

FY2024 Audit Updates

GAINS Conference

May 2, 2024

Savannah, Georgia

Presented by:

Georgia Department of Audits



Agenda

- Important Dates and Other Reminders
- Client Communication Items
- Accounting and Reporting Issues
- Standards and Other Updates
- Award of Distinction of Excellent Financial Reporting
- Federal Updates



Important Dates and Other Reminders

Compliance with Transparency in Government Act (TIGA) Dates

- Salary and Travel Collection (CS1)
 - Due August 15, 2024
 - FY24 will open July 8, 2024
- Audit History/Payments/Purchase Card Files
 - Due October 1, 2024
 - FY24 will open July 8, 2024
- Schedule of SPLOST Expenditures
 - Due by December 4, 2024
 - New Submission Area

Important Due Dates

Annual Immigration Compliance Reporting

- Due December 31, 2024
- System is open now.

Financial Statements Due to DOAA

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

Important Dates

Availability of Audit Tools

- Financial Statement Templates
 - July 31, 2024
- Notes to the Basic Financial Statements
 - August 15, 2024

GASBO Financial Statement Workshop

- Tuesday, November 5, 2024
- GaDOE/DOAA Year-End Workshops
 - June 2024

Other Notes and Reminders

Keys to a successful audit

Preparation, Preparation, Preparation

- Review financial statements – even if your School District uses a consultant
- Maintain documentation used to prepare financial statements
- Consider uploading documentation needed for audit throughout the year or at year-end.

Other Notes and Reminders

NOTIFY
US
ASAP!

Special Reporting Needs? Scheduling Issue?

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



Client Communication Items

Status of Engagements

As of April 15, 2024:

- 61 FY23 reports released
- 6 reports in the manager review or further stages.
- 29 audits ongoing with crews.
- 32 audits not started

Client Services

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 instrumental in implementing the new system.
- We welcome all feedback and questions.
- 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

No due date | **MARK ALL RESPONDED**

Accounts Receivable Documentation Awaiting Response

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

File upload

Drag and drop here or click to browse

Drag and Drop!

[COPY FROM CLOUD](#)

June 1, 2023

10:14 am **SD** Test Comment

Enter your comment **SEND**

Communicate directly with audit team!

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

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 March 2024, an updated report was published summarizing the results of all completed FY2022 audits.
- Located on [DOAA website](#)

Accounting and Reporting Issues

Sales Ratio Division

Sales Ratio Division - Responsible for preparing an equalized adjusted property tax digest for each county in the state and for the state for the current calendar year. The studies are used in allocating state funds for public school systems.

Sales Ratio Study

What is the purpose of the 100% Equalized Digest?

- Provide the State Board of Education and the Office of Planning and Budget with the data necessary for Quality Basic Education (QBE) calculations of the local 5 mill share and equalized grants for counties with low property tax bases.
- The State Revenue Commissioner will utilize ratio study results to assist in the decision-making process regarding tax digest approval, billing authorization, and penalty assessments. Ratio studies provide evidence of appraisal deficiencies (if any).
- Local Tax Assessors, Boards of Education, and Boards of Commissioners will utilize these results, to keep abreast of the level and uniformity of assessments within their county.

Sales Ratio Study

Reports are issued annually to all school systems, tax commissioners, tax assessors' offices, governing authorities of each county and municipality having an independent school system, the State Department of Education, the Department of Planning and Budget, and the Department of Revenue. By law, the report must be issued no later than November 15th of each year.

Sales Ratio Study

- Each School District (159 counties and 21 independent school systems) are emailed a copy of their Sales Ratio Study.
- Emails usually go out between June and August of each year.
- Emails are sent from: **Sales_Ratio_Study@audits.ga.gov**
- Confirmation of receiving email is required through clicking link in email.
- School Districts have 30 days to appeal before it's finalized to the Department of Education.

Sales Ratio Study - Email

Example of Email sent to School District:

From: Sales_Ratio_Study <Sales_Ratio_Study@audits.ga.gov>
Sent: Wednesday, August 9, 2023 10:23 AM
To: lionel.brown@peachschools.org <lionel.brown@peachschools.org>; Susan Perry (sperry@peachschools.org) <sperry@peachschools.org>; Michaela Jones <michaela-jones@peachcounty.net>; Betty Hill <betty-hill@peachcounty.net>; Roy Lewis <roy-lewis@peachcounty.net>; Martin Moseley <martin-moseley@peachcounty.net>; Janet Smith <janet-smith@peachcounty.net>; Brian Madison <brian-madison@peachcounty.net>; peachtax@yahoo.com (peachtax@yahoo.com) <peachtax@yahoo.com>; teeashmon@yahoo.com <teeashmon@yahoo.com>; WL Brown <wj-brown@peachcounty.net>
Cc: Denise Medlin <medlind@audits.ga.gov>; Brett Gainey <Gaineyb@audits.ga.gov>
Subject: Peach County – 2022 Sales Ratio Study



August 9, 2023

As required by Georgia Code 48-5-274, the State Auditor's office hereby delivers to each county and independent school system, the 2022 100% Statewide Equalized Adjusted School Property Tax Digest Report.

Please click the following button to acknowledge receipt for your office.

Enter Confirmation Number: **6484**

[Click To Acknowledge Receipt](#)

Prior Sales Ratio Study reports are available at:
<https://www.audits2.ga.gov/reports/search/?search=statewide+equalized>

Lee Thomas
Sales Ratio Division Director
thomasle@audits.ga.gov
404-656-0494

Sales Ratio Study - Email

Example of website to confirm receiving study:

DOAA
Georgia Department of Audits & Accounts

2022 SALES RATIO STUDY ACKNOWLEDGEMENT RECEIPT

* Required

1. ENTER COUNTY NAME *

Enter your answer

2. ENTER 4 DIGIT CONFIRMATION NUMBER *

Enter your answer

3. SELECT COUNTY OFFICE *

BOARD OF EDUCATION
 BOARD OF EDUCATION - CITY
 COUNTY COMMISSIONER
 GOVERNING AUTHORITY - CITY
 TAX ASSESSOR
 TAX COMMISSIONER
 Other

4. ENTER YOUR NAME *

Enter your answer

5. ENTER YOUR EMAIL ADDRESS *

Enter your answer

6. SELECT YOUR TITLE *

ADMINISTRATIVE ASSISTANT
 ATTORNEY
 CFO
 CHAIRPERSON
 CITY APPEALER
 CITY ADMINISTRATOR
 CITY CLERK
 CITY MANAGER
 CITY MY OFFICER
 COUNTY COMMISSIONER
 COUNTY MANAGER
 DEPUTY CHIEF APPRAISER
 FINANCE DIRECTOR
 MAYOR
 OFFICE MANAGER
 SECRETARY
 SUPERINTENDENT
 TAX COMMISSIONER
 Other

Sales Ratio Study – Digest Values

\$1.60T – FY2022 (2025 QBE Impact)

\$1.34T – FY2021 (2024 QBE Impact)

\$1.24T – FY2020 (2023 QBE Impact)

Sales Ratio Study

Equalized Digest Values are used for:

- Calculation of Local Five Mill Share (LFMS)
- Calculation of Equalization

As your district's equalized digest **increases**, your LFMS will **increase**, and equalization could **decrease**.

Sales Ratio Study

The overall ratio for your School District should be close 40.00. Having a ratio of 40 means that tax assessor's office and the sales ratio study have property values aligned.

<u>CODE</u>	<u>SCHOOL DISTRICT</u>	OVERALL RATIO	ADJUSTED 100% \$ DIGEST
001	APPLING	34.65	3,186,250,468
002	ATKINSON	29.86	623,162,444
003	BACON	36.69	817,802,595
004	BAKER	38.26	351,220,111
005	BALDWIN	36.69	4,052,689,437
006	BANKS	35.04	2,413,806,071
007	BARROW	36.00	10,306,762,276

Equalization Funding

How Equalization Works:

1



Rank school districts by property wealth per number of students

2



Find the average property wealth per student. Do not include top and bottom 5 percent of districts in calculation

3



For all districts that have less property wealth per student than the average, calculate the difference

4



Multiply that amount by the number of students and the property tax rate

5



Give the ending amount to the school district

Local Five Mill Share (LFMS)

- Each School District is required to tax their district five mills, or five dollars for every 1,000 dollars of property value.
- LFMS is considered the local effort or local fair share to fund the School District.
- LFMS is deducted from each School District's QBE allotment.

Example of LFMS Calculation:

	100% Equalized Property Tax Digest	Timber	40% Tax Digest (Less Timber)	40% Tax Digest (Incl. Timber)	Exemptions	Net Tax Digest	LFMS
Sample City Schools	\$ 12,582,632,111	\$ 150,000	\$ 5,032,992,844	\$ 5,033,142,844	\$ 65,256,037	\$ 4,967,886,807	\$ 24,839,434.00

Equalized Digest & Funding

Key Takeaways:

- It is imperative to review your sales ratio study in a timely manner. Remember there is a limited time to appeal.
- Reach out and ask questions.
- Forming and maintaining relationships with your local tax assessor's office and commissioner is important.

Standards and Other Updates



Standards Update for FY2024

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.

Standards Update for FY2024

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.

GASB 99 – Omnibus 2022 (paragraphs 4-10)

- Financial guarantees and the classification and reporting of derivative instruments.

Standards Updates

GASB 100 – Accounting Changes and Error Corrections (FY24)

- 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 (FY25)

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

GASB No. 100 Accounting Changes and Error Corrections

Why?

- The prior standards came from the AICPA and FASB and are nearly 50 years old.
- As presented it could be difficult to distinguish between an error correction and an accounting change.
- The requirements for single-year and comparative financial statements were unclear.

GASB No. 100 Accounting Changes and Error Corrections

Change in Accounting Principle

Description	Accounting	Disclosure
<ul style="list-style-type: none">• A change from one generally accepted accounting principle to a more preferable general accepted accounting principal.• Implementing a new GASB pronouncement.	<ul style="list-style-type: none">• Restate beginning net position/fund balance of the current period for the cumulative change.• For comparative statements – restate ALL periods affected.	<ul style="list-style-type: none">• Nature of and reason for the change• Affected line items• Effects on the beginning balances in a tabular format that reconciles to previously reported balances

GASB No. 100 Accounting Changes and Error Corrections

Error Correction

Description	Accounting	Disclosure
<ul style="list-style-type: none">Resolving calculation errors, mistakes in the application of accounting principles; or oversight or misuse of facts.	<ul style="list-style-type: none">Restate beginning net position/fund balance of the current period for the cumulative change.For comparative statements – restate ALL periods affected.	<ul style="list-style-type: none">Nature of error and its correction, affected line items and periods, the effects on beginning balances in a tabular format, and the effect on the prior period's change in those balances had the error not occurred.Comparative financials – the effect on the prior period's change in balances.

GASB No. 100 Accounting Changes and Error Corrections

Change in Accounting Estimate

Description	Accounting	Disclosure
<ul style="list-style-type: none">• A change in the inputs into an estimate – such as data, assumptions and measurement methodologies – due to different circumstances, information or more experience.	<ul style="list-style-type: none">• Report prospectively in the period in which it occurs.	<ul style="list-style-type: none">• Nature of the change, affected line items, and the reason (for a change in measurement methodology).

GASB No. 100 Accounting Changes and Error Corrections

Change to or within the Financial Reporting Entity

Description	Accounting	Disclosure
<ul style="list-style-type: none">• The addition or removal of (1) a component unit or (2) a fund.• A change between blended and discrete presentation.• A change between major and nonmajor fund.	<ul style="list-style-type: none">• Adjust the current reporting period's balances as if the change had occurred at the start of the period.	<ul style="list-style-type: none">• Nature of and reason for the change (except for major/nonmajor) and the effects on the beginning balances in a tabular format.

GASB No. 100 Accounting Changes and Error Corrections

What do I need to do?

- Identify if your School District implemented a new GASB pronouncement in the current reporting period.
- Identify if your School District had any error corrections that affected the years prior to those in the current reporting period.
- Identify if your School District had changes in the reporting entity.
- Identify if your School District had any changes in accounting estimates in the current reporting period.

GASB No. 101 *Compensated Absences*

Effective FY25

Why?

- It is the first change to compensated absences since GASB No. 16 in 1992.
- Various types of employee benefits have evolved over the years.
- To improve financial reporting by allowing a more unified recognition and measurement model.

GASB No. 101 *Compensated Absences*

What are compensated absences?

- Leave for which employees may receive one or more of the following:
 - Cash payments when the leave is used for time off
 - Other cash payments, such as payment for unused leave upon termination of employment.
 - Noncash settlements, such as conversion to defined benefit post-employment benefits.

GASB No. 101 *Compensated Absences*

Examples of compensated absences:

- Vacation or (annual) leave
- Sick leave
- Paid time off (PTO)
- Holiday pay (when it is taken at the discretion of the employee)
- Parental leave
- Bereavement leave

GASB No. 101 *Compensated Absences*

When do you recognize a liability?

- Leave that has not been used
 - Upon completion of 5 years of continuous service an employee earns an extra 80 hours of paid time off.
- Leave that has been used but not yet paid in cash or settled through noncash means.
 - Employee took a week of vacation but has not received pay.

GASB No. 101 *Compensated Absences*

Liability for leave that has been used is recognized if the leave:

- Is attributable to services already rendered
 - Employee has met the required length of service to accumulate paid time off.
- Accumulates
 - Vacation hours accrue annually on the employee's anniversary date.
- Is more likely than not to be used for time off
 - Likelihood of more than 50%
 - For example - An entity determines that their employee retention rate in order to be paid out of paid time off is greater than 50%.

GASB No. 101 *Compensated Absences*

Things to remember:

- Liability is still only recorded on the government-wide (full accrual) financial statements.
- Parental leave, military leave and jury leave are common exceptions, as those liabilities are not recognized until the leave commences.
- Start reviewing the way compensated absences are being tracked and recorded.
 - Review how the liability is being recorded.
 - Take an inventory of the potential compensated absences.
 - Review your current estimate for time off that is used and paid out (look at historical information).

A blue award ribbon with a gold laurel wreath on the circular center. The ribbon is draped and has a scalloped edge. The background is a soft, out-of-focus light blue.

DOAA Award of Distinction for Excellent Financial Reporting

Award Criteria

Criteria	Description of Best Practices
Timeliness	<p>Financial Statements including MD&A, note disclosures, required supplementary information and supplementary schedules and all key supporting evidence were available for auditors by November 15.</p> <p>Compliance with Transparency in Government Act Accurate information submitted by the following established deadlines:</p> <ul style="list-style-type: none"> • Salary and Travel Information: August 15 • Audit History/Payments Files: October 1 • SPLOST Schedule: December 4
Quality of Financial Statements	<p>First set of financial statements, MD&A, notes, required supplementary information and supplementary information provided for audit required only minimal adjustments during the audit.</p>

Award Criteria

Criteria	Description of Best Practices
Quality of Audit Documentation	Full supporting documentation to substantiate financial statements provided in a timely manner. Evidence easy to locate and use for audit.
Resolution of Accounting Standards / Presentation Issues	Management resolved all accounting standards and presentation issues in a timely manner.
Key Staff	Key staff readily available and cooperative during the audit and did not contribute to any delays in finalizing the audit.
Number/Significance of Deficiencies Identified	No significant deficiencies or material weaknesses noted during the audit.
Clean Audit Opinion	Unmodified Opinion

CONGRATULATIONS TO THE AWARD RECIPIENTS!

DOAA Award of Distinction Recipients FY2023

- Bulloch County
- City of Bremen
- City of Chickamauga
- City of Gainesville
- City of Social Circle
- City of Vidalia
- Coffee County
- Crisp County
- Dade County
- Decatur County
- Elbert County
- Evans County
- Fannin County
- Gilmer County
- Greene County
- Haralson County
- Hart County
- Jasper County
- Lee County
- Lowndes County
- McDuffie County
- Paulding County
- Pike County
- Rabun County
- Schley County
- Thomas County
- Tift County
- Toombs County
- Towns County
- Ware County
- Washington County
- Wilcox County



Federal Updates

Commonly Used Acronyms

Acronym	Description
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
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
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

2024 Draft OMB Compliance Supplement



Draft Compliance Supplement Updates

Emergency Connectivity Fund (32.009)

- Added clarifying language stating that “funding will not be provided for devices which are purchased for immediate warehousing and intended for future use, or intended as spares to replace lost and/or damaged.”
- Added clarifying language stating that “schools, libraries, and consortia shall keep asset and service inventories... and be prepared to provide such inventories during audits or other investigations...”
- Equipment and services must be invoiced as follows:
 - First two windows of funding – October 30, 2023
 - Third window of funding – August 29, 2024
- Removed procurement and suspension and debarment testing.

Draft Compliance Supplement Updates (continued)

Child Nutrition Cluster (10.XXX)

- Removed testing associated with verification of free and reduced applications.

21st Century (84.287)

- Added private school testing.

Head Start (93.600)

- Added key line item testing associated with the SF-429 – Real Property Status Report and SF-429-A General Reporting.

Draft Compliance Supplement Updates (continued)

No significant changes to the following common LEA programs are expected:

- Title I (84.010)
- Special Education Cluster (84.027, 84.173)*
- Supporting Effective Instruction (84.367)*
- Student Support and Academic Enrichment (84.424)*
- Education Stabilization Fund (84.425)

***NOTE:** OMB did not provide a draft section for these programs.

Draft Compliance Supplement Updates (continued)

Higher Risk Programs

- The Education Stabilization Fund is still expected to be designated as a higher risk program.
- No other LEA programs, including the Emergency Connectivity Fund, are expected to be designated as a higher risk program.

Build America, Buy America Act (BABAA)

- Information that was added to the Procurement and Suspension and Debarment section about compliance with section 70914 of the BABAA in FY23 is still reflected in the draft FY24 Compliance Supplement.
- 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.

Draft Compliance Supplement Updates (continued)

E-Rate Audits

- No E-Rate audits will be required in FY24.
- The assistance listing has been updated to reflect that the program is not subject to Single Audit.
- It is unclear as to whether audits will be required in the future.

Compliance Requirements

Policy Requirements

The following 2CFR policy requirements apply to this assistance listing:
Subpart B, General provisions

Subpart C, Pre-Federal Award Requirements and Contents of Federal Awards

Subpart D, Post Federal; Award Requirements

The following 2CFR policy requirements are excluded from coverage under this assistance listing:

Subpart E, Cost Principles

Subpart F, Audit Requirements

Additional Information: In accordance with the provisions of 2 CFR § 200, only a limited number of sections of Subparts C-D apply to the E-Rate program, specifically: 2 CFR § 200.203 - Requirement to provide public notice of Federal financial assistance programs; 2 CFR § 200.303 - Internal controls; and 2 CFR §§ 200.331-333 - Subrecipient Monitoring and Management.

The background of the slide is a photograph of a school bus. On the left, a yellow door with a window is visible. On the right, a large, circular side mirror is mounted on a chrome pole, reflecting the side of the bus. The text 'Clean School Bus Program' is centered over the image in a dark blue, sans-serif font.

Clean School Bus Program

Background

Overview

- The EPA's Clean School Bus (CSB) Program provides \$5 billion over five years (FY 2022-2026) to replace existing school buses with zero-emission and low-emission models.

The CSB program consists of three waves of funding:

- **2022 Rebates**
 - Not subject to audit and should not be recorded on the SEFA.
- **2023 Rebates**
 - Not subject to audit and should not be recorded on the SEFA.
 - Recipients should be notified this month (May 2024).
- **2023 Grants**
 - Subject to audit and should be reflected on the SEFA under assistance listing number 66.045.

CSB 2022 Rebates



Atlanta Public
Schools

Charlton

Chattahoochee

Clarke

Clayton

Paid to District

Paid to District

Paid to Navistar Inc

Paid to Blue Bird

Paid to District

25 Buses

4 Buses

4 Buses

10 Buses

25 Buses

\$9,875,000

\$1,580,000

\$1,580,000

\$300,000

\$9,875,000

CSB 2022 Rebates (continued)



Cook

Paid to Blue Bird

2 Buses

\$790,000



Jeff Davis

Paid to District

3 Buses

\$1,185,000



Long

Paid to District

10 Buses

\$3,950,000



McDuffie

Paid to District

4 Buses

\$120,000



Meriwether

Paid to District

8 Buses

\$3,160,000

CSB 2022 Rebates (continued)



Savannah-Chatham

Pataula Charter

Tift

Union

Wilkes

Paid to District

Paid to Blue Bird

Paid to Blue Bird

Paid to Blue Bird

Paid to Blue Bird

25 Buses

2 Buses

5 Buses

4 Buses

17 Buses

\$9,875,000

\$790,000

\$1,975,000

\$1,580,000

\$2,335,000

CSB 2023 Grants



Bibb

25 Buses

\$6,275,000



Clayton

50 Buses

\$20,355,000



Dekalb

50 Buses

\$20,139,250



Marietta

15 Buses

\$606,695



Richmond

25 Buses

\$9,875,000

CSB 2023 Grants (continued)



Carrollton City

Grantee: Highland
Csb 1, Llc

97 Buses

\$30,660,000



Glynn

Grantee: Highland
Csb 1, Llc

97 Buses

\$30,660,000

Things to Consider for Audits

Financial Statements

- GaDOE has released guidance associated with accounting for this funding.
- Please ensure that you are tracking details, such as:
 - When the cash is received by the vendor or the school district,
 - When the equipment/buses are installed/received, and
 - When invoices are paid.

CSB Grant Audit Requirements

The CSB Grant is not expected to be included in the Compliance Supplement.

- Auditors would review the assistance listing (SAM.gov) to determine what testing is necessary.
- Assistance Listing: [SAM.gov](https://sam.gov)

Compliance Requirements

Policy Requirements

The following 2CFR policy requirements apply to this assistance listing:

Subpart B, General provisions

Subpart C, Pre-Federal Award Requirements and Contents of Federal Awards

Subpart D, Post Federal; Award Requirements

Subpart E, Cost Principles

Subpart F, Audit Requirements

The following 2CFR policy requirements are excluded from coverage under this assistance listing:

Not Applicable

CSB Grant Audit Requirements (continued)

Compliance requirements are expected to be applicable as follows:

- Activities Allowed or Unallowed and Allowable Costs/Cost Principles
- Cash Management – N/A
- Eligibility – N/A
- Equipment and Real Property Management
- Matching, Level of Effort, Earmarking – Matching requirements should be reflected in the grant award agreement
- Period of Performance
- Procurement and Suspension and Debarment
- Reporting – Reporting requirements should be reflected in the grant award agreement.
- Subrecipient Monitoring – N/A
- Special Tests and Provisions – N/A (Only tested when included in the Supplement)

ESSER Testing

Expenditures

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.
 - 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.
- Expenditures follow various cost principles and requirements associated with the Uniform Guidance, including following each school district's policies and procedures.

Retainages Payable

Cash drawdowns associated with retainages should not be initiated until the amounts are actually paid to the vendor.

- 2 CFR 200.305(b)(6)(iv) states "A payment must not be made to a non-Federal entity for amounts that are withheld by the non-Federal entity from payment to contractors to assure satisfactory completion of work. A payment must be made when the non-Federal entity actually disburses the withheld funds to the contractors or to escrow accounts established to assure satisfactory completion of work."
- GaDOE issued guidance on this on October 19, 2023.

Wage Rate Requirements

Auditors will continue to review construction-related expenditures to ensure that the appropriate clauses are reflected in contracts and certified payrolls were obtained.

- 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.

The background of the slide features a soft-focus photograph of a white calculator, a spiral-bound notebook, and a teal book resting on a light-colored surface. The text 'Findings Process' is overlaid in a dark blue, sans-serif font.

Findings Process

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.

Financial Findings (continued)

Common Financial Findings:

- **Financial Reporting**
 - Unrecorded and/or inaccurate payables, receivables, etc.
 - Unrecorded and/or inaccurate balances associated with construction projects
 - Incorrect beginning balances
 - Capital asset errors
 - Misclassifications between accounts and/or funds
 - Other omissions
- **Internal Controls**
 - Deficiencies in the bank reconciliation process
 - Inadequate separation of duties
 - No review and approval of receipts, expenditures, journal entries, and/or payroll transactions
 - No physical inventory of capital assets

Financial Findings (continued)

Common Financial Findings:

- **Employee Compensation**
 - Failure to use approved salary scales
 - Lack of supporting documentation for payments or leave taken
 - Miscalculations
- **IT General Controls**
 - Inadequate controls in place to protect financial data

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.

Federal Findings (continued)

Common Federal Findings:

- **Unallowable expenditures**
 - Not approved by GaDOE on the ConApp
 - Same expenditure recorded in and reimbursed from two different federal programs
 - Typically related to ECF and ESSER
 - Indirect costs that exceed the maximum allowed
 - Payroll charges not supported by adequate documentation
- **Cash Management**
 - Excessive drawdowns were made
- **Reporting**
 - Inaccurate completion reports
 - Meal count errors associated with the Child Nutrition Cluster

Federal Findings (continued)

Common Federal Findings:

- **Equipment and Real Property Management**
 - Equipment listing did not contain required components
 - Items could not be physically located
 - Items omitted from the listing
 - Physical inventory was not performed appropriately
- **Period of Performance**
 - Contract term beyond the liquidation period without appropriate supporting documentation/rationale
- **Procurement and Suspension and Debarment**
 - Did not follow procurement policy, including suspension and debarment provisions

Findings Management Tool

We have begun 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.
 - Please do not include potentially confidential information or specific IT information that may compromise the system.
 - 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)

When the CAP is received:

- 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 \(ga.gov\)](#)

Submissions

Quick Links



Access the submissions portal for your documents here.

A background image showing a map with several blue pushpins. The pushpins are scattered across the map, with some in sharp focus and others blurred. The map itself is a light color with some red and blue lines, possibly representing roads or geographical features. The overall scene is softly lit and has a warm, slightly faded aesthetic.

General Updates & Reminders

Uniform Guidance Update

Federal agencies must put the revisions into place by October 1, 2024.

- We expect to see these changes implemented for FY2025 audits.

Significant changes that may affect LEAs 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 occurring.
- De minimus indirect cost rate has increased from 10% to 15%.

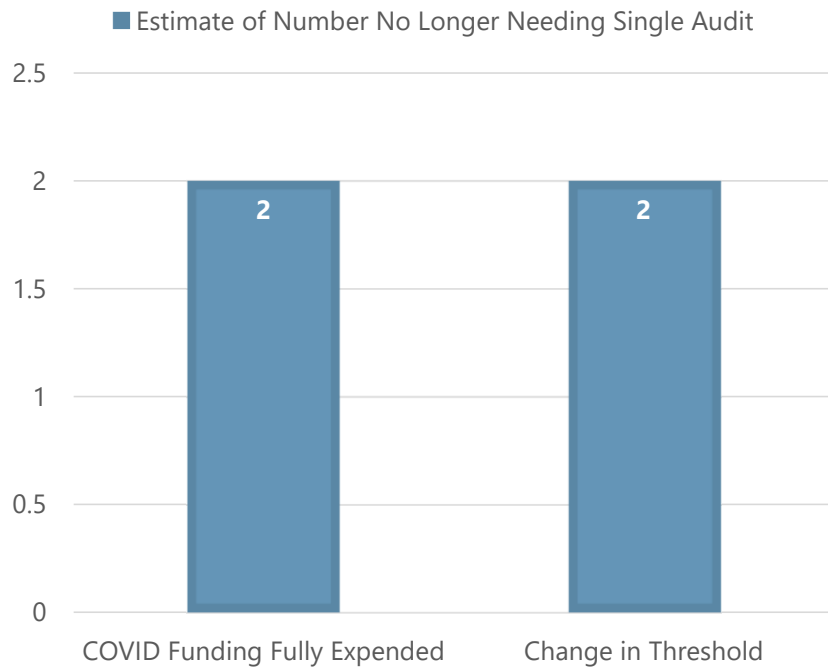
Uniform Guidance Update (continued)

What does the Single Audit threshold increase mean to school districts?

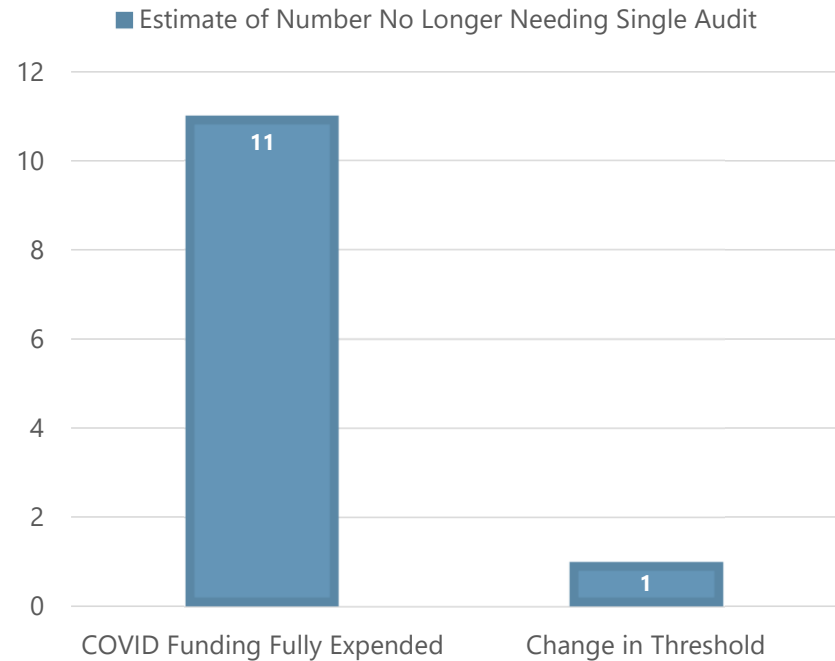
- Unfortunately, the change only affects a small number of school districts.
- Far more systems will see a change associated with the expenditure of all COVID funding.

Uniform Guidance Update (continued)

COUNTY & CITY SYSTEMS



CHARTER SYSTEMS



Uniform Guidance Update (continued)

The entire draft can be reviewed at:

- [Draft Federal Register Notice and Revisions to the Uniform Guidance - Pre-publication Version - 9.21.23 \(whitehouse.gov\)](#)

Implementation guidance for federal agencies can be reviewed at:

- [Draft Federal Register Notice and Revisions to the Uniform Guidance - Pre-publication Version - 9.21.23 \(whitehouse.gov\)](#)

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.

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](#)

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.

Schedule of Expenditures of Federal Awards

New Programs

- Please email me (williamsm@audits.ga.gov) if there are any federal programs that your school district would like added to the FY24 SEFA template.
- The only additions identified so far are:
 - 66.045 – Clean School Bus Program
 - 84.184H - School-Based Mental Health Services Project (S184H220096)

ESSER Expenditures

- Please do not forget to add appropriate expenditures recorded on the general ledger in prior years that have not been reported on the SEFA (associated with unapproved budgets, findings, etc.)



Questions?

Contact Information

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