Overview

Audit Report Review Process

Parent/child audit submissions

Grant award reconciliations

Peer reviews

Sub-standard audits
Audit Report Review Process
Centralize Audit Report Review Process – Objectives

- Remove duplication by awarding agencies and grantees that receive grants from multiple agencies
- Use state agency collaboration to accept corrective action plans (CAP) for audit findings
- Reduce grantee CAP rewrites when multiple agencies must accept the plan
Centralize Audit Report Review Process – Objectives

- Ensure audits are conducted in accordance with respective auditing standards, allowing awarding agencies to place greater reliance on the audit results as part of overall monitoring requirements

- Provide technical assistance on audit requirements, interpretation of audit results and proper corrective action to avoid repeat audit findings

- Take proper action when a substandard audit has been conducted

- Automate the Audit Report Review process
Audit Submission Due Dates

• Single Audits
  ▫ Submitted to Federal Audit Clearinghouse (FAC) within 30 days after receipt of the auditor’s report(s) but no later than nine (9) months after the grantee’s fiscal year end
  ▫ Additional submission requirements (CYEFR, Peer Review, Management Communication letters) submitted to the GATA Grantee Portal immediately after the FAC submission
  ▫ Entities subject to audit by the Illinois Office of the Auditor General (OAG) must submit to the GATA Grantee Portal within 30 days after receipt of the auditor’s report(s)
Audit Submission Due Dates

- Financial Statement Audits (including CYEFR, Peer Review, Management Communication letters)
  - Submitted to the GATA Grantee Portal within 30 days after receipt of the auditor’s report(s) but no later than six (6) months after the grantee’s fiscal year end
  - Entities subject to audit by the OAG must submit to the GATA Grantee Portal within 30 days after receipt of the auditor’s report(s)
State Data Collection Form

Step 4 - Data Collection Form

The data collection form gathers information about the audit. It is used to search, filter and route the audit through the review process. It is due immediately after the audit package upload.

- Single Audits and Program Audits
  - Auto populated and submitted with data from FAC Data Collection Form

- GAGAS and GAAS Audits
  - Grantee must complete
# State Data Collection Form

**Illinois Grant Accountability and Transparency Act**

**Grantee Portal - Data Collection Form**

## CPA Firm Information

<table>
<thead>
<tr>
<th>CPA Firm Name</th>
<th>CPA FEIN</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<table>
<thead>
<tr>
<th>CPA Address</th>
<th>Address 1:</th>
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<tbody>
<tr>
<td></td>
<td>State: IL</td>
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<table>
<thead>
<tr>
<th>City:</th>
<th>Zip: 62706</th>
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<table>
<thead>
<tr>
<th>CPA Contact</th>
<th>Name:</th>
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<tbody>
<tr>
<td></td>
<td>Email:</td>
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<table>
<thead>
<tr>
<th>Title:</th>
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<table>
<thead>
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<th>Phone:</th>
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</table>

<table>
<thead>
<tr>
<th>Date Signed By CPA</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Multiple CPAs</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
</tr>
</tbody>
</table>

## Grantee Information

Enter the FEIN numbers of the organizations covered by this audit:

Enter the DUNS numbers of the organizations covered by this audit:

## Audit Package Information

<table>
<thead>
<tr>
<th>Question</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Was this audit prepared in accordance with generally accepted accounting principles (GAAP)?</td>
<td>Yes</td>
</tr>
<tr>
<td>What was the auditor’s opinion on the financial statements?</td>
<td>Unmodified opinion;</td>
</tr>
<tr>
<td>Is a &quot;going concern&quot; emphasis-of-matter paragraph included in the audit report?</td>
<td>No</td>
</tr>
<tr>
<td>Is a significant deficiency in internal control disclosed?</td>
<td>No</td>
</tr>
<tr>
<td>Is a material weakness in internal control disclosed?</td>
<td>No</td>
</tr>
<tr>
<td>Is a material weakness or significant deficiency disclosed in the Management Letter (AU325)?</td>
<td>No</td>
</tr>
</tbody>
</table>

Submit  Edit
Parent/Child Relationships
Parent/Child Relationships

Local Governments

• Central department responsible for the overall financial reporting of the local government
• Various offices or departments operate independently

Large Organizations

• Large Hospitals
• Nonprofits with multiple locations
Parent/Child Grantee Portal Registrations

Each Department/Division Registers and

- Must have a unique DUNS number
  - Must be active in SAM.gov
- May have different FEINs
  - FEIN must match DUNS number in SAM.gov
    - One FEIN can be associated to multiple DUNS numbers
  - Must identify Parent registration
- Must complete a Fiscal and Administrative Internal Control Questionnaire
- Must complete an Indirect Cost Rate election
  - Must have a Central Services Cost Allocation Plan
Parent/Child Audit Requirements

- Per federal requirements, all grants are subject to audit
  - Illinois adopted federal requirements for State funded grants
  - Organizations may not meet threshold requirements to have audit conducted, certification is required

- All department/divisions of the organization can be covered by:
  - One audit
  - Multiple audits

- GATA registration does not dictate the audit coverage
  - Generally, audit coverage dictates GATA registration
    - Also, Indirect Cost Rates for local governments
CYEFR Reconciliation
CYEFR – Three Sections

• Expenditures of grant funding received from State (State and Federal pass-through funds)
  ▫ CYEFR is pre-populated with program data from the CSFA
  ▫ If a program is not pre-populated, grantee must add the program

• Expenditures of other grant funding received (direct federal, federal pass-through from other sources and other sources)

• Expenditures not related to grants (all sources)
# CYEFR Prepopulated

## Illinois Grant Accountability and Transparency Act
Grantee Portal - Audit Consolidated Year-End Financial Report

<table>
<thead>
<tr>
<th>CSFA #</th>
<th>Program Name</th>
<th>$ State</th>
<th>$ Federal</th>
<th>$ Other</th>
<th>$ Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>View 201-01-0471</td>
<td>State Court Improvement Program</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>View 444-00-0206</td>
<td>Child Support Enforcement</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>View 692-00-0470</td>
<td>Improving Teacher Quality State Grants</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>View Other grant programs and activities</td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>View All other costs not allocated</td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Totals: 0 0 0 0
# CYEFR Reports

## Illinois Grant Accountability and Transparency Act
### Grantee Portal - Audit Consolidated Year-End Financial Report

The CYEFR has been submitted. If changes are needed, contact your state cognizant agency.

### PDF Report  Excel Report

<table>
<thead>
<tr>
<th>CSFA #</th>
<th>Program Name</th>
<th>$ State</th>
<th>$ Federal</th>
<th>$ Other</th>
<th>$ Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>View 201-01-0471</td>
<td>State Court Improvement Program</td>
<td>123</td>
<td>456</td>
<td>789</td>
<td>1,368</td>
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<tr>
<td>View 350-00-0012</td>
<td>Performance and Registration Information Systems Management</td>
<td>0</td>
<td>750,000</td>
<td>3,000</td>
<td>753,000</td>
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<tr>
<td>View</td>
<td>Other grant programs and activities</td>
<td>500,123</td>
<td>0</td>
<td></td>
<td>500,123</td>
</tr>
<tr>
<td>View</td>
<td>All other costs not allocated</td>
<td></td>
<td></td>
<td>321</td>
<td>321</td>
</tr>
<tr>
<td></td>
<td>Totals:</td>
<td>123</td>
<td>1,250,579</td>
<td>4,110</td>
<td>1,254,812</td>
</tr>
</tbody>
</table>
Reconciliation of the CYEFR

• Each state agency must reconcile the CYEFR expenditures to their agency’s records
• Reconciliation should be based on:
  ▫ The grantee’s fiscal year
  ▫ The grantee’s basis of accounting
• Issues with the reconciliation process include:
  ▫ Incorrect reporting of federal and state dollars
  ▫ All grants not reported by grantee
  ▫ State agency data is decentralized
CYEFR ‘In Relation To’ Opinion

• Audits of 12/31/18 and later FYE must include an ‘In Relation To’ opinion on the CYEFR
  ▫ Exception for entities subject to audit by the OAG
• AU Section 551 – Supplementary Information in Relation to the Financial Statements as a Whole
  ▫ Provides guidance to the auditors for proper preparation of an ‘In Relation To’ opinion
  ▫ Opinion can be an explanatory paragraph following the opinion paragraph in the auditor’s report or can be a separate
• CYEFR must be completed in the Grantee Portal
  ▫ Use the PDF and Excel reports
Peer Review
Peer Review Requirements

• 2 CFR 200.509 (a)
  ▫ ...the non-federal entity (auditee) must request a copy of the audit organization’s peer review report which the auditor is required to provide under GAGAS...

• GATA extended that requirement to all audits

• Peer review must be conducted every three years
  ▫ Submitted to the AICPA Peer Review Alliance within six months after period of review ends

• Firms or Sole Practitioners conducting their first audit
  ▫ Notify IDPFR within 30 days of accepting the engagement
  ▫ Enroll in the AICPA Peer Review program prior to the report date of the initial engagement
  ▫ Undergo a peer review within 18 months after the end of the period covered by the engagement
Peer Review Issues

• No peer review conducted
  ▫ Enrolled Agents
  ▫ New to conducting audits and unaware of requirements

• Peer review not current
  ▫ Retiring in a couple of years and only doing a few audits each year, but no new clients
  ▫ Waiting on the acceptance letter from IL CPA Peer Review Alliance

• GATU requires proof of compliance with peer review requirements
  ▫ Not just a statement from the auditor that they are in compliance
Substandard Audits
Substandard Audits

- Audit Report is reviewed for compliance with applicable auditing standards
- Determinations on the review are:
  - Pass
  - Pass with Deficiencies
  - Fail
- Pass with Deficiencies and Fail determinations are reviewed by the Audit Committee
  - Audit Committee members must be licensed CPAs with experience in conducting Single Audits and/or GAGAS audits
- Audit Committee will determine the appropriate follow-up action
  - Workpaper review of the audit firm
  - Reporting to IL CPA Society, IL Department of Financial and Professional Regulations
Questions?

OMB.GATA@Illinois.gov