



Audit Alert and Audit Manual Update

- OFFICE OF FINANCIAL MANAGEMENT
- JUNE 5, 2024

Office of
Financial
Management
– Audits Unit

Contact
Information

Gloria Suggitt

Interim Audit Manager

Phone: 517-241-2225

E-mail: SuggittG@Michigan.gov

Jose Quintero

Audit Specialist

Phone: 517-930-8471

E-mail: QuinteroJ@Michigan.gov

MDE Listserv

- ▶ If you would like to be included on the MDE Single Audit Listserv, or if you were previously included and your email has changed, please contact:
 - ▶ Gloria Suggitt
 - ▶ suggittg@michigan.gov



Audit Reminders

Audit Updates

Compliance
Supplement

AUDIT REMINDERS

The State School Aid Act requires all school district audits be submitted to MDE by November 1 each year. For 2023, this is a Wednesday.

Late audits will result in a withhold of the State Aid payment, beginning in November, until the next payment after the audit is submitted.

There is no grace period.

It is the district's responsibility to make sure the audit is submitted. If submitted by the CPA firm for the district, the district should confirm with the CPA firm that the audit was submitted.

AUDIT REMINDERS

MDE cannot accept audits with a disclaimer of opinion from your auditor. Contact us as soon as you think this may be a possibility for your audit.

Entitlement commodities and bonus commodities should be shown on separate lines on the Schedule of Expenditures of Federal Awards (SEFA).

Education Stabilization Funds (ALN 84.425) must include applicable alphas on the SEFA and the Data Collection Form. Grant performance period ends 9/30/2024.

PAL Reports – See Example

PAL Reports

▶ Entitlement includes:

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

▶ Entitlement does not include:

- ▶ Bonus Commodities

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

Print Date: 02/23/2016

Distributor: GLC-BR

FINAL

Sponsor Agreement Number:

2

Entitlement

	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

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

Allowable

	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

AUDIT UPDATES

Excess Fund Balance

- MDE is no longer requesting excess fund balance to be reported as a federal finding.
- May be reported as a financial statement finding if the auditor's judgment determines it is due to a lack of internal controls.
- Or, should be included as a management letter comment in the management letter.

AUDIT UPDATES

SEFA Reporting



- ▶ All Federal Funds must be reported on the SEFA for those audits which meet the Single Audit threshold.
- ▶ It is possible not all federal funding passed through MDE is included on the NexSys Grant Auditor Report. There are federal funds passed through SIGMA. Make sure to verify all federal funds are accurately reported and included.
- ▶ The Federal Funds received as reported on the Statement of Revenues should match the Federal Funds Received as reported on the SEFA or a reconciliation should be included in the Notes to the SEFA.



ESSER FUNDS – DAVIS-BACON ACT VIOLATIONS

- ▶ Exceptional number of deficiencies found in compliance with the Davis Bacon Act in relation to ESSER Funds.
- ▶ 2023 Compliance Supplement states: Recipients and subrecipients that use ESF funds for minor remodeling, renovation or construction contracts that are over \$2,000 and use laborers and mechanics must meet Davis-Bacon prevailing wage requirements.
- ▶ <https://www.dol.gov/agencies/whd/government-contracts/construction/rulemaking-davis-bacon>

UNIFORM BUDGETING & 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.



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AUDIT UPDATES

Bonded Construction Fund Audits - Treasury Guidance

- ▶ Treasury now requires all district who have a bonded construction fund audit to include the audit as an attachment to the school district audit submitted to MDE.
- ▶ [Numbered Letter 2023-1 \(michigan.gov\)](#)

Compliance Supplements

Reduce audit
findings!

2023 Compliance
Supplement is
now out on the
OMB website.

<https://www.whitehouse.gov/wp-content/uploads/2023/05/2023-Compliance-Supplement-%E2%80%93-2-CFR-Part-200-Appendix-XI.pdf>

QUESTIONS?

