



GAO Technical Bulletin

Arizona Department of Administration ♦ General Accounting Office

Subject: ***Revised Statewide Formatting Guidelines
for SEFA Reporting*** Issued: 08/19/13

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Supersede(s): Technical Bulletin No. 10-08 Page: 1 of 7

TO: Technical Bulletin Administrators
All Agencies

FROM: D. Clark Partridge
State Comptroller

AUTHORITY

A.R.S. § 35-101 Definitions
A.R.S. § 41-703 Duties of director
A.R.S. § 41-722 Powers and duties relating to finance

DEFINITIONS

AFIS: The Arizona Financial Information System. Arizona State Government's principal automated accounting system.

Agency: Any department, authority, board, commission, council, administration, court, registrar, office, institution, or other entity in the Executive, Legislative, or Judicial branch of Arizona State Government. In contexts that are directive in nature, the use of the term "agency" may imply that employee or those employees within the organization—such as the agency head, the CFO, etc.—responsible for carrying out the procedures under consideration.

Agency head: The chief executive officer of any agency.

ARRA: The American Recovery and Reinvestment Act of 2009; also commonly known as the Recovery Act.

Award: The payment of monies or the commitment to pay monies through a grant to support a Federal program.

Beneficiary: An entity, most frequently an individual, that ultimately derives the benefits of the program the award is intended to fund.

CFDA: Catalog of Federal Domestic Assistance. The CFDA is a compendium of financial and nonfinancial assistance programs, i.e., grants, administered by departments and establishments of the Federal government. The CFDA can be found online at www.cfda.gov.

CFDA Number: A unique number, in the format of nn.nnn, assigned by the OMB, identifying a Federal grant. The CFDA Number is used to track all domestically funded Federal assistance programs.

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CFO: Chief financial officer; that person principally responsible for managing the accounting operations of an agency.

Closing package: A set of instructions, published annually by the GAO, to assist agencies in satisfying their year-end financial reporting obligations.

Cluster: Cluster of programs. A group of closely related programs that share common compliance requirements. Clusters are identified by the OMB in its Compliance Supplements.

Compliance Supplement: A publication that augments OMB *Circular A-133* by detailing the important provisions of Federal Assistance Programs. The *Compliance Supplement* is frequently updated by the OMB. As of the publication of this technical bulletin, the most recent *Compliance Supplement* is that dated June 2013. *Compliance Supplements* are available on the OMB website at <http://www.whitehouse.gov/omb/circulars/>.

Conduit: A State agency functions as a conduit when it receives Federal grant monies but transfers these funds, essentially intact, to another State agency. In its role as conduit, the agency has reporting but no oversight obligations.

Contract number: A unique number identifying an agreement to perform certain services on behalf of the Federal government in exchange for funding.

Direct award: An award that is intended to be spent by the recipient in support of its own operations, rather than to be passed through to a subrecipient.

Entity: Any individual, partnership, corporation or unit of government that can engage in any form of economic activity.

Expenditures: The amount of Federal grant monies reported as spent by a recipient. Expenditures include both those monies spent by the recipient in direct support of an activity and those amounts passed through to subrecipients.

Federal grant: An award of financial assistance, including cooperative agreements, in the form of money, or property in lieu of money, from the Federal government, either directly or indirectly to an eligible recipient or subrecipient.

GAO: The Arizona Department of Administration, General Accounting Office.

Grant: A sum of money given by one governmental entity to some other entity for the purpose of achieving some goal or supporting some program.

Identifying Number: A number assigned to an award by the GAO, absent a CFDA number having been assigned.

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Indirect award: An award that is intended to be passed through to a subrecipient rather than to be spent by the recipient in support of its own operations.

OMB: The United States Office of Management and Budget. A unit of the Federal government, a division of the White House, involved in the administration of Federal monies.

OMB Circular A-133: A publication of the OMB, entitled “Audits of States, Local Governments and Non-Profit Organizations,” that sets forth standards for obtaining consistency and uniformity with respect to the expending of Federal awards. OMB Circulars may be found by following the links listed on OMB website at <http://www.whitehouse.gov/omb/>.

Pass-through grantor: A pass-through activity involves the transfer of Federal grant monies from one entity to another when the entity to which the monies are transferred is not the final recipient of the monies. An entity that fulfills no performance role with respect to grant monies received and transfers Federal grant monies to another entity is referred to as a pass-through grantor.

Pass-through recipient agency: A pass-through activity involves the transfer of Federal grant monies from one entity to another when the entity to which the monies are transferred is, except for vendors or individuals, the final recipient of the monies and fulfills a performance role with respect to such monies. An agency that is the final recipient is referred to as a pass-through recipient agency; a pass-through recipient agency receives its funding, directly or indirectly, from a pass-through grantor.

Prime recipient: The primary awardee or legal entity receiving a grant, contract, or cooperative agreement. A prime recipient may expend funds in support of its own programs or act as a conduit, disbursing grant monies to another agency within the same governmental structure. The prime recipient has the responsibility of monitoring the use of all the funds it receives under Federal grants or contracts, whether it uses the funds itself or acts as a conduit to other agencies or transfers such funds to subrecipients.

Program title: The official name by which a Federal program and its related grant or contract is known.

Provided to subrecipients: That portion of grant expenditures provided to subrecipients; for reporting purposes, it is always an amount equal to or less than expenditures.

R&D Cluster: Research and Development Cluster; one of the principal categories of program clusters.

Recipient: Any entity—prime recipient, subrecipient, subsubrecipient—other than a vendor or beneficiary that receives Federal grant or contract monies.

SEFA: Schedule of Expenditures of Federal Awards. A list of the various Federal programs under which a governmental entity has expended awards during the entity’s fiscal year.

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Single Audit: An audit conducted under the provisions of the Single Audit Act.

Single Audit Act: A law designed to improve the management of Federal funds provided to state and local governments.

Subrecipient: A non-Federal, non-State entity (a for-profit organization, not-for-profit organization, or a governmental entity) that expends Federal monies received from another entity to carry out a Federal program or the terms of a grant or contract, other than an individual who is a beneficiary of such program. For reporting purposes under ARRA, State universities are required to be treated as subrecipients for pass-through activities; for all other purposes, State universities are pass-through recipient agencies for pass-through activities. Subrecipients, under the terms of a governing contract or grant agreement, support the performance of some substantive portion of a project or program. The terms, conditions and performance obligations of a Federal grant carry forward to a subrecipient; such terms and conditions include, but are not limited to:

- Meeting the objectives of the underlying Federal program.
- Making eligibility determinations.
- Enforcing compliance with Federal guidelines.

In summary, a subrecipient is largely responsible for the results of a program or project.

Vendor: A vendor is responsible for providing goods or services necessary to conduct a program or project, but is not responsible for the results of the program or project. A vendor:

- Provides goods and services, as specified by purchase order or contract.
- Provides goods and services that may be ancillary to the operation of a program.
- Provides similar goods or services to many different purchasers.
- Competes with other vendors providing similar goods or services.

In summary, a vendor is not responsible for the results of a program or project.

INTRODUCTION

The SEFA is a report prepared in connection with a Single Audit. The SEFA is subject to critical comment by auditors conducting the Single Audit. In the State of Arizona, the GAO is responsible for compiling the statewide SEFA from information contained in AFIS, from schedules provided by larger agencies and those agencies that administer a significant number of Federal grants or a significant amount of Federal monies, and from the financial statements of those agencies which are individually audited.

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In order to reduce the number of deficiencies identified during the statewide Single Audit, to better comply with the updated provisions of the Single Audit Act, and to increase the efficiency in compiling the statewide SEFA, the revised formatting guidelines set forth below must be adhered to by any agency submitting an agency SEFA to the GAO.

POLICY & PROCEDURES

1. Any agency that produces separately audited financial statements must, nonetheless, submit its agency's SEFA to the GAO using the guidelines set forth in these policies and procedures.
2. In the event of conflict, these policies and procedures supersede any formatting instructions contained in the GAO closing package available on the GAO website at the time of this technical bulletin's publication.
3. Statewide formatting guidelines for SEFA reporting:
 - a. All grants should be listed in, first, numerical and, then, alphabetical order by, as applicable, the grant's CFDA number or identifying number, except as follows:
 - i. Clusters are to be listed first, before any individual grants, under the awarding Federal agency.
 - ii. Clusters that involve multiple Federal agencies (i.e., Student Financial Aid Cluster, Research and Development (R&D) Cluster) are listed after the listing of programs that relate only to individual Federal agencies.
 - b. For grants that share a CFDA number or an identifying number, all direct awards should be listed first, followed by any indirect awards (i.e., those that include pass-through information in the title). The direct and indirect awards should be listed alphabetically by program title.
 - c. There should be precise agreement between the five-digit CFDA number and program title to be used on the SEFA and the CFDA number and program title listed in the CFDA. Absent precise agreement between CFDA numbers or program titles, the GAO should be contacted. The GAO, working with the agency, will consult the CFDA Historical Index of Programs to ascertain whether the program might be known under a different CFDA number or program title.
 - d. When it has been determined that no CFDA number has been assigned to a program, the two-digit identifier of the awarding Federal agency, a period, and the Federal contract number (nn.nnnnn) are to be used to identify the program. When there was no Federal

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contract number, the two-digit Federal agency identifier, a period, and the word “Unknown” are to be used (nn.Unknown).

Example: If the award under consideration has no Federal contract number but was received from the U.S. Department of Education (USDOE), the grant’s identifier would be listed as 84.Unknown, since 84 is the prefix associated with the USDOE.

- e. In the case of an award being distributed by a conduit agency, conduit agency’s name should be listed as the pass-through grantor.
 - i. Except with respect to the R&D Cluster, a State agency should not be listed as a conduit.
 - ii. In the case of the R&D Cluster, a grant title is frequently not available. Therefore, the State conduit agency is listed since this is the only means of identifying the grant.
- f. The applicable CFDA numbers of Clusters are listed in the OMB *Circular A-133 Compliance Supplement*. Only the CFDA numbers listed in the *Compliance Supplement* should be used.
- g. Programs that are part of a Cluster should be reported as part of the appropriate Cluster. The CFDA numbers of such programs should not be improperly excluded from the Cluster nor should they be listed elsewhere.
- h. Federal agency titles (whether agency or sub-agency) listed in the SEFA should exactly match those set forth in the CFDA. Federal agency titles should be printed entirely in capital letters, underlined, centered, and should appear before the commencement of each new numerical sequence of CFDA numbers or identifying numbers (each new sequence being marked by the initial two digits of a separate Federal agency).
 - i. Cluster titles should exactly match those included in the most recent *Compliance Supplement*.
 - j. Each Cluster should be preceded by a header containing the Cluster’s name. The header should be in mixed upper and lower case (the first letter of each word in a title should be capitalized, except for words such as and, for, of, the, and to), underlined, and left-justified.
- k. A total of expenditures for the State’s fiscal year should be presented for each Federal agency. The total description should match the Federal agency’s name (e.g., for the Department of Commerce, the total description should be “Total Department of Commerce”).

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- l. Guidelines for the use of hyphens and dashes:
 - i. If the two words are to be joined because they are somehow related to or describe each other (e.g., long-term), a hyphen (-) should be used.
 - ii. If the elements, such as the parts of a title, are to be separated (e.g., Special Education—Technical Assistance) a dash (—), also known as an m-dash, should be used.
 - iii. The use of hyphens and dashes should be appropriate and consistent throughout.
- m. Guidelines for contract numbers:
 - i. The contract number should be listed as the pass-through grantor identifying number.
 - ii. If multiple contract numbers are listed, each number should be separated by a comma and one space.
- n. In the SEFA report, the amount listed in the Expenditures column is to include all expenditures, including amounts passed through to other entities; the amount listed in the Provided to Subrecipients column represents a portion of the Expenditures amount.
- o. Refer to the Single Audit reports on the GAO Website, <http://www.gao.az.gov>, for examples of appropriate report formatting. It would be of particular value to an agency to review, taking into account the changes discussed herein, how the reporting of its own grants were formatted in prior years' SEFAs.

ON-LINE AVAILABILITY

Copies of all Technical Bulletins and many GAO Forms are available for viewing and downloading from the General Accounting Office Website located at:

<http://www.gao.az.gov/>

AREAS IMPACTED

All State agencies.

CONTACTS

If you have any questions concerning this Technical Bulletin, please contact your GAO Liaison. You may also e-mail questions or comments concerning State policy and procedure to us at:

gaopolicy@azdoa.gov