

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)**

**GENERAL INSTRUCTIONS FOR STATE AGENCIES**

**GENERAL INSTRUCTIONS FOR THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

- a) If your department had **NO** federal awards for the year ended June 30, 2021, you should only return **SEFA 1B (Cover Letter for Agency Having No Federal Awards)**.
- b) If your department had federal awards for the year ended June 30, 2021, you must return each of the following:
- SEFA 1A (Cover Letter for Agency Having Federal Awards)
  - SEFA 2 (Schedule of Expenditures of Federal Awards - Cash Programs)
  - SEFA 2- ARRA (Schedule of Expenditures of Federal Awards - Cash Programs) from the American Recovery and Reinvestment Act.
  - SEFA 2- CARES (Schedule of Expenditures of Federal Awards - Cash Programs) from the Coronavirus Aid, Relief and Economic Security Act.
  - SEFA 2- CPRSA (Schedule of Expenditures of Federal Awards - Cash Programs) from the Coronavirus Preparedness and Response Supplement Act.
  - SEFA 2- FFCRA (Schedule of Expenditures of Federal Awards - Cash Programs) from the Families First Coronavirus Relief Act.
  - SEFA 2- PPP (Schedule of Expenditures of Federal Awards - Cash Programs) from the Paycheck Protection Program and Healthcare Enforcement Act.
  - SEFA 2- CRRSA (Schedule of Expenditures of Federal Awards - Cash Programs) from the Coronavirus Response and Relief Supplemental Appropriations Act.
  - SEFA 2- ARPA (Schedule of Expenditures of Federal Awards - Cash Programs) from the American Rescue Plan Act.
  - SEFA 3 (Schedule of Expenditures of Federal Awards - Noncash Programs)
  - SEFA 4 (Schedule of Research and Development Expenditures)
  - SEFA 5 (Notes to the Schedule of Expenditures of Federal Awards)
  - SEFA 6 (Schedule of Subrecipients)
  - SEFA Agency Checklist

If the information requested on a particular form is not applicable to your department, check the **"NOT APPLICABLE"** box on the form and submit with the other forms. **Please submit all forms.**

- 2) Please use the sample schedules provided as a guide in the preparation of your department's schedules. Where unusual circumstances exist or clarification of a given amount is needed, **please provide as much explanation as possible** in order for us to gain a full understanding of the schedules' contents. This is especially important since the schedules from many departments will be combined for the final report. The schedules must be on a compatible basis for their consolidation to be meaningful.
- 3) For all schedules, programs should be arranged in order by **CFDA number**. Those programs having no catalog number should be listed at the end of each schedule under "Other Federal Assistance."

- 4) Within each schedule, number the pages 1 of 4, 2 of 4, etc.
- 5) The persons preparing and approving each schedule should be identified on the bottom of the page, along with their telephone numbers. For agencies receiving CPA audits, please provide the name and telephone number of a contact person at the CPA firm in the **Notes to SEFA (SEFA 5)**. This information will assist us in resolving any questions that may arise during this process.
- 6) Please keep a copy of the schedules and reconciliation for your files.
- 7) For all schedules:
  - Round all amounts to the nearest dollar. Formulas have been added to the forms.
  - Write the state department's name in the blank at the top of SEFA 2 through SEFA 6.
  - When listing program names and grant names, please list the full names. Avoid abbreviations and avoid inconsistencies. (Example: Special Supplemental Nutrition Program for Women, Infants, and Children instead of WIC.)
  - When listing award or grant numbers, be consistent in using hyphens. (Example: 04-85KY4100, 0485-KY-4100, and 04-85-KY-41-00 are all inconsistent although they refer to the same grant. The number should be the same for all references.)
  - When listing award or grant period, use month/year - month/year. (Example: 9/17-8/18.)
  - On all schedules indicate if the information on that schedule is from an ARRA/CARES award (i.e. on schedule 6 if there is ARRA/CARES funds going to a subrecipient note on the schedule that this pertains to ARRA /CARES funds). In addition, when there is a CFDA # that has both regular and ARRA/CARES funds you must identify the regular, ARRA, and CARES funds separately.
  - When a particular field of information is "not available" or "not applicable" (such as award/grant number or period), please show it as such.
  - Schedule each federal program on a separate page, showing a program subtotal and indicating if the program is direct or pass through.
  - On the bottom of the last page of the schedule, **show a total for all programs**.
- 8) Whenever a grant number is required on any schedule, use the federal grant number, not a state account number.

**GENERAL INSTRUCTIONS FOR THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**

Your assistance in these areas will greatly facilitate the compilation of all the departments' schedules into one consistent statewide schedule. If you have any questions concerning the completion of these schedules, please contact [Pam Howarah](#) at 502-564-8637, or [Joe McDaniel](#) at 502-564-5120

**SEFA 1 - COVER LETTER**  
**INSTRUCTIONS AND SAMPLE LETTERS**

**INSTRUCTIONS FOR SEFA 1 - COVER LETTER**

- 1) If you had no federal awards, submit cover letter SEFA 1B.
- 2) If you reported federal programs on the schedules (SEFA 2 through 6), submit cover letter SEFA 1A.
- 3) On SEFA 1A, if you are not able to make the representations requested, please provide an explanation as to why.
- 4) The cover letter should be typed on department letterhead, and should be signed by the department head or their representative.
- 5) At the bottom of the cover letter, please list all of the organizational units covered by the letter. Where applicable, identify the three-digit department number.

SEFA 1A  
SAMPLE

--COVER LETTER FOR DEPARTMENT HAVING FEDERAL AWARDS--

**The cover letter shown below is an example that should be followed by the department receiving federal awards. Other points may be added, but the basic elements as shown below must be included. Appropriate department letterhead should be used. The department head or their representative should sign the letter. Please explain any qualifications to the representations contained in the cover letter.**

Date

Ed Ross, Controller  
Room 483, Capitol Annex  
Frankfort, Kentucky 40601

Attention: Phil Nally  
Financial Reporting Branch  
Room 483, Capitol Annex  
Frankfort, Kentucky 40601

Dear Mr. Ross:

In connection with the preparation of our agency's Schedule of Expenditure of Federal Awards (SEFA) for the year ended June 30, 2021, we confirm, to the best of our knowledge and belief, the following representations made to your representatives through the submission of the schedules relating to federal awards:

- 1) We have, in accordance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (OMB OMNI Circular) (2 CFR 200), identified and accurately reported in the SEFA, all assistance provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance during the audit period.
- 2) We have identified and fully disclosed the amount of research and development expenditures for each federal program, if applicable.
- 3) We have identified and fully disclosed in the notes to the Schedule of Expenditures of Federal Awards all amounts questioned, all known noncompliance with applicable laws and regulations, and any communications from federal or other state departments concerning noncompliance with applicable laws and regulations relating to the federal programs that could have a

material effect on our federal awards. (Explain any qualifications to this statement.)

- 4) We have disclosed all subrecipients in the Schedule of Subrecipients, relating to our federal programs. [Omit this item if there are no subrecipients].
- 5) We have verified and disclosed all funds passed through to or received from other state departments in the Schedule of Expenditures of Federal Awards and the notes to the schedule.
- 6) We have reconciled information contained in the Schedule of Expenditures of Federal Awards - cash programs to eMARS and eMARS Reporting or the agency's accounting system if the agency does not use eMARS.

This letter covers the following organizational units:

<u>Dept. Number</u>	<u>Department Name</u>
XXX	Office of the Secretary
XXX	Department of AAA
XXX	Department of BBB
XXX	Commission on CCC

Dun & Bradstreet Data Universal Numbering System (DUNS) Number:

Employer Identification Number (EIN):

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



SEFA 1B  
SAMPLE

COVER LETTER FOR DEPARTMENT HAVING NO FEDERAL AWARDS

**The cover letter shown below is an example that should be followed by the department receiving NO federal assistance. Appropriate department letterhead should be used. The department head or their representative should sign the letter.**

Date

Ed Ross, Controller  
Room 483, Capitol Annex  
Frankfort, Kentucky 40601

Attention: Phil Nally  
Financial Reporting Branch  
Room 483, Capitol Annex  
Frankfort, Kentucky 40601

Dear Mr. Ross:

In connection with your request of our department to prepare our Schedule of Expenditures of Federal Awards (SEFA) for the year ended June 30, 2021, we confirm, to the best of our knowledge and belief, the following representations relating to federal awards:

- 1) During the period referred to above, we did not receive or otherwise participate in any federal awards - cash programs.
- 2) During the period referred to above, we did not receive or otherwise participate in any federal awards - noncash programs.

This letter covers the following organizational units:

<u>Dept. Number</u>	<u>Department Name</u>
XXX	Office of the Secretary
XXX	Department of AAA
XXX	Department of BBB
XXX	Commission on CCC

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**SEFA 2 - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CASH)**

**INSTRUCTIONS AND SAMPLE SCHEDULE**

## **INSTRUCTIONS FOR SEFA 2 - SCHEDULE OF CASH PROGRAMS**

- 1) Report all federal awards received in the form of cash. Federal awards are defined by 2 CFR Section 200.38 as: Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass through entities.

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

These awards may be received directly from the federal grantor or as a pass through from another state department or local governmental unit.

All federal programs should be individually identified, including those completed or terminated during the audit period. Prior year programs/grants which are still open should be reported even when no funds were received or expended during the audit period.

Include on this schedule any federal funds received by your department that are deposited or transferred to the Capital Projects Fund. The Finance and Administration Cabinet does not report these federal programs on their schedule. The departments are responsible for providing this information.

- 2) Information contained in the schedule should be reconciled to eMARS Reporting, an extract of eMARS. **Reconcile all the information on this schedule to eMARS and submit these workpapers with your completed SEFA package to the Finance and Administration Cabinet.** This will ensure the SEFA agrees to the official accounting records of the Commonwealth, which will have been agreed to the Commonwealth's basic financial statements.

If your department does not operate through eMARS, the schedule should be reconciled to the department accounting system supporting your department's financial statements. This reconciliation must be submitted with your completed SEFA package to the Finance and Administration Cabinet.

**INSTRUCTIONS FOR SEFA 2 - SCHEDULE OF CASH PROGRAMS (Continued)**

- 3) To the extent possible, present the schedule on the modified cash basis of accounting as recorded in eMARS (including the closeout period). This will facilitate the reconciliation of the schedule to the eMARS information.

Disclose the basis of accounting in Note 1 of the Notes (See Sample SEFA 5). If on a basis other than cash, explain this fully in Note 1.

If the basis of accounting for the FY 2020 schedule differs from that used for the FY 2021 schedule, please disclose this in Note 1.

- 4) Federal awards to your department should be shown by 1) federal program and 2) grants within that program. The Catalog of Federal Domestic Assistance will define federal programs. Each program will have a separate number. For example, the Special Supplemental Nutrition Program for Women, Infants, and Children is number 10.557. The Catalog of Federal Domestic Assistance is available on the Internet at [www.cfda.gov](http://www.cfda.gov). In some cases, the department will receive only one grant under a particular program. In other cases, there may be several (e.g., Title 1, Title 2, etc.). It may be advisable to show different grant years under one program in order to facilitate understanding of the financial activity within each year.

With the passage of the **American Recovery and Reinvestment Act of 2009 (ARRA)** there are additional requirements pertaining to SEFA. There is a requirement to account for these programs separately on eMARS and to report these funds separately on SEFA. The agencies will report ARRA activities on SEFA 2-ARRA (form is provided in package). SEFA 2-ARRA will be completed the same as SEFA 2. The only difference is that SEFA 2-ARRA will be identified as ARRA funds and the fund type will be replaced by fund; therefore when completing SEFA 2-ARRA follow the SEFA 2 Instructions.

**Also be aware that some ARRA funds will have the same CFDA number as non-ARRA funds. Do not combine these amounts on SEFA 2 or SEFA 2-ARRA. The ARRA funds will go on SEFA 2-ARRA and the non-ARRA funds will go on SEFA 2.**

With the passage of the **Coronavirus Aid, Relief and Economic Security (CARES) Act of 2020** there are additional requirements pertaining to SEFA. There is a requirement to account for these programs separately on eMARS and to report these funds separately on SEFA. The agencies will report CARES activities on SEFA 2-CARES (form is provided in package). SEFA 2-CARES will be completed the same as SEFA 2. The only difference is that SEFA 2-CARES will be identified as CARES funds and the fund type may be replaced by fund; therefore when completing SEFA 2-CARES follow the SEFA 2 Instructions.

**Also be aware that some CARES funds will have the same CFDA number as non-CARES funds. Do not combine these amounts on SEFA 2 or SEFA 2-CARES. The CARES funds will go on SEFA 2-CARES and the non-CARES funds will go on SEFA 2.**

With the passage of the **Coronavirus Preparedness and Response Supplemental Act (CPRSA) of 2020** there are additional requirements pertaining to SEFA. There is a requirement to account for these programs separately on eMARS and to report these funds separately on SEFA. The agencies will report CPRSA activities on SEFA 2-CPRSA (form is provided in package). SEFA 2-CPRSA will be completed the same as SEFA 2. The only difference is that SEFA 2-CPRSA will be identified as CPRSA funds and the fund type may be replaced by fund; therefore when completing SEFA 2-CPRSA follow the SEFA 2 Instructions.

**Also be aware that some CPRSA funds will have the same CFDA number as non-CPRSA funds. Do not combine these amounts on SEFA 2 or SEFA 2-CPRSA. The CPRSA funds will go on SEFA 2-CPRSA and the non-CPRSA funds will go on SEFA 2.**

With the passage of the **Families First Coronavirus Relief Act (FFCRA) of 2020** there are additional requirements pertaining to SEFA. There is a requirement to account for these programs separately on eMARS and to report these funds separately on SEFA. The agencies will report FFCRA activities on SEFA 2-FFCRA (form is provided in package). SEFA 2-FFCRA will be completed the same as SEFA 2. The only difference is that SEFA 2-FFCRA will be identified as FFCRA funds and the fund type may be replaced by fund; therefore when completing SEFA 2-FFCRA follow the SEFA 2 Instructions.

**Also be aware that some FFCRA funds will have the same CFDA number as non-FFCRA funds. Do not combine these amounts on SEFA 2 or SEFA 2-FFCRA. The FFCRA funds will go on SEFA 2-FFCRA and the non-FFCRA funds will go on SEFA 2.**

With the passage of the **Paycheck Protection Program (PPP) and Healthcare Enforcement Act of 2020** there are additional requirements pertaining to SEFA. There is a requirement to account for these programs separately on eMARS and to report these funds separately on SEFA. The agencies will report PPP activities on SEFA 2-PPP (form is provided in package). SEFA 2-PPP will be completed the same as SEFA 2. The only difference is that SEFA 2-PPP will be identified as PPP funds and the fund type may be replaced by fund; therefore when completing SEFA 2-PPP follow the SEFA 2 Instructions.

**Also be aware that some PPP funds will have the same CFDA number as non-PPP funds. Do not combine these amounts on SEFA 2 or SEFA 2-PPP. The PPP funds will go on SEFA 2-PPP and the non-PPP funds will go on SEFA 2.**

With the passage of the **Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act of 2021** there are additional requirements pertaining to SEFA. There is a requirement to account for these programs separately on eMARS and to report these funds separately on SEFA. The agencies will report CRRSA activities on SEFA 2-CRRSA (form is provided in package). SEFA 2-CRRSA will be completed the same as SEFA 2. The only difference is that SEFA 2-CRRSA will be identified as CRRSA funds and the fund type may be replaced by fund; therefore when completing SEFA 2-CRRSA follow the SEFA 2 Instructions.

**Also be aware that some CRRSA funds will have the same CFDA number as non-CRRSA funds. Do not combine these amounts on SEFA 2 or SEFA 2-CRRSA. The CRRSA funds will go on SEFA 2-CRRSA and the non-CRRSA funds will go on SEFA 2.**

With the passage of the **American Rescue Plan Act (ARPA) of 2021** there are additional requirements pertaining to SEFA. There is a requirement to account for these programs separately on eMARS and to report these funds separately on SEFA. The agencies will report ARPA activities on SEFA 2-ARPA (form is provided in package). SEFA 2-ARPA will be completed the same as SEFA 2. The only difference is that SEFA 2-ARPA will be identified as ARPA funds and the fund type may be replaced by fund; therefore when completing SEFA 2-ARPA follow the SEFA 2 Instructions.

**Also be aware that some ARPA funds will have the same CFDA number as non-ARPA funds. Do not combine these amounts on SEFA 2 or SEFA 2-ARPA. The ARPA funds will go on SEFA 2-ARPA and the non-ARPA funds will go on SEFA 2.**

If a grant does not appear to be part of an overall federal program with a corresponding catalog number, list it separately at the end of the schedule under “Other Federal Assistance”.

- 5) Federal awards should be distinguished as either direct programs or pass through programs. Direct programs are those where funds are received directly from the federal grantor. Pass through programs are those where funds are received from another governmental unit, the one who was awarded the grant. Please note the state department awarded the grant by the federal government is the recipient of the award and would account for the money as direct, even if the money were electronically sent to another state department at the request of the recipient. The other state department is a pass through department. When programs are considered “pass throughs,” list the department from which funds were passed (i.e., "Passed through From Cabinet for XYZ).

When completing the schedule, the direct portion of the program should be presented first followed by any pass throughs. See Sample SEFA 2.

**INSTRUCTIONS FOR SEFA 2 - SCHEDULE OF CASH PROGRAMS (Continued)**

- 6) The Finance and Administration Cabinet and the Auditor of Public Accounts uses the columns for fund type, major program, program code, program period code, function, and sub-function in SEFA 2 to obtain the eMARS reports needed to agree the agency's submitted expenditures to the eMARS information in the eMARS Reports.
- 7) Columns A through L should include only the federal portion of program activity (which could occur in different funds). Do not include any state or local matching activity in these columns.

Cumulative information in columns B and C represents a summary of what has occurred before FY 2020. The Finance and Administration Cabinet and the Auditor of Public Accounts will use this information in verifying the accuracy of the schedule.

Columns D through L represent the current year activity for FY 2021.

- 8) Column A - The total adjusted grant award must equal the original grant award and all authorized adjustments through the year ended June 30, 2021.
- 9) Column B - Cumulative receipts as of June 30, 2020, includes cash received from the federal government and cash passed through from other department federal grants or other sources, to fund federal expenditures. This amount should be evidenced by cash receipt documents and journal vouchers.

Cumulative receipts should include everything reported in the prior schedule as "Cash Receipts," "Passed Through From Other Agencies," "Other Additions," and "Cumulative Receipts," plus the effect of any adjustment to beginning balance as discussed in item 11) below.

- 10) Column C - Cumulative expenditures as of June 30, 2020, is the sum of the federal funds disbursed on each grant through that date. This total should be evidenced by expenditure documents for the federal share of the expenditures.

Cumulative expenditures should include everything reported in the prior schedule as "Cash Expenditures," "Paid to Grantor," "Passed Through To Other Agencies,"

"Other Deductions," and "Cumulative Expenditures," plus the effect of any adjustment to beginning balance as discussed in item 11) below.

**INSTRUCTIONS FOR SEFA 2 - SCHEDULE OF CASH PROGRAMS (Continued)**

- 11) Column D - The beginning balance should consist of amounts due from grantor, unearned revenue for active grants, amounts due to grantor for terminated grants, or zero. The beginning balance must equal the difference between column B and column C (as of 7/1/20).

The beginning balance should equal the ending balance by program on the FY 2020 schedule. If it does not, explain in the Notes (SEFA 5) why the beginning balance was adjusted. The explanation should be in sufficient detail to allow the Finance and Administration Cabinet and the auditors to understand the nature of the adjustment. Examples of when a beginning balance would be adjusted are 1) to add a grant erroneously omitted from the FY 2020 schedule, and 2) to correct the amount of a grant balance previously reported.

To determine the beginning balance on the FY 2021 schedule, you should refer to your copy of the FY 2020 Schedule of Expenditures of Federal Awards.

- 12) Column E - Cash receipts should consist only of federal funds received from federal grantors during the year ended June 30, 2021. These amounts should be evidenced by cash receipt documents and should be traceable to eMARS. Interdepartmental revenues (grant funds received from another state department) should not be presented in this column.
- 13) Column F - Pass throughs from other departments (including revenue redistributions) should consist of federal funds received from other federal grants (either from inside the department or from another state department) to fund federal expenditures. When a department is a subrecipient of another state department, those funds received should be shown in this column. If you are not able to determine if you are considered a subrecipient or a vendor, it may be necessary to contact the other state department to determine their treatment of the transaction(s).

**The subrecipient agency (the state agency receiving federal funds from another state agency) should report the funds received as revenue and the resulting use of these funds as expenditures. The funds received should be shown as revenue in eMARS and reported in Column F on SEFA 2. Column E plus Column F on SEFA 2 should equal revenues for that particular federal catalog number in eMARS.**

All amounts in this column must be explained in the Notes. (See Sample SEFA 5.)



**INSTRUCTIONS FOR SEFA 2 - SCHEDULE OF CASH PROGRAMS (Continued)**

- 14) Column G - Other additions should consist of all federal amounts received during the period from sources other than those included in (E) and (F), such as refunds from subgrantee departments, and pass through federal funds received from a non-state department (Example: federal funds received from a county government). Also, a refund of prior year expenditures and program income would be shown in this column.

All amounts in this column must be explained in the Notes. (See Sample SEFA 5.)

- 15) Column H - Cash expenditures should consist only of federal expenditures for the period. The amounts should be reconciled to eMARS on a grant-by-grant basis. Expenditure amounts should also be reconciled to grantor financial reports.

Vendor type payments made to state departments should be shown in this column. Pass through type payments to state departments should not be shown in column H but in Column J as a pass through. Program income should not be deducted from expenditures in column H. Program income should be recorded as income in column G.

A refund of current year expenditures would be reflected in this column.

- 16) Column I - Paid to grantor should consist of amounts paid to grantor departments during the fiscal year; for example, unexpended funds of terminated grants. Usually, this will consist of funds returned directly to a federal grantor. An exception to this would be when you return funds to a department from which you initially received pass through funds. Report the returning funds to a pass through department as a deduction in Column K.

All amounts in this column must be explained in the Notes. (See Sample SEFA 5.)

- 17) Column J - Pass through's to other departments (including revenue redistributions) should consist of funds distributed from the grant to other federal grants (either to inside the department or to another state department) to fund federal expenditures. Passed through amounts between grants within the same department must agree. Payments made to state departments, even if made electronically, except to state universities, would be shown in this column. Report federal funds to a state university subrecipient as an expenditure in Column H. (See 15 above.)

**INSTRUCTIONS FOR SEFA 2 - SCHEDULE OF CASH PROGRAMS (Continued)**

The primary recipient agency (the state agency passing federal funds to another state agency) should not include revenue or expense related to the pass through on SEFA or eMARS. That is the primary recipient agency would reduce its revenue by the amount transferred to the subrecipient agency, rather than report the amount as an expenditure or transfer. On SEFA 2 the primary recipient agency would show total federal draw downs in Column E and the “pass through” in Column J. Column E minus Column J on SEFA 2 should equal total revenues for that particular federal catalog number in eMARS.

Transfers to component units (i.e. Kentucky Housing Corporation, Kentucky Infrastructure Authority) will not be considered a pass through but an expenditure to a subgrantee and would appear in Column H of SEFA 2. These amounts would also be reported on SEFA 6.

All amounts in this column must be explained in the Notes. (See Sample SEFA 5.)

- 18) Column K - Other deductions should consist of payments of federal funds during the fiscal year not covered by (H), (I), or (J).

All amounts in this column must be explained in the Notes. (See Sample SEFA 5.)

- 19) Column L - The ending balance should consist of amounts due from grantor, unearned revenue for active grants, amounts due to grantor for terminated grants, or zero. The ending balance must equal column D, plus E, plus F, plus G, minus H, minus I, minus J, and minus K.

**SEFA 3 - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (NONCASH)**

**INSTRUCTIONS AND SAMPLE SCHEDULE**

**INSTRUCTIONS FOR SEFA 3 - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - NONCASH PROGRAMS**

- 1) Report on this schedule all federal noncash programs which would be covered by the following definition of federal financial assistance from 2 CFR Section 200.40:

Assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance but does not include amounts received as reimbursement for services rendered to individuals.

Examples of noncash programs reported by state departments include:

- Food stamps
- Commodities
- Student loan guarantees
- Surplus property
- Intergovernmental personnel (percent or all of an employee's salary paid by a federal agency)

- 2) Report the amount of noncash assistance distributed (e.g., amount of food stamps or commodities distributed) or the amount used (e.g., amount of personal property placed into use) during the period in the expenditure column.
- 3) If your department received noncash assistance from another state department, the amount your department expended should be reported as passed through from the grantor department on your schedule of noncash federal awards. If your department passed noncash assistance to a second state department, your department should exclude the passed through amount from its program expenditures on its Schedule of Expenditures of Federal Awards – Noncash Programs (SEFA 3). The amount excluded and the department to which it was sent should be presented in a note to the schedule of noncash federal awards.
- 4) Explain the method or basis of valuing the federal assistance. If the value was taken from federal reports, identify the name and/or number of the report.
- 5) If you are in doubt as to whether something meets the definition of federal assistance, report it along with your noted uncertainty.
- 6) To ensure completeness of the schedule, review the prior year schedule and verify that all continued programs are reported on the current year schedule.

**INSTRUCTIONS FOR SEFA 3 - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - NONCASH PROGRAMS (Continued)**

- 7) For inventorial type assistance (such as food stamps and commodity foods), the amount disbursed during FY 2021 should agree to the current year disbursements disclosed in the related note. (See item #6 in the Instructions for SEFA 5 - Notes to the Schedule of Expenditures of Federal Awards.)
- 8) Disclose the basis of presentation for the noncash assistance in Note 1 of the Notes. (See Sample SEFA 5.)

**SEFA 4 – SCHEDULE OF RESEARCH AND DEVELOPMENT EXPENDITURES**

**INSTRUCTIONS AND SAMPLE SCHEDULE**

**INSTRUCTIONS FOR SEFA 4 - SCHEDULE OF RESEARCH AND DEVELOPMENT EXPENDITURES**

2 CFR 200 requires a data collection form to be completed by the Auditor of Public Accounts and Finance and Administration Cabinet officials. Since this form requires research and development expenditures to be reported, we need to collect research and development information from each department.

1. 2 CFR Section 200.87 defines research and development as follows:

Research is a systematic study directed toward fuller scientific knowledge or understanding of the subject studied. The term also includes activities involving the training of individuals in research techniques where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function.

Development is a systematic use of knowledge and understanding gained from research directed toward the production of useful materials, devices, systems, or methods, including design and development of prototypes and processes.

2. Section 1: Research and Development Expenditures - Report in this section all federal programs with research and development expenditures, as defined in the 2 CFR Section 200.87. Report each federal program showing the following:

1. Amount of expenditures related to research and development,
2. Amount of expenditures not related to research and development, and
3. Total of all expenditures for each federal program (total should agree to amount reported on the SEFA 2 (Schedule of Cash Programs) or SEFA 3 (Schedule of Noncash Programs)).

3. Section 2: Research and Development Expenditures Determination - Explain how the department determined the research and development expenditures noted above. Some departments may have research and development expenditures coded in eMARS by function code(s) or activity code(s); however, other departments may track research and development expenditures in other ways. Some departments may determine research and development expenditures without using eMARS.

If the research and development expenditures are coded in eMARS, please indicate appropriate codes for each federal program. If the research and development expenditure amounts are determined, or accounted for, outside of eMARS, please provide a detailed explanation of the process.

**SEFA 5 - NOTES TO THE SCHEDULES**  
**INSTRUCTIONS AND SAMPLE SCHEDULE**



## **INSTRUCTIONS FOR SEFA 5 - NOTES TO THE SCHEDULES**

- 1) If you report any federal programs, you must have Note 1 - Basis of Accounting. Disclose the basis for both cash and noncash awards.
- 2) All amounts reported on SEFA 2 - Cash Programs for Passed Through From Other Departments /Revenue Redistributions (Column F), Other Additions (Column G), Paid To Grantor (Column I), Passed Through To Other Departments /Revenue Redistributions (Column J), and Other Deductions (Column K) must be listed in the notes, as presented on the Sample SEFA 5.
- 3) Noncompliance items discussed in SEFA 1A - Cover Letter must be detailed in the notes, using the format in Sample SEFA 5.
- 4) Add additional notes to disclose any condition, which could be material to, or would enhance the presentation of, your department's Schedule of Expenditures of Federal Awards. An example of this would be the inability to reconcile the amounts on the cash schedule to eMARS reporting. In this case, you should disclose the source of the amounts.

Another example would be the restatement of a federal program/grant beginning balance. (All adjustments to the beginning balance must be disclosed in the notes, regardless of materiality.)

A third example would be the change in CFDA # classification from one year to the next.

(When preparing the Beginning Balance Adjustment and Changes in CFDA # Classification notes, use the program name, which appears in the 2021 Schedule of Expenditures of Federal Awards. If this program name is different from that used in the 2020 schedule, disclose this in the comments column.)

- 5) For loan type programs, disclose in the notes information such as the following:
  - Name of program
  - Federal funding source and amount
  - Investments at fiscal year-end
  - Amount of loans outstanding at beginning of year
  - Amount of new loans made during the year
  - Amount of loans paid off during the year
  - Amount of loans outstanding at end of year

See Note 3 in Volume 1 of the 2020 Statewide Single Audit Report for an example of this type note disclosure.

[http://apps.auditor.ky.gov/Public/Audit\\_Reports/Archive/2020sswakvolumeone.pdf](http://apps.auditor.ky.gov/Public/Audit_Reports/Archive/2020sswakvolumeone.pdf)

**INSTRUCTIONS FOR SEFA 5 - NOTES TO THE SCHEDULES (Continued)**

For inventoriable type assistance (such as food stamps and commodity foods), disclose in the Notes the beginning balance, current year activity (ins and outs), and ending balance. See Note 11 in Volume 1 of the 2020 Statewide Single Audit Report for an example of such note.

[http://apps.auditor.ky.gov/Public/Audit\\_Reports/Archive/2020sswakvolumeone.pdf](http://apps.auditor.ky.gov/Public/Audit_Reports/Archive/2020sswakvolumeone.pdf)

- 6) If a CPA firm performs an audit of the department's SEFA, please provide a contact person and telephone number for the CPA firm.
- 7) List by CFDA number, all new (not previously reported) CFDA numbers and names included in the SEFA and all CFDA numbers and names dropped (no longer reported) from the prior year's SEFA.

**SEFA 6 - SCHEDULE OF SUBRECIPIENTS**  
**INSTRUCTIONS AND SAMPLE SCHEDULE**

## **INSTRUCTIONS FOR SEFA 6 - SCHEDULE OF SUBRECIPIENTS**

The Schedule of Subrecipients is needed to determine whether the subrecipient audit requirement is being met.

2 CFR Section 200.330 defines subrecipient and contractor/vendor as follows:

Subrecipient means a non-Federal entity that expends federal awards received from a pass through entity to carry out a Federal program, but does not include an individual that is a beneficiary of such a program.

Vendor means a dealer, distributor, merchant, or other seller providing goods or services that are required for the conduct of a Federal program. These goods and services may be for an organization's own use or for the use of beneficiaries of the Federal program.

2 CFR Section 200.330 provides characteristics indicative of subrecipients and vendors:

### A Subrecipient:

- (1) Determines who is eligible to receive what Federal financial assistance;
- (2) Has its performance measured against whether the objectives of the Federal program are met;
- (3) Has responsibility for programmatic decision making;
- (4) Has responsibility for adherence to applicable Federal program compliance requirements; and
- (5) Uses the federal funds to carry out a program of the entity as compared to providing goods or services for a program of the pass through entity.

### A Contractor/Vendor:

- (1) Provides the goods and services within normal business operations;
- (2) Provides similar goods or services to many different purchasers;
- (3) Operates in a competitive environment;
- (4) Provides goods or services that are ancillary to the operation of the federal program; and
- (5) Is not subject to the compliance requirements of the federal program.

- 1) The Schedule of Subrecipient (SEFA 6) "amount sent" should not be greater than the "Cash Expenditures" amount shown on the department's SEFA (SEFA 2) or noncash expenditures (SEFA 3). Please be sure to compare the Subrecipient Schedule to the department's SEFA 2 and SEFA 3. Please provide a note on the SEFA 6, if the amounts on the SEFA 6 and SEFA 2 are different, to explain the variances.

**INSTRUCTIONS FOR SEFA 6 - SCHEDULE OF SUBRECIPIENTS (Continued)**

- 2) The subrecipient's state vendor number is critical in consolidating the information due to the numerous ways a subrecipient may be titled. Please make every effort to supply this data.
- 3) This schedule should include subrecipients, regardless of the amount involved. The amount should only include federal expenditures.
- 4) This schedule should include subrecipients, such as local governments, school or special districts, nonprofit organizations, and universities. Do not include state departments on this schedule. Money sent to or received from other state departments appears on SEFA 2 under the pass through to/from columns and on SEFA 5 under Notes 2 and 3.
- 5) If your accounting system does not allow for reporting subrecipients in the requested format (Example: Multi-funding source contracts), please contact [Pam Howarah](#) at 502-564-8637 to discuss an acceptable alternative procedure.
- 6) This schedule should include both cash and noncash assistance. The value of any noncash assistance should be shown in the "amount" column.