

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. The revised version of Circular A-133 is available through the web site, <http://www.whitehouse.gov/omb/circulars/index.html>.

The Act requires that GAGAS be followed in audits of state and local governments. *Government Auditing Standards (The 2003 Yellow Book)* issued by the Comptroller General of the United States specifies the standards and guidance generally known as GAGAS. A printed copy of the document can be purchased from the Government Printing Office - Superintendent of Documents (202) 512-1800 or via the GPO web site at <http://bookstore.gpo.gov>. *The 2003 Yellow Book* is also available in electronic format through the GAO website www.gao.gov. The GAO issued a July 2007 revision to *The Yellow Book* which supercedes the 2003 Yellow Book and updates the quality control and peer review sections in Chapter 3. The July 2007 version is effective for financial audits of periods beginning on or after January 1 2008, but earlier implementation is permitted and encouraged. The printed version of the July 2007 revision of *Government Auditing Standards* can be ordered through the Government Printing Office (GPO) online or by calling 202-512-1800 or 1-866-512-1800 toll free.

When auditing federal programs for the fiscal year ending June 30, 2008, auditors are required to follow the provisions of *OMB Circular A-133* and the *March 2008 OMB A-133 Compliance Supplement* (Compliance Supplement). The OMB Circular A-133 is available on the Internet at <http://www.omb.gov> (click on Circulars). Auditors are also advised to obtain the *Federal OMB-133 2008 Compliance Supplement* which is available at www.omb.gov (click on circulars at the lower left and scroll down to OMB -133) or at http://www.whitehouse.gov/omb/circulars/a133_compliance/08/08toc.html. The *2008 Compliance Supplement* is also available for purchase from the Government Printing Office by calling (202) 512-1800. The stock number for this document is 041-001-00643-5. Auditors should select from a list of departments in Part 4 of the Compliance 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 2008 Compliance Supplement.

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 on pages II-SA.9 and .10 of this Audit Program and the auditor can look up a program at the CFDA web site: <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) supercedes 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)* provides guidance on the auditor's responsibilities when conducting a single audit or program specific audit in accordance with the Single Audit Act Amendments of 1996 and USOMB Circular A-133. The *Guide* incorporates guidance from the following:

- The Single Audit Act Amendments of 1996,
- OMB Circular A-133,
- AICPA Statement on Auditing Standards (SAS) No. 74 *Compliance Auditing Considerations in Audits of Government Entities and Recipients of Governmental Financial Assistance*
- *Government Auditing Standards*
- OMB Circular A-133 Compliance Supplement.

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 Type A Programs Worksheets, which are required as part of the CAFR Reporting Package, were developed to ensure the accuracy of the Type A major program threshold calculations and to verify that major programs were audited within the required time period, either during the current year or the two most recent audit periods. The Worksheets can be accessed from the internet by clicking on the following link: [Type A Programs Worksheet](#).

If a school district 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. However, 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 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 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 Grantor

In the event that the budgetary expenditure incurred by the district is less than the amount of federal aid cash received (special revenue only), the district shall apply for carryover where permissible by statute after completion of the project period. Those funds not available for carryover but with a grant expiration date beyond June 30th, are not due to the grantor until the grant expiration date has elapsed. In this situation, excess cash received shall be reported as deferred revenue on the *Schedule of Expenditures of Federal Financial Assistance* (Schedule A) of the audit report, in the column entitled "Deferred Revenue." 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.

When no carryover application is made, when current grant funds are expired or when prior year entitlement funds are expired, the funds shall be refundable to the department and shall be reported on Schedule A, column entitled "Due to Grantor." All funds that have been refunded during the fiscal year shall be shown on Schedule A, column entitled "Repayment of Prior Year Balances."

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) reauthorizes 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://www.nclb.gov>. The New Jersey NCLB reference Manual includes fiscal guidance in Section IV "Fiscal Regulations and Responsibility" of the FY 2008 NCLB Application 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 has provided guidelines for preparing the schedule of expenditures of federal financial awards when grantees transfer amounts between ESEA programs, consolidate administrative funds of ESEA programs or combine ESEA funds in a schoolwide program. For pre-NCLB programs, the ESEA statute is available at <http://www.ed.gov/legislation/ESEA>.

Federal Awards: Title I schoolwide status

All non-Abbott schools with an approved Title I schoolwide program 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 (Whole School Reform School). This activity for the non-Abbotts will be recorded in Fund 20, not Fund 15. See the *Appendix A* for guidance on how to perform the calculations and report the schoolwide programs in the CAFR. This also applies to all schools with an approved Title I schoolwide program in the 2007-08 school year.

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

The restricted formula aid Early Childhood Program Aid (ECPA) 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". Since the restricted formula aids Demonstrably Effective Program Aid (DEPA), Instructional Supplement Aid (ISA) and Targeted At-Risk Aid (TARA) have been replaced with general fund aid for 2008-09, and Distance Learning Network Aid (DLNA) was combined with Consolidated Aid in 2003-04, districts were told to budget anticipated carryover at June 30 as Other State Aid in the general fund in 2008-09 (see page 26 of the 2008-09 Budget Guidelines). Accordingly, districts should show the carryover on the special revenue line in the column headed "Deferred Revenue/Interfund Payable". See Section II-20 of this Audit Program for further guidance.

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). 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", if the refund is not received by December 1.

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 records and must include all active (i.e. - not closed) financial assistance programs in which a district 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-20, 14). 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 2007 (recognize on GAAP in 2007-08) and July 2008 (not recognized on GAAP until 2008-09) (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, including all columns, even if left blank. When the district has an approved amendment to the federal grant budget that includes prior year carryover as part of the current year grant, the carryover and the current year federal grant 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. 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.

Auditor's Note – Auditors should review *Appendix A* for items that specifically relate to districts that are required to use school-based budgeting.

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 an other 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, 2007:** 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 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 2006-07 *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, 2005 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 Demonstrably Effective Program Aid, this reflects the total actual DEPA expenditures per the District-Wide DEPA Schedule. For Early Childhood Program Aid, this reflects the total actual expenditures for ECPA, excluding the amount transferred from the General Fund to fund ECP. 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 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 should include a column for Repayment of Prior Years' Balances only if it is applicable.
- 12) **(Intergovernmental Receivable) at June 30, 2008:** 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 Assets (Exhibit B-4) for the Proprietary Funds.
- 13) **Deferred Revenue/Interfund Payable at June 30, 2008:** Unexpended award proceeds as of fiscal year end which are expendable in the subsequent fiscal year are reflected here. Districts are to transfer any carryover of the restricted state aids *Demonstrably Effective Program Aid (DEPA)*, *Instructional Supplement Aid (ISA)*, *Targeted At-Risk Aid (TARA)*, and *Distance Learning Network Aid (DLNA)* to the general fund, therefore these are considered Interfund Payables at June 30, 2008. *Early Childhood Program Aid* will remain in the special revenue fund as a resource for the preschool education program. These amounts must reconcile to the amounts reported in the *Basic Financial Statements*. For *DEPA*, *ECPA*, *ISA*, and *TARA* if the district has deferred revenue, the amount reported in the Schedule B plus the state aid payment made in July of the subsequent year for each aid should agree to the amount calculated on the Special Revenue Restricted Aid Schedules as actual carryover.
- 14) **Due to Grantor at June 30, 2008:** 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 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 has no unexpended award proceeds due back to the grantor, show the column heading and leave the column blank.
- 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 can not 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.

Specific Program Information

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.

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.

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 Auditor's Management Report and the Schedule of Findings and Questioned Costs must indicate whether the district 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 30th, 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 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 with the grantor indicate non-compliance issues. Auditors should review the school district'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, the auditor must consider the impact of the potential non-compliance with the grant terms on the financial statements (CAFR).

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

CFDA #

10.550	Food Donation
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
10.574	Team Nutrition Training (TNT)
84.010A	Title I Part A Grants to Local Educational Agencies
84.011A	Title 1, Part C Education of Migrant Children
84.013A	Title I Part D Neglected and Delinquent Children
84.027	Individuals with Disabilities - States Grant
84.040	Impact Aid – Facilities Maintenance
84.041	Impact Aid
84.048A	Perkins Vocational Education - Basic Grants
84.173	Preschool Grants for Children with Disabilities
84.184	Community Service Grants (Title IV, Part A, Subpart 2)
84.184R	Drug and Violence Prevention Management Improvement Grant
84.185	Byrd Honors Scholarships
84.186A	Safe and Drug-Free Schools and Communities (SEA Portion)
84.186B	Safe and Drug-Free Schools and Communities (Governor’s Portion)
84.196	Education for Homeless Children and Youth
84.213C	Title 1, Part B Even Start – State Education Agencies
84.215V	Partnerships in Character Education

FEDERAL PROGRAM NUMBERS (cont'd.)

CFDA #

84.243A Perkins Voc Tech Prep Education
84.282 Public Charter Schools
84.287C 21st Century Community Learning Centers
84.293C Foreign Language Assistance Grants
84.298A Innovative Education Programs Title V, Part A (Formerly Title VI)
84.318X Enhancing Education through Technology [Title IID]
84.330 Advanced Placement Fee Program
84.332A Title 1, Part F, Comprehensive School Reform
84.336C Stepping Up Teacher Recruitment & Retention
84.357A Reading First
84.358B Rural and Low-Income Students (Title VI, Part B)
84.365A English Language Acquisition (Title III)
84.366B Mathematics & Science Partnerships
84.367A Improving Teacher Quality State Grants [Title II Part A]
84.367B Improving Teacher Quality Grants SAHES (Higher Ed)
84.377A School Improvement Grants
93.778 Medical Assistance Program
93.938 Comprehensive School Health/HIV
94.004 Learn and Serve

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

GENERAL FUND

08-100-034-5120 -339	Core Curriculum Standards Aid
08-495-034-5120 -022	Core Curriculum Standards Aid
08-495-034-5120 -023	Supplemental Core Curriculum Standards Aid
08-100-034-5120 -058	Additional Formula Aid
08-495-034-5120 -059	High Expectations for Learning Proficiency
08-495-034-5120 -014	Transportation Aid
08-495-034-5120 -011	Special Education Aid
08-495-034-5120 -008	Bilingual Education Aid
08-495-034-5120 -030	Stabilization Aid
08-495-034-5120 -033	Large Efficient District Aid
08-495-034-5120 -036	Aid for Districts with High Senior Citizen Populations
08-495-034-5120 -038	Stabilization Aid 2
08-495-034-5120 -047	Stabilization Aid 3
08-495-034-5120 -050	Regionalization Incentive Aid
08-100-034-5120 -473	Extraordinary Special Education Costs Aid
08-495-034-5120 -067	Abbott-Bordered District Aid
08-495-034-5120 -063	Above Average Enrollment Growth
08-495-034-5120 -049	Education Opportunity Aid
08-495-034-5120 -057	Consolidated Aid
08-495-034-5120 -013	County Vocational Program Aid
08-495-034-5120 -039	Adult and Postsecondary Education Grants
08-495-034-5120 -052	Teacher Quality Mentoring
08-495-034-5120 -054	School Bus Crossing Arms
08-495-034-5120 -005	Payment for Institutionalized Children- Unknown District of Residence
08-495-034-5120 -074	Full-Day Kindergarten Supplemental Aid
08-495-034-5095 -001	Teacher's Pension and Annuity Fund – Post Retirement Medical
08-495-034-5095 -002	Social Security Tax
08-495-034-5095 -006	Teacher's Pension and Annuity Fund
08-100-034-5062 -032	Vocational Education
08-495-034-5120 -068	School Choice Aid
08-495-034-5120 -071	Charter School Aid

SPECIAL REVENUE FUND

08-495-034-5120 -025	Early Childhood Program Aid
08-495-034-5120 -055	Abbott Preschool Expansion Aid
08-495-034-5064 -002	Demonstrably Effective Program Aid
08-495-034-5120 -029	Instructional Supplement Aid
08-495-034-5120 -005	Targeted At-Risk Aid
08-495-034-5120 -062	Early Launch to Learning Initiative
08-100-034-5120 -064	N.J. Nonpublic Textbook Aid
08-100-034-5120 -066	N.J. Nonpublic Handicapped Aid
08-100-034-5120 -067	N.J. Nonpublic Auxiliary Services Aid
08-100-034-5120 -068	N.J. Nonpublic Auxiliary/Handicapped Transportation Aid

08-100-034-5120 -070	N.J. Nonpublic Nursing Services
08-100-034-5120 -373	N.J. Nonpublic Technology Initiative
08-100-034-5120 -074	Educational Information and Resource Center (EIRC)
08-100-034-5120 -072	Emergency Aid
08-100-034-5062 -485	Evening School for the Foreign Born
08-100-034-5062 -032	Vocational Aid

DEBT SERVICE FUND

08-100-034-5120 -125	Debt Service Aid – State Support
08-495-034-5120 -016	Additional State School Building Aid – Chapters 10, 74 and 177

ENTERPRISE FUND

08-100-010-3350 -021	State School Breakfast Program
08-100-010-3350 -022	Nonpublic Nutrition Aid
08-100-010-3350 -023	State School Lunch Program

Date Issued 7/08

Revised 8/08

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](#)

Select the tab entitled "Schedule A"
Selecting print will produce page II-SA.14 of The Audit Program.

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

Schedule of Expenditure of State Financial Assistance

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

[Single Audit](#)

Select the tab entitled "Schedule B"
Selecting print will produce page II-SA.15 of The Audit Program.

_____ SCHOOL DISTRICT
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 that are not considered to be material weaknesses? _____ 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 that are not considered to be material weaknesses? _____ 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
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, and instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*. 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
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
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 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 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)(2) 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**
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

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