



# FISCAL REVIEW and SINGLE AUDIT

Audit Section  
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Financial Management Division  
Economic and Workforce Development Department  
September 19, 2013

<b>FISCAL REVIEW TIMELINE</b>	<b># of Business Days</b>
Preparation/Appointment	5
Entrance conference	5-20
Fieldwork	
Exit conference	
Draft report	
Agency response	10-15
Final report	15
Agency response to Outstanding Issues	15
Final determination/Resolution letter	10
<b>TOTAL</b>	<b>90</b>

# Fiscal Review Findings

- ▶ **Expenditure Report does not reconcile with GL.**
- ▶ **Component of Indirect Cost also charged to Direct Costs**
- ▶ **Supportive Services – lack of documentation**
- ▶ **Charges for unused gift cards/bus tokens**
- ▶ **Disallowed Promotional Items vs Outreach**
- ▶ **T-shirts distributed to staff reported as Supportive Services –unallowable**
- ▶ **Outstanding Checks over 90 days**

# Fiscal Review Findings (cont'd)

## ▶ Over Accrual of ITA's

Example 1: Full payment is due upon completion of training

- 4 month training from 6/01 – 9/30/13.
- Contract year ended June 30, 2013
- Agency accrued the total amount of training costs \$2,000 as of June 30, 2013

Issue:

The agency can only accrue for one month from June 1 – June 30, 2013 as follows:  
 $\$2,000 / 122$  (total training days)  $\times 30$  (training days from 6/01 – 6/30/13) = \$492  
Allowable training costs for program year 2012–2013 is \$492

Questioned Costs:

Disallowed training costs computed as follows:

- $\$2,000 - \$492 = \underline{\$1,508}$
- Can charge training costs for program year 2013–2014

# Fiscal Review Findings (cont'd)

## ▶ Over Accrual of ITA's (cont'd)

Example 2: 50% of tuition is due upon enrollment

- Agency accrued the total amount of training costs \$2,000 as of June 30, 2013

Issue:

The agency can only accrue 50% of training costs per agreement as of June 30, 2013:

$$\$2,000 * 50\% = \$1,000$$

Allowable training costs for program year 2012-2013 is \$1,000

Questioned Costs:

Disallowed training costs computed as follows:

- $\$2,000 - \$1,000 = \underline{\$1,000}$
- Can charge training costs for program year 2013-2014

# Fiscal Review Findings (cont'd)

## ▶ **Inadequate support for Depreciation**

- Cost of Buildings and capital improvements, excluding land
- Maintain adequate property records
- Allocated based on square footage
- Excludes costs that are borne by or donated by the State and Federal Government
- Excludes cost of any portion of buildings and equipment contributed by or for the non-profit organization in satisfaction of a statutory matching requirement
- Option to charge Use Allowance –Computed at annual rate not to exceed 2% of acquisition cost

## ▶ **No basis for Allocation of Costs**

- Basis of allocation FTE, square footage
- Not based on budget

## ▶ **No allocation of Payroll Costs per timesheet**

## Fiscal Review Findings (cont'd)

- ▶ **Prior year expenditures charged to current program year**
- ▶ **No Subcontractor Monitoring**
  - Direct funded Agencies by EWDD – Desk review
  - Non-direct funded agencies – Onsite fiscal review
- ▶ **Non-compliance of Procurement Requirements – Bids**
- ▶ **No Personal Services Agreements**
- ▶ **No Methodology for reporting Core Self, Core Registration, Intensive and Training Services**
- ▶ **No Methodology for reporting In-school and Out-of-school Youth costs**
- ▶ **No documentation for Stand-In Costs**

# Disallowed Costs

- ▶ **Bad debts**
- ▶ **Contributions and/or donations**
- ▶ **Entertainment**
- ▶ **Fines and Penalties**
- ▶ **Interest and Other Financial Costs**
- ▶ **Promotional Items**



# Single Audit

## ▶ Requirement

- Per OMB Circular A-133: Agencies with federal expenditures of \$500,000 or more

## ▶ Submission

- Due 9 months after fiscal/calendar year end
- Include financial statements
- No extensions granted
- Agency on sanction – cash requests on hold

## ▶ Audit Confirmation by CPA

- Breakdown by CFDA and amount

# Single Audit (cont'd)

## ▶ Deficiencies

- Incorrect CFDA#
- City Contract# not identified or lumped together
- Unearned Grant
- SEFA exceeds City of LA Payment
- Revised SEFA must be submitted by the CPA
- Management letter not provided

## ▶ Audit fees charged to grant

- Included in budget
- Audit of prior year contracts not for current contract
- Proper Method of Allocation

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