

FY2023 AUDIT UPDATES

GASBO Conference

November 8, 2023
Augusta, Georgia

Presented By:
Georgia Department of Audits & Accounts



DOAA

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Presentation Topics

- Important Dates and Other Reminders
- Communication Updates
- Accounting and Reporting Topics
- Standards Updates
- Award of Distinction of Excellent Financial Reporting



Important Dates and Other Reminders

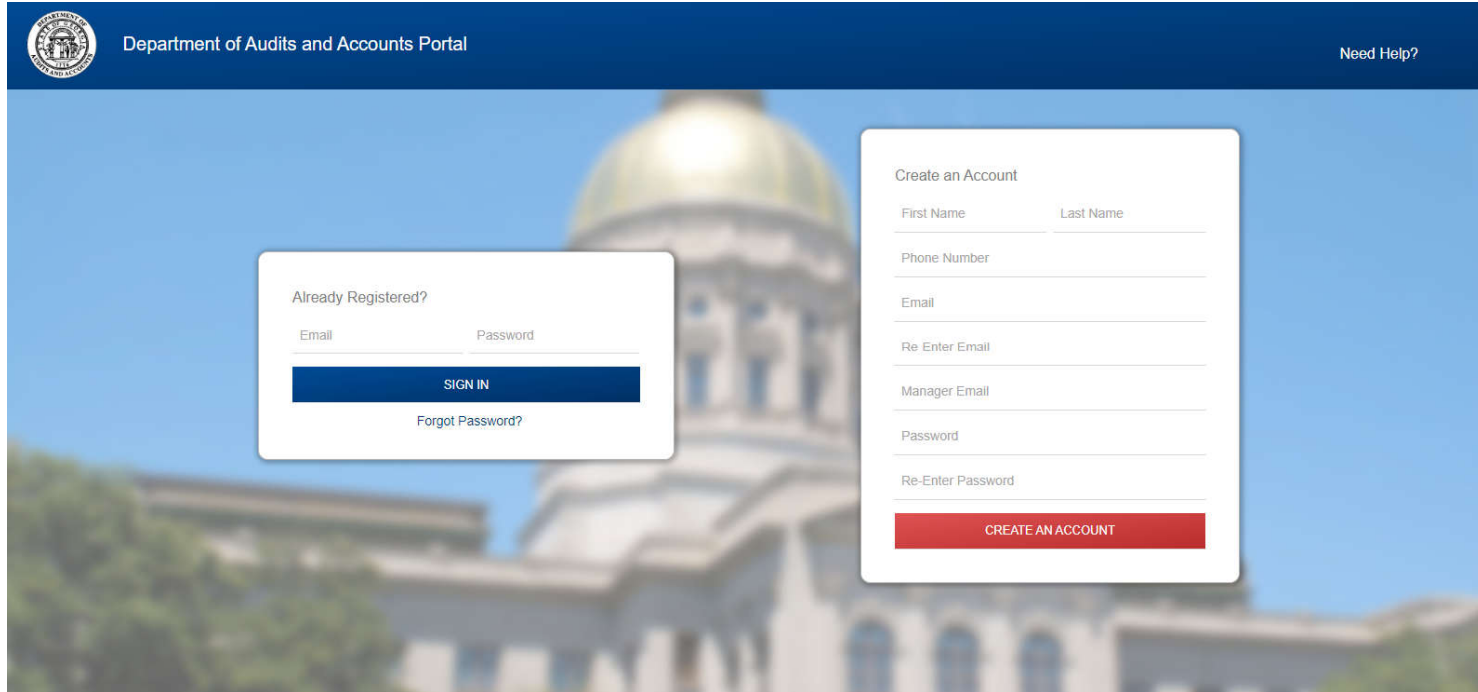


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Compliance with Transparency in Government Act (TIGA) Dates

- Schedule of SPLOST Expenditures
 - Due by December 4, 2023



The screenshot shows the Department of Audits and Accounts Portal. The header includes the department's logo, the text "Department of Audits and Accounts Portal", and a "Need Help?" link. The main content area features two forms: a "Sign In" form for existing users and a "Create an Account" form for new users. The background of the page is a blurred image of a building with a golden dome.

Department of Audits and Accounts Portal Need Help?

Already Registered?

Email Password

SIGN IN

[Forgot Password?](#)

Create an Account

First Name Last Name

Phone Number

Email

Re Enter Email

Manager Email

Password

Re-Enter Password

CREATE AN ACCOUNT

Important Due Dates

Annual Immigration Compliance Reporting

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

Financial Statements

- Submit to DOAA
- Due November 15th – Award of Distinction
- Due December 31st – All Others



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Availability of Audit Tools

Exhibits and Schedules

- Available now on our website
- Updated for GASB 96

Notes to the Financial Statements

- Standard and Automated Note templates
- Updated for GASB 96

GaDOE/DOAA Year-end Workshops

- Summer 2023



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Other Notes and Reminders

**NOTIFY US
ASAP**

Special Reporting Needs? Timing Issues?

- Upcoming bond issuance
- Turnover in key personnel
- Financial Statement assistance and questions
- New reporting deadline
- Possible new component units

Client Communication Items



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Status of Engagements

- 114 FY22 reports released
- 15 reports in the manager review or further stages.
- 2 audits ongoing with crews.
- 9 FY23 audits started



Additional Client Services

SPLOST Audits

- We will use and rely on work already being performed during our financial audits.
- 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.



Additional Client Services

GASB Implementation Consulting Services

- Worked with School Districts to help implement GASB 87 and GASB 96.
- No formal implementation consulting for FY24 (GASB No. 100).
- Available for any questions related to previously implemented GASB No. 87, GASB No. 96 and the implementation of GASB No. 100.



Additional Client Services

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 DesBoeufs from our Innovation, Automation and Analytics group has been reaching out to each School District over the last several months.
- Rollout will be for all FY23 audits.



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

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

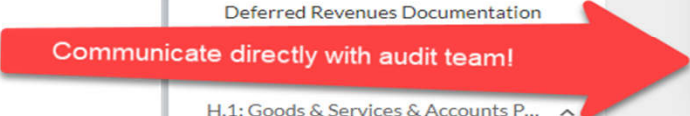
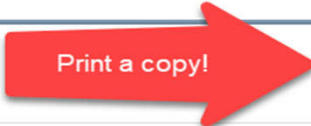
Enter your comment **SEND**

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

11/13/2023 | 13



School System Financial Dashboard

- Provides information and trends related to revenue, expenditures, fund balance and fiscal health for all Georgia School Districts.
- Dashboard currently includes financial information from each School District's audited financial statements for FY2018-2022.
- Dashboard is updated quarterly as the remaining FY2022 audits are completed.
- In early calendar year 2024, a report will be issued summarizing the results of all completed FY2022 audits.
- Rollout will be for all FY23 audits.
- Located on [DOAA website](#)



Accounting and Reporting Topics



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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 findings like FS Prep)
- Budget Deficits – opinion units that present a deficit as a result of a lack of controls over the budget process.

Senate Bill 68

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

- 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.

Senate Bill 68

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

- 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.**

Senate Bill 68

DOAA reports to State Board at GDOE quarterly.

- 196 audits were released from July 1, 2022, through June 30, 2023
- 34 were designated as moderate risk.
- 10 were designated as high-risk.
- As of September 30, 2023 – 15 LEAs have been removed from the list.



Cash and Collateralization

- SB 157 was passed during the 2019-2020 legislative session.
- School Districts and local governments can deposit their funds into programs that make deposits of their funds in other states, provided they are fully covered by FDIC insurance.
- Allows School Districts to utilize programs like CDARS or ICS.



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Capital Assets – Group Purchases

- Group Purchases

Implementation Guide No. 2021-1 updated a previous implementation guide question.

Q—Should a government’s capitalization policy be applied only to individual assets, or can it be applied to a group of assets acquired together? Consider a government that has established a capitalization threshold of \$5,000 for equipment. If the government purchases 100 computers costing \$1,500 each, should the computers be capitalized?

Capital Assets – Group Purchases

- Group Purchases

Implementation Guide No. 2021-1 updated a previous implementation guide question.

A—Capitalization policies adopted by governments include many considerations such as finding an appropriate balance between ensuring that all significant capital assets, collectively, are capitalized and minimizing the cost of recordkeeping for capital assets. A government should capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. Computers, classroom furniture, and library books are examples of asset types that may not meet a capitalization policy on an individual basis yet could be significant collectively. In this example, if the \$150,000 aggregate amount (100 computers costing \$1,500 each) is significant, the government should capitalize the computers.

Capital Assets – Group Purchases

- Group Purchases
 - Need to consider bulk purchases of items such as laptops, iPads etc.
 - Capital assets thresholds and policies should ensure that most capital assets are being recorded.
 - Compare total cost of purchase to total of capital assets for your School District.
 - GASB uses the term *significant* but does not define what is to be considered significant.

Capital Assets - Impairments

Impairment of Capital Assets

- Not every reduction in service utility qualifies as an impairment.
- Impairment test – to qualify the decline in service utility must be both:
 - *Significant* (in relation to the asset's current service utility)
 - *Unexpected* (not part of the normal life cycle or foreseeable at the time the asset was acquired).
- Impairment must be *permanent*.

Capital Assets - Impairments

Indicators of Impairment of Capital Assets

- Physical damage where action is needed to restore lost service utility;
- Changes in laws, regulations or other environmental factors;
- Technological developments or evidence of obsolescence;
- A change in the manner or duration of use or
- Stoppage of construction

Capital Assets - Impairments

How to Record Impairment of Capital Assets

- Impaired assets that will no longer be used in operations:
 - Reported at the lower of their carrying value or fair value.
- Impaired assets that will continue to be used in operations:
 - Carrying amount must be decreased in an amount proportionate to the loss in service utility.
 - Restoration Cost – Physical Damage
 - Service Units – Changes in laws, technological developments, change in manner or duration of the use of the asset.
 - Deflated Depreciated Replacement Cost – change in the manner or duration of the use of the asset.

Revenue Recognition

- The revenue recognition period in the notes should be updated for the School District's policy.
- The policy is what should be used to determine what revenue should be recognized/accrued each fiscal year.
- Revenue received outside of the recognition period should be deferred on the fund level.

From the notes to the financial statements:

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers certain revenues reported in the governmental funds to be available if they are collected within **60** days after year-end. The School District considers all intergovernmental revenues to be available if they are collected within **120** days after year-end. Property

Revenue Recognition

Revenue Type	Accrual
SPLOST	July Payment
Property Taxes	July and August
TAVT	July Payment
Federal Grants	Expenditures that have been incurred and approved in consolidated application by GDOE.
GSFIC	Expenditure that have been incurred (seeing following slides for exception).

Examples of typical amounts accrued.

Revenue - SPLOST

SPLOST Correction Payment

- The corrections are the result of a coding issue from an upgrade to the Department of Revenue's (DOR) integrated tax system.
- Due to the coding issue, it appears that certain revenue transactions were excluded from the revenue collected and distributed.
- The DOR issued correction payments in the August distribution, sent August 28, 2023.
- The adjustments were for previously collected tax revenue not distributed.
- School Districts should have received a communication from DOR.

Revenue - SPLOST

SPLOST Correction Payment

- DOAA has received a file from DOR that includes the amounts sent in August 2023 that pertain to FY23.
- DOAA is still working with DOR to verify that any amounts received for FY24 can be considered insignificant.
- GDOE sent an email to School Districts on 9/19/23 instructing the School Districts to accrue the correction amount.
 - Debit to Account Receivables – Taxes and Credit to SPLOST Tax Revenue

Standards Update



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New GASBs- Effective FY2023

- GASB 94: Public-Private and Public-Public Partnerships and Availability Payments Arrangements
- GASB 96: Subscription-Based Information Technology Arrangements
- GASB 99: Omnibus 2022 (paragraphs 11-25)



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Impact on School District Audits

Public-Private Partnerships - GASB 94

- Will most likely not affect any School District audits

SBITAs - GASB 96

- We must ensure completeness as this is an implementation year.
- Test accuracy of any recorded SBITAs on the financial statements.

Omnibus 2022 - GASB 99

- Financial guarantees, Other derivative instruments, Leases/PPP/SBITA, Extended use of London Interbank Offered Rate (LIBOR), Technical updates/corrections
- Little impact on School District audits



Upcoming SAS and GASB

FY 2024

SAS 143 - Auditing Accounting

Estimates and Related Disclosures Requires auditor to evaluate whether the accounting estimates and related disclosures are reasonable.

SAS 144 - Use of Specialists and Use of Pricing Information

Provides enhanced guidance about evaluating the work of an auditor's specialist and provides guidance on the use of pricing information when evaluating management's estimates related to the fair value of financial instruments.



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Upcoming SAS and GASB

FY 2024

SAS 145 – Risk Assessment

Clarifies and enhances certain aspects of the identification and assessment of the risks of material misstatement to drive better risk assessments and enhance audit quality. Remember this one!

GASB 99 – Omnibus 2022 (paragraphs 4-10)

Financial guarantees and the classification and reporting of derivative instruments.



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Upcoming SAS and GASB

FY 2024

GASB 100 – Accounting Changes and Error Corrections

- Amends Statement 62. It enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable and comparable information.

GASB 101 – Compensated Absences

- Replaces Statement 16. Creates a more consistent model for accounting for compensated absences that can be applied to all types of compensated absence arrangements.



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GASB 87

GASB 87 is still here – Year 2

- All new agreements entered during FY23 should have been reviewed to determine if should be reported as a lease.
- Uncorrected misstatement could be carried forward from prior years.
- Leases recorded in FY22 will be amortized in FY23 and beyond.



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GASB 87

GASB 87 is still here – Year 2

- Remember that leased assets were set up to be amortized over the lesser of the lease term or useful life of the underlying asset.
- Journal entries in FY23 and beyond will:
 - Decrease leased asset and increase amortization expense.
 - Decrease lease liability and record interest expense.
- Amounts for the journal entries will come from the amortization table created when the lease originally booked.



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GASB 87

GASB 87 is still here – Year 2

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		42	0	42	466	12,738	1,258	15,097	30,194
Jul-24	15,000	42	14,492	-466	0	0	1,258	13,839	31,452
Aug-24	0	0	0	0	0	0	1,258	12,581	32,710

GASB 87

GASB 87 is still here – Year 2

Account	Debit	Credit
Lease - Principal	\$13,869	
Lease - Interest	1,131	
Cash		\$ 15,000

To record lease payment annually – on Fund Level statements.



GASB 87

GASB 87 is still here – Year 2

Account	Debit	Credit
Lease Liability	\$13,869	
Amortization Expense	\$15,097	
Interest Expense	\$1,131	
Accumulated Amortization		\$15,097
Cash		\$15,000

Government-wide journal entries



Overview of GASB 96

- Very similar to GASB 87, except it only applies to [software-based IT arrangements](#) (SBITAs) versus leasing physical assets.
- A SBITA is not considered active and recognizable until the software is online and usable. If fees paid in advance, would have prepaid asset.
- Many School Districts are opting to pay for multiple years upfront, so there won't be a subscription liability; however, there will be a subscription asset on the government-wide level and a prepaid asset on the fund level.



Reviewing Agreements - GASB 96

- Check to ensure it is software related – software as a service, platform as a service, and infrastructure as a service are most common.
- Check the initial term – if the term is for a year or less it is considered a short-term SBITA.
- Look out for any possible extensions or language that suggests the agreement is longer than a year.
- If it is determined that it's not a short-term SBITA, move forward reviewing the agreement in more detail (extra payments, interest rate, etc.).
- Check when subscription term starts and when the payment was made to determine if you have a prepaid asset.



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Reviewing Agreements - GASB 96

What is a perpetual agreement?

- An agreement that automatically renews each year, for a single year term, with no defined end in the agreement.
- For multi-year agreements that after the initial term state they will renew annually, the annual renewals are NOT treated as extensions. See example below

1. **Term.** The initial term of this Agreement is equal to the number of years indicated for SaaS Services in Exhibit A, commencing on the first day of the first month following the date Tyler makes the SaaS environment available to you, unless earlier terminated as set forth below. Upon expiration of the initial term, this Agreement will renew automatically for additional one (1) year renewal terms at our then-current SaaS Fees unless terminated in writing by either party at least sixty (60) days prior to the end of the then-current renewal term. Your right to access or use the Tyler Software and the SaaS Services will terminate at the end of this Agreement.



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Common Vendors – GASB 96

The following types of vendors were the most common types of agreements that met the SBITA requirements and were also large enough to meet capitalization thresholds.

- Non-PC Genesis financial software systems – Munis (Tyler Technologies), NextGen (Harris School Solutions)
- Electronic document service – Softdocs (5-year term the norm)
- Safety monitoring software – Centegix
- Lightning alert software – DTN Earth Networks



Example of Agreement #1 – GASB 96

Details					
Item Number / Description	Quantity	Unit Price	Ext Price	Tax	
73145P [REDACTED] ELEM SCH DESTINY DISTRICT MEMBER LIBRARY LICENSE RENEWAL: SEP 01, 2022 - AUG 31, 2023	1	612.67	\$612.67	\$0.00	
67058P [REDACTED] ELEM SCH TITLEPEEK ONLINE SERVICE RENEWAL - DESTINY DISTRICT MEMBER: SEP 01, 2022 - AUG 31, 2023	1	150.00	\$150.00	\$0.00	
73145P [REDACTED] MDL SCH DESTINY DISTRICT MEMBER LIBRARY LICENSE RENEWAL: SEP 01, 2022 - AUG 31, 2023	1	612.67	\$612.67	\$0.00	
67058P [REDACTED] MDL SCH TITLEPEEK ONLINE SERVICE RENEWAL - DESTINY DISTRICT MEMBER: SEP 01, 2022 - AUG 31, 2023	1	150.00	\$150.00	\$0.00	
73145P [REDACTED] ELEM SCH DESTINY DISTRICT MEMBER LIBRARY LICENSE RENEWAL: SEP 01, 2022 - AUG 31, 2023	1	612.67	\$612.67	\$0.00	

Would be short-term SBITA (expense as incurred)



Example of Agreement #2 – GASB 96

				Term (Years)
				3
Location	Sites	Annual Rate (Per Site)	Term Rate (Per Site)	Amount
ALL SITES - DISTRICT WIDE IMPLEMENTATION	34	\$7,800	\$23,400	\$705,000
Primary/Elementary School	19			
Middle School	9			
High School	5			
Small Campus/Alternative School	1			
Large Campus				
Learning Center/Library				
Admin Building	3	\$4,500	\$13,500	\$40,500
Setup & Installation (one-time)	37		\$3,000	\$111,000
Implementation (one-time)	37		\$1,000	\$37,000
Shipping (one-time)	37		\$300	\$11,100

Would be SBITA greater than 12 months



Example of Agreement #3 – GASB 96

Subscription Fees

Product	Quantity	Unit Price	Discount	Term (Yrs)	Total Fees
Ellevation Platform	1,070	\$13.75	11.64 %	0.75	\$9,749.97
Strategies 2022	1,070	\$14.50		0.75	\$11,636.25

INVOICE DETAILS - unit net price may be rounded

Material No.	ISBN 13	Product	Uni-term	Qty	List	Discount	Unit Net	Extended Net Price
1815167	978-035861007-6	Math 180 Multiplication and Division Student mSpace		91			\$15.00	\$1,365.00
1815170	978-035861010-6	Math 180 Fractions Student mSpace		607			\$15.00	\$9,105.00
1815173	978-035861013-7	Math 180 Decimals and Integers Student mSpace		858			\$15.00	\$12,870.00
1815176	978-035861016-8	Math 180 Rates and Ratios Student mSpace		861			\$15.00	\$12,915.00

Would not be SBITA



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Example of Agreement #4 – GASB 96

Additional Notes	
Notes	SERVICE/SUPPORT LICENSE START DATE 1-AUG-2022 END DATE 31-JULY-2023
	Alertus agrees to a phased escalation of price increase over three years.
	Large ENS license = \$14,950
	2022 Renewal = \$11,250
	2023 Renewal = \$13,100
	2024 Renewal = \$14,950 I locked you in for the third year at the Large tier price.

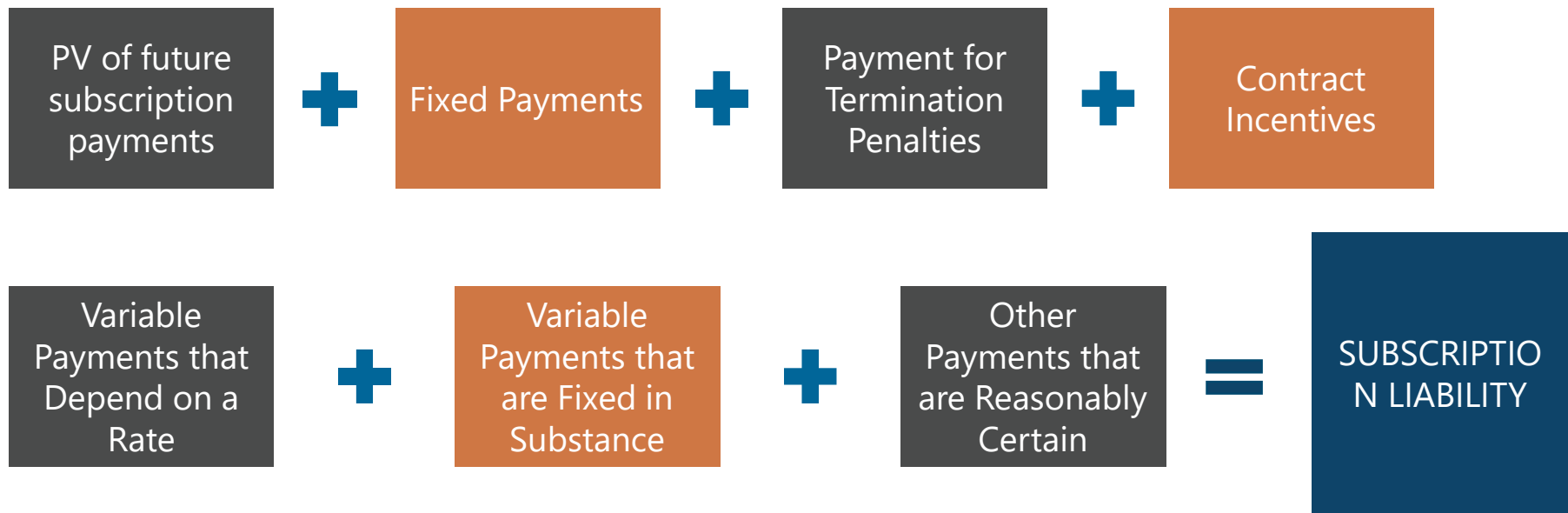
Important to read all of the agreement, especially notes section. The invoice stated the term was for 8/1/22 – 7/31/23; however, in the notes it mentioned they were locked in for three years.



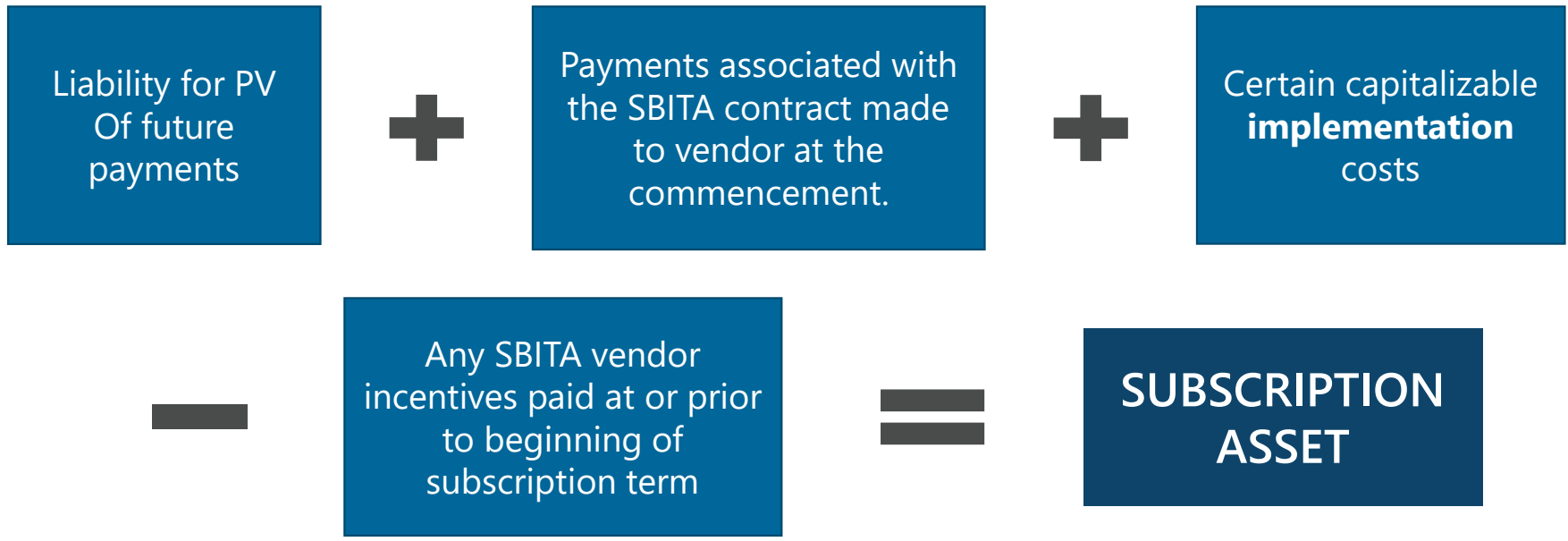
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How to calculate the subscription Liability



How to calculate the subscription asset



Important Takeaways GASB 96

Implementing GASB 96 involves ALL Departments at the School District.

Create a process for going forward on how to collect and retain possible SBITA agreements.

Set a reasonable threshold for your SBITAs.

Remember to check for prepaid assets.

Maintain documentation of your consideration for your auditors.



DOAA Award of Distinction For Excellent Financial Reporting



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Congratulations To The Award Recipients!



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DOAA Award of Distinction For Excellent Financial Reporting – FY22

- Baker County
- Bulloch County
- City of Bremen
- City of Chickamauga
- City of Gainesville
- City of Pelham
- City of Social Circle
- City of Vidalia
- Clarke County
- Coffee County
- Crisp County
- Dade County
- Decatur County
- Elbert County
- Evans County
- Fannin County
- Gilmer County
- Greene County
- Haralson County
- Hart County
- Houston County
- Jasper County
- Lee County
- McDuffie County
- McIntosh County
- Mitchell County
- Paulding County
- Schley County
- Thomas County
- Tift County
- Towns County
- Ware County
- Washington County
- Wilcox County
- Worth County



FY2023 LEA Federal Compliance Updates



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Presentation Topics

- 2023 OMB Compliance Supplement
- Schedule of Expenditures of Federal Awards (SEFA)
- Findings Reminders & New Process
- Upcoming Changes & Issues
- General Updates & Reminders

Commonly Used Acronyms

Acronym	Description
AICPA GAQC	American Institute of Certified Public Accountants Government Audit Quality Center
ALN	Assistance Listing Number (formerly CFDA)
ARPA	American Rescue Plan Act
BABAA	Build America, Buy America Act
CAP	Corrective Action Plan
ConApp	Consolidated Application
DOAA	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

Commonly Used Acronyms (continued)

Acronym	Description
FAC	Federal Audit Clearinghouse
FCC	Federal Communications Commission
FMT	Findings Management Tool
GaDOE	Georgia Department of Education
GSA	General Services Administration
MOE	Maintenance of Effort
NSAA	National State Auditors Association
OMB	Office of Management and Budget
SAO	State Accounting Office
SEFA	Schedule of Expenditures of Federal Awards
UG	Uniform Guidance
USAC	Universal Service Administrative Company

2023 OMB Compliance Supplement



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Compliance Supplement Updates

The Compliance Supplement was published in May.

- The Compliance Supplement can be found at: [Office of Federal Financial Management | OMB | The White House](#).
- The “Pick-Six” Initiative is still being used.
 - Each grantor organization selected six compliance requirements for testing.
 - This may actually be seven because Activities Allowed or Unallowed and Allowable Costs/Cost Principles are counted as one compliance requirement.



Compliance Supplement Updates (continued)

Higher Risk Programs:

- The Education Stabilization Fund (includes ESSER) is still designated as a “higher risk” program.
- However, the Emergency Connectivity Fund is not designated as a higher risk program.
 - If the program is Type A (typically over \$750,000) and was not tested in FY22, the program should be tested in FY23.
 - If the program is Type A, was tested in FY22, and no prior year material weakness findings were noted, there is no requirement to test it again in FY23 unless otherwise deemed high risk by the auditor.

Child Nutrition Cluster:

- Most COVID waivers expired at the end of FY22; however, there are a few summer feeding waivers that did not expire until September 30, 2022.

Maintenance of Effort Requirements

The ED-Cross-Cutting Compliance Supplement verbiage regarding maintenance of effort has been updated:

- This only applies to Title I (84.010) and Supporting Effective Instruction (84.367).
 - This does not apply to the Special Education Cluster MOE requirements.
- The Compliance Supplement states, “If auditing the LEA and the SEA does the calculation, the auditor should perform step c for the amounts reported to the SEA.”
 - Step “c” is as follows: Perform procedures to verify that the amounts used in the computation were derived from the books and records from which the audited financial statements were prepared.
- Therefore, auditors will only be verifying that the MOE calculation agrees to the school district’s general ledger and will not be issuing deficiencies if MOE requirements were not met.
 - Auditors will add an “Other Matters” comment if MOE requirements are not met.



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Build America, Buy America Act (BABAA)

Information has been added to the Procurement and Suspension and Debarment section about compliance with section 70914 of the BABAA.

- Federal financial assistance program funds cannot be used for infrastructure expenditures unless all iron, steel, manufactured products, and construction materials used are produced in the United States.



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Schedule of Expenditures of Federal Awards



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SEFA Updates

New Programs:

- COVID-19 – Charter Schools (84.282A)
- Every Student Succeeds Act/Preschool Development Grants (93.434)
- Public Safety Partnership and Community Policing Grants (16.710)

Deleted Programs:

- School Improvement Grants (84.377A)
- Special Education – Personnel Development to Improve Services and Results for Children with Disabilities (84.325P)
- Special Education – State Personnel Development (84.323A)



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SEFA Updates (continued)

Transfers between federal programs will be disclosed in a new footnote.

- “Funds totaling \$_____ were transferred from the _____ program (ALN XX.XXX) and expended in the _____ program (ALN XX.XXX) during Fiscal Year 2023.”
 - Please ensure that these transfers are only reflected in the SEFA amount for 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.



SEFA Reminders

General Information:

- COVID-19 funding must be disclosed separately on the SEFA.
- Any ESSER expenditures reclaimed from a prior fiscal year or substituted for unallowable expenditures reported in a finding should be reported on the SEFA in the year reclaimed/substituted.
 - There are two footnote options at the bottom of the SEFA to address these situations.
- Pass-through identifying numbers should not be reflected for amounts received directly from the federal government.
- Please do not delete the alpha characters added to the US ED programs on the SEFA.



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SEFA Reminders (continued)

School Nutrition COVID Subprograms:

- The Supply Chain Assistance COVID subprogram was also received in FY23.
- Amounts related to this subprogram should be reported as on the SEFA, as follows:
 - COVID-19 – National School Lunch Program (10.555)
 - Pass-Through Entity ID Number – 225GA324N1099
- Within the SEFA template, this will reported on the “Template” tab.
This was adjusted from the prior year to make the process easier.



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Determining Appropriate SEFA Amounts

The SEFA has become more complicated over the past few years and each amount reported should be fully analyzed to determine accuracy.

- Several years ago, the lesser of expenditures or revenue was typically utilized; however, this practice may not result in an accurate value and the following factors should be considered, as well:
 - *Total program budget/allotment* – Expenditures and revenue cannot exceed the total budget/allotment provided by GaDOE.
 - *Accuracy of revenue amounts recorded* – Many school districts are not requesting funding from GaDOE in a timely manner and thus, may not be recording revenue/receivables appropriately.
 - *Completion report status* – If the completion report for an award year has been filed, the school district can no longer draw funding through GAORS and any receivable/revenue amounts that have not been received are deemed invalid.
 - *Budget approval status* – If the original budget for a program is not approved by June 30th, no expenditures may be reported on the SEFA for that program.
 - This will likely only affect ESSER subprograms.



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Findings Reminders & New Process



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



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Financial Findings

Under Government Auditing Standards, auditors are required to report a financial finding in the following circumstances:

- Significant Deficiencies or Material Weaknesses in internal control over financial reporting
- Fraud and noncompliance with provisions of laws or regulations that has a material effect on the financial statements or warrant the attention of those charged with governance
- Noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts
- Abuse that is material, either quantitatively or qualitatively



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Findings Management Tool

We will begin using the Findings Management Tool (FMT) to communicate final drafts of findings and collect the corrective action plans from school districts.

- Once findings are thoroughly reviewed and approved by DOAA, findings will be entered in FMT and sent to the school district to obtain the CAP.
- School districts will receive an email alerting them to begin the CAP process.
- Please ensure that each school district's CAP submission includes the following:
 - A description of the steps the school district will take to correct the deficiencies identified in the finding.
 - This description should make sense and address the cause and recommendation reflected in the finding
 - Date on which the CAP should be fully implemented.
 - Complete client contact information, including First Name, Last Name, Title, Telephone Number and Email Address.



Findings Management Tool (continued)

Corrective Action Plan Tips

- Please ensure that the CAP submission does not include the following:
 - Potentially confidential information.
 - This may include specific IT information, processes associated with confidential information, etc.
 - Information that may be more appropriate to include in the Views of Responsible Officials section of the finding.
- When the CAP is received through FMT:
 - The completed CAP template Word/PDF file will be compiled by the auditors and emailed to the school district.
 - The client should print the CAP on the school district's letterhead, have the Superintendent sign the document, and return the file to the auditors.



Findings Management Tool (continued)

Findings Management Tool Tips

- Instructions for the findings process can be found at:
 - [Federal Compliance Reporting | State Accounting Office of Georgia](#)
- Please note that some of the information about SAO's involvement will not apply to LEAs as the DOAA IT team has removed SAO from the LEA process.
- Access to the system can be found at:
 - [Transparency in Government Act - DOAA \(ga.gov\)](#)



Upcoming Changes & Issues



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FY2024 E-Rate Audits

The E-Rate program (ALN 32.004) was originally reflected in the draft 2023 OMB 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.



FY2024 E-Rate Audits (continued)

The following Uniform Guidance (2 CFR 200) sections apply to this program:

- Subpart A – Acronyms and Definitions
- Subpart B – General Provisions
- Subparts C-D, Sections 200.303 – Public notice, 200.303 – Internal controls, and 200.331-333 – Subrecipient monitoring and management
- Subpart F – Audit Requirements

***NOTE:** Subpart E – Cost Principles do not apply.*



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FY2024 E-Rate Audits (continued)

The following Compliance Requirements are expected to be subject to audit:

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	Y	N	Y	Y	N	N	N	Y



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FY2024 E-Rate Audits (continued)

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

- Eligible expenditures can be reviewed at [Eligible Services List – 2023](#) and include:
 - Data transmission services
 - Internet access
 - Internal connections
 - Managed internal broadband services
 - Basic maintenance of internal connections
- Ineligible expenditures include but are not limited to:
 - Personal services expenditures
 - Equipment and/or services that will be used off-campus
 - Equipment and/or services that were acquired through unfair bidding practices
 - Computer applications, content, e-mail, end-user devices and equipment such as computers, laptops, and tablets
 - Voice services



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FY2024 E-Rate Audits (continued)

Equipment and Real Property Management

- An equipment listing must be maintained.
 - Should be sufficient to verify the location of the equipment.
 - Should be maintained for at least ten years.
- The following information must be maintained for equipment items that are transferred to another entity:
 - Model, serial number, and quantity
 - Location (where originally installed and where installed now)
 - Date of installation/transfer
 - Business reason for transfer
 - FCC Form 500, if within three years of original purchase
 - Operating status and evidence that items was operational and connected



FY2024 E-Rate Audits (continued)

Period of Performance

- The deadline for implementing all non-recurring services is September 30 following the close of the funding year.
 - The 2023 funding year would be July 1, 2022, to June 30, 2023.
- Reimbursement requests must be filed within 120 days of:
 - The last day to receive service,
 - The date of the FCC Form 486 Notification Letter, or
 - The date of the Revised Funding Commitment Decision Letter.



FY2024 E-Rate Audits (continued)

Procurement and Suspension and Debarment

- The School District is required to follow all state and local procurement laws/policies regardless of the method used to pay invoices.
- The applicant must certify compliance with state and local laws/policies on the FCC Form 471 application.
- Suspension and debarment rules are also applicable.



FY2024 E-Rate Audits (continued)

Special Tests and Provisions – Eligible Entities

- Elementary and secondary schools are eligible for funding.
 - “An elementary school means an elementary school as defined in 20 U.S.C. §7801(19), a non-profit institutional day or residential school, including a public elementary charter school, that provides elementary education, as determined under state law.”
 - “A secondary school means a secondary school as defined in 20 U.S.C. §7801(45), a non-profit institutional day or residential school, including a public secondary charter school, that provides secondary education, as determined under state law except that the term does not include any education beyond grade 12.”



FY2024 E-Rate Audits (continued)

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

- GaDOE issued accounting guidance related to E-Rate funds and held a webinar regarding the process recently.



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FY2024 E-Rate Audits (continued)

Resources include:

- Universal Service website: [E-Rate - Universal Service Administrative Company \(usac.org\)](https://www.usac.org)
- Open Data website: [Open Data - E-Rate Datasets](#)
 - [E-Rate Recipient Details And Commitments | USAC | Data Platform](#)
 - [E-Rate Invoices and Authorized Disbursements \(FCC Forms 472 and 474\) | USAC | Data Platform](#)



Upcoming Uniform Guidance Changes

Significant proposed changes to the Uniform Guidance are as follows:

- Equipment threshold will be moved from \$5,000 to \$10,000.
- Single Audit threshold will be increased from \$750,000 to \$1,000,000.
 - Please note that a corresponding change to the Type A threshold is not anticipated.
- De minimus indirect cost rate will be increased from 10% to 15%.

The entire draft can be reviewed at: [Draft Federal Register Notice and Revisions to the Uniform Guidance - Pre-publication Version - 9.21.23 \(whitehouse.gov\)](#)



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FY2024 School Nutrition Supplement

GaDOE voted to fund reduced priced meals (lunch and breakfast) from ESSER funds.

- The amounts will be shown as meal sales revenue.
 - Fund 600, Source 1611 or 1612, Program 9400
- Guidance was sent to all school districts in September 2023.

Dear K12 Finance Officers,

At the June 2023 State Board meeting, an agreement was approved for a reimbursement program, with funds allocated to each SFA based on reduced priced meal service during School Year 2024. The funds are disbursed in accordance with the approved budget through monthly claims filed by SFAs for meal service reimbursement at a rate of \$.30 for breakfast and \$.40 for lunch. State staff will review the claims documentation, verifying meal counts. Claims will be reviewed on a regular basis to ensure timely reimbursement of funds. State staff will also monitor expenditures through quarterly and annual reports.

To account for the meal sale revenues, the reimbursements should be recorded in Fund 600, Revenue Source 1611 or 1612 for Meal Sales, and Program Code 9400. This is a reimbursement contract for a specific purpose, and will not be reported on the Schedule of Expenditures of Federal Awards (SEFA) as a federal grant. The reimbursement will be treated as program income by the SFAs.



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Federal Audit Clearinghouse

The FAC is now being hosted by the General Services Administration (GSA).

- New website: [The Federal Audit Clearinghouse \(fac.gov\)](https://fac.gov)
- Auditee certifiers from each school district will need to create a new account and password within the new system at login.gov.

You must log in to continue

Submitting information to the Federal Audit Clearinghouse requires authentication which will now be handled by [Login.gov](https://login.gov). **You cannot use your old Census FAC credentials to access the new GSA system.** On the next screen you can use an existing Login.gov account or create a new one to securely sign in.

[Authenticate with Login.gov](#)

[Cancel](#)



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Federal Audit Clearinghouse (continued)

The FAC is now being hosted by the General Services Administration (GSA).

- Auditee certifiers also submit the final report rather than the auditors.
- There are not currently notifications being sent via email when steps within the system have been completed.
 - We are hoping that this improvement will be implemented in the future.
- If you have any questions about the process, please contact DOAA.



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General Updates & Reminders



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Wage Rate Requirements

Reminders

- Applies to federally-funded construction projects over \$2,000 for which laborers or mechanics are used.
 - Examples of laborers or mechanics – Plumber, electrician, carpenter, painter, etc.
 - Does not apply to labor performed by LEA employees, timekeepers, inspectors, architects, engineers, or executive/ administrative/professional employees.
- Definition of Construction – Includes construction, alteration, or repair, including painting and decorating, of a public building or public works of the Government that are located in a State.



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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.



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ESSER Expenditure Testing

Just like in previous years, DOAA will be testing ESSER expenditures to determine the following:

- Expenditures are approved by appropriate School District personnel.
- Expenditures are related to an allowable expenditure category as noted within the ESF.ACP-DC.CW.1.1 workpaper.
 - Please note that most education-related expenditures are deemed to be allowable by US ED.
- Expenditures are approved by GaDOE on the corresponding ConApp.
 - Expenditures should be approved by GaDOE before the expenditure of funds.



Questions?

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