



DEPARTMENT OF AUDITS AND ACCOUNTS

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

Atlanta, Georgia 30334-8400

GREG S. GRIFFIN
STATE AUDITOR
(404) 656-2174

October 1, 2020

To: Agency Heads and Chief Financial Officers

The Official Code of Georgia Annotated (O.C.G.A), 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.”

The Department of Audits and Accounts is compiling a listing of all contracts initiated as well as contract payments to nonprofit organizations made between July 1, 2019, and June 30, 2020. This information will be included in the *Report of State Organization Contracts with Nonprofit Organizations* for the year ended June 30, 2020. The *Report of State Organization 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. The report will be provided to the General Assembly in early 2021. In order to summarize the information in time to present it to the General Assembly, we are requesting that you respond to this memorandum no later than October 30, 2020.

The information requested above should be submitted to the NPO Contract Submission application at <https://www.audits.ga.gov/auth>. Please bookmark this website for future reference. The instructions for using this application may be located at <http://www.audits.ga.gov/NALGAD/NpoContractDataSubmissions.html>. If your agency or any of your administratively attached organizations do not contract with nonprofit organizations, you are required to use this application to certify that no contracts exist.

The following data will be collected.

- Grant or Contract Number
- Users will be asked if the contract is a multiple year contract
- Total Federal Contract Amount
- Federal Payment Amount (payments made during fiscal year)
- CFDA # for Pass-Through Amounts
- Purpose of Grant or Contract
- Grant or Contract Date
- State Chart of Account (SCOA) Number
- Total State Contract Amount
- State Payment Amount (payments made during fiscal year)
- NPO Name (along with FEIN)

The O.C.G.A., Sections 50-20-1 through 8 provide auditing and reporting requirements for nonprofit organizations contracting with entities of the State of Georgia. The amount of expenditures from federal or state funding sources, determines whether 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. Nonprofit organizations are required to submit financial statements to our office based on the contract data submitted by state organizations. Electronic submissions of financial statements are encouraged.

We have compiled a list of references and other key information for you to familiarize yourself with prior to submitting your data.

Definitions

- State organizations 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.
- A grant is a financial award given to an organization to be used toward a specific purpose.
- A contract is a legally binding agreement between two parties.

Federal Employer Identification Numbers (FEIN)

- Based on information previously submitted to DOAA, the name and FEIN of the nonprofit organization will be populated when entering the contract data. If the nonprofit organization does not exist in our database, you will receive an error message. Request that the organization be added.
- The contract information, FEIN, and the date of the nonprofit 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.

Reporting Exceptions

- The O.C.G.A. §50-20-8(b) identifies contracts not subject to the provisions of O.C.G.A. §50-20. Generally, exceptions are procurement contracts used to buy goods or services from vendors, individual employment contracts and benefit payments on behalf of individuals for health care or other services. Please do not report contracts which meet the exception criteria.
- Grants and contracts with entities that are not considered to be nonprofit organizations should not be reported. Typically these grants and contracts 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.

Multi-year Contracts

- When entering the contract data, users will be asked if the contract is a multiple year contract.
- For multiple year contracts, the total contract amount for State or Federal awards will be entered in the first year. Total contract amounts will be prepopulated for subsequent years.
- Multiple year contracts also include any contract awarded in one fiscal year with payments made in a subsequent year.

Tips for Review

- Review award amounts to ensure that amounts reported agree to agency records. Award amounts should be reasonable and are not likely to be \$1 or \$2.
- Review payment dates. We are requesting that the information you submit cover contract payments made during the entire State Fiscal Year 2019. Our application currently will not allow contract payments outside of the fiscal year being reported. For multiple year contracts, only the payments made for the reporting fiscal year should be included.
- Review contract purposes for readability and completeness. Contract purposes should be easily readable for the readers of the report. Incomplete purpose submissions include: renewal of contract/grant, extension of contract/grant, increase funds, and amendment to contract/grant. Also, abbreviations should be properly defined.
- The State's chart of accounts includes two accounts for contractual services and grants with nonprofit organizations: 653200 Contracts – Nonprofit Organizations and 707012 Grants – Nonprofit Organizations. Additionally accounts 707030-707038 Grants – GDECL may hold relevant transactions.

Due to the volume of contract payments 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 you have any questions or require any additional information, please email npo@audits.ga.gov or contact Jackie Neubert at (404) 651-8938. Thank you in advance for your cooperation.

Respectfully submitted,



Kristina Turner
Deputy State Auditor

KAT/jn