
Standards Section

Standard Operating Procedures

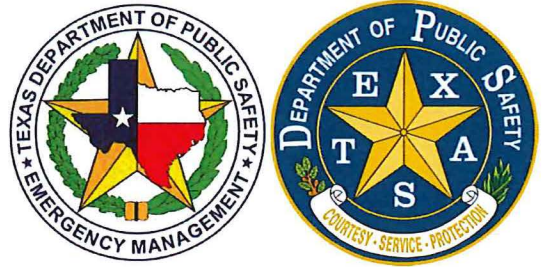


Table of Contents

Policy and Purpose.....	2-4
Chapter I- Single Audit Tracking Procedures	5-8
(A) Tracking Spreadsheet Creation	5
.....	5
.....	5
.....	5
.....	5
.....	6
.....	6
.....	7
Chapter II - Single Audit Review Procedures	9-23
(A) Notification Letter and Single Audit Act Compliance Report	9
(B) Receipt of Single Audit Reporting Package	10
(C) Management Decision Requirement	12
(D) Single Audit Report Review Process	14
(E) Review Type Determination	14
(F) Completing the Single Audit Review Form	16
(G) File Management	23
(H) File Naming Conventions	23
Chapter III – Single Audit Management Decision Procedures	25-29
(A) Initial Single Audit Review and Significance Determination	25
(B) Documentation Requirements	27
(C) Corrective Action Process	28
(D) Suspension Process	28
Chapter IV – Risk Assessment Procedures	30-31
(A) Risk Assessment	30
(B) Limited Annual Risk Assessment	30
(C) Elevated Risk Assessment	30
(D) Public Assistance Elevated Risk Assessment	31
(E) Hazard Mitigation Elevated Risk Assessment	31
(F) Emergency Management Elevated Risk Assessment	31
(G) Homeland Security Elevated Risk Assessment Statement	31
Chapter V – Quality Assurance Procedures	32-43
(A) Background	32
(B) After Completion Review	34
(C) Quality Assurance Testing Procedure	40
Appendix	
Acronyms and Definitions	45

Purpose

To document the Standard Operating Procedures (SOP) that the Standards Section of the Texas Division of Emergency Management of the Texas Department of Public Safety (the Standards Section) takes to comply with its responsibilities under A-133.400(d) or CFR §200.110 as a pass-through entity for federal grants it awards. For grants awarded through December 25, 2014, the Standards Section uses the Office of Management and Budget (OMB) Circular A-133 (A-133). For all new grants awarded and Non-Competing Continuations (NCCs) made on or after December 26, 2014, the requirements under Title 2, Subtitle A, Chapter II, Part 200 (CFR §200) will replace the A-133 requirements. Henceforth, the term Single Audit will be used to refer to both A-133 and CFR §200.

The procedures outlined here serve to:

- Ensure that subrecipients comply with Single Audit requirements.
- Identify instances of noncompliance that could be material to the federal grants passed through the Department.
- Issue a management decision on audit findings within six months of receiving the subrecipient's audit report.
- Ensure that the subrecipient takes appropriate and timely corrective action.
- Consider whether the results of the subrecipient Single Audit necessitate adjustments to the Department's records.
- Provide for programmatic research related to grant program management.
- Provide financial and technical guidance and advice to TDEM grant program staff and affiliates.
- Provide TDEM grant program staff and affiliates with issue resolution as needed.

In addition, these procedures are intended to provide the Standards Section Single Audit reviewers with a standard process for:

- Gathering financial reporting packages from subrecipients.
- Documenting and organizing documents submitted for, or created by, the Standards Section review of submitted reporting packages.
- Conducting a review of submitted report packages in compliance with [A-133 .320 (a)][2 CFR 200.512 (a)].
- Taking appropriate follow up on audit findings and corrective action plans.
- Reporting review results and/or management decision(s) made to grant program managers.
- Recording management decisions made regarding relevant single audit findings in the Single Audit Tracking Spreadsheet.

Background

The Texas Department of Public Safety's Division of Emergency Management and the Texas Homeland Security State Administrative Agency (THSSAA) are pass-through entities for the various federal grant awards they make i.e., awards from the Public Assistance, Hazard Mitigation, Emergency Management Program Grant, and Homeland Security grant programs. As such, federal grant funds are disbursed to a state, local government or nonprofit organizations as federal financial assistance and federal cost reimbursement awards. **Note:** *The THSSAA is transitioning to the Office*

of the Governor at the completion of close-out of all 2014 THSSAA grants; therefore the Department will cease oversight of THSSAA Single Audit review at that time. The Office of Management and Budget (OMB) Circular A-133 mandates the responsibility of a pass-through entity in Section 400 (d)(4) to ensure subrecipients expending \$500,000 or more in Federal awards from all sources during the subrecipient's fiscal year meet all federal reporting requirements. For all new grant awards and non-competing continuations made on or after December 26, 2014 the requirements under 2 CFR 200 will replace the A-133 requirements and the threshold increases to \$750,000 or more.

The required audit reporting package must be submitted to the pass-through entity within thirty (30) days after receipt of the auditor's report or nine months after the end of the audit period, whichever is earlier. [A-133 .320 (e)]. Beginning December 26, 2015 the subrecipient is required to submit the reporting package electronically to the Federal Clearinghouse and the pass through entity is to access the report there. As of July 29, 2016 the Federal Clearinghouse had not provided the State with access. As of December 1, 2016 the State has access to reports that have been uploaded to the Federal Clearinghouse, however there is currently no mechanism for the State to be alerted when a subrecipient has uploaded a report. Until a time when access is provided the Standards Section will continue to request submissions from the subrecipient through the use of the Single Audit Act Compliance Report (SAACR), this procedure is detailed in *Chapter 2, Single Audit Review Procedures, (A) Notification Letter and Single Audit Act Compliance Report* [2 CFR 200.331 (5); 2 CFR 200.512 (a)].

The reporting package is to include:

- Financial Statements: Such as the Audited Comprehensive Annual Financial Report (CAFR) and Schedule of Expenditures of Federal awards (SEFA) discussed in [A-133.320 (c)] [2 CFR 200.511 (b)].
- Summary schedule of prior audit findings discussed in [A-133.320 (c)] [2 CFR 200.511 (a) and (b)].
- Corrective action plan discussed in [A-133.320 (c)] [2 CFR 511 (c)] for each audit finding in the current years audit report.
- Auditor's report(s) discussed in [A-133.320 (c)] [2 CFR 200.515].
- A copy of any management letter issued by the auditor in conjunction with the audit 2 CFR 200.512 (e).
- Schedule of expenditures for State Awards as required under Uniform Grant Management Standards [UGMS IV._320].

In addition, subrecipients and the independent auditor must report the audit results to the Federal Audit Clearing House by completing the Data Collection Form (SF-SAC) on the website at <http://harvester.census.gov/sac/dissemin/disclaim.html> within 30 days of receipt of the auditor's reports. [A-133.320(d)] [2 CFR 200 200.512 (d)]

- Pass-through entities have the responsibility to:
- "...ensure that audits are completed and reports are received in a timely manner and in accordance with the requirements... (of A-133)". [A-133.400 (c) (3)] [2 CFR 200.513 (c)]

- "Issue a management decision on audit findings that relate to federal awards it makes to subrecipients within six (6) months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action." [A-133.400 (d) (5)] [2 CFR 200.521 (d)].
- "The management decision should state whether the audit finding is sustained, the reason for the decision, and the expected auditee action to repay disallowed costs, make financial adjustments, or take other action....The management decision should also describe any appeal process available to the auditee. [A-133.405 (a)] [2 CFR 200.521 (a)].
- "Consider whether subrecipient audits necessitate adjustment of the pass-through entity's own records." [A-133.400. (d) (6)][2CFR 200.331(g)].

Note: The Texas Homeland Security State Administrative Agency (THSSAA) grant programs will transition to the Governor's Office beginning with the 2015 Grant Award year. These policies and procedures will be applied to THSSAA grants through the 2014 Grant Award year.

Applicability

The Standards Section Standard Operating Procedures (SOP) applies only to the Department's Standards Section.

Review and Revision

The Standards Section SOP will be reviewed for updates or revisions on an annual basis. In the event of significant changes to organizational structure or federal rules, regulations and guidelines, the

Signature and Revision Version

This document is effective as of **December 1, 2016**

The last revision was on **July 20, 2016**

Harriet Fortson
Standards Section Administrator:



Date:

12/1/2016

Chapter I

Single Audit Tracking Procedures

(A) *Tracking Spreadsheet Creation*

- At the beginning of a new reporting period (October annually) the Single Audit Tracking (SAT) spreadsheet is copied from the prior year to the current year's folder and renamed accordingly.
- The access password is changed to the current convention (the four digits of the new reporting year).
- The dates for Fiscal Year End and headings are changed to reflect the adjustment to the new reporting period. Any tabs in the database showing dates, should be updated to reflect the new reporting year.
- Remove the information and any comments from under the six findings columns.
- Remove the information and any comments from under the auditor's information columns.
- Remove dates under "Review date", "Date Form Received", "Date Audit Received", "Promise Date", "Partial Submission Date", "Initial SAACR Date", and "Final SAACR Date".
- Before removing the rows with a "Subject to Review" listing of "NCG", (No Current Grants), verify that the "Program History" page has been updated to the most current contact information for that subrecipient.
- Remove all listings under the column "Status".
- Change all listings under the column "Subject to Review" to "Unk".
- The current year subrecipient population is determined by using the following criteria:
 - Open grant during fiscal year under review,
 - Grant expenditures reported during fiscal year under review,
 - Grant awarded during the fiscal year under review,
 - Subrecipient determined to be medium or high risk at any time during the previous 3 reporting periods, and
 - Subrecipient under a current suspension.

(B) *Open Grant Determination*

- The Standards Section requests a list of open grants as of September 1, 20YY from the programs (PA, HM, EMPG and THSSAA).
- An open grant report is generated from Grant Management System (GMS).

(C) *Grant Expenditures Determination*

- A History (HX) report will be requested several times during the fiscal year from the Uniform Statewide Accounting System (USAS) with a list of pass-through payments to confirm that all subrecipients receiving payments are included in the SAT tracking spreadsheet. The list will be cross referenced to the SAT spreadsheet to ensure all subrecipients are included in the SAT spreadsheet.

(D) *State Auditor's Office Annual Single Audit Report*

- The State Auditor's Office Annual Single Audit Report will be reviewed to identify subrecipients that are State Agencies or Universities. This information will be cross-referenced with the SAT spreadsheet to ensure inclusion of all subrecipients.

(E) *Grant Award Determination*

- Additionally jurisdictions that have opened a new grant during the fiscal year under review will be added to the SAT spreadsheet. Subrecipient's that do not have an open grant, have no

expenditures during the fiscal year being reviewed and are not considered to be an elevated risk will be removed from the SAT spreadsheet.

(F) **Risk Level Determination**

- The SAT spreadsheet will be used to document the risk level and the year the risk level was determined (See Chapter IV – Risk Assessment Process for a detailed explanation of the process).
- Subrecipient's that received an elevated risk level of medium or high during the previous year's audit must be reviewed, regardless of whether or not they are subject to the Single Audit requirements. In the event that a subrecipient is not required to submit a Single Audit report in the subsequent year, the Standards Section will contact the subrecipient to request a clearance letter from the subrecipient's independent auditor.
- If a subrecipient that does not have current funding or an open grant submits a Single Audit, then the Single Audit will not be reviewed.
- Subrecipient's that were assigned an elevated risk level for the previous fiscal year will be tracked and follow up will be conducted based upon the following outcomes:
 - The independent auditor indicates that all findings have been resolved – lower the risk level under **Risk Level** (Column X) and indicate the appropriate **Risk Year** (Column Y) on the SAT spreadsheet.
 - The independent auditor indicates some findings remain unresolved, with some findings having been resolved – The **Risk Level** (Column X) and **Risk Year** (Column Y) will remain the same. The reviewer will add a note describing the scenario to **Risk Year** (Column Y).
 - The independent auditor indicates that all previous findings remain unresolved and additional findings are issued – The **Risk Level** (Column X) will be elevated. If the **Risk Level** was already determined to be High Risk, the reviewer should consult with the program(s) management to determine the appropriate course of action. The Standards Section would typically view a subrecipient in this scenario as High Risk and would recommend additional monitoring and/or technical assistance.

(H) **Single Audit Tracking Spreadsheet Contact Information**

- Once the current year's SAT spreadsheet is created, the contact and mailing information is updated through the utilization of information contained in the Grant Management System (GMS) and the PIER system, if the contact information cannot be located through these systems, then internet searches and telephone contact will be utilized to obtain the information.
- All information should be cross referenced so that the population of subrecipients will be accurate and complete.

(I) **Single Audit Tracking Spreadsheet Categories**

- The following fields are to be completed in the SAT spreadsheet for each subrecipient that has been determined to belong in the population.

Column	Field Name	Description of Entry
A	Auditor Contact Email	Independent Auditor Point of Contact Email
B	Auditor Contact Phone	Independent Auditor Point of Contact Phone
C	Auditor Contact Name	Independent Auditor Point of Contact Name
D	Auditor Contact Firm	Independent Auditor Name of Firm
E	Subrecipient	Verify subrecipient name
F	Review Date	If SAACR is "not subject to" –fill in date SAACR is received

G	Fiscal Year End Date	Verify or record the FYE date from the questionnaire
H	Date Form Rec'd	Record receipt date stamped by mail processing services or e-mail receipt date –if “not subject to” record date form received in J
I	Date Single Audit Rec'd	Record receipt date of the Single Audit
J	Single Audit Status	Record questionnaire response e.g., not subject to audit, program specific, SAO etc.)
K	Subject to Review	Record YES or NO, Prom (Promised), NCG (No Current Grants) or Unk (Unknown)
L	Promise Date	Record subrecipient's promised date for submission of Single Audit & financial statements as indicated on SAACR
M	Partial Submission Date	Some part of the Single Audit was submitted, but complete package was not
N	Initial SAACR Date	Date initial SAACR was sent to subrecipient requesting submission status
O	Final SAACR Date	Date final SAACR was sent to subrecipient requesting submission status
P	EIN #	Subrecipient's Employer Tax Identification number
Q	DUNS #	Subrecipient's Data Universal Numbering System number
R	20YY CAFR Financial Federal Findings	Subrecipient financial findings related to federal awards as identified by the independent auditor
S	20YY Federal Compliance Findings	Subrecipient compliance findings related to federal awards as identified by the independent auditor
T	20YY TDEM Pass-Through Questioned Cost	Subrecipient questioned costs related to any Departmental pass-through grant awards as identified by the independent auditor
U	20YY Subrecipient Identified CAP Completion Date	Subrecipient Corrective Action Plan (CAP) anticipated completion or implementation date
V	20YY Notify Supervisor of Grant Issue	Standards Reviewer notifies Supervisor of any Single Audit issues identified by the subrecipient's independent auditor
W	20YY Management Decision Date	Standards Section issues a Management Decision and notifies affected programs
X	Risk Level	Subrecipient is assigned a Single Audit risk level based upon review
Y	Risk Year	Review year that risk level was adjusted
Z	POC First Name	Primary Subrecipient Point of Contact First Name
AA	POC Last Name	Primary Subrecipient Point of Contact Last Name
AB	POC Title	Primary Subrecipient Point of Contact Title
AC	POC Street	Primary Subrecipient Point of Contact Street
AD	POC City	Primary Subrecipient Point of Contact City
AE	POC State	Primary Subrecipient Point of Contact State
AF	POC Zip	Primary Subrecipient Point of Contact Zip Code
AG	POC Phone	Primary Subrecipient Point of Contact Phone
AH	POC Email	Primary Subrecipient Point of Contact Email
AI	EO Title	Elected Official Title
AJ	EO First Name	Elected Official First Name

AK	EO Last Name	Elected Official Last Name
AL	EO Street	Elected Official Street
AM	EO City	Elected Official City
AN	EO State	Elected Official State
AO	EO Zip	Elected Official Zip Code
AP	EO Phone	Elected Official Phone
AQ	EO Email	Elected Official Email

Chapter II

Single Audit Review Procedures

(A) Notification Letter and Single Audit Act Compliance Report

- 2 CFR requires subrecipients to upload their Single Audit reporting package to the Federal Clearinghouse. The Standards Section will review the Federal Clearinghouse on a monthly basis to determine if subrecipients have submitted a Single Audit reporting package. The following steps will be utilized to determine which subrecipients have submitted.
 - The Federal Clearinghouse website can be found at:
<https://harvester.census.gov/facweb/>
 - Scroll to the bottom of the page and select *Find Audit Information* to access the Image Management System page.
 - From the Image Management System page select *Search for Single Audits*.
 - From the Search for Single Audits (under the General Information tab) page:
 - Under *Fiscal Year* – Deselect All Years then select the appropriate Fiscal Year
 - Under *FAC Release Date (MM/DD/YYYY)* enter the appropriate date range.
 - Under *Auditee State* select Texas.
 - The remaining sections should be left blank
 - Select *Search*
 - The clearinghouse will return the results which can then be downloaded as a Summary Report excel file.
 - Save as 20XX-XX Summary Reports under the 20XX-XX Clearinghouse folder under the appropriate year on the P-Drive.
 - On the General Info tab hide the following columns: A-G; I-J; L
 - Sort A-Z on the AUDITEENAME column
 - Perform a comparison between the SAT and the review summary by utilizing the Clearinghouse Comparison spreadsheet stored in the Summary Reports folder under the 20XX-XX Clearinghouse folder under the appropriate year on the P-Drive.
 - Save the Clearinghouse Comparison spreadsheet as 20XX-XX Clearinghouse Comparison in the Clearinghouse Comparison folder under the 20XX-XX Clearinghouse folder under the appropriate year on the P-Drive.
 - Determine which subrecipients within the SAT spreadsheet have submitted Single Audits and record the results as appropriate on the SAT.
- A notification email (First and Second Notice), with the Single Audit Act Compliance Report (SAACR) attached, with a read receipt is sent each grant subrecipient, email should be addressed to the Elected Official (EO) and the Point of Contact (POC), the Point of Contact should be the senior Financial Official if known. The SAACR is intended to remind them of the requirement to file a single audit report with the pass-through entity within the earlier of 30 days after receipt of the auditor's report, or nine months after the subrecipient's fiscal year end.
 - The first notice will be sent electronically with a read receipt sixty days (60) after the end of the subrecipient's fiscal year. For example, a subrecipient with a fiscal year end of March 31 would be sent the notification letter sixty days later, May 31, but no later than June 15.
 - The second notice will be electronically with a read receipt ninety (90) days after the end of the subrecipient's fiscal year, and will be marked as the "final notice". The mailing

will be sent to non-respondents and subrecipient's not covered in the first mailing. This notice contains a list of possible actions for failure to report or report timely.

- Electronic Read Receipt's should be stored in the SingleAuditReview@dps.texas.gov folder for the appropriate month under the appropriate reporting year. For example SAACR's sent for subrecipient's with Fiscal Year Ended September 30, 2016 will be filed the under the FY16-09 folder (1st or 2nd Notice as appropriate).
- The subrecipient is requested to complete the Single Audit Act Compliance Report (SAACR) and return it to the Standards Section. Upon receipt, the Single Audit Tracking (SAT) spreadsheet is updated and the fields are completed/updated as applicable.
- Hard copy SAACR documents should be scanned and filed electronically in the SAACR folder for the appropriate year under the appropriate Fiscal Year Ended Month. For example SAACR's sent for subrecipients with Fiscal Year Ended September 30, 2016 will be filed P:\3. RMS\Standards and Compliance - Fortson\A. Single Audit Review\2016-17 Review Files\2016-17 SAACR\2016-09 on the P-Drive.
- If the requested SAACR (second request) is not returned in thirty (30) days, a list of non-respondents broken down per program (e.g., PA, HM, HS and EMPG) will be forwarded to the various grant program administrators with a request from the programs to help facilitate submission. Additionally the Standards Section will begin the suspension process outlined in *Chapter III, Single Audit Management Decision Procedures, Section D, Suspension Process*.
- Any e-mail correspondence between the Standards Section and the subrecipient will be retained in the appropriate folder in the SingleAuditReview@dps.texas.gov. This folder will be organized by category, for example:
 - 20XX Suspension
 - 20XX Cleared
 - 20XX-XX MGMT Letters
 - Subrecipient XYZ
 - Contact Updates
 - Acknowledgements
 - SAACR
 - FY16-01
 - To Be Reviewed
- Additionally emails may be stored on the P drive: P:\Sections\Standards and Compliance Section\A. Single Audit Review\Audit Reviews\20YY-YY E-mail Correspondence and 20YY-YY Sent E-mails.

Single Audit Review Mailbox Organization

The Single Audit Review Mailbox is a universal mailbox accessible to all Standards Section staff. The mailbox is to be maintained by all staff, with all staff responsible for response and for filing emails in the appropriate folder. Additionally the staff member responding to an email containing attachments will file the attachment in the appropriate folder on the P-Drive.

(B) Receipt of Single Audit Reporting Package

2 CFR requires non-federal entities (subrecipients) receiving Federal funds in excess of \$750,000 during the fiscal year to have an independent auditor conduct a Single Audit review. These reviews must be submitted to the Federal Clearinghouse. Under the 2 CFR the subrecipients are not required to submit the resulting Single Audit report directly to TDEM as was required under 44 CFR. To

address this, the Standards Section is currently utilizing the SAACR. The information provided on the SAACR by the subrecipient is utilized to identify potential Single Audit submission dates, as well as to identify points of contact, which can be utilized to estimate dates that the Standards Section staff can search the Federal Clearinghouse for uploaded Single Audit reports.

- The Single Audit Reporting Package will be uploaded to the Federal Clearinghouse by the subrecipient or the independent auditor.
- The Single Audit Reporting Package can also be submitted to the Standards Section via mail or electronic transmission.
- When submitted via the Federal Clearinghouse, the Standards Section will not be notified.
 - The Standards Section staff will be responsible for tracking the outstanding subrecipient Single Audits at a minimum of a monthly basis,
 - The Standards Section staff will sort the SAT spreadsheet by the following columns:
 - Column G, Fiscal Year End Date (FYE) – Subrecipients should be checked on a monthly basis beginning 90 days after their Fiscal Year End Date. For example: Subrecipient XYZ, FYE September 30, 2016 – the Standards Section should begin reviewing the Federal Clearinghouse for submission for Subrecipient XYZ at 90 days, or beginning on January 1 (2017) of the following calendar year.
 - If the subrecipient has not submitted a SAACR or Single Audit Reporting Package by 9 months following their FYE, the Standards Section will draft a suspension letter and upload the draft to GMS for review and signature by the Deputy Assistant Director (DAD).
 - Once the SAACR or Single Audit Reporting Package has been received the Standards Section will update the SAT spreadsheet as appropriate.
- When received via mail, the package will be date stamped by mail processing services and distributed to the Standards Section. The date the package is received in mail processing services will be used for the submission date.
- When received electronically, the date the electronic submission is received will be used for the submission date.
- An email of acknowledgement will be sent and a reminder to submit the data collection form if not yet filed with the federal audit clearing house. Also provide the website link or address.
- The Standards Section reviews the package to verify that all required documentation has been received. In order to consider the submission complete the following documents must be received:
 - Financial statements (AFR or CAFR, SAR) and schedule of expenditures of federal awards (SEFA)
 - Summary Schedule of prior audit findings
 - Auditor's report(s)
 - Corrective action plan
 - A copy of any management letter(s) issued by the auditor in conjunction with the financial statements. [A-133.320 (c)(f)] [2 CFR 200.512(e)]
 - Data Collection form – SF-SAC
- Upon receipt of the Single Audit Reporting Package the Standards Section will log the relevant information into the SAT spreadsheet and save an electronic version to the appropriate folders as follows:
 - SAT spreadsheet update-

- Enter the date of receipt of the Single Audit in the ***Date Audit Received*** (Column I) for the appropriate subrecipient.
 - Verify all the documents were received as listed above.
 - Looking at the Single Audit, review the “*Report on Internal Control Over Financial Reporting and on Compliance and Other Matters*” and the “*Report on Compliance For Each Major Program*” review both reports and check for findings. If either report has findings, the scope of the review will change to a “*Complete Review*” as opposed to a “*Limited Review*”.
 - Looking at the Single Audit, review the “*Report on Internal Control Over Financial Reporting and on Compliance and Other Matters*”, review the section “*Compliance and Other Matters*”, check for statements disclosing that “*Letters were written to management*”. These are disclosures of minor findings.
 - If there are no findings then fill in the ***Single Audit Status*** (Column J) for that subrecipient with the term “*Limited Review*”. If findings are discovered, leave the cell blank.
 - Checking further into the Single Audit report and find the “*Schedule of Expenditures of Federal Awards*” (SEFA). Verify that any TDEM grants are accounted for by checking the CFDA number and the pass through agency is listed.
 - In the ***Subject to Review*** (Column K) for the respective subrecipient enter “Yes”. Attach a comment stating the degree of review needed, number of findings, the number of TDEM grants listed, any missing documents, and the way the package was received. i.e. Paper or Electronic.
- Electronic file storage –
 - When a package is submitted electronically and a review is determined to be necessary, a sub-folder will be opened in either the “*Not Ready*” folder or in the “*Ready*” folder under the name of the subrecipient.
 - From the attachments listed in the e-mail, drag and drop each component to the folder taking time to change the naming convention to include the year of review, name of the subrecipient, and the documents nomenclature (CAFR, Single Audit, or Management Letters).
 - Open the “*Audits Submitted by e-mail – online*” folder and once this is done copy all of the components to the folder.
 - Open the “*E-mail Correspondence*” folder and after correcting the subject line of the respective e-mail to include the year of review, name of the subrecipient, and the subject, Copy the e-mail to this folder. Also, move the e-mail to a backup folder for security reasons.

(C) Management Decision Requirement

- In order for TDEM to adhere to the requirement that a pass-through entity must issue a Management Decision within six months under 2 CFR § 200.521 (c), (d), TDEM will follow the following guidelines with regards to report submission:

- The date from which the six month mark will be determined begins when TDEM receives the subrecipient submitted Single Audit report, whether the entire Single Audit Reporting Package is complete or not.
- If the subrecipient submits a complete Single Audit Reporting Package, then the Standards Section will complete the review process as outlined in *Chapter 2 (D) Single Audit Report Review Process*.
- If the subrecipient fails to submit the remaining items necessary to complete the audit package, the Standards Section will consider the subrecipient non-compliant with reporting requirements 30 days after the date the Single Audit report was issued to the subrecipient by the independent auditor.
- The Standards Section will consider the date the independent auditor signs the Single Audit report as the issuance date unless the subrecipient can provide evidence that the report was issued on a later date. TDEM will require that the subrecipient provide documentation from the independent auditor to evidence the later date.
- Should the reporting package not contain all required documentation, the Standards Section will update the SAT spreadsheet with the submission date under **Partial Submission Date** (Column M). Additionally a note must be added indicating the details of the submission.
- If a **partial submission** of the Single Audit Reporting Package has been received, and that submission contains the Single Audit report, the Single Audit report review process will begin.
 - The date of the partial submission will begin the Management Decision process in order to satisfy the six month time-frame that the pass-through entity is required to issue a Management Decision.
 - The reviewer will complete the review process as outlined in *Chapter 2 (D) Single Audit Report Review Process*.
 - The reviewer will note the missing documentation under **Partial Submission Date** (Column M).
- If a **complete submission** of the Single Audit Reporting Package is received, the Standards Section will update the SAT spreadsheet, noting a complete submission. The date of the submission will begin the Management Decision process in order to satisfy the six month requirement under 2 CFR § 200.521 (c), (d). The Standards Section will update the SAT spreadsheet accordingly.
- Once the Single Audit Report has been received the SO or ASO will create a folder for the subrecipient in the 20YY-YY To Be Reviewed – Ready folder on the P-Drive under the appropriate review year.
- Once the SO or ASO has completed the review process a separate SO will perform a review of the completed review to determine if a management decision is necessary.
- The following instance will necessitate a management decision:
 - Federal Award Findings that have the potential to affect the administration of TDEM pass-through funds (Management Decision will be issued to subrecipient)
 - Financial Statement Findings that have the potential to affect the administration of TDEM pass-through funds (Management Decision will be issued to subrecipient)
 - Untimely submission by the subrecipient (Management Decision will be issued to subrecipient)
 - Findings that do not have the potential to affect the administration of TDEM pass-through funds (Management Decision will not be issued to subrecipient)

- The Single Audit Review will be attached along with the Single Audit Report to an email and be sent to the SingleAuditReview@dps.texas.gov address with the subject line: Texas City of (FY 20XX) YE: xx/xx/xx Rec'd XX/XX/XX
- These emails should be moved into the To Be Reviewed folder within the Single Audit Review mailbox.
- The Management Decision process can be found in Chapter III – Single Audit Management Decision Review Process

(D) Single Audit Report Review Process

- The SO or ASO will move the folder to the 20YY-YY To Be Reviewed – In Process Folder and will conduct the review utilizing the Single Audit Review Form (SARF). The SF-SAC is retrieved from the Federal Audit Clearing House and saved to a “To be Reviewed-Ready” folder on Public (P) drive with the following naming convention: (example: [2011- Lubbock City of SF-SAC.pdf](#)). To advance incomplete files missing only the SF-SAC reporting, the Standards Section reviewer will check the Federal Clearing House website weekly. Completed documentation is then moved to the “To Be Reviewed-Ready” file.
- This check includes reading the Independent Auditor’s Report to determine if a separate management letter was issued in conjunction with the report. The reporting package is also considered incomplete if the SF-SAC report is not available on the Federal Clearing House website (in the event the Federal website is not functioning, a waiver for that timeframe will be issued at the federal level). If any documents are missing, the auditor checks the Questionnaire to determine whether the subrecipient is subject to the Single Audit requirement. If the subrecipient is subject to Single Audit, the auditor notifies the sender to request the missing documents. The notification is saved to a folder on the P drive: P:\Sections\Standards and Compliance Section\A. Single Audit Review\20YY_Review Files\20YY Sent emails. The SAT spreadsheet is opened to log in receipt of partial documentation, and the date entered in **Partial Submission Date** (Column M) represents the receipt date and the e-mail date requesting the missing item(s). The incomplete data is saved to a folder on the P drive: P:\Sections\Standards and Compliance Section\A. Single Audit Review\Audit Reviews\20YY\Not Ready. If missing documentation is not received within a reasonable amount of time, a follow up e-mail and/or phone call is initiated to obtain the missing documents.
- Save a copy of the SARF to “To be Reviewed-Ready” folder on “P” drive. Rename the file to the entity name with year. (example: [2011- Austin City of review.doc](#))
- See **Completing the Single Audit Review Form (Chapter 2 (F))** for detail regarding the SARF.

(E) Review Type Determination

All subrecipients that are on the Single Audit Tracking sheet must be tracked by the Standards Section by completing the appropriate columns on an ongoing basis. Ongoing monitoring of the Single Audit Tracking sheet is the responsibility of all team members of the Standards Section.

Not Subject To – The subrecipient submitted SAACR indicates that the subrecipient is not subject to Single Audit reporting requirements and all of the following apply:

- Subrecipient does not have expenditures exceeding the Single Audit reporting requirements as determined by information accessible to the Standards Section (GMS, EMMIE, USAS, etc.)
- Subrecipient has not submitted the SF-SAC to the Federal Audit Clearinghouse.
- Subrecipients with “No Current Grant” under the Single Audit Tracking spreadsheet history tab will be indicated as “not subject to” under **Subject to Review** (Column K). The reviewer will check the Federal Audit Clearinghouse web site to confirm status 30 days after nine months from the date of the subrecipient’s fiscal year end. A comment indicating the reason for the status under **Single Audit Status** (Column J) should be added as warranted.
- Note “None” in the financial and compliance findings, **20XX CAFR Financial Federal Findings** (Column R) and **20XX Federal Compliance Findings** (Column S);
- Note “None” in **20XX Department Pass-Through Questioned Cost** (Column T) and **20XX Subrecipient Identified CAP Completion Date** (Column U), and N/A in **20XX Notify Supervisor of Grant Issue** (Column V) in the SAT spreadsheet.

Limited Review – In order for a determination for a Limited Review, all of the following must apply:

- No issues identified in the Management Letter; and
- No Single Audit findings
- Limited Review will be indicated under the status for **Single Audit Status** (Column J) in the SAT spreadsheet. A limited review will be completed. Change the **Single Audit Status** (Column J) to “Complete”, put in the comment box Limited Review (PA, HM, etc.).
- On the checklist select the appropriate items; Current/No Current Grants, No TDEM Activity/Expenditures, No findings, qualified as low risk, etc.
- Change **Subject to Review** (Column K) to “Yes”. Put a comment in the comment box (Reviewed found no findings and No TDEM expenditures. Electronic file, etc.), enter date under **Review Date** (Column F).
- Indicate “None” in **20YY CAFR Financial Federal Findings** (Column R).
- Indicate “None” in **20YY Federal Compliance Findings** (Column S).
- Indicate “None” in **20YY Department Pass-Through Questioned Cost** (Column T).
- Indicate “None” in **20YY Subrecipient Identified CAP Completion Date** (Column U).
- Indicate “N/A” in **20YY Notify Supervisor of Grant Issue** (Column V).
- Move file to P:\Sections\Standards and Compliance Section\A. Single Audit Review\20YY REVIEW FILES\LIMITED REVIEW SHORT FORM COMPLETED.

Full Review – If it is determined that a subrecipient is required to have an independent auditor conduct a Single or Program Specific Audit then the Standards Section will conduct a Full Review. The review process will begin when the Standards Section receives the Single Audit report, regardless of whether or not the subrecipient submits a complete reporting package.

- If the subrecipient submits an incomplete Single Audit Reporting Package that contains the Single Audit report then the Standards Section will indicate the date under **Partial Submission Date** (Column M) and insert a note indicating what items were received. If the subrecipient at a later date submits further items required under the Single Audit Reporting Package those items and date received should be added to the note as appropriate. If the complete Single Audit Reporting Package is not received within 30 days of the issuance of the Single Audit report

then the submission will be considered untimely and the subrecipient's risk level will be elevated.

- If the subrecipient submits the Single Audit Reporting Package with no Single Audit report included, then the Standards Section will review the submitted documentation to determine if the subrecipient is subject to reporting in accordance with A-133 or 2 CFR. When determined "Not subject to", the single audit reviewer will check the Federal Audit Clearinghouse web site to confirm status 30 days after nine months from the date of the subrecipient's fiscal year end. Additionally the reviewer will capture a screenshot of the Federal Audit Clearinghouse search results or print a PDF version of the results and save that document in the folders on the p and h drives for the subrecipient. Under **Subject to Review** (Column K) the reviewer should indicate the determination (Yes, No or Unknown). If a note of explanation is warranted then pertinent information should be added under **Subject to Review** (Column K) as well.

When ready to conduct the review, move the subrecipient folder from "TO BE REVIEWED – READY" to "TO BE REVIEWED - IN PROCESS". Both files are located in "P" drive; P:\Sections\Standards and Compliance Section\A. Single Audit Review\20YY REVIEW FILES.

(F) Completing the Single Audit Review Form

The Single Audit Review Form (SARF) is a seven page, 35 question excel document that the Standards Section will utilize to document the review procedures.

Step One

Complete the subrecipient information section with the following:

- The name of the subrecipient being reviewed
- The reviewer's name
- The name of the audit firm conducting the review
- The subrecipient's fiscal year ended date
- The date the audit report was issued
- The date the Federal Clearinghouse submission was verified

Step Two

Begin the audit review portion by completing questions 1-12 based upon the information contained in the subrecipient's Single Audit Reporting Package. The SARF will confirm that the correct review type determination was made as indicated in *Chapter 2 (F) Review Type Determination*. By completing questions 1-12 the SARF will indicate the following for each question based upon the answer:

1. Are there any indications on the Data Collection Form SF-SAC (FACR) that are of concern regarding TDEM grants?
 - Yes = Proceed
 - No = Do Not Proceed
2. Does the report appear to have been prepared in compliance with Federal Reporting requirements?
 - Yes = Do Not Proceed
 - No = Proceed
3. Does the subrecipient appear to be managing their TDEM pass-through grants materially in compliance with Federal requirements and any applicable State

requirements?

- Yes = Do Not Proceed
 - No = Proceed
4. Does the report have Federal findings which require corrective action that could affect TDEM Grants?
 - Yes = Proceed
 - No = Do Not Proceed
 5. Does the report include Federal findings which require TDEM to take corrective action?
 - Yes = Proceed
 - No = Do Not Proceed
 6. If the report indicates that the subrecipient is not compliant regarding Financial Statements, could the non-compliance affect TDEM Grants?
 - Yes = Proceed
 - No = Do Not Proceed
 7. If the report indicates that the subrecipient is not compliant regarding the Schedule of Expenditures, could the noncompliance affect TDEM Grants?
 - Yes = Proceed
 - No = Do Not Proceed
 8. If the report contains a Schedule of Findings and Questioned Costs, could these affect TDEM Grants?
 - Yes = Proceed
 - No = Do Not Proceed
 9. If the report contains Prior Year Audit Findings, are any related to TDEM grants?
 - Yes = Proceed
 - No = Do Not Proceed
 10. If the report requires a Corrective Action Plan has it been completed?
 - Yes = Proceed
 - No = Do Not Proceed
 11. Was the complete reporting package submitted to DPS in a timely manner?
 - Yes = Do Not Proceed
 - No = Proceed
 12. Was the subrecipient considered "low-Risk" by the independent auditor?
 - Yes = Proceed
 - No = Do Not Proceed
- Proceed
 - After completing all 12 questions review cells J5 through J12 (shaded in green). If **any** of these cells indicate Proceed the review is a **Full Review** as described in *Chapter 2 (F) Review Determination* and the reviewer must complete the remainder of the SARF as described below in Step Three.
 - Do Not Proceed
 - After completing all 12 questions review cells J5 through J12 (shaded in green). If **all** of these cells indicate Do Not Proceed then the review is a Limited Review as described in *Chapter 2 (F) Review Determination* and the

reviewer has completed the **Limited Review**. In this instance by answering the 12 questions above the reviewer has fulfilled the Single Audit review requirement for the Standards Section. The reviewer will then save the SARF into the subrecipient's folder and move the subrecipient's folder to the 20XX-XX Limited Review Short Form Completed folder in both the RMS and Shared sections under the appropriate Fiscal Year.

Step Three

13. Does the audit report express an opinion that the financial statements taken as a whole are fairly stated in all material respects in conformity with Generally Accepted Accounting Principles (GAAP)?
 - Yes = No Further Action
 - No = Provide the Reason In the Comments Section Below
14. Does the audit report state that the audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS)?
 - Yes = No Further Action
 - No = Provide the Reason In the Comments Section Below
15. Did the audit report cover only the subrecipient's most recent fiscal year ended?
 - Yes = No Further Action
 - No = Provide the Reason In the Comments Section Below
16. Is the audit report free of any identified scope limitations (yes, if SF-SAC is Unqualified Opinion)?
 - Yes = No Further Action
 - No = Provide the Reason In the Comments Section Below
17. Is the audit report free of indications that the auditor is not independent or is not qualified to perform the audit?
 - Yes = No Further Action
 - No = Provide the Reason In the Comments Section Below
18. Is the audit report absent of any reference to the examination or review of another auditor?
 - Yes = No Further Action
 - No = Provide the Reason In the Comments Section Below
19. Does the audit report include the following financial statements:
 - a. Combined Balance Sheet?
 - Yes = No Further Action
 - No = No Further Action
 - b. Combined Statement of Revenues, Expenditures, & changes in Fund Balances?
 - Yes = No Further Action
 - No = No Further Action
 - c. Combined Statement of Revenues, Expenses, & changes in Net Assets (Fund Balance) all Proprietary Fund Types and Discretely Presented Component units?
 - Yes = No Further Action
 - No = No Further Action

- d. Combined Statement of Cash Flows: All Proprietary Fund Types and the Discretely Presented Component units?
 - Yes = No Further Action
 - No = No Further Action
- e. Statement of Revenues, Expenditures, & Changes in Fund Balances for Budget and Actual?
 - Yes = No Further Action
 - No = No Further Action

20. Are the notes to the Financial Statements free of any accounting policies that might have an adverse effect upon Federal/State awards, as we understand them? ?

- Yes = No Further Action
- No = Provide the Reason In the Comments Section Below

21. Are the notes to the financial statements free of any contingent liabilities payable to the Federal or State government and free of any reported material violations of laws, regulations or grant agreements; fraud; waste; or abuse that could affect Federal or State awards?

- Yes = No Further Action
- No = Provide the Reason In the Comments Section Below

22. Are the notes to the financial statements free of any subsequent events or prior period adjustments/restatements that could affect Federal or State awards?

- Yes = No Further Action
- No = Provide the Reason In the Comments Section Below

23. Does the Auditor's Report indicate the testing of internal controls over financial reporting free of deficiencies, significant deficiencies, or material weaknesses?

- Yes = No Further Action
- No = Provide the Reason In the Comments Section Below

24. Does the Auditor's Report indicate the testing of certain provisions of laws, regulations, grant agreements that could have a direct and material effect on the determination of financial statement amount is free of instances of noncompliance or other matters required to be reported under Government Auditing Standards?

- Yes = No Further Action
- No = Provide the Reason In the Comments Section Below

25. Does the report opinion state that the SEFA (Schedule of Expenditures of State and Federal Awards) is fairly presented in all material respects?

- Yes = No Further Action
- No = Provide the Reason In the Comments Section Below

26. Does the report opinion state that the SEFA (Schedule of Expenditures of State and Federal Awards) is fairly presented in all material respects?

- a. List individual state/federal programs by agency, including clusters, if applicable?
 - Yes = No Further Action
 - No = No Further Action
- b. Name of the pass-through entity and identifying number assigned by the pass through entity, for state/federal awards received as a subrecipient?

- o Yes = No Further Action
 - o No = No Further Action
 - c. Provide total awards expended for each individual state/federal program and the CFDA number or other identifying number when it is not available?
 - o Yes = No Further Action
 - o No = No Further Action
 - d. Include, either in the Schedule or a note to the Schedule, the value of state/federal awards expended in the form of noncash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year-end?
 - o Yes = No Further Action
 - o No = No Further Action
 - e. Include notes that describe the significant accounting policies used in preparing the Schedule? (Notes to financial statements)
 - o Yes = No Further Action
 - o No = No Further Action
27. Does the Auditor's report indicate that compliance auditing procedure results were free of noncompliance required to be reported in accordance with 2 CFR 200? If non-compliance was noted, identify below.
- Yes = No Further Action
 - No = Provide the Reason In the Comments Section Below
28. Does the Auditor's Report include a statement that tests of internal control over compliance with requirements that could have a direct and material effect on a major federal program were free of deficiencies, significant deficiencies, or material weaknesses?
- Yes = No Further Action
 - No = Provide the Reason In the Comments Section Below
29. Does the report include a Schedule of Findings and Questioned Costs? (If none then proceed to question 31)?
- Yes = Proceed to Question 31
 - No = Provide the Reason In the Comments Section Below
30. Is the Schedule of Findings and Questioned Costs free of:
- a. Reportable internal control conditions over major programs?
 - o Yes = Provide Explanation
 - o No – No Further Action
 - b. Material non-compliance with the provisions of laws, regulations, contracts, or grant agreements related to major programs?
 - o Yes = Provide Explanation
 - o No – No Further Action
 - c. Questioned costs greater than \$10,000 for a major program?
 - o Yes = Provide Explanation
 - o No – No Further Action
 - d. Questioned costs greater than \$10,000 for a program which is not a major program?
 - o Yes = Provide Explanation

- No – No Further Action
 - e. An explanation of the circumstances concerning why the auditor's report on compliance for major programs is other than an unqualified opinion, unless such circumstances are otherwise reported as audit findings in the schedule of findings and questioned costs for Federal awards?
 - Yes = Provide Explanation
 - No – No Further Action
 - f. Known fraud affecting a Federal award?
 - Yes = Provide Explanation
 - No – No Further Action
 - g. Instances where the results of audit follow-up disclose that the auditee materially misrepresents the status of any prior audit findings?
 - Yes = Provide Explanation
 - No – No Further Action
31. Does the report include a Summary Schedule of Prior Audit Findings and an explanation of the corrective action taken as well as the status of any unresolved audit findings reported from previous fiscal years?
- Yes = No Further Action
 - No = Provide the Reason In the Comments Section Below
32. Did the auditee agree to all audit findings and develop a corrective action plan accordingly? If not, the report should include an explanation and the specific reasons for not agreeing with the auditor's finding and/or why corrective action is not required.
- Yes = No Further Action
 - No = Provide the Reason In the Comments Section Below
33. Does the report package include a corrective action plan that appears to be actionable with stated completion dates for each corrective action?
- Yes = No Further Action
 - No = Provide the Reason In the Comments Section Below
34. TDEM reviewer has followed up on all grant or financial related noncompliance issues and questioned costs relative to grants passed through to them by TDEM.
- Yes = No Further Action
 - No = Provide the Reason In the Comments Section Below
35. Based on the results of this review, should TDEM examine the auditor's working papers in order to gather detailed information pertinent to its oversight responsibilities?
- Yes = Contact Independent Auditor to Request Working Papers
 - No = Provide the Reason In the Comments Section Below

Step Four

Update the Single Audit Tracking spreadsheet with the following information:

Column	Field Name	Description of Entry
A.	Auditor Contact Email	Enter the e-mail address of the independent auditor from

		item 6f on page 1 of the SF-SAC
B.	Auditor Contact Phone	Enter the telephone number of the auditor from item 6d on page 1 of the SF-SAC
C.	Auditor Name	Enter the Auditor Name from item 6c on page 1 of the SF-SAC
D.	Audit Firm Name	Enter the name of the Audit Firm from item 6a on page 1 of the SF-SAC
F.	Review Date	Enter the date the review was completed
J.	Single Audit Status	Enter current status (this could be complete, no TDEM pass-thru, not subject to)
P.	EIN#	Enter or verify Federal Employer Identification Number from item 4a on page 1 of the SF-SAC
O.	DUNS #	Enter or verify the Data Universal Numbering System (DUNS) number from item 4d on page 1 of the SF-SAC.
R.	20YY CAFR Financial Findings	Subrecipient financial findings related to federal awards as identified by the independent auditor (add comment if necessary)
S.	20YY Federal Compliance Findings	Subrecipient compliance findings related to federal awards as identified by the independent auditor
T.	20YY Department Pass-Through Questioned Cost	Subrecipient questioned costs related to any Departmental pass-through grant awards as identified by the independent auditor
U.	20YY Subrecipient Identified CAP Completion Date	Subrecipient Corrective Action Plan (CAP) anticipated completion or implementation date
V.	20YY Notify Supervisor of Grant Issue	Standards Reviewer notifies Supervisor of any Single Audit issues identified by the subrecipient's independent auditor
W.	20YY Management Decision Date	Standards issues a Management Decision and notifies affected programs

(Note: the current year will be included in column headings with date)

Step Five

The Standards Section reviewer will document the Single Audit review by completing the following:

- Move the electronic copy of Single Audit Review Form and the SF-SAC form from the reviewer's "Pending Audits" folder to the "Completed Reviews" folder located in the Sections, Standards and Compliance Section, Single Audit Reviews on the P: drive. (P:\Sections\Standards and Compliance Section\A. Single Audit Review\Audit Reviews\20YY Completed Audit Reviews)

The Standards Section will follow the Management Decision process as outlined in **Chapter II, (C) Management Decision Requirement**, As follows:

- Once the Single Audit Review process has been completed the Standards Section reviewer will compose an email to the SingleAuditReview@dps.texas.gov address with the subject line reading **Subrecipient (FY 20YY) YE: 9/30/YY Rec'd 1/5/YY** and with the following information in the body of the email:

- Fiscal Period Ending Date
- Date Audit Report Signed
- Date TDEM Received
- Any TDEM or SAA grants listed with dollar amount and CFDA number
- Any Findings
- Any Questioned Costs
- If in noncompliance with reporting requirements then that should be noted
- The Standards Section reviewer will attach the Single Audit Review Form, the SF-SAC and any subrecipient submitted documentation (Single Audit Report, Management Letter, CAFR, etc.)
- If the Standards Officer determines that program grant administrators should be consulted then the Standards Officer will forward for review to the affected programs. If the Standards Officer forwards the review to grant administrators, a management decision will be considered as pending. The Single Audit reviewer will store the file in the Pending area for follow up thirty days prior to the six month deadline.

(G) File Management

The Standards Section will maintain a complete set of electronic files on the agency p-drive under the Standards Section partition. These files can be found under:

- P-Drive
 - 3. RMS
 - Standards and Compliance – Fortson
 - A. Single Audit Review
 - The appropriate year (2015-16, 2016-17, etc.)

Additionally completed reviews and management decisions will be stored on the shared p-drive. These files can be found under:

- P-Drive
 - Shared
 - Audits A-133 Reviews – FY 2013-2014-2015-2016 – Fortson
 - The appropriate year (2015-16, 2016-17, etc.)

(H) File Naming Conventions

The Standards Section should use the following format for naming files:

COMPLETED REVIEWS FILES

- 20YY-Arlington, City of Review.doc
- 20YY-Montgomery County Review.doc
- 20YY-Arlington, City of Review – State Only.doc

SF-SAC FILES

- 20YY-Arlington, City of SF-SAC.pdf

EMAILED FILES

- 20YY-Arlington, City of CAFR – SA – QUEST.pdf
- 20YY-Arlington, City of CAFR.pdf

Chapter III

Single Audit Management Decision Procedures

(A) Initial Single Audit Review and Significance Determination

- **Single Audit Review** – The Standards Section receives, reviews and tracks the subrecipient submitted Single Audit Reports for each fiscal year. The reviewer files the documentation electronically in the appropriate folder. Please see the Single Audit Review, Chapter II of the Standards Section Policies and Procedures manual for further detail on this process.

For example, file in the Completed Reviews and Management Decision folders:

- P:\3.RMS\Standards and Compliance - Fortson\A. Single Audit Review\20YY REVIEW FILES\Management Decisions
 - P:\- SHARED FOLDERS -\Audits A-133 Reviews - FY20YY-201YY-20YY - Fortson\20YY-YY Current\20YY-YY Management Decisions
- **Determination** - The Standards Officer (SO) or Assistant Standards Officer (ASO) will determine whether the audit contains any findings or issues that have the potential to impact the administration of any DPS administered federal pass through grant funds distributed by the Texas Department of Public Safety (DPS) based upon professional knowledge and discretion. The SO or ASO will issue the management decision if the finding(s) are financial or grant management in nature. If the finding(s) are program specific then the SO or ASO will consult with the appropriate program administrator or designee to determine if the proposed corrective action is adequate to address the finding(s) or if further corrective action is necessary.
 - **No Impact** - For audit findings that are determined to have no potential to impact the success of DPS administered federal pass through grant funds, the Standards Section will send an e-mail to the Single Audit Review e-mail box stating “no further action required”. The e-mail should include any original e-mails, documentation and correspondence sent to the Standards Section in relation to the submission. The results will be logged in the Single Audit Tracking (SAT) spreadsheet for the appropriate fiscal year being reviewed and the electronic record of the management decision will be stored in the appropriate folder.
 - **Corrective Action Adequate** – If the SO or ASO determines that corrective action identified by the subrecipient’s management response in the Single Audit Report appears to be adequate to address the finding(s), then the SO or ASO will issue a Management Decision Letter as outlined in the Management Decision Letter section of this policy.
 - **Corrective Action Plan Necessary** – If the SO or ASO determines that further corrective action is required they will communicate the requirement that the subrecipient submit a Corrective Action Plan (CAP) via a CAP request. The CAP request will outline the finding specific submission requirements directly to the subrecipient with a submission deadline. Each finding or deficiency must be clearly identified and specific sufficient documentation or examples must be provided. Should the subrecipient fail to submit the CAP by the submission deadline, the subrecipient is subject to immediate suspension. Once the submission is received, reviewed and accepted, the SO or ASO will determine whether the CAP adequately addresses the finding(s) and then if finding(s) are sustained, corrective action is adequate to address the finding(s) or if further action is required. If a CAP is necessary, the corrective action process in Section III below should be followed.

- **Management Decision Letter** – The SO or ASO will issue a management decision letter that appropriately addresses each finding, as applicable:
 - Sustained – The Standards Section considers the finding valid and will review the Single Audit for the subsequent year to determine if the subrecipient has corrected the deficiency.
 - Corrective Action Plan Accepted – The Standards Section considers the subrecipient's corrective action as proposed in the management response portion of the Single Audit Report as adequate to correct the deficiency if fully implemented.
 - Corrected – The Standards Section considers the subrecipient's corrective action as proposed in the management response portion of the Single Audit Report as having taken the necessary steps to correct the deficiency if fully implemented.
- The Management Decision Letter must indicate that the Single Audit review for the appropriate fiscal year is considered closed and indicates that no further action is required of the subrecipient at this time. The Management Decision Letter will be sent to all concerned parties (subrecipient, program managers, program system administrators, etc.). If the SO or ASO determines that further action is required prior to the issuance of a Management Decision Letter the corrective action process in *Section C – Corrective Action Process*, below should be followed.
- Management Decision letter templates will be housed in the appropriate 20XX Management Decision folder under the RMS folder for the year being reviewed: P:\3. RMS\Standards and Compliance - Fortson\A. Single Audit Review\20XX-XX Single Audit Review\20XX-XX Review Files\20XX-XX Management Decisions.
- The reviewer will utilize the appropriate template (MS Word file) and enter all relevant information. When the Management Decision letter is complete the reviewer will forward to a team member for peer review. The reviewer will convert the word file to PDF for signature. Management Decision letter must be signed by a Standards Officer who signs and issues the Management Decision letter electronically. The Management Decision letter will be sent to the primary and elected official contacts as found under the subrecipient row in the SAT spreadsheet. The information related to the Management Decision must be captured in the Standards Management Decision (SMD) tracking spreadsheet as well (See this chapter section II. Documentation Requirements – Standards Management Decision Tracking below).
- A copy of the signed Management Decision Letter must be placed in both of the following folders:
 - RMS Documentation - P:\3. RMS\Standards and Compliance - Fortson\A. Single Audit Review\20XX-XX Review Files\20XX-XX Management Decisions
 - EMPG
 - HM
 - HS
 - No MGMT
 - PA
 - Suspension
 - Shared Documentation - P:\- SHARED FOLDERS -\Audits A-133 Reviews - FY20XX-20XX-20XX - Fortson\20XX-XX Current\20XX-XX Management Decisions
 - EMPG
 - HM
 - HS
 - No MGMT
 - PA
 - Suspension

Note: The Management Decision letter copy should be filed in both the Shared and RMS folders for the appropriate audit year and in all corresponding program folders for the subrecipient as identified. Once all documentation has been stored under the appropriate program folders then the first copy should be deleted.

(B) Documentation Requirements

- **Single Audit Tracking Requirements** - The Standards Section reviews submitted Single Audits to identify findings that require corrective action. Further the Standards Section reviews the current SAT spreadsheet to identify subrecipients that fail to submit the Single Audit Reporting Package or the Single Audit Compliance Act Report. The SO or ASO initiates contact with subrecipients needing to submit corrective action, the Single Audit Reporting Package or the Single Audit Act Compliance Report and documents this in the SAT spreadsheet under the appropriate column.
- **Single Audit Tracking Spreadsheet** – The Single Audit Tracking (SAT) spreadsheet is utilized to track all subrecipients identified during the population portion of the Single Audit review process (see Chapter XX, Section XX for further detail). The SAT must be updated throughout the Single Audit Review process. The SAT will be housed at P:\3. RMS\Standards and Compliance - Fortson\A. Single Audit Review\20YY-YY Review Files.
- **Single Audit Review Documentation** – The SO or ASO completes the Single Audit Review Form (SARF). The review results will be recorded in the SAT spreadsheet. Documentation must be filed in the completed review electronic folder and if applicable, recorded in the Standards Management Decision Tracking (SMDT) spreadsheet for the appropriate fiscal year being reviewed.
- **Standards Management Decision Tracking** – The Standards Management Decision tracking (SMD) spreadsheet must be updated for each management decision that is issued. The SMD can be accessed by all TDEM staff and will be housed at P:\- SHARED FOLDERS -\Audits A-133 Reviews - FY20YY-20YY-20YY – Fortson. The instructions for completing the SMD are included on the Instruction tab within the spreadsheet.
- **Management Decision Documentation** - The SO or ASO prepares the SMD with sufficient data for program management to identify the subrecipient, the programs identified with the subrecipient, the management decision due date, the management decision date, and any relevant notes. The SMD will be housed in a designated shared folder accessible to all program staff. Additionally the SMD is to be sent via email to all program managers, at a minimum, on a quarterly basis.
- **Deficiency Tracking** – When a subrecipient has sustained or corrected findings from the previous review year that were determined to have the potential to impact the administration of grant program funds the subrecipient will be considered to be an elevated risk. These subrecipients must be tracked to ensure that additional oversight is applied. This will be accomplished by reviewing the previous year's SMD spreadsheet and SAT spreadsheet. If a subrecipient was elevated to high risk in a previous year then the Standards Section reviewer must confirm the status of the finding(s) to determine if the independent auditor has cleared the finding(s) or if the subrecipient received repeat findings. If the finding(s) have been cleared then the reviewer will lower the risk rating and log the risk level into the SAT Spreadsheet. If the finding(s) are repeated, then the reviewer will conduct a full review of the Single Audit, request an updated CAP and notify the affected programs that the risk level for the subrecipient remains elevated.
- **No Decision Necessary** - If the Standards Section determines Single Audit findings would not have an impact on grants funded by DPS and that a management decision is not necessary, then an email indicating "no further action required" must be generated and a record stored in the folder designated for the fiscal year under review in both the appropriate shared folder and internal Standards Section folder.
- **Subrecipient Correspondence** - Any generated correspondence with the subrecipient must be stored in the appropriate folder designated for the fiscal year under review in both the appropriate shared folder and internal Standards Section folder.

(C) Corrective Action Process

- **Corrective Action Process** – The Corrective Action process will be based upon the findings identified during the review process or the failure of the subrecipient to submit the required Single Audit report. If the review determines that the finding(s) have the potential to affect the administration of the grant, the SO or ASO will draft a CAP request to the subrecipient that describes the CAP requirements. The CAP request will identify each finding and the corrective action steps, supporting documentation requirements and will identify a response due date. The CAP request will be sent to the subrecipient fiscal, elected and program points of contact. *(Note: If the subrecipient has failed to submit the Single Audit Reporting Package or the SAACR then the subrecipient will be subject to suspension 9 months after the end of the subrecipient's fiscal year. A CAP will not be requested).*
- Once the subrecipient submits the requested CAP the Standards Section will review the response and determine if the corrective action fully, partially or fails to address the finding:
 - If the corrective action **fully addresses** the finding then a closure letter indicating that the corrective action has been accepted and the review has been closed will be issued. (Follow up in subsequent year not required)
 - If the corrective action **partially addresses** the finding and is reasonable with continued implementation, then a closure letter indicating the finding has been sustained, the review closed, and the risk level has been elevated will be issued. (Follow up in subsequent year is required)
 - If the corrective action **fails to address** the finding, further corrective action may be requested, or the suspension process may be initiated. If the SO or ASO determines that requesting further corrective action at this time will not result in the subrecipient adequately addressing the finding(s) then further corrective action will not be requested and a suspension will be issued as detailed in Section IV of this Chapter. (Follow up is required until all findings are determined to be adequately addressed)

(D) Suspension Process

- **Suspension Process** – If the Standards Section determines that the CAP response has failed to adequately address the finding(s), there was no response from the subrecipient by the due date, or if the subrecipient has failed to submit the required Single Audit, the SO or ASO will draft a suspension letter. The suspension letter must contain the reason for the suspension, the last date a resolution was requested, identify the findings, the corrective action and documentation requirements to lift the suspension.
- The suspension letter is drafted and uploaded into GMS under the applicant tab. Once the document is uploaded draft a note to the Deputy Assistant Director indicating that the Suspension Letter is ready for review and signature.
 - The Standards Section emails the Suspension Letter to the subrecipient fiscal, elected and program points of contact.
 - The Standards Section will forward the suspension email to the TDEM State Coordinator for Finance, and the Finance Budget Analyst. The Finance Budget Analyst will place a hold on the subrecipient account, upload the suspension letter and place a hold on the subrecipient in the Grant Management System (GMS).
- **Receipt of Corrective Action Plan** - The subrecipient will be required to submit the CAP documentation requested in the Suspension Letter to the Standards Section by the submission date indicated in the Suspension Letter. The Standards Section will follow the CAP review process to determine if the submitted documentation is sufficient to adequately address the findings as identified by the CAP and to close the review for the year. If the documentation is inadequate to address the

findings the SO or ASO will communicate the deficiency and require further corrective action until the deficiency is resolved or until it is determined that sufficient progress has been made in order to lift the suspension. In this instance additional monitoring or oversight will be required and additional stipulations may be imposed upon the subrecipient.

- **Receipt of Single Audit Reporting Package** – For subrecipients that were suspended for failure to submit the required Single Audit Reporting Package, once the subrecipient submits, the Standards Section will conduct the review as normal. If the Single Audit report has no findings or the management response is adequate to address the findings, then the Standards Section will recommend to management that the suspension be lifted, risk elevated to high and the year will be closed. If the report contains findings that are not adequately addressed by the management response contained in the single audit, a CAP will be requested and the suspension will remain intact.
- **Lifting of the Suspension** – The Standards Section is responsible for lifting the suspension once the subrecipient has completed sufficient corrective action to establish that all deficiencies are being adequately addressed. The SO or ASO will be required to utilize professional judgement to make this determination. The SO or ASO should consult Section Administrators, the Deputy Assistant Director or program staff in the event that the SO or ASO is unsure as to whether or not corrective action(s) are adequate to address the identified issues. In the event that the subrecipient was suspended due to a failure to submit, the suspension will be lifted when the subrecipient submits the Single Audit report or the SAACR indicating that the subrecipient is not subject to Single Audit reporting requirements. Once the subrecipient has demonstrated sufficient compliance the SO or ASO will draft a Single Audit Close-Out Letter. The Single Audit Close-Out letter should be peer reviewed and signed by a SO. Once the Single Audit Close-Out Letter is finalized the letter should be uploaded into GMS under the applicant tab and should be emailed to the subrecipient elected official and financial points of contact. The Single Audit Close-Out Letter email should then be forwarded to the State Coordinator for Finance and the Finance Budget Analyst with a request to remove the hold that was placed on the subrecipient at suspension.

Chapter IV

Risk Assessment Procedures

(A) Risk Assessment

- **Risk Assessment** – The Standards Section developed a set of Risk Assessment (RA) tools for use by the Standards Section as well as each Program Section (Public Assistance, Hazard Mitigation and Emergency Management).
 - *Limited Annual Risk Assessment* – The Limited Annual Risk Assessment (LARA) tool is a generic risk assessment tool that will be completed during the annual Single Audit review process and will be saved in the subrecipient's Single Audit folder. The LARA is designed to determine if the subrecipient has risk associated with the dollar amount awarded, reporting history, performance history and Single Audit history. The LARA generates a risk and monitoring level for the reviewed subrecipient. If a subrecipient that is included in the SAT spreadsheet for the year under review is determined to be in the "not subject to" category, the LARA will be conducted based on the information available and past history.
 - *Elevated Risk Assessment* – The Elevated Risk Assessment (ERA) tool is an in depth risk assessment tool that will be utilized if the LARA determines the subrecipient is at a High Risk level or in the event that any section or program determines that there is a need for an in depth risk assessment. When the ERA is required, then the oversight level will be automatically elevated.

(B) Limited Annual Risk Assessment

- **Limited Annual Risk Assessment** – The Limited Annual Risk Assessment (LARA) focuses upon the areas of concern typically covered by independent auditors during Single, Program and Financial audits. The Standards Section completes the LARA annually for each subrecipient in the SAT spreadsheet during the annual review for the subrecipient's fiscal year. The SO or ASO will utilize subrecipient provided documentation, historical data from the Grant Management System (GMS), the Federal Emergency Management Agency (FEMA) Department of Homeland Security (DHS) Integrated Security and Access Control System, referred to as EMMIE and the prior year Single Audit Report if the subrecipient was required to submit one. The SO or ASO will also use professional knowledge while completing the LARA. The resulting risk determination, high, medium or low is noted in the SAT spreadsheet and in GMS for tracking, reference, additional oversight requirements and program consultation purposes. The reviewer files the LARA documentation electronically in the appropriate folder with the annual review documentation.

(C) Elevated Risk Assessment

- **Elevated Risk Assessment** – In the event that the LARA results identify that the subrecipient has demonstrated an elevated risk level, then the Standards Section will complete the financial portion of the ERA tool and forward the ERA tool to the affected Program Administrator(s) to complete the programmatic portion. The Standards Section will record the date the ERA was sent to the program(s) on the SAT spreadsheet to ensure that the ERA tool is completed in a timely manner. Based upon the results, the Standards Section and the Program Administrator will determine the additional oversight requirement(s). The Program will implement the additional oversight and notify the subrecipient of the determination.

(D) *Public Assistance Elevated Risk Assessment*

- **Elevated Risk Assessment** – The Standards Section is responsible for distributing the Public Assistance ERA tool to the Public Assistance Program Administrator once the financial portion is complete. The Public Assistance program is responsible for the completion of the ERA tool when the risk level becomes elevated. The risk determination should be utilized by the program to determine the risk level for the subrecipient and to determine the appropriate monitoring level if grant funds are to be awarded.

(E) *Hazard Mitigation Elevated Risk Assessment*

- **Elevated Risk Assessment** – The Standards Section is responsible for distributing the Hazard Mitigation ERA tool to the Hazard Mitigation Program Administrator once the financial portion is complete. The Hazard Mitigation program is responsible for the completion of the ERA tool when the risk level becomes elevated. The risk determination should be utilized by the program to determine the risk level for the subrecipient and to determine the appropriate monitoring level if grant funds are to be awarded.

(F) *Emergency Management Elevated Risk Assessment*

- **Elevated Risk Assessment** – The Standards Section is responsible for distributing the Emergency Management ERA tool to the Emergency Management Program Grant Administrator (EMPG) once the financial portion is complete. The EMPG program is responsible for the completion of the ERA tool when the risk level becomes elevated. The risk determination should be utilized by the program to determine the risk level for the subrecipient and to determine the appropriate monitoring level if grant funds are to be awarded.

(G) *Homeland Security Elevated Risk Assessment*

- ***Homeland Security will not be evaluated by the Standards Section. All Homeland Security Grants beginning with grants awarded for Fiscal Year 2015 will be administered by the Governor's Office. For grants awarded for year prior to Fiscal Year 2015 the Standards Section will continue to track and review subrecipient submitted Single Audit Reports and will coordinate with the remaining Homeland Security DPS staff until all outstanding grants are formally closed.***

Chapter V

Quality Assurance Procedures

(A) Background

- The purpose of Chapter V, Quality Assurance Procedures is to outline the procedures the Standards Section will utilize to ensure the oversight of affiliates and internal staff that are involved at various levels within the TDEM programs. The affiliates are intended to provide TDEM with extra capacity during the entire life cycle federally awarded grant funds. The Standards Section will provide affiliate oversight as required under §200.330 (d); and the COSO Integrated Framework.
- The Standards Section will participate in the continuous monitoring of affiliates and internal staff during payment processing by utilizing the Quality Assurance Testing Workbook (QATW). The QATW will be stored under the appropriate year in the Single Audit file as appropriate *P:\3. RMS\Standards and Compliance - Fortson\A. Single Audit Review\20XX-XX Review Files*. In this folder there will be a 20XX-XX QA Testing folder that will have a sub-folder for each affiliate and one for internal staff. Once completed the QATW should be appropriately labeled with the date/affiliate/internal and QA Testing Workbook (QATW-Affiliate/Internal-Project/Close-Out-2016-XX-XX) and stored in the corresponding folder.
- There are two versions of the QATW. The version titled QATW Project will be utilized during the request for advance payment or reimbursement workflow and the QATW Close-Out version will be utilized during the close-out workflow.

Note: To determine the affiliate assigned to the subrecipient select the Expense tab in GMS, then select the History tab which will list the users that have processed the request for payment or reimbursement. Utilize the Affiliate Personnel spreadsheet to locate the name of the person who advanced the payment or reimbursement request to the State Review step.

The QATW Project worksheet records the following categories to facilitate testing:

Column	Field Name	Description of Entry
A	Grant	Select the appropriate grant from the drop down list
B	Program	Select the appropriate program from the drop down list
C	Federal Payment Number	Enter Payment Number (Project Worksheet or PW Number)
D	Subrecipient	Enter subrecipient name
E	Originator	Select internal or a affiliate based upon who originated the request
F	Amount Sampled	Enter the total dollar amount indicated that they tested
G	Payment Request	Enter the total dollar amount of the subrecipient's payment request
H	Total Amount Eligible	Enter the total dollar amount that the affiliate determined to be eligible for payment
I	Minimum Percentage	Workbook will automatically calculate if the minimum dollar amount

	Dollar Amount	of 10% was tested and return the percentage
J	Minimum Percentage Dollar Amount Met	Workbook will automatically calculate if the minimum dollar amount of 10% was tested and return Yes or No
K	Total Number of Items in Request	Enter the total number of items contained in the subrecipient's payment request
L	Total Number of Items Tested	Enter the total number of items the affiliate indicated that they tested
M	Minimum Payment Testing Met	Workbook will automatically calculate if the payment testing amount of 10% was tested and return the percentage
N	Payment Testing Percentage Met	Workbook will automatically calculate if the payment testing amount of 10% was tested and return Yes or No
O	Category of payment tested	Select the appropriate category from the drop down list
P	Is the work claimed eligible (Scope, POP)	Select Yes or No from the drop down list
Q	Documents Reconcile to Reimbursement Request	Select Yes or No from the drop down list
R	Review Date	This will autofill
S	Reviewer	Select Name from the drop down list

The QATW Close-Out worksheet records the following categories to facilitate testing:

Column	Field Name	Description of Entry
A	Grant	Select the appropriate grant from the drop down list
B	Program	Select the appropriate program from the drop down list
C	Federal Payment Number	Enter Payment Number (Project Worksheet or PW Number)
D	Subrecipient	Enter subrecipient name
E	Originator	Select internal or a affiliate based upon who originated the request
F	Payment Request	Enter the total dollar amount of the subrecipient's payment request
G	Total Amount Eligible	Enter the total dollar amount that the affiliate determined to be eligible for payment
H	FEMA Close-Out Letter Present	Select Yes, No or N/A (N/A only applies to HMGP) from the drop down list
I	FEMA Close-Out Amount Reconciles to Actual	Select Yes, No or N/A (N/A only applies to HMGP) from the drop down list
J	Is the work claimed eligible (Scope, POP, etc.)	Select Yes or No from the drop down list
K	Review Date	This will autofill
L	Reviewer	Select Name from the drop down list

(B) Request for Reimbursement Review

- SO or ASO, as assigned will complete the review and document the results utilizing the QATW. Determine which QATW to utilize, Project or Close-Out, and complete the review process as outlined below.

Project - Step One

Enter the following information into the QATW:

- Column A – Grant – Select the corresponding grant number
- Column B – Program – Select the corresponding program
- Column C – Federal Payment Number – Enter the appropriate federal payment number
- Column D – Subrecipient – Enter the subrecipient
- Column E – Originator – Select the corresponding affiliate/internal staff
- Column F - Amount Sampled – Enter the dollar amount that the affiliate/internal staff indicated that they sampled
- Column G - Payment Request – Enter the dollar amount of the subrecipient payment request
- Column H - Total Amount Eligible – Enter the total dollar amount for eligible expenditures
- Column I –Minimum Percentage Dollar Amount - This column will be automatically calculated by the worksheet
- Column J - Minimum Percentage Dollar Amount Met - This column will be automatically calculated by the worksheet
- Column K - Total Number of Items in Request - Enter the total number of invoices that the subrecipient submitted with the request
- Column L - Affiliate Total Number of Items Tested – Enter the number of invoices the affiliate indicated that they tested
- Column M - Payment Testing Percentage Met - This column will be automatically calculated by the worksheet
- Column N - Minimum Payment Testing Met - This column will be automatically calculated by the worksheet
- Column R –Review Date- This column will automatically populate with the current date
- Column S – Reviewer – Select reviewer name from drop down list

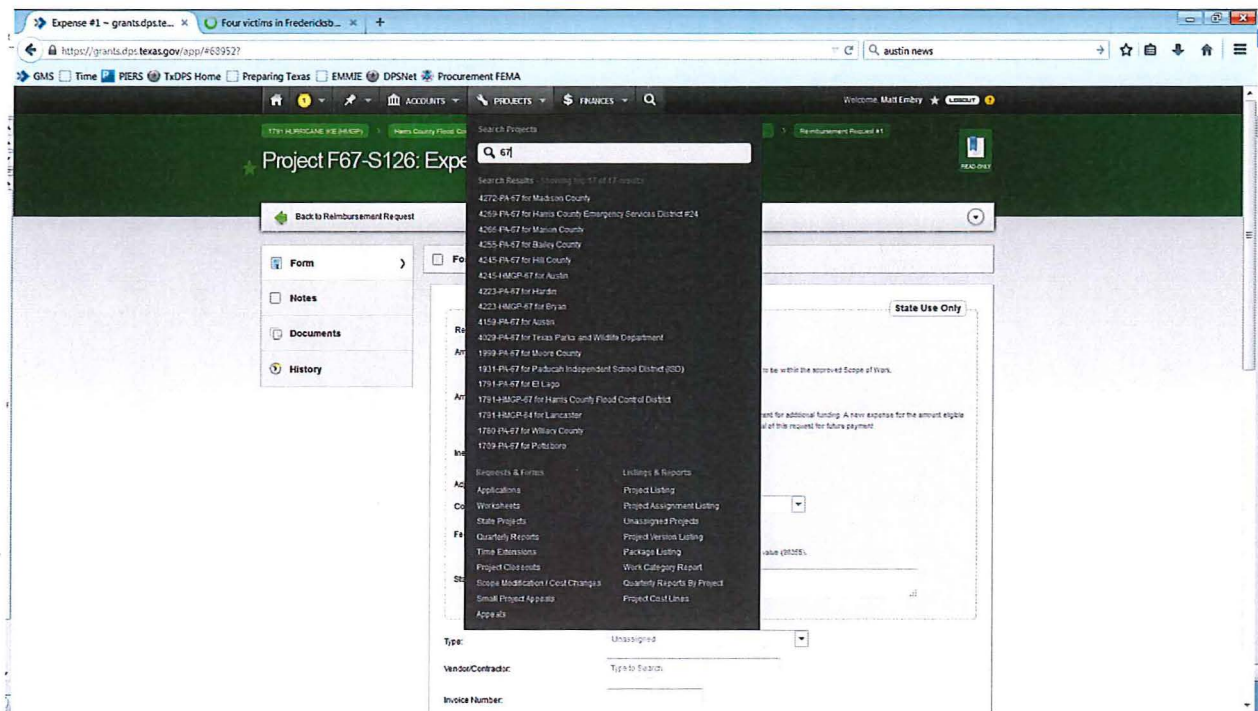
QATW Project 47-Cohn 2016-09-27 - Microsoft Excel

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V
Grant	Program	Federal Payment Number	Subrecipient	Contractor	Amount Sampled	Payment Request	Total Amount Eligible	Contractor Minimum Percentage Dollar Amount	Contractor Minimum Percentage Dollar Amount Met	Total Number of Invoices in Request	Contractor Total Number of Invoices Tested	Contractor Payment Testing Percentage Met	Contractor Minimum Payment Testing Met	Category of Payment Tested	When were closed (right before, top, etc.)	Contractor Testing Summary Results in Reimbursement Request	Review Date	Reviewer			
1791 HMGF	67	Harris County Flood Control District	Cohn	\$ 496,706.12	\$496,706.12	\$496,706.12	100.00%	Yes	2	2	100.00%	Yes	Contract	Yes	Yes	12/5/2016	J Blucher				
Notes & Comments																					

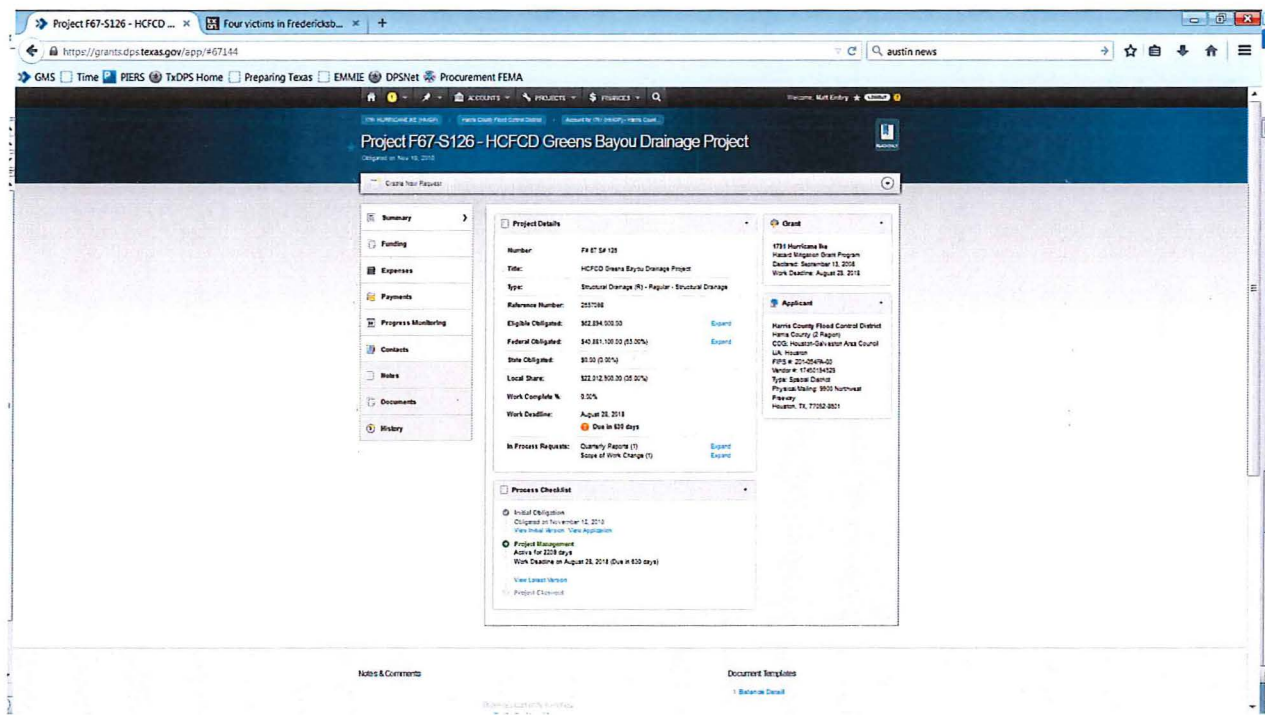
Sheet1 Sheet2 Sheet3

Project - Step Two

Based upon the RFR request, conduct a search for the subrecipient from the GMS homepage utilizing the Federal Payment Number (PW) under the *Projects* tab. Select the appropriate PW and subrecipient.



This selection will take you to the *Project* page.



Project - Step Three

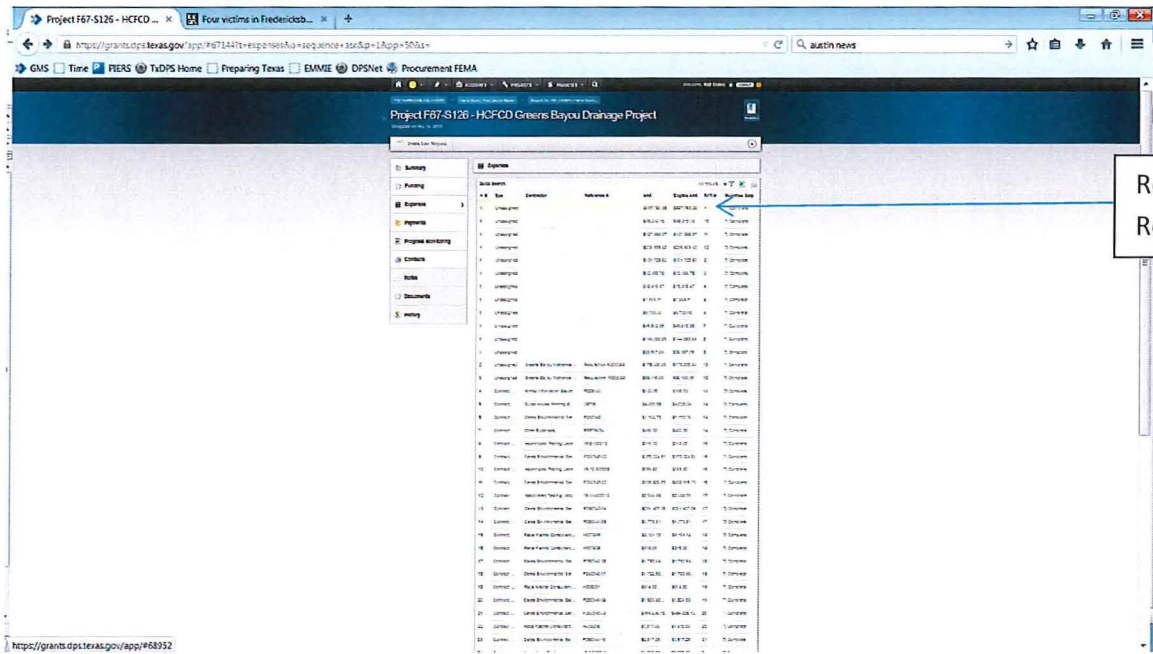
Under the *Expenses* drop down list select the corresponding RFR as identified in the request. When selecting the *Expenses* tab a list of all related expenses will display. Each RFR will be numbered in chronological order. The columns are labeled as follows:

- # - Chronological numbering as entered by the affiliate/internal staff
- Type – The category for the expense
- Affiliate – The Affiliate or internal staff member
- Reference # - The documentation reference identifier
- Amount – The subrecipient requested amount
- Eligible Amount – The amount determined to be eligible by the affiliate/internal staff member
- RFR# - The associated RFR, a single RFR request can have multiple expenses
- Workflow Step – The step in the GMS workflow

#	Type	Contractor	Reference #	Amt	Eligible Amt	RFR #	Workflow Step
1	Unassigned			\$107,780.00	\$107,780.00	1	Complete
1	Unassigned			\$45,210.18	\$45,210.18	12	Complete
1	Unassigned			\$107,369.87	\$107,369.87	11	Complete
1	Unassigned			\$208,528.42	\$208,528.42	12	Complete
1	Unassigned			\$101,728.00	\$101,728.00	2	Complete
1	Unassigned			\$12,410.75	\$12,410.75	3	Complete
1	Unassigned			\$12,410.47	\$12,410.47	4	Complete
1	Unassigned			\$7,054.11	\$7,054.11	5	Complete
1	Unassigned			\$2,700.00	\$2,700.00	6	Complete
1	Unassigned			\$40,812.08	\$40,812.08	7	Complete
1	Unassigned			\$144,551.89	\$144,551.89	8	Complete
1	Unassigned			\$10,927.09	\$10,927.09	9	Complete
2	Unassigned	Greens Bayou Wetlands M.	Regulation: R030229	\$178,200.00	\$178,200.00	13	Complete
3	Unassigned	Greens Bayou Wetlands M.	Regulation: R030229	\$25,100.00	\$25,100.00	13	Complete
4	Contract...	Amek Information Service...	P223101	\$100.00	\$100.00	14	Complete
5	Contract...	Super House Painting & Ma...	13710	\$4,000.00	\$4,000.00	14	Complete
6	Contract...	Ceres Environmental Servi...	P20343	\$1,100,000.00	\$1,100,000.00	14	Complete
7	Contract...	Other Expenses	RFP13451	\$450.00	\$450.00	14	Complete
8	Contract...	Associated Testing Laborat...	15-0-000013	\$300.00	\$300.00	15	Complete
9	Contract...	Ceres Environmental Servi...	P20343-02	\$170,324.81	\$170,324.81	15	Complete
10	Contract...	Associated Testing Laborat...	15-10-000009	\$100.00	\$100.00	16	Complete
11	Contract...	Ceres Environmental Servi...	P20343-03	\$208,500.75	\$208,500.75	16	Complete
12	Contract...	Associated Testing Laborat...	15-10-000012	\$2,000.00	\$2,000.00	17	Complete
13	Contract...	Ceres Environmental Servi...	P20343-04	\$201,407.00	\$201,407.00	17	Complete

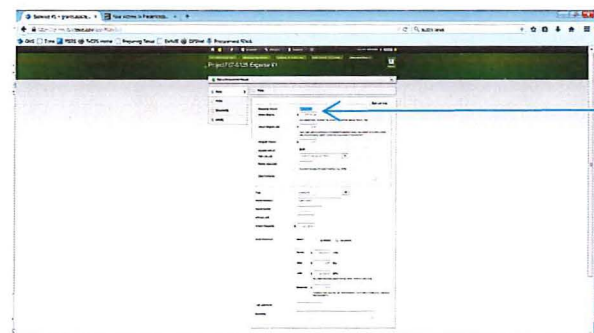
Project - Step Four

Under the third column, Fed# (7th Column), locate and select the payment based upon the payment number.



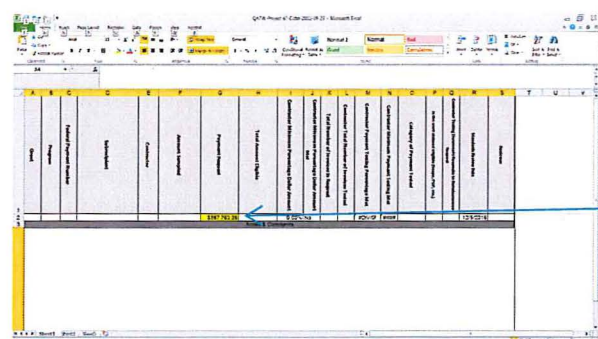
Reimbursement Request #X

When the screen populates the Requested Amount will be the amount in the first row.



Requested Amount

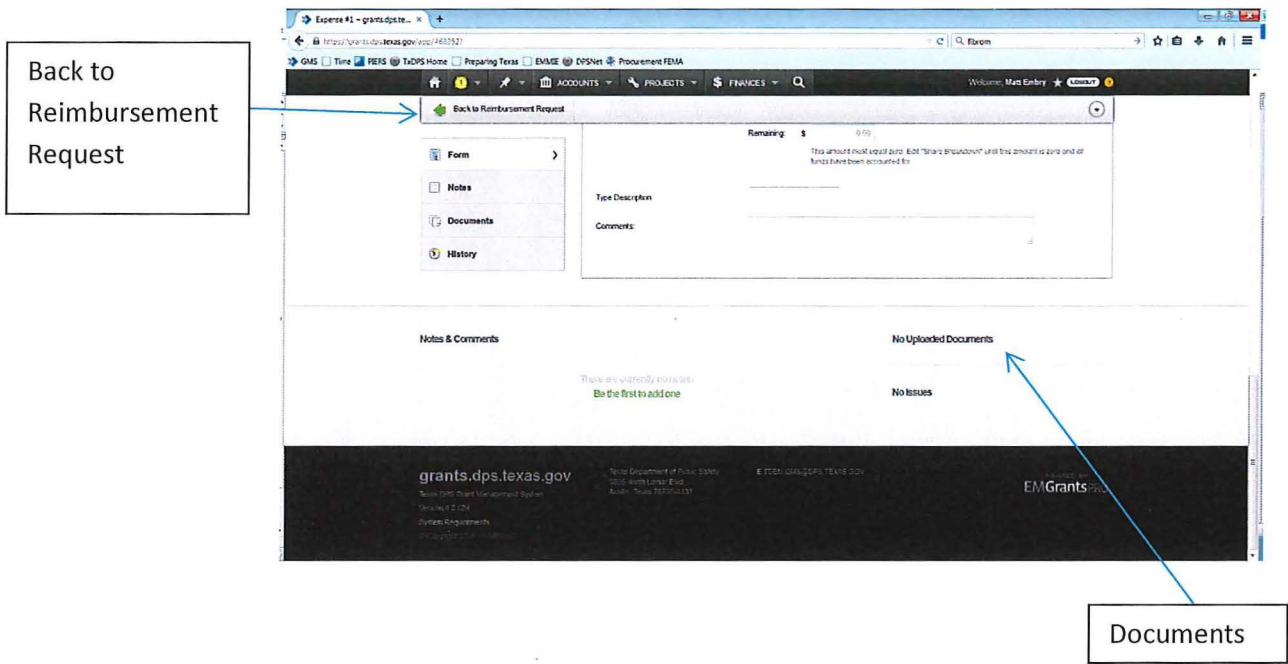
Enter the Requested Amount into the Project QATW, Payment Request Column G.



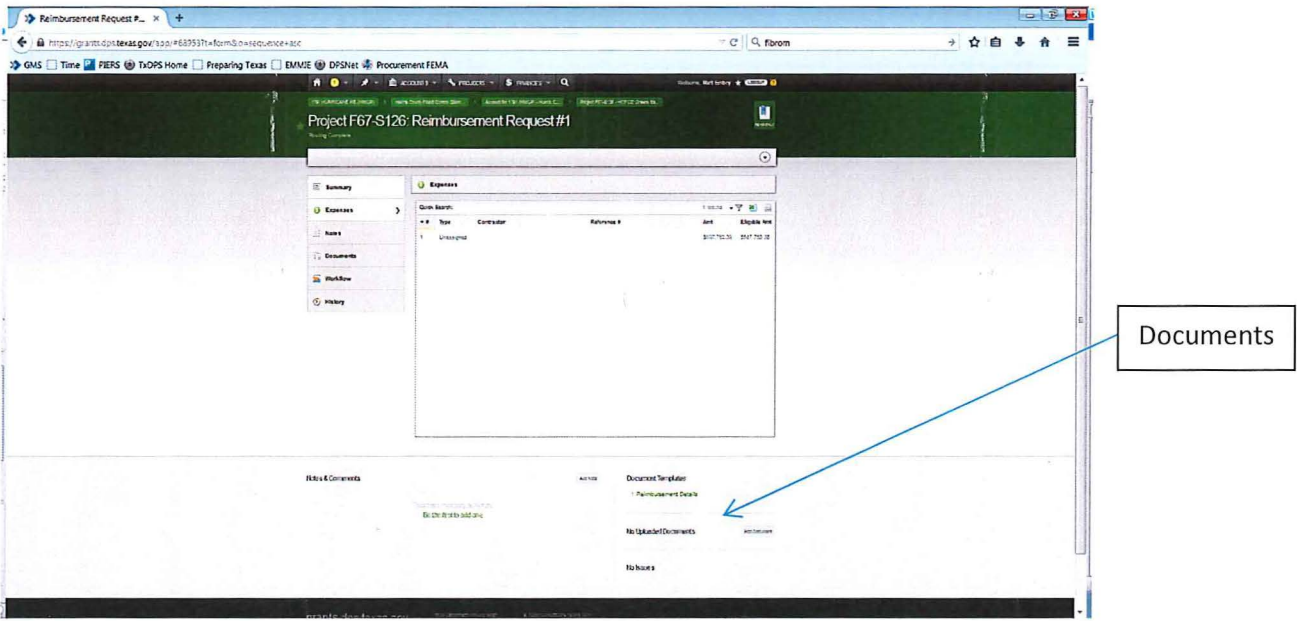
Payment Request

Project - Step Five

While remaining on this page scroll down and review the related documents in the bottom right corner of the screen. The documents related to the expense should be uploaded here. Review the documents to determine if they reconcile with the expense amount.



If there are no documents uploaded, select the back to Reimbursement Request tab in the upper left corner. Scroll down and look for the expense documents in the lower right hand corner. The documents related to the expense should be uploaded here. Review the documents to determine if they reconcile with the expense amount.



Under the Payments drop down list select *Reimbursement Requests or Expenses*. The results will display. Locate the *Sample Selection* document. Enter the number of invoices tested as indicated on the Sample Selection document into ***Affiliate Total Number of Invoices Tested (Column L)***.

Project - Step Six

Determine the number of invoices contained in the RFR and enter that number into ***Total Number of Invoices in Request (Column K)***.

Project - Step Seven

Determine the total dollar amount sampled by the affiliate as indicated on the affiliate's sample document. Enter this amount into ***Amount Sampled by Affiliate (Column E)***.

Project - Step Eight

Determine the total dollar amount of the payment request as indicated under the payment request documentation. Enter this amount into ***Payment Request (Column G)***.

Project - Step Nine

Determine the total dollar amount that was determined by the affiliate to be eligible. Enter this amount into ***Total Amount Eligible (Column H)***.

Project - Step Ten

The workbook will automatically calculate the ***Affiliate Minimum Percentage Dollar Amount (Column I)*** and ***Affiliate Payment Testing Percentage Met (Column M)***. Both of these columns must be at 10% or greater in order for the affiliate to meet the minimum testing percentage. If both columns exceed 10% then the minimum percentage of testing has occurred. If one or both of the columns do not meet 10% then the affiliate did not meet the minimum percentage of testing requirements.

Project - Step Eleven

Determine the category of payment tested based upon a review of the supporting documentation for the payment tested. The categories are:

- Architectural and Engineering
- Administration
- Construction
- Contract
- Other – Please describe under ***Notes (Column R)***

Once the category has been determined select that appropriate choice from the drop down list under ***Category of Payment Tested (Column O)***.

Project - Step Twelve

Determine if the payment meets eligibility requirements based upon the documentation contained in the project. The affiliate is required to upload all pertinent documentation to establish the parameters related to the project. The reviewer must review documentation such as, but not limited to, the Application for Assistance (Box 11, Descriptive Title of Applicant's Project), procurement documentation, contracts, scope of work documentation, proof of payment documentation, etc. Once the documentation is reviewed the reviewer must make a determination as to the eligibility of the project. If the reviewer determines that the payment is related to eligible expenses, then under ***Is the work claimed eligible (Scope, POP, etc.) (Column P)*** select ***Yes*** from the drop down list. If the work is determined to be ineligible then select ***No*** from the drop down list. Any discrepancies should be noted under ***Notes (Column R)***.

Project - Step Thirteen

Determine if the testing documentation reconciles to the reimbursement request based upon the documentation uploaded by the affiliate. All relevant information should be present. Any discrepancies should be noted under **Notes (Column R)**.

Project - Step Fourteen

If any of the following are not met, the reviewer should consult with their supervisor as to the next course of action:

- **Affiliate Minimum Percentage Dollar Amount (Column I)** – the minimum requirement to satisfy this category is 10%
- **Affiliate Payment Testing Percentage Met (Column M)** - the minimum requirement to satisfy this category is 10%
- **Is the work claimed eligible (Scope, POP, etc.) (Column P)** – this column must be Yes in order to satisfy the minimum requirement
- **Affiliate Testing Documents Reconcile to Reimbursement Request (Column Q)** - this column must be Yes in order to satisfy the minimum requirement

In the event that one of the above has not met the minimum requirement and after consultation with the reviewer's supervisor the reviewer will create documentation of the course of action decision by utilizing the Quality Assurance Action Form (QAAF). This form should be uploaded to the project and the relevant program and affiliate personnel should be provided a copy.

Project - Step Fifteen

The reviewer should clear all unused rows from the completed QATW and save the QATW as a PDF document using the following naming convention: 20YY-MM-DD-Affiliate-Project 123-QATW. Once the PDF has been created the document should be uploaded into GMS under *Project~~ Select the appropriate Federal Number~~Documents~~Related Documents*. Additionally the PDF should be saved under the appropriate year in the Single Audit file as appropriate *P:\3. RMS\Standards and Compliance - Fortson\A. Single Audit Review\20XX-XX Review Files* in the sub-folder for the affiliate that was reviewed. The PDF file will be uploaded under the *Reimbursement Requests or Expenses* section in the document section where the sample selection was found.

(C) Quality Assurance Testing Procedure

- Beginning on June 1, 2016 each affiliate will review each subrecipient submitted Request for Reimbursement (RFR) in GMS to ensure eligibility and reconciliation. Once the affiliate has reviewed the request and ensured that all relevant documentation is present, eligibility requirements have been met and that the request reconciles properly the affiliate will forward the RFR to the next step under GMS. The Standards Section will assign an SO or ASO to review each affiliate submitted RFR that is considered a large project under the Public Assistance program and under the Hazard Mitigation program. For small projects under the Public Assistance program the SO or ASO will forward the RFR to the next step under GMS.

The SO or ASO will be alerted via email from an automated GMS message of the need to an RFR review. The following are the steps necessary to conduct the affiliate review:

Step One

GMS will generate an automated alert that will notify the assigned SO or ASO that a affiliate has initiated an RFR. The Assigned SO or ASO will begin the review process in GMS at this point.

Step Two

Click on the link provided in the email. Think link will connect to the reimbursement request details page in GMS. One of the following will apply:

- The Reimbursement request will be a small project and the Standards Section will only advance the request. **No review will be conducted**. Small project threshold by disaster:
 - 1791 – Small project \$60,899 or less
 - 1931 – Small project \$63,199 or less
 - 1999 – Small project \$63,899 or less
 - 3363 – Small project \$67,499 or less
 - 4029 – Small project \$63,899 or less
 - 4136 – Small project \$67,499 or less
 - 4159 – Small project \$68,499 or less
 - 4223 – Small project \$121,799 or less
 - 4245 – Small project \$121,799 or less
 - 4255 – Small project \$121,799 or less
 - 4266 – Small project \$121,799 or less
 - 4269 – Small project \$121,799 or less
 - 4272 – Small project \$121,799 or less

Once the Reimbursement Request has been advanced please select the green category and move the email to the appropriate month under the appropriate year folder in the Quality Assurance Review mailbox.

- The Reimbursement request will be an internal payment (for example a affiliate payment) and the Standards Section will only advance the request. **No review will be conducted**. Once the Reimbursement Request has been advanced please select the yellow category and move the email to the appropriate month under the appropriate year folder in the Quality Assurance Review mailbox.
- The Reimbursement request will be a large project and the Standards Section **will** conduct a Quality Assurance Review. The following are the threshold limits for large projects:
 - 1791 – Large project \$60,900 or more
 - 1931 – Large project \$63,200 or more
 - 1999 – Large project \$63,900 or more
 - 3363 – Large project \$67,500 or more
 - 4029 – Large project \$63,900 or more
 - 4136 – Large project \$67,500 or more
 - 4159 – Large project \$68,500 or more
 - 4223 – Large project \$121,800 or more
 - 4245 – Large project \$121,800 or more
 - 4255 – Large project \$121,800 or more
 - 4266 – Large project \$121,800 or more
 - 4269 – Large project \$121,800 or more
 - 4272 – Large project \$121,800 or more

Once the Reimbursement Request has been determined to be a large project please proceed to *Step Three* to begin the review.

Step Three

Begin the review process by locating the Affiliate Sample Selection document. The sample selection document should be located on the Reimbursement Request Details page in the bottom right corner under the uploaded documents section and should be identified in the naming convention Sample Selection. If the Sample Selection cannot be located the reviewer should return the Reimbursement Request to the submitter and indicated unable to locate sample selection in the notes associated with returning the request.

Note: The reviewer should be able to locate this document in the lower right hand corner under uploaded documents on the RFR page in GMS. If the document cannot be located there the reviewer can select the related documents or expenses tab and search there.

Step Four

The reviewer must determine if the project is a large or small project as described in *Step Two* above. If the project is a large project and an RFR then the QATW will be utilized (*Step Five-A*). If the project is a large project and final payment then the QATW-Close-Out template will be utilized (*Step Five-B*).

Step Five-A

For a large project with an RFR the reviewer should utilize the sample selection documentation and enter the following information into the QATW:

- Column A – Grant – Select the corresponding grant number
- Column B – Program – Select the corresponding program
- Column C – Federal Payment Number – Enter the appropriate federal payment number
- Column D – Subrecipient – Enter the subrecipient
- Column E – Affiliate – Select the corresponding affiliate
- Column F - Amount Sampled by Affiliate – Enter the dollar amount that the affiliate indicated that they sampled
- Column G - Payment Request – Enter the dollar amount of the subrecipient payment request
- Column H - Total Amount Eligible – Enter the total dollar amount for eligible expenditures
- Column I – Affiliate Minimum Percentage Dollar Amount - This column will be automatically calculated by the worksheet
- Column J - Affiliate Minimum Percentage Dollar Amount Met - This column will be automatically calculated by the worksheet
- Column K - Total Number of Invoices in Request - Enter the total number of invoices that the subrecipient submitted with the request
- Column L - Affiliate Total Number of Invoices Tested – Enter the number of invoices the affiliate indicated that they tested
- Column M - Affiliate Payment Testing Percentage Met - This column will be automatically calculated by the worksheet
- Column N - Affiliate Minimum Payment Testing Met - This column will be automatically calculated by the worksheet
- Column O – Category of Payment Tested – Select the appropriate category of payment. If category is not a choice, then describe the payment category in the comment section
- Column P - Is the work claimed eligible (Scope, POP, etc.) – Select Yes or No
- Column Q - Affiliate Testing Documents Reconcile to Reimbursement Request – Select Yes or No
- Column R – Standards Review Date - This cell will auto-populate based upon the current day

Step Five-B

For a large project with a final payment the reviewer should utilize the sample selection documentation and enter the following information into the QATW-Close-Out:

- Column A – Grant – Select the corresponding grant number
- Column B – Program – Select the corresponding program
- Column C – Federal Payment Number – Enter the appropriate federal payment number
- Column D – Subrecipient – Enter the subrecipient
- Column E – Affiliate – Select the corresponding affiliate
- Column F - Payment Request – Enter the dollar amount of the subrecipient payment request
- Column G - Total Amount Eligible – Enter the total dollar amount for eligible expenditures
- Column H – FEMA Close-Out Letter Present – Select Yes or No
- Column I – FEMA Close-Out Letter Reconciles to Actual – Select Yes or No
- Column J - Is the work claimed eligible (Scope, POP, etc.) – Select Yes or No
- Column K - Affiliate Testing Documents Reconcile to Reimbursement Request – Select Yes or No
- Column L – Standards Review Date – This cell will auto-populate based upon the current day

Step Six

If the documentation found in GMS under the RFR or Final Payment request **is** present and reconciles then the QATW or QATW-Close-Out should be converted to PDF and uploaded under to GMS under the appropriate tab (RFR or Request for Final Payment) and the review is complete. Advance the request.

Step Seven (If Necessary)

If the documentation found in GMS under the RFR or Final Payment request **is not** present then return the request to the previous step and provide an explanation in the notes section.

Acronyms and Terminology

Acronyms

- ASO – Assistant Standards Officer
- CFDA – Catalog for Federal Domestic Assistance
- CFR – Code of Federal Regulations
- COSO – Committee of Sponsoring Organizations of the Treadway Commission
- CAFR – Comprehensive Annual Financial Report
- DPS – Texas Department of Public Safety
- EMPG – Emergency Management Performance Grant
- FAC – Federal Audit Clearinghouse
- GAGAS – Generally Accepted Government Auditing Standards
- GMS – Grant Management System
- HM – Hazard Mitigation Grant Program
- HS – Homeland Security Grant Program
- OMB – Office of Management and Budget
- PA – Public Assistance Grant Program
- PIERS – Passport Information Electronic Retrieval System
- QAAF - Quality Assurance Action Form
- QATW - Quality Assurance Testing Workbook
- SAACR – Single Audit Act Compliance Report
- SARF – Single Audit Review Form
- SAT- Single Audit Tracking
- SC-FAC – Data Collection Form for the FAC
- SEFA – Schedule of Expenditures of Federal Awards
- SMDT – Standards Management Decision Tracking
- SO – Standards Officer
- TDEM – Texas Division of Emergency Management
- THSSAA – Texas Homeland Security State Administrative Agency

Terminology

- Notification Letter – The term used to refer to the reminder letter(s) sent to subrecipients prior to their due date for Single Audit submission
- Single Audit – The term used by the Standards Section to refer to the Single Audit as required under OMB