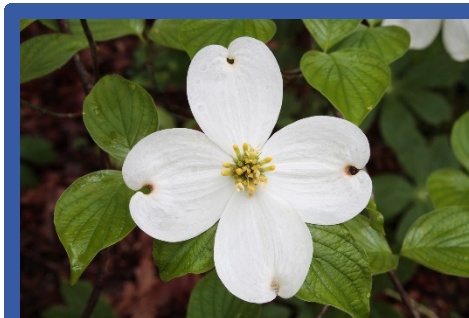
APA
AUDITOR OF PUBLIC ACCOUNTS
COMMONWEALTH OF VIRGINIA




Virginia's Practices for Completing Type B Risk Assessments & Reporting Findings

Presented at: Mid-America Intergovernmental Audit Forum (MAMIAF) Single Audit Workshop

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George D. Strudgeon, CPA, CGFM, CGMA, MBA
Audit Director – Compliance Assurance

While requirements will create administrative burden, only **you** can reduce it!

Outline

- Type B Risk Assessments
  - Efficiently Under A-133
  - Correctly Under Part 200 Subpart F
- Reporting Findings
  - Efficiently for the Printed Report
    - Controlling
      - Content
      - Formatting
  - Getting Ready for Future Data Collection
- Questions Encouraged Throughout

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Efficiently Under A-133: Our Old & New Process

- Approximately 56 Type B Programs
- Old Process
  - Each agency audit team would independently complete a risk worksheet for each program
    - Took considerable time
    - Potentially inconsistent risk evaluations
- New Process (Pre-Part 200)
  - Central Single Audit team completes 3 of the 4 risk factors using existing information
  - Agency auditors only need to provide 1 risk factor based on their experience

Efficiently Under A-133: Factor Equation

Dollar Factor X Time Factor X Finding Factor X Judgement Factor = Total Risk Score

Legend:

Central Single Audit Team

Agency Auditors

Efficiently Under A-133: Dollar Factor

- The Dollar Factor is calculated to address the following from A-133:
  - "Type B programs with larger Federal awards expended would be of higher risk than programs with substantially smaller Federal awards expended.“

Round Federal Expenditures to Millions

Example: $7,513,840 to 8

Efficiently Under A-133: Time Factor

- The Time Factor is calculated to address the following from A-133:
  - "the auditor is encouraged to use an approach which provides an opportunity for different high-risk Type B programs to be audited as major over a period of time."

Count of Years Since Last Audited as Major Program

Ex. Last Audited 1991 = 24

Efficiently Under A-133: Finding Factor

- The Finding Factor is calculated to address the following from A-133:
  - "Weaknesses in internal control over Federal programs would indicate higher risk".
    - Did the last Major Program testing of this federal program result in a finding that could indicate that the program is high risk?

No Finding = 1

Finding = 3

Efficiently Under A-133: Judgement Factor

- The Judgment Factor is calculated to address the following from A-133:
  - "The auditor shall identify Type B programs which are high-risk using professional judgment".
    - Project Managers are required to answer the following question: *Are you aware of any items in the control environment over the federal program that could indicate that the Type B program is high risk.*

Not Risky = 1

Risky = 6

Efficiently Under A-133: Using the Final Risk Score

Illustrative Example

CFDACluster	ProgramName	AgencyName	Total
Economic D	Economic Development Cluster	VIRGINIA SMALL BUSINESS FINANCING AUTHORITY	5121
93.940	HIV Prevention Activities_Health Department Based	DEPARTMENT OF HEALTH	1116
93.994	Maternal and Child Health Services Block Grant to the States	DEPARTMENT OF HEALTH	870
17.282	Trade Adjustment Assistance Community College and Career Traini	VA COMMUNITY COLLEGE SYS-SYSTEM OFFICE	864
93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Hc	DEPARTMENT OF HEALTH	788
Employmen	Employment Service Cluster	VIRGINIA EMPLOYMENT COMMISSION	458
93.074	Hospital Preparedness Program (HPP) and Public Health Emergency	DEPARTMENT OF HEALTH	434
15.926	American Battlefield Protection	DEPT OF CONSERVATION AND RECREATION	430
97.008	Non-Profit Security Program	DEPARTMENT OF EMERGENCY MANAGEMENT	413
17.245	Trade Adjustment Assistance	VIRGINIA EMPLOYMENT COMMISSION	384
84.369	Grants for State Assessments and Related Activities	DEPT OF ED-DIRECT AID TO PUBLIC EDUC	378
84.287	Twenty-First Century Community Learning Centers	DEPT OF ED-DIRECT AID TO PUBLIC EDUC	356
15.252	Abandoned Mine Land Reclamation (AMLR) Program	DEPT OF MINES, MINERALS AND ENERGY	312

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Correctly Under Part 200 Subpart F

- Professional Judgement & the following:
  - Current and prior audit experience
  - Oversight exercised by Federal agencies and pass-through entities
  - Inherent risk of the Federal program
- Not required to identify more high-risk Type B programs than at least one fourth the number of Type A programs identified as low-risk

Correctly Under Part 200 Subpart F (continued)

- When identifying which Type B programs to risk assess, the auditor is encouraged to use an approach which provides an opportunity for different high-risk Type B programs to be audited as major over a period of time.
- The auditor must audit all of the following as major programs:
  - **All Type B programs identified as high-risk**
    - Note: ¼ from prior slide applies to risk assessments, **not** high-risk Type Bs required to be audited

Correctly Under Part 200 Subpart F

1. Determine the number low risk Type A Programs and divide by 4 and, if not whole number, round up to next whole number
2. Determine which agencies (program environments) are risky, stop risk assessment process when the number of high risk Type B is equal to the number determined above
3. If there are no risky program environments, may go back to using Dollar, Time, and Findings Factors

Correctly Under Part 200 Subpart F

- (h) *Auditor's judgment.* When the major program determination was performed and **documented** in accordance with this Subpart, the auditor's judgment in applying the risk-based approach to determine major programs **must** be presumed correct. Challenges by Federal agencies and pass-through entities **must** only be for clearly improper use of the requirements in this part. However, Federal agencies and pass-through entities may provide auditors guidance about the risk of a particular Federal program and the auditor **must** consider this guidance in determining major programs in audits not yet completed.

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Efficiently for the Printed Report - Old Template to Control Formatting

13-XX: Click here to enter Title of the Management Finding.

Applicable to: Click here to enter Name of Agency

Federal Program Name and CFDA#: Click here to enter Federal Program Name and CFDA #. **NOT APPLICABLE FOR FINANCIAL STATEMENT FINDINGS.**
Federal Award Number and Year: Click here to enter Federal Award Number and Year. **NOT APPLICABLE FOR FINANCIAL STATEMENT FINDINGS.**
Compliance Requirements: Click here to enter Compliance Requirement and law reference. **NOT APPLICABLE FOR FINANCIAL STATEMENT FINDINGS.**
Known Questioned Costs: Click here to enter **Known Questioned Costs**. Guidance: The auditor shall also report **known questioned costs** when likely questioned costs are greater than $10,000 for a type of compliance requirement for a major program. Estimated total costs questioned (**likely questioned costs**) is normally higher than just the questioned costs specifically identified (**known questioned costs**). (§___.510 Audit Findings (a)(3)). **NOT APPLICABLE FOR FINANCIAL STATEMENT FINDINGS.**
Type of Finding: Click here to enter Financial Statement, Compliance or both.

Click here to Copy and Paste Special to enter body of Management Finding.

Management Plan for Corrective Action for Department Name Here

Copy and Paste Management's Plan of Correction. This is also where you place the views of responsible officials of the auditee when there is disagreement with the audit findings, as required by A-133 §___.510 (b)(8). Also, if provided you must include views of the responsible officials of the audited entity concerning the findings, conclusions, and recommendations to comply with 4.33-4.39 of the Government Audit Standards 2011 Revision (Yellow Book).

Responsible Party: *Click here to enter Name and Title of Responsible Party.*

Estimated Completion Date: *Click here to enter the Estimated Completion Date.*

Efficiently for the Printed Report – Old Excel Template to Control and Evaluate Content

Data Required for All Findings

Agency Number	Agency Name	Finding Title	Risk Alert, FinStmt, Compliance, or Operations

Financial Statement Findings

Significant Deficiency	Material Weakness	Non-complianc	Activity Cycle Affecte

Federal Compliance Findings

Significant Deficiency?	Material Weakness	Non-compliance?	Internal Control Finding?	Federal Program Name and CFDA #	Compliance Requirement	CFR Title/OMB Circular Section	Federal Award Number and Year	Questioned Costs Amoun	Known Fraud	Federal Granting Agency

Efficiently for the Printed Report - New

- SharePoint (Database) to Collect and Control Content

Current Year Findings Submission

Note: Upon Selection of 'Finding Type', non-federal findings will have certain fields hidden.

Agency Number	*
Official Finding Title - (Will be used in report as written)	*
Finding Type	*
Significant Deficiency	*
Material Weakness	*
Does this finding represent Non-Compliance? (Not just federal non-compliance)	
Is this an Internal Control Finding?	*
If your finding is related to a **major federal program**, click the "Enter Federal Info" button to enter the required information.	Enter Federal Info
Provide a justification as to why this finding should or should not be considered as a material finding for CAFR and/or SSA (Why is this not a material weakness?)	

Enter Finding Text

Who is the Project Manager that will have final review and approval of this finding?	Note to In-charge: An email is automatically sent to your PM instructing them to review this, once you click the 'Submit' below. **If you are not done with the finding yet, leave this blank for now**
Higher-Ed Special Use (If finding applies to multiple entities) For Higher-Ed PM use only	
In-Charge Sign Off (Only Select this once the findings is complete, in final form, reviewed by Martha, and has management's Corrective Action Plan attached.)	Click Here to Sign
Project Manager Sign-off	Click Here to Sign

Save for later

Submit to PM

Efficiently for the Printed Report - New

- SharePoint (Database) to Collect and Control Content

Federal Finding Data

What CFDA or Cluster does this finding apply to?	
To what Federal Compliance Requirement does this finding relate?	
Cite your criteria from CFR/OMB: (Ex. 7 CFR 249.01)	
Federal Award Number	
Federal Award Year	
If there were **known** questioned costs, enter the amount here: Otherwise write "0"	
If there were **likely** questioned costs, enter the amount here. Otherwise write "0"	
Was there known Fraud?	
Select the Federal Grantor for the award to for which this finding applies:	

Back to Finding

Efficiently for the Printed Report - New

- SharePoint (Database) to Collect and Control Content

Current Year Finding	
Finding Text	
Corrective Action Plan	
Responsible Party	
Estimated Completion Date	
Back to Finding	

Efficiently for the Printed Report - New

- Word's Mail Merge Function (Directory) to Control Format

«Finding_Number»: **«FindingTitle»**

Applicable To: Virginia Employment Commission

Federal Program Name and CFDA#: Unemployment Insurance - 17.225
Federal Award Number and Year: «FederalAwardNumber» («FederalAwardYear»)
Compliance Requirement: «Compliance_Requirement» - «Criteria_from_CFROMB»
Known Questioned Costs: $«KnownQuestionedCostsAmount»
Type of Finding: «InternalControlCompliance»

«Finding_Text»

Management Plan for Corrective Action for «AgencyNumberAgencyName»

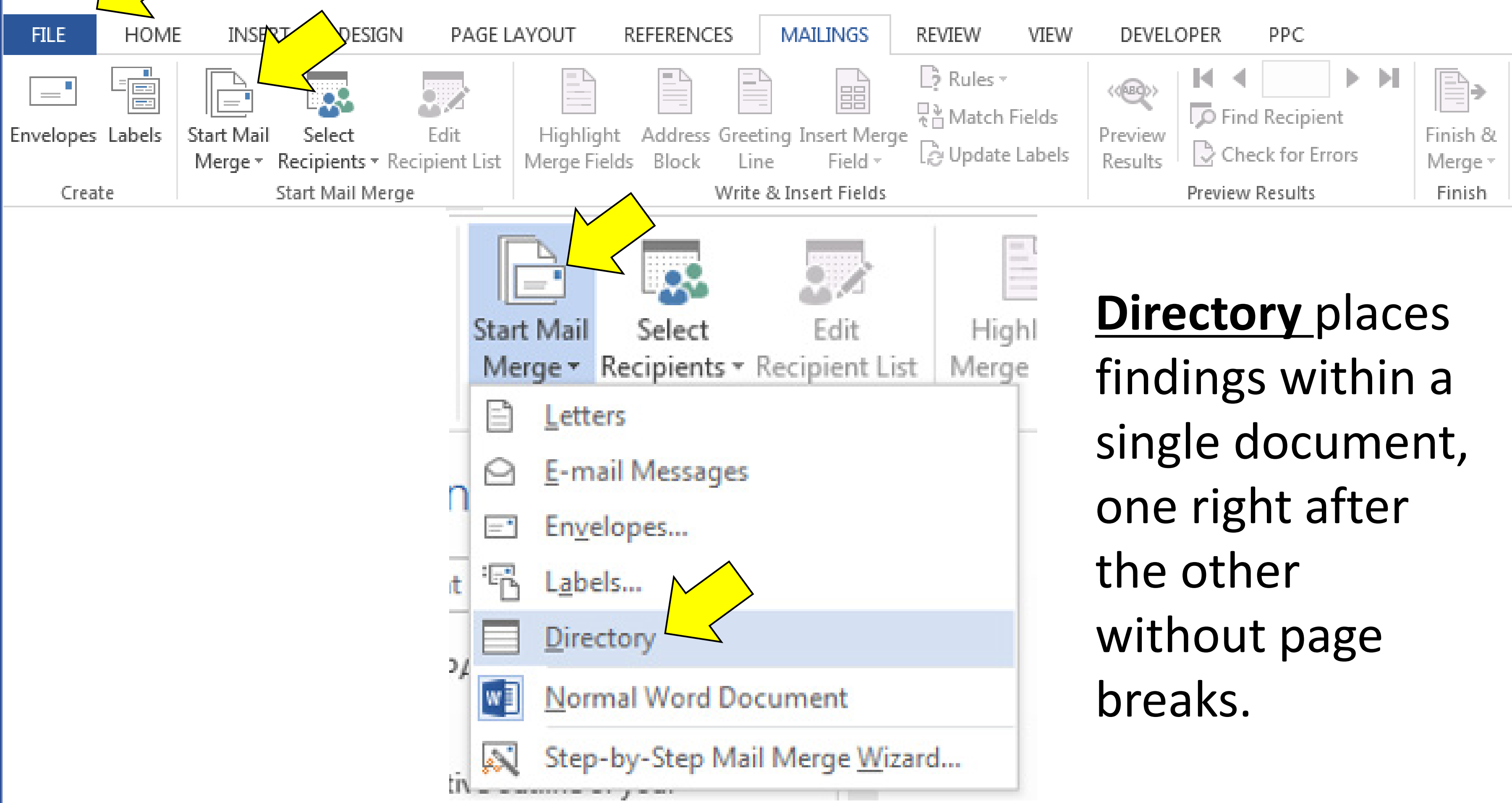
«Corrective_Action_Plan»

Responsible Party: «Responsible_Party»

Estimated Completion Date: «Estimated_Completion_Date»

Efficiently for the Printed Report - New

- Word's Mail Merge Function (Directory) to Control Format



<u>Directory</u> places findings within a single document, one right after the other without page breaks.

Efficiently for the Printed Report - New

- Benefits
  - Only one version of content to control
    - Drop down boxes and validation look-ups
  - Everyone in the office can add content at the same time
    - Modifications and sign-offs controls by the system
  - Can view the content differently depending on user's needs
    - Auditors only see the findings for their agency
    - Central Single Audit team can see all findings in datasheet view
  - Findings can be reordered and numbered for the report based on severity
  - Findings are output to Word in a consistent formatting
    - Old formatting 40+ hours, new formatting 4 hours
- Cost
  - Software and staff

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Getting Ready for Future Data Collection

Form SF-SAC			Rep
Part III: SUMMARY OF AUDITOR'S RESULTS - Continued			
5. Audit Finding Detail from the Schedule of Findings and Questioned Costs (*To be completed by the auditor*)			
(a)	(b)	(c)	(d)
Audit Finding Reference Number (Auto-generated)	Known Questioned Costs	Likely Questioned Costs	Text of Audit Finding
2016-001			
2016-002			

DRAFT

The End – Awesome Team