United States Department of Agriculture

Food and Nutrition Service

3101 Park Center Drive Room 803

Alexandria, VA 22302-1500

December 12, 2014

Subject: Reporting Expenditures of Supplemental Nutrition Assistance Program (SNAP) Funding in Connection With A-133 Audits for Fiscal Year 2014

To: Regional Administrators
All Regions

This memorandum provides guidance on reporting expenditures of SNAP funds in order to comply with reporting requirements of Office of Management and Budget (OMB) Circular A-133 and OMB guidance implementing the American Recovery and Reinvestment Act of 2009 (ARRA). Our October 31, 2013 subject memorandum pertained to A-133 audits of Fiscal Year 2013. This memorandum updates that document by providing parallel information on Fiscal Year 2014 audits.

As you know, OMB Circular A-133 and its USDA implementing regulations (7 CFR Part 3052) will be superseded by Subpart F (Audit Requirements) to OMB uniform guidance at 2 CFR Part 200. We have nevertheless retained citations for A-133 and Part 3052 in this memorandum because they remain in effect for audits of Fiscal Year 2014. The new rules will become effective with audits of fiscal years beginning on or after December 26, 2014.

I. SNAP Benefits (CFDA 10.551).

A. Guidance for States.

A State shall report its total expenditures for SNAP benefits in the body of the Schedule of Expenditures of Federal Awards (SEFA). The State and its auditors shall also report that information in the Federal Awards Tab of the Single Audit Data Collection Form (SF-SAC). In addition, the State shall include the following statement as a Note to the SEFA:

“The reported expenditures for benefits under the Supplemental Nutrition Assistance Program (SNAP) (CFDA No. 10.551) are supported by both regularly appropriated funds and incremental funding made available under section 101 of the American Recovery and Reinvestment Act of 2009. The portion of total expenditures for SNAP benefits that is supported by Recovery Act funds varies according to fluctuations in the cost of the Thrifty Food Plan, and to changes in participating households’ income, deductions, and assets. This condition prevents USDA from obtaining the regular and Recovery Act components of SNAP benefits expenditures through normal program reporting processes. As an alternative, USDA has computed a weighted average percentage to be applied to the national aggregate SNAP benefits provided to households in order to allocate an appropriate portion thereof to Recovery Act funds. This methodology generates valid results at the national aggregate level but not at the individual State level. Therefore, we cannot validly disaggregate the regular and Recovery Act components of our reported expenditures for SNAP benefits. At the national aggregate level, however, Recovery Act funds account for 0.64 percent of USDA’s total expenditures for SNAP benefits in the Federal fiscal year ended September 30, 2014.”

B. Guidance for Counties.

A county must NOT report expenditures for SNAP benefits in its SEFA or its SF-SAC. This is because SNAP benefits are provided exclusively by electronic benefits transfer (EBT). In an EBT environment, there is no pass-through of Federal funds for SNAP benefits as these funds do not pass through the hands of county agencies. Rather, benefits are processed and expenditures determined by State-level EBT systems. With respect to counties, therefore, SNAP benefits do not meet the definitions of “Federal award” and “Federal financial assistance” in section 105 of A-133 (codified by USDA at 7 CFR section 3052.105).

II. SNAP Administrative Funds (CFDA 10.561).

Data held in the FNS National Data Base and Food Programs Reporting System indicate that States have closed-out their awards of SNAP administrative funds made available under the Recovery Act. Therefore, no expenditures of such funds should appear in the SEFA or SF-SAC for an audit of a State or county fiscal year ending on or after June 30, 2013.

III. Conclusion.

As long as additional Recovery Act funds were made available for SNAP benefits, it was necessary for State agencies and their auditors to report expenditures for this purpose in their SEFAs and SF-SACs as described in this guidance. The provision of such additional funds was terminated as of October 31, 2013 in accordance with section 442 of the Healthy, Hunger-Free Kids Act of 2010 (Public Law 111-296). Therefore, the guidance presented in this memorandum is the final guidance we will issue on this subject. Beginning with their Fiscal Year 2015 audits, States, counties, and their auditors shall not apply this guidance.

Please ensure that this memorandum is shared with your SNAP and Financial Management staffs, SNAP State partners, their auditors, your OIG contacts, and any other interested parties.

Please direct inquiries on this matter to Lael Lubing, Director, Grants and Fiscal Policy Division, at (703) 305-2161 or **lael.lubing@fns.usda.gov**.

/S/

David G. Burr
CFO and Deputy Administrator,
Financial Management

/S/

Jessica Shahin
Associate Administrator
Supplemental Nutrition Assistance Program