

Audit Corrective Action Plans February 2015

**Sara Rupe, State Financial Consultant
Office of Financial Management
Statewide Accounting**

Today's Agenda

- Requirements
- Key Dates
- Process
- Example
- Review Checklist
- Resources

CAP Requirements

- Federal Requirements
 - Uniform Grant Guidance §200.511 Audit Finding Follow-up :
 - (c) *Corrective action plan*. At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports.
 - No change from the OMB Circular A-133 requirement
 - Summary schedule of prior audit findings
 - (b) *Summary schedule of prior audit findings*. The summary schedule of prior audit findings must report the status of all audit findings included in the prior audit's schedule of findings and questioned costs.

CAP Requirements

- Additional State Requirements

- RCW 43.88.160 (d) :

The director of financial management shall annually report by December 31st the status of audit resolution to the appropriate committees of the legislature, the state auditor, and the attorney general.

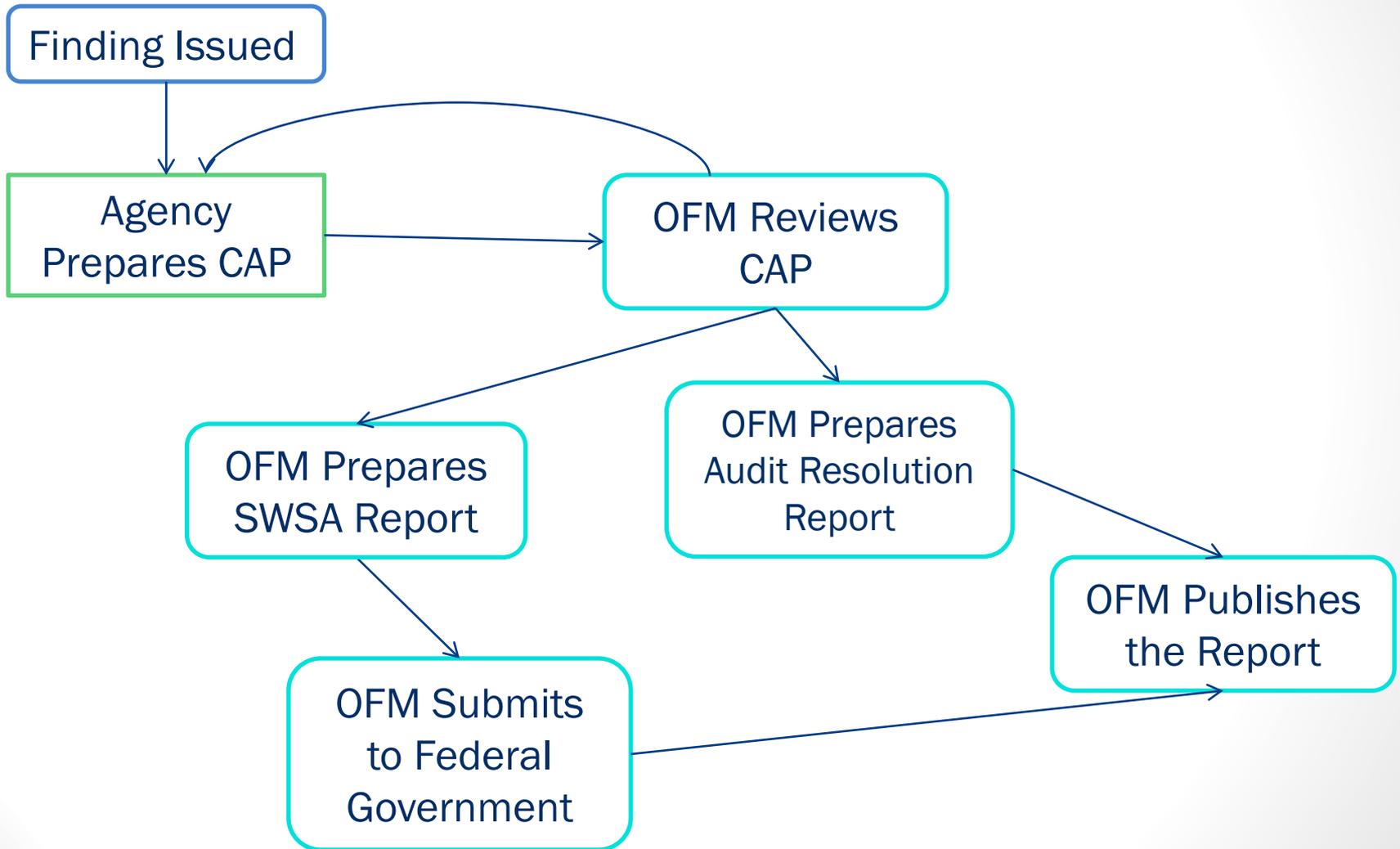
- SAAM 55.10 Audit Tracking

- Agency Responsibilities for Audit Resolution Tracking
 - Corrective Action Plan Templates
 - Certification of Completion

Key Dates

- Corrective Action Plans are generally due within 30 days of issuance of the finding.
- March 31 SWSA report is due including:
 - Corrective Action Plans for current findings
 - Summary Schedule of Prior Findings
- September update Schedule of Prior Findings
- November update for Audit Resolution Report
- Certifications of Completion should be submitted once the CAP status is complete

CAP Process



Example

- What to look for when preparing your corrective action plan
- How to avoid the back and forth with OFM

2013-001 The Department improperly claimed \$55,000 in federal reimbursement.

Federal Awarding Agency: U.S. Sample Agency
Pass-Through Entity: None
CFDA Number and Title: 12.345. Sample Grant
Federal Award Number: ABCDEFG
Applicable Compliance Component: Activities Allowed/Cost Principles
Questioned Cost Amount: \$55,000

□

Background

Federal regulations specify the documentation grantees must keep to support employee compensation charged to federal grants.....

Description of Condition

We identified five employees who did not charge paid leave time to the federal grant in proportion to the amount of regular time worked on the grant.....

Cause of Condition

For four employees the review of the time sheets by supervisory staff was insufficient to ensure the grant was properly charged.....

Effect of Condition and Questioned Costs

The Department requested reimbursement for \$55,000 in fringe benefits that were unallowable costs. We are questioning costs because the Department did not charge the grant in accordance with federal regulations.

We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support an expenditure.

Recommendation

We recommend the Department ensure supervisors who are reviewing employee time sheets are knowledgeable to perform an accurate review and identify improper charges prior to approval. We also recommend the Department establish policies and procedures to ensure managers, supervisors and staff have guidance on how to properly charge work and leave time to federal grant programs.

Department's Response

The Department concurs with the finding. We will establish procedures to ensure managers, supervisors and staff have guidance on how to properly charge work and leave time to federal grant programs. The Department will consult with the Federal Granting Agency to determine if any questioned costs should be repaid.

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Example Continued

Recommendation:

1. We recommend the Department ensure supervisors who are reviewing employee time sheets are knowledgeable to perform an accurate review and identify improper charges prior to approval.
2. We also recommend the Department establish policies and procedures to ensure managers, supervisors and staff have guidance on how to properly charge work and leave time to federal grant programs.

**State of Washington
Corrective Action Plan**

*OMB Circular A-133 Audit
For the Fiscal Year Ended
June 30, 2013*

(This plan only addresses findings reportable under the revised OMB Circular A-133.)

SAMPLE Agency Name

Fiscal Year	Finding Number	Finding and Corrective Action Plan							
2013	001	<p>Finding:</p> <p>Questioned Costs:</p> <p>Status:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The Department improperly claimed \$55,000 in federal reimbursement.</p> <table border="0"> <tr> <td></td> <td style="text-align: center;"><u>CFDA #</u></td> <td style="text-align: center;"><u>Amount</u></td> </tr> <tr> <td></td> <td style="text-align: center;">12.345</td> <td style="text-align: center;">\$55,000</td> </tr> </table> <p>Corrective Action Complete</p> <div style="border: 1px solid blue; padding: 5px; margin-bottom: 10px;"> <p>2 The Department concurs with the finding. The Department has established Department-wide procedures to ensure managers, supervisors, and staff have guidance on how to properly charge work and leave time to federal grant programs.</p> </div> <div style="border: 1px solid blue; padding: 5px; margin-bottom: 10px;"> <p>1 In May 2014, these procedures were communicated to supervisors and staff. Each management team affected by the finding conducted staff training and made corrections to the fiscal year 2014 documents to ensure compliance.</p> </div> <p>In October 2014, the Department received approval from the Federal Granting Agency to accept allowable state charges incurred during the grant period to offset the federal questioned costs. No federal funds were required to be repaid.</p> <p>October 2014</p>		<u>CFDA #</u>	<u>Amount</u>		12.345	\$55,000
	<u>CFDA #</u>	<u>Amount</u>							
	12.345	\$55,000							

Example Continued

#	Recommendation	Corrective Action Plan
1	We recommend the Department ensure supervisors who are reviewing employee time sheets are knowledgeable to perform an accurate review and identify improper charges prior to approval.	In May 2014, these procedures were communicated to supervisors and staff. Each management team affected by the finding conducted staff training and made corrections to the fiscal year 2014 documents to ensure compliance.
2	We also recommend the Department establish policies and procedures to ensure managers, supervisors and staff have guidance on how to properly charge work and leave time to federal grant programs.	The Department has established Department-wide procedures to ensure managers, supervisors, and staff have guidance on how to properly charge work and leave time to federal grant programs.

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Example Continued

Finding Response	Corrective Action Plan
<p>The Department concurs with the finding. We will establish procedures to ensure managers, supervisors and staff have guidance on how to properly charge work and leave time to federal grant programs.</p>	<p>The Department concurs with the finding. The Department has established Department-wide procedures to ensure managers, supervisors, and staff have guidance on how to properly charge work and leave time to federal grant programs.</p>
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- The Department requested reimbursement for \$55,000 in fringe benefits that were unallowable costs. We are questioning costs because the Department did not charge the grant in accordance with federal regulations.
- We question costs when we find an agency has not complied with grant regulations and/or when it does not have adequate documentation to support an expenditure.

State of Washington Corrective Action Plan

*OMB Circular A-133 Audit
For the Fiscal Year Ended
June 30, 2013*

(This plan only addresses findings reportable under the revised OMB Circular A-133.)

SAMPLE Agency Name

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
2013	001	Finding:	The Department improperly claimed \$55,000 in federal reimbursement.				
		Questioned Costs:	<table border="1"> <thead> <tr> <th data-bbox="724 649 859 692"><u>CFDA #</u></th> <th data-bbox="1014 649 1149 692"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="724 692 859 735">12.345</td> <td data-bbox="1014 692 1149 735">\$55,000</td> </tr> </tbody> </table>	<u>CFDA #</u>	<u>Amount</u>	12.345	\$55,000
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12.345	\$55,000						
		Status:	Corrective Action Complete				
		Corrective Action:	<p>The Department concurs with the finding. The Department has established Department-wide procedures to ensure managers, supervisors, and staff have guidance on how to properly charge work and leave time to federal grant programs. In May 2014, these procedures were communicated to supervisors and staff. Each management team affected by the finding conducted staff training and made corrections to the fiscal year 2014 documents to ensure compliance.</p>				
			<p>In October 2014, the Department received approval from the Federal Granting Agency to accept allowable state charges incurred during the grant period to offset the federal questioned costs. No federal funds were required to be repaid.</p>				

Review Checklist

- Does the Corrective Action Plan:
 - Address each recommendation listed in the finding
 - Address Questioned Costs if any
 - Spell out acronyms
 - Completion date in Month and Year and Estimated if not yet complete.
 - Refer to the Office or Department.

Try this:	Instead of this:
The Office concurs with the findings.	The Office of Financial Management concurs with the finding.
The Department will take the following corrective actions.	We will take the following corrective actions.

Resources

SAAM 55.10(Audit Tracking)

➤ <http://www.ofm.wa.gov/policy/default.asp>

Statewide Single Audit Report

➤ <http://www.ofm.wa.gov/singleaudit/default.asp>

Audit Resolution Report

➤ <http://www.ofm.wa.gov/auditresolution/default.asp>

Questions?