

Schedule of Expenditures of Federal Awards Illustrative Practice Aids¹

The AICPA's [Governmental Audit Quality Center](#) (GAQC) launched a series of task forces to address deficiencies that were noted in a June 2007 federal study on the quality of audits performed under [Office of Management and Budget \(OMB\) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations](#) (Circular A-133)—also referred to as single audits. The study results are detailed in a report titled, *Report on National Single Audit Sampling Project* (the PCIE report), that was issued by [the President's Council on Integrity and Efficiency](#) (PCIE) and can be accessed in its entirety at the following URL: <http://www.ignet.gov/pande/audit/NatSamProjRptFINAL2.pdf>. One of the AICPA task forces (the SEFA task force) was established in response to audit quality issues identified in the PCIE report that relate to the auditor's procedures and reporting on the Schedule of Expenditures of Federal Awards (SEFA). As a result, the SEFA task force developed the attached Practice Aids to assist auditors in determining whether the SEFA includes all required elements, is accurate and complete, and that the auditor's procedures relating to the SEFA are appropriately documented.

Chapter 7, *Schedule of Expenditures of Federal Awards*, of the [AICPA Audit Guide, Government Auditing Standards and Circular A-133 Audits](#), describes the various Circular A-133 requirements relating to the SEFA for both the auditor and the auditee. The SEFA, which is prepared by the auditee and considered supplementary information, is an important part of the reporting package required by Circular A-133. The auditor is required by Circular A-133 to determine and provide an opinion on whether the SEFA is presented fairly in all material respects in relation to the auditee's financial statements as a whole. Further, the information in the SEFA serves as the primary basis for the auditor's major program determination which is a key component of performing a single audit.

The two Practice Aids developed as auditor tools by the SEFA task force are as follows:

- **Illustrative Audit Program for the SEFA**: This Practice Aid provides the auditor with an illustrative audit program as a tool to document the procedures performed for purposes of providing the in-relation-to opinion on the SEFA, as well as the additional procedures to determine the accuracy and completeness of the information included in the SEFA. Given both the in-relation-to opinion provided on the SEFA and the significance of the information in the SEFA to the auditor's major program determination, it is important for the auditor to clearly document the procedures performed on the SEFA. The suggested procedures were developed to be responsive to the following assertions: *completeness, occurrence, accuracy, cutoff, and classification and understandability*. Auditors using this illustrative audit program should consider the facts and circumstances and risk assessment of their particular engagements and tailor the audit program to be responsive to identified risks.
- **Auditor Disclosure Checklist for the SEFA**: This Practice Aid is intended to assist the auditor in determining whether the auditee's SEFA includes all of the elements required by Circular A-133.

¹ Note that these Practice Aids do not contemplate any additional SEFA or other auditee requirements relating to the [American Recovery and Reinvestment Act of 2009](#) (Recovery Act). Watch the [GAQC Recovery Act Resource Center](#) on the GAQC Web site for further updates, illustrations, and tools relating to the Recovery Act.

Schedule of Expenditures of Federal Awards Illustrative Auditor Practice Aids

The SEFA task force has also developed two Practice Aids for auditees. The first is a worksheet for auditees to use to accumulate and document important information about their federal programs. The second is an Auditee Disclosure Checklist for the SEFA. Because preparation of the SEFA is the auditee's responsibility, auditors may recommend that their clients refer to both of these Practice Aids. The auditee Practice Aids are available through the Governmental Audit Quality Center Web site <http://gaqc.aicpa.org/Resources/Research+Tools+and+Aids/> under the link [Single Audit Practice Aids](#). Also, watch the Governmental Audit Quality Center Web site at www.aicpa.org/GAQC for further developments regarding single audit quality.

These Practice Aids, *Audit Program Supplement for the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133* and *Disclosure Checklist: Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133* are intended to help auditors with audits in accordance with the Single Audit Act Amendments of 1996 (the Single Audit Act) and Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (Circular A-133). Users of these Practice Aids should consult the original material referenced in these Practice Aids for a complete understanding of the standards, requirements, and guidance.

These Practice Aids are *Other Auditing Publications* as defined in Statement on Auditing Standards No. 95, *Generally Accepted Auditing Standards* (AICPA, *Professional Standards*, vol. 1, AU sec. 150). Other Auditing Publications have no authoritative status; however they may help you, as an auditor, understand and apply certain auditing standards.

If you apply the auditing guidance included in an Other Auditing Publication, you should be satisfied that, in your judgment, it is both appropriate and relevant to the circumstances of your audit. The auditing guidance in this document has been reviewed by the AICPA Audit and Attest Standards Staff and published by the AICPA and is presumed to be appropriate. These documents have not been approved, disapproved, or otherwise acted on by any senior technical committee of the AICPA.

Practice Aid: Audit Program Supplement for the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133

Audit Objectives

Note: The letters preceding the audit objectives in this Practice Aid are identification codes. The objective column (identified under the heading “Obj.” below) presents those codes when the audit step accomplishes or helps to accomplish the specific objective.

- A. To determine whether the schedule of expenditures of federal awards (schedule) is fairly stated in all material respects in relation to the basic financial statements.
- B. To determine whether the schedule provides an appropriate basis for determining major programs.

Assertions

Note: The letters preceding the assertions in this Practice Aid are identification codes. The assertion column (identified under the heading “Assn.” below) presents those codes when the audit step addresses or helps to address the specific assertion.

CM: *Completeness:*

All expenditures that should have been recorded have been recorded, or
All disclosures that should have been included in the schedule have been included.

OC: *Occurrence:*

Transactions and events that have been recorded have occurred and pertain to the entity or,
Disclosed events and transactions have occurred and pertain to the entity.

AC: *Accuracy:*

Amounts and other data relating to recorded transactions and events have been recorded appropriately, or
Financial and other information are disclosed fairly and at the appropriate amounts.

CT: *Cutoff:*

Expenditures have been recorded in the correct period.

CU: *Classification and Understandability:*

Information is appropriately presented and described and disclosures are clearly expressed.

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OMB Circular A-133**

**Procedures Related to an In Relation To Report (AU 550/551 and Chapter 7 of
the AICPA Audit Guide, *Government Auditing Standards and Circular A-133
Audits*)²**

Obj.	Assn.		Initials	Date	Ref.
A		1. Obtain the current-year schedule of expenditures of federal awards (which may only be available in draft form) and perform the following procedures to determine whether the information is fairly stated, in all material respects, in relation to the financial statements as a whole:			
	AC CU	a) Inquire of management whether the schedule was prepared in accordance with Circular A-133.	_____	_____	_____
	AC CU	b) Obtain an understanding about the methods of preparing the information, including whether the form and content complies with Circular A-133.	_____	_____	_____
	CM OC AC CT	c) Compare and reconcile information to the underlying accounting and other records used in preparing the financial statements or to the financial statements themselves.	_____	_____	_____
	AC CT CU	d) Inquire of management whether there were any significant assumptions or interpretations underlying the measurement of presentation of the information.	_____	_____	_____
	CM OC AC	e) Evaluate the appropriateness and completeness of the information, considering procedures and other knowledge obtained during the audit of the financial statements.	_____	_____	_____

² A proposed Statement on Auditing Standards (SAS), *Other Information in Relation to the Financial Statements as a Whole*, was issued in January 2009. This SAS addresses and clarifies the auditor's responsibility when engaged to opine on whether other information is fairly stated, in all material respects, in relation to the financial statements as a whole. Upon issuance, this SAS is effective for audit engagements for periods beginning on or after December 15, 2009, with early application permitted. The steps related to Objective A of this audit program may be affected by the issuance of this SAS.

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Obj.	Assn.		Initials	Date	Ref.
	CM	2. Obtain the following written representations from management: <ul style="list-style-type: none"> a) that it acknowledges its responsibility for the information; b) that the form and content of the schedule is in accordance with Circular A-133 §310.b; c) that the methods of measurement or presentation have not changed from those used in the prior period or, if the methods of measurement have changed, the reasons for such changes; and d) as to any significant assumptions underlying the measurement or presentation of the schedule. 			
	OC				
	AC				
	CT				
	CU				
		3. Document below our conclusion whether the schedule is fairly presented in relation to the basic financial statements as a whole.			

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OMB Circular A-133**

**Procedures Related to Major Program Determination and Other Circular A-133
Requirements (Chapter 7 of the AICPA Audit Guide, *Government Auditing
Standards and Circular A-133 Audits*)**

Obj.	Assn.	Initials	Date	Ref.
B	4.			
	Obtain the current-year schedule of expenditures of federal awards (which may only be available in draft form), perform procedures to validate the amounts in the schedule:			
CM	a.			
OC	Obtain an understanding of internal control over the preparation of the schedule. This would include the following:			
AC				
CU				
	- controls over completeness and accuracy			
	- controls that ensure CFDA #s are correct			
CU	b.			
	Determine whether the period covered by the schedule is the same as that covered by the financial statements.			
AC	c.			
CU	Determine whether the clusters reported in the schedule are correct by comparison to Part 5 of the Compliance Supplement			
	d.			
	Test completeness of the schedule through various procedures, such as:			
CM	(1)			
OC	Reconciling to the underlying accounting records and/or comparing to grant records;			
AC				
CT				
CM	(2)			
OC	Comparison to prior year schedule;			
AC				

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Obj.	Assn.		Initials	Date	Ref.
	AC CM OC	e. Appropriately measures certain specific items, such as loans and loan guarantees, endowment funds, and noncash assistance, as provided in A-133, section 205(b) through (j).	_____	_____	_____
	CU AC	f. Uses measurements or presentations that differ from those in the prior period. (If so, evaluate the nature and reasonableness of the changes.)	_____	_____	_____
	CU CT AC	g. Has any significant assumptions or interpretations underlying the measurements or presentations. (If so, evaluate the appropriateness of those assumptions and interpretations.)	_____	_____	_____
	CM OC AC CT CU	7. In addition to the management representations discussed in Step 2, obtain the following written representations from management:			
		a. that it is management's responsibility for understanding and complying with the compliance requirements related to the preparation of the schedule.	_____	_____	_____
		b. that management has identified all of its government programs and related activities subject to Circular A-133 and has included expenditures made during the period being audited for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.	_____	_____	_____

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Obj.	Assn.	Initials	Date	Ref.
	c. that management has made available all contracts and grant agreements, including amendments, if any, and any other correspondence that have taken place with federal agencies or pass-through entities related to federal programs.	_____	_____	_____
	d. acknowledges management's responsibility for establishing and maintaining controls that provide reasonable assurance that the entity manages government programs in compliance requirements.	_____	_____	_____
	8. Evaluate identified control weaknesses pertaining to the auditee's complete and accurate schedule and determine whether such deficiencies individually or in combination, are significant deficiencies or material weaknesses relating to internal control over financial reporting, internal control over compliance or both.	_____	_____	_____

Conclusion: In our opinion, the objectives of this audit program have been met, except as follows:

We have completed this audit program supplement in accordance with firm policy.

Prepared by _____ Date _____

Reviewed by _____ Date _____

Practice Aid: Disclosure Checklist: Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133

Not Applicable	Yes/No
N/A	(Y, N)

- | | | | |
|---|---|--|--|
| 1 | <p>Does the schedule:</p> <ul style="list-style-type: none"> a. List individual federal programs by federal agency? b. Show total federal awards expended for each individual federal program and include the Catalog of Federal Domestic Assistance (CFDA) number? c. If a CFDA number is not available, include another identifying number and the name of the program? ^{fn 1} d. List individual awards within a cluster of programs? e. For research and development (R&D), list federal awards expended either by individual award or by federal agency and major subdivision within the federal agency? f. Identify, to the extent practical, the total amount provided to subrecipients from each federal program (or alternatively may be included in the notes)? g. Include, if applicable, for federal awards received as subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity? | | |
| 2 | <p>Does the schedule include notes that appropriately and completely describe the significant accounting policies used in preparing the schedule and basis of accounting?</p> | | |
| 3 | <p>Does the schedule (preferably) or a note to the schedule include the value of the Federal awards expended in the form of:</p> <ul style="list-style-type: none"> a. Noncash assistance? b. The amount of insurance in effect during the year? c. The amount of loans or loan guarantees (including interest subsidies) outstanding at year end? | | |
| 4 | <p>While not required by Circular A-133, does the schedule include additional information required by federal awarding agencies and pass-through entities?</p> | | |
| 5 | <p>To the extent non-federal awards are presented in the schedule, is the data clearly segregated and designated as non-federal along with a modification of the title to indicate the inclusion of non-federal awards?</p> | | |

Practice Aid: Disclosure Checklist: Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133

Conclusion: The schedule of expenditures of federal awards presents the minimum data elements required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, section 310(b).

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Comments concerning any “no” answers above:

Item Number

Reference to schedule of expenditures of federal awards:

Audit Documentation Reference

We have completed this checklist in accordance with firm policy:

Prepared by:
Reviewed by:

Initials	Date

^{Fn 1} When the CFDA number is not available, the auditee has alternatives for presenting that information. The auditee could indicate that the CFDA number is not available and include, if available, another identifying number, such as a contract or grant number. The auditee also could apply the guidance presented in the Federal Audit Clearinghouse’s data collection form instructions for when a federal program does not have a CFDA number. Specifically, if the program has a contract or grant number, the number shown as the CFDA number could be the awarding agency’s two-digit prefix listed for the agency in the appendix to the forms’ instructions (or 99 if the agency is not listed) followed by the contract or grant number. If the program does not have a contract or grant number, the number shown as the CFDA number could be awarding agency’s two-digit prefix (or 99) followed by “UNKNOWN.”