

**ATTACHMENT H**  
**DEPARTMENT OF WORKFORCE SERVICES (DWS)**  
**FINANCIAL REPORTING**

For subrecipients and service providers.

**a. General Requirements.**

- (1) No Financial Reporting Requirements for Professionals Contracting in an Individual Capacity. There are no Federal, State, or department financial reporting requirements for individuals such as doctors, dentists, social workers, and other similar professionals contracting in an individual capacity to provide services to clients. Therefore, the financial reporting requirements discussed in this Section are not applicable to professionals contracting as individuals. (Note: Sole proprietors and limited liability companies owned by either one person or by a husband and wife are considered individuals for reporting requirement purposes. However, individuals associated with corporations, partnerships, or other contracting organizations are not individuals for reporting requirement purposes.) Notwithstanding the lack of financial reporting requirements for individuals, Grantees providing services in an individual capacity are still subject to financial review by the contracting agency and/or another DWS entity.
- (2) No Financial Reporting Requirements for Contracting Organizations Receiving Less Than \$10,000 From DWS in a Single Fiscal Year. Contracting organizations that receive less than \$10,000 from DWS in a single fiscal year have no financial reporting requirement to DWS unless specifically required by DWS. However, they are still subject to financial review by DWS.
- (3) Grantee's Compliance with Applicable Financial Laws. The GRANTEE shall comply with all applicable federal and state laws regarding financial reports. The GRANTEE shall comply with all applicable requirements set forth in: (1) OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," published by the federal government; and (2) the State of Utah Legal Compliance Audit Guide ("SULCAG"), issued by the State Auditor's Office. For the GRANTEE'S convenience listed below are "Federal, State and DWS Financial Reporting Requirements," as a reference guide to the various financial reporting requirements. The information is not exhaustive and the GRANTEE understands that it is obligated to seek independent legal or accounting advice. GRANTEE may access the applicable federal and state financial reporting requirements through the following Internet web sites:

**Table 2: Federal, State and DWS Financial Reporting Requirements**

<b>Policy</b>	<b>Internet Site</b>
OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations	<a href="http://www.whitehouse.gov/omb/circulars/index.html">http://www.whitehouse.gov/omb/circulars/index.html</a>
Utah Code	<a href="http://le.utah.gov/UtahCode/title.jsp">http://le.utah.gov/UtahCode/title.jsp</a>
Utah Administrative Rules	<a href="http://www.rules.utah.gov/publicat/code.htm">http://www.rules.utah.gov/publicat/code.htm</a>
SULCAG	<a href="http://auditor.utah.gov/wp-content/uploads/sites/5/2013/05/Legal-Compliance-Audit-Guide-2013.pdf">http://auditor.utah.gov/wp-content/uploads/sites/5/2013/05/Legal-Compliance-Audit-Guide-2013.pdf</a>

- (4) Additional Financial Reporting Requirements for DEPARTMENT Grants. In addition to the financial reporting requirement set forth in OMB Circular A-133 and the SULCAG, this Grant requires GRANTEE to submit various financial reports to the Department of Workforce Services Grant Unit, as set forth in a separate column in Table 3 below, “Federal, State and DWS Financial Reporting Requirements.”
- (5) The Entity Type, Amount, and Source of Government Funds Determines the Type of Financial Report Required. Whether or not a Grantee is required to obtain and submit an annual audit or other financial reports is determined by the Grantee’s entity type, the amount, and source of government funds that the Grantee expends during a given year.

Based on the SULCAG, DEPARTMENT requires all GRANTEES, except sole proprietorships, to submit an audit prepared according to “government auditing standards” whenever the GRANTEE has \$350,000.00 or more in total revenues **and** 50% or more of those revenues come from government agencies (federal, state, county, and/or local, etc.). Unaudited reports may be required of GRANTEES with total revenues under \$350,000.00 (see Table 3 below “Federal, State and DWS Financial Reporting Requirements”).

**c. Definitions For Auditing And Financial Terms Used In This Grant.**

- (1) “*Federal Funds*” means Federal financial assistance that a Grantee receives directly from Federal awarding agencies or indirectly from Pass-Through Entities.
- (2) “*Government Funds*” means financial assistance that a Grantee receives from a combination of government sources, including Federal awarding agencies, State appropriations and other local governments.
- (3) “*OMB*” means the federal Executive Office of the President, Office of Management and Budget.

- (4) "*OMB Circular*" means a publication issued by the OMB that sets forth federal cost accounting or auditing requirements.
- (5) "*Pass-Through Entity*" means an entity (such as DWS) which receives federal funds and then passes those funds through to subrecipients, such as local governments and Non-Profit Organizations.
- (6) "*Service Provider*" means a private or governmental entity that receives funds from DWS for services provided to DWS'S clients under a program developed by DWS.
- (7) "*Subrecipient*" means a governmental entity or a non-profit or for-profit organization that develops and operates its own program of services for eligible clients, and that receives federal and/or state funds from DWS or another entity which serves as a "recipient" and "Pass-Through Entity" for such federal funding. If the Grantee operates its own program of services for eligible clients, the Grantee shall comply with the financial record-keeping and reporting requirements that apply to federally-funded subrecipients, even if this Grant is funded solely by State funds.

**d. Grantee's Submission Of Required Audits And Other Financial Reports:**

- (1) Deadlines. The GRANTEE shall be bound by OMB Circular A-133 and the SULCAG submission deadlines for audits and financial reports. See also Table 2 below, "Federal, State and DWS Auditing Requirements."

Where the GRANTEE is required to submit audits and financial reports to DWS under OMB Circular A-133, the SULCAG and DWS Grant provisions, needs an extension for filing of such reports, the GRANTEE may request an extension by contacting DWS at the address below. However, GRANTEE understands that DEPARTMENT can extend only those deadlines for reports GRANTEE is required to submit to DEPARTMENT. GRANTEE must contact the Federal Clearinghouse, federal awarding agencies, and the State Auditor's Office to obtain extensions of deadlines for submission of reports to those entities.

- (2) Addresses. The GRANTEE shall submit all audits and financial reports to the entities identified in the applicable law, OMB Circular A-133 and the SULCAG. See also Table 3 below, "Federal, State and DWS Auditing Requirements."

Where the GRANTEE is required to submit audits and financial reports to DEPARTMENT under OMB Circular A-133, the SULCAG and DEPARTMENT Grant provisions, the GRANTEE shall submit the required audits and financial reports to the following address:

DEPARTMENT OF WORKFORCE SERVICES  
Contracts Manager  
P.O. Box 45249  
Salt Lake City, Utah  
84145-0249

**d. Additional Definitions Used In This Part:**

- (1) "*Audit Findings*" means a schedule of all costs questioned by the auditor relative to Government Funds.
- (2) "*Compliance Opinion*" means an auditor's opinion that Grantee has complied with all applicable auditing laws and requirements. Utah Code Ann. § 51-2-3.
- (3) "*Federal Clearinghouse*" means the federal clearinghouse designated by the OMB. As provided in OMB Circular A-133.320(i), "the address of the Federal clearinghouse currently designated by OMB is Federal Audit Clearinghouse, Bureau of the Census, 1201 E. 10th Street, Jeffersonville, IN 4713."
- (4) "*Financial Statements*" means financial reports of the Grantee's accounting records for a given fiscal year, prepared by an independent accountant or employee of the Grantee, including balance sheet, income and expense statement, statement of cash flows, and the preparer's notes to the Financial Statements.
- (5) "GAAP" means Generally Accepted Accounting Principles, a combination of authoritative accounting principles, standards and procedures (set by policy boards). Usual statements in a financial statement include balance sheet, statement of income and expenses, statement of cash flows and notes to the financial statements.
- (6) "GAAS" means Generally Accepted Auditing Standards, issued by the American Institute of Public Accountants (AICPA).
- (7) "GAS" means Government Auditing Standards, issued by the Comptroller General of the United States, to be followed in audits of state and local governments and non-profit organizations that receive federal financial assistance. GAS is often referred to as Generally Accepted Government Auditing Standards ("GAGAS"). For financial statement audits, GAS/GAGAS incorporate the generally accepted standards issued by the AICPA.
- (8) "*Management Letters*" means the auditor's notes and recommendations to the Grantee's management personnel subsequent to a fiscal audit.
- (9) "*Non-profit Organization*" means a corporation or foundation which: (1) is operated primarily for scientific, educational, service, charitable, or similar purposes in the public interest; and (2) does not distribute any part of its income to its members, trustees, or officers. "Program-Specific Audit" means an audit of one specific federal program, using GAGAS standards, as described in OMB Circular A-133.200(c) and A-133.235.
- (10) "*Reporting Package*" means the auditor's package of financial reports as defined in OMB Circular A-133, and shall include Financial Statements and Schedule of Expenditures of Government Funds, Summary Schedule of prior audit findings, Auditor's report(s), and corrective action plan.
- (11) "*SULCAG*" means the State of Utah Legal Compliance Audit Guide issued by the State Auditor's Office.

- (12) "*Schedule of Expenditures*" means a breakdown of expenditures of Government Funds for a given year, showing the total administrative expenses as compared to funds expended for program services.
- (13) "*Single Audit*" means an audit which includes both the Grantee's Financial Statements and the Federal awards using GAGAS standards, as described in OMB Circular A-133.500.
- (14) "*Statement of Functional Expense*" means a breakdown of administration expenses and expenses attributed to actual program services on a program-by-program basis.
- (15) "*Summary Schedule*" means a summary listing of all Audit Findings reported in the prior annual audit, and includes the Summary Schedule reported in the prior annual audit, except Audit Findings listed as corrected.

**Table 3: Federal, State, and DWS Auditing Requirements**

Type of Entity	Amount of Annual Funding	Federal Audit & Reporting Requirements	State Audit & Reporting Requirements	DWS Grant Reporting Requirements	Submission Deadlines
<p>Government Agency; Non-Profit Subrecipient; OR Non-Profit Service Provider</p>	<p><b>\$750,000</b> or more expended in Federal Funds</p>	<p>Single Audit or Program Specific Audit, using GAGAS standards.  (OMB Circular A-133.200, A-133.235, and A-133.500)  <b><u>Financial Reports Required from Grantee:</u></b>  1. Data Collection Form as described in OMB Circular A-133.320 (a), (b) and (d)  -to Federal Clearinghouse  2. Reporting Package- to:  (a) Federal Clearinghouse  (b) Each federal awarding agency - if audit disclosed Audit Findings or reported the status of any Audit Findings in the Summary Schedule (OMB Circular A-133.320 (c) and (d))  3. Submission by Subrecipients:  (a) "Reporting Package" to each Pass-Through Entity when Audit Findings were disclosed relating to federal awards;  (b) "Written Notification" to each Pass-Through Entity when no Audit Findings were disclosed and a Reporting Package was not required.  (OMB Circular A-133.320(e)(1) and (e)(2))</p>	<p>Non-Profit Organizations that receive 50% or more of their funding from Government Funds AND all governmental agencies must submit the following audits and reports to the Utah State Auditor's Office:  1. Copies of the entire <u>Single Audit or Program Specific Audit report</u>  2. The auditor's management letter, if the Single Audit or Program Audit report disclosed any Audit Findings.  (The SULCAG provides that there are NO reporting or auditing REQUIREMENTS for Non-Profit Organizations that receive LESS THAN 50% of their total funding from Government Funds, regardless of the amount of funding.)</p>	<p>1. <u>As required by OMB Circular A-133</u>, both government and non-profit Grantees shall provide to DWS the following:  a. Reporting Package - if audit disclosed Audit Findings or reported the status of any prior Audit Findings in the Summary Schedule; or  b. Written Notification – if audit did not disclose Audit Findings or report on the status of any prior Audit Findings in the Summary Schedule; and  2. <u>This Grant also requires Grantee to submit the following:</u>  a. Auditor's Management Letter; and  b. Upon request by DWS,  (1) Entire Single or Program Specific Audit report; and  (2) Reporting Package (if not already required by OMB Circular A-133)  (3) For non-profit Grantees, the statement of Functional Expenses.</p>	<p>1. Thirty (30) days after Grantor receives the auditor's reports, or nine (9) months after end of fiscal year audited, whichever occurs first.  (OMB Circular A-133.320)  2. The above deadlines also apply to submission of Single Audit or Specific Audit reports required by the Utah State Auditor's Office and this DWS Grant.</p>

Type of Entity	Amount of Annual Funding	Federal Audit & Reporting Requirements	State Audit & Reporting Requirements	DWS Grant Reporting Requirements	Submission Deadlines
Government Agency; Non-Profit Subrecipient; OR Non-Profit Service Provider	Less than <b>\$750,000</b> expended in Federal Funds, but <b>\$350,000</b> or more in total revenue	No audit required -- but records must be available for review or audit by Fed. Officials (OMB Circular A-133.200(d))	All Non-Profit Organizations that receive 50% or more of their funding from Government Funds AND all governmental agencies must submit the following audits and reports to the Utah State Auditor's Office: a. Audited Financial Report using GAS/GAGAS (also know as "Yellow Book" standards. b The auditor's management letter, if the GAS/GAGAS "Yellow Book" report disclosed any Audit Findings. See Utah Admin. Code Rule R123-5 "Audit Requirements for Audits of Political Subdivisions and Nonprofit Organizations." § 51-2-3 regarding records to be included in the Audit Report, compliance with State law, test work requirements, Compliance Opinion and other compliance issues.	Government agencies and non-profit entities if 50% or more of the total funds received by non-profit Grantee are Government Funds: 1. Copy of the Entire Audit Report required by the SULCAG; <b>and</b> 2. Auditor's Management Letter. 3. Statement of Functional Expenses. IF LESS THAN 50% of total funds received by a non-profit Grantee are from Government Funds such that Grantee is not required by the SULCAG to submit any financial reports, DWS requires: 1. Unaudited CPA Review; <b>and</b> 2. Statement of Functional Expenses.	Within six (6) months after end of Grantee's fiscal year Utah Code Ann. § 51-2a-202

	Less than <b>\$350,000</b> but <b>\$200,000</b> or more in total revenue	NO REQUIREMENTS	All Non-Profit Organizations that receive 50% or more of their funding from Government Funds AND all governmental agencies must submit the following reports to the Utah State Auditor's Office:  Unaudited CPA Review.	Government agencies and non-profit entities (if 50% or more of the total funds received by non-profit Grantee are Government Funds):  1. Unaudited CPA Review; and  2. Statement of Functional Expenses  IF LESS THAN 50% of total funds received by a non-profit Grantee are from Government Funds:  1. Unaudited CPA Compilation; and  2. Statement of Functional Expenses	Within six (6) months after end of Grantee's fiscal year
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Type of Entity	Amount of Annual Funding	Federal Audit & Reporting Requirements	State Audit & Reporting Requirements	DWS Grant Reporting Requirements	Submission Deadlines
	Less than <b>\$200,000</b> but <b>\$100,000</b> or more in total revenue	NO REQUIREMENTS	All Non-Profit Organizations that receive 50% or more of their funding from Government Funds AND all governmental agencies must submit the following reports to the Utah State Auditor's Office:  Unaudited CPA Compilation	All Non-Profit Organizations that receive 50% or more of their total funding from Government Funds AND all governmental agencies:  1. Unaudited CPA Compilation; <b>and</b>  2. Statement of Functional Expenses  IF LESS THAN 50% of the total funds received by a Non-Profit Organization are from Government Funds:  1. Unaudited Financial report prepared according to GAAP; <b>and</b>  2. Statement of Functional Expenses	Within six (6) months after end of Grantee's fiscal year
	Less than <b>\$100,000</b> but <b>\$10,000</b> or more in total revenue	NO REQUIREMENTS	All Non-Profit Organizations that receive 50% or more of their funding from Government Funds AND all governmental agencies must submit the following reports to the Utah State Auditor's Office:  Financial Information on the form approved by the State Auditor.	All Grantees: Unaudited financial information, including, at a minimum:  1. Balance sheet; <b>and</b>  2. Income and Expenses Statement	Within six (6) months after end of Grantee's fiscal year
All Contracting Entities	Less than <b>\$10,000</b> received from DWS in the Fiscal Year	NO REQUIREMENTS	All Non-Profit Organizations that receive 50% or more of their funding from Government Funds AND all governmental agencies must submit to the Utah State Auditor's Office, financial information on the form approved	NO REQUIREMENTS	Within six (6) months after end of Grantee's fiscal year

			by the State Auditor		
For-Profit Subrecipients; OR Service Providers	Based upon the same funding level breakdowns as above	NO REQUIREMENTS	NO REQUIREMENTS	<p>The non-profit reporting requirements identified above also apply to for-profit Grantees with the following exceptions:</p> <ol style="list-style-type: none"> <li>1. The reporting format required of non-profit Grantees is not required.</li> <li>2. The Independent Auditor's Report on State Legal Compliance is not required.</li> <li>3. The financial reports of foreign organizations (organizations located outside the State of Utah) shall be accepted as prepared.</li> <li>4. Local subsidiaries or divisions of an outside organization shall submit a statement of functional expenses in addition to the parent organization's financial report.</li> </ol>	Within six (6) months after end of Grantee's fiscal year