

# How to Prepare the Schedule of Expenditures of Federal Awards (SEFA)

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## What we will discuss:

- What is a SEFA?
- Why is the SEFA is necessary?
- Accumulating information for the SEFA
- Sorting & Summarizing the Data
- Notes to the SEFA
- How to ensure you have a complete and accurate SEFA
- Common problems noted
- Resources
- SEFA Checklist

## What is a SEFA?

- Schedule of Expenditures of Federal Awards
- Required by 2 CFR 200 Uniform Guidance if Federal expenditures exceed \$750,000
  - Old limit under OMB Circular A-133 was \$500,000
- SEFA defined in 2 CFR 200.510
  - Auditee's responsibility defined in 2 CFR 200.508(b)
  - Auditor's responsibility defined starting at 2 CFR 200.514
- Supplementary information to the basic financial statements

## Why is the SEFA necessary?

- The SEFA serves as the basis for program testing selections in a compliance audit- accuracy and completeness of the SEFA is critical.
- District is responsible for preparing a complete and accurate SEFA (auditor can assist)
- Auditor is required to assess the District's internal controls over preparation of the SEFA.
- Auditor is required to perform audit procedures to verify the accuracy and completeness of the SEFA.
  - Agreeing revenues and expenditures to financial software
  - Tracing receipts of revenues
  - Testing of individual expenditures

## Accumulating Information for the SEFA

Things you will need to get started:

- Prior year SEFA
- Internet access (CFDA website, UG website, OPI website)
  - CFDA – Catalog of Federal Domestic Assistance
- General ledger detailing expenses for all Federal programs
  - School food Fund 12
  - Miscellaneous program Fund 15 (by reporter code)
  - Impact aid Fund 26
- Final expenditure reports for all Federal programs (E-grants or Dept. of ED usually)
- Memo from OPI indicating the value of donated food commodities

## Accumulating Information-continued

### Step 1

Know your federally funded programs! The majority of these programs are tracked in Fund 15 but there are others that you may receive and track elsewhere i.e. Impact Aid, School Food.

- *E-grants is a good place to find information on many of your federal programs i.e. Title I, IDEA*
- *OPI also provides reports on funding received for school food and food commodities*
- *Federal funding can come for other places so always ask the specific grantor if money you are receiving is a federal award.*

## Accumulating Information- continued

### Step 1, continued

Common federal programs in a school district:

- *Titles I, II, VI, VII*
- *21<sup>st</sup> Century*
- *Carl Perkins*
- *IDEA and IDEA Preschool*
- *Child Nutrition Cluster (School Breakfast and Lunch)*
- *Fresh Fruits and Vegetables*
- *Impact Aid*
- *REAP*

## Accumulating Information- continued

### Step 2

Establish a spreadsheet to enter SEFA data. (OPI Fund 15 reconciliation will work with some tweaking). See related handout.

- *Basic columns needed: Project Reporter, Program Name, CFDA #, Oversight Agency (federal), Receipts, Disbursements.*
- *Optional columns: Encumbrances, Program Receivables, Program Advances, Balance checks*



## Accumulating Information- continued

### Step 3

Enter the financial data into the spreadsheet by project reporter codes for Fund 15 programs (Funds 12 and 26 are included as well).

- *Revenues and expenditures are easily determined from financial reports and general ledger (include Indirect Costs)*
- *The SEFA should be prepared on the same basis of accounting (i.e. cash, modified accrual) as the financial statements. Current year encumbrances should be removed from the total expenditures while adding any prior year encumbrances that have been paid.*
- *If the program is funded by a combination of both federal and state or local funds, list only the federal share on the SEFA. This is not a major concern for school funding*

## Accumulating Information- continued

### Step 3, continued

Know the exceptions

- *Child Nutrition cluster and commodities are reported at revenue received. You simply enter the revenue amount as the amount expended.*
- *Medicaid is a federal program but is considered fees for services provided and thus not included on the SEFA.*
- *Include federal loan balances or interest subsidies (not including QZAB bonds) as expenditures.*
- *Include federally funded endowment balances as expenditures.*

## Accumulating Information- continued

### Step 4

Reconcile the total revenues and expenditure to the accounting system and financial system/reports provided to the oversight agencies.

- *This ensures all federal activity is included on the SEFA.*
- *Use of the Fund 15 recap from OPI can assist with this as you can separate state from federal programs relatively easily*
- *During this process, additional federal revenues may be identified. These should be added to the SEFA also.*

*REAP is generally missed as its provided by OPI but not included on E-Grants for reporting.*

## Accumulating Information - continued

### Step 5

Enter the corresponding CFDA number from the grant agreement or E-grants system.

- *Each Federal program is assigned a unique CFDA number.*
- *The complete CFDA number is a five digit number, XX.XXX*
- *The first two digits represent the Funding Agency and the second three digits represent the program.*
- *e.g. 84.010*

*84 = Department of Education*

*.010 = Title I Grants to Local Education Agencies*

## Accumulating Information- continued

### Step 5 - continued

- *If the pass-through grantor failed to indicate the CFDA number, either contact the pass-through or use a key word search on the CFDA website to find it.*
- *Some programs may be funded by more than one CFDA number. In that case, each CFDA has to be listed separately on its own line.*

## Accumulating Information - continued

### Step 6

Enter the name of the pass-through grantor if identified as a passthrough.

- *For school districts, the most common pass-through grantors are MT OPI or MT DPHHS.*
- *If received directly from the Federal government, enter "Direct".*
  - *Impact Aid*
  - *Title VII*



## Accumulating Information- continued

### Step 7

Look up the CFDA number entered in column E from the Catalog of Federal Domestic Assistance website and enter the Federal grantor name and the program name.

- *Programs can be searched by CFDA # or keyword.*
- *Enter the program name from the CFDA website, do **NOT** use the name given to the program by the District or passthrough agency.*

## Sorting & Summarizing the Data

- Sort the data by CFDA number so that all of the financial assistance from the same federal program is grouped together on the schedule. This will help with subtotaling by grantor as well.
- Provide subtotals for programs with the same CFDA numbers (e.g. Special Education or Title programs that have carryover funds/deadlines).
- Provide a subtotal for each federal grantor.
  - Listed in order by direct funding and any respective passthrough agency
- Provide a total for all federal programs.



## Notes to the SEFA

Notes to the SEFA should include these common disclosures:

- Significant accounting policies used in preparing the schedule
- Value of noncash assistance expended
- Clusters of programs - groupings of closely related programs that have similar compliance requirements identified in OMB Circular A-133 Compliance Supplement

## Notes to the SEFA- Continued

Other required disclosures, *if applicable*, include:

- Amounts provided to sub-recipients
  - Title I is most common
- Amount of insurance in effect from federal insurance program
- Loans and loan guarantees outstanding

## Notes to the SEFA- Continued

### NOTE A—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of ABC School District under programs of the federal government for the year ended June 30, 201X. The information in this schedule is presented in accordance with the requirements of 2 CFR 200 Uniform Guidance.

### NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the (identify basis of accounting) basis of accounting. Such expenditures are recognized following the cost principles contained in 2 CFR 200 Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

## Notes to the SEFA- Continued

### NOTE C—FUNDING PROVIDED TO SUBRECIPIENTS

Of the federal expenditures presented in the schedule, XYZ School District provided federal awards to subrecipients as follows:

CFDA Number	Program Name	Amount Provided to Subrecipients
84.010	Title I	\$ 10,000

### NOTE D—FOOD DONATION

Nonmonetary assistance is reported in the schedule at the fair market value of the food commodities received and disbursed during the year ended June 30, 201X.

## SEFA Note Disclosure - Continued

### NOTE E – CLUSTERS

Clusters of programs are groupings of closely related programs that share common compliance requirements. Total expenditures by cluster are listed on a single line:

Child Nutrition Cluster	10.553, 10.555	\$433,255
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- Most common clusters for school districts are the Special Education Cluster (IDEA B and IDEA preschool) and Child Nutrition Cluster (National School Lunch Program, School Breakfast Program, Special Milk, and Summer Food Service)

## How to ensure you have a complete and accurate SEFA?

### Step 1

For each program, reconcile current year expenditures to the Final Expenditure Report (FER) or general ledger submitted to the federal grantor or pass-through agency (i.e. OPI).

- *Attach the supporting reconciliation. Your auditors will want this. Reconciling items could include:*
  - *Expenditures obligated in the prior year and reported in the prior year FER but paid for (accrued) in the current year*
  - *Expenditures obligated in the current year and reported in the current year FER but paid for (accrued) in the subsequent year.*



## How to ensure you have a complete and accurate SEFA?- Continued

### Step 1 – Continued

- Example:

A purchase order is issued for Title 1 supplies in May 2015. The supplies are received in July 2015 and paid for in August 2015.

Expenditure reported on the FY2015 FER since it was obligated in FY2015

Expenditure reported on the FY2016 SEFA since the supplies were received and paid for in FY2016

## How to ensure you have a complete and accurate SEFA?- continued

### Step 2

Compare current year expenditures to prior year expenditures for reasonableness.

- *Any significant differences between the current and prior year should be explained or addressed. Generally the funding levels have changed or the grant is not being offered.*

## How to ensure you have a complete and accurate SEFA?- continued

### Step 3

Compare current year expenditures to the current year revenues and explain any significant differences.

- *Could be timing differences- expenses reported in the SEFA in one fiscal year may not be reimbursed by OPI until the following fiscal year. These differences are reported as Due from other governments. Other differences could be related to advances from grantors that have not been spent yet.*
- *Check the payment history report on E-Grants for each grant (depending on availability). The final payment indicated on the payment history report should agree to the difference, if any, between revenues and expenses.*

## Common Problems noted

- Amounts reported in the SEFA did not reconcile to financial records
- The SEFA did not indicate whether the awards were direct or pass-through.
- Notes did not disclose the basis of accounting.
- The sub-grant awards numbers assigned by the pass-through entities were not included on the schedule.

## Common problems noted - Continued

- The names of the pass-through entities or grantor federal agencies were missing.
- Multiple lines for CFDA numbers were shown, but the total expenditures for the CFDA number was not included.
- The correct CFDA number was not reported
- The correct name of the program was not reported

## Resources

### Catalog of Federal Domestic Assistance

- [www.cfda.gov](http://www.cfda.gov)

### 2 CFR 200 Uniform Guidance

- [http://www.ecfr.gov/cgi-bin/text-idx?SID=f0da5098f3f767403d9e6f86024f142e&mc=true&node=pt2.1.200&rgn=div5#se2.1.200\\_17](http://www.ecfr.gov/cgi-bin/text-idx?SID=f0da5098f3f767403d9e6f86024f142e&mc=true&node=pt2.1.200&rgn=div5#se2.1.200_17)

### OMB Circular A-133 Compliance Supplement (Last year of A-133)

- [http://www.whitehouse.gov/omb/circulars/A133\\_COMPLIANCE\\_SUPPLEMENT\\_2015](http://www.whitehouse.gov/omb/circulars/A133_COMPLIANCE_SUPPLEMENT_2015)
  - The 2016 Uniform Guidance supplement has not been issued yet

### AICPA's Schedule of Expenditures of Federal Awards (SEFA) Practice Aids (look for link to auditee practice aids)

- <http://www.aicpa.org/InterestAreas/GovernmentalAuditQuality/Resources/AuditPracticeToolsAids/Pages/Single%20Audit%20Practice%20Aids.aspx>



## SEFA Checklist

1. Does the schedule of expenditures of federal awards (SEFA) do the following:
  - a) List individual federal programs by federal agency?
  - b) Include the CFDA number for each program, or if a CFDA number is not available, include another identifying number and the name of the program? i.e 10.XXX
  - c) Show total federal awards expended for each individual federal program?

## SEFA Checklist- continued

- d. For research and development (R&D) clusters, list federal awards expended either by individual award or by federal agency and major subdivision within the agency. These are generally limited to grants from the National Science Foundation.
- e. For all other clusters of programs, list the individual awards within the cluster?
- f. Include the name of the pass-through entity and identifying number assigned by the pass-through entity for federal awards received as a sub-recipient?
- g. Identify, to the extent practical, the total amount provided to sub-recipients from each federal program? (Alternatively, this information may be included in the notes.)

## SEFA Checklist- continued

2. Do notes to the SEFA appropriately and completely describe the significant accounting policies used in preparing the SEFA and the basis of accounting?
3. Does the SEFA (preferably) or a note to the SEFA include the value of federal awards expended in the form of:
  - a) Noncash assistance?
  - b) The amount of insurance in effect during the year?
  - c) The amount of loans or loan guarantees, including interest subsidies, outstanding at year end?

## SEFA Checklist- continued

4. Does the SEFA include other information required by federal awarding agencies and pass-through entities?
5. If nonfederal awards are included (usually not an issue for districts in Montana):
  - a) Is the data clearly segregated and identified as non-federal?
  - b) Is the title modified to indicate that non-federal awards are included?

Questions?





Project Reporter Code	Title of Program	CFDA	Clerk's Beg. Cash Balance	Total Receipts (including amounts that were receivable in the prior year)	Total Disbursements (including any encumbrances)	Current Year Encumbrances (unpaid)	Prior year encumbrances paid during the year	Amounts Returned to Grantor	Clerk's Ending Cash Balance	Total Federal Expenditures	Due to Grantor	Due from Grantor	Encumbrances	Deferred revenues	Balance check
<b>US Department of Education</b>															
<b>Direct Programs</b>															
0	Impact Aid	84.041	367,272.00	167,309.00	266,802.00		15,088.00		252,691.00	281,890.00					252,691.00
Total Direct										281,890.00					
<b>Passed through Montana Office of Public Instruction</b>															
408	Carl Perkins	84.048A	3,296.00	5,555.00	0.00		8,851.00		0.00	8,851.00					0.00
467	IDEA Part B	84.027A	0.00	158,355.00	414,178.00	6,240.00			-249,583.00	407,938.00		255,823.00	-6,240.00		0.00
Total Passed through MT OPI										416,789.00					
Total US Department of Education										698,679.00					
<b>US Department of Agriculture</b>															
<b>Passed through Montana Office of Public Instruction</b>															
<b>Child Nutrition Cluster</b>															
<b>Cash assistance</b>															
0	National School Lunch	10.553	0.00	377,660.00	377,660.00				0.00	377,660.00					0.00
0	School Breakfast Program	10.555	0.00	77,846.00	77,846.00				0.00	77,846.00					0.00
<b>Noncash Assistance</b>															
0	Commodities	10.553	0.00	14,210.00	14,210.00				0.00	14,210.00					0.00
Total Child Nutrition Cluster										469,716.00					
0	Fresh Fruits and Vegetables	10.582	0.00	22,150.00	22,150.00				0.00	22,150.00					0.00
Total Passed through MT OPI										491,866.00					
Total Department of Agriculture										491,866.00					

**Total Federal Expenditures** 1,190,545.00