STATE OF CONNECTICUT

STATE DEPARTMENT OF EDUCATION

August 9, 2016

TO: **Grantees: Nonprofit Organizations**
Institutions of Higher Education
Other Grant Recipients

FROM: **Gloria McCree**
Director, Office of Internal Audit

SUBJECT: **Audit Requirements – 2015-2016 Audits of Federal Awards and State Financial Assistance**

The purpose of this letter is to advise grantees of the Connecticut State Department of Education (CSDE) of the requirements imposed on them by federal and state laws, regulations and the provisions of contracts or grant agreements.

Please be certain to furnish your auditor with **a copy of this letter** and **the listing of federal awards and State Financial Assistance for 2015-2016.**

I. Federal Awards

Prior to December 31, 2016, one of the following three requirements must be met by all nonprofit entities:

(1) **If the entity operates on a July 1 - June 30 fiscal year,** two copies of the audit report should be submitted per the instructions in Section V "*Audit Report Submission Instructions.*"

(2) **If the entity operates on a fiscal year which is other than July 1 - June 30,** please notify the Office of Internal Audit in writing of the date of the fiscal year end. If you have notified us previously of your entity's fiscal year end, you need to provide this information again **only** if the fiscal year end has changed.

THE AUDIT MUST BE SUBMITTED NO LATER THAN SIX MONTHS AFTER THE CLOSE OF THE ENTITY'S FISCAL YEAR.

(3) **If the entity expends total federal awards of less than $750,000,** please notify the Office of Internal Audit in writing no later than December 31, 2016 of the entity's exemption from the **Federal Single Audit Act's audit requirements,** together with a statement of the amount of federal awards expended. **Please note that it is possible to be exempt from audit requirements of the Federal Single Audit Act but still be required to have an audit performed under the State Single Audit Act. (See Section II regarding State Financial Assistance).**

Please Note: As December 31, 2016 is a Saturday, these reports must be submitted on or before the next business day; Tuesday, January 3, 2017.

Audits must be conducted on the expenditure of all U.S. Department of Education (USDE) Awards, U.S. Department of Health and Human Services (HHS) and U.S. Department of Agriculture (USDA) Awards (Child Nutrition funds), in accordance with the December 26, 2013 release of the Uniform Guidance for Federal Awards (Uniform Grant Guidance) (formally titled 2 CFR Chapter I, Chapter II, Part 200, et al. *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; Final Rule), pursuant to the Single Audit Act Amendments of 1996.

Code of Federal Regulations (CFR)

On December 26, 2013, OMB released the Uniform Grant Guidance (formally titled 2 CFR Chapter I, Chapter II, Part 200, et al. *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; Final Rule).

For fiscal years beginning on or after December 26, 2014, the Uniform Grant Guidance contains the set of cost principles and audit requirements that apply to grants and subgrants awarded to non-federal entities.

2 CFR Part 200 Subpart E—Cost Principles supersedes 2 CFR Part 225, "*Cost Principles for State, Local and Indian Tribal Governments*" (OMB Circular A-87). Pursuant to §200.110(a) - *Effective/applicability date*, "The standards set forth in this part which affect administration of Federal awards issued by Federal awarding agencies become effective once implemented by Federal awarding agencies or when any future amendment to this part becomes final. Federal awarding agencies must implement the policies and procedures applicable to Federal awards by promulgating a regulation to be effective by December 26, 2014 unless different provisions are required by statute or approved by OMB. For the procurement standards in §§200.317-200.326, non-Federal entities may continue to comply with the procurement standards in previous OMB guidance (superseded by this part as described in §200.104) for two additional fiscal years after this part goes into effect. If a non-Federal entity chooses to use the previous procurement standards for an additional two fiscal years before adopting the procurement standards in this part, the non-Federal entity must document this decision in their internal procurement policies."

2 CFR Part 200 Subpart F—Audit Requirements supersedes OMB Circular A-133. The standards set forth in this part will apply to audits of fiscal years beginning on or after December 26, 2014. One of the major changes included in this part is the audit threshold was increased to $750,000 in federal award expenditures. In addition, changes were made to the major program determination process and auditees will be required to include in the SEFA the amount of federal funds provided to subrecipients.

2 CFR Part 200, Appendix XI — Compliance Supplement 2 CFR part 200, subpart F, describes the non-Federal entity's responsibilities for managing Federal assistance programs (2 CFR section 200.508) and the auditor's responsibility with respect to the scope of audit (2 CFR section 200.514). Auditors are required to follow the provisions of 2 CFR part 200, subpart F, and the Supplement.

Additional information regarding Grants Management Circulars may be found at www.whitehouse.gov/omb/grants_circulars.

Schedule of Expenditures of Federal Awards (SEFA)

Separate schedules are required for expenditures of Federal Awards and expenditures of State Financial Assistance.

For *Expenditures of Federal Awards*, an illustrative schedule can be found on the American Institute of Certified Public Accountants' (AICPA's) website at http://www.aicpa.org/InterestAreas/GovernmentalAuditQuality/Resources/IllustrativeAuditorsReports/DownloadableDocuments/IllustrativeUniformGuidanceReports2016.pdf.

Important Notes:

It is imperative that the SEFA accurately identifies all federal programs. To this end, please report the proper Catalog of Federal Domestic Assistance (CFDA) numbers and account codes for all grant programs listed. Attachment I contains a table that lists the CFDA title and number in addition to the CSDE award name and CORE-CT number. Please refer to this information when preparing the SEFA. The 2015-2016 Grant Award Listings are available on the CSDE web site at the Bureau of Grants Management's (BGM) Grant Payment Reports page (http://www.csde.state.ct.us/public/dgm/grantreports1/paydetlMain.aspx).
Attachment II contains instructions for accessing and printing the 2015-2016 Grant Award Listings.

II. State Financial Assistance

State Financial Assistance provided by the CSDE to municipalities for fiscal years which began on or after July 1, 2013 is to be audited pursuant to the 2009 revisions to the State Single Audit Act, Sections 4-230 through 4-236 of the Connecticut General Statutes (CGS), and applicable regulations.

Under the revised State Single Audit Act, non-state entities that expend $300,000 or more in a year in State Financial Assistance must have a state single audit performed. Under certain circumstances, an auditee may elect to have a program-specific audit conducted. CGS Section 4-231 should be consulted for specific guidance relative to this option. Non-state entities that expend less than $300,000 a year in State Financial Assistance are exempt from the state audit requirements for that year, but records must be available for review or audit by appropriate officials of the State agency. Additionally, as stated in Part 16 of the 2016 Compliance Supplement, **"The purpose of the State Single Audit Filing Exemption Notification is to advise the Office of Policy and Management that a non-state entity is not required to conduct a State Single Audit because the entity did not expend $300,000 or more of State Financial Assistance during its fiscal year. The form should be filed no later than sixty (60) days subsequent to the entity's fiscal year end."**

Note – Information regarding the legislative revisions to the State Single Audit Act may be found in Part i – Introduction of the Compliance Supplement.

Schedule of Expenditures of State Financial Assistance

As previously mentioned, separate schedules are required for expenditures of Federal Awards and expenditures of State Financial Assistance.

For Schedule of Expenditures of State Financial Assistance, an illustrative schedule can be found as Example 4 in "Part 9 – Illustrative Auditor's Reports and Schedules for Local Governmental Entities - Municipalities and Audited Agencies and Nonprofit Organizations" of the "Compliance Supplement to the State Single Audit Act For Fiscal Years Beginning On or After July 1, 2015" issued by the state Office of Policy and Management.

Attachment II contains instructions for accessing and printing the 2015-2016 Grant Award Listings. A listing which identifies State Financial Assistance is available on the CSDE web site at the BGM's Grant Payment Reports page
(http://www.csde.state.ct.us/public/dgm/grantreports1/paydetlMain.aspx).
Attachment III contains a table that lists the CSDE award name and CORE-CT number. Please refer to this information when preparing the Schedule of Expenditures of State Financial Assistance.

III. Audit Responsibility for Prepayment Grants

It is the responsibility of the grantee, as designated on the grant award letter, to provide an audit of financial awards/assistance. A question regarding audit responsibility sometimes arises in the following situation:

In some instances, a number of grantees who are members of a secondary regional school district each receive prepayment grants from the CSDE. Each grantee then gives its grant funds to the regional school district which contracts to operate the program and expend the funds on behalf of each grantee. In these cases, each of the grantees is responsible for providing an audit of its financial awards/assistance even though program disbursements were made by the regional school district. This may be accomplished as follows:

(a) The regional school district may provide a schedule of expenditures and audit report to each grantee to the satisfaction of each grantee's audit firm. Each audit firm may submit the region's audit as an addendum to its audit report for the grantee. Please note that each grantee must provide an audit of its own financial awards/assistance, and its audited grant expenditures are not to be commingled with expenditures from funds of other grantees.

(b) In the absence of an audit report from the regional district, the grantee's auditor must examine the regional district's records and include a Statement of Cash Receipts, Total Expenditures, and any findings in the schedule submitted to the CSDE.

IT IS NOT SUFFICIENT TO SUBMIT AN AUDIT REPORT OF CSDE FUNDS INDICATING A LUMP SUM AMOUNT AS "EXPENDITURES" TO ANOTHER AGENCY OR INSTITUTION.

IV. Resolution of Differences Between Audit Amounts and Amounts Filed on Statement of Expenditures Report (ED-141)

Any differences between the ED-141 filed by the grantee with the CSDE and the audit report must be reconciled and resolved immediately. To facilitate this reconciliation process, the auditee must list the amount of the awards expended for each award year separately. **IF NECESSARY, THE GRANTEE MUST FILE A REVISED ED-141 WITH CSDE.**

V. Audit Report Submission Instructions

Audit reports must be submitted no later than December 31, 2016 (Please Note: As December 31, 2016 is a Saturday, these reports must be submitted on or before the next business day; Tuesday, January 3, 2017).

Electronic Audit Report System (EARS)

As stated in Part iii - Audit Report Submission Information of the 2016 Compliance Supplement, "EARS is a web site made available by the Municipal Finance Services Section of the Office of Policy and Management (OPM) to provide independent auditors an electronic process for uploading audit reports of their clients on-line. State grantor agencies and the public will be able to access and view the reports that have been filed on EARS.

"The filing on EARS for all parts of the audit reporting package to be submitted to OPM is mandatory. On occasion, management letters may not have been issued or corrective action plans may not have been developed by the time the financial and State Single Audit reports are issued. In such circumstances, when these items are unavailable to be filed with the remaining portions of the State Single Audit Report package, they may be filed separately at a later date with OPM by the auditee's independent auditor by uploading such items on EARS using the "Upload a Management Letter" or "Upload a Corrective Action Plan" feature.

"In regard to the filing of State Single Audit reports, OPM as the cognizant state agency for most entities that are required to file a State Single Audit report does still require that a hardcopy of the report be submitted to its Office by the required filing date in state law. State grantor agencies have agreed to use the reports filed on-line on EARS in lieu of receiving a hardcopy of the reports from their grantees. Such reports should be filed on-line no later than the required filing date under state law (6-months subsequent to the entity's fiscal year end or the extension date granted by the cognizant state agency).

"Although EARS was first developed for the filing of State Single Audit reports, it has been reconfigured to allow for the filing of financial audit reports and federal single audit reports that would normally be filed with OPM or other state agencies whether or not a State Single Audit report is being filed. Further information is available on the EARS website.

"The Electronic Audit Reporting System (EARS) can be accessed by going to the EARS website at: https://www.appsvcs.opm.ct.gov/Auditing/Home.aspx. Please contact the Municipal Finance Services Section of the Office of Policy and Management at 860-418-6400 if you should encounter any problems or have any questions."

Once an electronic version of the reports has been submitted on OPM's Electronic Audit Reporting System (EARS), no other Single Audit submission directly to CSDE is required.

Please see Attachment IV for all contact information.

GM:tdg
Attachments

Attachment I

2016 SID Codes				
with Corresponding CFDA Numbers and Titles (where applicable)				
Grant Title	*Core Fund*	*Core SID*	*CFDA Number*	*Grant Title per Catalog of Federal Domestic Assistance (CFDA)*
Federal Awards				
Special School Milk	12060	20500	10.556	Special Milk Program for Children
School Breakfast	12060	20508	10.553	School Breakfast Program
Child and Adult Care Food Program	12060	20514	10.558	Child and Adult Care Food Program
Child and Adult Food Program	12060	20518	10.558	Child and Adult Care Food Program
Summer Food Service Program	12060	20540	10.559	Summer Food Service Program for Children
Cash-in-Lieu/Commodities-CCFP	12060	20544	10.558	Child and Adult Care Food Program
Summer Food Service Program	12060	20548	10.559	Summer Food Service Program for Children
National School Lunch Program Combined	12060	20560	10.555	National School Lunch Program
Title I – Grants	12060	20679	84.010A	Title I Grants to Local Educational Agencies
Title I - Neglected & Delinquent	12060	20680	84.013A	Title I State Agency Program for Neglected and Delinquent Children and Youth
Title I – Even Start	12060	20682	84.213C	Even Start_State Educational Agencies
Voc Education Act-Carl Perkins	12060	20742	84.048A	Career and Technical Education – Basic Grants to States
Educ. Homeless Children and Youth	12060	20770	84.196A	Education for Homeless Children and Youth
Adult Basic Education	12060	20784	84.002A	Adult Education – Basic Grants to States
Title II Part A Improving Teacher Quality	12060	20858	84.367A	Improving Teacher Quality State Grants
21st Century Community Learning Centers	12060	20863	84.287C	Twenty-First Century Community Learning Centers
Rural and Low Income	12060	20866	84.358B	Rural Education
English Language Acquisition	12060	20868	84.365A	English Language Acquisition Grants
IDEA-Part B Section 611	12060	20977	84.027A	Special Education_Grants to States
Pre-School (IDEA Part B) Grant	12060	20983	84.173A	Special Education_Preschool Grants
Mathematics and Science Partnership Program	12060	21592	84.366B	Mathematics and Science Partnerships
Refugee School Impact Program	12060	21964	93.576	Refugee and Entrant Assistance_State Administered Programs
Fresh Fruit & Vegetable Program	12060	22051	10.582	Grants for Enhanced Assessment Instruments
School Improvement Grant	12060	22223	84.377A	School Improvement Grants
Child Nutrition School Food Equipment	12060	22386	10.579	Child Nutrition Discretionary Grants
Pregnant & Parenting Teens	12060	22439	93.500	Pregnancy Assistance Fund Program

Attachment II

FY 2015-2016 Grant Listing Instructions

Payment Reports may be accessed at:
http://www.csde.state.ct.us/public/dgm/grantreports1/paydetlMain.aspx

Under ***A. Select Year***, choose ***2015-2016***.

Under ***B. Report type***, choose ***Summary***. Once you select the town or other grantee (from the ***All Others*** category), and either ***All Grants*** or a specific grant from the drop down list, then click ***Submit***. From the next screen, click ***Download CSV*** to get the coding string breakdown.

If you choose a grantee from the ***All Others*** category, you must click on the circle that says ***All Others*** and then choose the grantee which is in alphabetical order by name on the list below.

Please note: In regards to federal awards, the grant titles referenced in the payment report may not be the same as the CFDA Title. When preparing the ***Schedule of Expenditures of Federal Awards***, please use the CFDA Title as indicated in Attachment I.

ED141 Expenditure Reports may be accessed at:
https://www.csde.state.ct.us/

When you click on this link enter the following:
Username: cmed111
Password: ca$hman

This will get you to the following menu:

The **Read-Only** Username and Password for these reports are:
Username: grants
Password: exprpt

Grantees will use the same User Name, Password and Certification codes as those used for the monthly ED111 Cash Management Report system.

Attachment II (continued)

School Districts

1. School Districts access this application through the website: https://www.csde.state.ct.us/districts/

2. Enter your first ***User Name*** and ***Password*** that you normally use to access this menu. The User Name and Password are case-sensitive.

3. From the menu, click on the link: *ED-141 Prepayment Grants Statement of Expenditures Report*.

4. On the Prepayment Grants Log In screen enter your ***User Name*** and ***Password***, the one you usually use for the ED111 or ED001 application. This User Name and Password is not case-sensitive.

5. Click on ***Select*** for FY 2015-2016.

Other Grantees

1. Other Grantees will access this application through the website: https://www.csde.state.ct.us/

2. Enter ***User Name: cmed111*** and ***Password: ca$hman***. The User Name and Password are case-sensitive.

3. From the menu, click on the link: *ED-141 Prepayment Grants Statement of Expenditures Report*.

4. On the Prepayment Grants Log In screen enter your ***User Name*** and ***Password***, the one you usually use for the ED111 or ED001 application. This User Name and Password is not case-sensitive.

5. Click on ***Select*** for FY 2015-2016.

Please note: If you remain idle on these screens for longer than 30 minutes, the system will automatically log you off.

Attachment III

2016 SID Codes				
Grant Title	*Core Fund*	*Core SID*	*Program Code*	
State Financial Assistance				
Assessment Reduction Grant	11000	12171		
Primary Mental Health	11000	12198		
Leadership Education and Athletics in Partnership	11000	12211		
CT Pre Engineering Program	11000	12253		
Connecticut Writing Project	11000	12261		
Neighborhood Youth Centers	11000	12318		
Parent University Grant	11000	12453		
Sheff Settlement	11000	12457		
Admin-After School Program	11000	12459		
Science Program for Educational Reform Districts	11000	12543		
Wrap Around Services	11000	12544		
Parent Academy	11000	12545		
School Health Coordinator Pilot	11000	12546		
Commissioner's Network	11000	12547		
Local Charter Schools	11000	12549		
Professional Learning Mini Grants	11000	12566		
Alternative High School and Adult Reading Incentive	11000	12567		
American School for the Deaf	11000	16021		
Regional Education Services	11000	16062		
Family Resource Centers	11000	16110		
Youth Service Bureau Enhancement	11000	16201		
Child Nutrition State Match	11000	16211		
Health Foods Initiative	11000	16212		
Vocational Agriculture	11000	17017		
Transportation of School Children	11000	17027		
Adult Education	11000	17030		
Health and Welfare Services Pupils Private Schools	11000	17034		
Education Equalization Grants	11000	17041	82010	
Alliance District Funding	11000	17041	82164	
Local Charter Start-Up	11000	17041	84178	
State Charter Schools	11000	17041	84179	
Bilingual Education	11000	17042		
Priority School Districts	11000	17043	82052	
Extended School Hours	11000	17043	82054	
School Accountability	11000	17043	82055	
Young Parents Program	11000	17044		
Interdistrict Cooperation	11000	17045		
State School Breakfast Program	11000	17046		
Excess Cost - Student Based	11000	17047		
Non-Public School Transportation	11000	17049		

2016 SID Codes				
Grant Title	*Core Fund*	*Core SID*	*Program Code*	
State Financial Assistance				
Youth Service Bureaus	11000	17052		
Open Choice Program	11000	17053		
Magnet Schools	11000	17057		
After School Programs	11000	17084		
Charter School Capital Expense	12052	43003		
Interdistrict Magnet School Capital Start-up Costs	12052	43425		
Low Performing Schools	12052	43539		
School Construction – Interest	13009	40896		
School Construction-Principal SDE	13010	40901		

Attachment IV

Contact Listings

All written correspondence should be sent to:

Ms. Gloria McCree
Office of Internal Audit
Connecticut State Department of Education
P.O. Box 2219
Hartford, CT 06145-2219

If you have any questions, please contact Theresa Drouin-Guerette
at Theresa.Drouin-Guerette@ct.gov or 860-713-6540.

Federal Single Audit

The Office of Management and Budget (OMB) has issued a revised (June 2016) *2 CFR Part 200 — Compliance Supplement* (*Appendix XI)* for auditors to use in performing single and program-specific audits in accordance with 2 CFR Part 200, Part F — Audit Requirements. This Compliance Supplement is effective for audits of fiscal years beginning after June 30, 2015, and it supersedes the *OMB Circular A-133 Compliance Supplement* issued in July 2015.
OMB Circulars can be accessed on the Internet at:
https://www.whitehouse.gov/omb/grants_circulars
The June 2016 *2 CFR Part 200 — Compliance Supplement* (*Appendix XI)* can also be obtained from:

U. S. Government Printing Office
710 North Capitol Street, NW
Washington, DC 20401
Telephone: 866-512-1800 (Toll-Free)
Fax: 202-512-2104
Web: https://www.whitehouse.gov/sites/default/files/omb/assets/OMB/circulars/a133_compliance/2016/2016_compliance_supplement.pdf

State Single Audit

The state Office of Policy and Management (OPM) has issued the May 2016 (revised June 27, 2016) *Compliance Supplement to the State Single Audit Act* for auditors to use in performing state single audits in accordance with C.G.S. 4-230 through 4-236 (2009 Revision). This Compliance Supplement is effective for audits of fiscal years beginning on or after July 1, 2015, and it supersedes all previous compliance supplements and updates issued by OPM.

The May 2016 *Compliance Supplement to the State Single Audit Act* may be obtained from

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