

**CHAPTER F**

**SCHEDULE OF EXPENDITURES  
OF  
FEDERAL AWARDS**



## **F.1. Overview of SEFA Reporting**

The U.S Office of Management and Budget (OMB) has issued six different circulars applicable to federal grants. There are three circulars applicable to each type of entity, as indicated below (for more information, see <http://www.whitehouse.gov/omb/circulars/>):

### **States, local governments, and Indian tribes follow:**

- A-87 for cost principles
- A-102 for administrative requirements, and
- A-133 for audit requirements

### **Educational institutions (even if part of a state or local government) follow:**

- A-21 for cost principles
- A-110 for administrative requirements, and
- A-133 for audit requirements

### **Non-profit organizations follow:**

- A-122 for cost principles
- A-110 for administrative requirements, and
- A-133 for audit requirements

To comply with the Single Audit Act and the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, a statewide Schedule of Expenditures of Federal Awards (SEFA) is prepared each fiscal year. Federal assistance data is provided to Statewide Accounting and Reporting Services (SARS) by state agencies for statewide compilation of the SEFA and subrecipient reports.

## **F.2. History of Federal Reporting**

Under the Single Audit Act of 1984, multiple grant audits of the past were replaced by a "single" audit specifically designed to meet the needs of all federal grantor agencies. Individual grantors would still retain the right to have additional audit work performed, but they would be required to pay for it and it would build on the work already done by the Single Audit. The provisions of the Single Audit Act applied to all government agencies receiving federal financial assistance in excess of \$25,000. For the purposes of the Act, federal financial assistance was very broadly defined and included noncash assistance such as loan guarantees, food stamps, and surplus property. However, federal financial assistance did not include cash assistance furnished directly to individuals.

In addition to the requirements specifically outlined in the Single Audit Act, further guidelines of the Office of Management and Budget's (OMB) Circular A-128, *Audits of State and Local Governments* were to be followed. In 1985, OMB issued a Compliance Supplement that contained nine general requirements applicable to all federal assistance programs. Also, the supplement contained specific requirements for individual programs as defined by their CFDA (Catalog of Federal Domestic Assistance) number.

In 1990, OMB extended the single audit process to non-profit organizations by issuing OMB Circular A-133, then titled *Audits of Institutions of Higher Education and Other Non-Profit Organizations*. A compliance supplement similar to the one issued for Circular A-128 was also issued for Circular A-133.

In April 1996, OMB revised Circular A-133 in anticipation of an amendment to the Single Audit Act. Because A-133 was administratively issued by OMB and was not specifically tied to the Single Audit Act, OMB was able to implement changes to that circular in advance of the actual passing of the amendment to the Single Audit Act. The revised circular contained many of the changes in the

amendment and was expected to need only minor revisions once the Single Audit Act amendment was passed.

The Single Audit Act was amended in July of 1996. The primary change allowed OMB to make more specific prescriptions, similar to what Circular A-133 had done in the past.

With the passing of the amendments to the Single Audit Act, OMB Circular A-133 was modified to reflect the final language of the act and to include audits of state and local governments. It was now titled *Audits of States, Local Governments, and Non-Profit Organizations* and OMB Circular A-128 was rescinded. This revision was issued on June 24, 1997 and covered audits of fiscal years beginning after June 30, 1996.

On June 27, 2003, OMB issued a subsequent revision to OMB Circular A-133, which was effective for fiscal years ending after December 31, 2003. This revision increased the threshold for Single Audit from \$300,000 to \$500,000 for purposes of subrecipient monitoring.

### **F.3. Current Single Audit Requirements**

#### **Single Audit Requirements As Amended**

- An entity is exempt from Single Audit requirements if the entity **expends** less than \$500,000 in total federal assistance in its fiscal year.
- An entity may elect to have a program specific audit if they **expend** funds only under one federal program and the federal program's laws, regulations, or grant agreements do not require a financial statement audit of the auditee.
- An entity that **expends** \$500,000 or more in federal assistance in a year shall have a Single Audit conducted in accordance with the Single Audit Act, except when they elect to have a program specific audit.

### **F.4. SEFA Reporting Requirements**

#### **F.4.a. When is a Federal Award Expended?**

The determination of when an award is expended is based on when the activity related to the award occurs. In general, the activity pertains to events that require auditees to comply with laws, regulations, and the provisions of contracts or grant agreements. Such events include but are not limited to the following:

- Expenditures/expense transactions associated with grants, cost reimbursement contracts, cooperative agreements, and direct appropriations
- The disbursement of funds passed through to subrecipients
- The use of loan proceeds under loan and loan guarantee programs
- The receipt of property
- The receipt of surplus property
- The receipt or use of program income
- The distribution or consumption of food commodities
- The distribution of amounts entitling the auditee to an interest subsidy
- The period when insurance is in force

#### **F.4.b. Expenditures of Non-Cash Awards**

Most federal awards are in the form of cash awards. However, there are a number of federal programs that do not involve cash transactions. These programs have specific guidelines to determine when they have been expended and should be included in the Schedule of Expenditures of Federal Awards:

Insurance: Fair market value of insurance contract at the time of receipt, or the assessed value provided by the federal agency.

Donated property or donated surplus property: Fair market value of donated property or donated surplus property at the time of receipt, or the assessed value provided by the federal agency.

Free rent: Fair market value of free rent at the time of receipt, or the assessed value provided by the federal agency. Free rent is *not* considered an award expended unless it is received as part of an award to carry out a federal program.

#### **F.4.c. Loans and Loan Guarantees**

These programs have specific guidelines to determine when they have been expended and should be included in the Schedule of Expenditures of Federal Awards:

Loans and loan guarantees: Value of new loans made or received during the fiscal year plus the balance of loans from previous years for which the federal government imposes continuing compliance requirements plus any interest subsidy, cash, or administrative cost allowance received.

Loans and loan guarantees at institutions of higher education: Federal loans made to students of an institution of higher education but the institution does not make the loans, then only the value of loans made during the year are considered federal awards expended in that year. The balance of loans for previous years is not included as federal awards because the lender accounts for the prior balances.

#### **F.4.d. Medicare**

Medicare payments to a non-federal entity for providing patient care services to Medicare eligible individuals are *not* considered federal awards expended.

#### **F.4.e. Medicaid**

Medicaid payments to a subrecipient for providing patient care services to Medicaid eligible individuals are *not* considered federal awards expended for reaching the threshold amount that requires a Single Audit. For purposes of SEFA reporting, the Medicaid expenditures must be reported. When subrecipient monitoring assignments are made, the Medicaid payments will be eliminated. Medicaid is not included in the threshold amount to require an entity to have a Single Audit because there is already separate and sufficient monitoring of this program being done.

#### **F.4.f. Distinguishing Between Subrecipient and Vendor**

An entity may be a recipient, a subrecipient, or a vendor. Federal awards expended as a recipient or as a subrecipient are subject to audit under Circular A-133. The payments received for goods or services provided as a vendor would not be considered federal awards to the vendor, but would be considered federal expenditures by the agency recording the payment and need to be reported as direct expenditures in the agency's SEFA reports. Circular A-133 provides specific guidance on determining whether payments constitute a federal award or a payment for goods and services. This determination also helps an agency to correctly record transactions (see Oregon Accounting Manual

(OAM) policy and procedure 15.42.00 on accounting for federal grants). The chart below may be useful to determine whether payments constitute a federal award or a payment for goods and services.

<b>Federal Award Subrecipient</b>	<b>Payment for Goods and Services Vendor</b>
1. Determines who is eligible to receive what federal financial assistance.	1. Provides the goods and services within normal business operations.
2. Has its performance measured against whether the objectives of the federal program are met.	2. Provides similar goods or services to many different purchasers.
3. Has responsibility for programmatic decision-making.	3. Operates in a competitive environment.
4. Has responsibility for adherence to applicable federal program compliance requirements.	4. Provides goods or services that are ancillary to the operation of the federal program.
5. Uses the federal funds to carry out a program of the organization as compared to providing goods or services for a program of the pass-through entity (the State).	5. Is not subject to compliance requirements of the federal program.

The circular recognizes that not all of the characteristics will be present and that professional judgment should be used in determining whether an entity is a subrecipient or a vendor. In making this determination, the substance of the relationship is more important than the form of the agreement.

**F.5. Transfers of Federal Assistance Between State Agencies**

When federal assistance is transferred from one state agency to another, the expenditure should be reported in the SEFA only once for the State of Oregon as an entity. For the most part, distributions from one agency to another should be reported as transfers for SEFA reporting purposes. The receiving agency will record a transfer in, and the sending agency will record a transfer out; these amounts will be equal and offset for the same CFDA number in the agencies’ SEFA reports. Agencies are responsible to coordinate their SEFA reporting with other agencies to ensure that both agencies are reporting transfers for the same amount and with the same CFDA number. The receiving agency will report SEFA expenditures when it expends the federal assistance; this is the case even when the receiving agency budgets the money as other funds (known as “federal funds budgeted as other funds”) since the money originated from a federal source.

In a few cases, a state agency will use federal assistance to pay for goods or services obtained from another state agency. If this occurs, the paying agency reports an expenditure in its SEFA report, and the receiving agency will not report the amount in its SEFA report.

## **F.6. SEFA Year End Reporting**

The *Schedule of Expenditures of Federal Awards (SEFA)* reports the total expenditures for each federal program. The State Controller's Division of the Department of Administrative Services compiles this information for the State of Oregon based on information provided by state agencies. Each agency receiving any kind of federal assistance is responsible to ensure federal funds are accounted for properly to support accurate reporting in the SEFA. Beginning July 1, 2005, agencies on R\*STARS were required to account for federal funds in accordance with OAM 15.42.00 to facilitate the use of electronic reporting of R\*STARS data (agencies that interface data to R\*STARS were encouraged but not required to use specific grant profiles in R\*STARS).

Agencies will use standard reports, available on the Datamart Repository, to transmit information for SEFA year-end reporting. Each agency is responsible to run reports for their agency, review the reports for accuracy, and transmit the information to SARS after the close of Month 13 by sending a file with results saved (see F.6.g., Using the SEFA Reports). SARS provides a SEFA checklist to help agencies with their review. In addition, agencies receiving any kind of federal assistance need to complete year-end SEFA disclosure forms. The information reported by agencies for the SEFA as well as information provided through disclosure forms is transmitted to SARS at year-end through a Transmittal of SEFA Disclosures and Agency Certification (see Form I.4). This certification form is signed by the agency's SEFA contact and the chief fiscal officer or director. For internal control purposes, the SEFA contact and chief fiscal officer/director must be different individuals.

The SEFA reports on the Datamart Repository include six individual reports: 1) Expenditures, 2) Revenues, 3) Transfers In, 4) Transfers Out, 5) Subrecipient and 6) SEFA Inflow/(Outflow) report.

### **F.6.a. Expenditures Report**

This report displays total expenditures of federal awards by CFDA number. Total expenditures result from adding direct expenditures together with amounts passed-through to subrecipients. The total amount reported for "Pass-through to Subrecipients" must equal the detailed information reported on the "Subrecipient" report. In addition, this report displays whether expenditures resulted from a direct award (received by the agency directly from a federal agency) or from an indirect award (received by the agency as a subrecipient from a non-federal entity).

### **F.6.b. Revenues Report**

This report includes all federal revenues that have been received by agencies, whether received directly from a federal agency or indirectly from another organization. Revenues are displayed by CFDA number and by grantor, with direct awards and indirect awards reported separately. It is important that the source of the award received be considered. Money that originally came from the federal government continues to be federal funds until spent on the actual federal program. Thus, federal awards need to be reported as such even if the awards have passed through numerous different organizations. Federal awards received from another state agency as pass-through should not be recorded as federal revenue; instead, the money should be recorded as a transfer in.

### **F.6.c. Transfers In Report**

This report displays federal money that was transferred in to one state agency from another state agency. If the source of the money is federal, the transfer should be accounted for and associated with a CFDA number, regardless of whether it is budgeted as a transfer of federal or other funds. Please be sure the sending agency records a transfer out for the same amount and uses the same CFDA number.

### **F.6.d. Transfers Out Report**

This report displays federal money that was transferred out from one state agency and sent to another state agency. If the source of the money is federal, the transfer should be accounted for and

associated with a CFDA number, regardless of whether it is budgeted as a transfer of federal or other funds. Please be sure the receiving agency records a transfer in for the same amount and uses the same CFDA number.

### F.6.e. Subrecipient Report

This report includes federal awards that were distributed (passed through) to a subrecipient organization by CFDA number. This *detail* report showing “Total Amount Passed Through” must agree to the amount reported in *total* as “Pass Through to Subrecipients” on the expenditures report. Another state agency is not considered a subrecipient organization; federal awards passed through to another state agency should be recorded as transfers out.

### F.6.f. SEFA Inflow/(Outflow) Report

This report summarizes all previous reports (a. - e.) and provides a net inflow/(outflow) amount sorted by CFDA, grant number, and PCA. This report is a tool for agencies to review their federal data in detail.

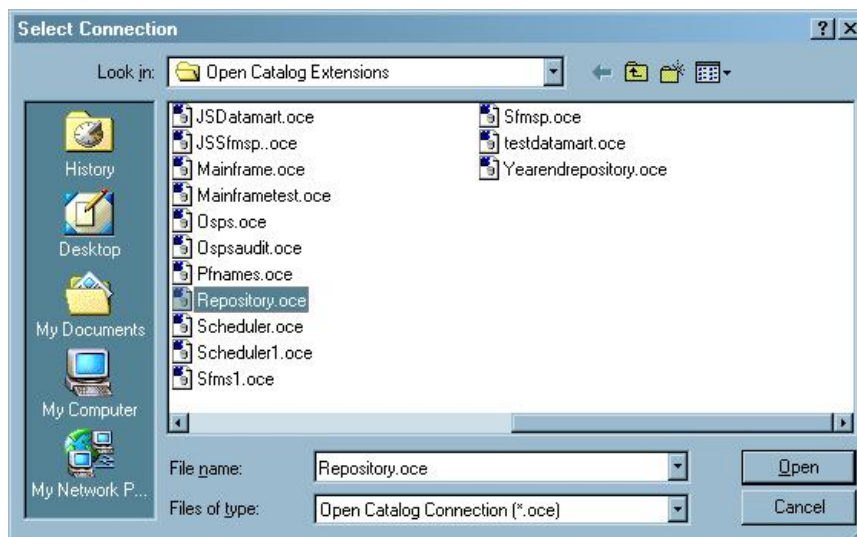
### F.6.g. Using the SEFA Reports

At fiscal year end, agencies will use the SEFA reports to transmit SEFA information to SARS. Each agency is responsible to run reports for their agency, review the reports for accuracy, and transmit the information to SARS. After the close of Month 13, agencies will send to SARS a file with results saved. Below are instructions for using the SEFA reports on the Datamart Repository.

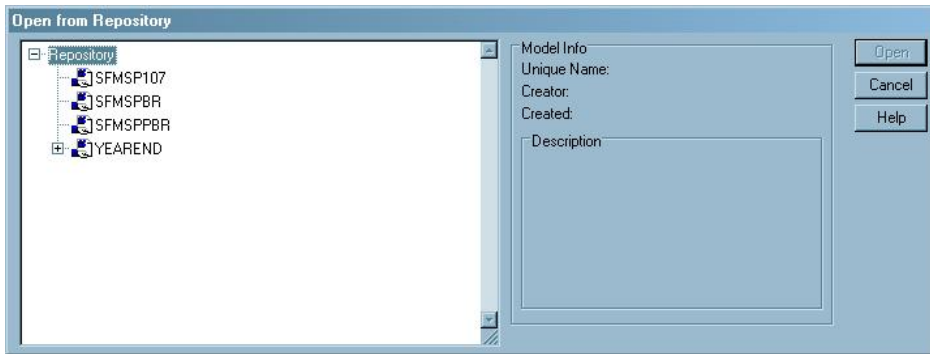
1. To access the SEFA reporting queries, open Hyperion Interactive Reporting Studio (formerly Brio). Click **Cancel** if you get a dialog box to open files or an OCE.
2. Select **File > Open from Repository > Select**. Select the OCE that connects to the repository.

*Note:* Instructions to set up an OCE, which includes the repository connection along with the regular Datamart, can be found at <http://dasapp.oregon.gov/datamart/>.

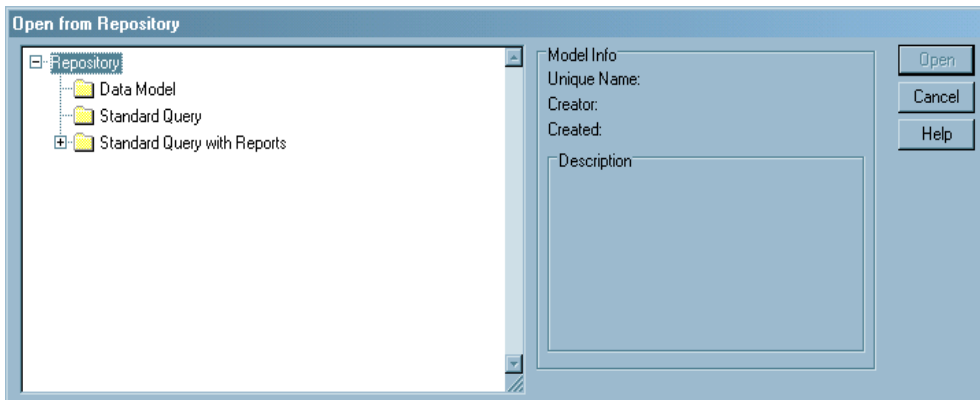
3. In this example, the OCE is called “Repository”. Your OCE name may be different. You should see a screen similar to the following:



4. Select **Open**. Enter your Datamart login (if needed) and password. You should see a screen similar to the following:

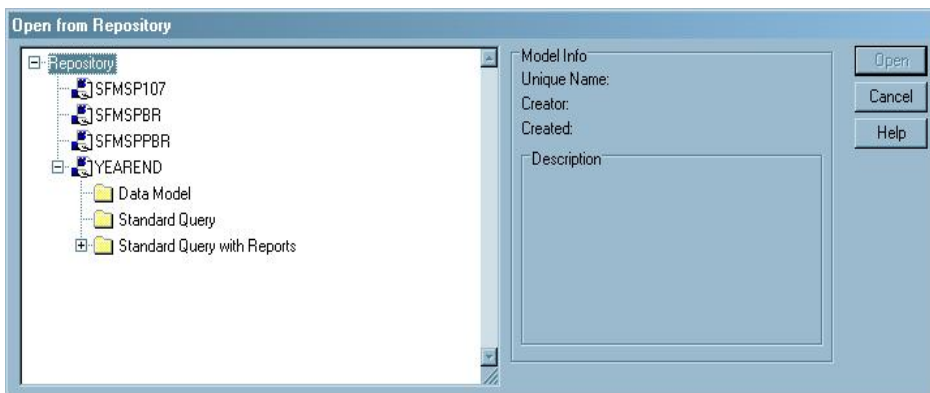


If your OCE is set up to go directly to the “YEAREND” directory, you might see something similar to the following:

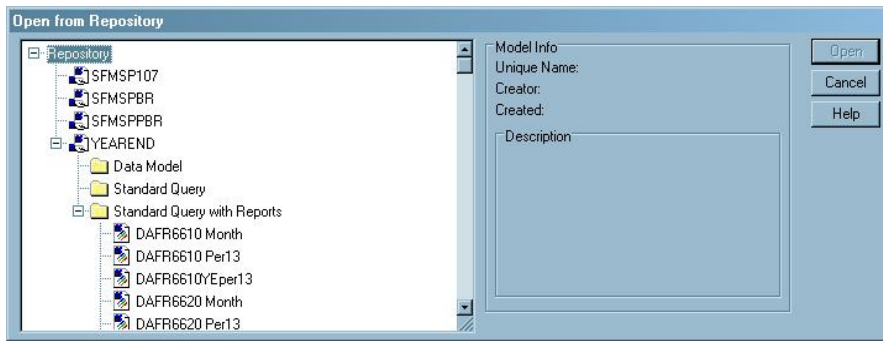


Skip to step 6.

5. Click on the **+** next to “**YEAREND**”. Your screen should look like the following:

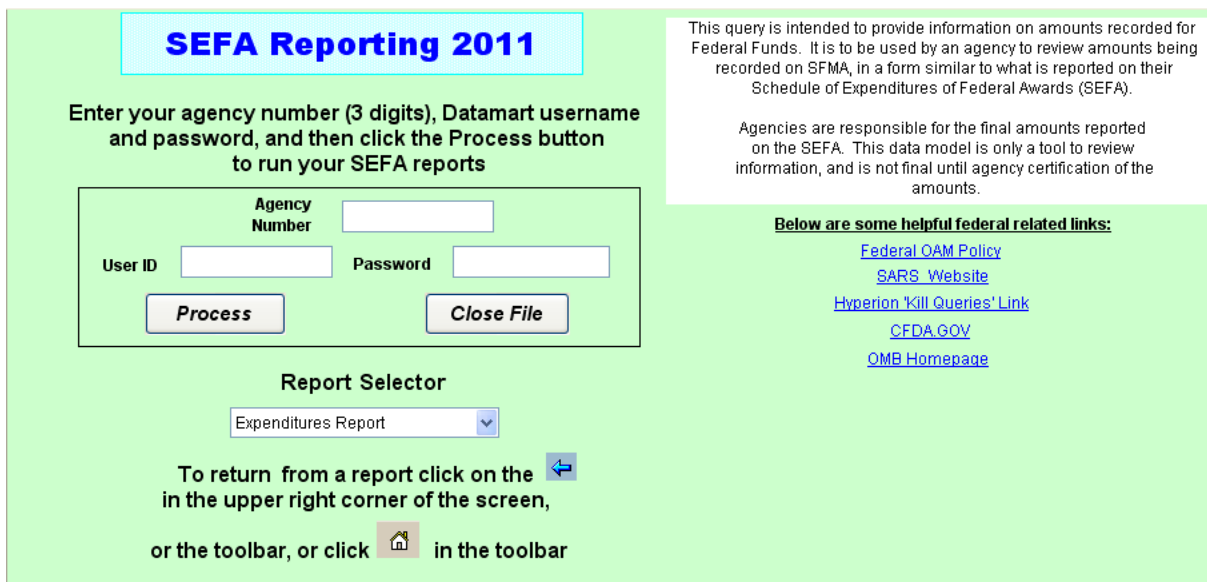


6. Click on the **+** next to “**Standard Query with Reports**”. Your screen should look like the following (again this may be somewhat different depending on your OCE setup; you may not see anything but the three folders “Data Model”, “Standard Query” and “Standard Query with Reports”):



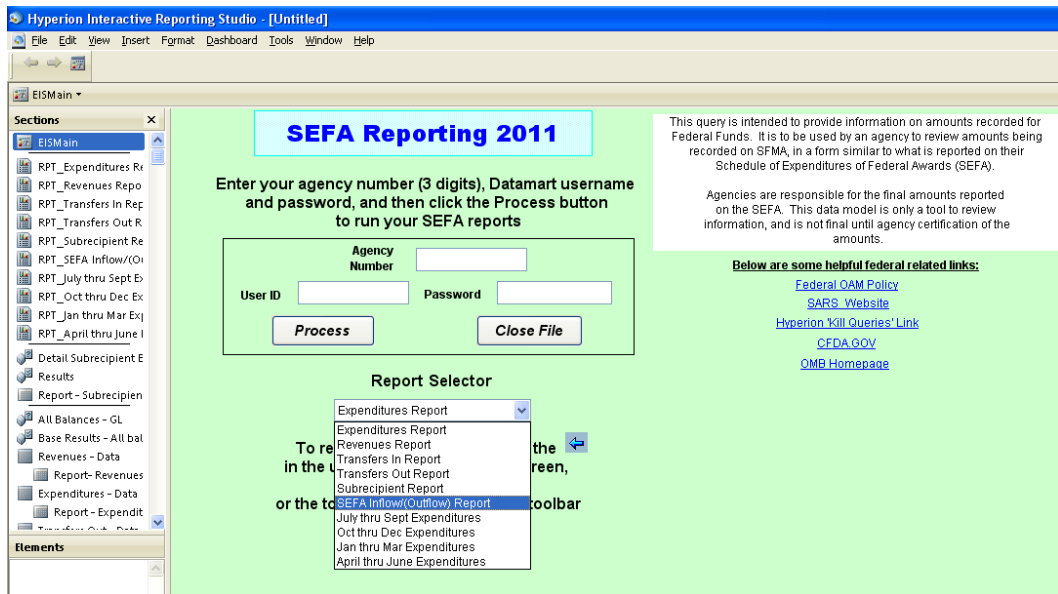
Scroll down until you see the file “SEFA Reports”. Select it and click **Open**.

7. The SEFA reports query should now be open in Hyperion. The opening screen looks like the following and contains helpful federal links at the bottom of the page:



8. Input your Agency, RACF ID and Password in the indicated boxes. You **must tab** or **click** between the boxes. Hitting Enter will cause unexpected results. Then, click on the *Process* button, which processes the queries to populate the SEFA reports.
9. After the queries have processed, simply select from the dropdown box on the initial page to access the reports available in the query file. Click on the name of the report desired. The available reports are listed below. These reports are designed to pull data based on the use of Grant Profiles and the application of standard accounting as outlined in OAM 15.42.00 on Federal Grants. Please note that if your agency is not using the required profiles or is not following the standard accounting treatment, the reports will not be accurate. If data is missing, review your accounting processes related to federal grants and make corrections as needed.
  - a. Expenditures Report: Reports expenditures as direct or distributions to subrecipients and identifies direct and indirect award expenditures.
  - b. Revenues Report: Reports federal revenues by CFDA number and separately identifies direct awards versus indirect awards (received as a subrecipient).

- c. Transfers In Report: Reports any federal grant monies that have been transferred in to your agency from another agency.
- d. Transfers Out Report: Reports any federal grant monies that have been transferred out from your agency to another agency.
- e. Subrecipient Report: Reports distributions to subrecipients by CFDA number. This *detail* report should match to the amount reported in *total* as Pass-through to Subrecipients on the Expenditures report.
- f. SEFA Inflow/(Outflow) Report: Summarizes all inflow and outflow of federal funds, sorted by CFDA number, grant number and Pca.



10. Clicking on the report in the list will take you to the selected report. The example below shows the Expenditures report.

**SEFA REPORTING Expenditures** Fiscal Year 2011  
 Agency Number : 585  
 COMMISSION FOR THE BLIND

ARRA

Grant Category	Award Contract No.	Direct Expenditures	Pass-through to Subrecipients	Expenditures Total	Direct Award Expenditures
84.390	H390A0055	314,819.87	0.00	314,819.87	314,819.87
84.398	H398A0056	25,010.97	0.00	25,010.97	25,010.97
84.399	H399A0037	233,472.99	0.00	233,472.99	233,472.99
		<b>573,303.83</b>	<b>0.00</b>	<b>573,303.83</b>	<b>573,303.83</b>

Other

Grant Category	Award Contract No.	Direct Expenditures	Pass-through to Subrecipients	Expenditures Total	Direct Award Expenditures
84.126	H126A40055 94B	3,566,489.70	0.00	3,566,489.70	3,566,489.70

11. To return to the main page, click on the arrow or the “home” button as indicated above.
12. To save the file with results, select **File > Save Options > Save Query Results With Document**. A popup menu will appear, and you need to check all "query results" and "computed columns" boxes, then click ok. Then select **File > Save As** and select the appropriate directory to save. The file will save results and calculated fields.
13. Review the results in your agency’s SEFA repository reports for accuracy and completeness. Send the file (with results saved) as an attachment in an e-mail to your SARS analyst, along with the Transmittal of SEFA Disclosures and Agency Certification form.

#### **F.6.h. Making Corrections to SEFA Information**

Upon review of the SEFA repository reports, an agency may discover that the information transmitted to SARS through the reports is inaccurate or incomplete. When this occurs, agencies use the Excel “*Corrections*” spreadsheet, which is sent to agencies in mid-July, to make corrections to information already transmitted to SARS. Indicating the amount originally reported, as well as the corrected amount, assures the intended correction is made. In addition, this process provides documentation of changes to initial data for the Statewide Single Audit. If corrections are needed, indicate the corrections, and return the completed spreadsheet to SARS as an e-mail attachment.

#### **F.6.i. Alternative (Manual) SEFA Reporting Process**

Agencies that interface transactions to R\*STARS and are not using the federal grant profiles as well as agencies that are not on R\*STARS (such as the Oregon University System) will transmit their SEFA information to SARS at year-end using Excel spreadsheets. These spreadsheets will be provided to applicable agencies by SARS. Agencies will complete the spreadsheets and transmit them to SARS as an e-mail attachment. This information will be compiled together with data transmitted by other agencies through the Datamart Repository reports and incorporated into the statewide Schedule of Expenditures of Federal Awards. *An agency needs to have approval from SARS in order to use this alternative process.*

#### **F.6.j. SEFA Disclosure Forms**

Agencies that receive federal awards need to complete the year-end SEFA disclosure forms and transmit them to SARS by the due date. This information is incorporated into the note disclosures that accompany the Schedule of Expenditures of Federal Awards. See section H.3. for examples of disclosure forms.

### **F.7. Definitions of Relevant Terms**

Amount Received: The amount of federal funds that one state agency received from another state agency as reported on the Transfers In report. This amount needs to agree with the amount the other agency reported on their Transfers Out report.

Amount Sent: The amount of federal funds that one state agency sent to another state agency as reported on the Transfers Out report. This amount needs to agree with the amount the other agency reported on their Transfers In report.

Award Contract Number: When no CFDA number exists for a federal program, the award contract number field in R\*STARS must be used as an identifying number for SEFA reporting.

CFDA Number (Grant Category): Catalog of Federal Domestic Assistance identification number. This is a five-digit number with the first two digits identifying the federal agency and the last three identifying the specific agency program. (A complete list of CFDA numbers and information on each program can be found on the Internet at <https://www.cfda.gov/>.)

Direct Awards: Awards of federal financial assistance received directly from a federal agency.

Direct Expenditures: The amount of federal awards expended directly by the agency (e.g., paid to a vendor) in order to carry out a federal program. This amount does not include distributions to subrecipients.

Expenditures Total: Total of direct expenditures made to vendors and distributions of funds passed-through to subrecipient organizations.

Federal Award: Federal financial assistance and federal cost-reimbursement contracts that nonfederal entities receive directly from federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts (under grants or contracts) that the federal government uses to buy goods or services from a state agency in a vendor capacity.

Indirect Awards: Awards of federal financial assistance that an agency received as a subrecipient of another organization, which could be another government or non-profit organization. A state agency may receive a portion of a federal grant from some other entity that has contracted with the agency to provide services related to the grant. For example, Harvard University receives a federal grant to study sun exposure. Harvard University then passes through a portion of that federal grant to a state agency to conduct a study of sun exposure in the Northwest.

Nonfederal Entity: A state, local government, or non-profit organization.

Pass-through Entity: A nonfederal entity that provides a federal award to a subrecipient to carry out a federal program.

Pass-Through to Subrecipients: The amount that a state agency passed through to an organization that meets the definition of a subrecipient organization (not a vendor).

Receiving Agency: The agency number of the state agency that received a transfer of federal funds from another state agency.

Recipient: A nonfederal entity that expends federal awards received directly from a federal awarding agency to carry out a federal program.

Sending Agency: The agency number of the state agency that transferred federal funds to another state agency.

State Agencies: See CAFR Contacts list at <http://egov.oregon.gov/DAS/SCD/SARS/index.shtml>.

Subrecipient: A nonfederal entity that expends federal awards received from a pass-through entity to carry out a federal program but does not include an individual who is a beneficiary of such a program. A subrecipient may also be a recipient of other federal awards directly from a federal awarding agency. For purposes of reporting distributions of federal awards in the Oregon SEFA, a subrecipient is not a state agency.

Subrecipient Tax ID Number: Tax identification number for the organization receiving the pass-through assistance. This must be a valid Tax Identification Number.

Total Amount Passed Through: The total amount passed through to a subrecipient organization.

Vendor: A dealer, distributor, merchant or other seller providing goods or services, which are required for the conduct of a federal program. These goods or services may be an organization's own or for the use of beneficiaries of the federal program.