2019 Data Collection Form and Federal Audit Clearinghouse Update

June 20, 2019

Today’s speakers

Megan Minnich, Federal Audit Clearinghouse, U.S. Census Bureau
Hannah Puisto, Federal Audit Clearinghouse, U.S. Census Bureau
George D. Strudgeon, CPA, Auditor of Public Accounts, Commonwealth of Virginia
Brittney Williams, CPA, Heinfeld, Meech & Co., PC

What we will cover

What’s new at the Federal Audit Clearinghouse?
• 2019 Data Collection Form and related instructions
• Internet Data Entry System changes
Tips to preparing and reviewing the Form to avoid common filing errors
Using the FAC database to improve single audit quality
Other single audit resources
Terminology and abbreviations

AICPA - American Institute of CPAs
CAP - Corrective Action Plan
CFDA - Catalog of Federal Domestic Assistance
CPE - Continuing Professional Education
DCF or Form - Data Collection Form
DUNIS - Data Universal Numbering System
EIN - Employer Identification Number
FAC - Federal Audit Clearinghouse
GASB - Governmental Accounting Standards Board
GAAP - Generally Accepted Accounting Principles
IDES - Internet Data Entry System
IRS - Internal Revenue Service
R&D - Research and Development
SAO - State Audit Organizations
SAP - Significant Accounting Policies
SEFA - Schedule of Expenditures of Federal Awards
SFQC - Schedule of Findings and Questioned Costs
Yellow Book - Government Auditing Standards

Panel discussion - How important is the DCF to the single audit process?

What’s New at the FAC?
Key information about the 2019 Form

Issued June 1, 2019

Effective date

• Fiscal period ending dates in 2019, 2020, and 2021

Access the DCF, related instructions, and IDES instructions at:

• [https://harvester.census.gov/facides/InstructionsDocuments.aspx](https://harvester.census.gov/facides/InstructionsDocuments.aspx)

2019 Form and IDES changes

New field for fiscal period start date
System edit check added for auditee EIN
Edit check revision for multiple DUNS numbers
Cluster drop-down box revision
New requirements for Form to include:

• notes to the SEFA
• text of audit findings
• text of the CAP

2019 Form and IDES Changes

Format of auditor statement revised
New requirement to identify items changed when a previously submitted single audit is resubmitted
New option to prepare a system-generated SEFA and notes export
Fiscal period start date new field

Part I, Item 1(a)

Auditee EIN system edit check

Part I, Item 4(a)

Auditee EIN system edit check

(message received when auditee EIN not found on previous submission)
Auditee EIN system edit check
(message received when auditee EIN found on previous submission)

Part I, Item 4(a)

Auditee EIN system edit check
(edit EIN feature)

Part I, Item 4(a)

Auditor perspective - auditee EIN system edit check
This is an auditee field so no real audit implication

- Good auditee EIN numbers make it easier to track information via the FAC database

No similar edit check added for auditor EIN
Multiple DUNS edit check revision

Part I, Item 4

Screen for DUNS reporting has not changed. What has changed is a related edit check. You can now leave Part I, Item 4(d) blank and then answer Part I, Item 4(e) “yes” when there are multiple DUNS numbers.

Cluster drop-down box adds “other cluster” option

Part II, Item 1(f)

Auditor perspective - cluster drop-down box

Part 5 of OMB Compliance Supplement refers to all clusters other than SFA and R&D as “other clusters”

Per the instructions to the Form, the new “other cluster” option is only to be used when the name of the cluster does not appear on the drop-down box

Make sure your staff understand this nuance!

The Form instructions ask you to notify the FAC if you discover clusters that do not appear in the drop-down menu

CAUTION: Only choose “other cluster” when the name of the cluster does not appear on the prepopulated list
Notes to the SEFA

DCF will now collect the notes to the SEFA including:

• the SAP;
• whether de minimis cost rate elected; and
• any additional notes

Text limit for note boxes is 4,000 characters

Enter text as it appears in the notes, excluding charts or tables

• If there are charts or tables within actual note text, enter: “See the notes to the SEFA for chart/table”

Text of notes will not be displayed for tribal entities that opt not to make the reporting package publicly available

• Instead, the text “Exemption for Indian Tribes” will be displayed

Notes to the SEFA - SAP note

Describe the significant accounting policies used in preparing the SEFA. If there are multiple SAP notes, all applicable notes should be copied and pasted into this item.

Notes to the SEFA – De minimis note

Form Q - Did the auditee use the de minimis cost rate?
Answer options: Yes, No, or Both
Notes to the SEFA - loan/loan guarantees outstanding balances

Part II, Item 2, Note 3

Outstanding loan balances at end of audit period will auto-generate based on information entered into Part II, Item 1. May be edited.

Notes to the SEFA - what about additional notes?

Part II, Item 2, also asks that any additional SEFA notes be entered

No limit to number of notes that can be entered

Enter note titles

The automatic numbering of additional notes by system may differ from the note numbers in the reporting package

- If additional notes in the reporting package have been identified with a note number, enter that note number in note title field

Auditor perspective - notes to the SEFA

This section of the Form is an auditee responsibility

When advising clients on this new requirement, a few items of note:

- Some notes may be configured differently in the reporting package and will have to be entered in the Form differently
  - For example, some entities have multiple SAP notes and they will have to be consolidated and entered in one box of the Form
  - Loan/loan guarantee note will pre-populate so may not match wording in reporting package note
  - Auditee can edit the note if it prefers
  - Auditees should remember to enter: “See the notes to the SEFA for chart/table” when charts/table appear in notes
Text of audit findings

DCF will now collect the text of audit findings so that federal agencies can more easily perform audit resolution.

- Limited to federal award audit findings
- Text limit for audit finding boxes is 30,000 characters
- Each unique audit finding reference number will auto-generate based on information entered in Part III, Item 4(e)

Two options for entering text:
- Manually for each individual finding
- Worksheet approach – download, complete, upload
Text of audit findings

Part III, Item 5

This screenshot shows the Excel worksheet option for findings (note that there is a similar worksheet for CAP input)

Enter text of audit finding

Auditor perspective - text of audit findings

Information entered will be displayed publicly

• Careful review will be needed

• Focus on content of finding write-ups as they will now be more easily accessed by federal agencies

Certain formatting will not transfer over

• Examples: bold, italics, and underline

• Cautionary warning will be provided by the system to inform that text input may not convey full meaning and that users should refer to the reporting package to view text as intended
Text of the CAP

DCF will now collect the text of the CAP so that federal agencies can more easily perform audit resolution

- Limited to CAPs for federal award audit findings
- Text limit for CAP boxes is 10,000 characters
- Each unique audit finding reference number will auto-generate based on information entered in Part III, Item 4(e)
- Two options for entering text
  - Manually for each individual finding
  - Worksheet approach - download, complete, upload
- Text of the CAP will not be displayed for tribal entities that opt not to make the reporting package publicly available
  - Instead, the text “Exemption for Indian Tribes” will be displayed

Format of auditor statement revised

Part V, Item 2

Single audit resubmissions

Reason for resubmission of a DCF or reporting package change must be provided
Single audit resubmissions

Many common reasons for resubmissions are provided to select from. If a specific situation not addressed among the reasons provided, an “other” box at end allows a description to be entered.

System-generated SEFA and notes

Respondents will have the option to use IDES to prepare the SEFA. Can enter federal awards and notes to the SEFA prior to the end of fiscal period and audit work being conducted.
Auditor perspective - system-generated SEFA and notes

Auditors may wish to advise clients about the availability of this new option:

- Caution auditees that they need to check the output carefully to ensure accuracy
- Edits can be made by the auditee

System will allow auditees to input federal award information anytime after the fiscal year start date so that the information can be readily available in draft form for audit and other purposes.

Contact the FAC

Technical Support
866-306-8779
GOVS.FAC.IDES@Census.gov

Other Inquiries
800-253-0696
ERD.FAC@Census.gov
Tips When Preparing and Reviewing the Form to Avoid Common Filing Errors

Overall tips when preparing and/or reviewing the DCF

Important! Read the instructions to the new DCF to ensure an appropriate understanding.

Both auditees and auditors should be referring to the final audit reports and documents when entering information into the DCF.

Make sure no Personally Identifiable Information included!

Caution: Auditors assisting clients with the preparation of the "auditee responsibility areas" of the Form should be aware this is a nonaudit service and consider related independence guidance in the AICPA Code of Professional Conduct and the Yellow Book.

Tips to prepare and review the DCF

EIN:
- Have firm EIN accessible and request EIN of any secondary auditors

Auditee name:
- Use the name associated with the primary EIN
- When possible, the name must match to the name assigned to the primary EIN by the IRS

DUNS number:
- Clients should be asked to identify the DUNS number and EIN as early in the audit as possible
- Note: A client may have multiple DUNS numbers (see earlier discussion for change to the Form input in this area)
- Requested, but still not required
Tips to prepare and review the DCF

Follow directions carefully for awards with no CFDA number for standardized coding (U01, U02, etc. and/or RD)

Loans
- Ensure Loan/Loan Guarantees are identified and that CFDA with loan and non-loan components are listed on separate lines
- Beware of improper classification as a loan program (e.g., Pell and Work-Study are not loan programs)
- Keep in mind that the end of year loan balance generally differs from beginning of the year loan balance

Part II: Federal Awards (completed by the auditee)

Tips to prepare and review the DCF

Item 1(c): Additional Award Identification - required if there is not a valid CFDA number
Item 1(f): Check clusters carefully to ensure no errors
Item 1(l): Enter pass-through name, if applicable.
  - Add multiple lines if multiple pass-through entities
Item 1(o): Amounts passed-through to subrecipients
  - The amount passed through is included in the amount expended entered in Part II, Item 1(e).
Item 2: Check note information input into the Form to notes in the reporting package and that notation made if chart/tables are not included

Part II: Federal Awards (completed by the auditee)

Tips to prepare and review the DCF

Item 1(a): Major program identification - crossmatch to SFQC (for all items in the program/cluster)
Item 2(a): Ensure "unmodified opinion" checked if relevant, in addition to any other modified or disclaimer of opinions noted
Items 2(a)(i) - 2(a)(iii): When special purpose framework instead of GAAP, review answers to this section carefully
Item 3(a): Other units expending federal awards - (note revised wording of question as discussed earlier)
  - Does the auditor's report include a statement that the auditee's financial statements include departments, agencies, or other organizational units expending Federal awards which are not included in this audit? (AICPA Audit Guide)

Part III: Information from the SFQC (completed by both auditee and auditor)
Tips to prepare and review the DCF

Item 3(d): When identifying agencies with prior audit findings, identify agencies only if there are findings on the summary schedule of prior audit findings from direct funding.

Item 4 - Federal Award Audit Findings: this is largely pre-populated if findings are identified in Part II.

Item 4(e): Finding reference format must be "YYYY-###" (e.g., 2019-001). This area includes an edit check so that the YYYY must be the same as the audit year input in Part I, Item 1.

Items 4(m) and (n): Must note if the finding is a repeat or not.
  - If it is a repeat, the prior year reference number is to be reflected.
  - This area includes an edit check so that the YYYY must be the same as the audit year from the fiscal period end date from the previous audit period.

Part III: Information from the SFQC (completed by both auditee and auditor)

Tips to Prepare and Review the DCF

Items 4(g) - (k): Prepare/review findings sections carefully to ensure answers align with the compliance and internal control reports.

• reference number is to be reflected

Tips to prepare and review the DCF

Item 5 - Text of audit findings
  • Check finding text input into the Form to the findings in the reporting package for accuracy.
  • Check to see if notation made if chart/tables are not included.
  • Remember text input will be displayed publicly!
Tips to prepare and review the DCF

CAP

• Check CAP text input into the Form to the CAP that will appear in the reporting package for accuracy
• Check to see if notation made if chart/tables are not included
• Remember text input will be displayed publicly!

Part IV: Corrective Action Plan

Tips to prepare and review the DCF - report upload

Text Searchable
Unlocked and unencrypted
Proper assignment of PDF page numbers to components

Using the FAC Database to Improve Single Audit Quality
Auditor statement and audit quality

Because the auditor’s information entered into the DCF is not a substitute for audit reports, indications on audit quality using information in the DCF should be confirmed or repudiated using the auditor’s reports in the reporting package(s).

Federal agencies are increasingly relying on information in the Form. Even though the auditor statement clearly says the Form is not a substitute for reports, the accuracy of the Form is growing in importance.

Using the FAC to improve single audit quality

Review your organization’s DCF submissions in the FAC
- Remediate deficiencies through reissuance of the DCF and/or reports on a timely basis before identification in federal QCRs, desk reviews, peer reviews, or by others that review single audits for quality

You can also review the entire single audit reporting package
- Exception for tribal governments

Review DCF for agreement to Section I of the SFQC, financial statement opinion(s), Yellow Book report, compliance opinion, body of federal award findings, SEFA and notes thereto

Potential issues that can be identified through post-issuance review of DCFs submitted
- Lack of identification of clusters
- Improper application of definition of a federal program (programs with same CFDA #, etc.)
- Type A program threshold calculation errors
- Missed major program based on type A program 2-year look back
- Missed major program based on type A program with a prescribed prior year finding
- Inadequate percentage of coverage
- Improper determination of low-risk auditee status
Two ways to download DCF information

Downloading the complete single audit database

Select fiscal year(s) and generate downloads
Download and save zip file

Using Excel to get external data from text

Using Excel to get external data from text - Continued
Excel create table “Ctrl” + “t”

Three fields/columns that can be used to find firm/SAO single audits

<table>
<thead>
<tr>
<th>CPAFIRMNAME</th>
<th>AUDITOR EIN</th>
<th>CPAEMAIL</th>
</tr>
</thead>
</table>

Using “CPAEMAIL” to find firm/SAO single audits

Examples:
@APA.VIRGINIA.GOV
@HEINFELDMEECH.COM
Why the preference for use of “CPAEMAIL” field?

- If the e-mail is not correct, the auditor would not receive the e-mail to complete their part of the DCF or sign the auditor’s statement
- Firm names with periods, spaces, and abbreviations create variations in practice
- Limitation: CPAs that use generic email address (e.g. AOL.COM, GMAIL.COM, YAHOO.COM, Etc.)

Review CPA fields for your Firm/SAO

- CPAFIRMNAME
- CPASTREET1
- CPASTREET2
- CPA CITY
- CPA STATE
- CPA ZIPCODE
- CPA CONTACT
- CPA PHONE
- CPA FAX
- CPA EMAIL
- CPA DATE SIGNED
- MULTIPLE_CPAS
- AUDITOR_EIN
- CPA FOREIGN
- CPA COUNTRY

Using IF THEN statement to review DOLLARTHRESHOLD

In a new column inserted by reviewer:

`=ROUND(IF(AND(BF2>=750000,BF2<=25000000),750000,IF(AND(BF2>25000000,BF2<=100000000),BF2*0.03,IF(AND(BF2>100000000,BF2<=1000000000),3000000,IF(AND(BF2>1000000000,BF2<=20000000000),BF2*0.003,IF(AND(BF2>20000000000),30000000,BF2*0.0015)))),0))

TOTFEDEXPEND is in column BF, data starts in row 2.
Using IF THEN statement to review DOLLARTHRESHOLD

In another new column inserted by reviewer to calculate to determine if there is difference between the A/B Threshold entered by the Auditor on the DCF and the reviewers recalculated threshold:

=BO2-AY2

Column BO contains reviewers inserted Recalculated A/B Threshold and column AY contains DOLLARTHRESHOLD entered by the auditor on the DCF

Download the complete single audit database

2018 single audits

Of the 27,590 submitted as of 6/2/19:

- 26,772 matched the recalculated threshold
- 71 were more than the recalculated threshold (5 were $1 off)
- 747 where less than the recalculated threshold (22 were $1 off)
- These 747 could be okay because of large loan programs

Some examples of where the DOLLARTHRESHOLD is more than the Recalculated Threshold

Given the TOTFEDEXPEND are so low and the DOLLARTHRESHOLD are so high indicates a keying error

<table>
<thead>
<tr>
<th>DOLLARTHRESHOLD</th>
<th>TOTFEDEXPEND</th>
<th>Recalculated A/B Threshold</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>97,115,926</td>
<td>32,571,957</td>
<td>97,159</td>
<td>(96,718,767)</td>
</tr>
<tr>
<td>75,000,000</td>
<td>1,583,493</td>
<td>750,000</td>
<td>(74,250,000)</td>
</tr>
<tr>
<td>75,000,000</td>
<td>6,757,736</td>
<td>750,000</td>
<td>(74,250,000)</td>
</tr>
<tr>
<td>75,000,000</td>
<td>4,107,112</td>
<td>750,000</td>
<td>(74,250,000)</td>
</tr>
<tr>
<td>75,000,000</td>
<td>1,210,434</td>
<td>750,000</td>
<td>(74,250,000)</td>
</tr>
<tr>
<td>75,000,000</td>
<td>899,255</td>
<td>750,000</td>
<td>(74,250,000)</td>
</tr>
</tbody>
</table>
Some examples of where the DOLLARTHRESHOLD is less than the Recalculated Threshold

Given how large the TOTFEDEXPEND are and how low the DOLLARTHRESHOLD are, this indicates very large loan programs at the auditee.

<table>
<thead>
<tr>
<th>DOLLARTHRESHOLD</th>
<th>TOTFEDEXPEND</th>
<th>Recalculated A/B Threshold</th>
<th>Varance</th>
</tr>
</thead>
<tbody>
<tr>
<td>750,000</td>
<td>31,409,558,000</td>
<td>47,110,437</td>
<td>46,360,437</td>
</tr>
<tr>
<td>750,000</td>
<td>10,846,842,193</td>
<td>30,000,000</td>
<td>29,250,000</td>
</tr>
<tr>
<td>750,000</td>
<td>14,513,613,978</td>
<td>30,000,000</td>
<td>29,250,000</td>
</tr>
<tr>
<td>750,000</td>
<td>5,533,318,051</td>
<td>16,659,954</td>
<td>15,909,954</td>
</tr>
<tr>
<td>750,000</td>
<td>1,469,981,916</td>
<td>4,409,946</td>
<td>3,659,946</td>
</tr>
<tr>
<td>750,000</td>
<td>1,289,729,000</td>
<td>3,869,187</td>
<td>3,119,187</td>
</tr>
</tbody>
</table>

Very important!

The previous slide highlights the importance of knowing what the underlying data represents. Reviewers should not just rely on analyzing a single dataset. Instead, should confirm or disprove preliminary conclusions by reviewing other data and the reporting package.

Complete datasets that can be used to conduct multi-year analysis:

- **General**: Contains the general information of each audit report.
- **Agency**: Contains reporting agencies information of each audit report.
- **CFDA**: Contains CFDA information of each audit report.
- **EPA**: Contains EPA information of each audit report.
- **DUNS**: Contains DUNS information of each audit report.
- **CPRS**: Contains CPRS information of each audit report.
- **Findings**: Contains finding information of each audit report.
- **Passsthrough**: Contains pass through information of each audit report.

Will need to download multiple years and join tables.
Determine if type A programs have been audited at least once in three years

Calculate program/cluster total using the SEFA files and information from Part 5 of the Compliance Supplement

Use DOLLARTHRESHOLD in the General files to identify programs as type A or type B in the CFDA files

Determine if the CFDA indicates if the type A programs have been audited as a major program at least once in the last three years

• If not, review reporting package

Will need to download multiple years and join tables

73

Determine if type A programs cannot be identified as low-risk

Use the TYPEREPORT field in the SEFA file to determine if the Type Program has A, Q, or D for adverse, qualified, or disclaimer of opinion in the prior two years

Can also use the MODIFIEDOPINION field in the finding file to determine if the type A program has a modified opinion in the prior two years

Use the MATERIALWEAKNESS in the findings file to determine if the type A program has had a material weakness in the last two years

Will need to download multiple years and join tables

74

Determine if the single audit was submitted within 9 months

In the General File, compare the FACACCEPTEDDATE to the FYENDDATE

Will need to download multiple years and join tables

75
Determine if the auditor noted a going concern
In the General File, review the GOINGCONCERN column to see if it contains a Y.

Determine if the proper percentage of coverage was obtained
Using the SIFA file's MAJORPROGRAM and AMOUNT fields, calculate the dollars audited as a major. Divide by TOTFEDEXPEND in the General file to determine percentage of coverage. Use the result of the following to determine if percentage of coverage was proper:
- LOWRISK column in GENERAL file
- FACACCEPTEDDATE to the FYENDDATE analysis
- TYPEREPORT_FS in GENERAL file
- MATERIALWEAKNESS in General file
- GOINGCONCERN analysis
- TYPEREPORT or MODIFIEDOPINION analysis
- MATERIALWEAKNESS analysis

Note: No data field with known or likely questioned cost amounts that can be used to determine if greater than five percent; however, if greater than five percent could be reflected in other analysis.

Panel discussion - What do you think that auditors need to focus on as it relates to the 2019 Form?
GAQC and Other AICPA Resources

“Summer Fun” CPE rebroadcast week (all times Eastern)

Monday, June 24th
- 1-3pm - The 2018 Yellow Book: What You Need to Know

Tuesday, June 25th
- 11am to 1pm - Fiduciary Activities: Understanding the Impacts of the GASB 84
- 1-3pm - Understanding the 2018 Yellow Book Independence Rules

Wednesday, June 26th
- 11am to 1pm - GASB Leases: What Preparers & Auditors Need to Know to be Ready for Implementation
- 1-3pm - Tackling Internal Control Over Compliance in a Single Audit

Thursday, June 27th
- 11am to 1pm - Navigating Indirect Costs in Your Single Audit
- 1-3pm - Smart Sampling in a Single Audit

Friday, June 28th
- 11am to 1pm - 2019 State and Local Government Audit Planning Considerations
- 1-3pm - 2019 GAQC Annual Update Webcast

Open only to GAQC members

See GAQC Alert #383 for registration information.

GAQC resources - web site (www.aicpa.org/GAQC)

Key areas to check out and/or bookmark:
- Access archived GAQC Alerts in chronological order
- Access archived GAQC Web events (see next slide)
- Uniform Guidance auditor resources Web page
- Yellow Book tools and resources
- Other Compliance Audit Information Web page
- GASB Matters
- HUD Information Web page
- GAQC Membership Listings
- Auditee Resource Center (Updated!)
  - Auditee Single Audit Resources Web page
Other GAQC Resources

Illustrative Auditors Reports
- Single audit, Yellow Book, SLG, HUD
2018 Compliance Supplement Tool
SEFA Practice Aids (for both auditors and auditees)

Quality Control Tools
- Tips for Getting Through a Quality Control Review
- Peer Review Checklists
- Practice Aid - Establishing and Maintaining a System of Quality Control

Marketing information for members
- Includes logos and usage guidelines

---

2019 GAS-SA Guide

Key resource for auditors; you should be using this Guide!
2019 update expected in eBook and paperback by end of June

Key changes:
- Updates to areas needing additional emphasis or explanation to help clarify the Uniform Guidance audit requirements
- Slight changes to certain auditor reports, primarily explanatory footnote additions

Does not contemplate effect of the new 2019 Compliance Supplement 6 requirement mandate

Order now at: http://www.aicpastore.com/

---

How do I get my CPE certificate?

Access your CPE certificate by clicking the orange "CPE" icon
- If at the end of this presentation you are eligible for but unable to print your CPE certificate, please log back in to this webcast in 24 hours and click the orange "Get CPE" button. Your certificate will still be available.
- If you need assistance with locating your certificate, please contact the AICPA Service Center at 888.777.7077 or service@aicpa.org.
Thank you