


I LOVE A GOOD AUDIT

MSBO Annual Conference

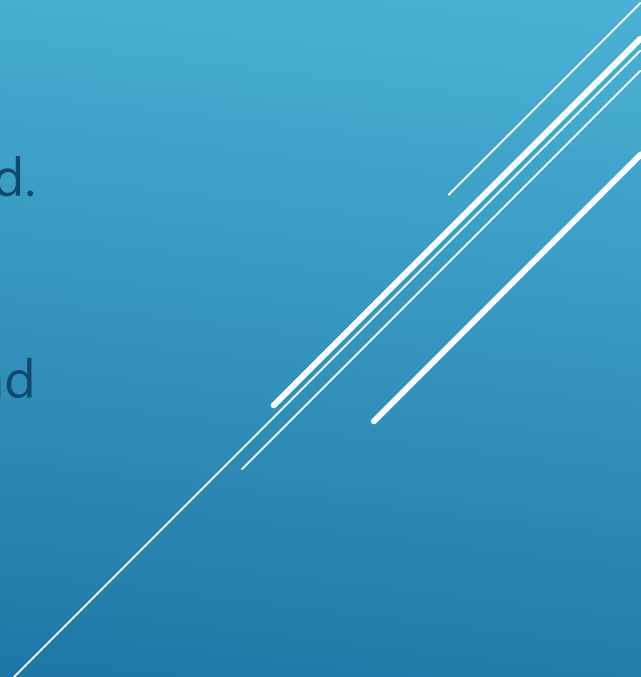
May 2-4, 2017

PRESENTED BY:

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AUDIT SUBMISSION

- ▶ Audits are required by the State School Aid Act to be submitted to MDE by **November 1**, each year. (For 2017, this is a Wednesday.)
 - ▶ Late audits will result in a withhold of the November State Aid payment until the next payment after the audit is submitted.
 - ▶ There is NO grace period.
 - ▶ It is the district's responsibility to make sure that the audit is submitted. If the CPA firm generally submits the audit for the district, the district should confirm that the audit was submitted.
 - ▶ When the audit is received by MDE, it is checked in within 24 hours and will appear on the MDE website within 1 day of posting.
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HOW TO READ A PAL REPORT

▶ Entitlement includes:

- ▶ Processed
- ▶ Brown Box
- ▶ DOD
- ▶ Produce Pilot

▶ Entitlement does not include:

- ▶ Bonus Commodities

PAL REPORT

USDA Food Distribution Recipient Entitlement Balance Report School Year 2014-2015

Print Date: 02/23/2016

Distributor: GLC-BR

FINAL

Sponsor Agreement Number:

2

	Processed	Brown Box	(Proc + BB) Total	DoD	Produce Pilot - Winter	Total	Balance	(Bonus)	
July	0.00	0.00	0.00	0.00	0.00	0.00	51,725.77	0.00	0.00
August	2,206.13	0.00	2,206.13	0.00	0.00	2,206.13	49,519.64	0.00	0.00
September	5,634.86	0.00	5,634.86	2,155.74	0.00	7,790.60	41,729.04	0.00	0.00
QTD (1)	7,840.99	0.00	7,840.99	2,155.74	0.00	9,996.73		0.00	0.00
October	5,636.63	0.00	5,636.63	2,324.03	0.00	7,960.66	33,768.38	0.00	0.00
November	4,284.21	0.00	4,284.21	1,724.57	0.00	6,008.78	27,759.60	0.00	0.00
December	3,813.22	0.00	3,813.22	1,736.37	0.00	5,549.59	22,210.01	0.00	0.00
QTD (2)	13,734.06	0.00	13,734.06	5,784.97	0.00	19,519.03		0.00	0.00
January	4,100.61	0.00	4,100.61	2,242.71	0.00	6,343.32	15,866.69	0.00	0.00
February	3,669.59	0.00	3,669.59	240.84	0.00	3,910.43	11,956.26	0.00	0.00
March	4,957.08	0.00	4,957.08	0.00	0.00	4,957.08	6,999.18	0.00	0.00
QTD (3)	12,727.28	0.00	12,727.28	2,483.55	0.00	15,210.83		0.00	0.00
April	4,508.27	0.00	4,508.27	0.00	1,316.89	5,825.16	1,174.02	0.00	0.00
May	1,906.89	0.00	1,906.89	0.00	1,389.36	3,296.25	-2,122.23	0.00	0.00
June	0.00	0.00	0.00	0.00	188.64	188.64	-2,310.87	0.00	0.00
QTD (4)	6,415.16	0.00	6,415.16	0.00	2,894.89	9,310.05		0.00	0.00
Total Distribution	40,717.49	0.00	40,717.49	10,424.26	2,894.89	54,036.64	-2,310.87	0.00	0.00

Entitlement Dollars: \$51,725.77 (208,993 Meals @ 0.2475 Meal Rate)

	Single Bank	Brown Box	DoD	Produce Pilot - Winter	Total
Entitlement	37,301.51	0.00	10,424.26	4,000.00	51,725.77
Distributions	40,717.49	0.00	10,424.26	2,894.89	54,036.64
Balance	-3,415.98	0.00	0.00	1,105.11	-2,310.87
% Usage	109.16%	0.00%	100.00%	72.37%	104.47%
Carryover/Giveaway	0.00	0.00	0.00	0.00	0.00
Reallocated Balances	4,655.32	0.00	0.00	0.00	4,655.32
Adjusted Balance	1,239.34	0.00	0.00	1,105.11	2,344.45

HOW TO READ A PAL REPORT

AUDITOR RESPONSIBILITY

- Verify final statement
- Accurately reported on SEFA
 - Notes, CFDA, Award = Expenditures/Revenue, no Inventory at year end
- Check single audit thresholds
 - Considered federal expenditures/revenue
 - Part of Nutrition Cluster
 - A Program \$750,000
 - Single Audit \$750,000

National School Lunch Program -
Non-cash Assistance (Commodities):
Entitlement Commodities - 2015-16

10.555

208,433

CORRECTIVE ACTION PLANS



- ❖ Uniform Guidance now requires the Corrective Action Plan to be a separate document, apart from the finding and the management response.
- ❖ Requirement for all findings, including financial statement findings
- ❖ Elements of a good corrective action plan:
 - ❖ Corrective action planned to address each finding
 - ❖ Anticipated completion date
 - ❖ Name of the contact person responsible for the corrective action
 - ❖ 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.



CORRECTIVE ACTION PLANS

AUDITOR RESPONSIBILITY

- Include the audit finding reference numbers
- Provide the name(s) of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date.
- If the district does not agree with the audit findings or believes corrective action is not required, the CAP must include an explanation and specific reasons
- Must be in a document separate from the auditor's findings (signed, letterhead)
- Review prior year CAPs, ensure progress & corrections have been made in the appropriate timeline.



SUBRECIPIENT SCHEDULES

- ❖ Uniform Guidance now requires that a column be added to the SEFA to report cash transferred to subrecipients.
- ❖ MDE requires that a Subrecipient Schedule also be prepared in the SEFA.
- ❖ MDE uses this schedule to verify that all funds passed through the ISD or another district are also included on the SEFA.



**ALLEGAN AREA EDUCATIONAL SERVICE AGENCY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016**

Federal grantor/pass-through grantor/program title	Federal CFDA number	Subrecipient award/ contract amount	Subrecipient current year expenditures	Current year cash transferred to subrecipient
PL-94-142 Preschool Incentive:	84.173			
Passed through to:				
Allegan Public Schools		\$ 17,618	\$ 17,618	\$ 17,618
Fennville Public Schools		9,664	9,664	9,664
Hopkins Public Schools		9,674	9,674	9,674
Martin Public Schools		3,836	3,836	3,836
Otsego Public Schools		11,910	11,910	11,910
Plainwell Public Schools		14,124	14,124	14,124
Wayland Public Schools		18,363	18,363	18,363
Total PL-94-142 Preschool Incentive passed through to subrecipients		<u>\$ 85,189</u>	<u>\$ 85,189</u>	<u>\$ 85,189</u>
MSA school base services:	93.778			
Passed through to:				
Allegan Public Schools		\$ 2,908	\$ 2,908	\$ 2,908
Fennville Public Schools		777	777	777
Hopkins Public Schools		321	321	321
Martin Public Schools		364	364	364
Otsego Public Schools		1,294	1,294	1,294
Plainwell Public Schools		1,054	1,054	1,054
Wayland Public Schools		1,853	1,853	1,853
Total MSA school base services passed through to subrecipients		<u>\$ 8,571</u>	<u>\$ 8,571</u>	<u>\$ 8,571</u>

The accompanying notes are an integral part of this schedule.

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SUBRECIPIENT SCHEDULES

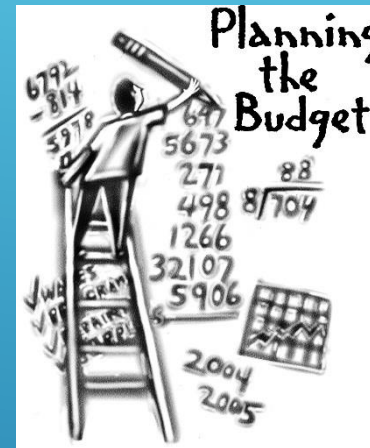
AUDITOR RESPONSIBILITY



- **Accuracy**
- **Foot/cross-foot**
- **Grant titles, award numbers, CFDA numbers, project numbers**
- **Award amount, cash transferred, federal expenditures**
- **Overall**
 - Review the primary recipient's system for monitoring, obtaining, and acting on subrecipient audit reports and review the adequacy of the system.
 - Comment on the primary recipient's monitoring and disbursing procedures with respect to subrecipients, including its risk assessment of subrecipients

UNIFORM BUDGETING AND ACCOUNTING ACT (PA 621)

- ❖ Compliance with the Uniform Budgeting & Accounting Act is required by MCL 141.437, Sections 17-20.
- ❖ MDE has instituted a zero tolerance for violations of the UB&AA. This means that any variance in total revenues, expenditures, or other financing sources/uses that results in a reduction in the budgeted ending fund balance will generate a letter of follow-up by the Office of Financial Management.



NON-SCHOOL DISTRICT AUDITS

- ❖ All non-school districts receiving funds passed through MDE and meeting the threshold for a Single Audit must submit their audits to MDE.
- ❖ It may be submitted electronically using the MDE-FinAudit@michigan.gov website
- ❖ It may be submitted by hard copy
- ❖ All Single Audits submitted to the Federal Audit Clearinghouse are available for download. **If the non-school district notifies MDE** that the audit has been submitted and accepted by the FAC, MDE will pull the audit from the FAC. **This does not apply to School District audits, which are required by the State School Aid Act to be submitted to the Department.**

GASB 68

- **Resources**

- ORS website for resources: <http://www.michigan.gov/psru/0,2496,7-284-69905---,00.html>
- The above site gives you all districts share of the liability, most amounts for Footnotes and RSI schedules, as well as information for GASB 34 journal entry/conversion.

- **District's Responsibility**

- Ensure ORS information is accurate
- Populate RSI schedules and Notes
- Communicate to board, district & public

- **Auditor's Responsibility**

- Information must be audited – test census data, understand process/walk through significant controls, test validation reports
- Our role will be determined once we know that level of report the Auditor General will provide
- Ensure footnotes, district-wide conversion, and RSI schedules are accurate
- Communicate to board

GASB 68

What we ask for:

- List of any employee status changes to the MPSERS plan
- Total pension* expense (actual and required) from the measurement date and the reporting period end date *not OPEB
- Access to ORS validation reports
- A report showing the Total Covered Payroll for the reporting period
- A report showing the Total Covered Payroll for the measurement period
- An allocation method and percentage to spread pension expense between the functions on the statement of activities. Remember to consider not only current employees in the allocation, but retired employees as well.
- Have employee files available to us to test selected individuals' census data including access to enrollment forms
- ORS remittances for the fiscal year
- Amortization schedules relating to deferrals for GASB 68 including journal entry, if district is preparing own entry
- Reconciliation of G/L total pension expense (not OPEB) to the ORS GASB 68 amortization tables. Spreadsheet to allocate cost between pension and OPEB based on quarters can be provided by auditor to assist you.



THANK YOU FOR ATTENDING!

