DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 4-114

Atlanta, Georgia 30334-8400

RUSSELL W. HINTON
STATE AUDITOR
(404) 656-2174

Memo

To: All Agency Heads

From: Russell W. Hinton, State Auditor

Date: October 07, 2011

Re: Grants and Contracts with Nonprofit Organizations

The Department of Audits and Accounts is compiling a listing of all grants and contracts with nonprofit organizations made between July 1, 2010, and June 30, 2011. This information will be included in the Compilation Report of Grants and Contracts with Nonprofit Organizations for the year ended June 30, 2011. The report will be provided to the General Assembly in early 2012. In order to compile the information in time to present it to the General Assembly, we are requesting that you respond to this memorandum no later than October 28, 2011. The Official Code of Georgia Annotated, Section 50-20-5 requires that "state organizations entering into agreements with nonprofit organizations shall report to the state auditor all such agreements and shall provide each individual nonprofit organization's name, fiscal year end, contract amount, and other information as required by the state auditor." State organizations are defined to include "all departments, boards, bureaus, commissions, authorities and other such organizations whose financial activities and balances are included within the State of Georgia Comprehensive Annual Financial Report".

In an effort to improve the efficiency and accuracy of this project and make data submission easier for agency officials, the Nonprofit Contract Submission page on our Department's web site will allow you to enter the NPO contract data directly. For those of you who are familiar with our Federal Expenditures and/or Salaries and Travel data entry procedures, the format of the NPO Contract Submission application is very similar. If you would like to receive the instructions for using this application, please submit your request by email to npo@audits.ga.gov. Please note that even if your agency does not contract with nonprofit organizations, we prefer that you use this application to provide us with this information. However, for your convenience, if your agency and/or any of your attached agencies/entities have no NPO contract data to report, a written response may be provided. In order to compile the information in

time to present it to the General Assembly in early 2012, we are requesting that you input your agency's NPO contract data no later than October 28, 2011.

The reporting of contract data for fiscal year ended June 30, 2011, will be the fifth consecutive year using the current data submission application. We have listed several areas that you should review prior to starting the data submission application.

- The Official Code of Georgia Annotated (OCGA), §50-20-8(b) identifies contracts not subject to the provisions of O.C.G.A. §50-20. Please do not report contracts which meet the exception criteria.
- Entities that are not considered to be nonprofit organizations should not be reported when using the NPO contract submission application. Examples of contracts not reported as part of this process would be those with (1) county governments, municipalities, other political subdivisions, regional commissions (formerly regional development centers) which have separate reporting requirements to DOAA; (2) local boards of education or local school systems; (3) community service boards; (4) housing authorities (unless a housing authority creates a nonprofit organization, then the contract to the nonprofit organization should be reported); (5) any entity that is part of the State of Georgia reporting entity, including units of the University System of Georgia; and (6) federal government agencies.
- Please review the contact information for all nonprofit organizations for which you are reporting contract data. The Federal Employer Identification Number (FEIN) and the date of the organization's fiscal year end should also be reviewed very carefully. The FEIN should be reviewed to ensure that the contract data is entered for the correct nonprofit organization. The date of the organization's fiscal year end will be used to determine their compliance status with requirements of O.C.G.A. §50-20.
- Review contract dates. Our application will not allow contracts outside of the fiscal year being reported. For multiple year contracts, only the payments made for the reporting fiscal year should be included. Please note that we are requesting that the information you submit cover grants awarded during the entire State Fiscal Year 2011.
- Review award amounts to ensure that amounts reported agree to agency records.
- Due to the volume of contracts entered, please allow sufficient time for completing the submission process by the specified deadline, keeping in mind that several steps may require DOAA approval prior to submission of your contract data.
- If your contract/grant agreement with nonprofit organizations specifies that the NPO's financial statements should be submitted to DOAA, please include our current mailing address:

  Georgia Department of Audits and Accounts
  Nonprofit and Local Government Audits Division
  270 Washington Street, S.W., Room 1-156
  Atlanta, Georgia 30334-8400

The data submission application described above was implemented during the reporting of the contract data for the fiscal year ended June 30, 2007. Most state organizations have since complied with state law and provided the necessary information. The Compilation Report of Grants and Contracts with Nonprofit Organizations will indicate which state entities as well as any administratively attached state organizations did not comply with O.C.G.A. §50-20-5. State departments with administratively attached state agencies should ensure that those attached agencies comply with O.C.G.A. §50-20-5. One of the requirements of O.C.G.A. §50-4-3 is that the department to which an agency is assigned for

administrative purposes only shall "provide record keeping, reporting and related administrative and clerical functions for the agency." Please ensure that any administratively attached agencies comply with O.C.G.A. §50-20-5.

The Official Code of Georgia Annotated, Sections 50-20-1 through 8 provide auditing and reporting requirements for nonprofit organizations contracting with entities of the State of Georgia. Depending on the amount of expenditures from federal or state funding sources, nonprofit organizations are required to submit audited or unaudited financial statements to the State Auditor and each contracting state organization within 180 days of the close of its fiscal year. Please review these code sections and familiarize yourself with the responsibilities of state organizations contracting with nonprofit organizations.

If you have any questions or require any additional information, please email npo@audits.ga.gov or contact the Nonprofit Audits Section at (404) 656-9145. Thank you in advance for your cooperation.