

Strategies for Navigating the Tribal TANF Program Audit Process



PRESENTED BY:

KAREN CODE
Lead Grants Management Specialist
ACF Office of Grants Management, Region 10

Audit Legislation & Regulations

Single Audit Act of 1984

Single Audit Act Amendments of 1996

OMB Circular A-133 – annual updates

**Uniform Guidance – 45 CFR 75,
Subpart F – Audit requirements**

Who is audited...

- Non-Federal Entities (NFE)
 - State governments
 - Local governments
 - **Indian tribes**
 - Institutions of higher education
 - Nonprofit organizations

Who is Audited?

- **+\$750,000** - Non-Federal Entities (NFE) expending \$750,000 or more in Federal funds in a year.
- **<\$750,000** - NFE expending less than \$750,000 in Federal awards are **exempt**, however records must be available for review

Audit Cycle

- Auditors provide an Audit Package & SF SAC to the Federal Audit Clearinghouse
- Federal Audit Clearinghouse - Review
- National External Audit Review Center (NEAR) – Review, recommendations and assignment – **Changes coming**



ACF Responsibilities

- **Audit Resolution**
- **Penalty Action**
- **Yes, Penalty Assessed – OFA penalty letter**
- **No Penalty Assessed – ACF audit determination letter**

Grantee Responsibilities

- Ensure TANF funds are used for **allowable** costs
- Understand Award **Terms & Conditions** & **TTANF Plan**
- Submit required Federal Reports
- Required audits are performed and submitted timely
- Follow-up/Take Corrective Action on findings
 - **Written** response to findings:
 - Agree?
 - Comments
 - Corrective Action

Audit Costs & Sanctions

- **Costs of audits – allowable**
- **If Grantees HAVE NOT conducted, or provided a complete annual audit to the FAC – sanctions include:**
 - Withholding funds
 - Suspending funds
 - PMS Restrictions
 - Termination of the grant award

Auditor Reviews

- **Internal Controls**
- **Compliance with Federal statutes, regulations, and terms and conditions of Federal awards**
- **Prior Findings**
- **Known Fraud affecting a Federal award**

Internal Controls

Examples

- **Policy and Procedures Manual**
- **Separation of duties**
- **Supporting documentation**
- **Expenditures over specified amount require higher-level review/approval**
- **Prepare and review budget : actual variance reports by funding source**
- **Cost allocation plan or method**
- **Process to collect and document errors; determine cause and fix it to prevent reoccurrence**

Building Confidence

- **Understand the Audit Finding**
- **Work to eliminate repeat audit findings**
- **Corrective Action should include specifics:**
 - **How**
 - **Who**
 - **When**
- **Maintain contact with your ACF Regional Program and Grants Offices – Call with questions *anytime*.**

Top 10 Ways to Prepare

- 10. Assemble Audit Materials**
- 9. Answer Auditor Questions Directly**
- 8. Know the Terms and Conditions of the Award**
- 7. Expenditures are Allowable, Reasonable and Allocable**
- 6. Maintain Documentation**

Top 10 Ways to Prepare

- 5. Written Internal Policies and Procedures**
- 4. Time and Effort Reports**
- 3. Obtain Written Prior Approvals**
- 2. Submit Timely & Accurate Financial and Performance Reports**
- 1. Relationship of Financial and Program Staff**

TTANF Penalties

- Tribal TANF grantees face financial penalties if Federal funds are used in violation of the Act.
- Penalty amounts must be replaced by Tribal funds; if they are not, an additional 2% penalty imposed
- Total penalties in a year may not exceed 25% of TFAG
- Penalty regulations: 45 CFR 286.195

TTANF Penalties

- Misuse of funds – \$\$ amount identified
- Intentional misuse of funds – misuse \$\$ +5%
- Failure to meet minimum work participation rate(s) – 5% to 21% depending upon # years not met
- Failure to repay a Federal loan provided under section 406 – outstanding loan amount

Common TTANF findings – Internal Controls

Finding	Recommendation	Resolution
Grantee was not able to support TANF expenditures because they had not retained supporting documentation.	Recommend procedures be strengthened to ensure expenditures are supported by adequate documentation. Questioned costs of \$65,000.	If sustained, it will go through the penalty process as a penalty for misuse of funds.
Same finding as above.	Same as above except questioned costs of \$4,000.	Initial Finding: Grantee will likely be required to submit a corrective action plan to address the problems but no penalty action Repeat Finding: ACF may assess a penalty

Common TTANF Audit Findings – Internal Controls

Finding	Recommendation	Resolution
Tribe did not have internal controls to ensure compliance with their procurement policy and the Uniform Guidance requirements at 45 CFR 75.326-335.	Recommend a procedure be established to ensure Grantee is following the procurement policy established and meeting the regulatory requirements.	Tribe concurred with this finding and updated their procurement policy and procurement manual to be consistent with requirements. Also purchased new software to manage all phases of purchasing & record-keeping and trained staff on the use of the new software.
Tribe had no written policies in place to support emergency assistance payments; therefore no guidance was available to identify eligibility, duration, amount or frequency of payments. Questioned costs of \$8K	Recommend policies and procedures be developed and implemented to ensure only allowable expenditures are charged to Federal programs.	Tribe concurred with finding. Policies and Procedures Manual was updated and approved by Tribal Council. The TFAP was amended . No penalty action.

Common TTANF Audit Findings - Reporting

Finding	Recommendation	Resolution
Tribe submitted only one quarterly financial report (ACF-196T) during the year. This is considered a material noncompliance.	Recommend procedures be strengthened to ensure required financial reports are completed accurately, and submitted timely to the granting agency.	Tribe concurred & submitted CAP stating that reporting requirements were clarified & the Tribe is currently meeting the requirements. Future findings may result in penalty action. Interim measures may include restrictive payments from PMS.
Tribe did not file the Tribal TANF Data Report for a specific year.	Recommend required reports be completed & filed timely with the appropriate agency in order to continue receiving Federal awards.	Tribe concurred. Procedures were implemented to ensure that Federal reports are filed in accordance with program requirements. TANF Data Report for the missing year was submitted .

Common TTANF Audit Findings - Eligibility

Finding	Recommendation	Resolution
Tribe didn't maintain documentation supporting eligibility determinations. 40 files tested, 14 did not have required documents.	Recommend program policies & procedures be developed and implemented to ensure verification of eligibility is documented and retained in client files.	Tribe concurred, prepared written policies & procedures & submitted them to the RO for review. Created & implemented eligibility documentation checklist. Confirmed that all 14 cases questioned were eligible.
Tribe failed to follow the required procedures relating to eligibility re-determination creating a significant risk of ineligible participants in the TANF program.	Recommend procedures be implemented to ensure participant eligibility is supported by adequate documentation.	Tribe concurred. Pgm mgr worked with caseworkers to ensure all financial eligibility documents current in files. Procedures developed , documented & implemented consistent with program requirements.

Resources

- OMB Circular A-133 – FY 2017
- https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/circulars/A133/2017/Compliance_Supplement_2017.pdf
- Federal Audit Clearinghouse Questions and Answers:
<https://harvester.census.gov/facweb/FAQs.aspx#cert-q2>

Questions / Comments

