



**DIVISION OF FINANCIAL SERVICES
AUDIT AND RISK MANAGEMENT**

FISCAL YEAR 2022

CHILD WELFARE AUDIT INSTRUCTIONS

FOR

FINANCIAL STATEMENTS

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FY 2022 ACS Audit Instructions for Financial Statements

Introduction

Health and Human Services (HHS) Contractors are required to submit to ACS an annual audit of their financial statements and ACS required Supplementary Schedules covering the City Fiscal Year (CFY) 2022 service period. Audited Financial Statements and ACS required Supplementary Schedules are due to ACS by March 31, 2023, nine (9) months after the close of the CFY. For Contractors with a calendar year basis, the audited Financial Statements and ACS required Supplemental Schedules are due to ACS by September 30, 2023, nine (9) months after the close of the calendar year.

The Audited Financial Statements must include all the required components and the ACS required Supplementary Schedules to be considered complete by the due date. Timeliness, accuracy, and completeness of the audit and financial reporting package will be factored into the fiscal component of the annual contract performance evaluation.

The purpose of the FY 2022 ACS Audit Instructions for Financial Statements is to implement audit requirements to be utilized by independent Auditors in preparing for and performing audits of ACS Contractors and in completing the audit and financial reporting package. These audit instructions are to be used in conjunction with various applicable authoritative guidance referred to or linked in the relevant sections of this document.

Please note that these audit instructions are not a complete manual of fiscal procedures nor should it supplant the Auditor's judgment of the audit work required. These instructions are not intended to cover all circumstances or conditions that would be encountered in an audit of every Contractor. The Auditor should use professional judgment to tailor their procedures to meet the conditions of the engagement so that the audit objectives may be achieved.

These audit instructions supersede any previous audit instructions issued by ACS. **All** HHS Contractors are subject to the following audit and financial reporting requirements:

1. Audited Financial Statements
2. Related Party Attestation Letter (One attestation letter per contractor)
3. ACS required Supplementary Schedules (see Table in page 2)

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ACS Program Name	Required Supplementary Schedules*
Congregate care	Schedules 1A, 1B, and 1C under Foster Care Schedules
Foster care	Related Party Attestation Letter
Extraordinary Needs Foster Care (ENFC)	Not applicable
Child Success NYC (CSNYC)	Schedule 7 under Prevention Schedules Related Party Attestation Letter
Prevention	
Family Enrichment Centers (Child and Family Well Being)	Schedules 1, 1A, 1B, 1C, 2, 3, 4, 5, 6, and 8 under Prevention Schedules Related Party Attestation Letter
Community Partnership Program (Child and Family Well Being)	
All Child Welfare Discretionary (For awards ≥ \$100,000 total) Includes (City Council Pandemic and other discretionary Funding***) NEW in 2022	Discretionary Schedules 1, 1A, 1B, and 1C
Close to Home (NSP + LSP)	Schedules 1, 1A, 1B, 1C, 2, 3, 4, 5, 6, and 7 under Standard Schedules
Non-Secure Detention (NSD)	Related Party Attestation Letter
Homemaking	Schedules 1, 1A, 1B, 1C, 2, 3, 4, 5, 6, and 7 under Homemaking Schedules Related Party Attestation Letter

Notes:

*For the required components of the Foster Care, Prevention, Standard, and Homemaking Supplementary Schedules, refer to **Appendix A**.

**If a required schedule for the ACS program being audited will have zero/nil amounts, please indicate "Not Applicable" in the related Schedule section of the report.

*** Expenses incurred related to the City Council Discretionary Pandemic Funding must be reported in the required supplementary schedules for all Child Welfare Discretionary awards greater than or equal to \$100,000 in total (total includes the City Council Discretionary Pandemic and other discretionary Funding).

The FY 2022 ACS Audit Instructions for Financial Statements and any updates will be sent via email and posted on the ACS public website: <https://www1.nyc.gov/site/acs/about/child-welfare-providers.page>

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I. General Audit and Financial Reporting Requirements

A. Audit and Financial Reporting Package

All audits of Health and Human Services Contractors (including Extraordinary Needs Foster Care Services) must be performed in accordance with Generally Accepted Government Auditing Standards (GAGAS), the ACS Audit Instructions, and various applicable City, State, and Federal laws and regulations. The financial statements must be prepared under Generally Accepted Accounting Principles (GAAP).

The audit and financial reporting package consist of:

Audited Financial Statements must include:

- Financial Statements:
 - Statement of Financial Position
 - Statement of Activities
 - Statement of Cash Flows
 - Statement of Functional Expenses
 - Notes to Financial Statements
 - Independent Auditors Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
 - Schedule of Findings (If None- must be explicitly stated)
 - Schedule of Prior Year Findings (If Resolved- must be explicitly stated)
 - Corrective Action Plan (To address current year and/or prior year findings)
- ACS required Supplementary Schedules (See Section G)

It is the Auditor's responsibility to subject the information in the Supplementary Schedules to the auditing procedures applied in the audit of the financial statements, and to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and to other additional procedures in accordance with auditing standards generally accepted in the United States of America.

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The audit and financial reporting package must contain **ALL** the above-mentioned statements, applicable supplemental schedules for the programs being audited, and Auditor's Report to be considered complete by the due date. Timeliness, accuracy, and completeness of the audit reporting package will be factored into the fiscal component of the annual contract performance evaluation.

Audit Extensions

ACS will review requests for audit extensions on a case-by-case basis. The request must be made in writing on the Contractor's letterhead, signed by the CFO or CEO, addressed to the ACS Assistant Commissioner of Audit and Risk Management, and should be specific in nature. The reasons for the request and the expected delivery date must be stated.

The request for extension should be sent via e-mail to AuditRiskMgmt@acs.nyc.gov and cc Cheryl Brathwaite at Cheryl.Brathwaite@acs.nyc.gov not later than January 31, 2023 for those with fiscal year basis and not later than July 31, 2023 for those with calendar year basis.

A. State and Federal Requirements

i. Single audit Requirement

Based on the Office of Management and Budget (OMB) Federal Uniform Guidance, Providers that expend \$750,000 or more in federal awards per fiscal year must have a single audit conducted for that year in accordance with the provisions of Title 2 CFR Subpart F, §200.501 of the OMB Uniform Administrative Requirements.

ACS has determined that all ACS Health and Human Service Contractors meet the definition of contractors, rather than of a recipient or subrecipient. Funding received by the Contractors in the form of advances and reimbursements are not considered to be funded with federal dollars. As such, the single audit requirement and the related CFDA numbers and federal percentages are not applicable to ACS Contractors.

ii. Coronavirus State and Local Fiscal Recovery Funds (SLFRF)

The U.S Department of Treasury has released the Final Rule of the COVID SLFRF with effectivity date of April 1, 2022. The final rule addresses the public comments on the Interim Rule issued in May 2021 and provided clarification particularly around eligible uses under the program and required supporting documentation. Details on the Final Rule can be found in: <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule.pdf>

ACS Contractors who received SLFRF should ensure appropriate supporting documentation in compliance with the Final Rule are maintained to support the allowability of the use of funds.

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C. Generally Accepted Government Auditing Standards (GAGAS)

GAGAS, commonly referred to as the "Yellow Book", is issued by the U.S. Government Accountability Office (GAO). The standards apply to both financial and performance audits of government agencies.

In conducting a single or program-specific audit, the Auditors must follow GAGAS, which is promulgated by the Comptroller General of the United States. GAGAS includes general standards, fieldwork standards, and reporting standards. All audits of HHS Contractors are subject to GAGAS requirements.

I. General Standards

The General Standards contain the following requirements:

- The Audit Firm and the individual Auditors must be proficient and independent when performing government audits;
- The individual Auditors must maintain their proficiency by enrolling in a program of continuing professional education; and
- The Audit Firm must have a system of quality control in place and an external quality review must be conducted by reviewers independent of the Audit Firm based on the requirements of Government Auditing Standards (GAS), Chapter 5: Quality Control and Peer Review. Peer review intervals should be in accordance with the requirements of an affiliated organization or at least once every three years for an Audit Firm not affiliated to an organization with specific requirements on peer review interval.

II. Fieldwork Standards

Under GAGAS, these are the same as the American Institute of Certified Public Accountants (AICPA) standards. They require the Auditors performing financial statement audits to plan the audits with consideration on the materiality in determining the nature, timing, and extent of audit procedures and in the evaluation of its results, supervise the staff, and review the Contractor's internal control. In addition, the Auditors must gather sufficient and appropriate evidence to support their findings and conclusions.

III. Reporting Standards on Financial Statements

When Auditors issue a financial report on a Contractor, they must prepare the report in accordance with GAGAS, which incorporates the AICPA standards. GAGAS requires the Auditors to state in the report whether or not the Contractor's financial statements

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are presented fairly in all material respects in accordance with Generally Accepted Accounting Principles (GAAP).

IV. AICPA Statements on Auditing Standards

The AICPA issues the Statements on Auditing Standards (SAS) to provide clarification on the application of the standards of field work and reporting. The Auditors must refer to them when they are conducting audits.

V. Internal Control and Compliance

The Auditor is required to follow (GAGAS) while performing an assessment of the contractor's internal control to determine the level of control risk and their impact to the financial statements. Likewise, the Auditors must determine if the contractor complied with material provisions of laws, regulations, and the provisions of contracts or grant agreements that could impact the financial statements.

D. Findings, Prior Year Findings and Corrective Action Plan (CAP)

All audit findings for the current year and/or unresolved findings from the prior year must have a CAP to address each audit finding. The CAP must include the name(s) and title(s) of the contact person(s) responsible for the corrective action, the corrective action planned, and the anticipated completion date. If the Contractor does not agree with the audit findings or believes corrective action is not required, the CAP should include an explanation with specific reasons.

If there are no audit findings, the Contractor should explicitly state "No Finding". The Contractor must report the status of all prior audit findings in the Schedule of Prior Year Findings which must be included in the audit report. The Schedule of Prior Year Findings should clearly state if the findings were resolved or still exist.

E. Procurement of Audit

Procurement of the audit must adhere to the City of New York Procurement Policy Board rule §3-10(k) which states: "A Prequalified List (PQL) of Auditors shall be maintained by the Comptroller in accordance with this section. Contractors seeking to award an audit contract shall solicit only those firms that have been prequalified by the Comptroller."

Contractors should secure and retain documentation that the CPA firm was on the prequalified Comptrollers list at the time of engagement. Audits conducted by firms that are not on the PQL will be rejected by ACS.

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Please refer to NYC Comptroller approved CPA list at:

<http://comptroller.nyc.gov/general-information/prequalified-cpa-list/>

ACS recommends that the contractor reach out to a minimum of three (3) CPA firms or auditors when requesting proposals for audit services. It is the Contractor's responsibility to close the books timely each month to avoid delays in the completion of the audit and financial reporting package.

The Contractor should furnish ACS with a copy of the audit engagement letter and send via e-mail to AuditRiskMgmt@acs.nyc.gov and cc Cheryl Brathwaite at Cheryl.Brathwaite@acs.nyc.gov and your ACS Liaison by September 30, 2022 for fiscal year basis and March 31, 2023 for calendar year basis. **(New in 2022)**

F. Digital Audit Documentation Policy

All Certified Public Accountants (CPAs) or Auditors contracted by NYC agencies to conduct audits of Human Service Contracts, must collect documents during the audit planning exclusively through the HHS Accelerator Document Vault.

The Document Vault may also be used to transfer additional documents needed by the CPA or authorized auditor during the audit. This requirement excludes audit sample documents that would be reviewed on site by the Auditors. See **Appendix B** for the documents covered by the policy.

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II. Specific Audit Requirements

G. Supplementary Schedules

Supplementary schedules are required for all ACS programs listed in page 2 of this document. It is the Auditor's responsibility to perform procedures necessary to evaluate the presentation of the supplementary information and report on whether the required Supplementary information is fairly stated in relation to the financial statements, as part of the complete audit and financial reporting package to satisfy ACS' compliance monitoring responsibility. The ACS required Supplementary schedules must be tied to the general ledger and accurately reflect the amount in the appropriate cost centers at the year-end close.

Audited ACS Supplementary schedules must not include accrued vacation, depreciation and any administrative expenses beyond the Indirect Cost Rate approved by the City of New York.

For the required components of the Foster Care, Prevention, Standard, and Homemaking Supplementary Schedules, see **Appendix A**.

The Statement of Revenue and Expenditures identifies actual expenses. The final closeout for Prevention, Homemaking, Child Welfare Discretionary greater than or equal to \$100,000, Close to Home and Non-Secure Detention will be computed from the schedules comparing the revenue to the total final approved budget amount and actual allowable expenditures.

H. Reminders

i. Bank Account

Contractors must establish and maintain bank accounts in a New York Charter Bank located in New York City and/or a bank authorized to do business in New York State which must be used solely in connection with funds received from ACS. Each Contract Provider Agency must establish one bank account to receive all ACS payments. A waiver of this requirement can be requested in writing, addressed to the Assistant Commissioner of Audit and Risk Management, and sent via e-mail to AuditRiskMgmt@acs.nyc.gov and cc *Cheryl Brathwaite* at Cheryl.Brathwaite@acs.nyc.gov. The waiver is valid for one year and should be reapplied for each year, if needed.

Request for approval of the waiver should be made as soon as the Contractor decides on the use of a general bank account. If approved, the Contractor may use a general bank account or a set of accounts for deposits and disbursements.

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ii. Disallowed Costs

Any cost found by ACS to be improperly incurred by the Contractor shall not be subject to reimbursement. For the list of the common reasons for disallowing costs, see [Appendix C](#).

iii. COVID-related Expenditures

The City defines a "COVID-related expenditure" as one that a Contractor would not have otherwise incurred if not for the COVID-19 emergency, regardless of whether such cost can be paid for within the Contractor's existing contract budget.

All COVID related expenses must be reported on a separate COVID expenses schedule. Each expense should be reported in the appropriate expense category as approved by OMB and ACS.

Listed below are the major expense categories:

- Personnel (outside of the regular hours/duties)
- Supplies
 - In-stock Supplies
 - Purchased Supplies
- Equipment/Technology
 - Provider-Owned Equipment
 - Rented or Purchased Equipment
- Contracts
- Other

Contractors should keep all original supporting documentation for COVID-19 expenses. This includes, but is not limited to the following:

- Invoices and receipts that include supplies purchased and unit costs
- Bank statements or Credit card statements that reflect payment for purchases
- Payroll register for staff expenses
- Cost allocation schedule

In addition to those mentioned above, ACS may still require additional documentation on a case-by-case basis. Expenses without adequate supporting documentation will be disallowed.

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The following services, activities, and costs are **ineligible**:

- Costs that have been or will be submitted by the contractor for reimbursement through insurance
- Costs that have been or will be submitted by the contractor for reimbursement by other Federal or State contracting entities
- Costs that have been or will be submitted by the contractor for reimbursement by other grantors or private funders
- Costs related to the application of an organization's indirect cost rate
- Cost Plus Percentage of Cost (CPPC)
- Donated PPE

Contractors should maintain records of all COVID 19 related expenditures as well as narrative explanation that summarizes how these activities and services directly relate to COVID 19 response and be able to provide those records upon request. The narrative should directly relate to the services and expenses per approved category. Contractors are required to maintain separate cost centers or grant codes within their organizational financial management systems to track costs related to COVID 19. All city contracts remain subject to audit, including emergency contracts, amendments, or change orders that are received for COVID 19 response.

Refer to the *COVID-19 Expenditure Tracking and Reporting Guidance for Human Service Providers* for the detailed guidance on the allowable COVID-related expenditures and the corresponding required documentation.

iv. Incentive Payments

Bonus payments are not allowable. Incentive payments can be used as a tool for staff retention for frontline staff serving children and families, and are allowable based on the following predetermined requirements as stated in the ACS Fiscal Manual:

Incentive compensation to employees based on cost reduction, or efficient performance, suggestion awards, safety awards, etc. are only allowable to the extent that they comply with the following guidelines:

1. Overall compensation is determined to be reasonable.
2. Policy must be expressed in writing and incorporated into Contractor's policies and

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- procedures manual and the employee handbook
3. Agency personnel policies must be Board-approved prior to “services being rendered” or “qualified activity”.
 4. Policy must apply to all staff with clear quantifiable criteria and non-subjective metrics for each payment.
 5. Documentation is provided prior to beginning of the fiscal year as part of the annual budget approval process.

v. Supporting Documentation

Contractors should ensure all claimed expenses are properly supported by clear, sufficient, and appropriate supporting documentation that will allow ACS to verify whether expenses are properly documented, classified, necessary, reasonable, and allowable.

Supporting documentation should be in accordance with the policies and guidelines issued by ACS, City, State, and/or Federal agencies for certain expenses, in conjunction to the required minimum documents generally applicable to expenses listed in **Appendix D**.

vi. Reporting of Allowable Expenses

Contractors must report **ALL** expenses incurred in the FY 2022 service period regardless of the contract registration status.

vii. FY 2022 Invoice Submission

Contractors should submit all the FY 2022 invoices by September 30, 2022. Invoices submitted after this date will be subjected to close-out.

I. Cost Allocation

i. Cost Allocation Plan

All Contractors are required to have a Cost Allocation Plan based on contractual agreement with ACS and in accordance with Federal regulations. The Cost Allocation Plan should accurately and equitably allocate costs that are attributed to the operation of two or more programs, or which are attributable to two or more funding sources.

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ii. Indirect Cost Rate (ICR)

The Indirect Cost Rate (ICR) is the proportion of the indirect costs that an individual program should bear and may charge to the contract. Effective July 1, 2019, the Cost Policies and Procedures Manual standardize the calculation of Indirect Cost across Health and Human Services contracts.

For FY 2022 the following options for calculating indirect costs were:

- 10 % de Minimis Rate (effective for three years)
- Negotiated Indirect Cost rate (NICRA) (effective for three years)
- CPA approved Rate (effective for three years)

ICR requests were reviewed and approved by the City Implementation Team (CIT). Evidence of the CIT approval and supporting documentation can be found in the Provider's Vendor Profile in PASSport. The approved ICR rate should be used consistently across all the Contractor's programs.

Note: The ICR does not apply to COVID expenditures

ICR Contractor Responsibility

It is the Contractors' responsibility to provide the Auditor with 1) the backup documentation for their FY 2022 ICR and 2) CIT proof of acceptance of the ICR to substantiate the claimed indirect costs.

An ICR schedule that indicates how the ICR was applied to each program is required of all contractors affected by the ICR. The schedule must be reviewed and signed by the Agency CEO, CFO or Comptroller.

It is the Contractor's responsibility to renew an expired ICR and to ensure that the correct rate was applied, and expenses charged in accordance with the approved ICR and NYC HHS Cost Policies and Procedures Manual.

Please refer to the following link: [_\(nyc.gov\)](https://www.nyc.gov)

For Contractors using an ICR allocation method other than the Simplified Allocation Methodology (SAM), please reach out to the ACS contact persons listed in Section VI of this document for questions related to the completion of Supplemental Schedules – Schedule 1 – Revenue and Expenditures and Schedule 7 - Application of the Approved

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Indirect Cost Rate (ICR).

III. Performance Based Budgets

Budgets for Contractors with performance-based programs (General Prevention and Family Treatment and Rehabilitation) continue to be contingent on meeting their program goals. A reduction of up to 10% of their budget will be applied if the Contractor did not meet the performance-based goals. The audits for these programs will be based on the final approved budget.

IV. New in FY 2022

A. FY2022 Unused Vacation Payouts (New in FY 2022)

ACS policy states that Contractors must ensure that all vacation days are paid out by June 30th or ninety (90) days after the close of the current fiscal year. ACS is not responsible for the payment of any carry-over of unused vacation days to the new fiscal year.

However, due to COVID-19 and subsequent Contractor agency staffing shortages, ACS will allow a one-time payout for unused vacation days in FY2022 based on the following guidelines:

1. Payout applies only to front-line staff working with children and families.
2. The unused vacation days must have been earned in FY2022.
3. Unused vacation days eligible for payout is limited to 10 days per employee.
4. Unused vacation days accrued during FY2022 cannot rolled over into the following fiscal year.
5. Contractors must ensure the following:
 - a. The cost of vacation days earned in FY2022 must be covered within the Contractor's approved FY2022 budget.
 - b. The payout must be accrued to FY2022. Payouts must have been made no earlier than July 1, 2022 and liquidated within 90 days after June 30, 2022.

All reasonable efforts must be made to ensure eligible employees use the vacation days to be earned in FY2023 by June 30, 2023.

B. \$500 COVID 19 Vaccination Incentive (New in FY 2022)

NYC announced on October 28, 2021 that covered* contracted employees can receive a \$500 incentive if they received their first dose between October 20 to 29, 2021. The incentive will be reimbursed through the applicable City contract – either through accruals or a contract amendment, if necessary. Contractors may provide the incentive through their

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payroll systems or through gift cards.

Note: Approved Indirect Cost Rates (ICR) apply.

** “Covered employee” means a person: (i) employed by a contractor or subcontractor holding a contract; (ii) whose salary is paid in whole or in part from funds provided under a City contract; and (iii) who performs any part of the work under the contract within the City of New York. However, a person whose work under the contract does not include physical interaction with City employees or members of the public shall not be deemed to be a covered employee.*

C. Pandemic Support for Human Service Providers (New in FY 2022)

The New York City Council awarded discretionary funding to HHS Contractors in September 2021. This is for the one-time increase in operating expenses (including personnel), related to COVID-19 and returning to work.

Contractors who were awarded discretionary funding should ensure compliance with the purpose or scope of services from the approved funding application, restrictions on the use of the discretionary funding, and limitations on the use of subcontractors and consultants among others. Appropriate supporting documentation to support the use of the funding should be maintained.

Expenses incurred related to the City Council Discretionary Pandemic Funding must be reported in the required supplementary schedules for all Child Welfare Discretionary awards greater than or equal to \$100,000 in total (total includes the City Council Discretionary Pandemic and other discretionary Funding).

For more details on the Discretionary Funding Policies and Procedures, refer to:

[Discretionary Funding Policies and Procedures - Budget \(nyc.gov\)](#)

D. Extraordinary Needs Foster Care (ENFC) (New in FY 2022)

ENFC contractors must comply with the audit and financial reporting requirements enumerated in page 1 of the Audit Instructions. Compliance will be factored into the fiscal component of the annual contract performance evaluation.

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E. **New ACS-required Supplementary Schedules in FY 2022**

ACS-required Supplementary Schedules for FY 2022 must include the following **new** schedules to report expenses related to:

- i. FY2022 Unused Vacation Payouts (**New in FY 2022**)
- ii. \$500 COVID 19 Vaccination Incentive (**New in FY 2022**)
- iii. City Council Discretionary Pandemic Funding (**New in FY 2022**)

V. **Closeout Payments through Accelerator Financials**

A. **Closeouts for programs**

Closeouts for the following programs should follow the guidelines enumerated below:

- Prevention (includes CPP and FEC programs)
 - Homemaking
 - Discretionary Child Welfare awards over \$100,000 in total
 - Non-Secure Detention
 - Close to Home
- Closeouts will be calculated by comparing the actual expenses reported on the Statement of Revenue and Expenditures to the payments received from ACS for the FY 2022 service period.
 - Allowed expenses exceeding the payments from ACS up to the total final approved budget will result to an amount due from ACS.
 - Payments from ACS exceeding allowed expenses will result to an amount due to ACS.
 - A final closeout letter and closeout report will be sent to each contractor upon completion of the review.

B. **Amounts due to Contractors**

Closeouts for amounts due to contractors for the programs mentioned above should be invoiced through Accelerator Financials.

Each closeout invoice submitted must include scanned copies of the following to serve as supporting documentation for payment:

- Final closeout letter from ACS stating the Due from ACS amount
- Final closeout report

For Foster Care contracts, rate reconciliation will be handled outside the Accelerator.

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VI. Submission of Audit and Financial Reporting Package

One (1) Hard Bound copy of the Audit and Financial Reporting Package must be sent to the ACS Financial Services Audit and Risk Management Unit. The bound copy must be addressed to:

Cheryl Brathwaite, Special Assistant
Administration for Children's Services
Division of Financial Services, Audit and Risk Management
150 William Street, 10th floor
New York, New York 10038-2614

A PDF copy of the final Audit and Financial reporting Package should be submitted via E-mail in a PDF format to AuditRiskMgmt@acs.nyc.gov and cc Cheryl Brathwaite at Cheryl.Brathwaite@acs.nyc.gov and your ACS Liaison.

For questions concerning the implementation of the requirements of the audit instructions, please contact:

Patrick Lapierre at (212-676-8841) or at Patrick.Lapierre@acs.nyc.gov
Director, Audit and Risk Management

APPENDICES

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APPENDIX A – Supplementary Schedules

Note:

If a required schedule for the ACS program being audited has zero/nil amount, please explicitly indicate "Not Applicable" in the related Schedule section of the report.

1. Foster Care Schedules

Schedule 1A – COVID Revenue and Expenses Schedule

Schedule 1B – \$500 COVID Vaccination Incentive (New in 2022)

Schedule 1C – FY2022 Unused Vacation Payouts (New in 2022)

Related Party Transaction Attestation Letter

2. Prevention Schedules

Schedule 1 – Statement of Revenues and Expenditures

Schedule 1A - COVID Revenue and Expenses Schedule

Schedule 1B – \$500 COVID Vaccination Incentive (New in 2022)

Schedule 1C – FY2022 Unused Vacation Payouts (New in 2022)

Schedule 2 – Schedule of Salaries

Schedule 3 – Schedule of Fringe Benefits

Schedule 4 – Schedule of Furniture and Equipment Inventory

Schedule 5 – Schedule of Questioned Costs

Schedule 6 – Schedule of Quantitative Program Results

Schedule 7* – Child Success New York City (CSNYC) Statement of Revenues and Expenses

Schedule 8 – Application of the Approved Indirect Cost Rate (ICR)

Related Party Transaction Attestation Letter

*Contractors with a CSNYC program must complete Schedule 7 for the Prevention portion of their CSNYC funding. The Waiver portion of CSNYC funding **MUST NOT** be included on Schedule 7.

3. Homemaking Schedules*

Schedule 1 – Statement of Revenues and Expenditures

Schedule 1A – COVID Revenue and Expenses Schedule

Schedule 1B – \$500 COVID Vaccination Incentive (New in 2022)

Schedule 1C – FY2022 Unused Vacation Payouts (New in 2022)

Schedule 2 – Schedule of Salaries

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Schedule 3 – Schedule of Fringe Benefits
Schedule 4 – Schedule of Furniture and Equipment Inventory
Schedule 5 – Schedule of Questioned Costs
Schedule 6 – Schedule of Quantitative Program Results
Schedule 7 – Application of the Approved Indirect Cost Rate (ICR)
Related Party Transaction Attestation Letter

*Contractors should ensure that funding received from ACS are presented in the applicable ACS column, separate and distinct from HRA.

4. Standard Schedules

Schedule 1 – Standard Statement of Revenues and Expenditure
Schedule 1A - COVID Revenue and Expenses Schedule
Schedule 1B – \$500 COVID Vaccination Incentive (New in 2022)
Schedule 1C – FY2022 Unused Vacation Payouts (New in 2022)
Schedule 2 – Standard Schedule of Salaries
Schedule 3 – Standard Schedule of Fringe Benefits
Schedule 4 – Standard Schedule of Furniture and Equipment Inventory
Schedule 5– Standard Schedule of Questioned Costs
Schedule 6 – Schedule of Quantitative Program Results
Schedule 7 – Application of the Approved Indirect Cost Rate (ICR)
Related Party Transaction Attestation Letter

5. Discretionary Schedules (New in 2022)

Schedule 1 – Statement of Revenues and Expenditure
Schedule 1A - COVID Revenue and Expenses Schedule
Schedule 1B – \$500 COVID Vaccination Incentive
Schedule 1C – FY2022 Unused Vacation Payouts

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APPENDIX B – Digital Audit Documentation Policy

Digital Audit Documentation Policy includes:

- Most recent Char 500
- Most recent 990
- Most recent audited Financial Statement and Single Audit if applicable
- Certificate of Incorporation.
- Corporate by-laws.
- IRS determination letter (501c3).
- All correspondence with the IRS regarding tax exempt status from the last 3 years.
- New York State sales tax exemption certificate.
- Organizational charts for the Organization and for accounting department.
- Personnel policy manual
- Accounting manual or procedure manual for the accounting department. If too voluminous, copy of table of contents only.
- Board of Directors List (showing titles if they are officers).
- Conflict of Interest policy.
- Board Minutes
- Anti-Nepotism policy
- Agreements / policies in effect for fringe benefits claimed to the contract (i.e. Retirement benefit, health insurance etc.)
- Insurance policies in effect (top sheets only showing the summary of coverage).
- All required payroll tax returns
- Consulting agreements
- Lease Agreements and mortgages
- Claiming Billing Reports if reimbursement-based
- Budget and budget modifications if reimbursement-based
- Bank reconciliation statements
- Copies of any audits from: IRS, NYS Charities Bureau or other government sources conducted in the last 3 years.
- Check signatories / staff authorized to conduct banking.
- Chart of accounts including funds maintained (restricted, etc.) and cost centers; final trial balance from previous fiscal year.
- A list of who has an Organization credit card, and type of card (Amex, etc.).
- Copies of audited Independent CPA audit reports
- Single Audit and management letter
- Cost allocation methodology for PS and OTPS

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APPENDIX C – Disallowed Costs

Common reasons for disallowing costs:

- Costs disallowed under Federal, State or City laws, regulations and guidelines;
- Credit transactions handled incorrectly;
- Inconsistent treatment of costs, e.g. indirect costs that are submitted as direct costs would be disallowed;
- Expenses lacking supporting documentation;
- Expenses improperly allocated or charged to a contract without a cost allocation plan;
- Expenses outside of the budget operating period, including payment of back tax obligations;
- Expenses not in an approved budget, e.g. not approved or only made at fiscal year-end;
- Expenses improperly allocated;
- Expenses noncompliant with procurement guidelines;
- Expenses for personal use;
- Alcoholic Beverages;
- Bad Debt;
- Bonuses;
- Cost of Living Adjustments (COLA) improperly disbursed
- Entertainment Costs;
- Fundraising Costs;
- Hazard Pay
- Interest, fees and penalties (non-restricted funds must be used);
- Litigation expenses, legal settlements, or legal judgements;
- Membership fees for personal memberships in any social, country, dining and lobbying clubs or professional associations;
- Pre-payment of services, e.g. payroll, consulting;
- Real Estate, i.e. purchase of land and buildings;
- Real Estate Capital improvements, i.e. erection of substantial structures which are capital in nature, or the valuable additions to or valuable modifications of Real Estate;
- Sales Tax;
- Security Deposits or any other deposit that will be refunded at a later date;
- Severance;
- Tips and Gratuities
- Year-end bulk spending

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APPENDIX D – Supporting Documentation

For Payroll (Salary and Fringe Benefits), supporting documentation should include but is not limited to the following:

- Employment letters
- Authorizations for rates of pay and benefits
- Time and attendance records
- Cost Allocation Plan/Schedule (if applicable)
- Canceled Checks/Electronic Payroll Deposit

For Expenses (other than Salary and Fringe Benefits), supporting documentation should include but is not limited to the following:

- Purchase Requisition/Order
- Invoice/Billing Statements
- Delivery Receipt/Bill of Lading
- Proof of payment: Canceled checks/Bank or Credit Card Statements
- Cost Allocation Plan/Schedule (if applicable)
- Contracts/Agreements with suppliers/vendors (if applicable)

Note: For expenses related to the following, please refer to the specific policies and guidelines previously issued and referred to in the Audit Instructions.

- a. COVID-related Expenditures
- b. FY2022 Unused Vacation Payouts
- c. \$500 COVID 19 Vaccination Incentive
- d. City Council Discretionary Pandemic Funding