

AUDIT PREP, SEFA PREP & FINDINGS

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Member

AUDIT PREPARATION BEST PRACTICES



WHAT IS THE PURPOSE OF A FINANCIAL STATEMENT AUDIT?

Independent assurance that the financial statements are accurate, complete, and free of material misstatement.

Serves the public interest and provides stakeholders with an independent take on the quality of financial reporting.

AREAS OF AN AUDIT:

Internal Controls and Control Environment

Planning and Risk Assessment

Procedures on elements of the financials based on risk assessment

Compliance with local, state and federal laws and regulations

Financial statement reporting package



HOW TO BE MOST PREPARED FOR YOUR AUDIT:

Be organized and proactive all year and do not take vacation during the audit fieldwork

Document processes and procedures and identify key controls that have been implemented

Make sure that cash is reconciled and that you have support for that reconciliation

Maintain a listing of banks (deposits and debt), insurances purchased, attorneys used during year

Maintain files for grant and other capital projects that allow for easy retrieval and transmission



HOW TO BE MOST PREPARED FOR YOUR AUDIT:

Use secure portals to transmit information to your auditors in advance

Discuss audit timeline with auditors and develop a timeline fits both parties

Do not take vacation during audit fieldwork!

If reports from your system are date sensitive, set calendar reminders to print those on the correct day

Be timely in responses and do not be afraid to ask an auditor if you do not understand what they are requesting



HOW TO BE MOST PREPARED FOR YOUR AUDIT:

Understand your risk areas and be prepared to discuss those with your auditor

If something happens during the year, let your auditor know at that time or as soon as possible

Please do not post further adjustments to your ledger after it has been provided to the auditor to begin the audit without letting them know

If you need to have the reports to the Board for a Board packet, communicate that to your auditor during audit kickoff and planning meetings

Do not take vacation during audit fieldwork!



WHAT IS THE SEFA & WHAT IS A FEDERAL AWARD?



WHY IS IT REQUIRED TO BE PRESENTED?

Uniform Guidance
Part 2 CFR 200.508

**WHO PREPARES THEIR SEFA?
WHO HAS WRITTEN DOWN THEIR
PROCESS/PROCEDURES?**



WHERE DO YOU BEGIN?

Build Your SEFA

- Start with prior year SEFA (internal or external)
- Obtain grant awards from all departments
- Use accounting system for grant tracking

Key Considerations

- Reporting basis: **revenues vs. expenses**
- Verify ALN numbers (“trust but verify”)
- Use **MO Vendor Payments Portal** to confirm grant details

Grant Classifications

- Pass-through vs. subrecipient vs. vendor
- County requirements for subrecipient monitoring (2 *CFR 200.332*)
- Understand **grant clusters**

SEFA Data Elements Example

Federal Grantor	Pass-Through Grantor	Program Title	ALN #	FAIN
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TYING OUT YOUR NUMBERS TO YOUR GENERAL LEDGER

All grant expenses should match up with revenue in the general ledger (with accrual timing taken into consideration)

CONFIRMATION OF AMOUNTS REIMBURSED TO YOUR ORGANIZATION

CAN YOU DO THIS? WHO DO YOU CONTACT?



Audit Finalized ✓

SEFA Finalized ✓

ALL DONE,
RIGHT?



WHAT'S THE DATA COLLECTION FORM (FAC.GOV)?



COMMON ISSUES WITH FEDERAL AWARDS

Not having an adequate picture of total spending

Not having proper grant support

Grant funds – suspension & debarment

Grant funds – procurement – bids – documentation
(if you didn't document it, you didn't do it)

Sub recipient monitoring & initial risk assessment of
grantee



AUDIT FINDINGS



EXAMPLES:

Unfortunately, this is not an unusual one: Not reconciling bank accounts to the ledger

Using a software that was Microsoft Access databases that could be opened from the server with no audit trail

Deposits not making it to the bank when a City Clerk had taken pictures of the cash that made up the deposit

Transactions recorded based on budget rather than actual transaction and fabricated credit card stmts

Bobby



THANK YOU! QUESTIONS?

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