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MEMORANDUM

**DATE:** December 18, 2013

**TO:** Board of Directors and Executive Directors,  
EarlyLearn NYC Providers

**FROM:** Jose Mercado 

**SUBJECT:** EarlyLearn NYC Contract Audit Guidelines, Fiscal Year 2013  
EL Numbered Memorandum #10

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Attached please find the final Administration for Children's Services - Division of Financial Services EarlyLearn NYC Contract Audit Guidelines for Fiscal Year 2013. These guidelines provide the rules required for an audit of the ACS EarlyLearn contract providers' financial statements covering the fiscal period of October 1, 2012 through June 30, 2013.

As part of your contractual agreement with ACS, an annual audit of the EarlyLearn program must be made by an independent auditor to determine whether the organization is complying with the terms and conditions of the EarlyLearn contract, has effective internal controls, is following the proper accounting and financial policies, and financial statements are being reported in accordance with Nonprofit Generally Accepted Accounting Principles.

It is ACS' expectation that EarlyLearn programs will thoroughly prepare and submit audits in accordance with the attached guidelines.

Provider Organization Audit Responsibilities

The EarlyLearn Contract Audit Guideline is organized into three (3) sections:

- Part I: Provider Organization Audit Responsibilities
- Part II: Audit Requirements
- Part III: Relevant Attachments, Exhibits and Schedules

Provider Organization Audit Responsibilities

An audit of the EarlyLearn program must be made by a firm that is independent, licensed to practice in New York State, and listed on the New York City Comptroller's "Pre-Qualified CPA List." Additionally, contract providers are responsible for review and acceptance of the audit report prior to submission to ACS, refer to Part I for additional guidelines.

Please be advised that EarlyLearn providers must notify their ACS budget analyst by Friday, February 7, 2014 of the selected audit firm by sending one signed copy of an Engagement Letter (Exhibit I), and one signed copy of Audit Firm's Profile (Exhibit II), both on the CPA firm's letterhead.

### Audit Requirements

All EarlyLearn contracts funded by ACS are required to submit an audit that follows the enclosed guidelines that covers the accounting period of October 1, 2012 through June 30, 2013. Any organization that has multiple funding sources or receives more than \$500,000 in federal funds is required to add the audit requirements of the OMB Circular A-133 as a separate report, within ACS's audit report. ACS will not accept any A-133 audit from any contractor who wants to substitute it for the requirements set forth in this guideline.

The audit will be performed in accordance with the American Institute of Certified Public Accountants' (AICPA), Nonprofit Generally Accepted Accounting Principles (GAAP), Generally Accepted Auditing Standards (GAAS), U.S. Government Auditing Standards (GAO) / Yellow Book and the EarlyLearn Contract and ACS's EarlyLearn Fiscal Manual.

The audit will be divided into five sections:

1. Financial Audit/Audited Financial Statements, including the auditor's opinion on the ACS schedules, and, where applicable, the OMB Circular A-133 Requirements;
2. Auditor's Report on Compliance and Findings;
3. Auditor's Report on Internal Controls and Findings.
4. Schedule of Findings
5. Corrective Action Plan on Findings

Refer to Part II of the guidelines for additional information.

### Audit Submission

**All Audits are due by the close of business on Wednesday, April 30, 2014.**

Your board of directors and selected auditor should review the attached guidelines for other audit requirements.

If the audit deadline cannot be met, the contract organization must submit a written explanation to ACS along with the expected audit completion date, 30 days prior to April 30, 2014. Please forward this correspondence to your ACS budget analyst.

All audit reports must be reviewed and approved by the Board of Directors prior to being sent to ACS. Audit reports not reviewed by the Board will not be accepted until all audit requirements are met. There should be a note that identifies who attended the meeting to review the audit.

Organizations will not receive a satisfactory fiscal evaluation of its program if the audit is submitted after the due date. It is very important to note that late or non-submission of an audit will have an adverse impact on the provider organization's VENDEX score.

The auditor must submit audit(s) to the contract organization within thirty (30) days after fieldwork is completed. Two (2) bound copies and one (1) PDF copy (sent by email) of the audit report shall be sent to the address below

EarlyLearn Audit Review  
Administration for Children's Services  
150 William Street, 10th Floor  
Attention: [Your ACS Budget Analyst Name Goes Here]

[FSEarlyLearnAuditReport@acs.nyc.gov](mailto:FSEarlyLearnAuditReport@acs.nyc.gov)

**One (1) bound copy of the audit report to each Federal Agency that provides Federal Funds.**

If your organization receives Federal funds of \$500,000 or more one (1) copy of the audit report must be sent to:

Federal Audit Clearinghouse  
Bureau of the Census  
1201 East 10th Street  
Jeffersonville, Indiana 47132

Should you have any questions on the above, please contact your ACS budget analyst.