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# *NCURA Region I*

*May 4, 2016*

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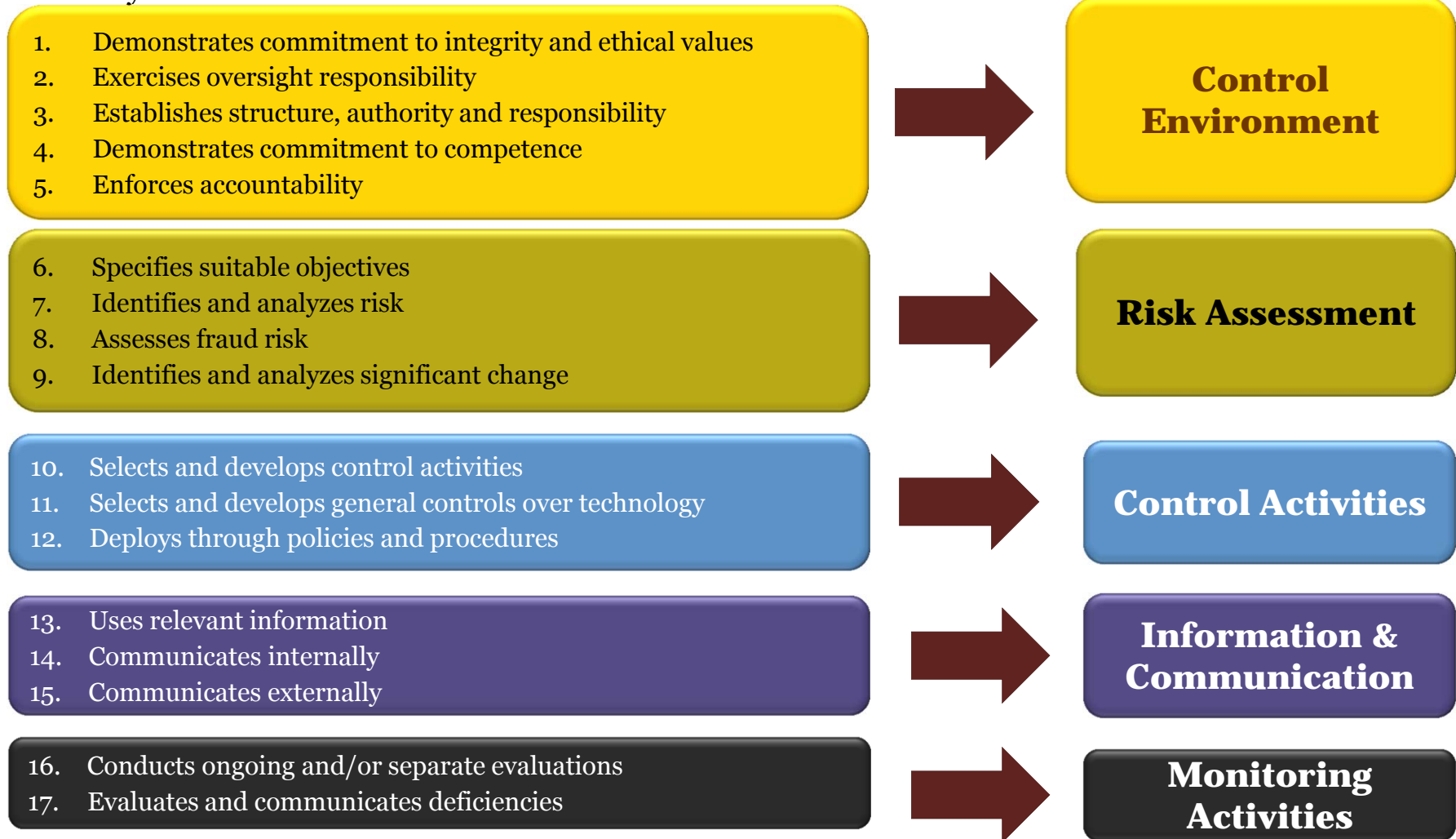
## ***Agenda***

- COSO
- Procurement
- Data Act
- Uniform Guidance
- Data Collection Form
- Student Financial Aid
- Other Focus Areas

# ***COSO***

## 17 principles of effective internal control

What you need to know



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## ***COSO***

### COFAR September/2015 Q&A 303-3

While non-Federal entities must have effective internal control, there is no expectation or requirement that the non-Federal entity document or evaluate internal controls prescriptively in accordance with these three documents\* or that the non-Federal entity or auditor reconcile technical differences between them. They are provided solely to alert the non-Federal entity to source documents for best practices. Non-Federal entities and their auditors will need to exercise judgment in determining the most appropriate and cost effective internal control in a given environment or circumstance to provide reasonable assurance for compliance with Federal program requirements.

\* COSO, Federal Green Book, OMB Compliance Supplement Part 6

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## ***Procurement (Section 200.318)***

- A-110 language generally replaced with A-102 language for government entities because COFAR considered A-102 language to be better able to mitigate the risk of waste, fraud and abuse
- Must maintain oversight to ensure contractors perform with the terms conditions and specifications of their contracts or purchase orders
- Must maintain written standards of conduct covering conflict of interest with respect to employees engaged in the selection, award and administration of contracts
- Must maintain written standards of conduct covering organizational conflict of interest
- Must avoid acquisition of unnecessary or duplicative items

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## ***Procurement, continued (Section 200.318)***

- Encourage the use of excess or surplus property
- Encourage inter-entity agreements for common or shared goods and services
- Must maintain records sufficient to detail the history of procurement
- All procurement transactions must be conducted in a manner to provide full and open competition consistent with this section of the Uniform Guidance
- Must have written procedures for procurement

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## ***Procurement, continued (Section 200.318)***

- Must use one or more of the following methods of procurement
  - Micro-purchases
  - Use of small purchase threshold
  - Formal sealed bid
  - Competitive proposals
  - Non-competitive proposals (very limited)

**\*Figure 1: The 57 DATA Act Standardized Data Elements, Grouped by Type**

<p><b>Account Level Data Standards:</b> These data elements describe the appropriations accounts from which agencies fund federal awards.</p>	<ul style="list-style-type: none"> <li>• Appropriations Account</li> <li>• Budget Authority Appropriated</li> <li>• Object Class</li> </ul>	<ul style="list-style-type: none"> <li>• Obligation</li> <li>• Other Budgetary Resources</li> <li>• Outlay</li> <li>• Program Activity</li> </ul>	<ul style="list-style-type: none"> <li>• Treasury Account Symbol</li> <li>• Unobligation Balance</li> </ul>
<p><b>Award Characteristic Data Standards:</b> These data elements describe characteristics that apply to specific financial assistance and/or procurement awards.</p>	<ul style="list-style-type: none"> <li>• Action Data</li> <li>• Action Type</li> <li>• Award Description</li> <li>• Award Identification Number</li> <li>• Award Modification/Amendment Number</li> <li>• Award Type</li> <li>• Business Types</li> <li>• Catalog of Federal Domestic Assistance (CFDA) Number</li> <li>• Catalog of Federal Domestic Assistance (CFDA) Title</li> </ul>	<ul style="list-style-type: none"> <li>• North American Industrial Classification System (NAICS) Code</li> <li>• North American Industrial Classification System (NAICS) Description</li> <li>• Ordering Period End Date</li> <li>• Parent Award Identification Number</li> <li>• Period of Performance Current End Date</li> <li>• Period of Performance Potential End Date</li> </ul>	<ul style="list-style-type: none"> <li>• Period of Performance Start Date</li> <li>• Primary Place of Performance Address</li> <li>• Primary Place of Performance Congressional District</li> <li>• Primary Place of Performance Country Code</li> <li>• Primary Place of Performance Country Name</li> <li>• Record Type</li> </ul>
<p><b>Award Amount Data Standards:</b> These data elements describe characteristics that apply to amount information for financial assistance and/or procurement awards.</p>	<ul style="list-style-type: none"> <li>• Amount of Award</li> <li>• Current Total Value of Award</li> <li>• Federal Action Obligation</li> </ul>	<ul style="list-style-type: none"> <li>• Non-Federal Funding Amount</li> <li>• Potential Total Value of Award</li> </ul>	
<p><b>Awardee and Recipient Entity Data Standards:</b> These data elements describe the recipients/awardees of Federal funds.</p>	<ul style="list-style-type: none"> <li>• Awardee/Recipient Legal Entity Name</li> <li>• Awardee/Recipient Unique Identifier</li> <li>• Highly Compensated Officer Name</li> </ul>	<ul style="list-style-type: none"> <li>• Highly Compensated Officer Total Compensation</li> <li>• Legal Entity Address</li> <li>• Legal Entity Congressional District</li> <li>• Legal Entity Country Code</li> </ul>	<ul style="list-style-type: none"> <li>• Legal Entity Country Name</li> <li>• Ultimate Parent Legal Entity Name</li> <li>• Ultimate Parent Unique Identifier</li> </ul>
<p><b>Awarding Entity Data Standards:</b> These data elements describe characteristics of the entity that made the award.</p>	<ul style="list-style-type: none"> <li>• Awarding Agency Code</li> <li>• Awarding Agency Name</li> <li>• Awarding Office Code</li> <li>• Awarding Office Name</li> </ul>	<ul style="list-style-type: none"> <li>• Awarding Sub Tier Agency Code</li> <li>• Awarding Sub Tier Agency Name</li> </ul>	
<p><b>Funding Entity Data Standards:</b> These data elements describe characteristics of the entity that provided the funding for an award.</p>	<ul style="list-style-type: none"> <li>• Funding Agency Code</li> <li>• Funding Agency Name</li> <li>• Funding Office Code</li> <li>• Funding Office Name</li> </ul>	<ul style="list-style-type: none"> <li>• Funding Sub Tier Agency Code</li> <li>• Funding Sub Tier Agency Name</li> </ul>	

\* GAO Report 16-261; January 2016



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## ***Uniform guidance FY 16 audit changes***

From an audit perspective, the objective of these changes was to focus on higher-dollar, higher-risk awards and thus consistent with the theme of the Uniform Guidance, to reduce both administrative burden and the risk of fraud, waste and abuse. The more significant of these changes, include the following:

- The threshold to have an audit has increased from \$500k in expenditures to \$750k
- The coverage needed by auditors for a low-risk or high-risk auditee has been modified to be 20% and 40%, respectively, versus 25% and 50%.
- The major program determination increases the minimum threshold for a Type A program to \$750,000 and for a Type B Program to 25% of the Type A threshold
- The number of high-risk Type B programs required to be tested is now equal to 25% of the low-risk Type A programs.
- The threshold for known questioned-costs was raised from \$10k to \$25k

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## ***Uniform guidance FY 16 audit changes (con't)***

- The Schedule of Expenditures of Federal Awards (SEFA) now requires auditees to include the total amount provided to subrecipients from each federal program. Under the A-133 guidance this was a “to the extent practical” requirement. Additionally, loan balances and other non-cash support must be included on the SEFA. The loan presentation should include a line with the loan balance at the beginning of the year, a line with new loans and a separate line for the administrative cost allowance.
- Repeat findings must be so noted by the auditor and explained as to why by the auditee

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## ***Data collection form***

Proposed changes: April 22, 2016 Federal Register revised proposal

- For periods ending 12/31/15 and after
- Comments due May 22, 2016 to OMB
- Proposed changes:
  - New code system for unknown CFDA# extensions
  - Cluster identification and cluster totals
  - End of period loan balances
  - Pass through entity name and number
  - Amount passed to Subrecipients
  - Repeat finding identification
  - Certification of NO PII within the DCF and Report and authorization to the Clearing House to make the report public
  - Room for other information
  - Other miscellaneous changes

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## ***Data collection form***

### Future changes

- Add Full text of findings
- Combine SEFA and DCF into one document
  - Save time
  - Prevent errors
  - Covered by auditor opinion
  - Edit checks built in

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## ***Student financial aid***

- Dear CPA letter – 16-01
  - OMB FY15 Compliance Supplement contains 2 errors
  - Student payment data is due in 15 calendar days **not** 30 calendar days
  - Enrollment reporting roster file is due within 15 **not** 30 days
  - The enrollment reporting file **must** be received at least every 60 days

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## ***Other focus areas***

- Purchase card program
- Impact of GAAP lease accounting
- Special tests and provisions
- Cash management “payment before request”
- Sale of equipment

***What will all that we discussed mean for your institution?***

- A. Cost more money and time
- B. Reduce fraud waste and abuse if hypothetically you ever had any
- C. Double the hours of sleep you lose
- D. Challenge your communication with faculty skills

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# ***Thank you...***

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