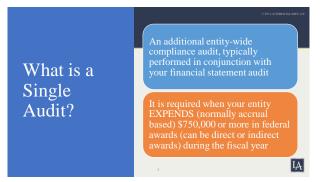


SINGLE AUDIT BASICS



What is a Single Audit?	
The goal of the Single Audit is to provide support to the Federal government that your entity has appropriate and adequate internal controls in place and that you follow the grant requirements.	
The auditors will issue additional reports related to the Single Audit:	
Schedule of Expenditures of Federal Awards (SEFA)	
 Opinion on Internal Control over Financial Reporting 	
 Opinion on Compliance and Internal Control over Compliance 	_
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STEP 1: GET **ORGANIZED**

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- · Spend some time identifying your federal grant awards
 - · Review of receipts in the general ledger
 - · Discussions with department heads Have departments funnel information and supporting documents through the Finance/Treasurer's office
 - Start to gather grant agreements, related receipts and identify expenditure line items
 Consider grant money that is sent through the State of Illinois or your county

STEP 2: COMPILE **YOUR INFORMATION**

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Compiling Information

- Review receipt and expenditure amounts so you can determine a "draft" Schedule of Expenditures of Federal Awards (SEFA) to determine if you have hit the \$750,000 threshold for a Single Audit
 Traft should outline grant name, receipts, qualifying expenses, etc.

 Discuss this "draft" early with your auditors to compare to the \$750,000 threshold for requiring a single audit

 Remember this needs to include ALL federal grant related programs think about public safety programs (vests), public works (road sharing programs with Federal funding), etc.

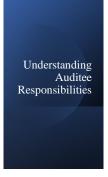
 Remember to consider expenditures incurred but not paid by year-end
 ARPA note: You will only be subject to a single audit if you spent more than

 - ARPA note: You will only be subject to a single audit if you spent more than \$750,000 (including other federal programs) during the fiscal year, even if your first receipt was greater than \$750,000

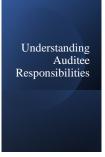


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STEP 3: UNDERSTAND YOUR RESPONSIBILITIES



- Your auditors will be required to test your compliance over federal awards that are deemed "Major Programs"
- Compliance tests are based on the Compliance Supplement for grant CFDA # (now called ALN # Assistance Listing Number)
 You are responsible for understanding and complying with those compliance requirements
- 2021 Compliance Supplement can be found at: https://www.singleaudit.org/supplement/
- The 2021 Compliance Supplement COVID-19 Addendum is expected in Late 2021



- Each federal award/ALN # have different compliance requirements, but there are 12 primary requirements that could be applicable
 - Activities Allowed or Unallowed
 Allowable Costs/Cost Principles

 - Allowable Costs/Cost Principles
 Cash Management
 Eligibility
 Equipment and Real Property Management
 Matching, Level of Effort, Earmarking
 Period of Performance

 - Program Income
 - · Procurement, Suspension and Debarment

 - Reporting
 Subrecipient Monitoring
 - · Special Tests and Provisions

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STEP 4: REVIEW YOUR **INTERONAL CONTROLS AND POLICIES**

Reviewing Controls and Policies

- Besides testing compliance related to your major programs, your auditor is ALSO required to test your internal countrols over federal awards for your major programs
 The auditors will need to see several documented policies, including, for example:
 Cost eligibility identification policy
 Procurement policy (including discussion of suspension or debarment of vendors)
 Cash management policy
 Subrecipient related policies, if applicable

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Reviewing Controls and Policies

- Part 6 "internal Control" of the OMB's Compliance Supplement is a useful resource: https://www.whitehouse.gov/wp-content/uploads/2020-Compliance-Supplement_FINAL_08.06.20.pdf
- Per Part 6 "With respect to federal awards, a system of internal control is expected to provide a non-federal entity with reasonable assurance that the entity's objectives related to compliance with federal statutes, regulations, and the terms and conditions of the federal awards will be achieved."

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Reviewing Controls and Policies

- Related to internal controls, your auditors will utilize a variety of tools to test your control environment:

 Observation of controls

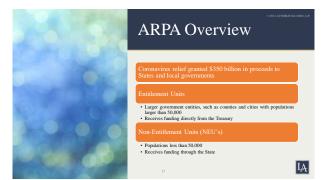
 Walk throughs
 Inquiries of management and those involved in grant administration

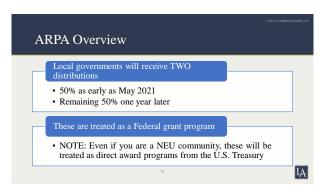
 Document inspection

 Weak internal controls could result in Single Audit deficiencies or material weaknesses being identified and reported in your final SEFs.

 Strong internal controls result in proper management, spending, and reporting of grant funds, and reduces the possibility of audit findings.

ARPA OVERVIEW





- Funds can be used to cover costs incurred/obligated by December 31, 2024
 "Obligated" per Uniform Guidance: "Financial obligations, when referencing a recipient's or subrecipient's use of funds under Federal award, means orders placed for property or services, contracts and subwards made, and similar transactions that require payment."
- Funds can cover a performance period that ends December 31, 2026
- Depending on your funding allocations, you could have multiple years with Single Audits Required

ELIGIBLE EXPENSES

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Eligible Expenses

- 4 Eligible Use Categories
 - 1) Public Health and Negative Economic Impacts
 - · 2) Premium Pay for Essential Workers
 - 3) Investments in Water, Sewer and Broadband
 - 4) Revenue Loss

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ARPA funds can be used to aid households, businesses individuals, such as rent, mortgage or utility assistance for costs incurred by households, businesses or individuals prior to MARCH 3,

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1) Public Health and Negative Economic Impacts – Continued Services and Programs to Contain and Mitigate the Spread of COVID-19 Medical expenses Contact tracing Isolation or quarantine PPE purchases Support for vulnerable populations to access medical/public health services monitoring for variants) Public health surveillance (for example, monitoring for variants) Enhancement of healthcare capacity, including alt. care Enforcement of public health orders Public communication efforts Enhancements of public health data systems Support for prevention, mitigation, or Capital investments in public facilities to Ventilation improvements in key settings like other services in congregate living facilities and schools meet pandemic operational needs healthcare facilities Services to Address Behavioral Healthcare Needs Exacerbated by the Pandemic Substance misuse treatment Other behavioral health services Services or outreach to promote access to health and social services Hotlines or warmlines Crisis intervention

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1) Public Health and Negative Economic Impacts – Continued Addressing the Negative Economic Impacts Caused by the Public Health Emergency Delivering Assistance to Workers and Familie, including aid to unemployed workers and piot raining, as well as aid to households facing food, housing, or other financial consecurity. In addition, these funds can support survivor's benefits for family members of COVID-19 victims are represented in the properties of th Speeding the Recovery of the Tourism, Travel and Huspitality Sectors, supporting industries that were particularly hard-hit by the COVID-19 energency and are just not beginning to mend. Similarly impacted sectors within a local area are also eligible for support

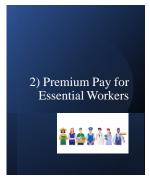
Public Health and Negative Economic Impacts - Continued					
Serving the Hardest-Hit Communities and Families					
Addressing Health Disparities and the Social Determinants of Health, through funding for community health workers, public benefits navigators, remediation of lead hazards, and community violence intervention programs					
Addressing Educational Disparities through new or expanded early learning services, providing additional resources to high-poverty school districts, and offering educational services like tutoring or afterschool programs as well as services to address social, emotional, and mental health needs	Promoting Health Childhood Environments, including new or expanded high quality childcare, home visiting programs for families with young children, and enhanced services for child welfare-involved families and foster youth				
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1) Public Health and Negative Economic Impacts - Continued

- Payroll and covered benefit expenses for public health, healthcare, human services, public safety and similar employees, to the extent that they work on the COVID-19 response.
 - Will NOT be able to just claim public safety payroll expenses like CARES/CURES money
 - Employees must be actively working on the COVID-19 response
 - Will need to submit supporting documentation to validate they are actively working on the COVID-19 response

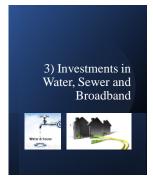
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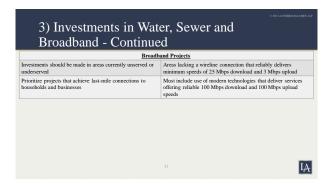
ARPA funds can be used to provide premium pay *retroactively* for workers performing essential work during the COVID-19 public health emergency. This pay must be in addition to wages already paid, and the obligation to provide such pay must not have been incurred prior to March 3, 2021

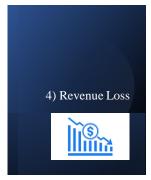
Essential Workers:				
Staff at nursing homes, hospitals and home-care settings	Workers at farms, food production facilities, grocery stores, and restaurants			
Janitors and sanitation workers	Public health and safety staff			
Truck drivers, transit staff, and warehouse workers	Childcare workers, educators, and school staff			
Social service and human services staff				



ARPA funds can be used to make necessary investments in water, sewer, or broadband infrastructure. Eligible projects may be planned or started prior to March 3, 2021, provided that the actual project costs covered by the funds were incurred after March 3, 2021

Broadband - Continued						
Drinking Wa	ter Infrastructure Projects					
Building or upgrading facilities	Building or upgrading transmission systems					
Building or upgrading distribution systems	Building or upgrading storage systems					
Replacement of lead service lines						
Wastewate	r Infrastructure Projects					
Constructing publicly-owned treatment infrastructure	Managing and treating stormwater or subsurface drainage water					
Facilitating water reuse	Securing publicly-owned treatment works					





The Treasury's Interim Final Rule provides governments a broader latitude to use funds for the provision of government services to the extent of reduction in revenue. The use of lost revenue ARPA funds for government services must be forward looking for costs incurred after March 3, 2021

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4) Revenue Loss

- · Overall items to note:
 - The amount of revenue loss CAN'T just be deposited to replenish lost reserves
 the amount calculated still must be SPENT on eligible expenses
 This calculation ONLY determines the categories that you can spend your

 - The Revenue Loss Category has the most flexibility with spending
 The calculation assumes a 4.1% revenue growth factor, so your calculation may result in more revenue loss than you were expecting
 - The amount of your revenue loss calculation must be spent on the Interim Final Rule's non-exclusive list of "government services" that include providing services or aid to citizens

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4) Revenue Loss – Continued

- Revenue calculations exclude several items:
 - · Federal Revenue/Grants
 - · Refunds and other reclass/correction amounts
 - · Proceeds from debt issuance or sale of investments
 - · Revenues generated by utilities
- \bullet Any reduction in revenue is PRESUMED to be from the pandemic impact and you don't have to prove it was (assumes a 4.1% revenue growth each year)
- Your revenue loss calculation will be done at 4 points in time: 12/31/2020, 12/31/2021, 12/31/2022 and 12/31/2023



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4) Revenue Loss – Continued

- Once you complete your Revenue Loss calculation, you have determined the dollar amount you are allowed to spend on this category of expenses
- These funds must be used on the non-exclusive list of "government services"
- These funds can be used on "pay-go" infrastructure

 Practice of funding the costs of ongoing capital from existing reserves/cash on hand, rather than from borrowed funds. An entity can use ARPA funds to start a capital project and then finish it with future economic revenues or bonds/long-term debt borrowings

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4) Revenue Loss — Continued

• These funds can be used on the following:

• Maintenance of infrastructure

• Pay-go spending for building new infrastructure, including roads

• Modernization of cybersecurity, including hardware, software, and protection of critical infrastructure

• Health services

• Environmental remediation

• School or educational services

• Provision of police, fire and other public safety services

EXCLUDED EXPENSES

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REPORTING REQUIREMENTS

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Reporting Requi	rements			
Recipient	Interim Report	Project and Expenditure Report	Recover Plan Performance Report	
States, U.S. territories, metropol cities and counties with a popul than exceeds 25,0000 residents. Metropolina cities and counties Metropolina cities and counties a population to the body 250,000 residents which received more the contract of the counties of the counties of the Hall of Communits. Metropolina cities and counties a population below 25,000 residents which received less the million at ARFR funding	with By August 31, 2021, with expenditures by category with	TO JANUARY 31, 2022) By October 31, 2021, and then annually thereafter (NOW EXTENDED TO	By August 31, 2021, and annually thereafter by July 31 Not Required	
NEUs (Non-Entitelment Units)	Not Required	APRIL 30, 2022)		IA

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Questions???



