

Schedule of Expenditures of Federal Awards (SEFA)

By Michael Rose, Supervisor

The Schedule of Expenditures of Federal Awards (SEFA) is a financial statement schedule prepared by management that lists an organization's expenditures of federal assistance for the fiscal year by federal agency, grant number and amount. It is a supplemental schedule that an organization is required to prepare when it is subject to the Single Audit requirement.

The Single Audit requirement is triggered when the federal expenditures, including any outstanding loan balances, reported on the SEFA exceed \$750,000 or more over the organization's fiscal year. The SEFA is also used by external auditors to determine the required procedures and test work under the Uniform Guidance and the related Compliance Supplement.

Preparation of the SEFA is the responsibility of the auditee, and receipt of a complete and accurate SEFA is the foundation for a smooth audit. If the SEFA includes errors or omissions, it will surely result in inefficiencies, duplicate audit effort by auditors if major programs must be re-selected, the potential for audit restatement, and/or additional audit costs. The best insurance policy for any auditee receiving federal funds is to follow a thorough SEFA preparation process.

Understanding the preparation of the SEFA and its value to management will be covered in this article.

Getting Started

It is important for the organization to know the source of all grants and awards as well as the requirements of the U.S. Office of Management and Budget's (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Final Rule (Uniform Guidance). This process may involve some research of the funding source that may not be obvious in the grant/award documentation. Awards may have been provided by a state or local government but actually passed through from federal programs.

The following actions should be considered and taken as appropriate:

- All grants/awards should be reviewed in detail to determine if they contain any special provisions.
- If the grant/award contains federal funding, the organization should obtain the following:
 - name of the federal agency
 - award period
 - Catalog of Federal Domestic Assistance (CFDA) number
- Determine if the grant/award is part of a cluster (including research and development) or a federal loan program.
- If the grant/award is "passed through" to/from a sub-recipient, the organization should obtain the pass-through entity identifying number.

Organizational Review

In drafting the SEFA, the organization should:

- Ensure that all awards are considered and sorted by federal program and agency.

- Determine if any awards are received through a sub-recipient and, if so, the following information must be provided: (a) name of pass-through entity, and (b) number of pass-through entity.
- Review Uniform Guidance for clusters of awards and ensure that the federal programs within a cluster are all separately identified for that cluster.
- Ascertain that research and development awards are totaled by federal award.
- Provide total federal awards for loan or loan guarantee programs.
- Provide total federal awards to sub-recipients by program.

Also, the organization needs to gather information in order to provide the information for the required footnotes. Collect the following:

- Outstanding balance of any loan and loan guarantees as of the end of the audit period/ fiscal year/year-end.
- Accounting policies for preparing the SEFA.
- Whether or not the auditee elected to use the 10% de minimis indirect cost rate.

The note is required regarding whether or not the de minimis indirect cost rate has been elected. [AAG-GAS 7.09]

Government Compliance Audits

The Schedule of Expenditures of Federal Awards (SEFA) is the “meat” of any required compliance auditing pursuant to Uniform Guidance - § 200.510. Often it is one of the first pieces of information that a CPA firm will request when designing and planning the audit. The expenditure total reported in the SEFA is the determinative factor for whether an entity is required to undergo an audit in accordance with **CFR Title 2, Volume 1, Chapter II, Part 200, Subpart F, section 200.510(b) Schedule of Expenditures of Federal Awards**. The SEFA is required if total expenditures equal or exceed \$750,000 in the given fiscal year. It is also the basis for identification of Type A and Type B programs, and ultimately which program(s) are to be tested as major.

Each year, the federal government awards grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, food commodities and other noncash assistance, and direct appropriations and federal cost reimbursements which are subject to compliance audit requirements and require a financial statement audit performed under AICPA auditing standards and government auditing standards.

Governmental audits include compliance audits (referred to as Single Audits) performed under the Single Audit Act Amendments of 1996 and the Office of Management and Budget (OMB) Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), program specific audits as defined under the Uniform Guidance performed as required by federal, state, or local laws and regulations.

Reporting on financial statement audits conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) also includes reports on internal control over financial reporting and on compliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.

Many organizations, including both nonprofits and for-profits, will find themselves subject to a Single Audit. The Single Audit is a strict and comprehensive financial statement and federal awards audit which must be completed by any entity or organization that expends \$750,000 or more in federal funds in one year. The Single Audit, typically performed annually, is intended to ensure an organization is using its federal funds correctly and is in compliance with all applicable compliance requirements and regulations.

Based on the requirements outlined by the federal agency that awarded the funds and the type of entity you are, you may only be subject to an audit in compliance with Governmental Auditing Standards (GAS) and not a full compliance audit.

The programs identified as “major programs” utilizing the guidelines in the Office of Management and Budget’s (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) are determined by your auditor. This complex determination utilizes specific requirements in the guidance. Once identified, these programs are subject to the compliance portion of the Single Audit.

For nonprofits, typically the Single Audit reporting package must be submitted to the Federal Audit Clearinghouse (FAC) utilizing the Data Collection Form (DCF) either within 30 calendar days after receiving the auditor’s report or nine months after your fiscal year end, whichever comes first. For-profit entities only have to supply the results of the audit directly to their federal agency or pass-through entity requiring the Single Audit.

Not filing a Single Audit by the deadline and/or being found noncompliant, the federal government may withhold funds until the deficiency is remedied, completely suspend or terminate the award, initiate suspension or debarment proceedings or withhold further federal awards for the program. The government may also pursue other available legal actions.

Requirements for a Single Audit

CFR Title 2, Volume 1, Chapter II, Part 200, Subpart F, Section 200.501 requires non-federal entities that expend \$750,000 or more during the non-federal entity’s fiscal year in federal awards must have a Single or program-specific audit conducted for that year. A non-federal entity that expends \$750,000 or more during the non-federal entity’s fiscal year in federal awards must have a Single Audit conducted in accordance with **§ 200.514 Scope of audit** except when it elects to have a program-specific audit.

The **§200.510(b) Schedule of expenditures of Federal awards** of the Uniform Guidance requires the auditee to prepare a SEFA for the period covered by the auditee’s financial statements

As a requirement of the federal agencies, the fund awardee/program administrator must prepare the schedule of expenditures of federal awards, including notes and noncash assistance received, in accordance with the **§ 200.510(b) Schedule of expenditures of Federal awards**. We can provide these instructions with a SEFA template to assist with the federal agency’s requirement.

[Click here](#) for the July 2021 Compliance Supplement.

Useful Links

The Federal Grants Search Engine allows you to search a database for government grants by keyword, by CFDA number, or by funding opportunity number.

- [Federal grants](#)
- [Federal programs](#)

Contact Us

We are ready to assist with any questions or insights that will help management understand the requirements for completing the Schedule of Expenditures of Federal Awards or any other Single Audit matters. Please communicate with your audit team or contact:

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