



Federal Stimulus Funding and Single Audits

by Michael DeBadts, CPA, Partner, Mengel Metzger Barr & Co., LLP

As you are aware, the COVID-19 pandemic has brought/will be bringing a significant amount of federal aid to New York State school districts. The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed on March 27, 2020 and brought just under \$1.2 billion dollars to local school districts in New York State. That was followed by the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, signed on December 27, 2020, which will be bringing over \$4 billion dollars more to New York's schools. CRRSA was quickly followed up by the American Rescue Plan Act (ARPA), signed on March 11, 2021. The New York State Education Department (NYSED) has allocated over \$8.7 billion dollars of ARPA funds to local education agencies. In total, that is almost \$14 billion dollars in additional federal funding to New York schools.

In addition to the specific funding mentioned above, there has also been a significant increase in federal funding for child nutrition programs. School Food Authorities are permitted to provide free meals to children, so all reimbursable meals are reimbursed at the free rate and some districts have expanded service beyond traditional periods and populations. Below are two actual examples of changes in federal child nutrition funding to illustrate how significant these increases have been.

District A received \$185,212 in federal funding for child nutrition in the 2018-19 fiscal year, that amount increased to \$208,030 for the 2019-20 fiscal year (12.3% increase), and the District had earned \$271,955 through February of the current fiscal year (already a 30.7% increase over 2020).

District B received \$201,802 in federal funding for child nutrition in the 2018-19 fiscal year, that amount increased to \$235,514 for the 2019-20 fiscal year (16.7% increase), and the District had earned \$329,033 through February of the current fiscal year (already a 39.7% increase over 2020). Note, this district also began summer service for 2021.

One of the ripple effects of this additional funding is that there are going to be many school districts who will require a single audit that have not historically met the threshold. In accordance with the Uniform Grant Guidance, any non-federal entity that expends \$750,000 or more in federal funds is required to have a single audit. I anticipate that a majority of the districts that I work with that did not require a single audit for the 2020 fiscal year will require one for 2021, and even more (if not all) will need one in the upcoming years.

CONTINUED ON PG. 22

If your district has not historically been subject to the Single Audit, you can begin to get ahead of it by putting together a Schedule of Expenditures of Federal Awards (SEFA). The SEFA can be started by listing the amounts the District has spent under each federal program (remember to include funds spent in the current fiscal year that were carried over from the prior grant year) and add federal funds earned for meal reimbursements and commodities received for the child nutrition program. Your district's auditor will use the SEFA to go through a selection process to determine the program(s) that will need to be audited as major, based on professional guidance. In preparation for some of the clients that I will be doing single audits of for the first time this year, I have noted that one program may not provide enough coverage at many of these schools. Communication with your auditor, and advance preparation, will be key to ensuring a smooth audit process and less stress on district staff to get through this additional work.

At year end, if your district has crossed the \$750,000 threshold, here are some quick tips to make your first single audit go smoothly.

- Make sure to have your Federal Funds procedures manual updated. ASBO New York created a sample manual available at: <https://www.asbonewyork.org/page/uniformgrantguidance>
- Keep organized grant file folders for each grant the district receives, containing (at a minimum):
 - Grant application
 - Original grant budget (FS-10)
 - Award notification/approval
 - Any grant budget amendments (FS-10A)
 - Any grant drawdown requests for reimbursement (FS-25)
 - Attach system generated expense detail report to support amount claimed
 - Grant final cost report (FS-10F)
 - Expense detail for the fiscal year
- For the Child Nutrition Cluster, understanding your district's meal count and claiming process is increasingly important during COVID. Districts should maintain original source documentation used for preparation of the monthly claim form.
 - Have documentation available for self-reviews and state reviews completed
 - Documentation of meals claimed
 - Program approval/renewal
- Connect with your auditor (if you haven't already), let them know that your District will require a single audit this year, and see if they have a list of additional items that they will need to complete the testing of the major programs. ◀

ABOUT THE AUTHOR

Mike has been a partner with MMB since October 2019, having previously been with Raymond F. Wager, CPA, PC when the two merged, in January 2018. He has been working with public school districts for over 15 years, after receiving his BS and MS in Accounting from SUNY Geneseo. In addition to being a member of NYSASBO and WFLASBO, Mike is a member of the Public Schools Committee of the New York State Society of CPA's, and the SUNY Geneseo School of Business Advisory Council.

