



# Audit Alert and Audit Manual Update

- Office of Financial Management
- June 9, 2022

# Office of Financial Management - Audits Unit

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# MDE Listserv

- ▶ If you would like to be included on the MDE Single Audit Listserv, or if you were previously included and your email has changed, please contact:
  - ▶ Gloria Suggitt
  - ▶ [suggittg@michigan.gov](mailto:suggittg@michigan.gov)

# MICHIGAN SCHOOL AUDITING MANUAL & AUDIT ALERT

- ▶ New website! Change your bookmarked webpages!
- ▶ Main Website:  
<https://www.michigan.gov/mde/Services/financial-management/audits>
- ▶ School Auditing Manual:  
<https://www.michigan.gov/mde/-/media/Project/Websites/mde/OFM/Audits/2021-2022--Michigan-School-Auditing-Manual-ADA.pdf?rev=77c42a061cf44358b0e366e68b23b1b1x>
- ▶ Audit Alert: <https://www.michigan.gov/mde/-/media/Project/Websites/mde/OFM/Audits/Audit-Alert-2021-2022-ADA.pdf?rev=dd4299b04f64413f83061d520cce8589>

# SCHOOL AUDITING MANUAL CHANGES

Audit Updates

Compliance Supplements & Addendums

COVID Funding Higher Risk

NexSys

Child Nutrition

Title I, Part A & D

Title II, Part A

ESF

Medicaid

# Audit Updates

- ▶ MDE cannot accept audits with a disclaimer of opinion from your auditor.
  - ▶ Contact us as soon as you think this will be an issue for your district.
- ▶ Added language specifically requiring entitlement commodities and bonus commodities to be shown on separate lines on the Schedule of Expenditures of Federal Awards (SEFA).
  - ▶ Example included.
- ▶ Added requirement to include alphas on applicable assistance listing numbers (84.425).
  - ▶ Example included.
- ▶ Federal Expenditures per your SEFA must match the federal expenditures on your Data Collection Form (DCF).

# Audit Updates

- ▶ Watch out for federal dollars appropriated through the State Aid Act. (Example: 11t) These are still considered federal.
- ▶ 2022 Compliance Supplement removed cash management from the pick 6.

# Compliance Supplements

- ▶ Reduce audit findings!
- ▶ 2022 Compliance Supplement was not out when creating the 2021-22 School Auditing Manual-used 2021 Compliance Supplement. Follow the 2022 version for your audits!
  - ▶ Located at the [OMB website](#).
- ▶ Compliance Supplement Addendum #1.
  - ▶ Located at the [CFO.gov website](#).
- ▶ Compliance Supplement Addendum #2.
  - ▶ Located at the [CFO.gov website](#).
  - ▶ Compliance Supplement Addendum #2.
- ▶ 2022 Compliance Supplement.
  - ▶ Located at the [OMB website](#).



# 2022 Compliance Supplement (Elementary & Secondary Education)

ESF Section	Assistance Listing No. with Alpha	Subprogram Name
Section 1		
	84.425A	Education Stabilization Fund–State Educational Agency (Outlying Areas) (ESF-SEA)
	84.425C	Governor’s Emergency Education Relief (GEER) Fund
	84.425D	Elementary and Secondary School Emergency Relief (ESSER) Fund
	84.425H	Education Stabilization Fund – Governors (Outlying Areas) (ESF-Governor)
	84.425R	Coronavirus Response and Relief Supplemental Appropriations Act, 2021 – Emergency Assistance to Non-Public Schools (CRRSA EANS) program
	84.425U	American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)
	84.425V	American Rescue Plan - Emergency Assistance to Non-Public Schools (ARP EANS) program
	84.425X	American Rescue Plan–State Educational Agency (Outlying Areas) (ARP-OA SEA)

# 2022 Compliance Supplement (Higher Education)

Section 2		
	84.425E	Higher Education Emergency Relief Fund (HEERF) Student Aid Portion
	84.425F	HEERF Institutional Aid Portion
	84.425J	HEERF Historically Black Colleges and Universities (HBCUs)
	84.425K	HEERF Tribally Controlled Colleges and Universities (TCCUs)
	84.425L	HEERF Minority Serving Institutions (MSIs)
	84.425M	HEERF Strengthening Institutions Program (SIP)
	84.425N	HEERF Fund for the Improvement of Postsecondary Education (FIPSE) Formula Grant
	84.425P	Institutional Resilience and Expanded Postsecondary Opportunity (HEERF IREPO)
	84.425S	HEERF Supplemental Assistance to Institutions of Higher Education (SAIHE) program
	84.425T	HEERF Supplemental Support Under American Rescue Plan (SSARP) Program

# Neither-Use part 7 of 2022 Compliance Supplement for programs not included.

Neither Section 1 nor Section 2		
	84.425B	Discretionary Grants: Rethink K-12 Education Models Grants
	84.425G	Discretionary Grants: Reimagining Workforce Preparation Grants
	84.425W	American Rescue Plan – Elementary and Secondary School Emergency Relief –Homeless Children and Youth
	84.425Y	American Rescue Plan – American Indian Resilience in Education (AIRE)

# Auditor Testing

- ▶ Your auditors are NOT required by OMB to test every compliance requirement of a federal program.
- ▶ MDE WILL test every compliance requirement of the federal program during our reviews.
- ▶ Know all your program requirements or you may have a clean audit, but still get MDE monitoring findings.

# Covid Funding=Higher Risk

- ▶ Appendix IV of 2022 Compliance Supplement.
  - ▶ AL 84.425 (all alphas).
  - ▶ 21.019 removed-funding is complete.
- ▶ If Type A program this year=must be tested as major, even if it was tested as major last year.
- ▶ Due to timing of ARP payments-likely to be tested as major this year.

# NexSys

- ▶ Separate presentation on this getting access and logging in.
- ▶ Grant Auditor Report now includes alphas for all 84.425 funding sources.
  - ▶ Must include alphas on Schedule of Expenditures of Federal Awards (SEFA) & Data Collection Form (DCF).

# Child Nutrition

- ▶ Added 10.553 and 10.555 Seamless Summer Option (SSO) guidance.
- ▶ Added Child Nutrition Program Waivers for SY 21-22. Attachment 4.
- ▶ Added link to USDA Memo SP 05-2020 regarding professional standards.
- ▶ Added link to MDE Food Service Indirect Cost Calculations Template.
- ▶ Updated purchase threshold for bidding.
- ▶ Changed request that excess fund balance be shown as a finding, now requested to be included as a management decision.
- ▶ Added an excess fund balance calculator.
- ▶ Office contact changes.
- ▶ Various Menu Planning updates. Attachment 1.
- ▶ Grant Codes were added for Child Nutrition program.

# Title I, Part A & D

- ▶ Added guidance on how to report a transfer ESEA funds on the Schedule of Expenditures of Federal Awards (SEFA) and Notes to the SEFA.
  - ▶ Tell your auditor if you have an MDE approved transfer of these funds.
- ▶ Added USED Waiver #2.
- ▶ Added Virtual Parapro testing.



# Title II, Part A

- ▶ Changed name of program.
- ▶ Added guidance.

# Education Stabilization Fund Program (ESF)

- ▶ Added ESSER II and ARP ESSER III guidelines.
- ▶ Added FID codes.
- ▶ Added table of dates to know for ESSER I, II, III & Section 11t.

Name of Grant	ESSER I	ESSER II	ARP ESSER III	Section 11t
Expenditure Period Start	March 13, 2020	March 13, 2020	March 13, 2020	March 13, 2020
Expenditure Period End	September 30, 2021	September 30, 2022	September 30, 2023	September 30, 2023
Tydings Amendment End	September 30, 2022	September 30, 2023	September 30, 2024	September 30, 2024
Liquidation Period End	December 30, 2022	December 30, 2023	December 30, 2024	December 30, 2024
Application Deadline	N/A	N/A	December 15, 2021 / February 15, 2022	TBD (90 days after application opens)

**Tydings Amendment Period date is the last date to obligate funds for each specific grant**

**ARP ESSER III: February 15, 2022, deadline for those that checked box requesting more time**

# Medicaid

- ▶ Added Caring 4 Students (C4S) program guidance.

QUESTIONS