UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF FINANCE AND OPERATIONS

APR 12 2019

Dear Chief State School Officer:

The purpose of this letter is to inform U.S. Department of Education (ED) grantees, particularly State Educational Agencies (SEAs) of their responsibilities for administering Federal grants, as set forth in *2 CFR Part 200, the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Specifically, this letter addresses SEA oversight responsibilities associated with the local educational agency (LEA) single audit resolution process. In addition to the requirements set forth in the Uniform Guidance, we are sharing examples of how certain provisions are being implemented by several States that assisted us in developing this letter.

ED relies on SEAs to distribute Federal education grant funds to subrecipients and to oversee their use. Your oversight and internal controls should provide reasonable assurance that Federal grants are awarded properly, recipients are eligible, funds are used as intended, and corrective measures are taken when necessary.

As you know, a key source of information on grantees' use of funds comes from organization-wide audits, required under the *Single Audit Act of 1984*, and performed by independent auditors. These audits enable accountability and transparency over government programs through an objective analysis of the recipient's management, control, and use of Federal funds, and selected elements of a program's statutory and regulatory requirements.

AUDITEE ROLES AND RESPONSIBILITIES

According to the Uniform Guidance, while the SEA is responsible for oversight of the LEA single audit process in its State, the auditee is responsible for follow-up and corrective action on all audit findings identified in its single audit report. Including –

(a) **General.** The auditee must prepare a summary schedule of prior audit findings and a corrective action plan for current year audit findings. The summary schedule of prior audit findings and the corrective action plan must include the reference numbers the auditor assigns to audit findings under §200.516 *Audit findings*, paragraph (c). Since the summary schedule may include audit findings from multiple years, it must include the fiscal year in which the finding initially occurred. The corrective action plan and summary schedule of prior audit findings must include findings relating to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards (GAGAS).

(b) **Summary schedule of prior audit findings.** The summary schedule of prior audit findings must report the status of all audit findings included in the prior audit's schedule of findings and questioned costs. The summary schedule must also include audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected in accordance with §200.511 (b)(1), or no longer valid or not warranting further action in accordance with paragraph §200.511 (b)(3).

(c) **Corrective action plan.** At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 *Audit findings*, a corrective action plan to address each audit finding included in the current year auditor's report. The corrective action plan must provide the name(s) of the contact person(s) responsible for corrective action, the corrective action(s) planned, and the anticipated completion date. If the auditee does not agree with the audit findings or believes corrective action is not required, then the corrective action plan must include an explanation and specific reasons.

KEY FEATURES TO SEA OVERSIGHT OF LEA AUDIT RESOLUTION

A recent report by ED's Office of the Inspector General (OIG)[1] identified a wide variance in the quality and consistency of oversight from SEAs in different aspects of single audit resolution. This includes issuing timely management decisions, tracking and enforcing LEA corrective actions, and providing appropriate guidance and support. Lack of effective oversight and technical assistance can have a serious adverse impact on safeguarding Federal education funds and ensuring that education programs comply with Federal requirements. Once an audit has been received and compliance issues have been identified, the SEA is responsible for monitoring the resolution of LEA audit findings. ED's OIG identified some key recommendations, drawn from the Uniform Guidance that can greatly improve the quality and consistency of SEA oversight. They are as follows:

1) Ensure all Recipients Expending $750,000 or More in Federal Funds Have a Single Audit Conducted

A non-Federal entity that expends $750,000 or more in Federal awards during the non-Federal entity's fiscal year must have a single audit conducted. A non-Federal entity that expends less than $750,000 in Federal awards during the non-Federal entity's fiscal year is exempt from Federal audit requirements for that year, except as noted in Uniform Guidance §200.503 *Relation* to other audit requirements. Appropriate records must be available for review or audit by appropriate officials of the Federal agency, pass-through entity, and the Government Accountability Office (GAO) even if a single audit is not required. Since the Uniform Guidance does not apply to for-profit subrecipients, the pass-through entity is responsible for establishing requirements, as necessary, to ensure compliance by for-profit subrecipients.

[1] The OIG report can be found at: https://www2.ed.gov/about/offices/list/oig/auditreports/fy2017/x09q0006.pdf

To illustrate effective implementation in this area, we offer some examples from several SEAs that have successfully complied with this requirement:

- South Carolina—Instructions (Attachment 1)
- South Dakota – Instructions (Attachment 2)
- South Dakota – Late Audit Letter & Follow-up letter (Attachments 3 and 4)

South Carolina sends a letter annually to all subrecipients (including entities that are not school districts) receiving Federal funds. South Carolina requests that subrecipients send the State their single audit by December 1st or provide financial information to demonstrate that the entity expended less than $750,000 in Federal funds in the most recently completed fiscal year. The letter explains that any entity expending less than $750,000 is not required to have an annual single audit conducted for that year.

South Dakota provides instructions to all entities in the State describing the audit requirements for subrecipients receiving Federal funds through the State. Entities receiving Federal funds must submit an Audit Requirement Form notifying the State of important audit information, such as the amount of Federal funds expended, the beginning and end dates for the entity's fiscal year, and the type of audit that was or will be performed. Additionally, a letter is sent from the State to any subrecipent that did not submit its audit timely, along with a follow-up letter.

2) ***Issue Management Decisions That Meet Federal Requirements***

The Uniform Guidance states that the SEA must issue a written management decision for each finding relating to Federal awards passed through to subrecipients. [§200.331(d)(3)] The decision should be issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse, and must include specific actionable content, as described below. [§200.521(d)]

The Uniform Guidance sets forth the key elements the decision should include. The management decision must: reference the number the auditor assigned to each finding; state whether the SEA has sustained the finding and the reasons for doing so, or not; and state whether the SEA concurs with the corrective actions the LEA has planned or identified in addition to any actions the SEA determines should be implemented. In the event the LEA has not implemented corrective actions, the SEA decision should include a timetable for follow-up on the LEAs' implementation. Finally, the SEA should provide information on any appeal process available to the LEA for disputing the SEA's management decision and/or required corrective actions. [§200.521]

- South Carolina – Management Decision Letter (Attachment 5)
- South Dakota – Management Decision Letter (Attachment 6)

In the attached letter from South Carolina, an entity is notified whether the findings are sustained or not, and whether the State accepts the entity's corrective actions. Additionally, the entity is notified of the requirement to maintain working papers and reports for three years as the Federal cognizant agency may conduct a Quality Control Review.

The Management Decision Letter from the South Dakota Department of Education is in response to an LEA's repeat finding. The letter states that the SEA sustained the finding and requested further corrective action on the LEAs part with a timetable for follow-up.

3) ***Ensure LEAs Take Timely and Appropriate Corrective Actions When Resolving Audit Findings.***

Once a single audit has been accepted for resolution, the SEA should evaluate the LEA's corrective action plan, along with details regarding the audit finding(s) and recommendation(s), and other pertinent monitoring information on the LEA. In assessing these corrective action plans, the SEA should determine whether they are clear, specific, and could be reasonably expected to correct the underlying cause of the finding. Ultimately, the SEA may conclude either that the LEA should implement the corrective action plan described in the audit report, carry it out with revisions, or set it aside altogether and develop a new one. The importance of the SEA's assessment is underscored by a provision in the Uniform Guidance regarding repeat findings. In the event of a recurrence of a prior year finding, the LEA must describe in the Single Audit's summary schedule of the prior year's finding(s), the reasons for not fully correcting the finding. [§200.511 (b)(2)]. The OIG report states that:

> Prompt action is essential and LEAs must not be allowed to propose the same corrective measures year after year without taking steps to implement them to effectively resolve outstanding compliance issues that have been identified through the audit process." In cases of repeat findings, the SEA should determine why the finding has repeated, identify the corrective actions that are appropriate to the circumstances, and hold the LEA accountable for timely implementing the corrective actions.

- Ohio letter – SA Final Report Example with Repeat Findings (Attachment 7)

The letter from the Ohio SEA is a response to one of its subrecipients regarding two repeat findings. In the letter, the State makes its determination as to whether it is in agreement with the auditor's finding, including an explanation for their decision. The State also explains whether it accepts the subrecipent's corrective action plans, and if any further corrective actions are required.

4) ***Engage with LEAs Throughout the Resolution Process.***

When resolving audit findings, the SEA needs to communicate with the LEA officials that are involved in the development and implementation of required corrective action plans. Based on this dialogue with the stakeholders, the SEA can assess what corrective measures are appropriate, ensure that an LEA has timely implemented corrective actions, and/or understand the obstacles accounting for the recurrence of particular findings. Given the complexity of managing intergovernmental grants and the various stakeholder groups involved, it is even more important for continuous and effective communication to take place between the SEA and LEAs when auditors report repeat findings.

Effective communication is also essential for the timely and proper resolution of all findings set forth in the Uniform Guidance [§200.331(d)(2)]. This is key to preventing inappropriate use of Federal funds and noncompliance with Federal fiscal or program requirements. Recurrence of findings may involve either significant Federal funds that are due back to the Treasury, programmatic concerns, or significant control weaknesses. Findings that continue to be unresolved from one year to the next indicate a weak control environment that could lead to waste, fraud, or abuse.

Auditors often write single audit findings at a very high level. Sometimes the audit report will not contain enough information to enable the SEA to identify the root cause of the finding or determine the appropriate corrective action(s). In these cases, the SEA must contact the LEA to obtain more information before issuing the management decision.

ED's OIG observed that many audit findings had the same "condition" and "cause" during its audit work. For example, "management did not follow program requirements" would be listed as both condition and cause. This would not provide the SEA enough information to understand why management didn't follow the requirements and what was needed to be done to fix the issue, and the SEA should follow up with the LEA to obtain additional information.

The Uniform Guidance requires that the SEA use audit follow-up techniques which promote prompt corrective action on audit findings. The Uniform Guidance recommends the use of cooperative audit resolution techniques in following up on significant or repeat findings involving complex and systemic issues. These innovative techniques, which ED has pioneered, "promote prompt corrective action by improving communication, fostering collaboration, promoting trust, and developing an understanding between the Federal agency and the non-Federal entity." [§200.25] SEAs can readily apply these techniques while resolving LEA single audits.

The Cooperative Audit Resolution and Oversight Initiative (CAROI) concentrates on two facets for program improvement: cooperative audit resolution and oversight activities. In 1999, ED developed a guide to provide direction on the first facet of cooperative audit resolution for program improvement. The guide provided guidance for resolving audit findings, and guidance on how to use CAROI to prevent potential audit findings.

In the summer of 2009, the Association of Government Accountants (AGA) established a work group comprised of Federal and State officials with responsibility for audits and monitoring. The

work group expanded the original CAROI guide developed by ED to include specific actions that SEAs may undertake to work with LEAs to resolve longstanding audit issues. The guide is titled: Guide to Improving Program Performance and Accountability Through Cooperative Audit Resolution and Oversight. The Guide can be found at: https://www.agacgfm.org/Tools-Resources/intergov/More-Tools/Cooperative-Audit-Resolution-and-Oversight-Initiat.aspx

5) ***Establish Effective SEA Internal Control Over LEA Audit Resolution.***

The OIG's report identifies four key practices the SEA should adopt to ensure an effective LEA resolution process that promotes compliance with all applicable requirements. These practices align with the internal control criteria set forth in the Uniform Guidance and those described in the Government Accountability Office's Green Book.[2] [§200.303(a)]

1. **Assign overall audit resolution oversight responsibility to a specific unit within the SEA.**

The resolution of audits involves several subrecipient monitoring functions that may be assigned to separate units across an SEA. These include the analysis of audits, the resolution of financial management issues, programmatic compliance findings, and the use of grant management systems to track findings and their resolution. These diverse activities must be coordinated for audit follow-up to succeed. Responsibility for coordinating these activities should be assigned to a specific unit within the SEA, and that unit should have ultimate responsibility for ensuring that the SEA's audit resolution oversight activities are completed timely and in accordance with all requirements. According to GAO's Green Book, sound internal control must rest on an organizational structure where responsibility is assigned, and authority delegated to manage, and oversee all aspects of the oversight function.

In South Carolina, the unit with the ultimate responsibility over audits is the Office of Auditing Services. Auditing Services coordinates the audit intake, assigns and tracks audit findings and closes audits. The Office of Federal and State Accountability, along with other offices that administer Federal grants, follows up on LEA findings and corrective action plans to ensure all findings have been resolved and corrective action plans implemented before reporting back to Auditing Services. Auditing Services reviews the Office of Federal and State Accountability's responses to the LEA corrective actions plans and if acceptable, then sends a letter informing the LEA that its findings have been resolved and its audit is closed.

- Michigan – (Attachment 8)

[2] Specifically, "Standards for Internal Control in the Federal Government" (The Green Book"), issued by the Comptroller General of the United States (Government Accountability Office) and the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The attached is the internal form that the Michigan Single Audit Coordinator uses when assigning single audit findings to various offices in the Michigan Department of Education. For example, a Title I, Part A finding would be sent to the Director of Field Services, whose staff works on the audit resolution. Then the Director of Field Services would return the completed form to the Single Audit Coordinator.

The overall responsibility for the oversight of subrecipient single audits lies with the Single Audit Coordinator; however, responsibility for the resolution of program specific audit findings is assigned to the offices that administer the program(s) cited in the audit finding.

2. Design and implement comprehensive policies and procedures

The policies and procedures for monitoring the LEA audit resolution process must be current, complete, and sufficiently detailed to enable SEA staff to implement with limited training. These policies should address all aspects of the SEA's oversight of audit resolution: identifying appropriate corrective actions, issuing management decisions, tracking the resolution of findings, communicating and following up with LEAs, and escalating resolution actions for significant or repeat findings. The SEA personnel responsible for specific activities should be identified, instructions on how to perform required tasks included (giving the order in which activities should be performed), and templates of forms used during the resolution process provided. There should also be a requirement for periodic review of the policies and procedures and updates to reflect changes in the process.

The States of South Carolina, Georgia, South Dakota, and Michigan have developed policies and procedures outlining the subrecipient audit process in their respective States. Michigan's audit manual, the Michigan School Auditing Manual, can be located at: https://www.michigan.gov/documents/mde/2015-2016_Michigan_School_Auditing_Manual_524210_7.pdf

3. Track the resolution of LEA audit findings.

While the Uniform Guidance does not require tracking of LEA audit resolution, SEAs need an effective tracking system in order to effectively carry out their regulatory oversight responsibilities. This includes following up on unresolved LEA findings and taking appropriate steps to ensure that all findings are corrected timely and appropriately. [§200.331(d)(2)] Finally, tracking the status of findings is key to the SEA's internal control responsibilities as a pass-through entity, as it relates to assessing risks in making awards to subrecipients, control activities, and monitoring.

A comprehensive, multi-year tracking system allows the SEA to easily identify specific findings reported in individual LEAs across the State, determine the frequency of finding

recurrence, and effectively monitor LEAs to ensure they take timely corrective actions. Specifically, the system should track individual findings at each LEA, including the finding number, the year originally reported, a description of the finding, how many years a finding may have repeated, and the status of all corrective actions. To enable effective oversight, it should be an integrated system that includes information on compliance findings for all LEAs in current and prior years. The advantage of database software over spreadsheets includes improved data integrity, ease of entering and querying data, generating reports, and simultaneous access by multiple users. Finally, the system should identify an LEA finding as closed only when the LEA has fully implemented all necessary corrective actions.

- Georgia – Audit System Screen Shots, Attachment 9

Georgia purchased a web-based database system from a company that had a database already developed for use by a commercial business. The company tailored its system to fit the needs of the Georgia Department of Education for its subrecipient audit process. The system enables the SEA to assign audit findings, track resolution status, and determine the number of years a finding has repeated, among other capabilities.

4. <u>Implement a quality assurance process</u>

Evaluation of performance over time by internal or external sources is a key aspect of monitoring, because it provides the SEA with feedback on the effectiveness of its internal controls as well as historical data about grantee performance. Quality assurance provides States with a mechanism to systematically detect and correct errors, control weaknesses, and address noncompliance with regulatory requirements.

POSITIVE PRACTICES THAT SEAs COULD IMPLEMENT TO ENHANCE OVERSIGHT EFFECTIVENESS

During ED OIG's State audits, it identified one SEA that had implemented several positive practices that other SEAs could implement to ensure more timely and effective resolution of LEA single audit findings. The practices cited below are not required under current Federal regulations, but rather, are examples cited as promising practices it discovered during the course of the audits.[3]

Strengthen or enhance management decisions for repeat findings. When findings recur, it is essential that LEAs be required to provide more information and support regarding corrective actions taken. Prompt action is essential and LEAs must not be allowed to propose the same corrective measures year after year without taking steps to implement them to effectively resolve outstanding compliance issues that have been identified through the audit process. One SEA

[3] ED's OIG did not specifically identify the States that were implementing the identified promising practices in its report.

reports that it informs its LEAs that its failure to adopt an effective corrective action regarding a recurrent finding will affect the risk score assigned to its grants. The enhanced management decisions required LEAs to provide additional information and evidence about corrective actions taken for all repeat findings and required certification from the local school board's chairperson or designee.

1. *Issue management decisions for financial statement findings and track their resolution.* Single audits provide useful insights into LEA financial management. Steps to protect Federal program funds from misuse or fraud can be addressed by issuing management decisions for LEAs' financial statement findings. This can help ensure that these findings are corrected timely and appropriately. Although not required by the Uniform Guidance, resolution of such findings can help ensure proper and timely resolution of internal control weaknesses (such as segregation of duties) that could adversely affect grant administration. Some states have taken advantage of existing databases to undertake comprehensive analysis of all single audit findings, both those involving financial statement issues and programmatic compliance.

2. *Target audit resolution communications to LEA action officials responsible for implementing corrective action.* ED's OIG found that some SEAs issued their management decisions only to LEA superintendents without copying other LEA officials. Due to poor communication within the LEAs, the LEA officials who were responsible for actually implementing corrective actions never received a copy of the management decisions and did not even know what a "management decision" was. Thus, SEAs should send a copy of the management decision directly to LEA action officials in addition to the superintendent.

The guidance in this document does not impose any requirements beyond those set forth in the Uniform Guidance. If you have any questions regarding this letter or your State's responsibilities under the Uniform Guidance, please contact us at: AuditResolutionDivision@ed.gov.

We'd like to acknowledge the assistance we received from the SEAs highlighted in this document that provided us with a better understanding of how States are implementing their LEA audit resolution oversight responsibilities. We sincerely appreciate the time that these SEAs spent describing their respective audit resolution systems and sharing effective practices with us!

Sincerely,

J. F. Stader, P.E.
Deputy Assistant Secretary
Office of Grants Administration

Attachment 1

STATE OF SOUTH CAROLINA
DEPARTMENT OF EDUCATION

MOLLY M. SPEARMAN
STATE SUPERINTENDENT OF EDUCATION

MEMORANDUM

TO: Federal Program Administrators

FROM: Melissa A. Myers, Director MAM
Office of Auditing Services

DATE: February 12, 2018

RE: **FISCAL YEAR 2016-17 FEDERAL PROGRAM QUESTIONNAIRE/ AUDIT REPORT**

Our records indicate that your agency expended funds that it received from the South Carolina Department of Education (SCDE) for either a federal grant award or a food service agreement. These funds were expended during the state fiscal year ended June 30, 2017.

The Office of Management and Budget (OMB) 2 CFR Part 200.501(b) requires non-federal entities that expend $750,000 or more in a year **for all federal awards** to have a single audit conducted. As the pass-through entity, the SCDE is responsible for ensuring compliance with 2 CFR Part 200.501(b).

If your entity expended ***less than $750,000*** in federal awards, you do not have to submit a single audit report. However, if your entity received a financial audit from an independent auditor, submit a copy of the audit report. If audited financial statements are not available, please provide a copy of your entity's year-end basic financial statement. If neither of these are available, please submit one of the following:

- A copy of your entity's IRS Form 990 for FY 2016-17
- A copy of the last three bank statements for FY 2016-17

Please have your financial officer complete the enclosed Federal Program Questionnaire and submit to the address below.

If your agency expended **$750,000 or *more*** in federal awards, you must submit the required annual single audit report to the SCDE for FY 2016-17. Please have your financial officer complete the enclosed Federal Program Questionnaire and submit to the address below.

The audit report package must include

1. One copy of the single audit report;
2. Summary Schedule of Prior Audit Findings;
3. Corrective Action Plan (if applicable);
4. The enclosed Federal Program Questionnaire (to be completed by your financial officer).

Charter schools must adhere to the same financial audits, audit procedures, and audit requirements as are applied to public schools per Section 59-40-50(B)(3) of the South Carolina Code of Laws. Based on this regulation, a charter school must have an audit performed annually and must submit the audit report to the SCDE by December 1 of each year. There is no exception from this requirement if the school expends less than $750,000 in federal awards.

The questionnaire and audit report package must be returned by **February 26, 2018** to:

SCDE – Office of Auditing Services
1429 Senate Street, Suite 403
Columbia, South Carolina 29201
Fax # 803-734-8089
AuditingServices@ed.sc.gov

Please be advised that non-compliance with this request could result in non-payment of federal funds to your entity.

Should you have questions, contact either [redacted]
or [redacted] or
[redacted] or me at [redacted] or [redacted] to assist you.

Thank you for your cooperation.

Instructions for Audit Requirements

21st CCLC grant recipients must complete and submit the audit requirements page each year.

Audit Requirement

Non-Federal entities that expend $750,000 or more during the non-Federal entity's fiscal year must have a single or program specific audit conducted by an independent auditor for the year in accordance with 2 CFR Part 200.501. The amount of expenditures includes the value of federally donated USDA foods under the National School Lunch Programs.

What are the auditee's responsibilities?

Entities subject to the single audit requirements must procure or otherwise arrange for an audit.

Charitable or private nonprofit organizations receiving federal funds through the State must submit a copy of the engagement letter from their independent auditor to the South Dakota Department of Legislative Audit (DLA) for approval before the audit is commenced. This engagement letter must include the scope of the audit and the programs to be reviewed. A copy of the final audit report must also be submitted to DLA for their review.

The engagement letter and the final audit must be sent to:

South Dakota Department of Legislative Audit
Attn: Single Audit Coordinator
500 East Capitol
Pierre SD 57501

Tribal schools and other Tribal entities that do not submit their audits to SD Department of Legislative Audit must provide a copy of their audit report to the South Dakota Department of Education. Schools that are Tribally-operated under BIE contracts or grants are subject to the single audit requirements.

A copy of the audit should be sent to:

South Dakota Department of Education
Office of Grants Management
800 Governors Drive
Pierre, SD 57501-2294

When is the audit due?

Audits are due within nine months after the end of the entity's fiscal year.

Definitions

Non-Federal entity means a state, local government, Indian tribe, institution of higher education (IHE), or nonprofit organization that carries out a Federal award as a recipient or sub recipient. (2 CFR 200.69)

Authorized Official means business or fiscal official responsible for compliance with audit requirements.

Expenditures means charges made to a project or program for which a Federal award was received. See the Uniform Grant Guidance under 2 CFR 200.34 for appropriate accounting basis definitions.

If you have any questions you may contact [redacted] in the SD Department of Education's Office of Grants Management at [redacted] or [redacted]

Audit Requirement Form

Name of Local Agency (Entity): _____

Local Agency Number for Child & Adult Nutrition Services _____

1) **What type of entity? (Choose one)**

☐**South Dakota Public School District.** Continue to complete this form.

☐**Non-federal entity** other than public district and is required to submit audit and financial information. Continue to complete this form.

☐**Federal entity** and as such is exempt from submitting an audit report. Skip to signature section and submit this form.

2) What level of federal funds did your entity expend? (Choose one)

☐Expended less than $750,000 in federal financial assistance in the most recently completed fiscal year. Entity is not subject to the Single Audit Requirements of 2 CFR Part 200. Records will be kept on file. Skip to signature section and submit this form.

☐Expended more than $750,000 in federal financial assistance in the recent fiscal year. Continue completing this form, please go to Question 3.

3) What are the sources of the federal funds and what type of audit is required? (Choose one)

☐Federal funds are from a variety of sources. We will submit a single audit.

☐All federal funds are USDA Food Distribution and/or Child Nutrition Program funds.

We will submit (check one) ☐ Single audit ☐Program-specific audit

4) What are the dates of your entity's fiscal year?

a) Our fiscal year is _____, 20_____ to _____, 20_____

5) When was the last audit submitted? (Answer "a" or "b")

☐a) Our last audit was for the fiscal year ending _____ and submitted on _____. Audits must be submitted within nine months after the fiscal year end. If the audit was not submitted within the required nine months please provide and attach an explanation with an estimated completion date.

☐b) We are on a two-year audit cycle. Our last audit was for the fiscal year ending_____ and submitted on _____ (Date). If the audit was not submitted within the nine months after the end of the fiscal year completing the two year cycle, please provide and attach an explanation with an estimated completion date.

Name and Title of Authorized Business or Financial Official responsible for audit requirement (print or type):

_____

Signature of Authorized Business or Financial Official:_____

Date: _____

South Dakota
DEPARTMENT OF EDUCATION
Learning . Leadership. Service.

800 Governors Drive
Pierre, SD 57501-2235

T 605.773.3134
F 605. 773.6139
www.doe sd.gov

February 6, 2018

[redacted]

Dear [redacted]

The South Dakota Department of Education (SD DOE) is responsible for ensuring our sub recipients are in compliance with the federal audit requirements out lined in the Federal Uniform Grant Guidance described in 2 CFR Part 200 Subpart F. Sub-recipients spending more than $750,000 of federal funds in a fiscal year are required to have an annual audit performed by an independent auditor. These audits must be completed and submitted to the SD DOE within nine months after the close of the sub-recipient's fiscal year.

The [redacted] is currently not in compliance with the federal audit requirements. Due to the [redacted]s failure to submit timely audits in compliance with federal regulations, the SD DOE is withholding approval of the School Nutrition Programs application until the [redacted] provides evidence of a corrective action plan to come into compliance with the audit requirements. This evidence should include the name of the audit firm and a copy of their engagement letter or contract with [redacted] indicating the intention to perform the audits up to the end of the most recent fiscal year. Once the SD DOE receives acceptable evidence that the [redacted] has implemented actions to ensure compliance, the application will be approved and allowable payment requests can be submitted by [redacted]

Thank you for your cooperation in ensuring compliance with these audit requirements. If you have any question s concerning this issue please contact me in the Grants Management office at [redacted]

Sincerely,

[redacted]

[redacted] Administrator
Office of Grants Management

cc: [redacted] Business Official

Attachment 4

south dakota
DEPARTMENT OF EDUCATION
Learning. Leadership. Service.

800 Governors Drive
Pierre, SD 57501-2235

T 605.773.3134
F 605.773.6139
www.doe.sd.gov

February 12, 2018

[redacted]

Dear [redacted]

The purpose of this letter is to acknowledge receipt of copies of the audit engagement letters between the [redacted] and the CPA firm, [redacted] for the years ending June 30, 2014, 2015 and 2016. The engagement letters demonstrate that [redacted] is working to comply with the audit requirements for the years listed above. Therefore, the South Dakota Department of Education (SD DOE) will approve the School Nutrition Programs application for the current year. It is requested that [redacted] provide copies of the completed audits to the SD DOE as soon as they are available.

Please note that the annual audits are due within nine months after the close of the sub-recipient's fiscal year. The [redacted] would normally be expected to have an audit completed or in progress for the year ending June 30, 2017. We will be reviewing the progress made towards compliance with the audit requirements before considering approval of next year's School Nutrition Programs application.

Thank you for your cooperation in ensuring compliance with these audit requirements. If you have any questions concerning this issue please contact me in the Grants Management office at [redacted]

Sincerely,

[redacted]
Office of Grants Management

cc: [redacted] Business Official

Attachment 5

STATE OF SOUTH CAROLINA
DEPARTMENT OF EDUCATION

MOLLY M. SPEARMAN
STATE SUPERINTENDENT OF EDUCATION

May 30, 2017

[redacted]
Superintendent
[redacted]

Dear [redacted]

Thank you for the submission of the FY 2015-16 audit report for [redacted] **County** in accordance with SC Code of Laws Section 59-17-100. We have completed our desk review of the report under the audit process required by the Single Audit Act of 1996 and 2 CFR Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards." Federal award findings 2016-002, 2016-005, 2016-006, and 2016-007 on pages 78-79 of the audit report were referred for review and resolution to the appropriate agency officials. The management decisions received indicate that the audit findings are sustained. All areas of the audit are satisfactorily addressed except the following items:

- The detail of the federal award findings does not include the following items required under 2 CFR Part 200:
  - The federal award identifying number and year and the name of the applicable pass-through entity required per 2 CFR Part 200.516 (b)(1);
  - Identification of whether the finding was a repeat finding in a prior year as required per 2 CFR Part 200.516(b)(8); and
  - Views of the responsible officials of the auditee as required per 2 CFR Part 200.516 (b)(10)

- We note that the district does not intend to implement the recommendation noted for findings 2016-02, 2016-003, and 2016-004. However, since these findings are ongoing issues with the district, the repetitive findings will factor into the District's overall risk score under the risk assessment process developed by the SCDE in accordance with the Uniform Grant Guidance.

2 CFR Part 200 mandates that your district and/or independent auditor retain working papers and reports for a period of three years as they are subject to a Quality Control Review by the cognizant agency (United States Department of Education) or its designee.

If you have any questions regarding the management decisions or want to appeal the management decisions, please write to me at: S.C. Department of Education, 1429 Senate Street, Room 403, Columbia, South Carolina, 29201.

If you have any questions concerning this letter or the review of your FY 2015-16 report, please contact me at 803-734-8453. We appreciate the District's cooperation with our office.

Sincerely,

Melissa A. Myers

Melissa A. Myers, Director
Office of Auditing Services

MAM/dlw

cc: [redacted], CPA, Independent Auditor
[redacted] Finance Director, [redacted] County School District Two
[redacted] Director, Office of Federal and State Accountability
[redacted] Education Associate, Office of Federal and State Accountability
[redacted] Director, Office of Health and Nutrition
[redacted] Team Lead, Office of Health and Nutrition
[redacted] Director, Office of Special Education Services
[redacted] Team Lead, Office of Special Education Services
[redacted] Executive Director [redacted] TAP
File Copy

south dakota
DEPARTMENT OF EDUCATION
Learning. Leadership. Service.

800 Governors Drive
Pierre, SD 57501-2235

T 605.773.3134
F 605 773.6139
www.doe sd gov

September 29, 2017

[redacted]
Board Chairperson
[redacted]
PO Box 260
[redacted]

Dear: [redacted]

The Department of Education (DOE) has reviewed the [redacted] School District's fiscal year 2016 single audit report. The District' corrective action plan to the audit findings indicate that you are the contact person responsible for the response to the audit findings.

This letter documents our management decision on the audit findings that relate to the Federal awards administered by the DOE. The management decision is the evaluation of the audit findings and the District's proposed corrective action plan.

The following audit finding relates to the DOE administered Title I (CFDA 84.010A):

2016-001: A material weakness was disclosed by our audit of the financial statements for a lack of segregation of duties for the revenues, expenditures and payroll functions.

Analysis: For the revenues, expenditures and payroll functions there is a lack of segregation of duties because one or two persons perform a major portion of the procedures with few checks and balances. This may affect the completeness and existence of transactions. Lack of segregation of duties could adversely affect the School District's ability to record, process, summarize and report financial data consistent with management assertions.

Auditor's Recommendation: We recommend the [redacted] School District [redacted] officials be cognizant to this lack of segregation of duties for revenues, expenditures, and payroll and attempt to provide compensating internal controls whenever possible and practical.

District's Corrective Action Plan: The School board president is the contact person responsible for the corrective action plan for these comments 2016-001 and 2016-003. These comments are the result of the size of [redacted] School District which precludes staffing at a level sufficient to provide an ideal environment for internal controls. [redacted] School District has determined it is not cost beneficial to employ additional personnel just to be able to adequately segregate duties for revenues, expenditures, payroll and student count for Impact Aid and for Average Daily Membership. [redacted] School District is aware of this problem and is attempting to provide compensating controls wherever and whenever possible and practical. However, this lack of segregation of duties continues to exist.

DOE Management Decision: The Department sustains the independent auditors finding. We note that this is a repeat of the prior year's finding (2015-001). In response to DOE's Management Decision letter concerning the 2015 audit, the District's Business Manager, [redacted] submitted a list of additional compensating controls the district was implementing. A copy of this response dated December 1, 2016 is enclosed. When we inquired about the repeat finding, [redacted] responded that the FY 2016 audit occurred prior to the implementation of the additional compensating controls.

Further Action Required: We are requesting confirmation that the compensating controls provided in [redacted] December 2016 response have been implemented. Please provide a response within 60 day of the date of this letter. If you have any questions please contact me at [redacted]

Sincerely,

[redacted]

Office of Grants Management

Cc: [redacted] District Business Manager
[redacted] District Superintendent
[redacted] Department of Legislative Audit

Ohio | Department of Education

Attachment 7

GM SINGLE AUDIT FY 2017 ANNUAL SUMMARY REPORT
[redacted] LOCAL - [redacted]

ORGANIZATION DETAILS

Name:	[redacted]	Phone:	[redacted]
IRN:	[redacted]	Fax:	[redacted]
County	[redacted]	Web Url:	[redacted]

Superintendent / Phone:	[redacted]
Email Address:	[redacted]
Treasurer / Phone:	[redacted]
Email Address:	[redacted]
Physical Address:	[redacted]
Mailing Address:	[redacted]

REPORT INTRODUCTION

A copy of the Single Audit Report recently completed for your school, county or organization for Fiscal Year ending **June 30, 2017** has been received in our office.

Conclusion: Our review of this report indicates there are issues with respect to federal financial assistance programs disbursed by the Ohio Department of Education.

The issue(s) and recommendation(s) are identified below in the Issues/Caps Section of this report. Please log into the Grants Management Single Audit Compliance Module to address the corrective actions within 30 days from the date of this notification.

If you are required to submit a Corrective Action Plan (CAP) to ODE, please refer to the Issues/CAPS Tab User Manual (Section IV) link located under the **"HELP TEXT"** BUTTON within the ISSUES/CAPS Tab.

ISSUES / APS (2)

Issue ID:	15913
Issue Name:	Finding #2017-003 - Suspension & Debarment - Noncompliance & Material Weakness - 10.553 & 10.555
Source:	
Audit Date:	02/14/2018
Issue Status:	Unresolved
AP Status:	AP Created
Category:	Corrective Action Plan
Reviewer - Phone:	[redacted]
Refund Requested:	No

Issue/Condition:	2 CFR §3474.1 gives regulatory effect to the Department of Education for 2 CFR §180.300 which states when a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal entity must verify that the entity is not suspended or debarred or otherwise excluded. Please see further details listed within the audit report. **As Cited By Your Auditor:** The District asserted to the auditors that it had contracts within the Nutrition Cluster (Food Service Operations) and Special Education Cluster programs which did not include the collection of a certification or the addition of a clause or condition to the contract indicating the entity was not excluded or disqualified. In addition, there was no documentation maintained showing the System for Award Management (SAM) had been checked prior to entering into the contract. The auditors performed a subsequent search of the SAM for vendors paid from Nutrition Cluster and Special Education Cluster grant monies and determined they were not suspended or debarred or otherwise excluded. This is a repeat Finding from #2016-003.
Recommendation:	Your Auditor has recommended that the District should implement procedures to ensure one of the three aforementioned methods is used to verify the entity is not excluded or disqualified and to avoid potential future opinion modification. In addition, if the District reviews the SAM online at https://www.sam.gov/portal/public/SAM, a search print out should be maintained to document the search had been performed for all vendors to whom federal dollars are disbursed. **Official's Response:** The District will provide the online link to all the Treasurer's Staff, the Central Office staff and the Director of Instruction for their use. We will review the procedure requiring that the material obtained will be printed and kept for audit purposes. **ODE Response:** After consultation with the Office for Child Nutrition it has been determined that the District needs to provide a detailed Corrective Action Plan that would include a policy with instructions on the process of utilizing the System for Award Management (SAM) and assurances that the SAM will be checked for each contract. Documentation should be uploaded in to the Compliance System under the Evidence Tab for this issue.
Action Plan:	
Progress Notes:	

Issue ID:	15893
Issue Name:	GAGAS Finding #2017-002 - Noncompliance - Negative Cash Fund Balance - IDEA-B 84.027
Source:	

Ohio | Department of Education

GM SINGLE AUDIT FY 2017 ANNUAL SUMMARY REPORT [redacted]

Audit Date:	02/14/2018
Issue Status:	Closed
AP Status:	
Category:	No Action Needed
Reviewer - Phone:	[redacted]
Refund Requested:	No
Issue/Condition:	Ohio Rev. Code § 5705.10(I) indicates that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another fund. However, Ohio Rev. Code §3315.20 provides an allowable exception for school districts. Please see specific details for exceptions listed within the Audit Report. **As Cited By Your Auditor:** Negative fund cash balances were noted, in which the above conditions were not satisfied, within certain funds in the respective month/year listed within the Audit Report. Please see specific funds and time frames and amounts listed within the Audit Report. This is a repeat Finding #2016-002.
Recommendation:	ODE agrees with your Auditor's recommendation that the District should monitor fund balances throughout the year to help avoid negative fund balances. If a deficit spending situation arises, the District should ensure they meet the three above conditions or make the appropriate transfers/advances from the General Fund to help eliminate the negative fund cash balances. Corrective Action Plan listed within the audit report is sufficient to pass on further review. No further action is required by the District. **Official's Response:** The Statement of Cash Position Report reflects negative fund balances. The District will monitor this report and make necessary advances. For the Building fund account the District anticipates eliminating this negative balance through a transfer from the Permanent Improvement Fund once funds become available. The District made this commitment previously but a reduction in property valuations has delayed this action.
Action Plan:	
Progress Notes:	

Attachment 8

STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING

GRETCHEN WHITMER
GOVERNOR

SHEILA A. ALLES
INTERIM STATE SUPERINTENDENT

MEMORANDUM

DATE: _____

TO: _____

FROM: Gloria Suggitt, Single Audit Coordinator

SCHOOL DISTRICT: _____

FINDING NUMBER: _____

PROGRAM: _____

QUESTIONED COSTS: _____

Please complete the management decision below within two weeks.

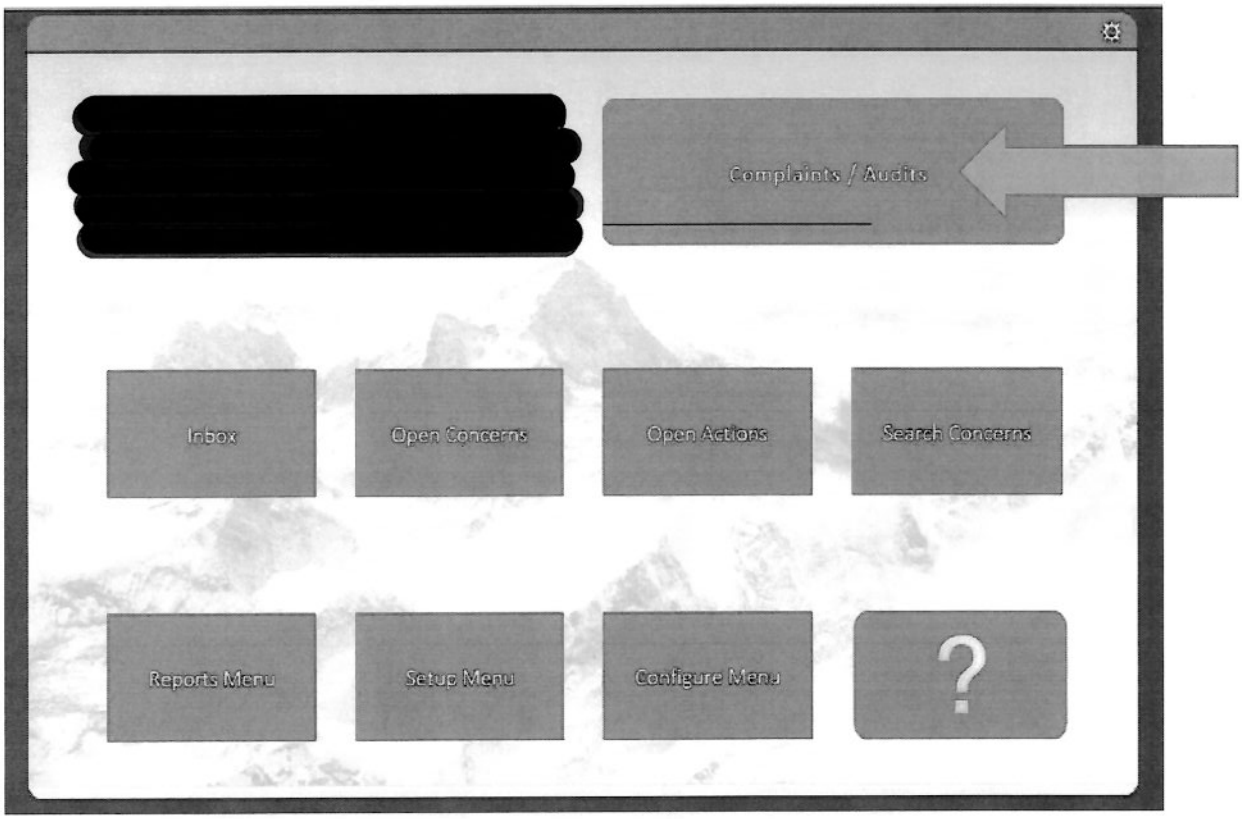
Management Decision Requirements from Uniform Guidance §200.521

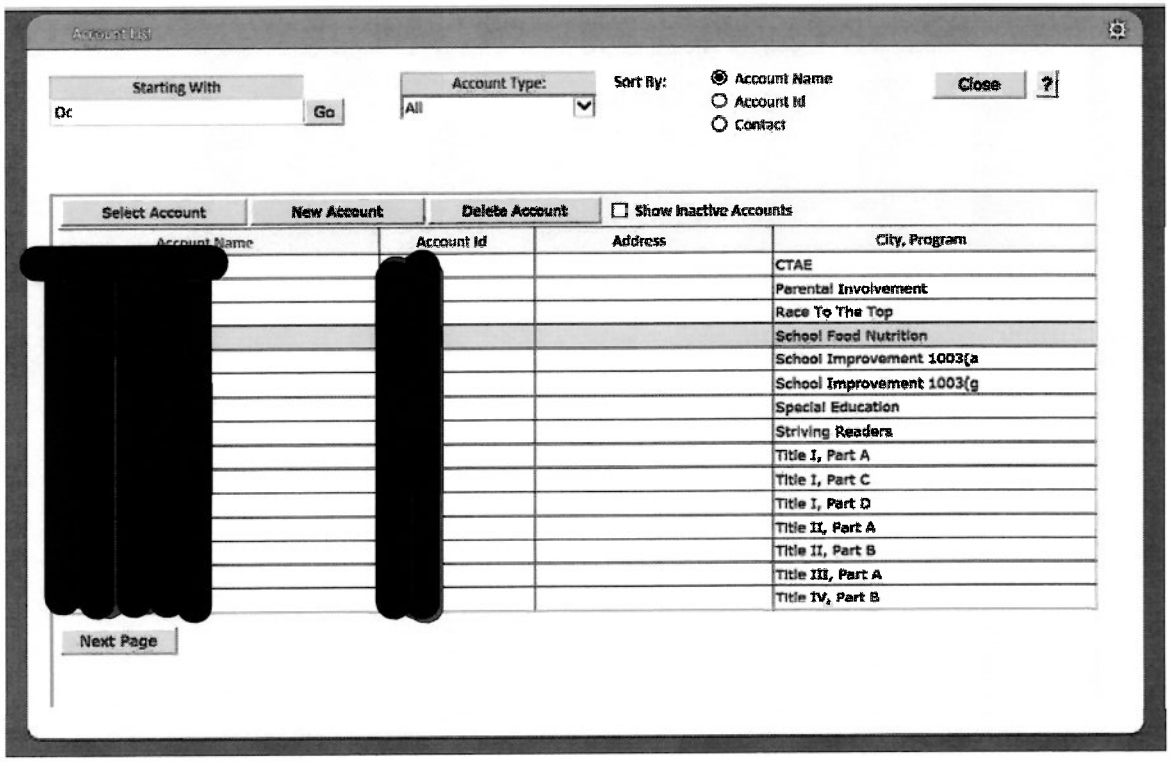
1. **Is the audit finding sustained? Yes___ No___**
2. **The rational for the decision: _____**
3. **Expected auditee action:**
   - **Repay disallowed costs of $_____**
   - **Make final adjustments _____**
   - **Take other action _____**
4. **Has the auditee completed corrective action? Yes _____ No _____**
   If no, what is the timetable for follow-up? _____
5. **Is there an appeal process available to the auditee? Yes ___ No ___**
6. **If an appeal process is available, please describe the process.**
   _____

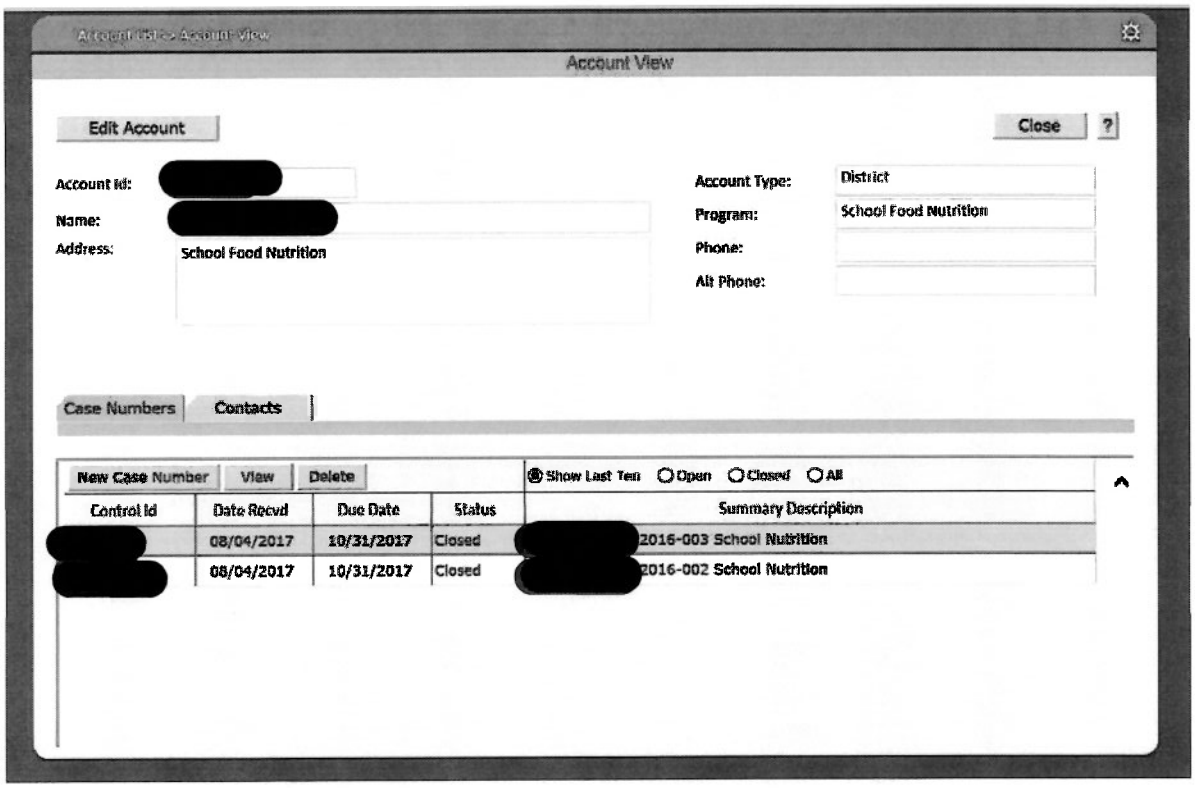
STATE BOARD OF EDUCATION

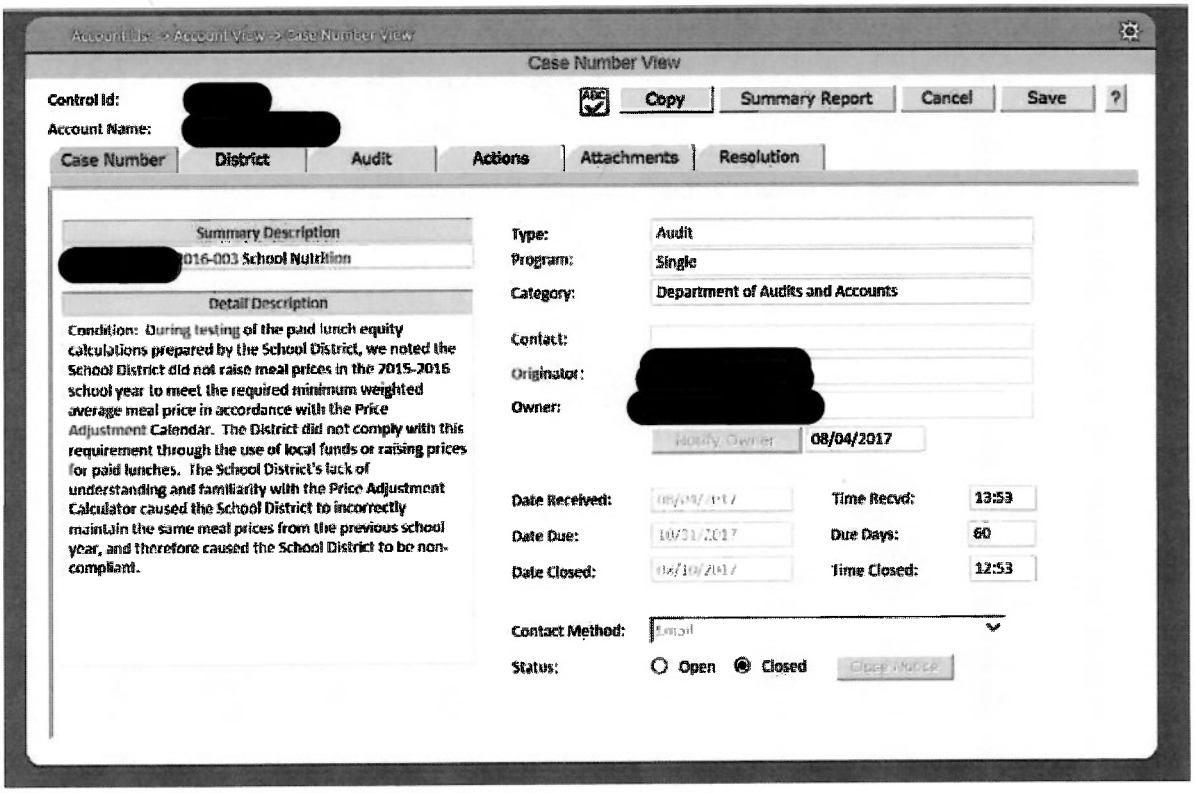
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MICHELLE FECTEAU – SECRETARY • TOM MCMILLIN – TREASURER
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LUPE RAMOS-MONTIGNY • NIKKI SNYDER

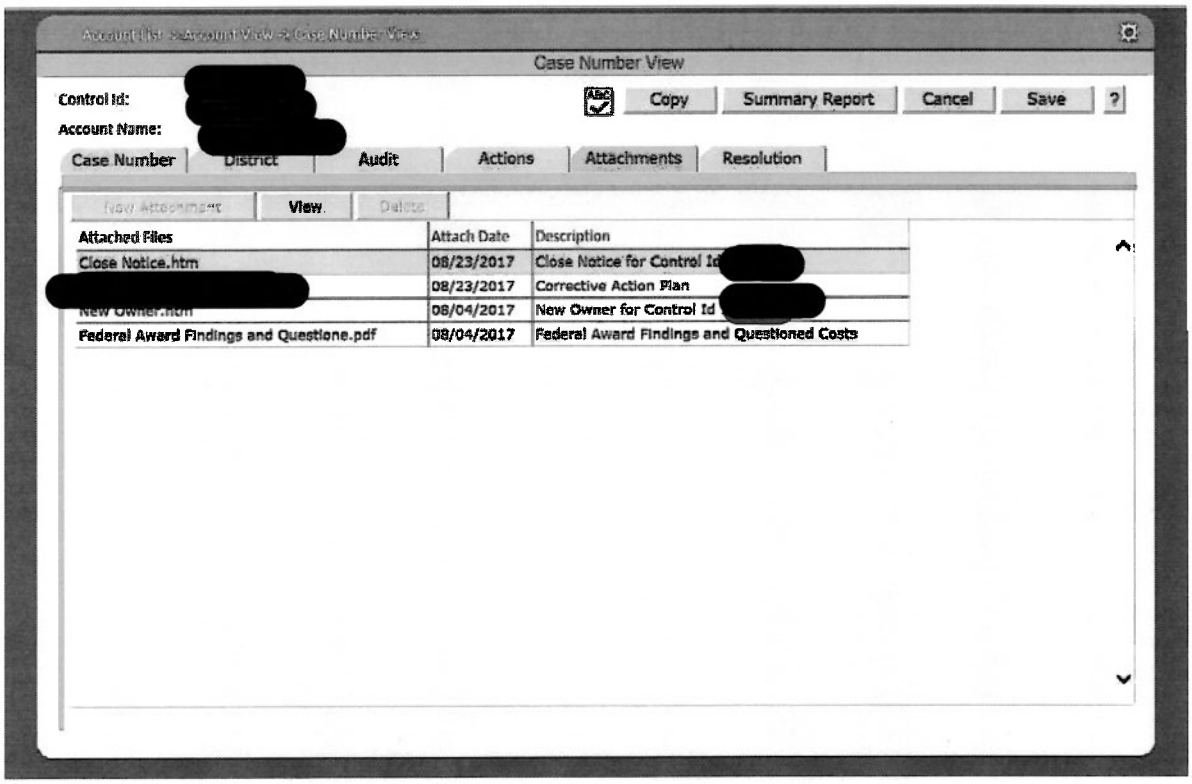
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www.michigan.gov/mde • 833-633-5788


[redacted]
Complaints / Audits
Inbox
Open Concerns
Open Actions
Search Concerns
Reports Menu
Setup Menu
Configure Menu
?


Starting With
Oc
Go
Account Type:
All
Sort By:
Account Name
Account Id
Contact
Close
?
Select Account
New Account
Delete Account
Show Inactive Accounts
Account Name
Account Id
Address
City, Program
[redacted]
CTAE
Parental Involvement
Race To The Top
School Food Nutrition
School Improvement 1003(a
School Improvement 1003(g
Special Education
Striving Readers
Title I, Part A
Title I, Part C
Title I, Part D
Title II, Part A
Title II, Part B
Title III, Part A
Title IV, Part B
Next Page


Account List -> Account View
Account View
Edit Account
Close
?
Account Id:
Name:
Address:
School Food Nutrition
Account Type:
District
Program:
School Food Nutrition
Phone:
Alt Phone:
Case Numbers
Contacts
New Case Number
View
Delete
Show Last Ten
Open
Closed
All
Control Id
Date Recvd
Due Date
Status
Summary Description
08/04/2017
10/31/2017
Closed
2016-003 School Nutrition
08/04/2017
10/31/2017
Closed
2016-002 School Nutrition


Account List -> Account View -> Case Number View
Case Number View
Control Id:
Account Name:
Copy
Summary Report
Cancel
Save
?
Case Number
District
Audit
Actions
Attachments
Resolution
Summary Description
016-003 School Nutrition
Detail Description
Condition: During testing of the paid lunch equity calculations prepared by the School District, we noted the School District did not raise meal prices in the 2015-2016 school year to meet the required minimum weighted average meal price in accordance with the Price Adjustment Calendar. The District did not comply with this requirement through the use of local funds or raising prices for paid lunches. The School District's lack of understanding and familiarity with the Price Adjustment Calculator caused the School District to incorrectly maintain the same meal prices from the previous school year, and therefore caused the School District to be non-compliant.
Type:
Audit
Program:
Single
Category:
Department of Audits and Accounts
Contact:
Originator:
Owner:
Notify Owner
08/04/2017
Date Received:
Time Recvd:
13:53
Date Due:
10/31/2017
Due Days:
60
Date Closed:
08/10/2017
Time Closed:
12:53
Contact Method:
Email
Status:
Open
Closed


Account List > Account View > Case Number View
Case Number View
Control Id:
Account Name:
Copy
Summary Report
Cancel
Save
?
Case Number
District
Audit
Actions
Attachments
Resolution
View
Attached Files
Attach Date
Description
Close Notice.htm
08/23/2017
Close Notice for Control Id
08/23/2017
Corrective Action Plan
08/04/2017
New Owner for Control Id
Federal Award Findings and Questione.pdf
08/04/2017
Federal Award Findings and Questioned Costs