



West Virginia DEPARTMENT OF  
**EDUCATION**

# SB 345: State Grant Audit Requirements

*July 15, 2020*

## Legislation

- SB 345
  - Passed during the 2019 legislative session.
  - Amends and reenacts WV Code 12-4-14.
  - Imposes new state grant reporting requirements on county boards of education.
  - Effective for FY20 audits.

## State Grants

- Definition: funding provided by a state spending unit, regardless of the original source of the funds, to a person upon application for a specific purpose.
- The term “State Grant” does not include:
  - Payments for goods and services purchased by a state spending unit.
  - Compensation to state employees and public officials.
  - Reimbursements to state employees and public officials for travel or incidental expenses.
  - Grants of student aid.
  - Government transfer payments.
  - Direct benefits provided under state insurance and welfare programs.

## State Grants

- The term “State Grant” does not include (continued)
  - 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.
  - Federal pass-through funds that are subject to the federal Single Audit Act Amendments of 1996.
  - Formula distributions to volunteer and part-time volunteer fire departments made pursuant to WV Code 33-3-14d, 33-3-33, and 33-12C-7.
  - **State aid funding under the Public School Support Plan.**
  - **Reimbursement grants from the WVDE that are coded to Project 00000 since such awards do not require an application and the use of funds is not restricted.**

## New Requirements

- County boards who receive one or more state grants that amount to **less than \$50,000** in the aggregate in a state's fiscal year will be required to file a "sworn statement of expenditures" with the grantor.
  - Must be filed within **two years** of the county board's fiscal year end in which the grantor disbursed the funds to the county board.
- County boards who receive one or more state grants in the amount of **\$50,000 or more** in the aggregate in a state's fiscal year will be required to have an independent CPA test to make sure that grant funds are being expended as intended.



## Testing Options

- Agreed upon Procedure (AUP)
  - The grantor who awarded the state grant(s), the grantee, and the CPA performing the engagement are required to agree to the procedures performed.
- Examination
  - The CPA makes all judgments on the extent of testing necessary to render an opinion as to whether the state grant funds were spent as intended.
- Financial Audit that complies with Government Auditing Standards
  - Must 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.
  - Requires a "sworn statement of expenditures" which must be notarized and filed with each grantor.



## Testing Options (continued)

- An audit that complies with the Uniform Guidance (single audit)
  - This is the most likely choice for county boards.
  - Must 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.
  - Requires a "sworn statement of expenditures" which must be notarized and filed with each grantor.
- The grantee may use funds from state grants to pay for the required report
  - If the applicable grant provisions allow the expenditure, and
  - If the expenditure is appropriately budgeted and allocated to the appropriate funding source.

## Testing Options (continued)

- Uniform Guidance (formerly OMB Circular A-133) provides instructions on how to audit Federal funds only
  - Testing you can expect to see from your auditor (This is not a comprehensive list.)
    - Review the grant agreement for purpose and terms.
    - Verify funds were received, recorded, and deposited.
    - Review a sample of expenses to verify:
      - Allowability
      - Occurrence
      - Not included as both a direct and indirect cost.
      - Appropriate documentation has been maintained.

## Testing Options (continued)

- Each option should be completed and submitted within two years after the local government's fiscal year end in which the grantor disbursed the state grant funds to the local government.

## Schedule of State Grant Receipts and Expenditures

- Must contain the following:
  - Grant Number
  - Amount of award
  - Receipts of funds
  - Expenditures of funds
  - Time period being reported on
  - Grantee's fiscal year

## SAGA: Schedule of State Grant Receipts and Expenditures

- There will be a template of this schedule included as a tab on the main financial statement template.
- This template is still being finalized.
- Additional guidance will be provided with the FS templates.

## Schedule of State Grant Receipts and Expenditures (example)

_____ COUNTY BOARD OF EDUCATION								
SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES								
FOR THE FISCAL YEAR ENDED JUNE 30, 2020								
Awarding Agency	Grant Name	Grant Identification	Period of Award	Total Grant Award	Beginning Balance (7/1/19)	Current Year Receipts	Current Year Expenditures	Ending Balance (6/30/20)
WVDHHR	Children's Clinical	0525-2020-0506-2916-21900-3256-0000	7/1/1-6/30/20	\$ 200,000	\$ 150,000	\$ 145,000	\$ 145,000	\$ 5,000
WVDHHR	Governor's Advisory Council	0525-2019-0506-2888-35400-3256-000	7/1/19-6/30/21	\$ 100,000	\$ 100,000	\$ 50,000	\$ 50,000	\$ 50,000
WVDHHR	Governor's Advisory Council	0525-2020-0506-3081-35400-3256-000	7/1/19-6/30/20	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
WVDHHR	Governor's Advisory Council	0525-2016-0506-2888-35400-3256-000	10/1/19-9/30/20	\$ 100,000	\$ -	\$ 40,000	\$ 40,000	\$ 60,000
WVDHHR	Governor's Advisory Council	0525-2017-0506-3081-35400-3256-000	10/1/19-9/30/20	\$ 100,000	\$ -	\$ 50,000	\$ 50,000	\$ 50,000
WVDHHR	Continuum Enhancement Program	0525-2018-0506-2851-21900-3256-0000	7/1/19-6/30/20	\$ 20,000	\$ 20,000	\$ 18,500	\$ 18,500	\$ 1,500
WVDHHR	Continuum Enhancement Program	0525-2018-0506-2851-21900-3256-0000	7/1/19-6/30/20	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ -
WVDHHR	Continuum Enhancement Program	0525-2018-0506-2851-21900-3256-0000	7/1/19-6/30/20	\$ 40,000	\$ 40,000	\$ 39,500	\$ 39,500	\$ 500
WVDHHR	Continuum Enhancement Program	8794-2018-0506-2851-13000-3285-0000	7/1/19-6/30/20	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Total:				\$ 705,000.00	\$ 455,000.00	\$ 488,000.00	\$ 488,000.00	\$ 167,000.00

# Sworn Statement of Expenditures

- Must contain the following:
  - Name, address, telephone number & FEIN # of the grantee.
  - Grant number.
  - Period(s) covered.
  - Total amount of award.
  - Funds actually received under the grant.
  - Listing of expenditures to the detail as contained within the grant budget.
  - Grantee's fiscal year.

\_\_\_\_ COUNTY BOARD OF EDUCATION  
SWORN STATEMENT OF EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, \_\_\_\_\_

Grant Number:	Grantee Name:	
Grantee FEIN:	WVDEAS Vendor #:	Contact Name:
Contact E-mail Address:	Contact Phone:	
Grantee Mailing Address:		
Total Amount of Grant Award:		
Grant Period:		
Grant Revenues (received and anticipated)		
Revenue Categories	Comments	Amount
Amount Received		
Amount Anticipated		
Total Grant Revenues		
\$		
Grant Expenditures (allowable costs expended by the grantee)		
Expenditure Categories	Comments	Amount
Total Grant Expenditures		
\$		
Ending Grant Balance (Revenues - Expenditures)		
\$		
Grant Funds Returned		
\$		

By signing this report, I certify to the best of my knowledge and belief that the report is true, complete and accurate, and that all disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the award. I guarantee that any false, fictitious or fraudulent information, or the omission of any material fact, may subject me to criminal, civil and administrative penalties under Federal, State, and other laws (U.S. Code Title 18, Section 1001 and Title 18, Sections 1701-1703 and 1801-1812).

Authorized Signatory: \_\_\_\_\_ Date: \_\_\_\_\_  
 Printed Name and Title: \_\_\_\_\_  
 Taken, sworn and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_  
 Notary Public Signature: \_\_\_\_\_  
 My Commission Expires: \_\_\_\_\_

# Sworn Statement of Expenditures (continued)

- A senior representative of the grantee who possesses authority to bind the grantee must sign the statement and provide his or her:
  - Printed name
  - Title
  - Date of Signature
- Must be notarized

## Consequences of Noncompliance

- Any grantee failing to file a required report or sworn statement of expenditures for state grants disbursed after July 1, 2003, within the required time is barred from subsequently receiving further state grants until the grantee has filed the report or sworn statement of expenditures and is otherwise in compliance with the provisions of this legislation.

## Consequences of Noncompliance (continued)

- Any grantee who files a fraudulent sworn statement of expenditures could be:
  - Found guilty of a felony
  - Fined not less than \$1,000 nor more than \$5,000 and/or,
  - Imprisoned in a state correctional facility for not less than one year nor more than five years.
- The grantor has primary responsibility for determining:
  - If the grantee has filed a required report or sworn statement of expenditures.
  - The date the report or statement was filed.
  - If the report or statement meets all statutory and administrative requirements.



## Additional Requirements

- Grantor
  - Notify the grantee of the reporting requirements set forth in the legislation.
  - Report any grantee failing to file a required report or sworn statement of expenditures within the required period to the Legislative Auditor for purposes of debarment from receiving state grants.
  - If any report or sworn statement of expenditures provides evidence of a reportable condition or violation, the grantor shall provide a copy of the report or sworn statement of expenditures to the Legislative Auditor within 30 days of receipt.
  - Take reasonable action to verify that the grantee is not barred from receiving state grants.
  - Maintain copies of reports and sworn statements of expenditures and make them available for public inspection.
  - Within 30 days of making the state grant or authorizing the disbursement of the funds, the grantor must notify the Legislative Auditor of the:
    - Maximum amount of funds to be disbursed.
    - Identity of the grantee authorized to receive the funds.
    - Grantee's fiscal year and FEIN.
    - Purpose and nature of the state grant.



## Additional Requirements

- Grantee
  - Inform, in writing, any state grantor agencies which provided funding during a fiscal year that the financial or single audit report, which satisfies the requirements of this legislation, is available at the WVSAO website.
  - If an agreed-upon procedure or other attestation engagement is performed provide that report to the appropriate state grantor agencies upon completion.



## Process for Requesting an Extension

- If you have a State grant whose obligation/liquidation date has passed:
  - Contact the program official listed on the grant and request an extension.
  - If the listed official is not a current employee of the State Department, contact your assigned coordinator, and we will investigate further and work with Internal Ops to come to a resolution.



# QUESTIONS?



# Thank You

Josh Harner, CPA MSA  
WVDE Office of School Finance  
304-558-6300  
Joshua.harner@k12.wv.us

