State of Wyoming Operating Procedure and Guidance for Administration of Federal Funds

In order to ensure federal funds received by the State of Wyoming are properly administered and reported in compliance with federal requirements, the Wyoming State Auditor's Office (SAO) and Wyoming Department of Audit (DOA) hereby issue the following Standard Operating Procedure (SOP) and Guidance.

<u>Background:</u>

In fiscal year 2025, several State of Wyoming agencies received audit findings related to the improper reporting of federal funds by state agencies delegating federal funds to other state agencies. Over the past several years, it has become common practice for state agencies in Wyoming to receive federal funds and subsequently delegate those funds to other state agencies. As this practice is likely to continue and increase, additional guidance is needed to manage these processes effectively.

The first finding, 2025-016, identified and specifically addressed inaccurate Schedule of Expenditures of Federal Awards (SEFA) reporting by state agencies who were receiving and delegating federal funds to other state agencies. *State of Wyoming, Compliance Report, Entity Identification Number 83-0208667, Fiscal Year Ended June 30, 2025 (2025 Compliance Report), page 41.* The second, related finding, 2025-028 identified confusion around agencies' roles and responsibilities in the proper administration of federal funds when federal funds were delegated to another agency, specifically related to: SEFA reporting, Federal Funding Accountability and Transparency Act (FFATA) reporting, federal financial reporting and subrecipient monitoring. *2025 Compliance Report, page 55.*

In response to these findings, the external auditors provided recommendations regarding SEFA reporting and clarification of agency roles and responsibilities. *See 2025 Compliance Report*.

- <u>State Agency SEFA Reporting Guidance</u>: Given the increasing number of state agencies that are delegating federal funds to other state agencies, we recommend the SAO develop a supplemental reporting mechanisms that would a) identify which agencies have delegated/received federal funds to/from other agencies and b) capture the expenditures of the agency to which Federal funds were delegated in a manner similar to what is currently requested on the SEFA.

- <u>State Agency Roles and Responsibilities</u>: Given the increasing number of state agencies that are delegating federal funds to other state agencies, we recommend the SAO and DOA collaborate and prepare an SOP that clearly outlines each agency's respective roles and responsibilities to ensure the federal funds are properly administered in compliance with the federal requirements, inclusive of the following: SEFA reporting, FFATA reporting, federal financial reporting, and subrecipient monitoring.

State Agency SEFA Reporting Guidance:

1. Agencies receiving federal funds directly from the federal government should continue completing and submitting the SAO SEFA form(s). Quarterly SEFAs are due to the SAO on October 31st, January 31st and April 30th. A draft SEFA is due to the SAO on July 15th and a final SEFA is due to the SAO on August 15th.

2. Beginning July 1, 2026, all state agencies should disclose whether or not they delegated federal funds to another state agency or received delegated federal funds from another state agency. This disclosure should be made on the *N/A Year End Reporting* form submitted to the SAO by July 15th of each year.

3. Beginning July 1, 2026, all state agencies who have received delegated federal funds from other state agencies should complete the new SAO *State Agency Subawardee Reporting Form* and timely submit this form to the agency providing the delegated federal funds.

4. It is recommended that all agencies attend SEFA trainings offered by the SAO.

State Agency Roles and Responsibilities Guidance:

The information below clarifies each agency's role and responsibilities in ensuring federal funds are properly administered in compliance with federal requirements when delegating federal funds to another agency, specifically: SEFA reporting, FFATA reporting, federal financial reporting and subrecipient monitoring. A diagram outlining roles, responsibilities and processes is included at the end of this document. *See State Agency Federal Reporting Diagram.*

SEFA Reporting

1. Agencies receiving federal funds directly from the federal government (Prime Recipient Agency) should continue completing and submitting the SAO SEFA form. Quarterly SEFAs are due to the SAO on October 31st, January 31st and April 30th. A draft SEFA is due to the SAO on July 15th and a final SEFA is due to the SAO on August 15th.

2. Agencies who have received delegated federal funds from other state agencies (State Agency Subawardee) should complete the new SAO *State Agency Subawardee Reporting Form* and submit this form to the agency providing delegated federal funds (Prime Recipient) so they can timely and accurately submit SEFA forms to the SAO.

3. All State Agency Subawardees shall submit the new SAO *State Agency Subawardee Reporting Form* to the Prime Recipient Agency at least five (5) business days before the Prime Recipient Agency's quarterly, draft and final SEFAs are due to the SAO.

Federal Financial Reporting

1. The Prime Recipient Agency is responsible for all federal financial reporting to the cognizant federal agency providing the federal funds unless otherwise directed by the federal agency or federal law.
2. The Prime Recipient Agency should complete all federal financial reporting on a cash basis unless the federal agency mandates accrual basis reporting.
3. The Prime Recipient Agency should include the cash expenditures of its State Agency Subawardee for the respective period on the federal financial report (versus any IET expenditures made to the State Agency Subawardee). The Prime Recipient Agency is responsible for establishing the due date of the respective time period's cash expenditures of the State Agency Subawardee in order to allow the Prime Recipient Agency sufficient time to meet its federal financial reporting requirements.
4. The Prime Recipient Agency should develop a written federal draw policy and perform timely federal draws as often as is allowed by the cognizant federal agency and in no event less frequently than quarterly.

FFATA Reporting

1. The Prime Recipient Agency is responsible for all FFATA reporting to the Office of Management and Budget (OMB) and Treasury (Bureau of Fiscal Services) unless otherwise directed by the federal agency or federal law.
2. The Prime Recipient Agency is responsible for communicating the due date of any subawards made by the State Agency Subawardee in order to allow the Prime Recipient Agency sufficient time to meet its FFATA reporting requirements.

Subrecipient Monitoring

1. The Prime Recipient Agency and State Agency Subawardee are <u>both</u> responsible for the monitoring of subrecipients and must follow all federal subrecipient monitoring requirements. State Agency Subawardees must monitor subrecipients in the same way a Prime Recipient Agency monitors subrecipients.

Other

1. It is recommended that Prime Recipient Agencies enter into formal interagency agreements with State Agency Subawardees to clarify roles, responsibilities and reporting timelines. Each federal award or grant may be different and it is important for all parties to understand applicable federal requirements.

2. It is recommended that all agencies attend federal reporting, FFATA and subrecipient monitoring trainings offered by the DOA.

STATE AGENCY
FEDERAL REPORTING DIAGRAM