



**Georgia Dept
of Early Care
and Learning**

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Area **Numbered
Policies**
Programs **SFSP**

Audit Reports for Nonprofit Sponsors Participating in the Summer Food Service Program, SFSP #11 (03-11)

LEGAL AUTHORITY

2 CFR part 200, subpart F; 2 CFR part 400 and part 415, Appendix XI, OMB Annual Compliance Supplement; 7 CFR 225.10; O.C.G.A. § 20-1A-4(3); and O.C.G.A § 50-20.

I. PURPOSE

The purpose of this policy is to discuss the audit report requirements and procedures for nonprofit organizations participating in the Summer Food Service Program (SFSP).

II. APPLIES TO

This policy applies to sponsors participating in the SFSP, except for Federal nonprofits, which are exempt from the following policy.

III. DEFINITIONS

"Audit" means a report prepared by external auditors examining and verifying the sponsor's financial activities, including Federal and State awards, and the sponsor's compliance with program regulations and policies for a defined time-period.

"Catalog of Federal Domestic Assistance (CFDA)" means a system that details program descriptions for Federal assistance programs available to State and local governments (including the District of Columbia); federally recognized Indian tribal governments; Territories (and possessions) of the United States; domestic public, quasi-public, and private non-profit organizations and sponsors; specialized groups and individuals.

"Certified Public Accountant (C.P.A.)" means an individual who has received state certification to practice accounting.

"Federal funds" means financial assistance or cost–reimbursements that non-federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors. Any audits of such vendors shall be covered by the terms and conditions of the contract. Please note: SFSP reimbursements paid to sponsors are federal funds.

"Nonprofit organization" means any corporation, trust, association, cooperative, or other organization, not including IHEs, that:

- a. Is operated primarily for scientific, educational, service, charitable, or similar purposes in the public interest;
- b. Is not organized primarily for profit; and
- c. Uses net proceeds to maintain, improve, or expand the operations of the organization.

"State funds" means any funds provided by state appropriations or other revenue sources retained by the contracting state organization but does not include federal pass-through assistance.

IV. POLICY

Federal Audit Requirements

The Catalog of Federal Domestic Assistance (CFDA) number for Summer Food Service Program (SFSP) is 10.559. All sponsors should refer to this number for audit purposes. All independent single audits or audited financial statements must include the CFDA number.

Federal regulations require all nonprofit organizations (SFSP sponsors) which expend \$1,000,000 or more in Federal funds per fiscal year to submit an audit report based on Governmental Accounting Standards and in compliance with 2 CFR part 200/OMB Annual Compliance Supplement, to the Federal Audit Clearinghouse, Georgia Department of Audits and Accounts, and to Bright from the Start: Georgia Department of Early Care and Learning (DECAL). Although Federal guidance dictates that audit reports be submitted within 9 months of the end of the sponsor's fiscal year, DECAL State policy requires that audit reports be submitted within 6 months of the end of the sponsor's fiscal year. The audit report must be completed by a licensed Certified Public Accountant (C.P.A.) in accordance with Generally Accepted Accounting Principles (GAAP) and should examine and verify the sponsor's financial activities, including Federal awards and the sponsor's compliance with Program regulations and policies for a defined time-period. The sponsor must submit one audit report completed by their licensed C.P.A. to DECAL. The audit report submitted to DECAL by the sponsor will be considered the final audit report.

A nonprofit institution that expends less than \$1,000,000 in Federal funds during its fiscal year is exempt from Federal audit requirements for that year. However, in all instances, the records of the non-profit institution must be available for review or audit by appropriate officials of the Federal agency, DECAL, and the Government Accountability Office (GAO).

State Audit Requirements

SFSP Sponsors that Expend \$100,000 or More in State Funds in their Fiscal Year

Georgia state law requires all nonprofit organizations that have expended \$100,000 or more in state funds during their fiscal year to submit an audit of the financial affairs and transactions of all of their funds and activities to the Georgia Department of Audits and Accounts and to DECAL within 6 months of the close of the nonprofit organization's fiscal year. The audit report must be completed by a licensed Certified Public Accountant (C.P.A.) in accordance with Generally Accepted Auditing Standards and GAAP. The sponsor may submit one audit report completed by their licensed C.P.A. to DECAL. The audit report submitted to DECAL by the sponsor will be considered the final audit report.

SFSP Sponsors that Expend Between \$25,000 and \$100,000 in State Funds in their Fiscal Year

Nonprofit sponsors that expend between \$25,000 and \$100,000 in State funds in their fiscal year are required to forward a copy of their financial statements to the Georgia Department of Audit and Accounts and to DECAL within 6 months of the close of the sponsor's fiscal year. If the sponsor's annual financial statements are completed by a C.P.A., the CPA's report must be sent to the Georgia Department of Audits and Accounts and to DECAL.

If the sponsor's annual financial statements are not completed by a C.P.A., the annual financial statements must be accompanied by a statement of either the president or person responsible for the sponsor's financial statements:

- Stating the president's or other person's belief as to whether the statements were prepared on the basis of Generally Accepted Accounting Principles (GAAP), and if not, describing the preparation; and
- Describing any respects in which the statements were not prepared on a basis consistent with the statements prepared from the preceding year.

Nonprofit sponsors that receive funds from DECAL and meet the Federal audit requirements of the Single Audit Act Amendments of 1996 are required to submit audit reports and reporting packages performed in accordance with Office of Management and Budget regulations and in accordance with G.A.A.P.

Exclusions

Some SFSP sponsors are excluded from this State audit report requirement. They are:

1. Nonprofit sponsors affiliated with the University System of Georgia which are organized primarily for the purpose of serving, soliciting, receiving, and investing gifts and donations in the name of the Board of Regents or individual units of the University System of Georgia or related programs and which expend less than \$25,000 in State funds per fiscal year;
2. Nonprofit sponsors affiliated with the State Board of Technical College System of Georgia or with postsecondary technical schools operated under the state level management and operational control of the State Board of Technical College System of Georgia which are operated primarily for the purpose of serving, soliciting, receiving, and investing gifts and donations for the board, such schools, or related programs and which expend less than \$25,000 in state awards; and
3. Nonprofit sponsors that expend less than \$25,000 in State funds per fiscal year.

Additional Provisions

Pursuant to Federal regulations and guidance, a sponsor may be determined to be seriously deficient if it fails to perform any of the required financial and administrative responsibilities. Thus, a sponsor's failure to submit its audit report as required by Federal regulations or DECAL within 6 months of the end of the sponsor's fiscal year, will result in DECAL declaring the sponsor seriously deficient. A sponsor's failure to submit its audit report or financial statements as required by State law within 6 months of the end of the sponsor's fiscal year, will result in DECAL declaring the sponsor seriously deficient. Further, if timely corrective action is not taken to fully and permanently correct the serious deficiency, DECAL will propose to terminate the sponsor's agreement and disqualify the sponsor and the responsible principals and responsible individuals from Program participation. The sponsor and its responsible principals and responsible individuals will also be placed on the Georgia Disqualified List (GDL). Sponsors, principals, and/or individuals that are placed on the GDL are not permitted to participate in the SFSP or Child and Adult Care Food Program (CACFP) in any management capacity. (See [SFSP #15 - Serious Deficiency Process for Sponsors in the Summer Food Service Program](#)).

Nonprofit organizations applying to or participating in the SFSP are only required to submit one audit report to meet both Federal and State audit requirements. Sponsors should submit the highest- level audit report that is required by Federal and/or State guidelines outlined above and should also adhere to the strictest deadline of the reports that they are required to submit according to Federal and/or State guidelines. It is also important to note that the cost of an audit is not considered to be an allowable cost if Federal regulations do not require it. Therefore, sponsors that have an audit performed which was not required based on the Federal threshold amount, cannot charge audit costs to the SFSP.

Nonprofit organizations applying to or participating in the SFSP are responsible for ensuring they are knowledgeable of and meet all Federal, State, and local reporting requirements required by law. Sponsors applying to or participating in the SFSP should consult the appropriate State and Federal regulations along with a licensed C.P.A. to ensure they are following Federal and State requirements at all times.

V. PROCEDURES

Federal Audit Requirements

To ensure compliance with Federal regulations, all SFSP sponsors that expend \$1,000,000 or more per fiscal year or more in Federal funds must ensure they submit an audit report to the Federal Audit Clearinghouse, Georgia Department of Audits and Accounts, and to DECAL's Audits and Compliance Division within 6 months of the end of the sponsor's fiscal year.

State Audit Requirements

To ensure compliance with State regulations, all SFSP sponsors which expend \$100,000 or more in State funds annually must submit an audit of the financial affairs and transactions of all of their funds and activities to Georgia Department of Audits and Accounts and to DECAL's Audits and Compliance Division within 6 months of the close of the sponsor's fiscal year.

To ensure compliance with state regulations, SFSP sponsors that expend between \$25,000 and \$100,000 in state funds annually, must ensure they submit a copy of their financial statements to the Georgia Department of Audits and Accounts and to DECAL's Audits and Compliance Division within 6

months of the end of the sponsor's fiscal year. All sponsors participating in the SFSP must follow DECAL's recordkeeping policies (See [SFSP Policy #5 Recordkeeping Requirements for All Sponsors and Sponsored Facilities Participating in the SFSP](#)) to ensure that all of the necessary documentation to perform a complete and accurate audit is available and provided to the C.P.A. in a timely manner. This will help ensure timely submission of the audit report and/or financial statements to DECAL.

Failure of a sponsor to submit the audit report required by State regulations within 6 months of the end of the sponsor's fiscal year will result in DECAL declaring the sponsor and the responsible principals and/or responsible individuals seriously deficient.

Sponsors are required to submit one audit report to meet their audit requirements. Sponsors must ensure they submit the highest-level audit report that is required by Federal and/or State guidelines outlined above, and sponsors should also adhere to the strictest deadline to submit reports according to Federal and/or State guidelines.

VI. COMMENTS

Please be advised, all required and/or requested audit reports are due to their respective parties within 6 months of the end of the sponsor's fiscal year.

Any questions regarding this policy should be directed to Nutrition's Policy Administrator at (404) 651-8193.