

# CDE – FPP Meeting

## *The Basics of Single Audits*

**August 28, 2020**

- Crystal Dorsey, CPA  
Local Government Audit Manager



**SA**

We Set the Standard for Good Government



# Discussion Today

- How do I figure out if I have to have a single audit?
  - What is included in the calculation?
- How do I prepare for a single audit?
  - Basics of internal controls
- Are there updates to GASB guidance?
  - Postpone effective dates – GASB 95
  - GASB Technical Bulletin 2020-01
- What are the deadlines to complete an audit?
  - Can I get more time?

**How do I figure out if a  
single audit is required?**

# When is a single audit required?

- \$750,000 or more expended in Federal financial assistance during the fiscal year
- Include allowable expenditures – not necessarily monies received
- Include ALL federal grants including special education and food service

# Single Audit Considerations

- As a result of COVID-19, you may be subject to single audit for the first time.
  - Work with your auditor to determine if they have the capacity/competencies to conduct a single audit.

# Single Audit Considerations

- Obtain a comprehensive understanding of your federal awards
  - Look at your grant award
  - Specific compliance requirements are based on the compliance supplement and federal award document

# 2020 OMB Compliance Supplement

- Expected to be issued in two parts this year.
  - The first part was just released and will contain limited information on the new programs resulting from the COVID-19 funding.
  - The second part will be an addendum likely issued in the early fall. Until the addendum is issued, auditors do not expect to have the information necessary to complete testing over the new COVID-19 programs.

# Single Audit Considerations

- Understand the auditee requirements under Part 2 CFR Part 200 Uniform Administrative Requirements
  - Cost Principles, and Audit Requirements for Federal Awards. Auditee responsibilities are outlined in Subpart F
  - Audit Requirements in in Sections 200.508 through 500.512.



# Why should we worry about internal controls?

# Tips for managing internal controls

- Ensure internal controls over compliance with the federal awards
  - Document purchasing policies
- It's not enough to say you are in compliance – you have to be able to prove it and provide supporting documentation to the auditors.

# Tips for managing internal controls

- Communicate allowable uses and terms of conditions of new funding throughout the organization
- Consider increased monitoring and oversight to manage the risk of increased volume of transactions/activity.
- Retain documentation, for example, grantor communications as well as auditor communications.

# Tips for managing internal controls

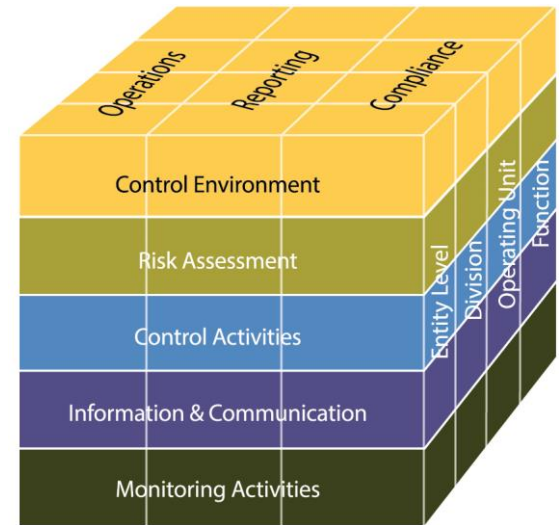
- Review policies & procedures
  - Update them as necessary for changes within the control environment
- Document, document, document
  - Formally document where certain decisions have been made
    - Exceptions to purchasing policies
    - Changes in timelines or new responsibilities being granted.

# Tips for managing internal controls

- Additional due diligence over changing control environments may be required.
  - How have your processes changed by working remotely?
  - Changes in the close process including how the preparation and management's review of the financial statements takes place.

# Internal Controls - COSO

- Favorable Control Environment/  
“Tone At the Top”
- Conducting Risk Assessment
- Control Activities/Policies and  
Procedures
- Effective Communication
- Monitoring of the effectiveness of  
control-related policies and  
procedures



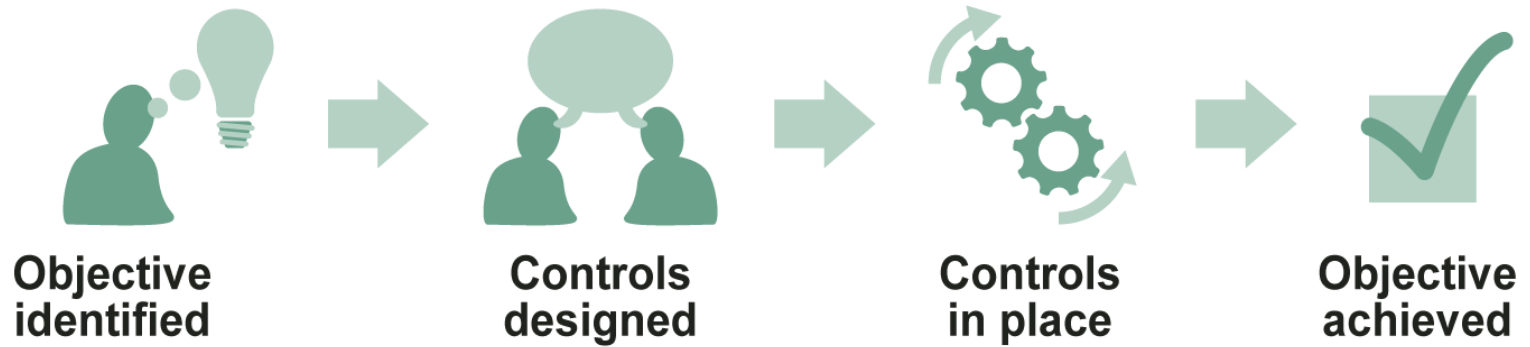
# Green Book

## 5 Components - 17 Principles

<b>Control Environment</b>	<ol style="list-style-type: none"><li>1. Demonstrate Commitment to Integrity and Ethical Values</li><li>2. Exercise Oversight Responsibility</li><li>3. Establish Structure, Responsibility, and Authority</li><li>4. Demonstrate Commitment to Competence</li><li>5. Enforce Accountability</li></ol>
<b>Risk Assessment</b>	<ol style="list-style-type: none"><li>6. Define Objectives and Risk Tolerances</li><li>7. Identify, Analyze, and Respond to Risk</li><li>8. Assess Fraud Risk</li><li>9. Analyze and Respond to Change</li></ol>
<b>Control Activities</b>	<ol style="list-style-type: none"><li>10. Design Control Activities</li><li>11. Design Activities for the Information System</li><li>12. Implement Control Activities</li></ol>
<b>Information &amp; Communication</b>	<ol style="list-style-type: none"><li>13. Use Quality Information</li><li>14. Communicate Internally</li><li>15. Communicate Externally</li></ol>
<b>Monitoring</b>	<ol style="list-style-type: none"><li>16. Perform Monitoring Activities</li><li>17. Remediate Deficiencies</li></ol>

Source: GAO

# Definition of Internal Control

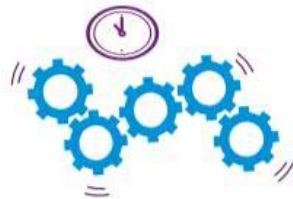


Source: GAO. | GAO-14-704G



# How does internal control work?

## Internal control helps an entity



**Run its operations  
efficiently and  
effectively**



**Report reliable  
information about  
its operations**



**Comply with  
applicable laws  
and regulations**

Source: GAO

# Definition of Internal Control

Bake  
good  
cakes

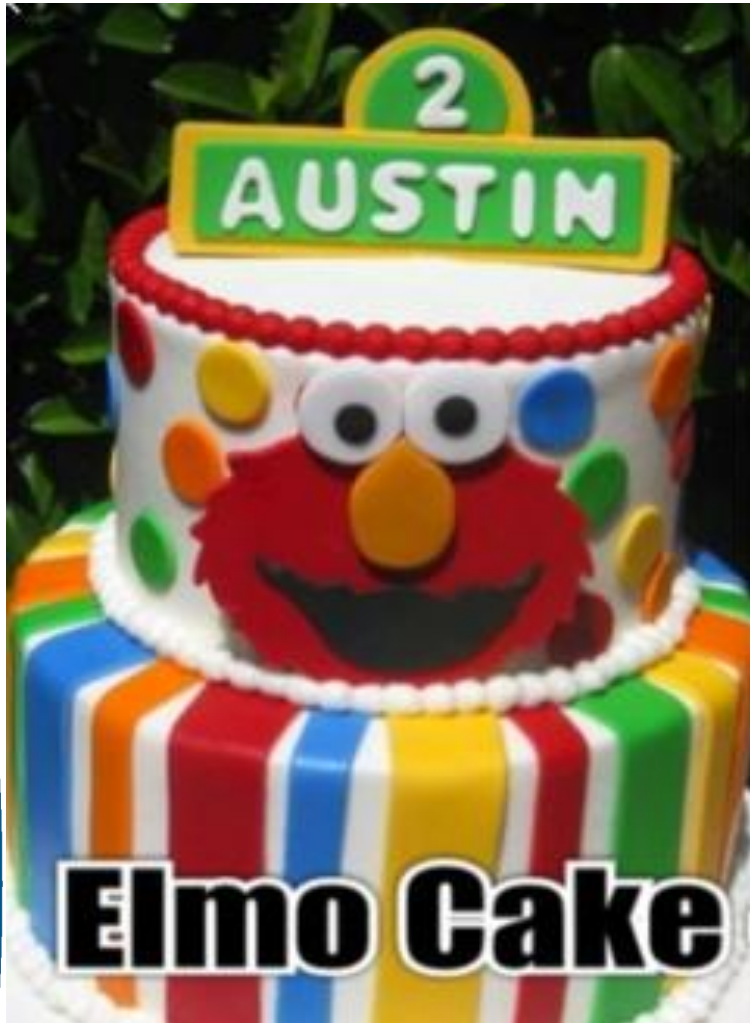


Objective

Controls  
Designed

Controls  
in place

Objective  
achieved!



**Elmo Cake - Nailed It**

## Resources:

- GAO Green Book:
  - <https://www.gao.gov/assets/670/665712.pdf>
- COSO Internal Control:
  - <https://www.coso.org/Documents/990025-P-Executive-Summary-final-may20.pdf>

# Components of Internal Control

- Control Environment
  - Tone at the top
- Risk Assessment
  - Analyze fraud risk
- Control Activities
  - Design of controls – policies & procedures
- Information & Communication
  - Communication of policies and procedures
- Monitoring
  - Monitor and evaluate results

**Have there been updates  
to GASB guidance?**

# **GASB Statement 95: Postponement of the Effective Dates of Certain Authoritative Guidance**

Issued in May 2020.

- Postpones the effective dates of certain provisions in Statement and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later.

# GASB Statements postponed under GASB 95

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83 – Certain Asset Retirement Obligations
- Statement No. 84 – Fiduciary Activities
- Statement No. 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.
- Statement No. 89 – Accounting for Interest Cost Incurred before the End of a Construction Period.
- Statement No. 90 – Majority Equity Interests.
- Statement No. 91 – Conduit Debt Obligations.
- Statement No. 92 – Omnibus 2020
- Statement No. 93 – Replacement of Interbank Offered Rates.
- Implementation Guides – 2017-3, 2018-1, 2019-1, & 2019-2



# GASB Statements postponed under GASB 95

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87 – Leases.
- Implementation Guide No. 2019-3, Leases.

# Upcoming GASB Standards 2020

Effective for reporting periods beginning  
after June 15, 2019

(Fiscal Years **6/30/20, 9/30/20, 12/31/20**)

- GASB 83: Certain Asset Retirement Obligations
- GASB 88: Certain Disclosures Related to Debt, including Direct Borrowings & Direct Placements
- Implementation Guide 2018-1

# GASB Technical Bulletin 2020-01

Questions related to:

1. CRF revenue recognition
  - Liability until eligibility requirements are met
2. CARES Act programs for loss of revenue
3. Subsequent Events
4. Paycheck Protection Program
5. Operating or Nonoperating revenue presentation (Enterprise Funds)
6. Special or Extraordinary Item Presentation
  - Expenses should NOT be reported as special or extraordinary

<https://www.gasb.org/home>

# GASB Guidance – Property Taxes

- House Bill 20-1421
  - Waived interest period on unpaid property taxes until October 1, 2020.
- Paragraph 8 of NCGA Interpretation No. 3, (GASB Codification Section P70.104)
  - “If because of unusual circumstances, the facts justify a period of greater than 60 days, the governmental unit should disclose the period used and the facts that justify it.”

# GASB Emergency Toolbox

<https://www.gasb.org/COVID19>

## *GASB Emergency Toolbox*

### GASB EMERGENCY TOOLBOX

During the due process associated with and deliberations leading to the issuance of Technical Bulletin 2020-1, *Accounting and Financial Reporting Issues Related to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and Coronavirus Diseases*, several issues were raised that were not specifically addressed in the Technical Bulletin, but for which current authoritative standards provide guidance.

The following are topics in the generally accepted accounting principles for state and local governments that may be of particular relevance to governments at this time. The references are to the GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, as of December 31, 2019, which can be accessed free of charge through the Governmental Accounting Research System™ (GARS) at <https://gars.gasb.org/>.

Property tax revenues <b>NEW 07-20-20</b>	One-time extension of property tax due date	P70—Property Taxes, paragraph .104. and N50—Nonexchange Transactions, paragraph .115
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**What are the deadlines  
to complete the audit?**

Can I get an extension of  
time?

# Local Government Audit Law

- Section 29-1-601, et seq., C.R.S.
- Duties of the State Auditor
  - Examine reports & report deficiencies to the governing board
- Requirements for local government audits
  - Audits or application for exemption
  - Deadlines for submission

# Audit Law Deadlines

- School Districts – June 30 year end
  - Audit shall be completed within 5 months
    - Submit to the OSA within 30 days of receipt of audit report
  - December 31st – Deadline to file an extension
    - Extension may be granted for 60 days
      - March 1



# Audit Law Deadlines

- What happens if we can't get it done by March 1?
  - Notice of delinquent status sent to District's board on March 2
  - Notice sent to county treasurer to hold all taxes collected on behalf of the district on April 1



Office of the State Auditor

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Visit our Website:  
Colorado Office of  
the State Auditor

[www.colorado.gov/auditor](http://www.colorado.gov/auditor)

# New Website Portal!

- Submit audit reports through the website
- Search and view local government audits and exemptions
- Easy link to request an extension



First Regular Session | 72nd General Assembly

# Colorado General Assembly

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- LEGISLATORS
- COMMITTEES
- INITIATIVES
- BUDGET
- AUDITS
- PUBLICATIONS
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- Audits
- Legislative Audit Committee
- Local Government**
- Fraud Hotline
- Tax Expenditures
- About

- Local Government Filing Portal
- Forms
- Contact Local Government
- Calendars and Due Dates
- Filing Guidelines
- Fiscal Health
- Useful Documents & Links

## Local Government

The OSA's Local Government Division oversees approximately 4,000 Colorado local governments for compliance with the Local Government Audit Law [Section 29-1-601, et seq., C.R.S.], which requires certain local governments to submit an independent financial audit to the State Auditor.

Please contact us with any questions regarding the Local Government Audit Law or how the law's requirements may apply to your local government.

Click on Local Government





## Local Government

The OSA's Local Government Audit Division tracks about 4,000 Colorado local governments for compliance with the Local Government Audit Law [Section 29-1-601, et seq., C.R.S.], which requires submission of an annual independent financial audit to the State Auditor.

Please contact us with any questions you have about the Local Government Audit Law or how the law's requirements may apply to your local government.

### COVID-19 UPDATE

In response to guidance from federal, state, and local public health authorities, effective immediately the OSA and its employees are implementing social distancing practices to help control the spread of the novel Coronavirus (COVID-19).

**The OSA remains open for business. However, most OSA employees are now working remotely from home.**

To ensure continuity of operations as best as possible, we are accepting late submissions for applications for exemption from audit. We also encourage local governments to explore options for electronic board member approvals. The OSA's policies for electronic signatures for board approvals can be found on the application for exemption from audit.

For additional questions about audit and exemption filings, please contact the Local Government Audit Division at [303-869-3000](tel:303-869-3000) or send us an email ([osa.lg@state.co.us](mailto:osa.lg@state.co.us)) and we will get back to you promptly.

Thank you for your cooperation and patience.

**To receive an automatic extension of time to September 30, 2020 for December 31, 2019 audit reports, click the following request for extension link:**

[Request an Extension of Time to File a December 31, 2019 or June 30, 2020 Audit](#)

Click on Request  
an Extension...

# Request an Extension of Time to File a December 31, 2019 or June 30, 2020 Audit

Complete the form and Submit.

Start Complete

Your Name \*

Your Title

Your Phone Number

Your Email Address

Name of Local Government Requesting an Extension

I am an elected member of the governing body.

Yes

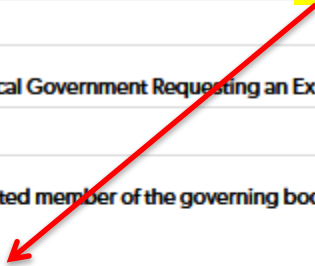
No

If the request is received from a non-elected member of the governing body, an extension request signed by an elected member of the governing body will be required at the time the audit is submitted.

Upon submission of request, the audit will be due by September 30, 2020

Ideally, ask a District Board Member to complete submit this form.

Section 29-1-606(4), C.R.S.,  
“...the governing body... shall submit... a written request for extension of time to file...”





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# Office of the State Auditor

- Local Government Filing Portal
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- Fiscal Health
- Useful Documents & Links

## Local Government

The OSA's Local Government... about 4,000 Colorado local governments for compliance... Audit Law [Section 29-1-601, seq., C.R.S.], which require... independent financial audit to the State Auditor.

Please contact us with any... the Local Government Audit Law... how the law's requirements may apply to your local government.

Hover on Local Government  
Click on Local Government Portal





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## Office of the State Auditor Local Government Audit Division

### Welcome to the Office of the State Auditor's Local Government Portal

On this website, you can submit your local government applications for exemption from audit, inactive municipalities to file an audit with the Office of the State Auditor. You can also view your submission history and view processed audits and audit reports. You can also view the history of your own local government submissions.

Scroll towards the bottom of the page...

Local Government Portal
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Sign In
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Local Governments
Search Submissions

### Request an Extension

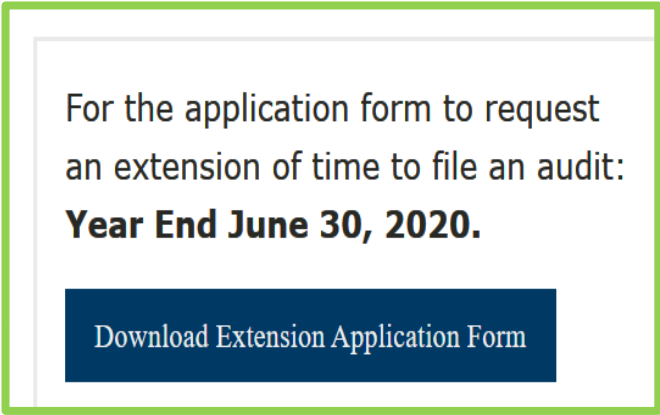
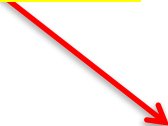
Click on Download Extension Application Form

For the application form to request an extension of time to file an audit:  
**Year End December 31, 2019.**

Download Extension Application Form

For the application form to request an extension of time to file an audit:  
**Year End June 30, 2020.**

Download Extension Application Form







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### Create an Account

You can also create an account to track all submission history. Your account shows what you submitted and when you submitted it. An account is not required to submit an audited financial statement, an extension of time to file, applications for exemption from audit, or an inactive notice. Click [here](#) or on Register on the menu to the right to create an account.

### Sign In

After you have created an account, you can click [here](#) to sign into your account or by clicking on the Sign In link in the menu to the right.

### Submissions

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Local Government Portal
<a href="#">Register</a>
<a href="#">Sign In</a>
<a href="#">Create New Submission</a>
<a href="#">Local Governments</a>
<a href="#">Search Submissions</a>

Click on Local Government to search for any local government



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## Office of the State Auditor Local Government Audit Division

### Local Government Entities

Local Government Name

apple

Enter key search terms (names of local governments)

Control Number

County

Select an Option

Type

Select an Option

Filter by county or local government type (water districts)

Search

#### Local Government Portal

Register

Sign In

Create New Submission

Local Governments

Search Submissions

Local Government	Control Number	County	Local Government Type
Appletree Metropolitan District No. 1	1004.03	El Paso	Metropolitan District
Appletree Metropolitan District No. 2	1004.04	El Paso	Metropolitan District
Applewood Sanitation District	2100.00	Jefferson	Sanitation District

Office of the State Auditor  
Local Government Audit Division

## Arvada West Town Center Business Improvement District

Address:

8390 E. Crescent Pkwy.  
Suite 300  
Greenwood Village, CO 80111

Control Number: 3905.00

Status: Active

Click on "view" to pull up your selected audit/exemption.

### Submissions

Submission Type	Submission Status	Submission Year	
Exemption	Processed	2016	<a href="#">View</a>
Exemption	Processed	2017	<a href="#">View</a>

Office of the State Auditor  
Local Government Audit Division

2016 Exemption submission for Arvada West Town Center Business  
Improvement District #3905.00

**Submission Type** Exemption

**Submission Year** 2016

**Submission Status** Processed

**Processed Files**

[Download 3905.00](#)

Click on "Download" to  
view selected file.

**Local Government** Arvada West Town Center Business Improvement District #3905.00



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#### Submissions

Click [here](#) to submit audited financial statements, applications for exemption from audit, inactive notices, or request an extension of time to file an audit. Or, click on Create New Submissions in the menu to the right.

Local Government Portal
<a href="#">Register</a>
<a href="#">Sign In</a>
<a href="#">Create New Submission</a>
<a href="#">Local Governments</a>
<a href="#">Search Submissions</a>

Click on "Create New Submission" to submit an audit or exemption.

Office of the State Auditor  
Local Government Audit Division

**Local Government Portal**

- Register
- Sign In
- Create New Submission
- Local Governments
- Search Submissions

### Create New Submission

\* Submission Type

Submitter's Name


Submitter's Email

Submitter's Phone

\* Submission Year

Local Government

Are you a robot?

 I'm not a robot
 

File Attachments

 No file chosen

I agree to the Terms and Conditions.

1. Submission type: Exemption, Extension, Audit, Inactive/Other.  
2. Submitter information  
3. Submission year

4. Drop down menu: Enter government name in the blank search field

5. Attach file.

Local Government

Select Entity

- Select Entity
- County of Cheyenne
- County of Clear Creek
- County of Conejos
- County of Crowley
- County of Delta
- County of Eagle
- County of Elbert



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## Office of the State Auditor Local Government Audit Division

### Register

#### Welcome to the Office of the State Auditor's Local Government Portal

This website is intended to enable local governments to electronically file copies of certain documents required by state statute for public information, research, and compliance purposes with the Office of the State Auditor (OSA). The files are public records and accessible through this system subject to the state auditor's local government document retention policies.

In order for a local government's staff or officials to file a document, the local government must have an active account and the registered account holder must have appropriate filing privileges for the document to be submitted. Most local governments have a single account holder. The registered account holder is responsible for the appropriate use of and security for the account and associated privileges as an authorized representative of the governing body of the local government.

Once a document (which must be in .pdf format) is submitted it cannot be modified. BEFORE filing, ensure the document is complete with all requirements for filing included. Incomplete or partial filings may be rejected by OSA Staff with rejection notification provided to the registered account holder.

Account users are responsible for correctly entering all required information. All users agree to act responsibly and not knowingly submit any documentation that contains non-public information or malicious software, aka malware. Users may be banned from the site for repeated bad behavior. Malicious users will be referred to law enforcement.

If you have any questions, please call Support at 303.869.3000 or email the State Auditor's local government team at: [osa.lg@state.co.us](mailto:osa.lg@state.co.us)

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If you plan to submit several – consider becoming a registered user.

# Important links

- <https://www.gfoa.org/coronavirus>
- <https://www.gasb.org/COVID19>
- <http://www.cde.state.co.us/caresact>
- <https://www.colorado.gov/pacific/osc/osc-guidance-cares-act>
- <https://www.whitehouse.gov/omb/management/office-federal-financial-management/>
- [https://www.ecfr.gov/cgi-bin/text-idx?SID=43818a406fca87af118aad31587cf50e&mc=true&tpl=/ecfrbrowse/Title02/2cfr200\\_main\\_02.tpl](https://www.ecfr.gov/cgi-bin/text-idx?SID=43818a406fca87af118aad31587cf50e&mc=true&tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)
- [https://www.whitehouse.gov/wp-content/uploads/2020/08/2020-Compliance-Supplement\\_FINAL\\_08.06.20.pdf](https://www.whitehouse.gov/wp-content/uploads/2020/08/2020-Compliance-Supplement_FINAL_08.06.20.pdf)



QUESTIONS?

Thank you!!!



# SA

We Set the Standard for Good Government

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