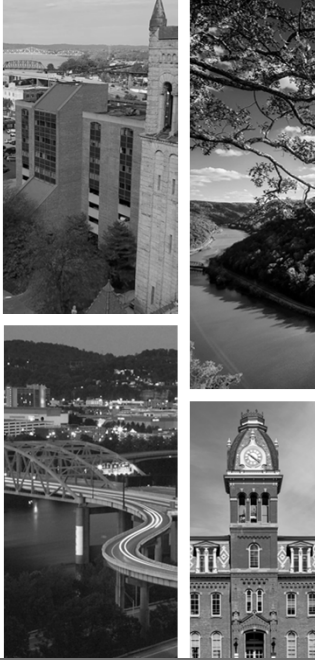

 **Suttle & Stalnaker** PLLC
Certified Public Accountants

SB 345


Ryan Mink, CPA
July 17, 2019










SB 345









- Passed March 9, 2019
- In effect June 6, 2019
- The tentative WV State Auditor's Office interpretation is that this will affect FY20 audits.



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<p>Chapter 12 - Public Moneys & Securities Article 4 – Accounts, Reports, and General Provisions</p>	<ul style="list-style-type: none"> ▪ §12-4-14 - Accountability of grantees receiving state funds or grants <ul style="list-style-type: none"> – (a)(2) “Grantee” now includes <u>state spending units</u>, <u>local governments</u>, corporation, partnership, association, individual, or other legal entity
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<p>Chapter 12 - Public Moneys & Securities Article 4 – Accounts, Reports, and General Provisions</p>	<ul style="list-style-type: none"> ▪ §12-4-14 - Accountability of grantees receiving state funds or grants <ul style="list-style-type: none"> – (a)(3) “Report” is an agreed-upon procedures engagement or other attestation engagement prepared by a CPA. Does <u>NOT</u> mean full-scope audit or review.
 Suttle & Stalnaker <small>PC</small>	   suttlecpas.com




<p>Chapter 12 - Public Moneys & Securities Article 4 – Accounts, Reports, and General Provisions</p>	<ul style="list-style-type: none"> ▪ §12-4-14 - Accountability of grantees receiving state funds or grants <ul style="list-style-type: none"> – (a)(4) “State Grant” means funding provided by a state spending unit, regardless of the original source of the funds, to a grantee upon application for a specific purpose.
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<p>Chapter 12 - Public Moneys & Securities Article 4 – Accounts, Reports, and General Provisions</p>	<ul style="list-style-type: none"> ▪ §12-4-14 - Accountability of grantees receiving state funds or grants <ul style="list-style-type: none"> – (a)(4) “State Grant” Does <u>NOT</u> include: <ul style="list-style-type: none"> ▪ Payments for goods and services purchased by a state spending unit ▪ compensation to state employees and public officials ▪ Reimb. to state employees and public officials for travel or incidental expenses
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**Chapter 12 -
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Accounts,
Reports, and
General
Provisions**


- §12-4-14 - Accountability of grantees receiving state funds or grants
 - (a)(4) “State Grant” Does **NOT** include:
 - grants of student aid
 - government transfer payments
 - direct benefits provided under state insurance and welfare programs













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- §12-4-14 - Accountability of grantees receiving state funds or grants
 - (a)(4) “State Grant” Does **NOT** include:
 - Funds reimbursed to a person for expenditures made for qualified purposes when receipts for the expenditures are required prior to receiving the funds
 - retirement benefits






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<p>Chapter 12 - Public Moneys & Securities Article 4 – Accounts, Reports, and General Provisions</p>	<ul style="list-style-type: none"> ▪ §12-4-14 - Accountability of grantees receiving state funds or grants <ul style="list-style-type: none"> – (a)(4) “State Grant” Does NOT include: <ul style="list-style-type: none"> ▪ federal passthrough funds that are subject to the federal Single Audit Act Amendments of 1996, 31 U.S.C. § 7501, <i>et seq</i> – <i>NOTE</i> – State Aid not expected to be considered a State Grant
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<p>Chapter 12 - Public Moneys & Securities Article 4 – Accounts, Reports, and General Provisions</p>	<ul style="list-style-type: none"> ▪ §12-4-14 - Accountability of grantees receiving state funds or grants <ul style="list-style-type: none"> – (b)(1) \$50,000 or more received in state grants requires a report of the disbursements to be filed. – An audit performed under GAGAS or OMB A-133 may be substituted
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- §12-4-14 - Accountability of grantees receiving state funds or grants
 - (b)(2) \$50,000 or less received or grantee not required to file a report under (1) because of substituted report files a sworn statement of expenditures.



**Chapter 12 -
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General
Provisions**

- §12-4-14 - Accountability of grantees receiving state funds or grants
 - (b)(3) Reports and statements must be filed within two years of the end of the Grantee's fiscal year.
 - Performed by independent CPA
 - State grant funds may be used to pay for report if grant provisions allow.



**Chapter 12 -
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Provisions**

- §12-4-14 - Accountability of grantees receiving state funds or grants
 - (c)(1) failure to comply results in being barred from receiving additional state grants until compliance is achieved.
 - (c)(2) will be reported to Legislative Auditor

**Chapter 12 -
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General
Provisions**

- §12-4-14 - Accountability of grantees receiving state funds or grants
 - (d)(1) state agencies administering the grants shall notify the grantee of these reporting requirements

**Chapter 12 -
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Reports, and
General
Provisions**

- §12-4-14 - Accountability of grantees receiving state funds or grants
 - Other requirements in the Senate Bill require the grantors to coordinate various communications with the State Auditors, Legislative Auditor, and other interested parties for various reasons.

State Agency Guidance

- Some state agencies have guidance out related to this law as it was applicable to non-governmental entities previously
 - DHHR has guidance they will provide with their grants. Some of it is used in the following slides as examples.
- WVDE – none currently out but would expect guidance on preparation of Schedule of State Grants to be included with next year's financial statement instructions.

Reporting Options

1. An agreed-upon procedures engagement between a grantee and an independent CPA, where the grantor who awarded the state grant(s) is required to agree to the procedures performed in addition to the grantee and the CPA performing such engagement.
2. An examination engagement between a grantee and an independent CPA, where the CPA makes all judgments on the extent of testing necessary in order to render an opinion as to whether the state grant funds were spent as intended.



Reporting Options

3. An audit that complies with OMB Circular A-133, to include a schedule of state grant receipts and expenditures and related auditor's opinion on whether the schedule is fairly stated in relation to the financial statements taken as a whole.
4. A financial audit that complies with Government Auditing Standards, to include a schedule of state grant receipts and expenditures and related auditor's opinion on whether the schedule is fairly stated in relation to the financial statements taken as a whole.



Schedule of Grant Awards

- Must contain at a minimum:
 - Grant number
 - Amount of award
 - Receipts of funds
 - Expenditures of funds
 - Time period being reported on
 - Grantee’s fiscal year



Schedule of State Grant Awards

LOCAL GOVERNMENT
SCHEDULE OF STATE GRANT AWARDS
YEAR ENDED JUNE 30, 2018

AWARDING AGENCY	GRANT NAME	GRANT IDENTIFICATION	PERIOD OF AWARD	TOTAL AWARD	RECEIPTS	EXPENDITURES	UNEXPENDED BALANCE	AMOUNT RECEIVABLE
WVDHHR - BHHF	Children's Clinical	0525-2018-0506-2916-21900-3256-0000	7/1/2017-6/30/18	\$ 60,000	\$ 55,015	\$ 60,000	\$ -	\$ 4,985
G180068 TOTAL				60,000	55,015	60,000	-	4,985
WVDHHR - BHHF	Governor's Advisory Council	0525-2014-0506-2888-35400-3256-0000	10/1/16-9/30/17	52,500	13,358	13,358	-	-
WVDHHR - BHHF	Governor's Advisory Council	0525-2015-0506-3081-35400-3256-0000	10/1/16-9/30/17	13,500	3,802	3,802	-	-
G170684 TOTAL				66,000	17,160	17,160	-	-
WVDHHR - BHHF	Governor's Advisory Council	0525-2016-0506-2888-35400-3256-0000	10/1/17-9/30/18	52,500	31,235	35,504	16,996	4,269
WVDHHR - BHHF	Governor's Advisory Council	0525-2017-0506-3081-35400-3256-0000	10/1/17-9/30/18	13,500	12,196	13,334	166	1,138
G180640 TOTAL				66,000	43,431	48,838	17,162	5,407
WVDHHR - BHHF	Continuum Enhancement Program	0525-2018-0506-2851-21900-3256-0000	7/1/17-6/30/18	26,487	24,289	26,487	-	2,198
WVDHHR - BHHF	Continuum Enhancement Program	0525-2018-0506-2851-21900-3256-0000	7/1/17-6/30/18	291,362	267,083	291,362	-	24,279
WVDHHR - BHHF	Continuum Enhancement Program	0525-2018-0506-2851-21900-3256-0000	7/1/17-6/30/18	52,975	48,562	52,975	-	4,413
WVDHHR - BHHF	Continuum Enhancement Program	0525-2018-0506-2851-21900-3256-0000	7/1/17-6/30/18	158,924	145,682	158,924	-	13,242
WVDHHR - BHHF	Continuum Enhancement Program	8794-2018-0506-2851-13000-3285-0000	7/1/17-6/30/18	2,300	2,300	2,300	-	-
G180129 TOTAL				532,048	487,916	532,048	-	44,132
WVDHHR - BHHF	Community Engagement Specialist	0525-2018-0506-3701-21900-3256-0000	7/1/17-6/30/18	202,320	186,820	202,320	-	15,500
G180091 TOTAL				202,320	186,820	202,320	-	15,500
TOTAL				\$ 926,368	\$ 790,342	\$ 860,566	\$ 17,162	\$ 70,024



Potential Additional Audit Procedures

(Adapted from DHHR Supplemental Compliance Procedures for an Agreed-Upon Procedures Engagement)

- Review state grant agreement(s) for purpose and terms
- Verify funds received were correctly authorized, recorded and deposited
- Review costs and related transactions to verify:
 - Approved by Grantor (if applicable)
 - Conform to allowability
 - Actual costs, not budgeted or projected
 - Consistent treatment of costs
 - Net of applicable credits
 - Not included as both direct and indirect costs
 - Supported by appropriate documentation



Auditor's Report

Other Matters

Other Information

Our 2018 audit was conducted for the purpose of forming an opinion on the 2018 financial statements of XYZ, as a whole. The accompanying supplemental information included on the **Schedule of State Grant Awards** is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects **in relation to** the financial statements as a whole.



Thank You!



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