| | | ***DEPARTMENT OF EDUCATION TOTAL*** | **$578,366** |

# Internal Subgrants

Subgrants and subawards from a Montana state agency or university to another Montana State agency or university.

- State is the subrecipient.
- Referred to as a "subgrant" on Montana's SEFA Shell worksheet and identified with an "S" in column G.
- These subgrants and subawards do not create a pass-through or subrecipient relationship for these state agencies.
- Are eliminated in the final SEFA report to prevent duplication in federal award reporting.

# Internal Subgrant Example

Combined SEFA Shell Worksheet, Main Report

- CFDA #97.067, Agency Report = $6,404,968
- CFDA #97.067, SEFA Report = $5,708,511
- Subgrants Eliminated to Prevent Duplication = $696,457

| BusUnit | StateProgID | ResDe | DS | SPEntity | CFDAN | Cluster | FYExpend | GrantConNum | ARRA |
|---|---|---|---|---|---|---|---|---|---|
| 41100 | Montana All Threat Intelligence Center | F | S | Montana Dept. Of Military Affairs | 97.067 | | 27,298.00 | EMW-2012-SS-00143-S01 | No |
| 41100 | Montana All Threat Intelligence Center | F | S | Montana Dept. Of Military Affairs | 97.067 | | 230,776.00 | EMW-2013-SS-00064 | No |
| 41100 | Montana All Threat Intelligence Center | F | S | Montana Dept. Of Military Affairs | 97.067 | | 191,150.00 | EMW-2014-SS-00019-S01 | No |
| 41100 | Highway Patrol Explosives K-9 | F | S | Montana Dept. Of Military Affairs | 97.067 | | 16,577.00 | EMW-2013-SS-00064 | No |
| 67010 | Disaster & Emergency Services | F | D | | 97.067 | | 5,709,016.00 | | No |
| 66020 | Homeland Security Grant Program | F | S | DMA | 97.067 | | 73,069.00 | | No |
| 56030 | HOMELAND SECURITY | F | S | Dept Of Miltary Affairs | 97.067 | | 81,808.00 | | No |
| 64010 | Montana Homeland Security Grant (FFY 2013) | F | S | MT Department Of Military Affairs | 97.067 | | 51,262.00 | | No |
| 64010 | Montana Homeland Security Grant (FFY 2014) | F | S | MT Department Of Military Affairs | 97.067 | | 24,517.00 | | No |
| 52010 | DEPT OF MILITARY AFFAIRS | F | P | Flathead County Sheriff | 97.067 | | (505.00) | EMW-2011-SS-00052 | No |

# SEFA Report, CFDA #97.067

State of Montana
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ending June 30, 2015

**HOMELAND SECURITY**

| | | | AMOUNT |
|---|---|---|---|
| 97.012 | Boating Safety Financial Assistance | | $484,095 |
| 97.023 | Community Assistance Program State Support Services Element (CAP-SSSE) | | $218,235 |
| 97.036 | Disaster Grants - Public Assistance (Presidentially Declared Disasters) | | $3,056,642 |
| 97.039 | Hazard Mitigation Grant | | $550,605 |
| 97.041 | National Dam Safety Program | | $313,353 |
| 97.042 | Emergency Management Performance Grants | | $2,283,179 |
| 97.043 | State Fire Training Systems Grants | | $18,914 |
| 97.044 | Assistance to Firefighters Grant | | $130,576 |
| 97.045 | Cooperating Technical Partners | | $946,443 |
| 97.046 | Fire Management Assistance Grant | | $15,481 |
| 97.047 | Pre-Disaster Mitigation | | $3,334,624 |
| 97.052 | Emergency Operations Center | | $790,391 |
| 97.067 | Homeland Security Grant Program | | $5,709,016 |
| | Flathead County Sheriff | EMW-2011-SS-00052 | ($505) |
| 97.120 | Border Interoperability Demonstration Project | | $1,125,374 |
| | | ***TOTAL*** | **$18,976,423** |
| | | ***HOMELAND SECURITY TOTAL*** | **$18,976,423** |

# External Subgrants

- Non-state entity is the subrecipient of the subgrant or subaward.
- Does create a pass-through/subrecipient relationship.
- Uniform Guidance requires these subawards to now be reported on the SEFA (previously reported in Note 10).

| *CFDA #* | *Program Title* | *Amount Provided to Subrecipients* |
|---|---|---|
| **20.600** | State and Community Highway Safety | 177,974 |
| **20.601** | Alcohol Impaired Driving Countermeasures Incentive Grants I | 39,098 |
| **20.611** | Incentive Grant Program to Prohibit Racial Profiling | 4,999 |
| **20.616** | National Priority Safety Programs | 840,381 |
| **20.701** | University Transportation Centers Program | 174,348 |
| **20.703** | Interagency Hazardous Materials Public Sector Training and Planning Grants | 57,369 |

# New External Subgrant Column

Column L added to SEFA Shell worksheet.

| | | SCHEDULE OF FEDERAL EXPENDITURES OF FEDERAL AWARDS FOR FY 2016 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | AGENCY NAME: | | | | | | | | | | |
| Audited Agency # | CFDA (Federal Catalog) Number | Federal Grantor Agency | CFDA Federal Program Name | State Program Name | Is this Research and Development? True (T) / False (F) | Direct, Subgrant, or Pass-through Grant? D, S, or P | Loan or Loan Guarantee True (T)/False (F) | FY 2016 Expenditure Amount | Subgrantor or Pass-through Entity Must Complete if Column G is S or P | **Grant or Contract Number** For Pass-through Grants or if No Valid CFDA Number Exists and You Are Using XX.999 | **Amount Subgranted to Non-State Entities** |

# Loan and Loan Guarantees

Include on the SEFA Shell:

1. Value of new loans made or received during the fiscal year; plus
2. Balance of loans from previous years for which the federal government imposes continuing compliance requirements; plus
3. Any interest subsidy, cash, or administrative cost allowance received.

# New Loan/Loan Guarantee Column

Column H added to SEFA Shell worksheet.

| | | SCHEDULE OF FEDERAL EXPENDITURES OF FEDERAL AWARDS FOR FY 2016 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | AGENCY NAME: | | | | | | | | | | |
| Audited Agency # | CFDA (Federal Catalog) Number | Federal Grantor Agency | CFDA Federal Program Name | State Program Name | Is this Research and Development? True (T) / False (F) | Direct, Subgrant, or Pass-through Grant? D, S, or P | Loan or Loan Guarantee True (T)/False (F) | FY 2016 Expenditure Amount | Subgrantor or Pass-through Entity Must Complete if Column G is S or P | **Grant or Contract Number** For Pass-through Grants or if No Valid CFDA Number Exists and You Are Using XX.999 | **Amount Subgranted to Non-State Entities** |

# Non-Cash and Donated Property

Include the value of non-cash and donated property on the SEFA Shell worksheet:

- Federal non-cash assistance such as free rent, food commodities, and other donated property should be valued at either the fair market value at the time of receipt or the assessed value provided by the federal agency.
- Donated surplus property should be valued at 22.47% of the property's acquisition value, as determined by the U.S. General Services Administration. This determination is effective October 1, 2015.

# SEFA Shell Review

- Ensure each award reported is classified as D, S, or P (Column G), R&D if the award is related to Research and Development (Column F), and Loan or Loan Guarantee if the award meets this criteria (Column H).
- Review large changes in your programs and the expenditures reported. If possible, include an explanation for the fluctuation as part of your submittal or via e-mail to OBPP.
- Completely spell out the names of pass-through entities and capitalize the first letter of each word (Column J).
- Provide an explanation for trial balance reconciling items, i.e., contracts not considered awards, adjustment to prior years, etc.
- Ensure all external subgrants to non-state entities have been recorded on the SEFA (Column L) and provide a summary that reconciles to the amount reported.

# FY 2016 SEFA Submittal

Submit the following files electronically:

- Completed SEFA Shell worksheet;
- Narrative with certification (scan this document, so the original signature shows);
- Required note disclosures (can be part of narrative);
- Whether or not your agency or university elected to use the 10% de minimis rate for federal indirect costs recoveries for any of your federal awards (can also be part of narrative);
- External Subgrant Schedule (if applicable); and
- Trial Balance Reconciliation

# SEFA Narrative and Disclosures

- Signed Certification Statement
- Basis of Presentation
- Summary of Significant Accounting Policies
- Agency or University DUNS Numbers
- Whether or not agency or university elected to use the 10% de minimis indirect costs rate for their federal awards.
- Non-cash awards reported on SEFA.
- Loan and loan guarantee balances as of June 30, 2016, along with a reconciliation to the amounts reported on the SEFA.
- Other information necessary to present an accurate description for the SEFA amounts reported.

# De Minimis Indirect Cost Rate

**§200.414 Indirect (F&A) costs.**

(f) In addition to the procedures outlined in the appendices in paragraph (e) of this section, any non-Federal entity that has never received a negotiated indirect cost rate, except for those non-Federal entities described in Appendix VII to Part 200—States and Local Government and Indian Tribe Indirect Cost Proposals, paragraph D.1.b, may elect to charge a de minimis rate of 10% of modified total direct costs (MTDC) which may be used indefinitely….

# External Subgrant Summary

Provide a list of non-state subrecipients who received awards from your federal programs. Include:

- Name of Subrecipient
- Federal Program Name
- CFDA Number
- Amounts of Subaward

| Montana Board of Crime Control 8/04/15 | | | | | |
|---|---|---|---|---|---|
| FY 2015 Federal Disbursements to Non-State Subgrantees | | | | | |
| | Subgrant No. | AgencyName | Description | Federal CFDA# | Amount provided subrecipients in FY15 |
| | | | | | |
| 35 | 13-V01-91480 | City of Glasgow | Crime Victim Assistance (A) | 16.575 | $ 23,456.15 |

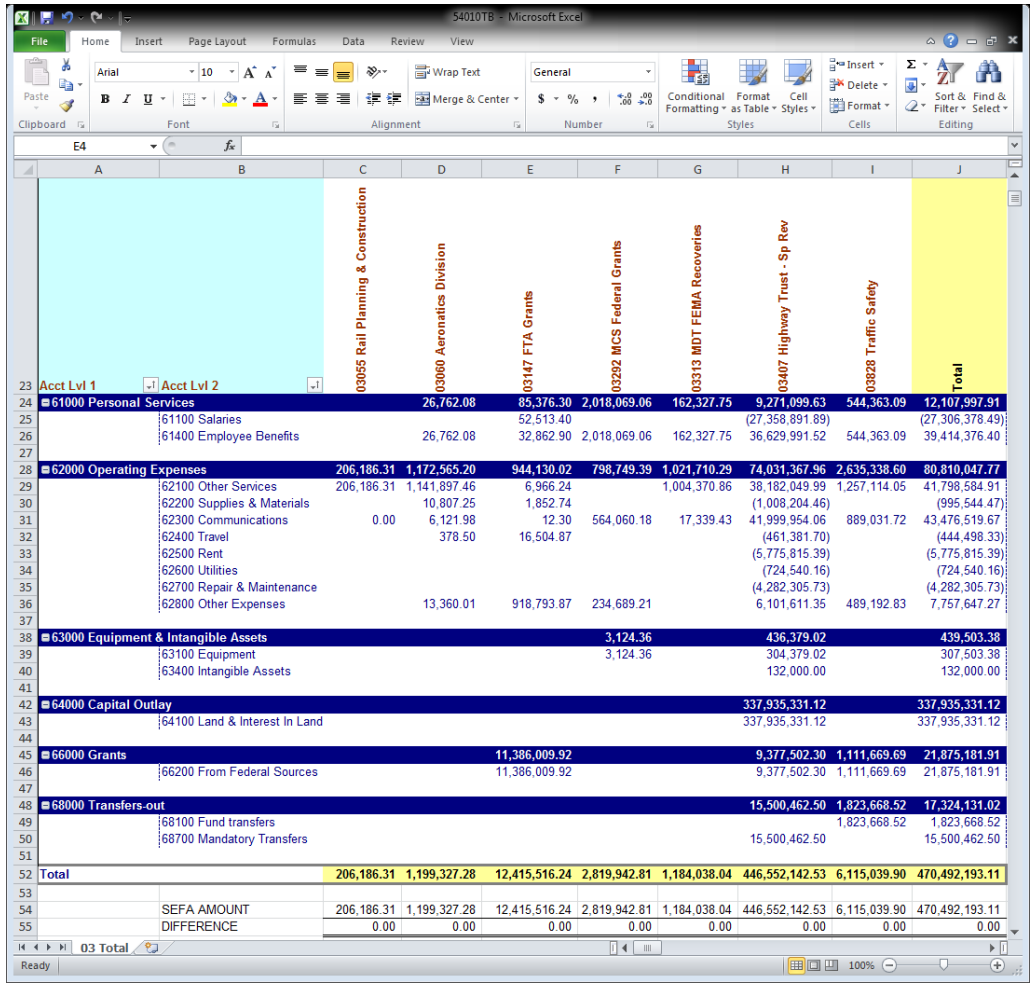
# SEFA Trial Balance Reconciliation

Submit a trial balance report reconciling the amounts reported on your SEFA to SABHRS.

There are several options to create your trial balance reports:

- SABRHS Trial Balance query (MTGL_TRIALBALANCE_FUND_ACCRUAL);
- SABRHS Trial Balance by Fund report;
- Data Mine Revenues and Expenditures report;
- Data Mine Account Balances report; or
- Other agency trial balance reports.

# Sample Data Mine Trial Balance



54010TB - Microsoft Excel

| Acct Lvl 1 | Acct Lvl 2 | 03055 Rail Planning & Construction | 03060 Aeronatics Division | 03147 FTA Grants | 03292 MCS Federal Grants | 03313 MDT FEMA Recoveries | 03407 Highway Trust - Sp Rev | 03828 Traffic Safety | Total |
|---|---|---|---|---|---|---|---|---|---|
| 61000 Personal Services | | | 26,762.08 | 85,376.30 | 2,018,069.06 | 162,327.75 | 9,271,099.63 | 544,363.09 | 12,107,997.91 |
| | 61100 Salaries | | | 52,513.40 | | | (27,358,891.89) | | (27,306,378.49) |
| | 61400 Employee Benefits | | 26,762.08 | 32,862.90 | 2,018,069.06 | 162,327.75 | 36,629,991.52 | 544,363.09 | 39,414,376.40 |
| 62000 Operating Expenses | | 206,186.31 | 1,172,565.20 | 944,130.02 | 798,749.39 | 1,021,710.29 | 74,031,367.96 | 2,635,338.60 | 80,810,047.77 |
| | 62100 Other Services | 206,186.31 | 1,141,897.46 | 6,966.24 | | 1,004,370.86 | 38,182,049.99 | 1,257,114.05 | 41,798,584.91 |
| | 62200 Supplies & Materials | | 10,807.25 | 1,852.74 | | | (1,008,204.46) | | (995,544.47) |
| | 62300 Communications | 0.00 | 6,121.98 | 12.30 | 564,060.18 | 17,339.43 | 41,999,954.06 | 889,031.72 | 43,476,519.67 |
| | 62400 Travel | | 378.50 | 16,504.87 | | | (461,381.70) | | (444,498.33) |
| | 62500 Rent | | | | | | (5,775,815.39) | | (5,775,815.39) |
| | 62600 Utilities | | | | | | (724,540.16) | | (724,540.16) |
| | 62700 Repair & Maintenance | | | | | | (4,282,305.73) | | (4,282,305.73) |
| | 62800 Other Expenses | | 13,360.01 | 918,793.87 | 234,689.21 | | 6,101,611.35 | 489,192.83 | 7,757,647.27 |
| 63000 Equipment & Intangible Assets | | | | | 3,124.36 | | 436,379.02 | | 439,503.38 |
| | 63100 Equipment | | | | 3,124.36 | | 304,379.02 | | 307,503.38 |
| | 63400 Intangible Assets | | | | | | 132,000.00 | | 132,000.00 |
| 64000 Capital Outlay | | | | | | | 337,935,331.12 | | 337,935,331.12 |
| | 64100 Land & Interest In Land | | | | | | 337,935,331.12 | | 337,935,331.12 |
| 66000 Grants | | | | 11,386,009.92 | | | 9,377,502.30 | 1,111,669.69 | 21,875,181.91 |
| | 66200 From Federal Sources | | | 11,386,009.92 | | | 9,377,502.30 | 1,111,669.69 | 21,875,181.91 |
| 68000 Transfers-out | | | | | | | 15,500,462.50 | 1,823,668.52 | 17,324,131.02 |
| | 68100 Fund transfers | | | | | | | 1,823,668.52 | 1,823,668.52 |
| | 68700 Mandatory Transfers | | | | | | 15,500,462.50 | | 15,500,462.50 |
| Total | | 206,186.31 | 1,199,327.28 | 12,415,516.24 | 2,819,942.81 | 1,184,038.04 | 446,552,142.53 | 6,115,039.90 | 470,492,193.11 |
| | SEFA AMOUNT | 206,186.31 | 1,199,327.28 | 12,415,516.24 | 2,819,942.81 | 1,184,038.04 | 446,552,142.53 | 6,115,039.90 | 470,492,193.11 |
| | DIFFERENCE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

# SEFA Timeline

- June 3, 2016 – SEFA instructions and SEFA Shell worksheet distributed to agencies.
- August 31, 2016 – SEFA submitted electronically to OBPP:
  - Completed SEFA Shell
  - Narrative with Scanned Certification and Signature
  - Required Note Disclosures (Can be Included with Narrative)
  - External Subgrant Schedule
  - Trial Balance Reconciliation
- September through November 2016 – SEFA reviewed by OBPP and Legislative Audit Division.
- December 2016 – Final SEFA report and note disclosures submitted to Legislative Audit Division.

# Contact Information

Sonia Powell

Senior Budget Analyst/Single Audit Coordinator

Office of the Governor

Budget and Program Planning

SoniaPowell@mt.gov

(406)-444-4588

# AUDIT PROCESS OVERVIEW

Legi ative
Audi
Divis on

Augu t 2016

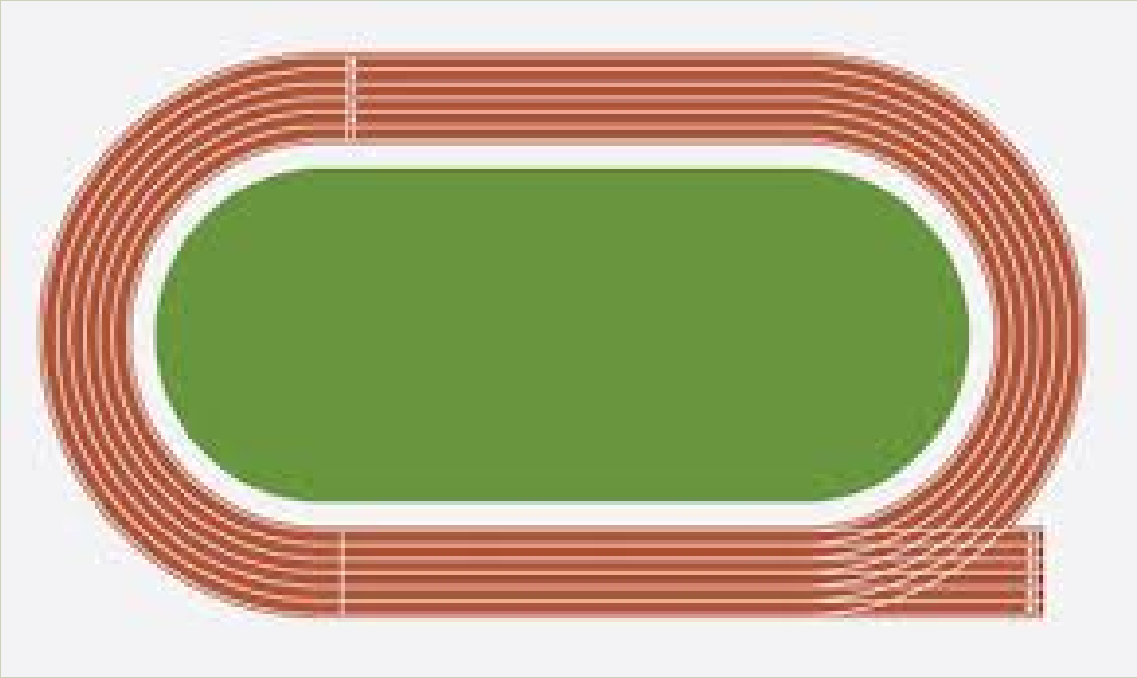
Alexa Dell
Shand VanDonsel
Kelly Z ang

# OBJECTIVES

- Take some of the mystery out of the audit process by addressing the 'WHAT' and 'HOW' questions
- Achieve a more universal understanding of how audits are conducted, including how agency level financial data/audit results impact audits for the state as a whole

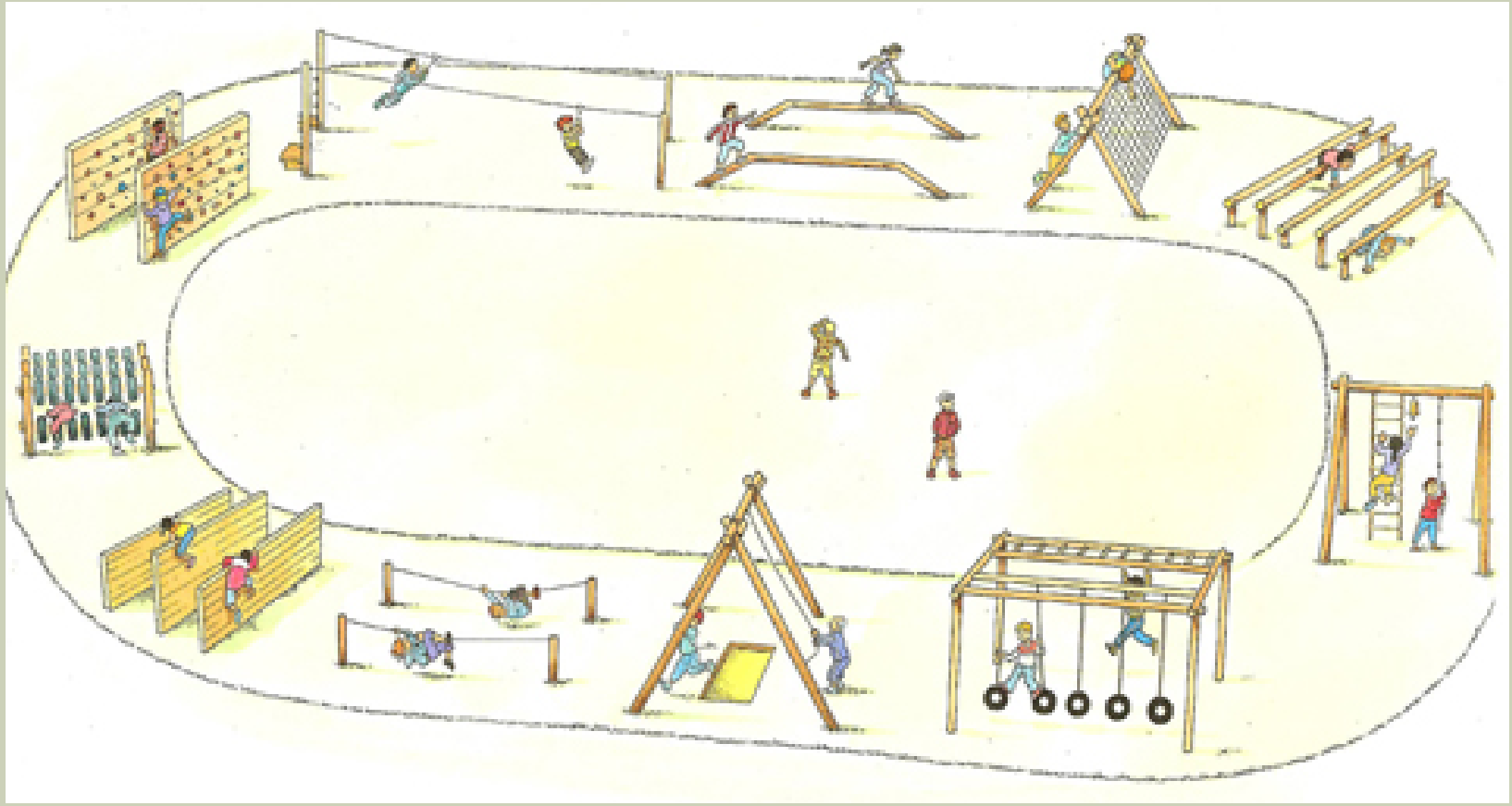
# OVERVIEW OF AUDIT CYCLE

- Fiscal Year at a Glance



# OVERVIEW OF AUDIT CYCLE

- Fiscal Year at a Glance (another interpretation)



# OVERVIEW OF AUDIT CYCLE

- Auditor's Advantage

# OVERVIEW OF AUDIT CYCLE

- Same Rule Book(s)
  - GAAP
  - MOM Policy
  - Agency Policies and Procedures Documents
- Different Interpretations or Differences in Opinion
  - Staff Rotation

# OVERVIEW OF AUDIT CYCLE

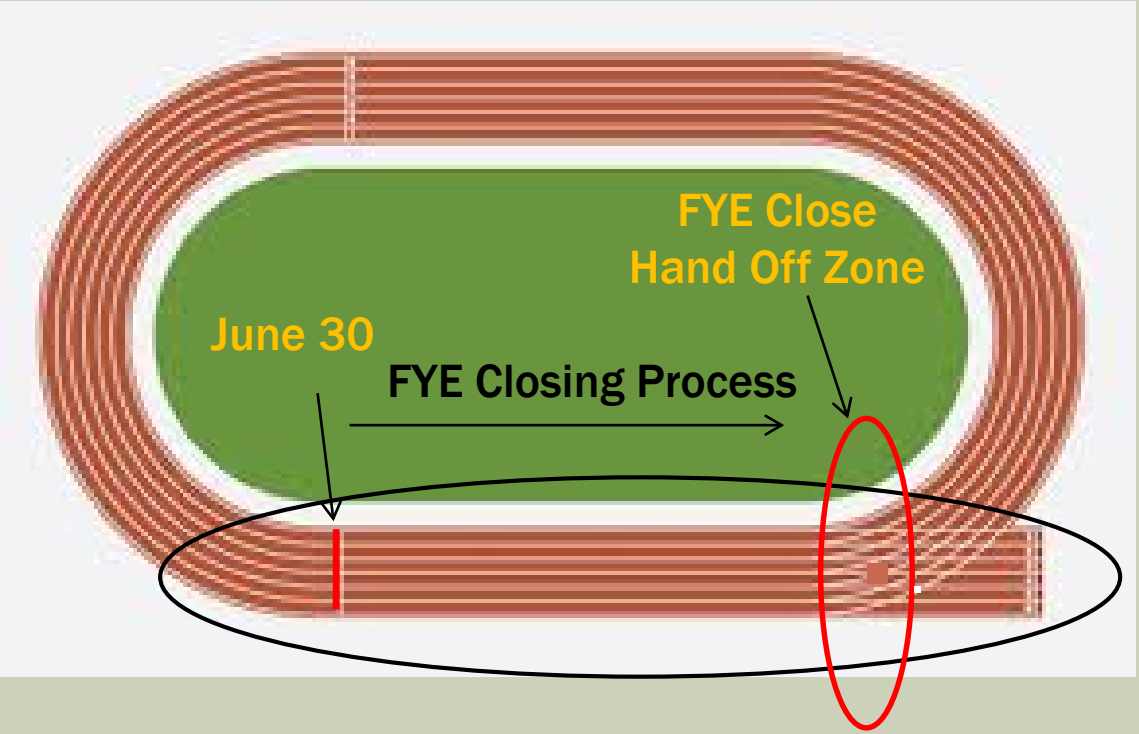
- Handout

# OVERVIEW OF AUDIT CYCLE

- What happens when get tripped up?

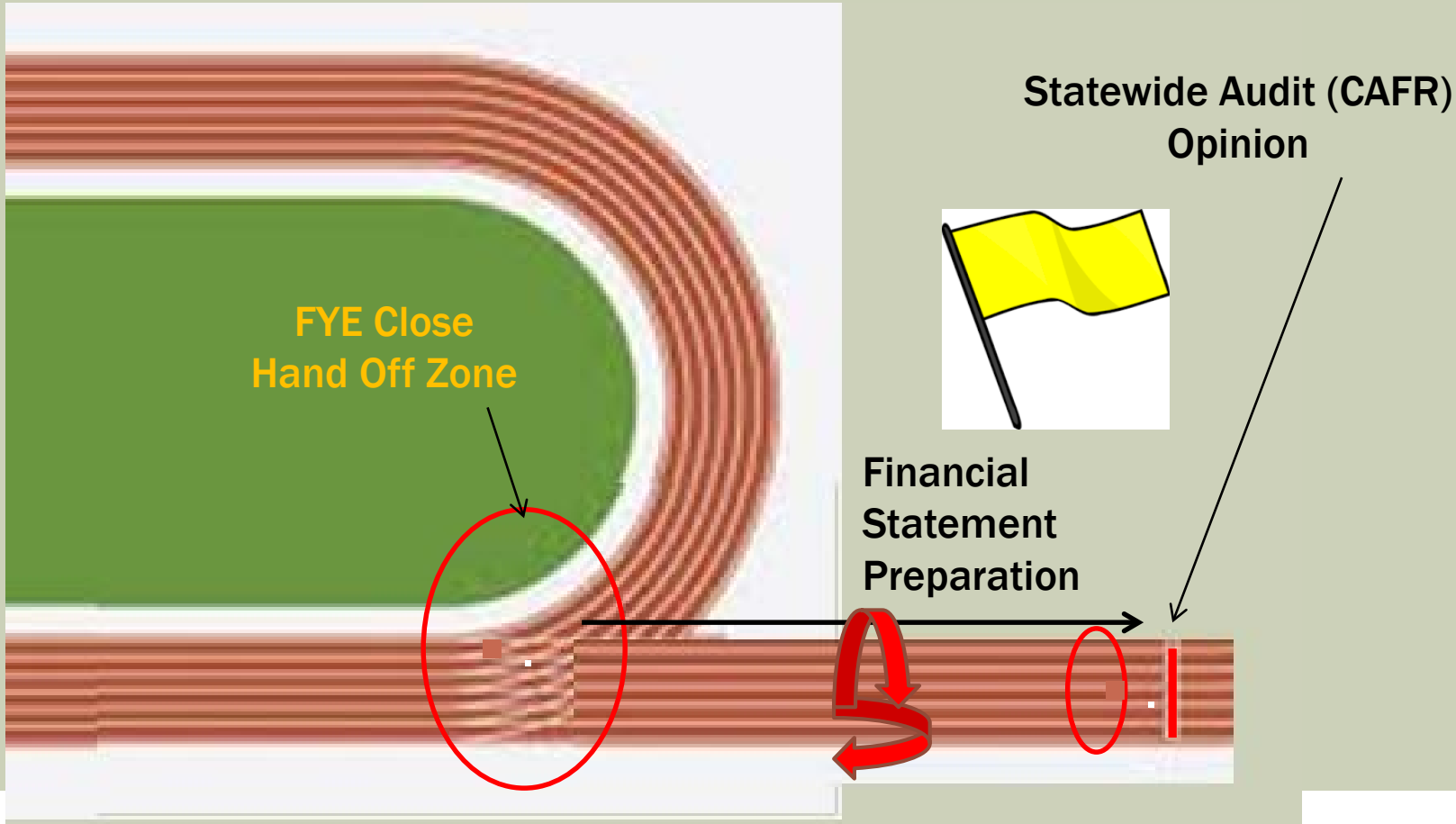
# OVERVIEW OF AUDIT CYCLE

| Financial Schedules | Financial Statements |
| --- | --- |
| SABHRS Close (no adjustment) | Adjustments Possible After SABHRS Close |



# OVERVIEW OF AUDIT CYCLE

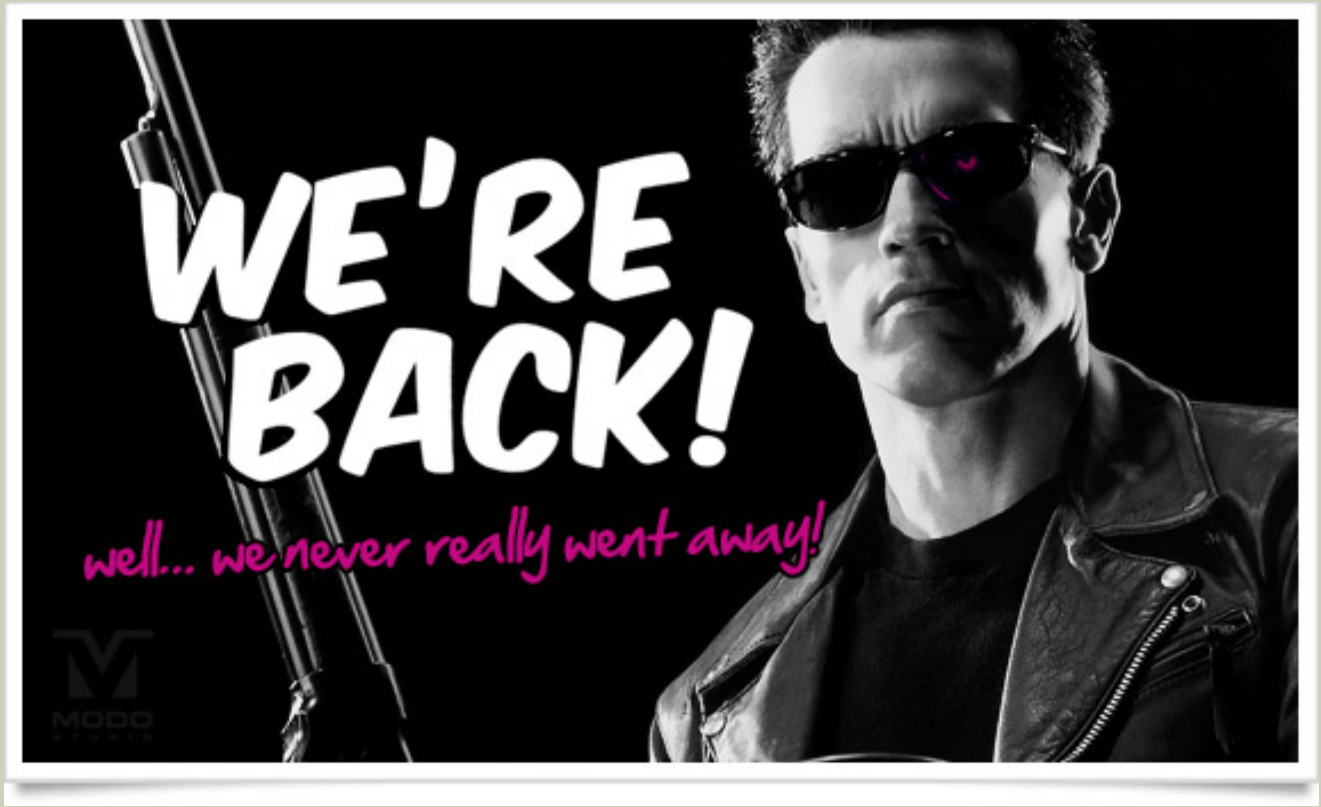
- What happens when get tripped up?



# ON VS. OFF-CYCLE

- Why do some agencies see us EVERY year?
  - Schedule vs. statement audits

.



# HANDOUT

# INTERIM COMMUNICATION MEMOS

- The 3 Ps:
  - Problem
  - Purpose
  - Preliminary

# THE 1ST P - PROBLEM

- We have identified a problem that is important enough to warrant *management's* attention.
- 4 types:
  - Federal Non-Compliance
  - Internal Control
  - Other Non-Compliance
  - Misstatements

# FEDERAL NON-COMPLIANCE

RE: Communication of Federal Noncompliance with Laws and Regulations to Management

Federal Noncompliance

Auditing Standards (AU-C 935) require us to communicate all known and likely noncompliance with applicable federal compliance requirements identified during our audit on a timely basis. At the end of the audit, we will evaluate this information and the additional information you provide to determine if the federal noncompliance will be reported in the agency audit report.

The table below outlines known and/or likely noncompliance with applicable federal compliance requirements identified to date or since our last communication.

| Description of Issue (Federal Compliance Requirement) | Description of Noncompliance | Agency Response |
|---|---|---|
| | | |
| | | |
| | | |

# INTERNAL CONTROL DEFICIENCY

RE: Communication of Deficiencies in Internal Control Identified

Auditing Standards (AU-C 265) requires us to communicate deficiencies in internal control identified through the course of the audit that are of sufficient importance to merit management's attention. The purpose of this memorandum is to assist the department's management in fulfilling their oversight responsibilities and provide an opportunity for timely corrective follow-up action.

At the end of the audit, we will evaluate all identified internal control deficiencies, including any additional information you provide, to determine if the deficiencies will be reported in the agency audit report. A deficiency may be included in the agency audit report even if an error in the financial records or reports did not occur. If you would like additional information regarding our evaluation of internal control deficiencies, please contact me.

The table below outlines identified deficiencies to date or since our last communication and the potential effect(s) of the deficiencies.

| Identified Deficiencies | Potential Effect(s) | Management's Response |
|---|---|---|
| | | |

# OTHER NON-COMPLIANCE

RE: Communication of Noncompliance with Laws and Regulations to Those Charged with Governance

Auditing Standards (AU 250.21-23) require us to communicate with those charged with governance matters involving noncompliance with laws and regulations that come to our attention during the course of the audit, other than when the matters are clearly inconsequential. At the end of the audit, we will evaluate these instances of noncompliance, and any additional information you provide, to determine if these instances of noncompliance will be reported in the agency audit report.

The table below outlines known and/or likely noncompliance identified to date or since our last communication.

| Law or Regulation | Description of Noncompliance | Agency Response |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

# NON-TRIVIAL MISSTATEMENTS

RE: Communication of Nontrivial Misstatements to Management

Nontrivial Misstatements

Auditing Standards (AU-C 450.07) requires us to communicate all known or likely misstatements identified during our audit, other than those we believe are clearly trivial, on a timely basis. At the end of the audit, we will evaluate these misstatements, including additional information you provide, to determine the impact on our audit opinion, if any, and whether the misstatements will be reported in the agency audit report. For misstatements related to fiscal year 2017, you have an opportunity to process correcting entries on the state's accounting records.

The table below outlines known and/or likely misstatements (including errors in SABHRS and/or inconsistencies or omissions related to the notes to the financial schedules) identified to date or since our last communication that are not considered trivial.

| Description | Fund | Account | Description of Misstatement | Agency Response |
|---|---|---|---|---|
| | | | | |
| | | | | |
| | | | | |
| | | | | |

# THE 2ND P - PURPOSE

- Why do we send you a formal communication instead of just discussing the issue?
- Auditing standards require formal communications
- We need more information or a formal response

# THE 3RD P - PRELIMINARY

- Not automatically a blue cover report issue
- All information (including your response) is evaluated at the end of the audit

# THE TAKEAWAY

- We send a communication when we have identified a *PROBLEM*.
- The *PURPOSE* of the communication is to comply with auditing standards, gather more information, and give you an opportunity to address the problem.
- The communications are *PRELIMINARY* and will be reevaluated at the end of the audit.

# FINAL COMMUNICATION MEMO

- Sent just before the opinion date
- Includes any uncorrected misstatements and their effect on the audit opinion

# RELEVANCE TO STATEWIDE AUDIT

- MOM policy
- Independence

# INDIVIDUAL AUDIT COMPLETION

- When is an audit completed?
  - Auditor's leave the location vs. audit completion
- When does follow up occur?

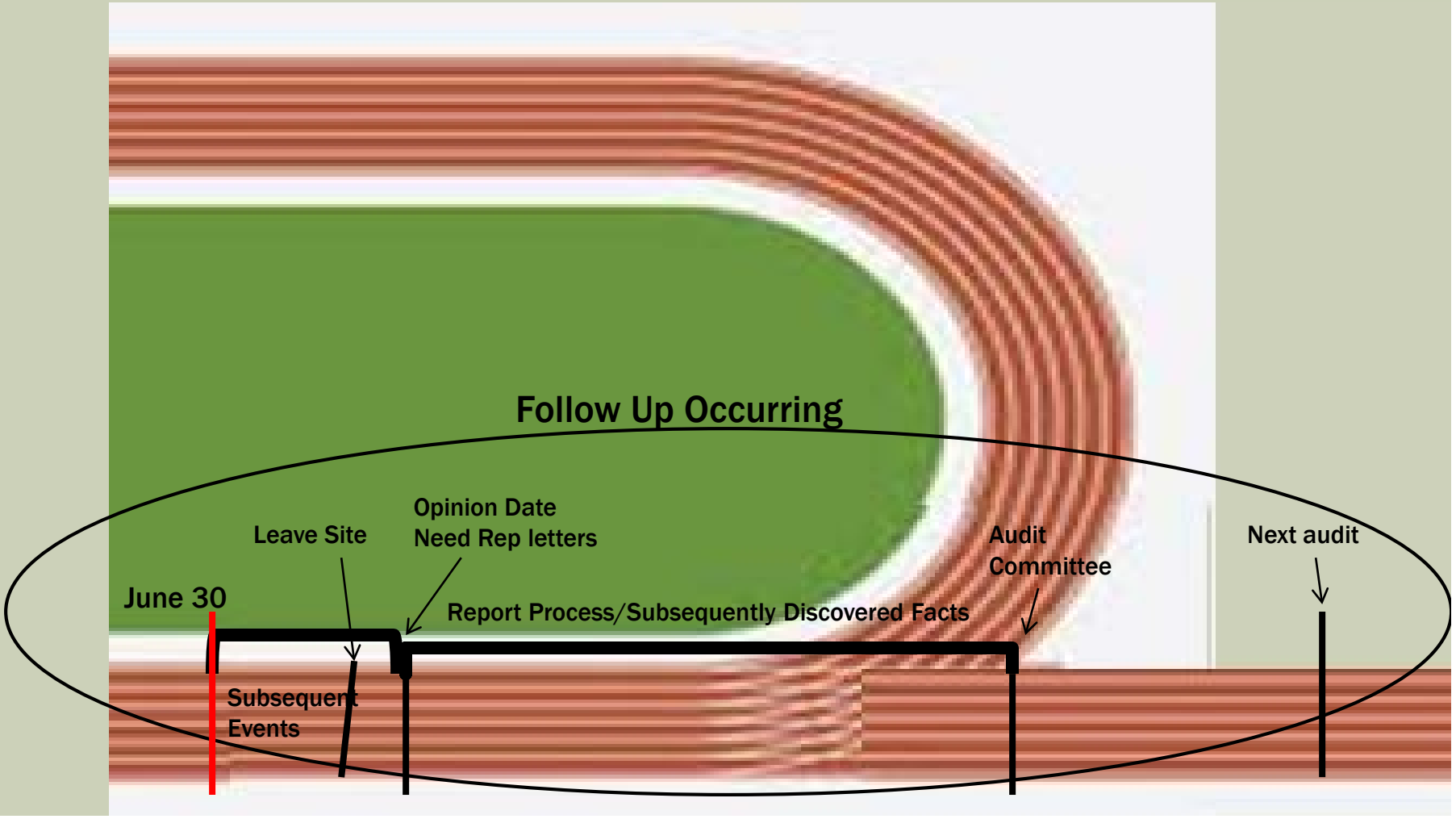
# INDIVIDUAL AUDIT COMPLETION

- What is an opinion date?
- What does it mean?

# INDIVIDUAL AUDIT COMPLETION

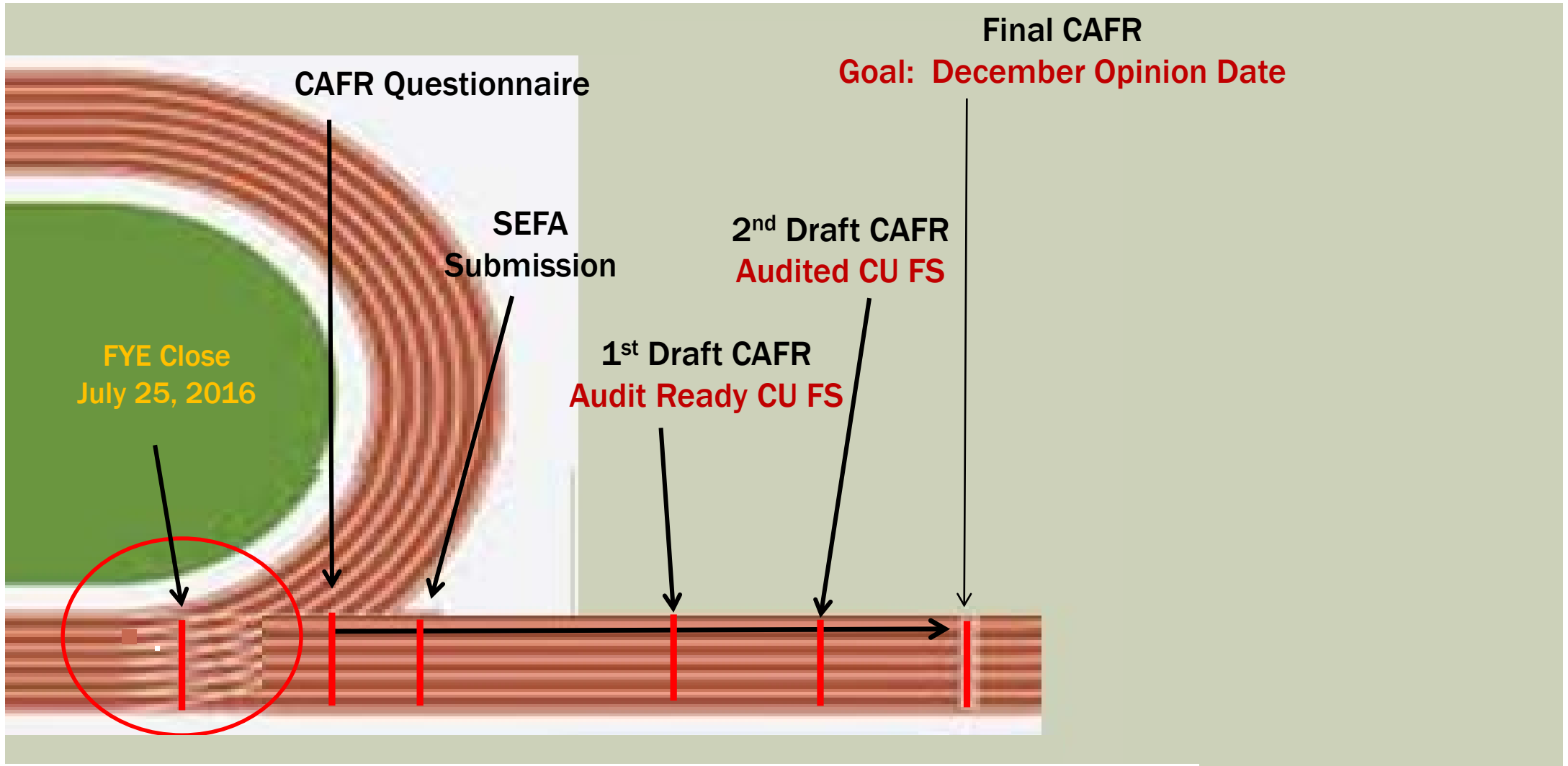
- When could changes occur after issuance of the blue cover report?
  - Subsequent events
  - Subsequently discovered facts

# INDIVIDUAL AUDIT COMPLETION



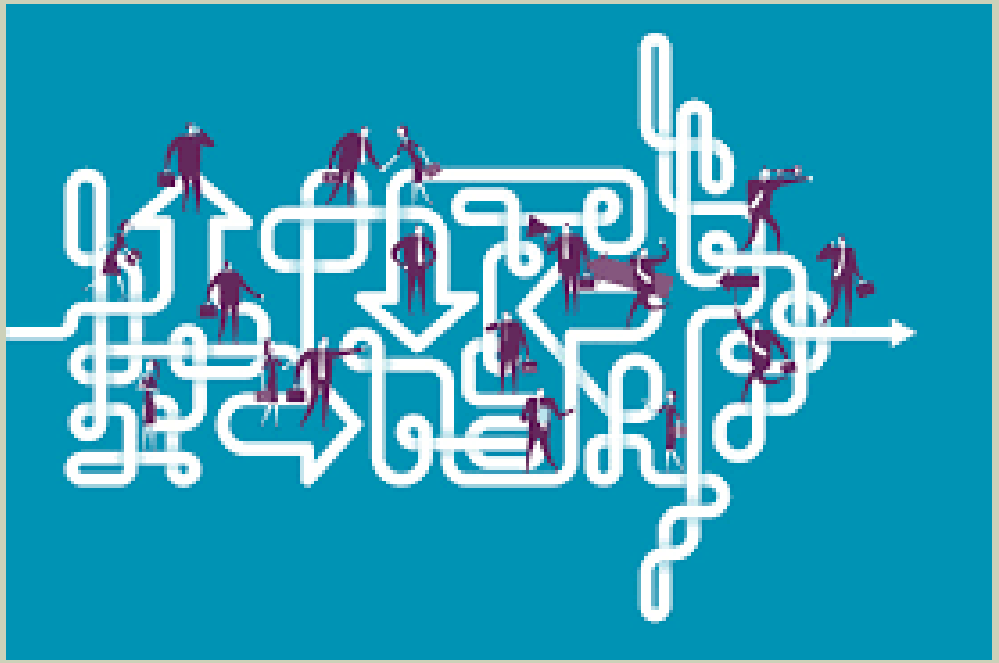
# ACTIVITY

# CAFR TIMELINE
## FINANCIAL STATEMENT PREPARATION PERIOD



# SINGLE AUDIT

- The SEFA drives the bus
- New majors determination process
- All individual federal program audit findings are compiled into the Single Audit report



# Objectives

- Expenditures of Federal Awards (SEFA)
- Audit Process
- Annual CAFR Questionnaire
- General CAFR Reminders
- Internal Controls

# General Reminders

- Refer to MOM Policy 371 – CAFR Procedures for CAFR Deadlines
- Non-Trivial Communications (NTC) from the auditors
  - Agencies must send all NTC's to SAB immediately upon discerning them.

# Comprehensive Annual Financial Report Questionnaire (CAFR-Q)

# Objective of CAFR Questionnaire

The purpose of the CAFR Questionnaire is to gather information used in CAFR note disclosures; as well as, to prepare reclassification entries for States' Financial Statements

# Required Participation

Every Agency (excluding Component Units) should have received an email with a link to an Excel-web based CAFR Questionnaire. Every receiving Agency will be required to complete the questionnaire.

**Do not include Component Units!**

# New Shared File-CAFR Q

- Follow the link to open the Spreadsheet and ***Edit in Browser***.

  This allows invitees to edit the workbook

- Ensure that every questions is answered using the dropdown box

  If answering YES to any question, click on the correlating link to add additional data

- Close out of the file-not necessary to save spreadsheet

Complete by August 15, 2016 and email awilliams2@mt.gov that your agency's section has been completed so the review process can begin.

- Data will upload automatically to the shared file
- Do not Save a copy of the spreadsheet and mail back

# Supplemental Data

- Supplemental Data is required if an Agency answers “Yes” to any question within the CAFR Questionnaire
- Supplemental Data must be entered as true SABHRS amounts
  - Debits are entered as a positive amount
  - Credits are entered as a negative amount

*Verify the figures entered into supplemental data for accuracy.*

# Review Process

- Once SAB receives notification of completion by all Agencies, the file will be locked for editing and re-sent to each Agency for review.
  - Agencies will be required to review data for any inadvertent changes or errors to the final document.

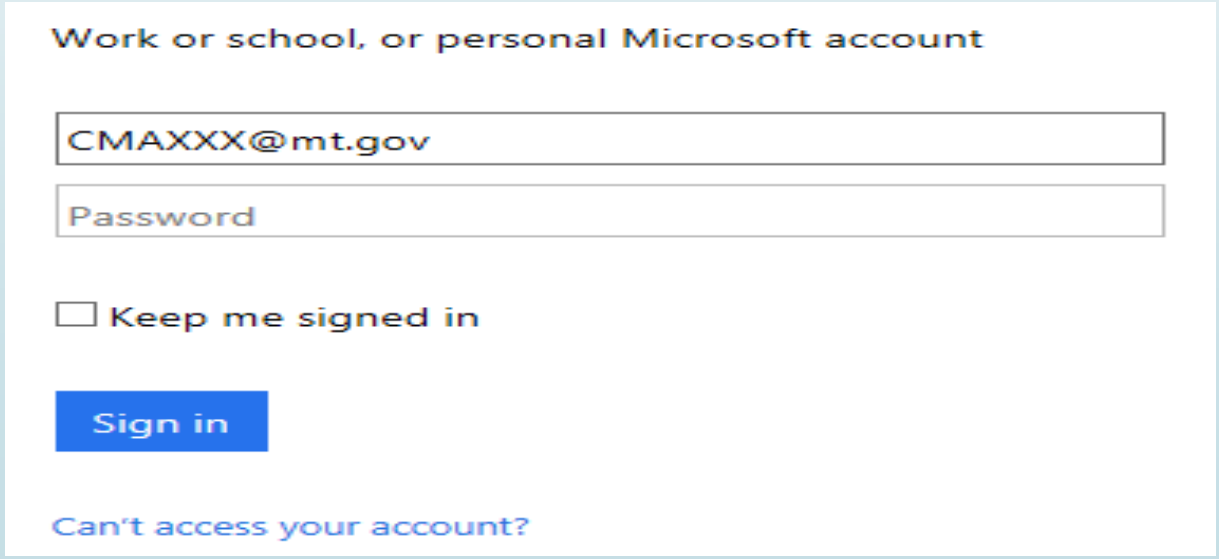
# CAFR-Q Procedures

There was a printout of the procedures (with illustrations to assist in navigation of the new spreadsheet) as an attachment.

- Web Excel Procedure walkthrough to follow

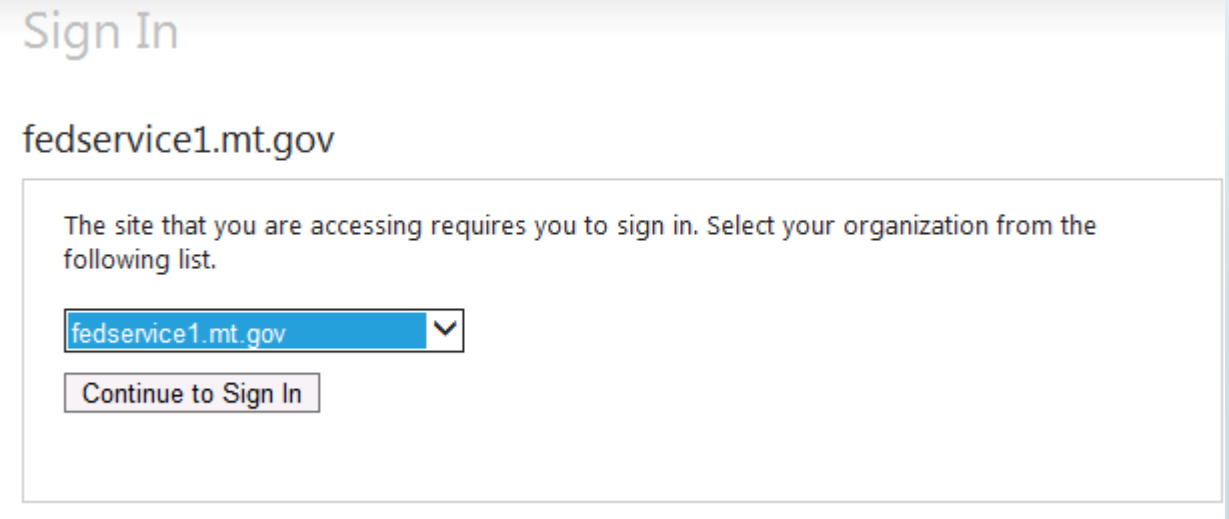
# Login Process

- Agencies may be directed to a login screen when clicking the link within the email.
- Use your state employee email address (listed within the directory) as your username/No Password-Click Enter
- You may substitute your CM#@mt.gov if your email address does not work.



# Login Process

- After Entering the User ID, you will be re-directed to the Sign In page for fedservice1.mt.gov
- Click Continue to Sign In
- Do not change fedservice1.mt.gov to ePass Montana



# Trouble Shooting Login

- If you do change the Sign In directive to ePass Montana, then each time you attempt to access the link, ePass Montana will remain in your cookies.
- You will error out and not be directed to the CAFR-Q
- You will need to clear your cookies and cash for the Login process to refresh and allow you to choose fedservice1.mt.gov
- IT is working on a potential solution to those Agencies that may not have a CM # or email to login
- IT is also looking into compatibility issues with MS Word versions prior to 2016

# Additional Assistance

- MOM Policy 320 – Revenues, Receivables & Debt
- MOM Policy 371 – CAFR Procedures
- GASB 34, para. 47-51-Revenues
- GASB 34, para. 52-General Revenues

# Review of the CAFR-Q

- Refer to Handouts to follow along

# Are there any questions regarding the new CAFR-Q process?

With respect, thank you to all of our Agencies-

# Audit Cycle, Statewide Reporting Process, & Internal Controls

Aug. 4, 2016

INTERNAL CONTROLS SECTION

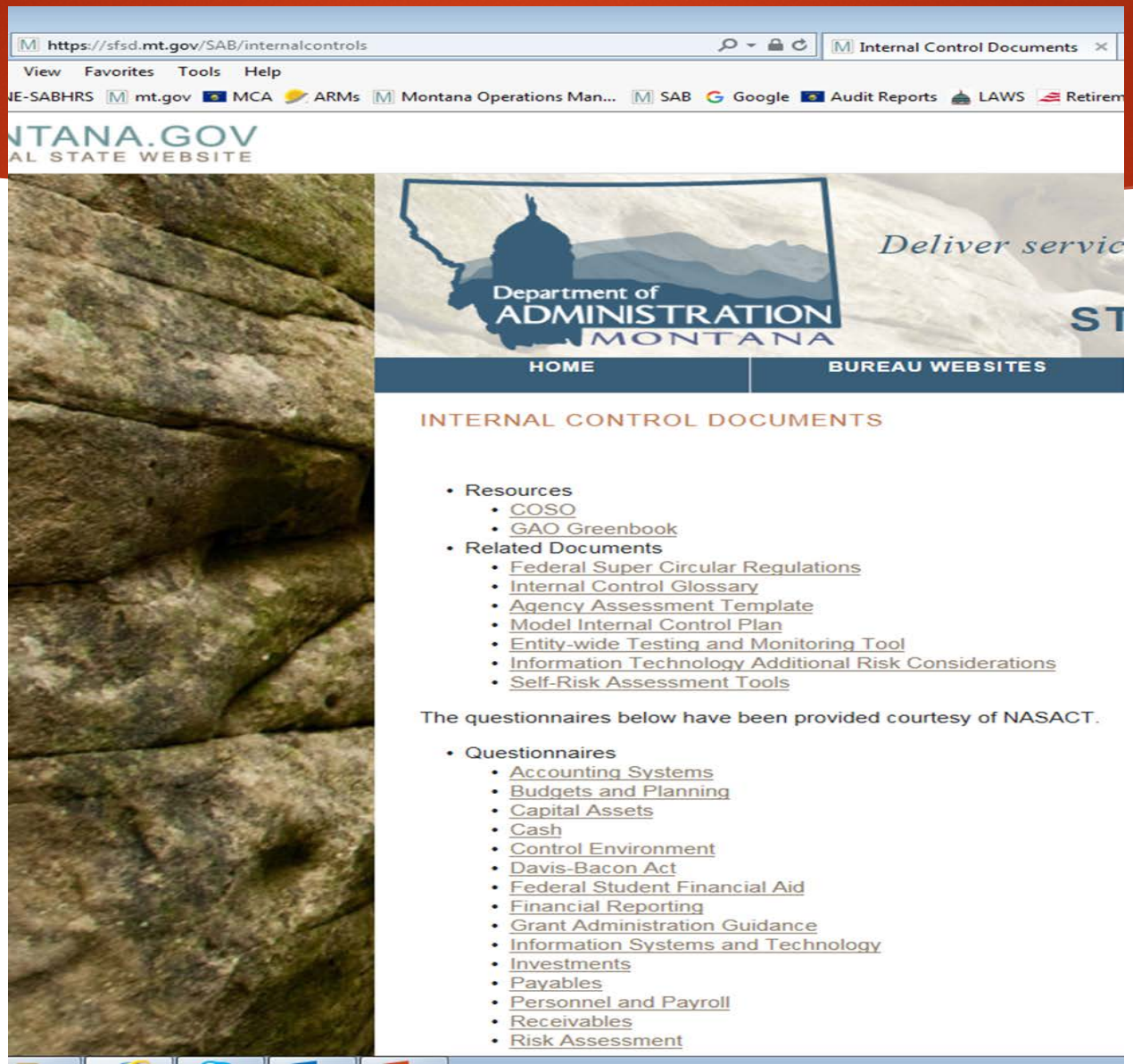
# What's New?

- Montana Operations Manual Policy 399

- Internal Controls Webpage Resources

https://sfsd.mt.gov/SAB/internalcontrols

# Internal Control Webpage



# Model Internal Control Plan Modification

Section III, A, 6: As noted in Section II, Concept 1, the [Internal Audit Unit] will perform risk assessments, over quantitatively or qualitatively material financial disclosures, prior to testing internal controls. Working papers related to such reviews shall be [saved to here or available hard-copy here] for retention and retrieval. Such documentation will primarily be accessible only to the [Internal Audit Unit], reviewers specifically assigned to the testing team, and other parties (e.g. - Legislative Audit Division personnel or Federal cognizant) determined to require necessary and proper access.

Section II, Concept 1: This document is an overview of department wide control systems and processes. Areas deemed to be material in nature will have individual risk assessments and control determinations performed in association with the internal control review.

# What is an internal control structure?

Five Elements of:

1) Control Environment
2) Risk Assessments
3) Control Activities
4) Information and Communication
5) Testing and Monitoring

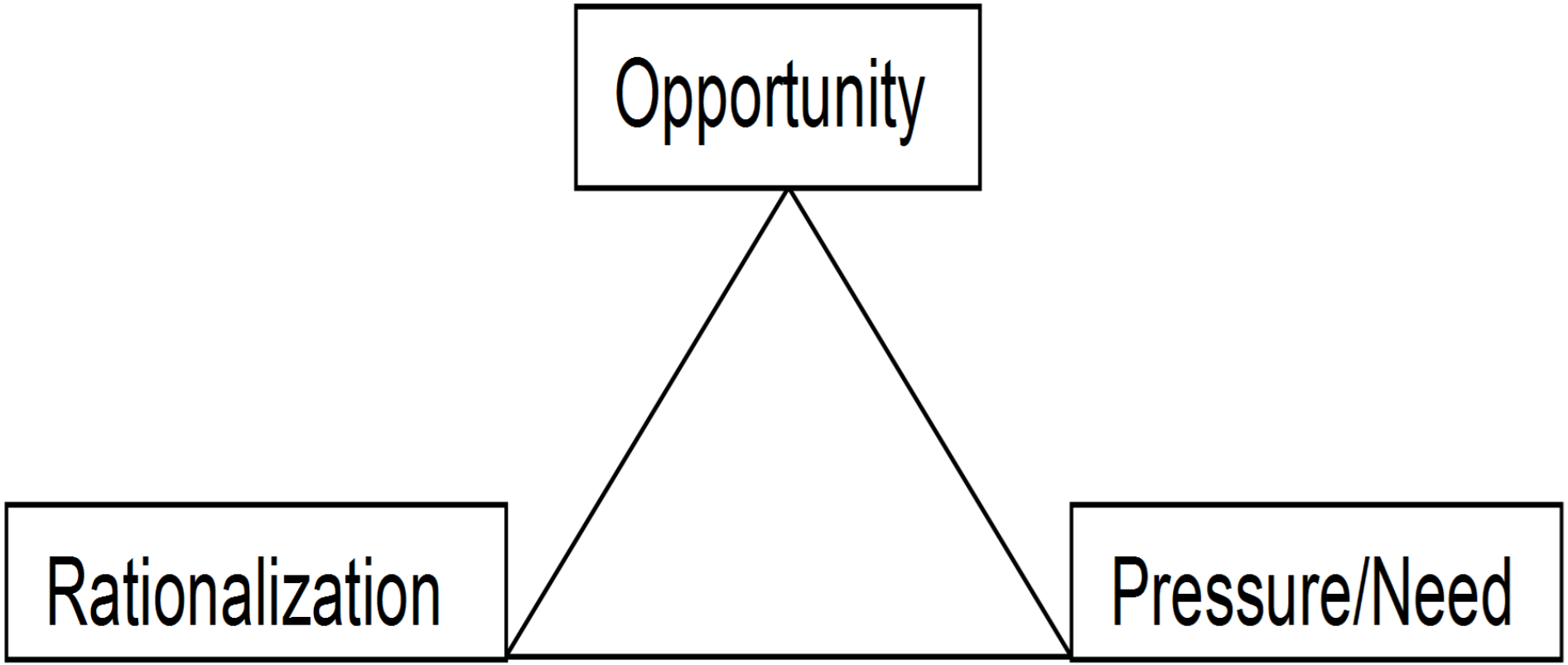
# Why does our agency need an adequate internal control structure?

Internal controls can:

1. Provide measurable accountability
2. Encourage adherence to sound financial practices and compliance requirements
3. Facilitate audit preparation
4. Prevent and detect fraud

# Adequate internal controls can help avoid "The Unknown"

# FRAUD RISK



# Aspects of Risk

## Quantitative

Based in Numeric Values

- **Easily Measurable**
  - Monetary Amounts
  - Ratios
- **Less Susceptible to Subjectivity**
  - 1+1 = 2 and 50/100 = 50%
  - However … Bad Debt & Other Estimates

## Qualitative

Nonnumeric Factors

- **Can be Based on Standards**
  - Statute or Program Regulations
  - Code of Ethics
- **But Can Also be Subjective**
  - Business Reputation
  - Product Preference
  - Politic Uncertainty
  - Professional Judgement

# Quantitative Materiality in Assessing Risk

- Set the objective to be achieved
- Determine management's tolerance for risk
- Apply rate
- Analyze controls for appropriateness in design and function

# Application of Quantitative Rate

**Materiality Level (Total Exp * 7.5%)** 490,945.70

**Percentage of Expenditure Cycle Coverage** 83.74%

| | 01 ADMINISTRATION PROGRAM | 02 RESEARCH CENTER | 03 MUSEUM PROGRAM | 04 PUBLICATIONS PROGRAM | 05 EDUCATION | 06 HISTORIC PRESERVATION PROGRAM | Grand Total |
|---|---|---|---|---|---|---|---|
| 61100 Salaries | 710,760.50 | 723,038.14 | 307,473.06 | 208,889.80 | 246,123.41 | 392,707.48 | 2,588,992.39 |
| 61400 Employee Benefits | 265,014.63 | 288,959.37 | 134,533.36 | 81,076.66 | 95,167.88 | 156,727.12 | 1,021,479.02 |
| 61900 Personal Services-Other | 2,209.00 | | | 2,857.00 | | (218.00) | 4,848.00 |
| Total | 977,984.13 | 1,011,997.51 | 442,006.42 | 292,823.46 | 341,291.29 | 549,216.60 | 3,615,319.41 |
| 62100 Other Services | 206,166.92 | 154,950.18 | 100,197.74 | 30,959.82 | 134,551.85 | 74,406.30 | 701,232.81 |
| 62200 Supplies & Materials | 29,036.87 | 36,961.81 | 72,611.80 | 1,916.95 | 13,962.76 | 13,801.99 | 168,292.18 |
| 62300 Communications | 39,452.30 | 25,201.44 | 22,577.83 | 9,353.48 | 11,155.83 | 11,657.38 | 119,398.26 |
| 62400 Travel | 13,668.54 | 13,702.81 | 1,105.85 | 1,622.13 | 62,430.98 | 16,020.87 | 108,551.18 |
| 62500 Rent | 23,352.00 | 141,535.98 | 304,758.66 | 9,060.00 | 17,622.00 | 23,352.00 | 519,680.64 |
| 62600 Utilities | 0.00 | | | | | | 0.00 |
| 62700 Repair & Maintenance | 3,258.70 | 18,589.07 | 9,384.59 | 372.00 | 722.00 | 1,356.00 | 33,682.36 |
| 62800 Other Expenses | 42,535.78 | 82,697.04 | 11,342.05 | 41,971.75 | 70,733.62 | 14,190.53 | 263,470.77 |
| 62900 Goods Purchased For Resale | 125,117.59 | 130.70 | 1,503.71 | 111,908.11 | | | 238,660.11 |
| Total | 482,588.70 | 473,769.03 | 523,482.23 | 207,164.24 | 311,179.04 | 154,785.07 | 2,152,968.31 |
| 63100 Equipment | 42,154.55 | 516,945.24 | 86,420.25 | | | | 645,520.04 |
| 66200 From Federal Sources | | | | | | 82,097.95 | 82,097.95 |
| 68100 Fund transfers | 35,932.19 | | | | | 593.51 | 36,525.70 |
| 6A000 Other Post Employment Benefits | 3,548.68 | | | 6,395.32 | | 3,567.27 | 13,511.27 |
| **Total Expenditures & Transfers-Out** | **1,542,208.25** | **2,002,711.78** | **1,051,908.90** | **506,383.02** | **652,470.33** | **790,260.40** | **6,545,942.68** |

# Another Example with Individual Accounts

**Total Exp Coverage Amount** 4,775,733.47
**Percentage of Exp Cycle Coverage** 72.96%

| ount | 01 ADMINISTRATION PROGRAM | 02 RESEARCH CENTER | 03 MUSEUM PROGRAM | Grand Total | Personal Services Coverage |
|---|---|---|---|---|---|
| 61100 | 710,760.50 | 723,038.14 | 307,473.06 | 2,588,992.39 | 3,615,319.41 |
| 61400 | 265,014.63 | 288,959.37 | 134,533.36 | 1,021,479.02 | |
| 61900 | 2,209.00 | | | 4,848.00 | |
| 62100 | 206,166.92 | 154,950.18 | 100,197.74 | 701,232.81 | 62100 Acct Level Materiality |
| 62102 Consult & Prof Services | 19,227.74 | 51,098.01 | 67,094.62 | 203,103.03 | 52,592.46 |
| 62104 Insurance & Bonds-Fixed | 114,648.00 | | | 114,648.00 | 62100 Coverage |
| 62104A INS & BONDS-NON FIX | 1,250.00 | | | 1,250.00 | 181,742.62 |
| 62105 Janitorial Services | 825.00 | | | 825.00 | |
| 62112 Bonds - Non D Of A | 13,059.50 | | | 13,059.50 | |
| 62113 Warrant Writing Services | 675.27 | | | 675.27 | |
| 62114 HRIS Service Fees | 3,978.00 | 3,514.00 | 2,106.00 | 14,513.00 | |
| 62114A Workers' Comp Progran | 1,468.00 | (3.30) | | 1,464.70 | |
| 62114B Worker's Comp Pg Fees NonBugd | | 3.30 | | 3.30 | |
| 62115 Photographic Services | 232.46 | 20,557.25 | 1,783.00 | 26,343.34 | |
| 62122 Audit Fees | 12,256.50 | | | 12,256.50 | |
| 62500 | 23,352.00 | 141,535.98 | 304,758.66 | 519,680.64 | 62500 Acct Level Materiality |
| 62504 Office Equipment | 180.00 | | | 180.00 | 38,976.05 |
| 62516 Meeting Rooms | | | | 2,850.00 | 62500 Coverage |
| 62517 Leased Equipment | | 0.00 | | 0.00 | 421,914.66 |
| 62527 Rent-DofA Buildings | 23,172.00 | 117,156.00 | 171,540.00 | 359,052.00 | |
| 62528 Rent-Non Dept of Admin | | 24,379.98 | 133,218.66 | 157,598.64 | |
| 63100 | 42,154.55 | 516,945.24 | 86,420.25 | 645,520.04 | 63100 Acct Level Materiality |
| 63112 Office Equipment | | 446,236.76 | | 446,236.76 | 48,414.00 |
| 63125 Library Books | 43,426.14 | 60,520.02 | 50,000.00 | 153,946.16 | 63100 Coverage |
| 63127 Films | | 30,314.81 | | 30,314.81 | 556,756.78 |
| 63135 Museum Artifacts | | | 36,420.25 | 36,420.25 | |
| 63197 NB Full Accr Mus/Art Offs | (1,271.59) | (20,126.35) | | (21,397.94) | |
| Totals | 1,542,208.25 | 2,002,711.78 | 1,051,908.90 | 6,545,942.68 | |

# Example with a Lower Threshold

**Materiality Level (Total Exp * 2.5%)** **163,648.57**

**Percentage of Expenditure Cycle Coverage** **63.72%**

| | 01 ADMINISTRATION PROGRAM | 02 RESEARCH CENTER | 03 MUSEUM PROGRAM | 04 PUBLICATIONS PROGRAM | 05 EDUCATION | 06 HISTORIC PRESERVATION PROGRAM | Grand Total |
|---|---|---|---|---|---|---|---|
| 61100 Salaries | 710,760.50 | 723,038.14 | 307,473.06 | 208,889.80 | 246,123.41 | 392,707.48 | 2,588,992.39 |
| 61400 Employee Benefits | 265,014.63 | 288,959.37 | 134,533.36 | 81,076.66 | 95,167.88 | 156,727.12 | 1,021,479.02 |
| 61900 Personal Services-Other | 2,209.00 | | | 2,857.00 | | (218.00) | 4,848.00 |
| Total | 977,984.13 | 1,011,997.51 | 442,006.42 | 292,823.46 | 341,291.29 | 549,216.60 | 3,615,319.41 |
| | | | | | | | |
| 62100 Other Services | 206,166.92 | 154,950.18 | 100,197.74 | 30,959.82 | 134,551.85 | 74,406.30 | 701,232.81 |
| 62200 Supplies & Materials | 29,036.87 | 36,961.81 | 72,611.80 | 1,916.95 | 13,962.76 | 13,801.99 | 168,292.18 |
| 62300 Communications | 39,452.30 | 25,201.44 | 22,577.83 | 9,353.48 | 11,155.83 | 11,657.38 | 119,398.26 |
| 62400 Travel | 13,668.54 | 13,702.81 | 1,105.85 | 1,622.13 | 62,430.98 | 16,020.87 | 108,551.18 |
| 62500 Rent | 23,352.00 | 141,535.98 | 304,758.66 | 9,060.00 | 17,622.00 | 23,352.00 | 519,680.64 |
| 62600 Utilities | 0.00 | | | | | | 0.00 |
| 62700 Repair & Maintenance | 3,258.70 | 18,589.07 | 9,384.59 | 372.00 | 722.00 | 1,356.00 | 33,682.36 |
| 62800 Other Expenses | 42,535.78 | 82,697.04 | 11,342.05 | 41,971.75 | 70,733.62 | 14,190.53 | 263,470.77 |
| 62900 Goods Purchased For Resale | 125,117.59 | 130.70 | 1,503.71 | 111,908.11 | | | 238,660.11 |
| Total | 482,588.70 | 473,769.03 | 523,482.23 | 207,164.24 | 311,179.04 | 154,785.07 | 2,152,968.31 |
| | | | | | | | |
| 63100 Equipment | 42,154.55 | 516,945.24 | 86,420.25 | | | | 645,520.04 |
| 66200 From Federal Sources | | | | | | 82,097.95 | 82,097.95 |
| 68100 Fund transfers | 35,932.19 | | | | | 593.51 | 36,525.70 |
| 6A000 Other Post Employment Benefits | 3,548.68 | | | 6,395.32 | | 3,567.27 | 13,511.27 |
| **Total Expenditures & Transfers-Out** | **1,542,208.25** | **2,002,711.78** | **1,051,908.90** | **506,383.02** | **652,470.33** | **790,260.40** | **6,545,942.68** |

# I know the material accounts, now what?

- Gain an understanding
- Build a testing program
- Evaluate
- Report
- Follow-up

# THANKS for Listening!

# QUESTIONS OR COMMENTS?

INTERNAL CONTROL SECTION - CONCLUSION