


Hear It From The Auditor! Current Top Findings – How They’re Reviewed and How to Avoid Them!

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1



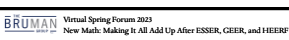
Eric J. Russell

- Originally from Nashville, Tennessee;
- Favorite places include the Parthenon in Nashville (see the golden statue!), Istanbul, and Dubai;
- More than 15 years of experience in municipal budgeting, public financial management, governmental audit, and management consulting;
- Previously served as Deputy Finance Director for the City of Columbus, Ohio, responsible for Asset Management and Grants Management;
- Member of the Crowe LLP Public Sector Consulting and Government Audit groups for 13 years ultimately rising to the level of Senior Manager before departing to return to direct public service; and
- Immediate Past President of the National Grants Management Association (NGMA) and current Member of the Thompson Grants Advisory Board.




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2



Audit What, Audit Who, Audit When?

- There is no shortage of audits occurring now – and there are even more to come!
- You may have heard about or been subject to...
 - Single Audits conducted in accordance with Subpart F to the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).
 - Annual financial statement audits;
 - Financial audits performed by Offices of Inspectors General;
 - Federal agency or pass-through entity monitoring; or
 - **FILL IN THE BLANK!**



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3

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New Math: Making It All Add Up After ESSER, GEER, and HEERF

I'M CONCERNED WITH WHY WE CONTINUE TO PURCHASE YOUR AUDIT SERVICES WHEN WE HAVEN'T HAD A SIGNIFICANT ISSUE IN YEARS

YOU'RE WELCOME!

- During this session, we will discuss some of the common issues occurring throughout the country so that YOU feel more prepared when your turn comes.
- Remember that auditors have discretion, and most audits are not like the Single Audit with pre-set "recommended audit procedures." ***Expect different procedures from different auditors who are tasked with accomplishing different objectives.***

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4

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Polling Question 1

How confident are you in understanding how auditors have to apply materiality when determining whether or not to report a finding?

- A. Very Confident
- B. Confident
- C. Not Confident
- D. I always thought materiality had something to do with the socks grandma made for me...

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5

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Polling Question 2

Are you familiar with the OMB Compliance Supplement?

- A. Yes
- B. No
- C. I order my supplements online (while working remotely)

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6

Procurement Challenges

Let's discuss some of the key items that are causing challenges:

- How do you know which set of rules to follow? How do your subrecipients know?
- How does this interplay with the use of state term schedules and other cooperative purchasing arrangements?
- Lack of documentation and/or inadequate process to implement 2 CFR Part 200.321 (MBE, WBE, SBE considerations)
- Frequent change orders that increase award value or duration without competition
- Federal contract provisions in Appendix II to 2 CFR Part 200 not included in purchase orders / contracts

10



Construction

11

Polling Question 3

How often does your department or agency use federal funds for construction (including alterations or repairs)?

- A. Never until ESSER decided to visit...
- B. Rarely...as in about as often as I order my steak cooked rare
- C. Frequently
- D. Not sure

12

Construction Requirements

Uniform Guidance

- Prior written approval (2 CFR 200.439); Domestic Preference (2 CFR 200.322); Recovered Materials (2 CFR 200.323); Bonding (2 CFR 200.326), etc.
- Davis-Bacon prevailing wage requirements
- Timely implementation (including beginning construction within a "reasonable time" after receipt of the grant
- Other federal / state / local requirements including ADA accessibility, flood mitigation, protected ecosystems, etc.

EDGAR: 34 CFR 76.600 / 75.600

- National Historic Preservation Act; Federal Interest; Title and Use
- Prior approvals required from the DOE or the SEA

13

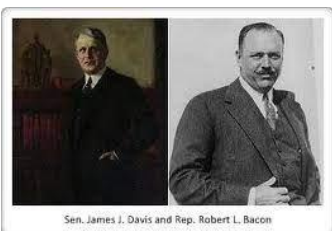
Construction Requirements (Continued)

· So, what are the challenges?

Approvals from incorrect parties	Lack of familiarity with requirements	Environmental and Procurement Requirements
Supply Chain issues and timeliness	Lack of Monitoring	Stacking / braiding funds

14

Davis-Bacon Act




Sen. James J. Davis and Rep. Robert L. Bacon

15

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Davis-Bacon Act (DBA) Applicability

- DBA has been around since 1931. Why are there so many issues now?
- All federally-funded contracts over \$2,000 for minor remodeling, renovation, repair, and/or construction of public buildings or public works
- DBA applies to the prime contract and all subcontractors
- Prevailing wages, including fringe benefits, must be:
 - Paid on all hours worked on the site of the work
 - Based on duties job performed
 - Apprentices may be paid less if in a registered program.



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16

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Davis-Bacon – Contracting Agency Requirements

- Contracting agencies must:
 - Ensure contract includes Davis-Bacon provisions where applicable and determine prevailing wage schedule applicable
 - Ensure weekly payroll records are received and align with prevailing wage
 - Confirm poster is visible on work site
 - Confirm those making less than prevailing wage are in qualified apprenticeship programs

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17

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Davis-Bacon – Contractor Requirements

- Contractors and subcontractors must:
 - Pay covered workers weekly
 - Submit weekly certified payroll records to the contracting agency.
 - Post the applicable Davis-Bacon wage determination with the [Davis-Bacon poster \(WH-1321\)](#) on the job site in a prominent and accessible place where they can be easily seen by the workers.

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18

Davis-Bacon Act (Continued)

- Q&A Time!
 - What do I do if I'm not sure if DBA applies to me?
 - Isn't this the contractor's problem to manage?
 - What does DBA monitoring look like?

19

Polling Question 4

Is your agency or department using multiple federal funding sources on current projects? For example, ARPA Fiscal Recovery plus ESSER, or another mix.

- A. Yes
- B. No
- C. BAZINGA! No idea

20

Any Questions?



21

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