



Grants Management Policy



Policy Name	Single Audit Corrective Action Plan PA & LEA Responsibilities		
Policy #	FM2.3	Policy Section	Fiscal Monitoring
Date Approved	2/26/19	Approved By	<i>Sarah Hendrix</i> Deputy Associate Superintendent, Grants Management
Date Updated	N/A		

Audience

This policy pertains to Programs areas and Local Education Agencies.

Purpose

The purpose of this policy is to clarify Program areas and Local Education Agencies (LEAs) responsibilities for addressing single audit corrective action plan findings pertaining to Federal funds passed through the Arizona Department of Education (ADE).

Overview

A single audit needs to be completed annually for all LEAs that expend \$750,000 or more in Federal funds per 2 CFR 220.501. The single audit must be completed by an independent certified public accountant within nine (9) months after the close of the fiscal year (FY) and be submitted within those nine (9) months, or 30-days after the LEA receives the single audit by the independent certified public accountant, whichever is first.

Exception: Bureau of Indian Education (BIE) operated schools are not required to provide a single audit to ADE. Tribally run schools are still required to provide a single audit packet.

Terms

Single Audit: In the United States, the single audit, is a rigorous, organization-wide audit or examination of an entity that expends \$750,000 or more of federal funds for educational programming. Usually performed annually, the Single Audit's objective is to provide assurance to the US Federal government as to the management and use of such funds by recipients. The audit, typically performed by an independent certified public accountant (CPA), encompasses both financial and compliance components.

Corrective Action Plan (CAP): Upon completion of the single audit, the CPA will determine the status of financial and compliance components. If any financial or compliance component needs to be changed or adjusted this is considered a *finding*. If the CPA issues a finding, then the LEA must develop a Corrective Action (CAP). Each CAP must include an action plan for each finding, the name and title of the person responsible (responsible party) for ensuring the action plan is implemented, and the implementation date indicating when the action plan will be completed. Each finding may have one, or multiple, action plans.



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Programmatic Area Review: Determines that grant funds are used in a manner that aligns with the grant goals and rules.

Fiscal Area review: Determines the use of grant funds is in line with all regulations (UGG, EDGAR, etc.) and ensures expenditures are properly documented. Grants Management Fiscal Monitoring is responsible for overseeing implementation of CAP findings.

Global Hold: Local Education Agency's approved funding applications will not receive fund disbursements and new funding applications will not be approved.

Policy

LEAs are responsible for submitting the single audit to the Federal Audit Clearinghouse and ADE. Management Fiscal Monitoring Unit is responsible for reviewing the completed single audit and CAP to ensure compliance with federal guidelines within six (6) months of receipt. Upon review of the CAP, Fiscal Monitoring will have three (3) business day to determine if the CAP:

- needs programmatic review
- is in an approval state
- is not in an approvable state

Actions Taken

CAP needs Programmatic Review

When programmatic review is needed, the Grants Auditor will follow up with the program area. The program area Program Specialist has five (5) business days to respond. If no action is taken after five (5) days, Fiscal Monitoring will follow up with a second request and the Program Specialist will have an additional four (4) business days to respond. If no response is received by business day ten (10), the Director of Federal Monitoring and Deputy Associate Superintendent of Grants Management will follow-up with the Program Area Director. The Program area must review and respond within five (5) business days, which would be fifteen (15) business days from the original request.

CAP in an Approvable State

The CAP is in an approvable state when it is completed by an independent certified public accountant (CPA) within nine (9) months after the close of the fiscal year (FY) and submitted within those nine (9) months, or 30 days after the LEA receives the single audit by the independent CPA, whichever is first. The CAP must not require programmatic review and each finding must include: an action plan, the responsible party and the implementation date. The LEA will be notified, in writing, within three (3) business day that the CAP is approved.

CAP is not in an Approvable State



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Fiscal Monitoring will contact the LEA to clarify the actions needed to transform the CAP into an approvable state. The LEA will have five (5) business days to comply. If the LEA does not respond during this time, on business day six (6) Fiscal Monitoring will contact the LEA. If the LEA does not complete the necessary actions by business day ten (10) the LEA will be placed on a global hold. The global hold will remain in place until the necessary actions are completed to transform the CAP into an approvable state. The LEA can appeal the global hold. Please see Grants Management Appeal Process Policy for more information.

CAP Findings Follow Up

As a courtesy the LEA may follow up with ADE when a finding's action plan has been completed prior to the implementation date. To ensure that every CAP finding is corrected, Fiscal Monitoring will follow up with the LEA within five (5) business days of each CAP finding implementation date. If the action plan has not been completed the LEA will have five (5) business days to complete the action needed or request an implementation date extension.

To request an extension the LEA must provide, in writing, the rationale for the needed extension and include the responsible party and updated implementation date. Grants Fiscal Monitoring will review the request internally and include approval from Federal Monitoring Director if needed. The LEA will be notified within five (5) business days if the extension is approved or denied. If the extension is denied, and the finding's action plan has not been implemented, the LEA is placed on global hold. The LEA can appeal the global hold. Please see Grants Management Appeal Process Policy for additional information.