
STATE OF MONTANA SINGLE AUDIT FISCAL YEARS 2020 & 2021



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Financial-Compliance Audit Manager



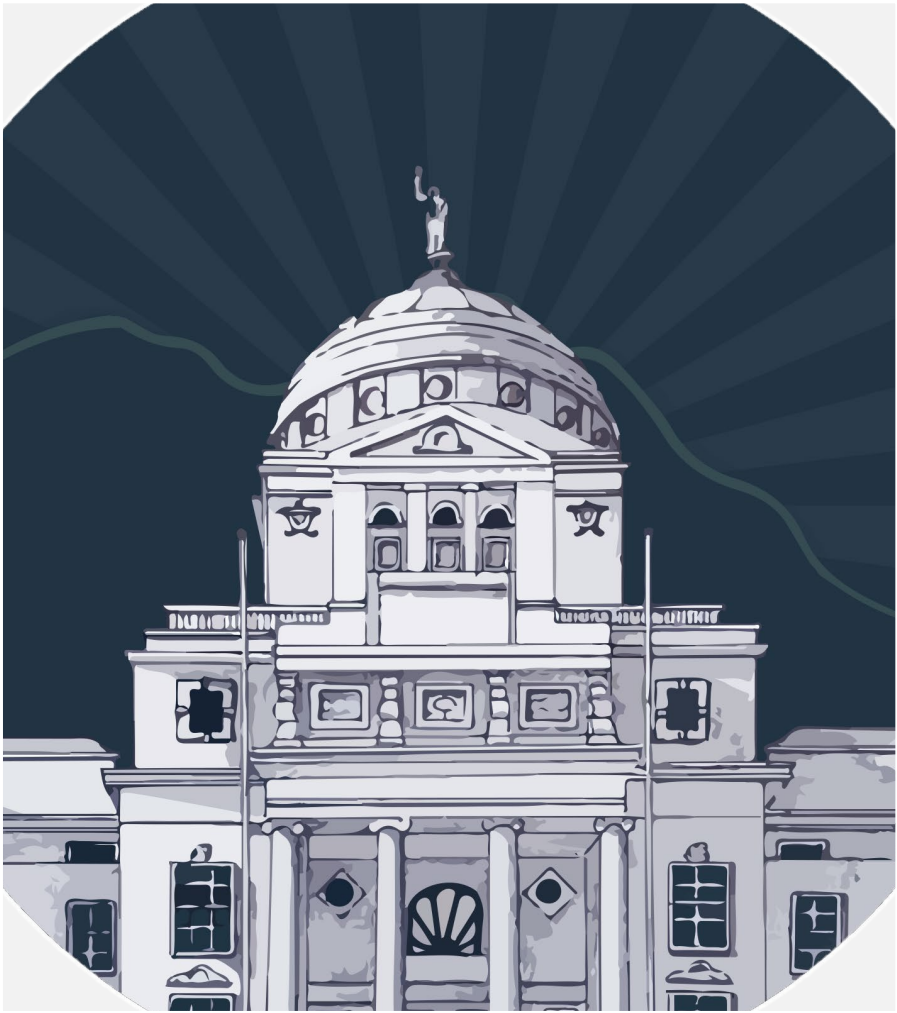
PRESENTATION OUTLINE

- ✓ Report Overview & Audit Results
- ✓ Federal Spending Overview
 - Audit Implications
 - Major Program Determination

REPORT OVERVIEW AND AUDIT RESULTS

✓ State's Basic Financial Statements and SEFA

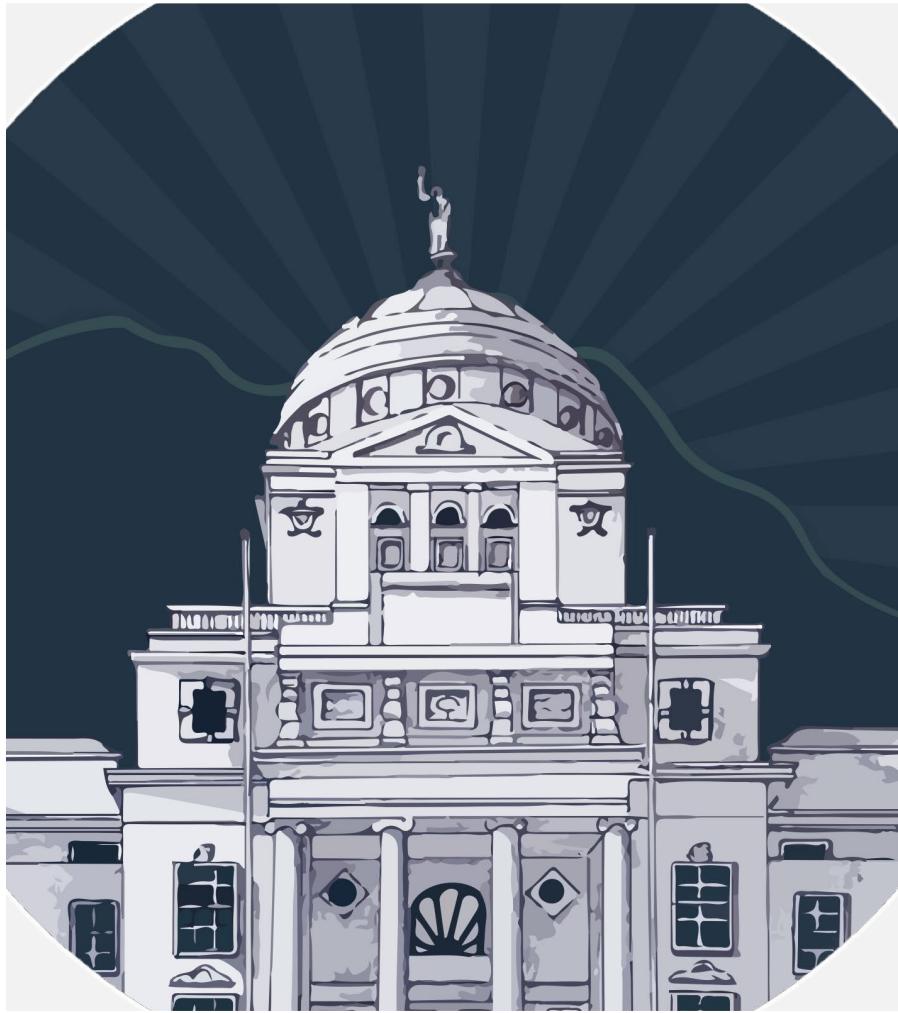
- FY2021
 - A numbered pages
 - FY2021 SWA
- FY2020
 - B numbered pages
 - FY2020 SWA



REPORT OVERVIEW AND AUDIT RESULTS

✓ Report on Compliance and Internal Controls Over Compliance

- 24 Major Programs
Audited
 - Unmodified – 6
 - Qualified – 16
 - Adverse – 2



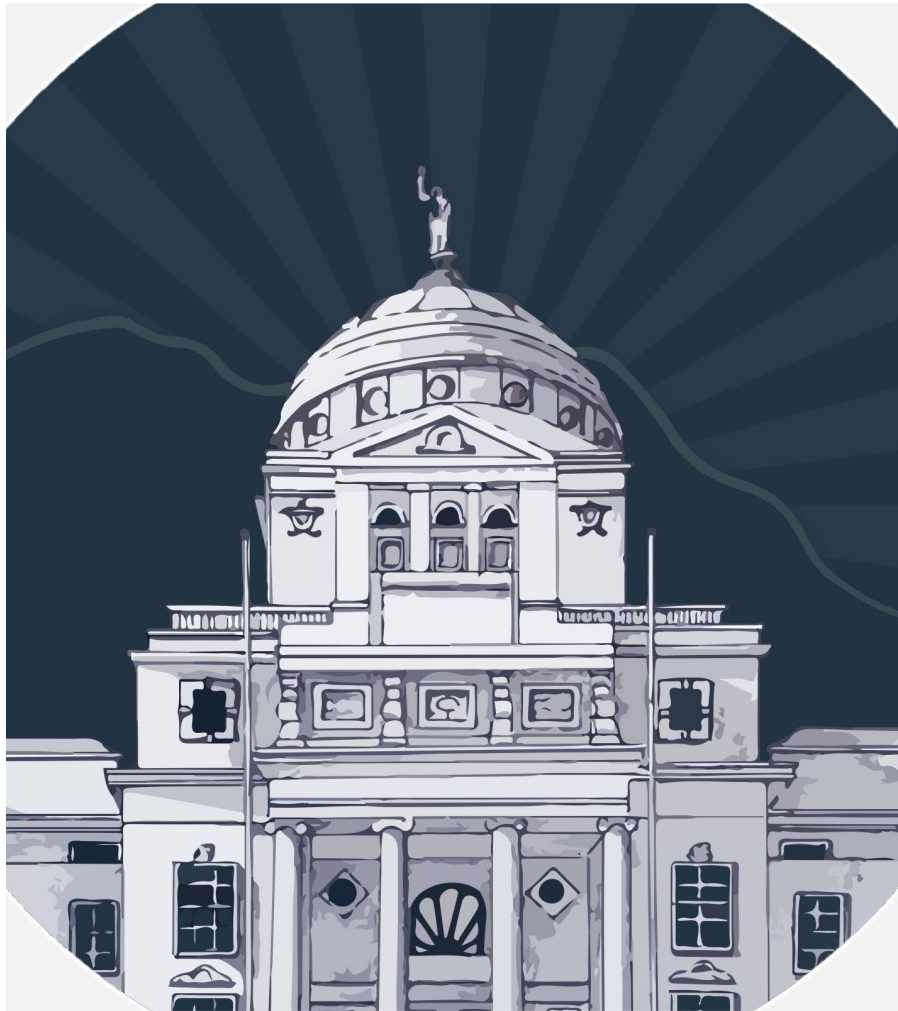
REPORT OVERVIEW AND AUDIT RESULTS

✓ Unmodified Opinions:

- Clean Water State Revolving Fund Cluster
- Drinking Water State Revolving Fund Cluster
- National Guard Military Operations & Maintenance (O&M)
- Low Income Home Energy Assistance Program
- Presidentially Declared Disaster Assistance to Individuals and Households – Other Needs
- Emergency Rental Assistance Program

REPORT OVERVIEW AND AUDIT RESULTS

- ✓ Report on Compliance and Internal Controls Over Compliance
 - References audit findings
 - Includes internal control tables
 - 44 material weaknesses
 - 19 significant deficiencies



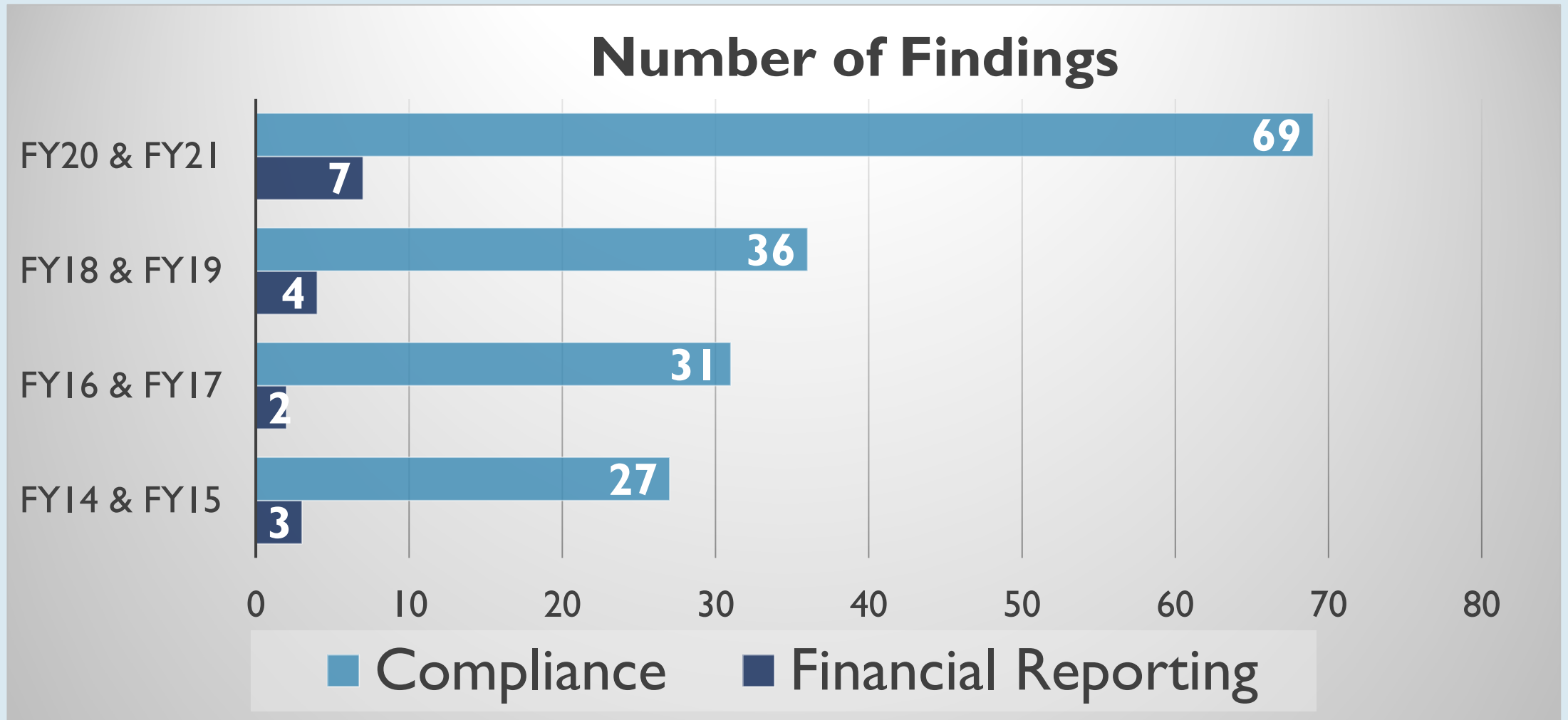
REPORT OVERVIEW AND AUDIT RESULTS

✓ Audit Findings

- Financial reporting findings – 2021-x numbering format
- Federal compliance findings – 2021-xxx numbering format

Identified Situation	Federal Compliance	Financial Reporting
Material Non-Compliance	X	X
Material Weakness in Internal Controls	X	X
Significant Deficiency in Internal Controls	X	X
Questioned Costs in excess of \$25K	X	

AUDIT FINDINGS





REPORT OVERVIEW AND AUDIT RESULTS

- ✓ Corrective Action Plan
- ✓ Summary Schedule of Prior Audit Findings

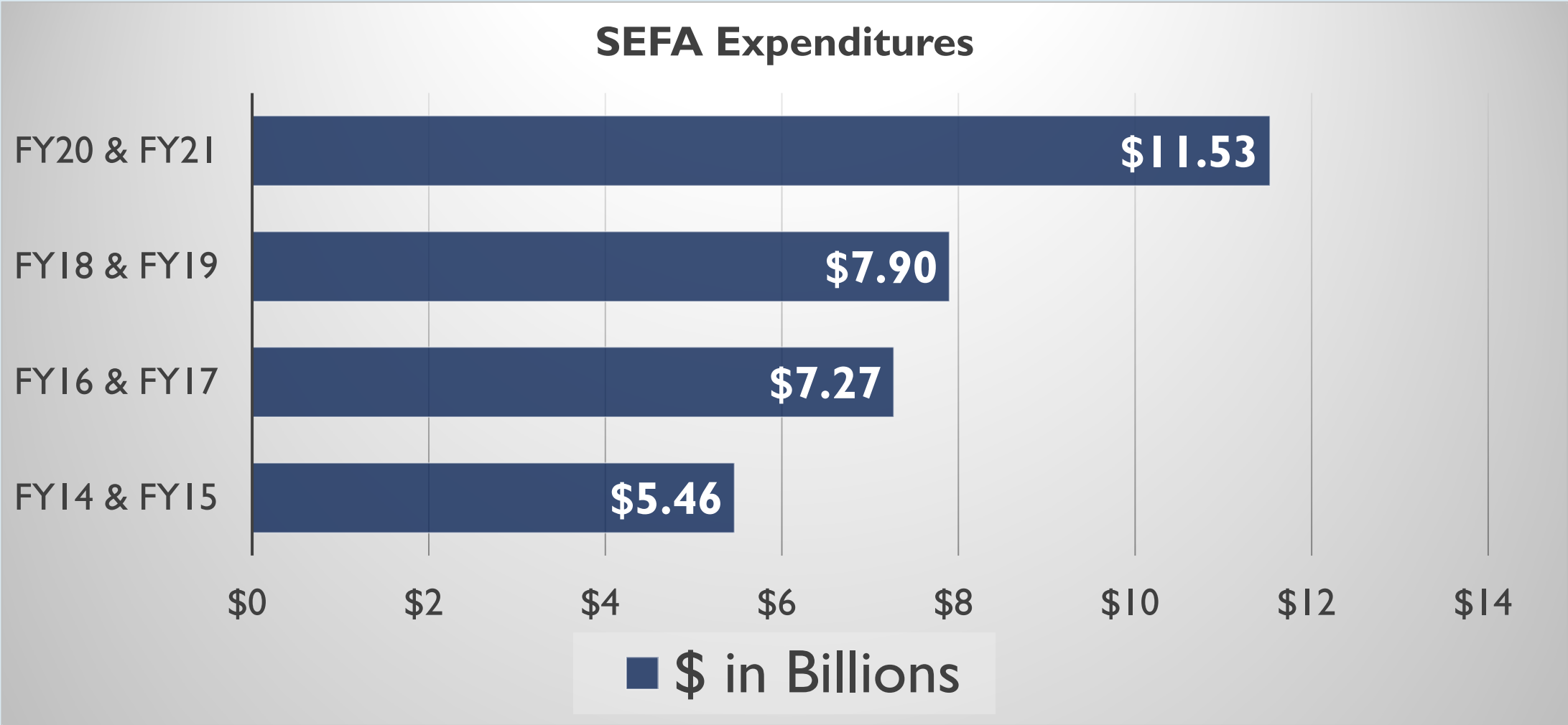
FEDERAL SPENDING OVERVIEW

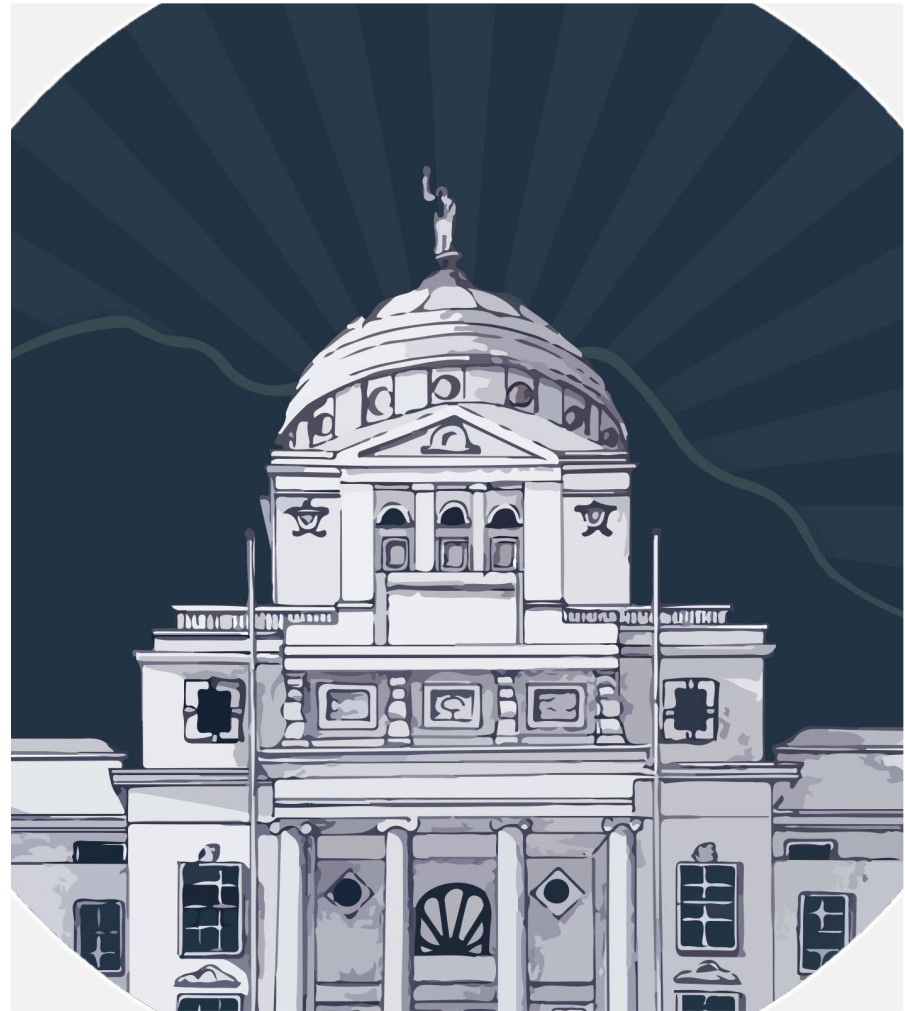
✓ Including:

- COVID impacts
- Implications on audit work
- Determining programs to audit



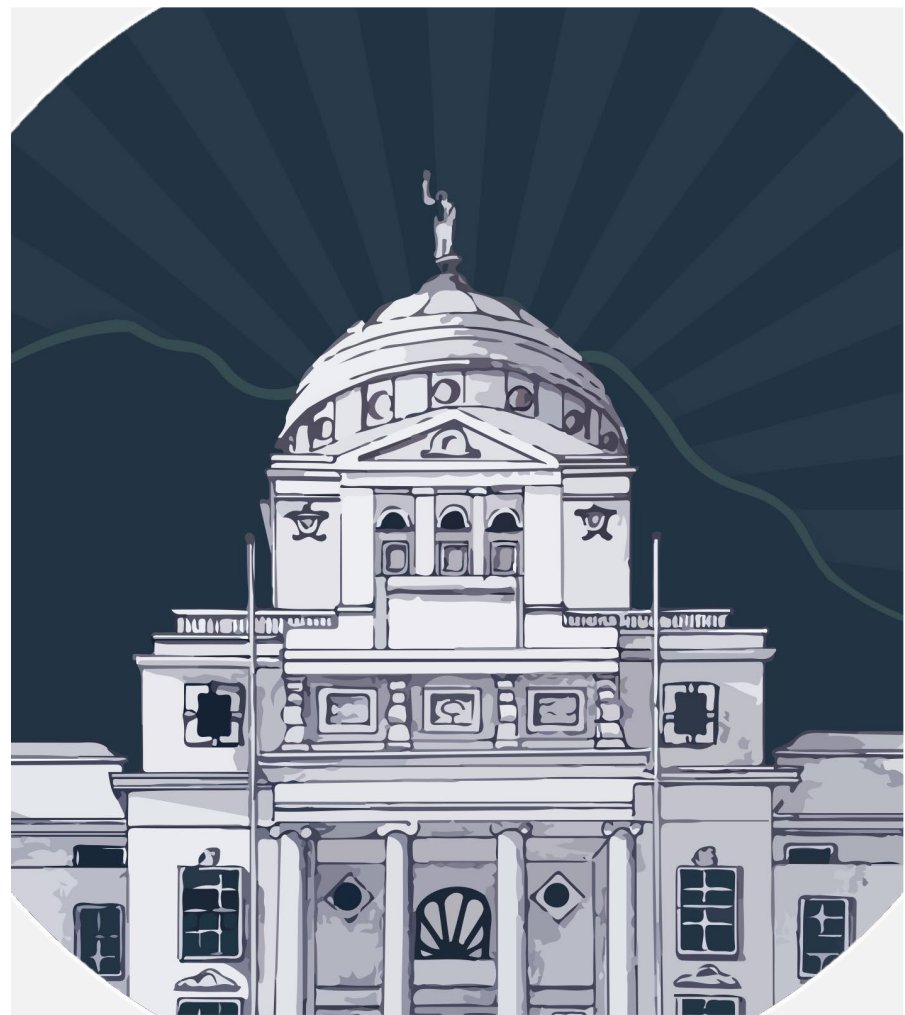
FEDERAL SPENDING OVERVIEW





SIGNIFICANT EXPENDITURE CHANGES

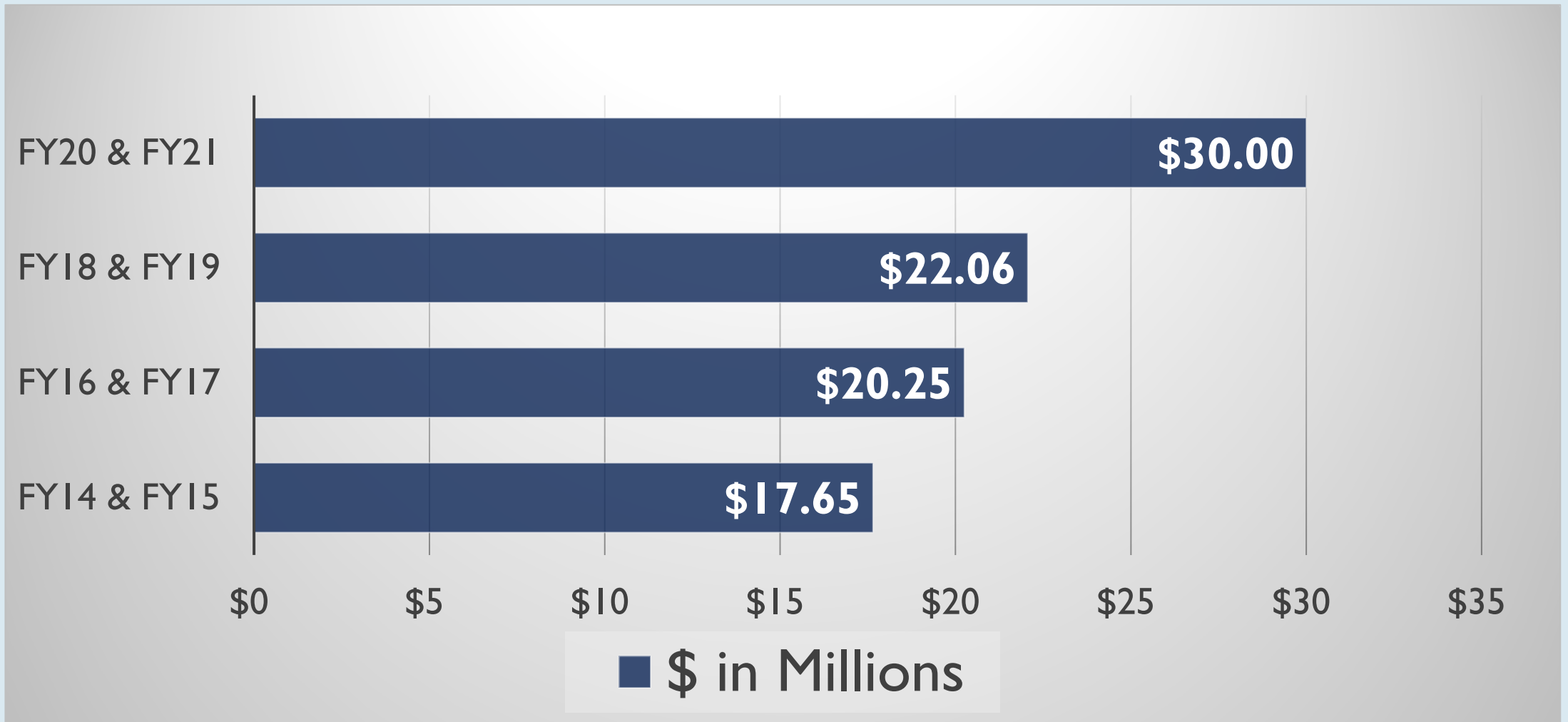
- ✓ Increase in expenditures of \$3.6 billion, or 46%
- ✓ Largely attributed to COVID Funding
 - \$1.2 billion from CRF
 - \$1.1 billion for expanded UI benefits
 - \$106.7 million in education stabilization funds

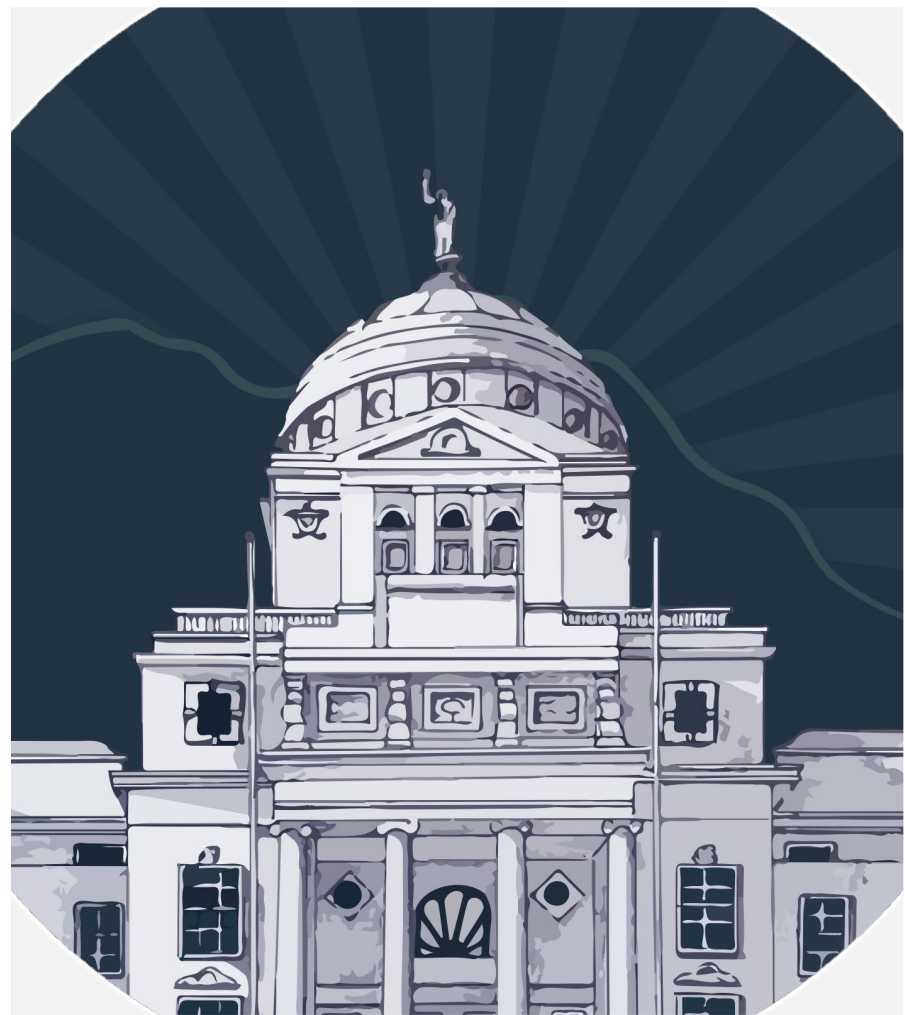


PRACTICAL IMPLICATIONS ON AUDIT

- ✓ Trend of increases to the threshold to identify programs subject to audit
- ✓ Smaller programs are no longer audited
 - Schools and Roads
 - WIC
 - Adoption Assistance

THRESHOLD

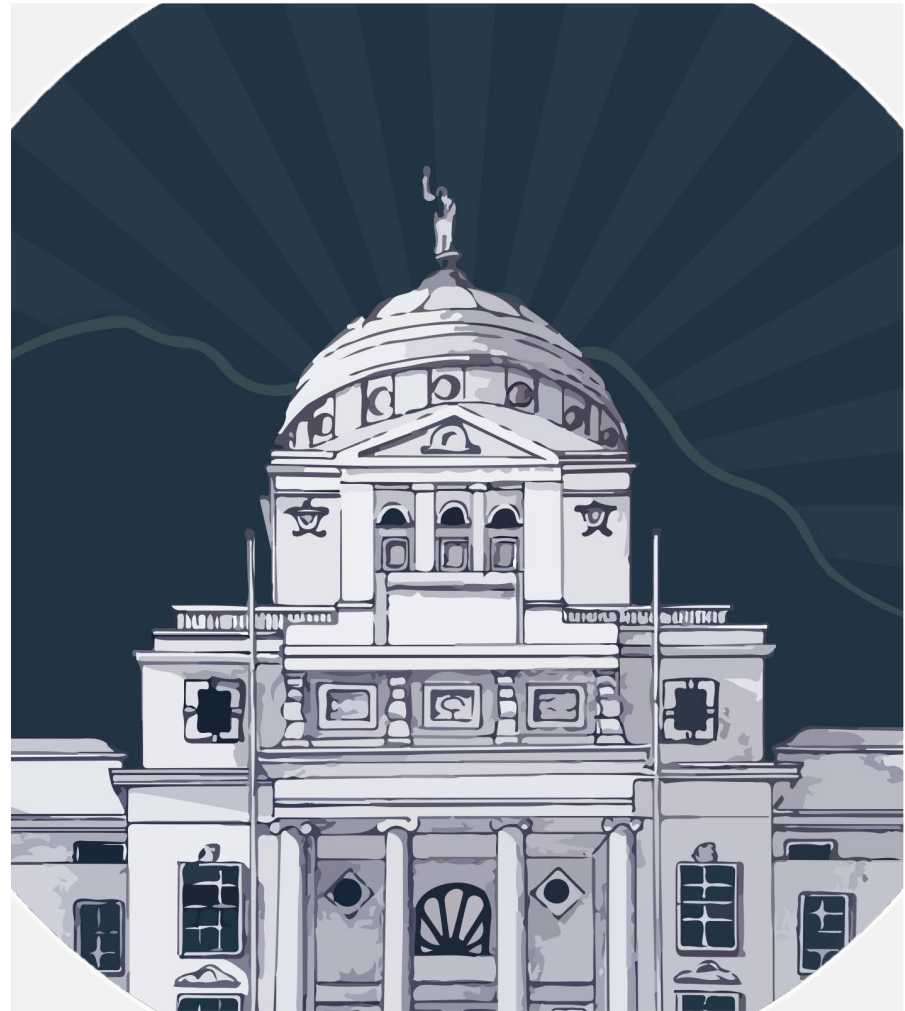




PRACTICAL IMPLICATIONS ON AUDIT

✓ New Programs Audited for
FY20 & FY21:

- CRF
- Education Stabilization Fund
- Epidemiology
- Disaster Grants- Public Assistance
- FEMA Presidentially Declared Disasters
- Emergency Rental Assistance

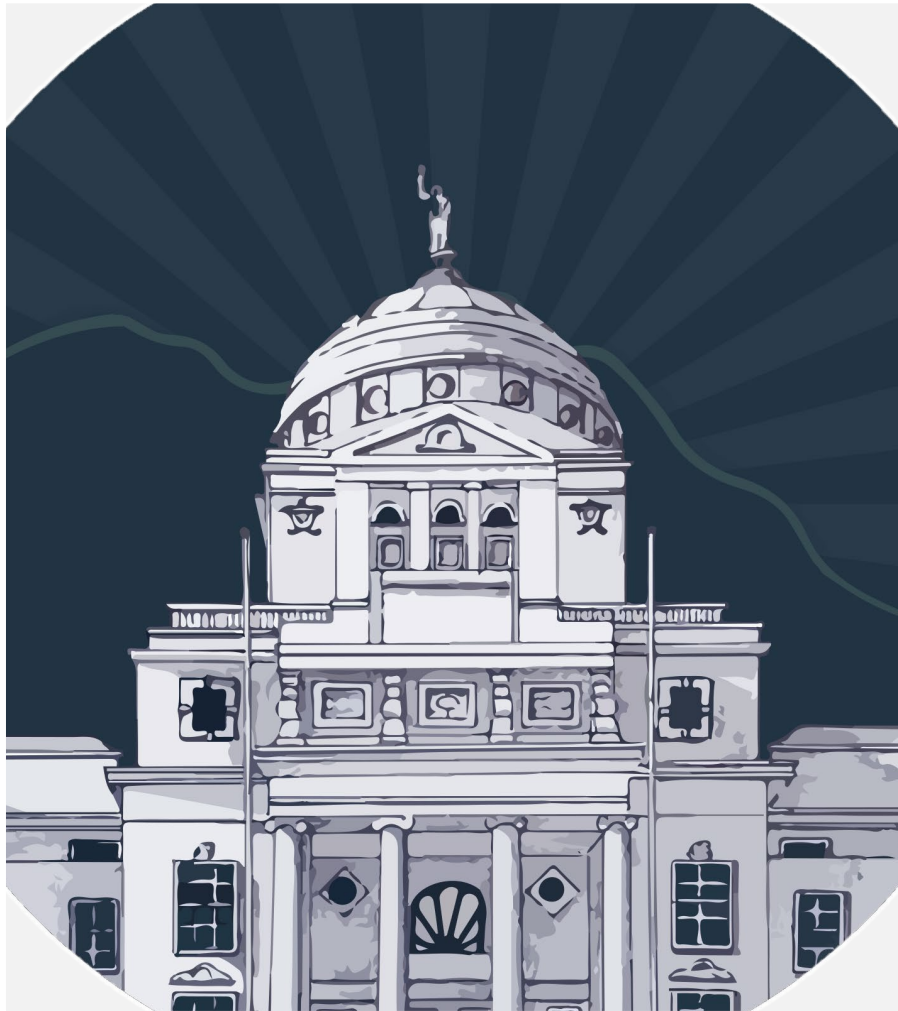


PRACTICAL IMPLICATIONS ON AUDIT

- ✓ Increased audit effort
 - Est additional 5,000 hours invested in current audit
- ✓ Federal reporting extensions
 - OMB Memo M-21-20
 - Six-month automatic extension
 - 9/30/22 deadline
 - 6/21/22 upload

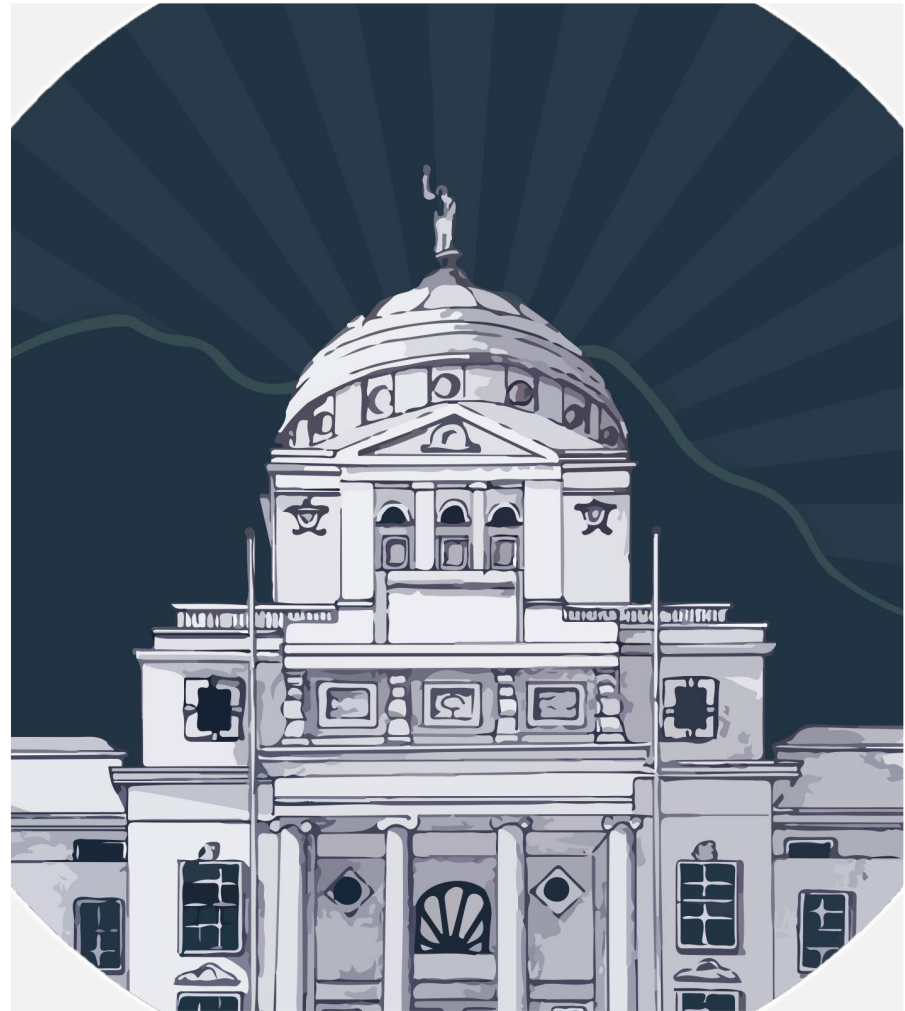
MAJOR PROGRAM DETERMINATION

- ✓ Outlined in 2 CFR 200.518
 - Risk-based approach
 - Multiple-step process
 - Includes a percentage of coverage requirement



STEP 1: IDENTIFY TYPE A PROGRAMS

TOTAL FEDERAL AWARDS EXPENDED	TYPE A/B THRESHOLD
Equal to or exceed \$750,000 but less than or equal to \$25 million	\$750,000
Exceed \$25 million but less than or equal to \$100 million	Total Federal awards expended times .03
Exceed \$100 million but less than or equal to \$1 billion	\$3 million
Exceed \$1 billion but less than or equal to \$10 billion	Total Federal awards expended times .003
Exceed \$10 billion but less than or equal to \$20 billion	\$30 million
Exceed \$20 billion	Total Federal awards expended times .0015

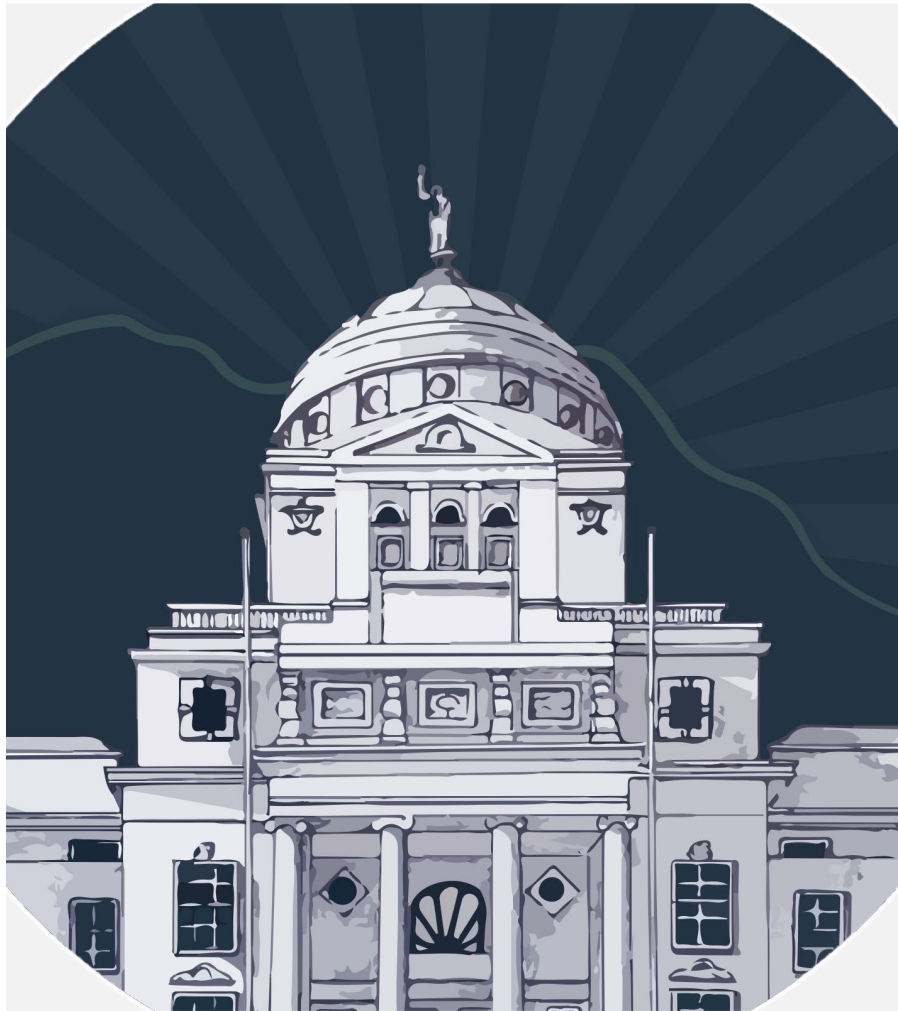


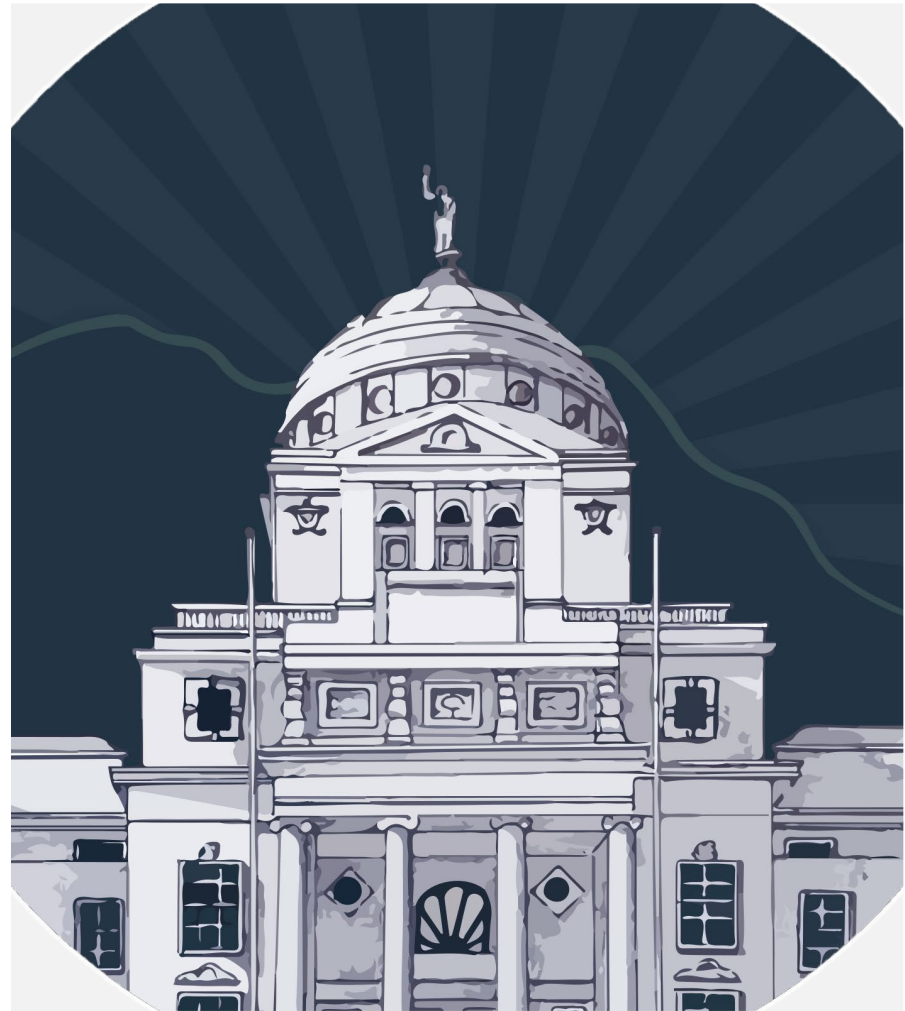
IDENTIFYING LOW RISK TYPE A PROGRAMS

- ✓ Criteria outlined in federal regulations
- ✓ Will not be audited in current audit period
- ✓ Identified low-risk Type A programs:
 - Fish and Wildlife Cluster
 - Housing Voucher Cluster
 - Section 8 Project Based Cluster

IDENTIFYING REPLACEMENT PROGRAMS

- ✓ High-risk Type B programs
 - Risk assessment process outlined in federal regulations
 - 1/4 replacement rule
- ✓ Identified high-risk Type B program:
 - Emergency Rental Assistance





MAJOR PROGRAMS

- ✓ 24 programs
 - 18 previously subject to audit
 - 6 newly subject to audit
- ✓ Reported on page C-18



QUESTIONS