ALG-CX-15.3: Audit Finding Development Worksheet—Federal Award Programs

Governmental Unit: Municipality of Orocovis Financial Statement Date: 6/30/2014

Completed by: Soane Díaz Burgos Date: 11/10/2014

Instructions: This form may be completed each time an audit finding or potential audit finding is encountered during an audit of federal award program. Document pertinent facts and details by briefly completing each section. These comments ought to be as specific as possible, but the point need not be drafted in final form for the report on this worksheet. Additional facts and details included in the workpapers may be referenced to/form this worksheet. If, because of the nature of the finding, a section of this worksheet is not applicable, explain the reason. (You may be asked later to justify why the section is not in the report.)

Information[a, b]

CFDA No.: 93.600 Program title: Head Start Program

Compliance Requirement: Reporting

Federal Award No.: 02CH9944/II Federal Award Year: 2013-2014

Name of pass-through entity, when applicable: Administration for the Childhood Care and Integral Development

Note: When the above information is not available, OMB Circular A-133 (Gov. Doc. No. 8 in *PPC's Government Document Library*) indicates that the best information available should be provided.

1. Document the following:

   a. The condition(s) found, including facts that support the deficiency identified in the audit finding.
   During our Reporting test we noted that the Municipaltity submitted the Close Out Report on April 25, 2014; almost two months after the close of the program year, which is February 28.

   b. The criteria or specific requirements upon which the audit finding is based, including statutory, regulatory, or other citations that support the conditions being identified as a deficiency.[c]
   According to the Grant Agrrement, the program shall submit the Close Out Report to the Pass-Through Agency not later than 20 calendar days following the close date of the program.

   c. Effects or possible effects of the condition.[d]
   Municipality was unable to verify if they were complying with the matching requirements, for which deficiencies are mentioned on finding Number 2014-001. This deficiency might lead to a reduction of funds in subsequent years or other administrative sanctions from the Pass-Through Agency.

   d. When applicable, identification of questioned costs and how they were computed.
   Not Determined

e. The cause of the condition upon which the audit finding is based, including facts that support the deficiency identified in the audit finding.[e] _____
The accounting records were not available and complete with the information needed to prepare the reports on a timely basis.

f. Information to provide proper perspective for judging the prevalence and consequence of the audit finding, such as whether the audit finding represents an isolated instance or a systemic problem. (Where appropriate, instances identified should be related to the universe and the number of cases examined and be quantified in terms of dollar value.) _____
The accounting records were complete after the close out date of February 28.

g. Recommendations to fix the deficiency identified and to prevent future occurrences. _____
We recommend management to implement immediately proper internal controls in order to assure that the accounting records are complete and reconciled.

h. Views of responsible official(s) of the auditee[f]. [Indicate the name and title of the official(s) the finding was discussed with and the date.] _____

Conclusion

2. Complete the following:

To be reported? Yes_____; No (Indicate why not.) _____

Report Reference No._____ [See the discussion "Preparing the Schedule of Findings and Questioned Costs" at section 1309 of this *Guide* .]

By: _____ Date: _____

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Information[a, b]

CFDA No.: 93.600 Program title: Head Start Program

Compliance Requirement: Matching

Federal Award No.: 02CH9944/II Federal Award Year: 2013-2014

Name of pass-through entity, when applicable: Administration for the Childhood Care and Integral Development

Note: When the above information is not available, OMB Circular A-133 (Gov. Doc. No. 8 in *PPC's Government Document Library*) indicates that the best information available should be provided.

1. Document the following:

   a. The condition(s) found, including facts that support the deficiency identified in the audit finding.
   As part of our audit procedures, we verified the Close-Out Report submitted to the Pass-Through Agency and trace the cash or in-kind contributions against supporting documentation. We noted that the Municipality reported as federal share the amount of $6,822,806 (or 82.68%), and in-kind contributions of $1,316,196 (or 17.32%). We were unable to trace the in-kind contributions on a monthly basis to supporting documentation.

   b. The criteria or specific requirements upon which the audit finding is based, including statutory, regulatory, or other citations that support the conditions being identified as a deficiency.[c]
   The 42 USC 9835(b); 45 CFR sections 1301.20 and 1301.21; state that Financial assistance extended under this subchapter for a Head Start program shall not exceed 80 percent of the approved costs of the assisted program or activities.

   c. Effects or possible effects of the condition.[d]
   Municipality didn't comply with the in-kind contributions, which lead to the Pass-Through Agency to incur in federal expenditures that are not allowed.

   d. When applicable, identification of questioned costs and how they were computed.
   Not determined

   e. The cause of the condition upon which the audit finding is based, including facts that support the deficiency identified in the audit finding.[e]
   Municipality didn't monitor on a monthly basis that they were in compliance with the in-kind contributions, and that the supporting documentation was properly retained and available for audit procedures.

f. Information to provide proper perspective for judging the prevalence and consequence of the audit finding, such as whether the audit finding represents an isolated instance or a systemic problem. (Where appropriate, instances identified should be related to the universe and the number of cases examined and be quantified in terms of dollar value.) _____
Municipality is in communication with the Pass-Through Agency with respect with this requirement and some new policies that should be implemented.

g. Recommendations to fix the deficiency identified and to prevent future occurrences. _____
We recommend Management to monitor, on a monthly basis, the in-kind contributions, and implement adequate procedures when they detect that the required percentage is not attained, in order to correct the deficiency timely.

h. Views of responsible official(s) of the auditee[f]. [Indicate the name and title of the official(s) the finding was discussed with and the date.] _____

Conclusion

2. Complete the following:

To be reported? Yes_____; No (Indicate why not.) _____

Report Reference No._____ [See the discussion "Preparing the Schedule of Findings and Questioned Costs" at section 1309 of this *Guide* .]

By: _____ Date: _____