



**DIVISION OF FINANCIAL SERVICES
AUDIT AND BANKING**

**FISCAL YEAR 2018 CHILD WELFARE
AUDIT INSTRUCTIONS**

**FINANCIAL STATEMENTS
ACS SUPPLEMENTAL SCHEDULES**

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FY 2018 ACS Audit Instructions For Financial Statements and Single Audit

ATTACHMENTS

Schedule 1 – Statement of Revenues and Expenditures

Schedule 2 – Schedule of Salaries

Schedule 3 – Schedule of Fringe Benefits

Schedule 4 – Schedule of Fixed Assets 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

Introduction

The ACS Audit Instructions for the fiscal year 2018.

- **FY 2018 Audited Financial Statements and Audited ACS Supplementary Schedules are due January 31, 2019**
- **FY 2018 Single Audits are due March 31, 2019**

All Audited Financial Statements and ACS Audited Supplemental Schedules, as well as the Single Audit, must follow the Audit instructions for that Fiscal Year. Financial Statements must include all of the required components and audited schedules to be considered complete by due date.

These audit instructions are not a complete manual of procedures nor should it supplement the auditor's judgment of the audit work required. The procedures contained in these instructions are not intended to cover all circumstances or conditions that would be encountered in an audit of every contract provider. The auditor should use professional judgment to tailor their procedures to meet the conditions of the particular engagement so that the audit objectives may be achieved.

The Fiscal Year 2018 ACS Audit instructions and any updates can be found on ACS public website: <https://www1.nyc.gov/site/acs/about/child-welfare-providers.page>

How do you determine whether you are a Federal Subrecipient or a Contractor?

- **Type of Funding**
- **Amount of Funding**

Designation of Funding

Federal Subrecipient

- Head Start
- Community Development Block Grant (CDBG)

Contractor

- NYS Child Care Block Grant (Child Care)
- Foster Care
- Preventive Services

Requirements

Federal Subrecipient

- Audited Financial Statements
(due January 31, 2019)
- Audited ACS Supplementary Schedules
(due January 31, 2019)
- Attestation on Single Audit Exemption
(if your agency expends less than \$750,000 in Federal Subrecipient funds)
(due January 31, 2019)
- Single Audit
(if your agency expends more than \$750,000 in Federal Subrecipient funds)
(due March 31, 2019)

Contractor

- Audited Financial Statements
(due January 31, 2019)
- ACS Audited Supplementary Schedules
(due January 31, 2019)

I. Audit and Financial Reporting Requirements

All Providers (Contractors and Sub-recipients) are required to have an annual audit of their Financial Statements and ACS Supplementary Schedules due January 31, 2019. Sub-recipients are also required to submit a Single Audit due March 31, 2019, if they meet the Single Audit threshold of \$750,000 or more of total expenditures under Federal awards.

The audit must be performed in accordance with Generally Accepted Accounting Principles (GAAP), Generally Accepted Government Auditing Standards (GAGAS), Non-profit Auditing Standards, and ACS Audit Instructions.

- **Audited Financial Statements must include:**
 - Independent Auditors' Report
 - Financial Statements
 - Statement of Financial Position
 - Statement of Activities
 - Statement of Cash Flows
 - Statement of Functional Expenses (optional)
 - Notes to Financial Statements:
 - Auditors' report on compliance and findings
 - Auditors' report on internal controls over financial reporting and findings
 - Schedule of Findings
 - Schedule of Prior Year Findings
 - Corrective Action Plan (where applicable)

- **Audited ACS Supplementary Schedules** (note: all schedules must be tied to the general ledger and accurately reflect the amount in the appropriate cost centers at the year close).

Audit and Financial Reporting packages which do not contain the required Opinions, Statements and Schedules will be classified as incomplete and may affect a provider agency's fiscal performance evaluation.

II. Digital Audit Documentation Policy

All Certified Public Accountants (CPAs) or Auditors contracted by provider 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 course of the audit. This recommendation excludes audit sample documents that would be reviewed on site by the auditors.

FY 2018 ACS Audit Instructions for Financial Statements and Single Audit

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

III. Procurement of Audit

The City of New York Procurement Policy Board rule §3-10(k) states: “A Prequalified List (PQL) of auditors shall be maintained by the Comptroller in accordance with this section. An agency seeking to award an audit contract shall solicit only those suppliers that have been prequalified by the Comptroller.”

Please refer to NYC Comptroller approved CPA list at:

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

ACS recommends that each agency reach out to a minimum of 3 CPA firms when requesting proposals for audit services.

IV. Generally Accepted Government Auditing Standards (GAGAS)

GAGAS, commonly referred to as the "Yellow Book", are produced in the United States by the 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.

A. General Standards

The General Standards contain the following requirements:

- The audit firm and staff must be proficient and independent when performing Single Audit or other government audits;
- The audit staff must maintain their proficiency by enrolling in a program of continuing professional education; and
- The audit organization must have a system of quality control in place and have undergone a recent peer review.

B. Field Work 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, supervise the staff, and review the auditee's internal control. In addition, the auditors must gather sufficient and appropriate evidence to support their findings and conclusions.

C. Reporting Standards on Financial Statements

When auditors issue a financial report on an agency, 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 agency's financial statements are presented fairly in all material respects in accordance with Generally Accepted Accounting Principles (GAAP).

D. 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.

E. Internal Control and Compliance

In addition to the requirements of GAGAS the auditors conducting the audit must evaluate the internal control over the agency's Federal awards and assess the level of control risk for the major programs. Likewise, the auditors must determine if the agency complied with laws, regulations and the provisions of contracts or grant agreements.

V. Follow-up: Summary Schedule of Prior Audit Findings and Corrective Action Plan

The agency is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the agency must prepare a summary schedule of prior audit findings and a corrective action plan for the current year audit findings. The summary schedule of prior audit findings and the corrective action plan must include the reference numbers the auditor assigns to audit findings.

A. Summary Schedule of Prior Audit Findings

The summary schedule of prior audit findings must report the status of all audit findings that are included in the prior audit's schedule of findings and questioned costs. The summary schedule must also include audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings that were fully corrected or when the agency believes the audit findings are no longer valid or do not warrant further action, the agency must describe the reasons for the position in the summary schedule.

B. Corrective Action Plan

At the completion of the audit, the agency must prepare the corrective action plan to address each audit finding included in the current year auditor's reports. The corrective action plan must provide 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 an agency's officials do not agree with the audit findings or believe the corrective action is not required, then the corrective action plan must include an explanation and specific reasons. Documented corrective action plan should be taken on all audit findings. This includes a report on corrective action steps taken for prior audit findings.

VI. Supplementary Schedules

The FY 2018 Audit Instructions include the Child Welfare Supplementary Schedules for agencies with Preventive programs. Auditors must review the Child Welfare Supplementary Schedules as part of the complete reporting package to satisfy ACS monitoring responsibility.

The Child Welfare Supplementary Schedules that are to be submitted to ACS as part of the reporting package for fiscal year 2018 are as follows:

- Schedule 1 – Statement of Revenues and Expenditures
- Schedule 2 – Schedule of Salaries
- Schedule 3 – Schedule of Fringe Benefits
- Schedule 4 – Schedule of Fixed Assets 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

The Statement of Revenue and Expenditures identifies actual expenses. The final closeout will be computed from this schedule comparing the revenue to the total final approved budget amount and actual allowable expenditures.

Providers with a CSNYC program must complete Schedule 7 for the Preventive portion of their CSNYC funding. The Waiver portion of CSNYC funding must not be included on Schedule 7. Waiver funding will be reported separately on the FY 2018 Foster Care program audit.

For FY 2018, the Child Welfare Supplementary Schedules must be covered by an Auditor's Report ON Supplementary Information concluding that **“the Child Welfare schedules are presented for the purposes of additional analysis.”**

VII. Cost Allocation Plan (CAP)

All agencies 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. In addition the Cost Allocation Plan shall allocate between direct and indirect costs by distributing costs between direct/programmatic and indirect/administrative funds which taken together equal the total cost of the program. For more detail on cost allocation please refer to the ACS Fiscal Manual.

VIII. Performance Based Budgets

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

IX. Closeout Payments through Accelerator Financials

Contractors that are paid through Accelerator Financials (AF) in FY 2018 are required to invoice for Audit Closeout amounts due from ACS through AF.

When submitting your invoice via AF:

1. Scan and attach the following documents to each Audit Closeout amount invoiced:
 - a) Final Closeout [Due from ACS] Letter
 - b) Final Closeout Report
2. Submit each invoice separately for each contract.

Payment requests submitted without the documentation described above will not be processed. For programs without any contracts in AF, your closeout payment process will not change for Fiscal Year 2018.

X. Submission of Audit and Financial Requirements

One (1) Bound copy and one (1) PDF of the Audit and Financial Reporting Package must be sent to the ACS Child Welfare Contract Audit Unit for Preventive Agencies. The bound copy must be addressed to:

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

The PDF unsecured copy must be sent to Cheryl.Brathwaite@acs.nyc.gov .

If an agency does not comply with the requirements, there may be a negative impact on the yearly Fiscal Administration rating.

FY 2018 ACS Audit Instructions for Financial Statements and Single Audit

FY 2018

AGENCY NAME _____
 PROGRAM NAME _____
 CONTRACT NUMBER _____
 STATEMENT OF REVENUES
 AND EXPENDITURES
 FOR THE YEAR ENDED _____

Attachment 1

	FINAL APPROVED BUDGET *	ACTUAL AMOUNTS	VARIANCE	QUESTIONED COSTS
REVENUES:				
ACS	\$	\$	\$	\$
Other Income				
TOTAL REVENUES	_____	_____	_____	_____
EXPENDITURES				
PS EXPENDITURES				
Total PS Expenditures	_____	_____	_____	_____
OTPS EXPENDITURES				
Total OTPS Expenditures	_____	_____	_____	_____
Total PS and OTPS Expenditures	_____	_____	_____	_____
ADMINISTRATIVE OVERHEAD				
Total Expenditures	_____	_____	_____	_____
(Less) Questioned Costs	_____	_____	_____	_____
TOTAL ALLOWABLE COSTS	_____	_____	_____	_____
(Deficiency)/Excess of Revenue Over Expense	\$	\$	\$	\$

* PLEASE USE FINAL APPROVED BUDGET RELATED TO PERFORMANCE BASED TARGETS FOR GP AND FTR

FY 2018 ACS Audit Instructions for Financial Statements and Single Audit

FY 2018

AGENCY NAME _____
 PROGRAM NAME _____
 CONTRACT NAME _____
 SCHEDULE OF SALARIES
 FOR THE YEAR ENDED _____

Attachment 2

<u>Employee Identification Code</u>	<u>Title</u>	<u>Original Budgeted Salary</u>	<u>Phase II Salary Supports</u>	<u>Final Approved Budgeted Salary</u>	<u>Salary Paid</u>	<u>Variance</u>
		\$	\$	\$	\$	\$
TOTAL		<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

Total FTE of Case Planners	_____
Total FTE of Supervisors	_____
Supervisory Ratio:	<u>#DIV/0!</u>
Total FTE of QA/QI on staff	_____
Total FTE of Case Aids	_____

FY 2018 ACS Audit Instructions for Financial Statements and Single Audit

FY 2018

AGENCY NAME _____
 PROGRAM NAME _____
 CONTRACT NUMBER _____
 SCHEDULE OF FRINGE BENEFITS
 FOR THE YEAR ENDED _____

Attachment 3

<u>Description</u>	<u>Final Approved Budgeted</u>	<u>Actual</u>	<u>Actual Fringe % of Total Salary Cost</u>	<u>Variance</u>
FICA	\$	\$	\$	\$
Health				
Worker's Compensation				
Unemployment				
Disability				
Other				
TOTAL	\$ _____	\$ _____	\$ _____	\$ _____

FY 2018 ACS Audit Instructions for Financial Statements and Single Audit

FY 2018

AGENCY NAME _____
 PROGRAM NAME _____
 CONTRACT NUMBER _____
 SCHEDULE OF FIXED ASSETS INVENTORY
 AS OF _____

Attachment 4

<u>Description</u>	<u>Year of Purchase</u>	<u>Serial Number</u>	<u>Date Purchased with ACS Funds</u>	<u>Cost</u>	Phase II Amendmen Purchase (Y/N)
Current Year				\$	
Prior Year(s)					
Fully Depreciated Assets					
				TOTAL COST	<u>\$</u>

FY 2018 ACS Audit Instructions for Financial Statements and Single Audit

FY 2018

AGENCY NAME _____
PROGRAM NAME _____
CONTRACT NUMBER _____
SCHEDULE OF QUESTIONED COSTS
FOR THE YEAR ENDED _____

Attachment 5

Detailed Explanation of Questioned Costs

Questioned
Costs

\$

TOTAL QUESTIONED COSTS \$ _____

Please provide a detailed explanation of the questioned costs. Include such items as vendor name, why costs are being questioned and how the questioned costs were determined.

FY 2018

AGENCY NAME _____
PROGRAM NAME _____
CONTRACT NUMBER _____
SCHEDULE OF QUANTITATIVE PROGRAM RESULTS
FOR THE YEAR ENDED ____

Attachment 6

QUANTIFIABLE INDICATORS

Number of open cases at beginning of period

Number of new cases during audit period

Number of cases serviced during audit period

Cases terminated

Cases open as of current year

Case to case worker ratio

FY 2018 ACS Audit Instructions for Financial Statements and Single Audit

FY 2018

AGENCY NAME
CHILD SUCCESS NEW YORK CITY (CSNYC) PREVENTIVE FUNDING

Attachment 7

STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED _____

****TO BE USED FOR PREVENTIVE PORTION OF CHILD SUCCESS NEW YORK CITY ONLY. ****
****DO NOT INCLUDE CSNYC FOSTER CARE WAIVER PORTION****

	<u>APPROVED BUDGET *</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE</u>	<u>QUESTIONED COSTS</u>
<u>REVENUES:</u>				
ACS	\$	\$	\$	\$
	_____	_____	_____	_____
TOTAL REVENUES	=====	=====	=====	=====
<u>EXPENDITURES:</u>				
All Personnel Costs				
Salaries				
Fringe				
	_____	_____	_____	_____
TOTAL PS EXPENDITURES	=====	=====	=====	=====
Consultants				
Other OTPS				
	_____	_____	_____	_____
TOTAL POS and OTPS EXPENDITURES	=====	=====	=====	=====
	_____	_____	_____	_____
TOTAL PS AND OTPS EXPENDITURES	=====	=====	=====	=====
Administrative Overhead				
	_____	_____	_____	_____
TOTAL EXPENDITURES	=====	=====	=====	=====
(Less) Questioned Costs				
	_____	_____	_____	_____
TOTAL ALLOWABLE COSTS	=====	=====	=====	=====
	_____	_____	_____	_____
(Deficiency)/Excess of Revenue Over Expense	=====	=====	=====	=====