

# U.S. Department of Labor

Office of Inspector General—Office of Audit

## SINGLE AUDIT QUALITY CONTROL REVIEW



## QUALITY CONTROL REVIEW SINGLE AUDIT OF SERVICE, EMPLOYMENT, AND REDEVELOPMENT JOBS FOR PROGRESS NATIONAL, INC. FOR THE YEAR ENDED JUNE 30, 2022

Date Issued: March 30, 2023  
Report Number: 24-23-002-50-598



March 30, 2023

## INSPECTOR GENERAL'S REPORT

Keith A. Overton  
Chief Financial Officer  
SER Jobs for Progress National, Inc.  
100 East Royal Lane, Suite 130  
Irving, TX 75039

Dear Mr. Overton:

The purpose of this report is to formally advise you of the results of a Quality Control Review (QCR) the U.S. Department of Labor (DOL), Office of Inspector General (OIG), conducted on the single audit of Service, Employment, and Redevelopment (SER) Jobs for Progress National, Inc., which was completed by Garza/Gonzalez & Associates Certified Public Accountants (Firm) under the Office of Management and Budget (OMB) 2 CFR 200 (Uniform Guidance) for the year ended June 30, 2022.

The DOL is the oversight Federal single audit agency for the SER Jobs for Progress National, Inc. An oversight agency is the Federal agency that provides the predominant amount of direct funding to a non-federal entity that expends less than \$50 million in Federal funding.

Our objective was to determine if the audit was conducted in accordance with applicable standards, including *Generally Accepted Government Auditing Standards* (GAGAS) and *Generally Accepted Auditing Standards* (GAAS), and met the requirements of OMB Uniform Guidance.

We determined that while the report and audit work performed generally met the requirements of GAGAS, GAAS, and OMB Uniform Guidance, the Firm reported the Type A/B threshold incorrectly to the Federal Audit Clearinghouse. However, our review of the audit work papers found the Firm had applied the correct threshold in its testing procedures. We have discussed this matter with the Firm's management, and they have already taken corrective actions. Details on the

results of our review are provided in the Enclosure. We appreciate the cooperation and courtesies the Firm extended to us during this review.

Sincerely,



Carolyn R. Hantz  
Assistant Inspector General  
for Audit

Enclosure

cc: Latonya Torrence  
Director  
Division of Policy, Review, and Resolution  
Employment and Training Administration

Gregory Hitchcock  
Audit Liaison  
Office of Grants Management  
Office of Management and Administration Service  
Employment and Training Administration

Rene E. Gonzalez, CPA  
Senior Partner  
Garza/Gonzalez & Associates Certified Public Accountants

**Enclosure**

**Quality Control Review  
Single Audit of SER Jobs for Progress National, Inc.  
for the Year Ended June 30, 2022  
(24-23-002-50-598)**

The DOL OIG conducted a Quality Control Review (QCR) of the single audit of Service, Employment, and Redevelopment (SER) Jobs for Progress National, Inc. for the year ended June 30, 2022. The single audit was completed by Garza/Gonzalez & Associates Certified Public Accountants (Firm). Table 1 below details the scope of the OIG’s QCR, including the DOL major programs we reviewed.

**Table 1: Scope of the OIG’s QCR**

<b>DOL Major Programs Reviewed</b>	<b>Catalog of Federal Domestic Assistance Numbers</b>	<b>DOL Major Funds Reported as Expended</b>
Senior Community Service Employment Program	17.235	\$23,300,881
National Farmworker Jobs Program	17.264	\$1,540,164
<b>Total DOL Major Funds Reported as Expended</b>		<b>\$24,841,045</b>

Source: SER Jobs for Progress National, Inc. Schedule of Expenditures of Federal Awards (SEFA) for the Year Ended June 30, 2022

A QCR is performed to provide evidence of the reliability of the single audit to the auditors of federal agency financial statements, such as those required by the Chief Financial Officers Act, and others. For the year ended June 30, 2022, SER Jobs for Progress National, Inc. reported federal expenditures of \$26,238,595, which consisted of DOL funds totaling \$24,841,045 and non-DOL funds totaling \$1,397,550. The single audit conducted by the Firm covered the DOL major programs, Senior Community Service Employment Program and National Farmworker Jobs Program, totaling \$24,841,045. The remaining \$1,397,550 were used for non-major DOL programs that were not tested as part of the single audit.

The single audit is an organization-wide audit or examination of a non-federal entity that expends \$750,000 or more of federal assistance received for its operations. Usually performed annually, a single audit has two main objectives:

1. Audit of the entity’s financial statements and reporting on a separate Schedule of Expenditures of Federal Awards (SEFA) in relation to those financial statements.
2. Compliance audit of federal awards expended during the year as a basis for issuing additional reports on compliance related to major programs and on internal control over compliance.

**RESULTS**

We determined that the report and audit work performed generally met the requirements of GAGAS, GAAS, and OMB Uniform Guidance, but the Firm reported the Type A/B threshold incorrectly to the Federal Audit Clearinghouse. However, our review of the audit work papers found the Firm had applied the correct threshold in its testing procedures. We have discussed this matter with the Firm’s management, and they have already taken corrective actions.

**THE FIRM REPORTED TYPE A/B THRESHOLD INCORRECTLY**

For SER Jobs for Progress National, Inc.’s federal awards expended, totaled \$26,238,595, the Firm reported the Type A/B threshold incorrectly – as \$750,000 instead of \$787,158 – on the data collection form and in the single audit report it submitted to the Federal Audit Clearinghouse. This threshold is used to determine the major programs to be audited. However, our review of the audit work papers found the Firm applied the correct threshold in its testing procedures, despite having reported it incorrectly.

OMB Uniform Guidance §200.518(b)(1) states the auditor must identify the larger Federal programs, which must be labeled Type A programs. Type A programs are defined as Federal programs with Federal awards during the audit period exceeding the levels outlined in Table 2 below:

**Table 2: OMB Uniform Guidance Type A/B Thresholds**

Total Federal awards expended	Type A/B threshold
Equal to or exceed \$750,000 but less than or equal to \$25 million	\$750,000
Exceed \$25 million but less than or equal to \$100 million	Total Federal awards expended times .03

Source: OMB Uniform Guidance §200.518(b)(1)

Total federal awards expended by SER Jobs for Progress National, Inc. of \$26,238,595 were in excess of \$25 million but less than or equal to \$100 million. Therefore, the Type A/B threshold should have been \$787,158 (\$26,238,595 times .03). The Firm attributed its reporting of the incorrect threshold to an oversight. The Firm was aware of the Type A/B threshold requirements, as demonstrated by its correct calculation in the audit work papers. Although the reporting inaccuracy had no effect on the Firm's audit work, it resulted in incorrect information being maintained on the federal database that is used to analyze information from all single audits.

## **RESOLUTION OF MATTER**

We have discussed the matter with the Firm's management, and they have already taken corrective actions. The data collection form and single audit report now contain the correct Type A/B threshold. The Firm worked with SER Jobs for National Progress, Inc. management to complete the resubmission process. Therefore, our report does not include any recommendations to the Firm.

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### **FIRM'S RESPONSE**

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The Firm agreed with the matter noted and took the corrective actions necessary to properly address it. The Firm also provided us with the revised data collection form and single audit report submitted to the Federal Audit Clearinghouse reflecting the corrected Type A/B threshold.

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### **OIG'S CONCLUSION**

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Since the Firm has already taken corrective actions, we consider this matter resolved and closed.

## Appendices

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## APPENDIX A: OBJECTIVE, SCOPE, METHODOLOGY, & CRITERIA

### OBJECTIVE

Our objective was to determine if the audit was conducted in accordance with applicable standards, including GAGAS and GAAS, and met the requirements of OMB Uniform Guidance.

### SCOPE

We performed a QCR of Garza/Gonzalez & Associates Certified Public Accountants' single audit of SER Jobs for Progress National Inc.'s financial statements, SEFA, reports required by GAGAS, and OMB Uniform Guidance for the year ended June 30, 2022. Our QCR of SER Jobs for Progress National Inc. covered \$24,841,045 in federal expenditures for two DOL major programs, Senior Community Service Employment Program and National Farmworker Jobs Program. We performed our work onsite at Garza/Gonzalez & Associates Certified Public Accountants in San Antonio, Texas.

### METHODOLOGY

We reviewed the single audit report using the Council of Inspectors General on Integrity and Efficiency *Guide for Desk Reviews of Single Audit Reports* and reviewed the supporting audit documentation using the Council of Inspectors General on Integrity and Efficiency *Guide for Quality Control Reviews of Single Audits*. These guides were developed to ensure compliance with the requirements of OMB Uniform Guidance (including the Compliance Supplement), GAGAS, and the American Institute of Certified Public Accountants Audit Guide on "Government Auditing Standards and Single Audits." We reviewed the financial statements, compliance, and internal control reporting; SEFA; and Schedule of Findings and Questioned Costs.

We also held discussions with the Firm to accomplish the required steps. The CIGIE guides were developed to test for compliance with GAGAS and GAAS, and meeting the requirements of OMB Uniform Guidance.

Specifically, we reviewed:

- Auditor Qualifications
- Independence
- Professional Judgment/Due Professional Care
- Quality Control
- Fieldwork



- Schedule of Federal Awards
- Determination of Major Federal Programs
- Schedule of Findings and Questioned Costs
- Summary of Prior Audit Findings
- Financial Statement Risk Assessment
- Financial Statement Identification and Evaluation of Audit Findings
- Communication of Financial Statement Audit Findings
- Compliance with American Institute of Certified Public Accountants Standards
- Considerations Related to Audit of Major Federal Program
- Sampling - Major Federal Program (Internal Control and Compliance)
- Testing of Internal Control Over Compliance
- Testing for Compliance with Direct and Material Compliance Requirements

We also reviewed the Firm’s peer review applicable to the period of the audit.

**CRITERIA**

- OMB Uniform Guidance, 2 CFR 200
- 2022 OMB Compliance Supplement
- American Institute of Certified Public Accountants Audit Guide on “Government Auditing Standards and Single Audits”
- Clarified Statements on Auditing Standards (AU-C)
- GAGAS, 2018 Revision

**APPENDIX B: FIRM'S RESPONSE**

**Garza/Gonzalez & Associates**

CERTIFIED PUBLIC ACCOUNTANTS

March 28, 2023

Ms. Carolyn R. Hantz  
Assistant Inspector General for Audit  
200 Constitution Avenue, N.W.  
Room S-5512  
Washington, D.C. 20210

Re: Garza/Gonzalez & Associates (Firm) Response to Single Audit Quality Control Review (QCR)  
Report Number: 24-23-002-50-598

Dear Ms. Hantz:

Thank you for the opportunity to provide a formal response to the matter reported in the aforementioned report. We would also like to acknowledge and thank the audit staff for the professionalism demonstrated while conducting the QCR of the audit and related audit documentation on the financial statements, and single audit of the SER Jobs for Progress National, Inc. for the year ended June 30, 2022.

The results of the QCR found that the report and audit work performed for SER Jobs for Progress National, Inc. generally met the requirements of GAGAS, GAAS, and OMB Uniform Guidance, but that the Firm incorrectly reported the Type A/B threshold to the Federal Audit Cleannghouse (FAC).

The Firm acknowledges that the incorrect Type A/B threshold was reported to the FAC, but would like to emphasize that it is aware of the Type A/B threshold requirement, as defined by the OMB Uniform Guidance. This matter was clearly an oversight since, as reflected in the audit work papers and confirmed by the QCR audit staff, the correct threshold was calculated and applied in the Firm's testing procedures. Furthermore, there was no effect on the Firm's audit work since the correct threshold was applied in the Firm's testing procedures, and 100% of the federal programs were tested as major programs.

On February 28, 2023, immediately after an exit conference with the QCR audit staff, the Firm took action to address this matter and revised the data collection form and single audit report to reflect the correct Type A/B threshold. On this same date, the Firm, along with SER Jobs for Progress National, Inc. management, completed the resubmission process.

Please feel free to contact us if any additional information, assistance, or action, is required of the Firm in reference to this matter.

Sincerely,



René E. Gonzalez, Senior Partner, for  
Garza/Gonzalez & Associates  
Certified Public Accountants

207 Arden Grove  
San Antonio, TX 78215  
210/227-1389  
Fax 227-0716

## **APPENDIX C: ACKNOWLEDGEMENTS**

Key contributors to this report were:

Sean Gilkerson, Audit Director  
Grover Fowler, Jr., Assistant Director  
Mark Lemke, Senior Auditor  
Patrick Trager, Auditor  
Walter Bailey, Writer-Editor

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