

Enterprise Assessment Single Audit Act Presentation

Chief Inspector General
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Team Members

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Participating Agencies

AHCA

APD

DBPR

DCF

DEM

DEO

DJJ

DMA

DMS

DOE

DOEA

OEL

DOH

DOS

DOT

DOC

DEP

FDLE

DOL

AST

EOG

Purpose

Purpose - to analyze the current processes and procedures used by Governor's agencies to review Single Audit Act financial reporting for compliance with laws and rules, and to determine potential process improvements.

Single Audit Act

- ▶ In 1984, the Federal Single Audit Act was enacted to reduce the burden of numerous audits and offered the federal government a consistent reporting mechanism to assist in grant monitoring and in ensuring accountability for its grants.
- ▶ In 1998, the Florida Single Audit Act was enacted. It mirrors the Federal Single Audit Act, with certain differences (Section 215.97, Florida Statutes).

Federal Audit Clearinghouse

- ▶ Operates on behalf of the Office of Management and Budget
- ▶ Repository of Record
- ▶ Operates and Maintains an Online Database
- ▶ Requires Recipients Use a Data Collection Form (Form SF-SAC) to Summarize Audit Results
 - ▶ Recipient Contact Information
 - ▶ Information About the Audit - Results - Programs - Findings
 - ▶ Federal Assistance - Received, Amount, Type, Findings Cited, Compliance Requirements

Florida Does Not Have a Clearinghouse

- ▶ Audit Reports Submitted to Each Agency that Provides Funding
- ▶ Audit Reports Sometimes Also Submitted to Grant Managers
- ▶ Audit Reports Submitted to the Florida Auditor General
 - ▶ Posted on Auditor General Website
 - ▶ Require one Electronic and one Paper Copy
- ▶ Auditor General Website Includes Cities, Counties, Non-Profits that received State Financial Assistance
- ▶ Auditor General Website Does not Include Non-Profits that Received Only Pass-Through Federal Assistance from State Agencies

Florida Differs from Federal

- ▶ No Central Repository
- ▶ Not All State Agencies Require Electronic Report Submission
- ▶ No Standard Reporting Form Similar to Federal Data Collection Form
- ▶ No Comprehensive Database of Reports

Survey

We conducted a survey to gather information about the processes and procedures related to Single Audit activities.

We surveyed 21 selected state agencies.

Three agencies surveyed do not provide any financial assistance to recipients/subrecipients.

Survey

- ▶ Organizational unit responsible for reviewing Single Audit Reports
- ▶ The organizational unit responsible for Single Audit Report review was the Office of Inspector General in ten of the agencies (56%) surveyed and in various program areas in the remaining agencies (44%).

Survey

- ▶ Single Audit policies and procedures
- Eleven of the agencies (61%) surveyed had written Single Audit policies and/or procedures.

Survey

- ▶ Determination of recipients/subrecipients required reporting
- Methods used to determine recipients/subrecipients that may be required to submit Single Audit Reports varied among the agencies.

Survey

- ▶ Required reporting format
- Three of the 18 agencies (17%) that review Single Audit Reports required electronic submission. The other 15 agencies (83%) accept electronic or paper submissions.

Survey

- ▶ Single Audit checklist contents
- Seventeen of the agencies (94%) surveyed used a Single Audit checklist to review the Single Audit Reports; however, the contents of the checklists used by the agencies surveyed often did not contain all of the elements required by the Florida Auditor General.

Survey

- ▶ Communication with Grant Managers
- The agencies surveyed generally communicated the deficiencies identified by the Single Audit Report reviews to the Grant Managers for appropriate follow-up.

Survey

- ▶ Determination of coordinating agencies

Coordinating Agency

- ▶ 2 CFR, 200.513, defines cognizant and oversight agencies' responsibilities for federal awards
- ▶ Section 215.97(2)(d), Florida Statutes, defines the “coordinating agency” for state awards

Coordinating Agency - Federal

In the federal system, the federal equivalent of a coordinating agency, cognizant agency, is determined by the Federal Audit Clearinghouse. The Federal Audit Clearinghouse collects Single Audit Reports from recipients/subrecipients and uses information from the Single Audit Reports to determine which agency provided the predominant amount of direct funding to each non-federal entity, the cognizant agency, and prepares a list of cognizant agencies.

The cognizant agencies provide technical audit advice and act as liaison to auditees and auditors, grant extensions for good cause, conduct quality control reviews of audits, advise federal agencies of major audit deficiencies and unresolved findings, coordinate management decision for audit findings that affect federal programs, and coordinate audits between federal and non-federal auditors.

Coordinating Agency - Florida

- ▶ Section 215.97(2)(d), Florida Statutes, defines the coordinating agency as the state awarding agency that provides the predominant amount of state financial assistance expended by a recipient, as determined by the recipient's Schedule of Expenditures of State Financial Assistance.
- ▶ Each coordinating agency is responsible for:
 - ▶ Reviewing the recipient's Single Audit Report to identify audit findings and recommendations that affect state financial assistance that are not specific to a particular state awarding agency.
 - ▶ Any findings and recommendations identified, and:
 - ▶ Determining whether timely and appropriate corrective action has been taken; and,
 - ▶ Promptly informing the state awarding agency of actions taken by the recipient/subrecipient to comply with the approved corrective action plan.
 - ▶ Maintaining records of follow-up actions taken for the use of any succeeding coordinating agency.

Coordinating Agency

Florida agencies have generally not complied with Section 215.97(6), F.S., in regard to determining the coordinating agency.

Since Florida does not have a central repository, there is no determination of which agency provided the predominant amount of direct funding to each recipient/subrecipient. The State of Florida does not prepare a listing of coordinating agencies. Each state agency independently collects and reviews Single Audit Reports for recipients/subrecipients and works with the recipients/subrecipients to resolve any issues.

Opportunities for Improvement

- ▶ Develop Single Audit Policies and Procedures.
- ▶ Procedures should clearly define how the deficiencies identified by the Single Audit reviews are to be communicated to the Grant Managers for appropriate follow-up.
- ▶ Standardize methods used to determine recipients/subrecipients that may be required to submit Single Audit Reports to agencies that provide financial assistance to recipients/subrecipients.
- ▶ Require electronic submission of Single Audit Reports.

Opportunities for Improvement

- ▶ Standardize Single Audit checklists and ensure checklists contain elements required by the Florida Auditor General.
- ▶ Develop and require use of a reporting form similar to the Federal Data Collection Form (Form SF-SAC).
- ▶ Establish a central repository to collect Single Audit Reports from recipients/subrecipients and to maintain a public database of completed audits.
- ▶ Evaluate Section 215.97(6), Florida Statutes, to determine if any efficiencies or other benefits would be gained by statutory changes.

Recommendation

We recommend that a team be assembled to review the findings, conclusions, and recommendations of this report and develop solutions to address these concerns, including whether the Florida Single Audit Act, Section 215.97(6), Florida Statutes, needs to be revised.