

SECTION II – SPECIFIC COMPLIANCE
SINGLE AUDIT

Federal and State Audit Requirements

Federal Single Audit Act

The Single Audit Act Amendments of 1996 (Act) establishes uniform requirements for audits of federal awards administered by non-federal entities. The Act promotes sound financial management, including effective internal controls, with respect to federal awards administered by non-federal entities. The Federal Office of Management and Budget (US OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, provides the government wide guidelines and policies on performing audits to comply with the Single Audit Act and requires the use of generally accepted government auditing standards (GAGAS). Non-federal entities that expend \$500,000 or more in a year in federal awards are required to have a Single Audit in accordance with provisions in Circular A-133. When auditing federal programs for the fiscal year ending June 30, 2013, auditors are required to follow the provisions of the 2007 revision of *OMB Circular A-133* available at:

http://www.whitehouse.gov/sites/default/files/omb/assets/a133/a133_revised_2007.pdf.

The Act requires that GAGAS be followed in audits of state and local governments. *Government Auditing Standards (The 2011 Revision)* issued by the Comptroller General of the United States specifies the standards and guidance generally known as GAGAS. This document is commonly known as the Yellow Book and is available in electronic format through the GAO website www.gao.gov. The printed version of the December 2011 revision of *Government Auditing Standards* can be purchased through the Government Printing Office (GPO) online via the GPO website at <http://bookstore.gpo.gov>

The 2013 edition of OMB A-133 *Compliance Supplement* is not available at the time of publication of this Audit Program. Auditors should check for availability at:

http://www.whitehouse.gov/omb/circulars_default

Auditors should select from a list of departments in Part 4 of the Supplement, (e.g., Dept. of Agriculture, Dept. of Education, Dept. of Health and Human Services) to determine compliance requirements for a specific program or grant. Appendix 5 of the document contains a list of changes in the 2013 Supplement.

For districts that carried forward ARRA funds, the 2011 Compliance Supplement, Appendix VII “Other OMB Circular A-133 Advisories”, section I. “American Recovery and Reinvestment Act” (ARRA), contains background and guidance on how ARRA funds impact single audits. The Appendix VII is available on the OMB website.

Additionally, auditors should consult the 2013 OMB Circular A-133 Compliance Supplement for updates applicable to remaining ARRA funds.

Background

- The ARRA imposes certain transparency and accountability requirements on federal awarding agencies and their recipients.
- Auditors should be alert to determine whether auditees have properly identified ARRA awards.

CFDA Numbers

- Federal agencies use CFDA numbers for new ARRA programs or for existing programs for which the ARRA provides for compliance requirements that are significantly different for the ARRA funding. ARRA awards to existing federal programs may or may not have a new CFDA number.

Clusters of Programs

- Many ARRA awards will have new CFDA numbers even though they are additions to and share common compliance requirements with the existing program. Therefore, the OMB will update the clusters of programs described in Part 5 of the Supplement. Any changes will be posted on the OMB Management website <http://www.whitehouse.gov/omb/management> under Grants Management as addenda to the Supplement.
- The auditor is responsible for using the cluster list that matches the auditee's fiscal year end.

Effect of Expenditures of ARRA awards on Major Programs Determination

- Due to the inherent risk with the transparency and accountability requirements over expenditures of ARRA awards, the auditor should consider all Federal programs with expenditures of ARRA awards to be programs of higher risk in accordance with §__.525(c)(2) and §__.525(d) of OMB Circular A-133. Accordingly, when performing the risk-based approach under §__.520(c)(1) of OMB Circular A-133, Type A programs with expenditures of ARRA awards should not be considered low-risk except when the auditor determines, and clearly documents the reasons, that the expenditures of ARRA awards is low-risk for the program.
- Clusters to which a federal program with an ARRA CFDA number has been added should be considered a new program and would not qualify as a low-risk Type A program under §__.520(c)(1) of OMB Circular A-133 (i.e., the cluster will not meet the requirement of having been audited as a major program in at least one of the two most recent audit periods as the federal program funded under the ARRA did not previously exist.)
- Auditors should:
 - (1) Review the award documents, including the terms and conditions;
 - (2) Check the OMB Management website under Grants Management for any addenda to the Supplement, and
 - (3) Use the framework provided by the Supplement (e.g., in Parts 3, 4, 5, and 7) as guidance to identify ARRA compliance requirements material to the federal program and determine the appropriate audit procedures.

The applicable Catalog of Federal Domestic Assistance (CFDA) number for a federal grant or federal aid can be found on the New Jersey Department of Education (NJDOE) Contract. A listing of grants available through NJDOE with their CFDA numbers can be found beginning on page II-SA.17 of this Audit Program and the auditor can look up a program at the CFDA website: <http://www.cfda.gov>. Click the heading "Search For Assistance Programs (HTML)." Here there are several different ways to search for programs including by number, or if necessary you can click on the heading of All Programs Listed Numerically.

State of New Jersey Single Audit Act

NJ State Office of Management and Budget (NJOMB) Circular Letter 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid (NJOMB 04-04) supersedes NJOMB 98-07 and establishes state policy and procedures regarding audits of grant and state aid recipients, and outlines the responsibilities of state agencies and grant recipients to ensure that recipient audits are performed according to federal and state requirements. NJOMB 04-04 is available on the website: <http://www.state.nj.us/infobank/circular/cir0404b.htm>. The revision raises the threshold for a single audit to \$500,000 or more expended in federal financial assistance or state financial assistance within the recipient's fiscal year. This revision did not change the requirement that recipients which expend less than the threshold of \$500,000 in federal or state financial assistance within their fiscal year, but expend \$100,000 or more in state and/or federal financial assistance within their fiscal year, must have either a financial statement audit performed in accordance with *Government Auditing Standards (Yellow Book)* or a program-specific audit performed in accordance with the Act, Amendments, OMB A-133 Revised and State policy. Compliance requirements for the Department of Education (and other departments) are contained in the *State Grant Compliance Supplement* which is published to assist auditors in testing recipient compliance with state grant and state aid financial assistance programs and applicable laws and regulations which is available on the Internet at <http://www.state.nj.us/treasury/omb/> (see Highlights).

AICPA Single Audit Guidance

The AICPA audit guide, *Government Auditing Standards and Circular A-133 Audits (Guide)* 2013 edition published April 17, 2013 is available for purchase from the AICPA website at <http://www.aicpa.org/Publications/Pages/publications.aspx>. The updated guide incorporates guidance from the following:

- AICPA clarified auditing standards
- Auditor report illustrations
- 2011 edition of Government Auditing Standards

Risk-based Approach

Revision of the single audit threshold to \$500,000 or more expended in federal financial assistance or state financial assistance within the recipient's fiscal year did not impact major program determinations. Section .520 of Circular A-133 requires auditors to utilize the following criteria to identify major programs:

§ __.520 Major program determination.

(a) **General.** The auditor shall use a risk-based approach to determine which federal programs are major programs. This risk-based approach shall include consideration of: Current and prior audit experience, oversight by federal agencies and pass-through entities, and the inherent risk of the federal program. The process in paragraphs (b) through (i) of this section shall be followed.

(b) Step 1.

(1) The auditor shall identify the larger federal programs, which shall be labeled Type A programs. Type A programs are defined as federal programs with federal awards expended during the audit period exceeding the larger of:

(i) \$300,000 or three percent (.03) of total federal awards expended in the case of an auditee for which total federal awards expended equal or exceed \$300,000 but are less than or equal to \$100 million.

(ii) \$3 million or three-tenths of one percent (.003) of total federal awards expended in the case of an auditee for which total federal awards expended exceed \$100 million but are less than or equal to \$10 billion.

(iii) \$30 million or 15 hundredths of one percent (.0015) of total federal awards expended in the case of an auditee for which total federal awards expended exceed \$10 billion.

(c) Step 2.

(1) The auditor shall identify Type A programs which are low-risk. For a Type A program to be considered low-risk, it shall have been audited as a major program in at least one of the two most recent audit periods (in the most recent audit period in the case of a biennial audit), and, in the most recent audit period, it shall have had no audit findings under § __.510(a). However, the auditor may use judgment and consider that audit findings from questioned costs under § __.510(a)(3) and § __.510(a)(4), fraud under § __.510(a)(6), and audit follow-up for the summary schedule of prior audit findings under § __.510(a)(7) do not preclude the Type A program from being low-risk. The auditor shall consider: the criteria in § __.525(c), § __.525(d)(1), § __.525(d)(2), and § __.525(d)(3); the results of audit follow-up; whether any changes in personnel or systems affecting a Type A program have significantly increased risk; and apply professional judgment in determining whether a Type A program is low-risk.

The Report on the National Single Audit Sampling Project issued by the President's Council on Integrity and Efficiency in June 2007 indicated numerous errors in the single audits. To address single audit deficiencies and to enhance the overall quality of single audits, the NJDOE Office of Fiscal Accountability and Compliance (OFAC) designed the Single Audit Summary Sheet. This Summary replaces the Type A Programs Worksheets, and the CAFR Submission Checklist and is required as part of the CAFR Reporting Package submitted to New Jersey Department of Education. Shaded areas are entered by the department or are automatically calculated. The auditor must complete all questions in sections A, C and F for every district/charter school, and all questions in Section D of the Summary for districts/charter schools that have a federal and/or state single audit. The form is accessible through the FY13Single Audit Summary link at the OFAC website:

<http://www.state.nj.us/education/business/audit.htm>

If a school district/charter school is being audited for the second time under Circular A-133 the auditor must follow the risk-based approach to determine major programs in accordance with section .520 of Circular A-133. Section .520(i) of Circular A-133 allows auditors to deviate from the use of the required risk-based approach when determining major programs during the first year that an entity is audited under the revised Circular A-133 or the first year of a change of auditors. The AICPA's Guide *Government*

Auditing Standards and Circular A-133 Audits and the USOMB Circular A-133 (Section .520) should be referenced for further guidance on this approach.

NJOMB Circular Letter 04-04 also requires the use of the same risk-based approach to audit and monitor state financial assistance as used in federal programs. The inclusion of on-behalf pension contributions should not result in the exclusion of other programs as Type A programs. Since the department publishes the dollar amounts provided by the NJ Division of Pensions of on-behalf pension contributions for all school districts/charter schools on an annual basis and no other audit procedures are performed, these amounts should be excluded from the Type A programs threshold calculations. This does not impact the compliance requirements for Reimbursed TPAF Social Security Contributions.

Schedules of Expenditures of Federal Awards and State Financial Assistance

All special projects including those funded by pass-through monies, other than those funded locally under the general fund, must be separately accounted for in the school district/charter school accounting records. The CAFR must include a separate *Schedule of Expenditures of Federal Awards* (Schedule A) and a separate *Schedule of Expenditures of State Financial Assistance* (Schedule B). The format of the schedules included in the sample CAFR was designed to provide the history of a grant from its initial award to the final disposition of the funds through either their expenditure or their refund to the grantor. Instructions regarding schedule preparation are included in this section of the Audit Program. Please note the titles of these schedules are as indicated in USOMB Circular A-133 and NJOMB Circular Letter 04-04.

Federal Awards: Carryover/Deferred Revenue/Due Back to Granter

If the budgetary expenditures incurred by the district/charter school are less than the amount of federal aid cash received (special revenue only), the district/charter school shall apply for carryover where permissible by statute after completion of the project period. Excess cash received is reported as deferred revenue on the *Schedule of Expenditures of Federal Financial Assistance* (Schedule A) in the single audit section of the CAFR, in the column titled "Deferred Revenue." For many federal grants, the grant period ends August 31; therefore, deferred revenue at June 30 may still be used during July and August.

Upon approval of the Final Expenditure Report by the NJDOE Office of Grants Management (OGM), any unexpended funds a district/charter school elects to carry over are identified as prior year carryover funds and are brought forward into a separate line in the Allocation section of the subsequent year Grant Application on the Electronic Web Enabled Grant (EWEG) system (SAGE for IDEA). In addition, any funds paid in excess of expenditures, are brought forward into a separate line marked "Overpayment" in the Allocation section of the subsequent year Grant Application. If the subsequent year application has final NJDOE approval, the district/charter school must submit an Amendment Application to budget the prior year carryover and overpayment funds.

Unexpended Funds at Year End

When the district/charter school elects not to carry over the unexpended current year balance approved through the final Expenditure Report, **and** this balance of funds was not paid to the district/charter school, the balance is considered "released" by the district/charter schools to the DOE. Released funds are unexpended and unpaid funds that have been reported/recorded as "Released Funds" in the final Expenditure Report. Those funds will not be claimed by the district/charter school. The amount of funds released by the district/charter school (not expended by the district/charter school and not advanced/remitted by the DOE) should be presented on Schedule A, in the column entitled "Adjustments". When the unexpended current year balance of funds has been advanced/remitted by the DOE to the district/charter school, this balance is recorded/reported in the final Expenditure Report as a

refund due from the district/charter school to the DOE. Where the funds are expired (may not be expended in the subsequent year) the final Expenditure Report will automatically classify and report those funds that have been received by the district/charter school but are no longer available for expenditure by the district/charter school as, "Refundable to the NJDOE." Report this amount on Schedule A in the column entitled, "Due to Grantor."

All funds that have been refunded during the fiscal year shall be shown on Schedule A, in the column entitled, "Repayment of Prior Year Balances."

In January 2009, the NJDOE moved to a reimbursement method of payment. If a district/charter school submits for reimbursement of current year (2012-2013) expenditures and has carryover from the prior year (2011-2012) grant, the balance of the prior year carryover funds is offset against the reimbursement until the prior year carryover funds have been fully expended/deducted from the available funds. Generally, a district/charter school submits for reimbursement by the 15th of the month for expenditures incurred as of that date or anticipated to be incurred by the end of the month. The reimbursement for that month will be made in the subsequent month. When the amount of cash received is less than budgetary expenditures, a receivable shall be shown as a negative amount on Schedule A, in the column entitled "(Accounts Receivable)." No negative cash balances are permissible in the balance sheet. There should be an interfund payable set up to reflect advances from the General Fund.

Beginning with the FY 2012 *NCLB* grant year, districts/charter schools were given a forty-five day liquidation period until October 15, 2012, to liquidate all FY 2012 *NCLB* funds. This shortened liquidation period was a direct result of the notification by the United States Department of Education (USDE) that an extension would not be granted to the FY 2012 *NCLB* liquidation period, as well as to avoid jeopardizing payment of any remaining grant funds for the FY 2012 *NCLB* project year. This forty-five day liquidation period will be in effect for the FY 2013 *NCLB* grant year.

Example – June 30, 2013

An *NCLB* award for the period September 1, 2011 to August 31, 2012 must be obligated by August 31, 2012 and liquidated by October 15, 2012. Grant funds awarded to the district/charter school and received by the district/charter school that remained unencumbered or unexpended at June 30, 2012, should have been reported as deferred revenue in the June 30, 2012 *Schedule of Expenditures of Federal Awards*. Funds encumbered but unexpended at August 31, 2012 (the end of the grant obligations period), are considered carryover funds in the EWEG system through October 15, 2012. Carryover funds (received by the district/charter school) that have not been expended by the October 15, 2012 liquidation date are reported as overpayment funds in the EWEG system. When the final Expenditure Report for the 2011-2012 grant period is approved by OGM, any carryover and/or overpayment funds are made available for budgeting in the current year (2012-2013) project period. The district/charter school may budget carryover and/or overpayment funds in the original (subsequent year) grant application, or where the original grant application has received final NJDOE approval as recorded in the EWEG system in advance of the carryover/overpayment determination, in an Amendment Application. The carryover/overpayment funds are considered expended first during the current grant period. Where a district/charter school does not obligate the full amount of prior year carryover (2011-2012) by August 31, 2013 and does not liquidate the full amount of the prior year carryover (2011-2012 grant) by October 15, 2013, the amounts not so obligated and liquidated are considered due back to the grantor in the EWEG system. At June 30, 2014, any amounts received by the district/charter school but not as yet remitted back to the DOE should be reported in the June 30, 2014 *Expenditures of Federal Awards* as Due to Grantor; and every year until the funds are repaid to the grantor.

The following state/federal guidelines are applicable for grant close out procedures:

Code of Federal Regulations: Title 34 Education [Part 80 – Sec. 80.50 Closeout]

(d)(2): “The grantee must immediately refund to the Federal agency any balance of unobligated (unencumbered) cash advanced that is not authorized to be retained for use on other grants.”

The No Child Left Behind Act (NCLB) of 2001 (P. L. No. 107-110) reauthorized the Elementary and Secondary Education Act of 1965 (ESEA). NCLB contains fiscal compliance issues including, but not limited to, supplement not supplant, commingling of funds, allowable costs, administrative costs caps, maintenance of fiscal effort, comparability, transferability, and schoolwide programs. NCLB Policy Guidance is available at <http://www2.ed.gov/policy/elsec/guid/states/index.html>. Fiscal guidance on the FY 2013 NCLB Application can be found in the New Jersey NCLB FY 2011 Reference Manual Section IV “Fiscal Regulations and Responsibility” available at <http://www.nj.gov/njded/grants/entitlement/nclb/>.

It should be noted that pursuant to the *Elementary and Secondary Education Act* (ESEA) as amended by NCLB, the U.S. Department of Education (USDOE) has provided guidelines for preparing the schedule of expenditures of federal financial awards when grantees transfer amounts among ESEA programs, consolidate administrative funds of ESEA programs or combine ESEA funds in a schoolwide program.

The USDOE approved New Jersey’s request for an ESEA flexibility waiver that may affect requirements that school districts would otherwise implement during the 2012-2013 and 2013-2014 school years. Auditors are encouraged to consult the 2013 OMB Circular A-133 Compliance Supplement for a final listing of the waived requirements. The link below provides the listing of waived requirements as of April 2013.

[ESEA Flexibility.pdf](#)

Federal Awards: Title I schoolwide status

All schools with approved Title I schoolwide programs may combine certain federal funds. If the school does combine these resources, the expenditures are then accounted for down to the function object level as a combined federal source. Those expenditures will need to be allocated back to the original federal funding sources at June 30, in a manner similar to that applied to the Blended Resource Fund 15 in a district that is required to use school-based budgeting. This activity for the districts not required to use school-based budgeting and charter schools will be recorded in Fund 20, not Fund 15. This applies to all schools with an approved Title I schoolwide program in the 2012-13 school year.

One of the requirements of implementing schoolwide programs is to integrate, whenever possible, all local, state and federal resources into one funding stream to implement the applicable year of the school’s schoolwide plan. It is therefore important that districts/charter schools are cognizant of the federal laws permitting blending of federal resources, particularly the Improving America’s Schools Act of 1994 (IASA) P.L. 103-382, amendments to the Elementary and Secondary Education Act of 1965 (ESEA), Title I, Part A. ESEA was reauthorized by the No Child Left Behind Act of 2001 (NCLB) (P. L. No. 107-110 enacted January 8, 2002). Refer to <http://www2.ed.gov/policy/elsec/guid/states/index.html> and <http://www.nj.gov/njded/grants/entitlement/nclb/> for details of NCLB. In addition, the United States Department of Education (USDOE) website (www.ed.gov) provides written guidance, program ideas and audit information on schoolwide programs at <http://www.ed.gov/admins/lead/account/swp.html?exp=0>. Included at that site is a July 2, 2004 document titled “Notice Authorizing Schoolwide Programs to Consolidate Federal Education Funds.” A power point presentation on schoolwide programs can be

found at <http://www.ed.gov/admins/lead/account/sw/edlite-index.html>. Information on Title I is available at <http://www.ed.gov/programs/titleiparta/legislation.html?exp=0> . Non-Regulatory Guidance “Title I Fiscal Issues: Maintenance of Effort, Comparability, Supplement, Not Supplant, Carryover, Consolidating Funds in Schoolwide Programs, Grantback Requirements” was issued in February 2008. This guidance is available at <http://www.ed.gov/programs/titleiparta/fiscalguid.doc> .

The basics of a schoolwide program are summarized below. The above resources should be referenced for more detailed and specific information related to operating a schoolwide program.

NCLB permits a local educational agency (LEA)/charter school to consolidate and blend funds “together with other federal, state and local funds, in order to upgrade the entire educational program of a school that serves an eligible school attendance area in which not less than 40 percent of the children are from low-income families, or not less than 40 percent of the children enrolled in the school are from such families” (NCLB §1114). The purpose is to increase the academic achievement for **all** students in the school by allowing schools to integrate their programs, strategies and resources.

A Title I targeted assistance program uses Title I, Part A funds only for the provision of supplementary educational services to eligible children who are failing, or at risk of failing, to meet state standards. In a Title I schoolwide program, a school is not required to provide supplementary services to identified children but instead can upgrade the entire educational program in the school.

In order to be eligible for a Title I schoolwide program, the school must be eligible for the Title I program; receive Title I, Part A funds; have at least 40 percent of the children enrolled in the school or residing in the school attendance area be from low-income families; comply with a year of planning; meet the nine essential program components and, have an approved schoolwide program plan. Simply being a school in a district required to use school-based budgeting does not make the school eligible to operate a schoolwide program. To promote effective, long-term planning, a school can maintain its schoolwide program eligibility even if it drops below the 40 percent poverty threshold. However, the school must still meet Title I eligibility and receive Title I funds.

Title I eligibility is a prerequisite of schoolwide program eligibility. Without an approved schoolwide program, a school is not permitted to blend federal funds with state and local funds. These ineligible schools that are required to use school-based budgeting may only blend state and local funds.

Only eligible Title I schools receiving Title I funds may operate schoolwide programs.

The auditor should review the district/charter-wide and school-based budgets to identify which funds were combined to support the schoolwide program.

The auditor should also ensure that the individual schools have approved schoolwide status if federal funds are being blended in the school’s school-based budget and that only allowable program funds are blended in the school-based budget.

Fund 15 - GAAP Basis Expenditure Testing (Not applicable to charter schools)

The district is required to prepare a *Schedule of Blended Expenditures – Budget and Actual* (Exhibit D-3) for each school-based budget school. This schedule accounts for all Fund 15 GAAP basis expenditures for a particular school. The auditor should obtain the detailed general ledger from which these statements were prepared, ensure that the amounts included in the schedules agree with the general ledger and then select specific expenditures for testing from the general ledger. Each expenditure tested is paid from the combined/blended funds, and therefore is paid for in part by each funding source combined/blended in Fund 15 and cannot be specifically identified to a particular funding source. Each expenditure selected

for testing must be analyzed to determine whether it is consistent with the applicable year of the schoolwide plan for that school. The auditor must perform sufficient detailed expenditure testing to ensure that the GAAP expenditures recorded in Fund 15 are valid expenditures consistent with the school's approved schoolwide program plan. This procedure should be performed to test expenditures in all school-based budget schools in the district.

Fund 15 – Blended Resources Testing (Not applicable to charter schools):

A school **must** be operating an approved Title 1 school/charterwide program in order to blend federal funds. If a school implementing school-based budgeting does not have approved Title 1 schoolwide status, they can only blend state and local funds in their school-based budgets.

The auditor should review the district's/charter school's approved FY 2013 NCLB Consolidated Application (Application) to determine which schools within the district have Title 1 approved schoolwide program status. Only schools with approved schoolwide status may blend federal funds with state and local funds. The auditor should ensure the amounts from each federal program blended in the individual school-based budgets agree with the approved Application. This procedure should be performed to test revenues in all school-based budget schools in the district.

Once the auditor has determined that the resources transferred to Fund 15 agree with the approved Application; that the expenditures reported in Fund 15 are valid expenditures consistent with the approved schoolwide plan and recorded any adjustments necessary to reflect the effect of errors noted during testing, the auditor should test the district's/charter school's calculations of allocated GAAP expenditures and allocated GAAP surplus/carryover to ensure that they are calculated in accordance with the instructions provided by the department. If the auditor recorded any Fund 15 adjustments, the district's/charter school's allocated GAAP expenditures and GAAP surplus/carryover should be recalculated. Instructions on how to perform this allocation are available on the department's CAFR website <http://www.nj.gov/education/finance/fp/cafr/> under the link for "School Based Budget CAFR Presentation" select "Preparing the Blended Resource Fund 15 – Schedule of Expenditures Allocated by Resource Type – Actual (Exhibit D-2 series)."

Fund 15 – Budgetary Basis Encumbrance Testing

Expenditures incurred in Fund 15 are recorded on the GAAP basis. Expenditures included in the *PreKEA*, (Exhibits E-2), the *Special Revenue Fund Combining Schedule of Program Revenues and Expenditures – Budgetary Basis* (Exhibit E-1) and the *Schedules of Expenditures of Federal Awards and State Financial Assistance* (Exhibits K-3 and K-4) are reported on the budgetary basis and therefore include encumbrances as expenditures. The amounts calculated on the *Schedule of Expenditures Allocated by Resource Type – Actual* (Exhibit D-2) are on the GAAP basis and will need to be adjusted for any encumbrances when including those expenditures in these schedules.

Once the auditor has determined that the encumbrances for each school are valid, and recorded any adjustments necessary to reflect the effect of errors noted during testing, the auditor is required to test the district's/charter school's calculations of allocated encumbrances to ensure that they are calculated in accordance with the instructions provided by the department. If the auditor recorded any encumbrance adjustments, the district's/charter school's encumbrances should be reallocated. Instructions on how to perform this allocation are available on the department's CAFR website <http://www.nj.gov/education/finance/fp/cafr/> under the link for Special Revenue Fund Combining Schedule of Program Revenues and Expenditures– Budgetary Basis (Exhibit E-1).

A sample encumbrance calculation (Exhibit D-2 Worksheet) is available on the department's website <http://www.nj.gov/education/finance/fp/cafr/> to illustrate the calculations and the reporting of the amounts on Exhibit D-2. This worksheet should not be included in the CAFR. The sample encumbrance calculation includes an allocation of encumbrances to the Combined General Fund Contribution and State Resources. This was done to illustrate how the total encumbrances are allocated based on the "% of Total Resources." Encumbrances are not reported as expenditures in Fund 15. The Reserve for Encumbrances is reported in the "Assigned" and/or "Committed" sections of the fund balance recapitulation as "Year-end Encumbrances" in the Fund 15 column of the Combining Balance Sheet (Exhibit D-1). The Combining Balance Sheet is required to be included in the CAFR.

Once the auditor has gained assurance that the Fund 15 expenditures and encumbrances are valid expenditures and encumbrances consistent with the approved schoolwide plan and the allocations of the total Fund 15 GAAP basis expenditures and encumbrances are correct, the auditor must ensure the correct amount of school-based budgetary expenditures has been included in the *Schedules of Federal Awards and State Financial Assistance* (Exhibits K-3 and K-4) for each restricted federal or state program, the *Special Revenue Fund – Combining Schedule of Program Revenues and Expenditures – Budgetary Basis* (Exhibit E-1) and the *PreKEA Restricted Aid Schedules* (Exhibit E-2 series). The school-based budget expenditures included on the *Schedules of Federal Awards and State Financial Assistance* for each restricted federal or state aid the *Special Revenue Fund Combining Schedule of Program Revenues and Expenditures – Budgetary Basis and the PreKEA Restricted Aid Schedule* should be the total of the GAAP basis expenditures allocated to the particular restricted aid plus the total current year encumbrances allocated to the particular restricted aid less the total prior year encumbrances allocated to the particular restricted state aid at all school-based budget schools in the district.

State Awards: Carryover/Deferred Revenue/Due Back To Grantor

The restricted formula aid Preschool Education Aid which is not fully expended or encumbered by year end must be carried over and reported as deferred revenue on Schedule B in the column entitled "Deferred Revenue."

Districts may not carry over Nonpublic state aid. In the event the budgetary expenditure incurred by a district is less than the amount of state aid cash received (Nonpublic), the district shall refund the unexpended state aid after the completion of the school year. Refunds of unexpended state aid for Chapters 192 and 193 shall be paid no later than December 1 (*N.J.S.A. 18A:46-19.8 and 18A:46A-14*). Any return of funds will be accomplished through the reduction of state aid payments to the district in the year immediately following the current year under audit. The Division of Finance will adjust the amount of aid based on the unexpended balances reported on the *Schedule of Expenditures of State Financial Assistance* (Schedule B) of the single audit report, column entitled "Due to Grantor". Where the public school district responsible for the provision of supplies or services enters into a contract with a third-party provider of supplies or services for nonpublic school students (parentally placed students with disabilities), the third-party provider must provide the school district with a monthly detailed statement of expenditures made by the third-party provider on behalf of the student(s) receiving the supplies or services. The school district's annual Nonpublic Project Completion Report (NPCR), and Schedule B, must reflect only the actual expenditures reported by the third-party provider. The transfer of funds by the district to the third-party provider is not an expenditure of funds for purposes of the NPCR, Schedule of Expenditures of State Awards, or Audsum.

The following state guidance is applicable for grant close out procedures:

Circular Letter 07-05-OMB: XXIV

(C) “The Grantee will, together with the submission of the final report, refund to the Department any unexpended funds or unobligated (unencumbered) cash advanced, except such sums that have been otherwise authorized in writing by the Department to be retained.”

Preparing the Schedules of Expenditures of Federal Awards and State Financial Assistance

Two separate schedules, the *Schedule of Expenditures of Federal Awards* and the *Schedule of Expenditures of State Financial Assistance*, are prepared from the district/charter school records and must include all active (i.e. - not closed) financial assistance programs in which a district/charter school is participating regardless of the fund in which they are accounted. Each schedule must reflect the current fiscal year's activity as well as total disbursements by program in the format presented in this chapter of the Audit Program (II-SA-21). The information presented on these schedules must agree with the amounts reported in the *Budgetary Comparison Schedules* and the *Combining Schedule of Program Revenues and Expenditures, Special Revenue Fund – Budgetary Basis*. Explanations of the information required to be included are presented below.

These schedules are prepared using budgetary expenditures which must be reconciled to the *Balance Sheet – Governmental Funds* on the *Budget to GAAP Reconciliation in the Notes to RSI*. The adjustment for the state aid payments made in July 2012 (recognized on GAAP in 2012-13) and July 2013 (not recognized on GAAP until 2013-14) (general and special revenue fund) as well as encumbrances in the special revenue fund will be reported as reconciling items. See Section I-8 and III-3 for additional guidance.

The Schedules of Expenditures of Federal Awards and Expenditures of State Financial Assistance must be in the same format as those shown in the sample schedules in this chapter. Where the final Expenditure Report has been approved, the prior year carryover grant funds and the current year grant funds may be combined on a single line of the *Schedule of Expenditures of Federal Awards*. The carryover portion of the approved grant amendment is considered expended first. See the guidance and illustration in the beginning of this chapter under the header Carryover/Deferred Revenue/Due Back to Grantor. Schedules must be subtotaled by grantor and reflect grand totals for the following columns: Budgetary Expenditures, (Intergovernmental Accounts Receivable), Deferred Revenue and Due to Grantor. The value of noncash assistance must be included on the applicable schedule or a note in the schedule. In addition, federal programs included in a cluster of programs must be listed individually.

Districts/charter schools may have received from the department grant funds in advance of the expenditure of the grant funds received. When the district/charter school elects to carry over the unexpended current year balance approved through the Final Expenditure Report, and the district/charter school has received advance funding, the Allocation Section of the subsequent year's Grant Application includes the received but unexpended funds on a separate line marked “Overpayment.” At year end, any portion of the “Overpayment” funds for which the liquidation period associated with the prior year carryover funds has expired and has not yet been returned to the department, remains refundable to the department, and shall be reported on Schedule A, in the column entitled "Due to Grantor." When the district/charter school elects not to carry over the unexpended current year balance approved through the Final Expenditure Report, and the district/charter school has received advance funding that has not been returned to the department at year end, this amount remains refundable to the department, and shall be reported on Schedule A, in the column entitled “Due to Grantor.”

When the district/charter school elects not to carry over the unexpended current year balance approved through the Final Expenditure Report, and this balance of funds was not advance paid to the district/charter school, the balance is considered “released” by the district/charter school to the DOE. Released funds are unexpended award amounts that have not been received by the district/charter school and are reported/recorded as a release of funds in the Final Expenditure Report. Those funds will not be claimed by the district/charter school. The amount of funds released by the district/charter school (not expended by the district/charter school and not advanced/remitted by the DOE) should be presented on Schedule A, in the column entitled “Adjustments”.

All funds that have been refunded during the fiscal year shall be shown on Schedule A, in the column entitled "Repayment of Prior Year Balances."

Definitions/Headers

- 1) **Grantor/Program Title:** This column designates the original grantor department/agency (grantor) of the financial assistance and the name of the assistance program. Programs are classified by grantor and are further delineated within grantor as to direct or pass-through programs. The schedule must identify the program as direct or pass-through. When there are several active grants within the same program they will be presented separately within the schedule.
- 2) **Federal CFDA Number:** This is applicable to the *Schedule of Expenditures of Federal Awards* only and represents the federal program number obtained from the Catalog of Federal Domestic Assistance (CFDA). When the CFDA number is not available, this fact should be noted and the program should be identified by another identifying number, if available.
- 3) **Grant (Contract) or State Project Number (State Aid NJCFS Number):** This is applicable to the *Schedule of Expenditures of State Financial Assistance* only and is the state identifying number that can be obtained in a latter page of this chapter of the Audit Program (II-SA) or from the NJ State Appropriations Handbook. It is used by the NJ Department of Education for monitoring and reconciling state awards.
- 4) **Grant Period:** Represents the initial period for which the program was awarded.
- 5) **Program/Award Amount:** Designates the amount of the initial program award. The full amount of the award or grant agreement should be reported in this column. **Noncash awards such as a state grant for facilities (EDA/SCC grants) which are paid directly by the EDA/SCC to the vendors are included in this column and may be notated (NC).**
- 6) **Balance at June 30, 2012:** This is used to report deferred revenue, intergovernmental accounts payable (due to grantor), or intergovernmental accounts receivable for those prior year programs which have balances as of the end of the prior fiscal year. On the *Schedule of Expenditures of Federal Awards* these amounts are shown netted in one column, but the district/charter school may separate them into multiple columns. On the *Schedule of Expenditures of State Assistance* a separate column is presented for Due to Grantor. A positive amount reflects deferred revenue or intergovernmental accounts payable. A negative amount for unrestricted revenue sources represents an intergovernmental accounts receivable and a negative amount for restricted revenue sources represents a deficit in the program attributable to the deferral of the last state aid payment as required GAAP reporting under GASB 33. The budgetary receivable included in the 2011-12 *Schedule of Expenditures of State Assistance* is not included in this column.
- 7) **Carryover/(Walkover) Amount:** Reflects the movement of award proceeds which have been approved for carryover into a carryover program code. Note that any walkover amount must be

reflected as a negative amount on the line from which it was transferred, and a positive amount on the grant/aid program line to which it was transferred. Prior year state restricted formula aids would be reflected in this column. Where a deficit (negative in the Balance at June 30, 2012 column) in the preceding year was attributable to the deferral of the last state aid payment (GASB 33 GAAP revenue recognition), the Carryover/(Walkover) column will show a positive on the line for the previous year and a negative on the line for the audit year. This would occur only in the restricted state aid programs.

- 8) **Cash Received:** Reflects the amount of cash received during the current fiscal year for the applicable financial assistance program.
- 9) **Budgetary Expenditures:** Represents the total costs chargeable to the program during the current fiscal year. The budgetary expenditures amount must agree with the *Budgetary Comparison Schedules* (General Fund (GAAP) and Special Revenue Fund (Grant Accounting)) and the *Budgetary Comparison Schedule, Note to RSI* and the *Special Revenue Combining Schedule of Program Revenues and Expenditures – Budgetary Basis*.

For Preschool Education Aid, this reflects the total actual expenditures for Preschool Education. Budgetary expenditures include contribution to charter schools.

- 10) **Adjustments:** In instances where a grant period overlaps fiscal years and the grant has not closed out as of the end of the current fiscal year, favorable differences incurred in the liquidation of encumbrances charged as budgetary basis expenditures in the prior fiscal year should be included in the *Schedule of Expenditures of Federal Awards* (Schedule A) and *Schedule of Expenditures of State Financial Assistance* (Schedule B) in a column entitled “Adjustments.” This column would not be used for differences in the liquidation of encumbrances on grants which have closed out as of the end of the current fiscal year since these differences would affect current year expenditures. Reporting this information separately from current year expenditures will provide a clearer indication of the grant activity during a period of time. Any amount reported as an adjustment in the Schedule A or Schedule B must be fully explained in the *Notes to the Schedules of Expenditures of Awards and Financial Assistance*, including the reason for the adjustment and the period to which it pertains. The district/charter school should include a column for Adjustments only if it is applicable.
- 11) **Repayment of Prior Years' Balances:** Repayments are made during the current fiscal year to a grantor for unexpended funds on a program whose grant period has expired and no carryover was granted or allowed. Do not list Repayment of Prior Years' Balances unless refunds have been sent to the grantor during the current year. The district/charter school should include a column for Repayment of Prior Years' Balances only if it is applicable.
- 12) **(Intergovernmental Receivable) at June 30, 2013:** Amounts due from the grantor, as of fiscal year end, are reflected here. The amounts reported must agree with the amounts reported in the Balance Sheet (Exhibit B-1) for the governmental funds or with the Food Service column in the Statement of Net Position (Exhibit B-4) for the Proprietary Funds.
- 13) **Deferred Revenue at June 30, 2013:** Unexpended award proceeds as of fiscal year end which are expendable in the subsequent fiscal year are reflected here. For Preschool Education Aid, if the district/charter school has deferred revenue, the amount reported in the Schedule B plus the state aid payment made in July of the subsequent year should agree to the amount calculated on the Special Revenue Restricted Aid Schedules as actual carryover.

- 14) **Due to Grantor at June 30, 2013:** Unexpended award proceeds which are due back to the grantor as of fiscal year end are listed here. These amounts are reflected in the general ledger as Intergovernmental Accounts Payable and should reconcile to the amounts reported in the *Basic Financial Statements* and in the *Combining Schedules* by the amount of the state aid payment (general and special revenue fund) made in July of the subsequent year. This column will be utilized by the Department of Education to identify and collect moneys due to the state for federal and state programs. If a district/charter school has amounts due back to the grantor at the end of the fiscal year, that amount must appear in the Due to Grantor column of the current fiscal year, and also in each subsequent year's CAFR as a balance at June 30 of the prior year until the amount is ultimately repaid. If a district/charter school has no unexpended award proceeds due back to the grantor, show the column heading and leave the column blank. See the discussion on pages II-SA.5 and 6.
- 15) **Budgetary Receivable:** The amount reported in the first MEMO column on Schedule of Expenditures of State Financial Assistance is computed using the Program/Award amount less the cash received. A deficit in a program cannot exceed this amount.
- 16) **Cumulative Total Expenditures:** This column is a memo only column, used on the *Schedule of Expenditures of State Financial Assistance*, and reports the cumulative expenditure of a grant. If the grant crosses fiscal years the amount may differ from the budgetary expenditures since the budgetary expenditures represents expenditures for only the current fiscal year. These amounts will most likely be the same for most forms of state aid reported by NJ school districts/charter schools.

Specific Program Information

State:

The award amount and budgetary expenditure figures for general fund state aids other than TPAF/Social Security reimbursements should be equal and agree with the amount shown as revenues for the applicable state aid in the budgetary statements/schedules. This also applies to on-behalf TPAF Pension amounts which must be included in the *Schedule of Expenditures of State Financial Assistance*.

TPAF/Social Security reimbursements must be reflected on the *Schedule of Expenditures of State Financial Assistance*. Any receivable outstanding from the prior year should be shown on a separate line. The current year award and expenditure amount represents the total of the amounts submitted for reimbursement during the current year. The uncollected balance (cash received minus amount billed) is shown as intergovernmental accounts receivable at year-end.

Federal:

Food Distribution Program (formally USDA Commodities) should be presented in the schedule at the full cash equivalent value. The award and cash received amounts should be the value of the commodities distributed during the year. The budgetary expenditures amount is the amount of inventory consumed and the deferred revenue amount is the ending inventory amount.

The expenditures related to carry-forward of federal awards under the ARRA should be reported separately on the Schedule of Expenditures of Federal Awards (SEFA) and the Data Collection Form (SF-SAC). The prefix "ARRA" should be used to identify the name of the federal program on the SEFA and as the first characters in Item 9d of Part III on the SF-SAC.

Individuals with Disabilities Education Act (IDEA), expends funds on a first-in-first-out basis. School districts/charter schools should expend available carry-over funds first during the fiscal year before

expending current year IDEA funds. A portion of the IDEA funding is available for expenditure on behalf of public school students (public aid) and a portion of the IDEA funding is available for expenditure on behalf of nonpublic school students (nonpublic aid). The portion of IDEA funding that is available for expenditures made for services provided to parentally placed students with disabilities in private schools (nonpublic aid) must be expended in accordance with 34 CFR 300.133 (a)(3). When a school district/charter school has not expended for equitable services all of the funds described in paragraphs (a)(1) and (a)(2) of this section by the end of the federal fiscal year associated with those funds, the school district/charter school must obligate the remaining funds for special education and related services to parentally-placed private school children with disabilities during a carry-over period of one additional year. If there are unexpended funds at the end of the second federal fiscal year, and the district/charter school can provide assurance that the district/charter school has consulted with the private school service providers, the unexpended two-year-old nonpublic IDEA funding (nonpublic school aid) is recast as public school funds (public school aid). Any amount so transferred and recast as public school aid is first applied to expenditures of the most recently ended school district/charter school fiscal year. The resultant increase to unexpended and available public school aid may be used to increase the current public school aid grant.

IDEA funds may be provided for Coordinated Early Intervening Services (CEIS). School districts/charter schools are either classified as required to use these funds for this purpose or as having elected to use funds for this purpose. In general, CEIS expenditures are capped at 15 percent of the current grant defined as the combined amount of the Basic plus Preschool awards. School districts /charter schools that were required to use the funds for this purpose must carryover the unexpended CEIS dedicated funds for the same purpose. For the CEIS “required” districts/charter schools, current year funds available for CEIS are equal to 15 percent of the current year grant plus the carryover of unexpended CEIS funds. If a CEIS “required” district/charter school has not expended the carryover CEIS funds by the end of the second year, the district/charter school must return/release the unexpended funds to the department. School districts /charter schools that had elected to use the funds for CEIS must carryover unexpended funds at the end of the first year as regular public school funds (public school aid) and are not required to return unexpended elected CEIS funds to the department. CEIS “elected” districts/charter schools are capped at 15 percent each year.

Audit Findings

The identification of major programs with an asterisk (*) in the schedule of expenditures of federal awards and state financial assistance is not required. This information is included in the Schedule of Findings and Questioned Costs prepared by the auditor.

The department’s Office of Fiscal Accountability and Compliance (OFAC) acts on the Commissioner’s behalf in the receipt, exchange, review and investigation of information relevant to the efficient supervision of all schools in the state receiving support or aid from federal and state appropriations, N.J.S.A. 18A:4-23. The office performs investigations and many auditing functions, including the coordination of monitoring activity related to allowable uses of federal funds. The auditor is required to perform follow-up tests/procedures, as necessary, to ensure that all the findings contained in audit reports issued by the OFAC have been properly resolved. The conclusions drawn from the follow-up tests and procedures performed on OFAC findings by the independent auditor where the district is subject to a federal and/or state single audit must be summarized in the Federal and/or State Financial Assistance Findings and Questioned Costs (Section III) of the Schedule of Findings and Questioned Costs. Where the district is not subject to a federal and/or state single audit, the status of the OFAC findings should be addressed in the Legal or Regulatory Requirements section of the Independent Auditor’s Report.

The Auditor's Management Report and the Schedule of Findings and Questioned Costs must indicate whether the district/charter school has not complied with federal and state regulations in a timely manner. Grant refunds are to be submitted with the Final Expenditure Reports. Discretionary grant refunds are required by the department upon approval of the Final Expenditure Report. If grant periods extend beyond the audit deadline of June 30, unexpended funds should be listed as Deferred Revenue and refunded with the Final Expenditure Reports. Do not list Repayment of Prior Years' Balances unless refunds have been sent to the grantor. If the school district/charter school Schedule of Finding and Questioned Costs or Audit Findings indicate that refunds are due, the refunds are to be submitted promptly with an explanation regarding the findings.

Corrective Action Plans filed by the district/charter school with the grantor indicate noncompliance issues. Auditors should review the school district's/charter school's Findings, the Schedule of Findings and Questioned Costs and the schedules listed above. When a Corrective Action Plan has been adopted by the district/charter school, the auditor must consider the impact of the potential noncompliance with the grant terms on the financial statements (CAFR).

**FEDERAL PROGRAM NUMBERS
FROM CATALOG OF FEDERAL
DOMESTIC ASSISTANCE
(List Not All Inclusive)**

CFDA #

10.553 School Breakfast Program

10.555 National School Lunch Program

10.556 Special Milk Program for Children

10.558 Child and Adult Care Food Program

10.559 Summer Food Service Program for Children

10.582 Fresh Fruits and Vegetable Program

84.010A Title I Part A Grants to Local Educational Agencies

84.011A Title I, Part C Education of Migrant Children

84.013A Title I, Part D Neglected & Delinquent Children

84.027 Individuals with Disabilities - States Grant

84.040 Impact Aid – Facilities Maintenance

84.041 Impact Aid

84.048A Career and Technical Education - Basic Grants

84.144F MEP Consortium Incentive

84.144G MSIX State Data Quality Grants

84.173 Preschool Grants for Children with Disabilities

97.036 Project School Emergency Response to Violence (SERV) (Disaster Grants- Public Assistance)

84.185 Byrd Honors Scholarship

84.186A Safe and Drug-Free Schools and Communities (SEA Portion)

84.186B Safe and Drug-Free Schools and Communities (GOV Portion)

84.196 Education for Homeless Children and Youth

84.213C Title I, Part B Even Start Family Literacy

84.215V NJ Character Pilot Program

FEDERAL PROGRAM NUMBERS (cont'd.)

CFDA #

- 84.243A Career and Technical Prep Education
- 84.282 Public Charter Schools
- 84.287C 21st Century Community Learning Centers
- 84.293C Foreign Language Assistance
- 84.298A Innovative Programs Title V, Part A (Formerly Title VI)
- 84.318X Enhancing Education through Technology (Title II, Part D)
- 84.323A State Program Improvement Grants
- 84.326C Deaf and Blind Centers
- 84.330 Advanced Placement Fee Program
- 84.336A Teacher Quality Enhancement State/Partnership Grants
- 84.336C Stepping Up Teacher Recruitment
- 84.357A Reading First
- 84.358B Rural Education
- 84.365A English Language Acquisition (Title III)
- 84.366B Mathematics & Science Partnerships
- 84.367A Improving Teacher Quality State Grants (Title II Part A) SEA
- 84.367B Improving Teacher Quality State Grants (Title II Part A) Higher Ed
- 84.369A State Assessment Program (Title VI, Part A)
- 84.371B Striving Readers
- 84.372A State Longitudinal Data Systems
- 84.377A School Improvement Grants
- 84.386A ARRA – Educational Technology State Grants

FEDERAL PROGRAM NUMBERS (cont'd.)

84.387A ARRA – Homeless

84.388A ARRA – School Improvement Grants

84.389A ARRA- Title I Part A

84.391 ARRA – IDEA Part B

84.392A ARRA – Preschool Grants

84.394A ARRA-SFSF-ESF (Educ. State Grants)

84.397A ARRA-SFSF-GSF (Government Services)

84.410A Education Jobs Fund

84.413A Race To The Top Phase 3 (RTT3)

84.938C Hurricane Relief Grant

93.600 Head Start Collaboration

93.708 ARRA – Early Childhood Advisory Council

93.778.1 Medical Assistance Program

93.938 Comprehensive School Health/HIV

94.004 Learn and Serve America

**STATE AID AND STATE GRANT
STATE ACCOUNT NUMBERS**

GENERAL FUND

13 495-034-5120 -078	Equalization Aid
13 495-034-5120 -083	Education Adequacy Aid
13 495-034-5120 -089	Special Education Categorical Aid
13 495-034-5120 -084	Security Aid
13 495-034-5120 -085	Adjustment Aid
13 495-034-5120 -068	School Choice Aid
13 495-034-5120 -014	Transportation Aid
13 495-034-5120 -005	Payment for Institutionalized Children- Unknown District of Residence
13 495-034-5095 -001	Teachers' Pension and Annuity Fund – Post Retirement Medical
13 495-034-5095 -002	Social Security Tax
13 495-034-5095 -006	Teachers' Pension and Annuity Fund
13 495-034-5095 -007	Teachers' Pension & Annuity Fund – Non-contributory Insurance
13 100-034-5062 -032	Vocational Education
13 495-034-5120 -071	Charter School Aid

SPECIAL REVENUE FUND

13 495-034-5120 -086	Preschool Education Aid
13 100-034-5120 -064	N.J. Nonpublic Textbook Aid
13 100-034-5120 -066	N.J. Nonpublic Handicapped Aid
13 100-034-5120 -067	N.J. Nonpublic Auxiliary Services Aid
13 100-034-5120 -068	N.J. Nonpublic Auxiliary/Handicapped Transportation Aid
13 100-034-5120 -070	N.J. Nonpublic Nursing Services
13 100-034-5120 -373	N.J. Nonpublic Technology Initiative
13 100-034-5062 -032	Vocational Aid

DEBT SERVICE FUND

13 495-034-5120 -017	School Building Aid
13 495-034-5120 -075	School Construction Debt Service Aid

ENTERPRISE FUND

13 100-010-3350 -023	State School Lunch Program
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INSERT *SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*
SCHEDULE A/ EXHIBIT K-3

Schedule of Expenditure of Federal Awards

To display the K-3 illustration, click on the following link:

[Single Audit](#)

Selecting print will produce page II-SA.21 of The Audit Program.

INSERT *SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE*
SCHEDULE B/ EXHIBIT K-4

Schedule of Expenditure of State Financial Assistance

[SchSA-B.xls](#)

To display the K-4 illustration, click on the following link:

Selecting print will produce page II-SA.22 of The Audit Program.

_____ SCHOOL DISTRICT/CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 20__

Section I --Summary of Auditor's Results

Financial Statements

[Reference – Section .510 and .520 of Circular OMB-133]

Type of auditor's report issued: _____

Internal control over financial reporting:

- 1) Material weakness(es) identified? _____ yes _____ no
- 2) Significant deficiencies identified? _____ yes _____ none reported

Noncompliance material to basic financial statements noted? _____ yes _____ no

Federal Awards

Internal Control over major programs:

- 1) Material weakness(es) identified? _____ yes _____ no
- 2) Significant deficiencies identified? _____ yes _____ none reported

Type of auditor's report issued on compliance for major programs: _____

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? _____ yes _____ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____	_____
_____	_____
_____	_____
_____	_____

Dollar threshold used to distinguish between type A and type B programs:[520] \$ _____

Auditee qualified as low-risk auditee? _____ yes _____ no

**SCHOOL DISTRICT/CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 20__
(continued)**

Section II -- Financial Statement Findings

[This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting in a Circular A-133 audit. See paragraphs 13.15 and 13.35. See the AICPA Audit Guide *Government Auditing Standards and Circular A-133 Audits* for further guidance on this schedule]

(Note to Preparer -- Identify each finding with a reference number and present in the following level of detail, as applicable. If there were no findings, state that no matters were reported.)

Finding XX-X

Criteria or specific requirement:

Condition:

Context:

Effect:

Cause:

Recommendation:

Views of responsible officials and planned corrective actions:

**SCHOOL DISTRICT/CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 20__
(continued)**

Section III -- Federal Awards and State Financial Assistance Findings and Questioned Costs

[This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and NJOMB Circular Letter 04-04.]

(Note to Preparer -- Identify each finding with a reference number. If there are no findings, state that no matters were reported. Findings that are required to be included in both Section II and Section III may be summarized in one section with a reference to the detailed reporting in the other section. When a federal or state single audit is not required -- do not include that Awards Section. Refer to the AICPA Guide *Government Auditing Standards and Circular A-133 Audits*)

FEDERAL AWARDS

Finding XX-X

Information on the federal program(1):

Criteria or specific requirement:

Condition (2):

Questioned Costs (3):

Context (4):

Effect:

Cause:

Recommendation:

Views of responsible officials and planned corrective actions (5):

**SCHOOL DISTRICT/CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 20__
(continued)**

Section III -- Federal Awards and State Financial Assistance Findings and Questioned Costs (cont'd.)

STATE AWARDS

Finding XX-X

Information on the state program (1):

Criteria or specific requirement:

Condition (2):

Questioned Costs (3):

Context (4):

Effect:

Cause:

Recommendation:

Management's response (5):

- (1) Provide the federal program (CFDA number and title) and state program (NJCFPS number) and agency, the federal/state awards number and year, and the name of the pass-through entity, if applicable.
- (2) Include facts that support the deficiency identified in the audit finding.
- (3) Identify questioned costs as required by section .510(a)(3) and .510(a)(4) of Circular A-133 and NJOMB Circular Letter 04-04.
- (4) Provide sufficient information for judging the prevalence and consequences of the finding, such as the relation to the universe of costs and/or number of items examined and quantification of audit findings in dollars.
- (5) To the extent practical, indicate when management does not agree with the finding and/or questioned cost. For further guidance, auditors should refer to *Government Auditing Standards*, par. 5.26 through 5.30, Chapter 4 and par. 12.34 and 12.38 of the AICPA Guide *Government Auditing Standards* and Circular A-133 Audits.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Districts/charter schools which are required to have a federal and/or state single audit conducted in accordance with USOMB Circular A-133 and/or NJOMB 04-04 are responsible for preparing the summary schedule of prior audit findings and the corrective action plan as part of the Reporting Package required to be submitted to the Federal Clearinghouse and/or state funding departments. Districts/charter schools should refer to USOMB **Circular A-133 ¶ .315** for guidance on preparing these schedules.

As reference, the following excerpts from USOMB Circular 133 are provided:

- OMB 133, 500(e) states “The auditor shall follow-up on prior audit findings, perform procedures to assess the reasonableness of the summary schedule of prior audit findings prepared by the auditee in accordance with ¶ 315(b) and report, as a current year audit finding, when the auditor concludes that the summary schedule of prior audit findings materially misrepresents the status of any prior audit finding. The auditor shall perform audit follow-up procedures regardless of whether a prior audit finding relates to a major program in the current year.”
- OMB 133, 315 (b)(1) states “When the audit findings were fully corrected, the summary schedule need only list the audit findings and state that corrective action was taken.”
- OMB 133, 315 (b)(2) states “When the audit findings were not corrected, or were only partially corrected, the summary schedule shall describe the planned corrective action as well as any partial corrective action taken.”
- OMB 133, 315 (b)(3) states “When corrective action taken is significantly different from corrective action previously reported in a correction action plan or in the federal agency’s or pass-through entity’s management decision, the summary schedule shall provide an explanation.”

Below is a sample of the summary schedule of prior audit findings.

_____ **SCHOOL DISTRICT/CHARTER SCHOOL**
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 20__

[This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB **Circular A-133 (¶.315 (a)(b))** and NJOMB’s Circular 04-04.]

[Note to Preparer -- Identify each prior-year finding with its prior-year reference number and present in the following level of detail. The NJ Department of Education requests that repeat audit findings be cross referenced to the current year number. If there were no findings, state that no matters were reported.]

STATUS OF PRIOR YEAR FINDINGS

Finding # _____

Condition

Current Status