

BUDGET LETTER

	NUMBER: 10-20
SUBJECT: REQUIREMENTS FOR REPORT OF EXPENDITURES OF FEDERAL FUNDS (REPORT NO. 13)	DATE ISSUED: August 9, 2010
REFERENCES: STATE ADMINISTRATIVE MANUAL SECTIONS 7974 AND 17130, OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, SUBPART C—AUDITEES	SUPERSEDES:

TO: Agency Secretaries
Department Directors
Departmental Budget Officers
Departmental Accounting Officers
Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE

NOTE: Departments are requested to forward a copy of this Budget Letter (BL) to other personnel dealing with federal grants.

This BL informs state departments of new requirements for reporting federal expenditures when preparing the year-end Report of Expenditures of Federal Funds (Report No. 13). The format for Report No. 13 has been revised and will be required to be submitted to the Department of Finance (Finance), Fiscal Systems and Consulting Unit (FSCU), beginning in the 2010-11 fiscal year. This BL also serves as an update to the State Administrative Manual (SAM) section 7974 Year-End Report No. 13.

BACKGROUND

Pursuant to Office of Management and Budget (OMB) Circular A-133, Subpart C, section .310, the state is required to prepare a Schedule of Expenditures of Federal Awards which provides the total federal awards expended for each individual federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

In addition, departments that receive American Recovery and Reinvestment Act (ARRA) funding must track and report ARRA expenditures and non-ARRA expenditures separately. Recovery Act Bulletin 09-16 advises departments that have ARRA funds to work with the State Controller's Office to establish unique Federal Trust Fund account codes to ensure ARRA receipts are tracked separately from other federal awards.

REVISED YEAR-END REPORT NO. 13

Currently, SAM section 7974 requires departments to prepare Report No. 13 for all federal grants or contracts and requires this report to be kept on file internally. Only federal fund expenditures should be shown on the Report No. 13. The state's share of any jointly funded program should be excluded.

To comply with the provisions of OMB Circular A-133, the format of Report No. 13 has been revised to include the following information for each federal award, effective with fiscal year 2010-11: (1) expenditures, encumbrances, and the total of these two amounts; and (2) CFDA number and program title. In addition, Report No. 13 must segregate ARRA expenditures from non-ARRA expenditures. A sample of the revised Report No. 13 is attached.

For CALSTARS departments, a new expenditure report will be developed to meet the revised Report No. 13 requirements. Additional information on the new CALSTARS report will be distributed via the CALSTARS News and included in the CALSTARS Procedures Manuals.

INSTRUCTIONS

Effective in fiscal year 2010-11, departments are responsible for taking necessary actions to track and report federal expenditures by CFDA number and separately identify ARRA and non-ARRA expenditures. Departments must ensure the program title of each CFDA report is current and accurate as described in the CFDA website at <https://www.cfda.gov>. Departments **will be required** to submit the Report No. 13 for 2010-11 in the revised format to Finance, FSCU in August 2011. Additional instructions for year-end submission requirements will be available by April 2011.

CONTACTS

For additional information or questions regarding the new requirements of Report No. 13, please contact Finance, FSCU at (916) 324-0385 or e-mail fscuhotline@dof.ca.gov.

/s/ Veronica Chung-Ng

Veronica Chung-Ng
Program Budget Manager

Attachment