

FOREWORD

This extensively revised publication is intended to assist Department of Human Services' providers, as well as their auditors, understand the Department's audit requirements. A summary of changes and additions is presented at Appendix E.

The most significant change is to the Department's audit threshold, which has increased from \$25,000 to \$100,000. Among the additions is a "decision tree" to graphically supplement the text. And, unique requirements of DHS and some of its Divisions are better explained.

Overall, the publication has been brought into line with the June, 1997 revision of OMB Circular No. A-133. That revision incorporated some very substantial changes in audit policy and procedures, necessitating significant adjustments to DHS requirements. This document attempts to disseminate all of these in a clear and straightforward manner.

Compliance with the provisions of this Guide is **mandatory** for all organizations to which the Department of Human Services provides funding or other resources.

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I. EFFECTIVE DATE AND SUPERSESSION

This document is effective for audit periods ending December 31, 1998 and thereafter. It supersedes the “Guidelines for Financial and Compliance Audits of Programs Funded by the Arkansas Department of Human Services” dated January 10, 1992.

II. ORGANIZATIONS REQUIRED TO FURNISH DHS AN AUDIT REPORT

- A. Every nonprofit organization and every local government (or component thereof) receiving directly from DHS \$100,000 or more in that entity’s fiscal year will furnish DHS with an audit report for that fiscal year. (Note: The value of commodities, if any, is to be included in determining total funding. Also, the State portion of Medicaid funding is to be used in determining total State funding.)

- B. Every organization of any type whose funding agreement with DHS contains a requirement for an audit will furnish DHS with an audit report for that entity’s fiscal year(s) during any part of which such agreement was effective. This is without regard to funding level. It is the responsibility of the DHS funding divisions to notify the DHS Audit Section of such contract requirements.

III. TYPE OF AUDIT REQUIRED

A. OMB Circular A-133

An audit must be performed in accordance with Circular A-133 if federal expenditures are \$300,000 or more.

B. Government Auditing Standards

A Government Auditing Standards (GAS) audit must be performed if DHS funding provided is \$100,000 or more of federal, state, or federal and state combined.

Note: In most instances, Medicaid is not considered federal financial assistance and, therefore, should not be used to determine total federal funding. However, as stated previously, the State portion (currently 27%) of Medicaid is to be used in determining total State funding.

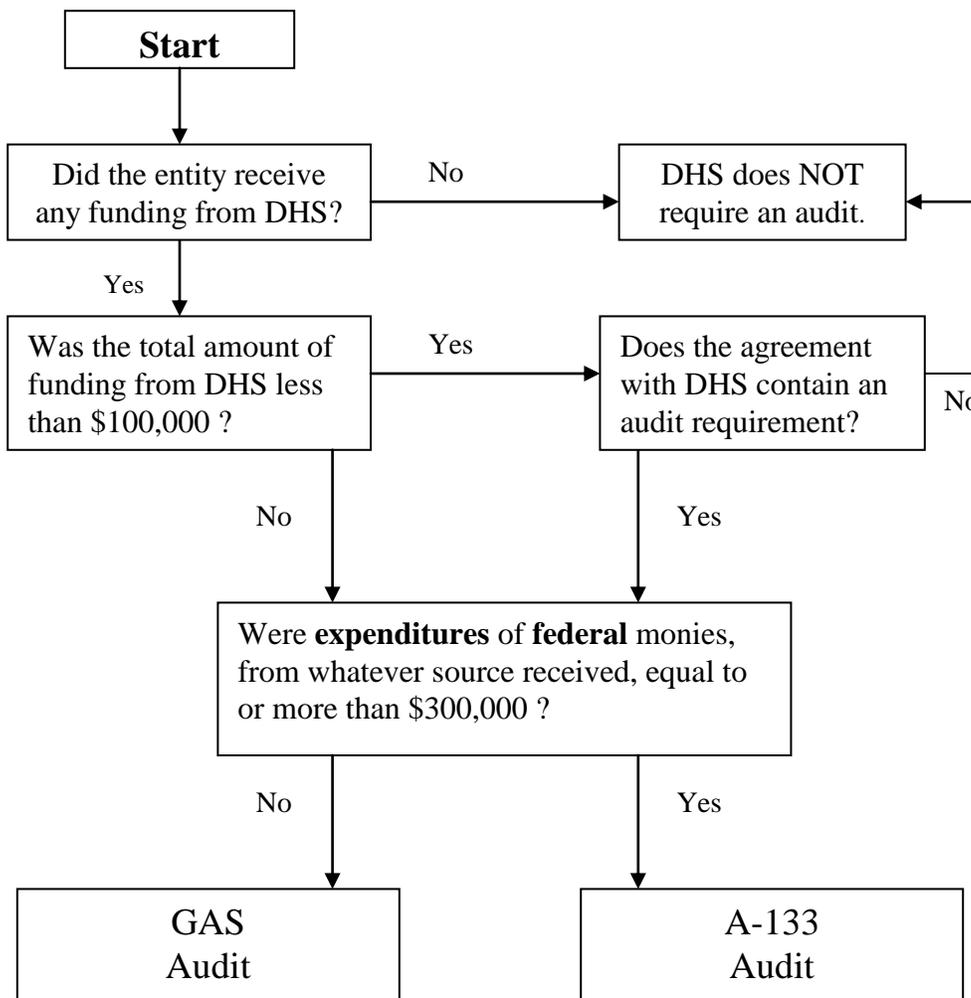
C. Examples

Each of the following examples, unless stated otherwise, assumes that at least \$100,000 of the funding was provided by DHS. State dollars are received amounts; federal dollars are expended amounts.

<u>Funding</u>	<u>Type of Audit</u>
Federal (only) \$300,000 or more	A-133
Federal (direct) \$300,000 or more; State \$100,000 or more	A-133
Federal \$300,000; AR Department of Health \$80,000	A-133
Federal \$200,000; State \$200,000	GAS
Federal \$73,000; State \$27,000	GAS
Federal \$0; State \$100,000	GAS
Federal \$0; State \$425,000	GAS
Federal \$0; State \$350,000; Medicaid \$500,000	GAS
Federal \$50,000; State \$25,000; Medicaid \$325,000; (DHS provides only Medicaid)	Audit not Required

D. Decision Tree

Following is a “decision tree” that provides an alternative method of determining who must furnish DHS an audit report and what type it must be. It may be simpler and quicker to use it than to use the text and examples preceding.



IV. DEFINITIONS

For purposes of these Guidelines, the following definitions and those in OMB Circular A-133 apply.

- A. **Abuse** means furnishing excessive services to beneficiaries; violating program regulations; or performing improper practices, none of which involves prosecutable fraud.
- B. **Agreement** means the formal written arrangement an entity has with DHS in order to receive funding, regardless of its actual title or the form it takes.
- C. **Compliance Audit** means an audit which determines whether the auditee is complying with the provisions of laws, regulations, and contractual, grant, loan, and other assistance agreements.
- D. **Fee-for-service** means a contract or agreement where the provider and the funding agency agree that the provider will be paid a predetermined amount for each unit of service performed. There may be a limitation to the total amount that will be paid.
- E. **Fraud** means the obtaining of something of value, unlawfully, through willful misrepresentation.
- F. **Illegal Acts** means violations of laws.
- G. **Provider** means an entity with an agreement with DHS to operate a program in furtherance of DHS and/or federal goals or objectives.
- H. **Related Party** has the same meaning as in AICPA Professional Standards, Vol. 1, and AU Sec. 335.02.
- I. **Related Party Transaction** means a transfer of resources or obligations between related parties, regardless of whether a price is charged.

J. **Single Audit** means a financial and compliance audit of the *entire operations*^{*} of the organization. It must encompass the operation as a whole and include all activities of the auditee regardless of whether funded through federal, state, other funding or a combination thereof.

^{*} *Entire operations* includes related organizations over which the organization exercises control by way of a) a majority of common board members and/or, b) financial interdependency, and/or c) a common administrator.

K. **State Financial Assistance** means assistance provided by a state agency under agreements funded with state monies.

L. **State Oversight Agency** means the state agency carrying out the responsibilities described in OMB Circular A-133, Subpart D, Subsection 400(b), as they relate to funding furnished providers by a state agency.

V. GENERAL

A. Single Audit Act and OMB Circular A-133

The 1996 Amendment of the Single Audit Act requires annual independent organization-wide audits of state and local governments and nonprofit organizations meeting certain funding level and other criteria. OMB Circular A-133, which implements the Single Audit Act as amended, is effective for fiscal years beginning after June 30, 1996. It contains significant changes and additions in audit requirements and requires auditors to apply new methods in performing audits, as set forth in Subpart E, Subsections 520, 525, and 530.

B. Department of Human Services Audit Threshold

With the increase of the A-133 threshold to \$300,000 in federal expenditures, DHS now sets its threshold for single, organization-wide audits at that same level. For audits to be performed in accordance with Government Auditing Standards the DHS threshold is \$100,000. (For more detailed information, see Section III - Type of Audit Required)

C. Program-Specific Audits

A-133 allows program-specific audits in Subpart B, Subsection 200 (c) when an auditee expends Federal Awards under only one Federal program and the Federal program's laws, regulations, or grant agreements do not require a financial statement audit of the auditee. This Department will accept program-specific audits performed under the above provision.

D. Cognizant and Oversight Audit Agencies

An auditee may have both a federal cognizant agency and a state oversight agency. Federal cognizant audit agencies are normally assigned on the basis of primary funding agency, but there

are exceptions. The auditor may wish to determine the federal cognizant agency, if any, prior to beginning the engagement. DHS is the state oversight agency for its providers.

E. Monitoring and Evaluation By Program Divisions and Offices

Individual program financial and compliance reviews as well as other program monitoring procedures will continue to be performed by the respective Divisions and Offices and federal agencies. Additionally, several Divisions and Offices conduct extensive examinations of provider operations as part of the licensing procedure for the provider. Major emphasis is placed on compliance matters in these examinations.

The independent auditor may wish to give consideration to these examinations when testing compliance. The level of reliance, if any, to be placed on the procedures and resulting findings from monitoring or licensure examinations is solely at the discretion of the independent auditor.

F. Costs of Audits

Expenditures for audits may be considered a direct cost or an allocated indirect cost, as determined in accordance with the provisions of applicable OMB cost principles circulars, the Federal Acquisition Regulation (FAR) (48 CFR parts 30 and 31), or other applicable cost principles or regulations. No part of the cost of a Single Audit under OMB Circular A-133 may be charged to any federal program when the entity expended less than \$300,000 in federal funding in the audit year. Thus, providers and auditors must take care to see that the type of audit performed is appropriate to the level of expenditures for that year. If an auditee does not provide an acceptable report, no audit costs may be charged to any programs funded through DHS.

G. **Auditor Selection**

It is the responsibility of the provider to select an auditor and to pay for the audit. However, the Department of Human Services reserves the right to choose the auditor for any, or all, of its subrecipients. If the Department elects to exercise that right, the provider(s) will be given advance notice and audit fees will be paid directly by DHS. These fees, in turn, will be deducted from the Department's payments to the provider.

H. **Sanctions**

In case of continued inability or unwillingness on the part of the provider to have an audit conducted in accordance with established standards, federal and state agencies may take appropriate action(s), such as:

- withholding some part of award payments until the audit is submitted
- withholding or disallowing overhead costs,
- suspending awards until the audit is submitted, or
- terminating the award or assistance program.

I. **Appeal**

Any appeal for relief from actions initiated as a result of the provisions of these Guidelines must be made under the appeal procedures of the funding agreement.

VI. PROVIDER AND AUDITOR RESPONSIBILITIES

A. Submission of Audit Reports

All reports of audits performed under these Guidelines are to be submitted to the Director of Audits within **120 days** following the end of the auditee's fiscal year. Audits must cover the organization's fiscal year. However, if unusual circumstances require a reporting period of other than 12 months, permission to submit such a report must be obtained from the Director of Audits.

The auditee is to submit audit reports directly to:

Director of Audits
Department of Human Services
P.O. Box 1437 – Slot 900
Little Rock, AR 72203-1437

The **preferred** mode of report submission is one signed paper copy plus a 3.5-inch disk containing the same material. See Appendix C for specific requirements/restrictions governing disk submission. The alternative mode of submission is three signed paper copies and no disk.

B. Extension of Time for Submission of Audit Report

An extension of time to submit audit reports under these guidelines may be granted if a delay is unavoidable. A written request from the Executive Director or the Board of Directors must be received by the Director of Audits no later than fifteen days before the due date of the audit report and must explain the circumstances preventing its timely submission. While the auditor is not permitted to request the extension, a confirming letter from the auditor may accompany the request.

Providers who are habitually late in submitting audit reports and/or who continually request additional extensions of time in which to furnish those reports may be subject to sanctions.

C. **Auditor Qualifications** [See also Section VII, B, Auditor Exclusion Rule]

Audits shall be performed by independent Certified Public Accountants (CPAs) currently holding an annual permit to practice from the Arkansas State Board of Public Accountancy (ASBPA).

Partnerships and corporations of CPAs practicing public accounting must comply with the ASBPA with respect to those members, stockholders, and employees required to be CPAs and to hold a permit to practice. Auditors are required to maintain professional proficiency through continuing professional education (CPE). Auditors performing audits in accordance with OMB Circular A-133 and GAS must meet the requirements for CPE stated in Chapter 3 of *Government Auditing Standards*.

The CPE requirements for an auditor of entities operating government programs, in numbers of hours and reporting periods, are: Eighty hours every two years, of which no less than 20 should be completed in any 1 year of the 2-year period. At least 24 hours of the 80 hours/2-year requirement should be in subjects directly related to the government environment and government auditing.

Auditors of nonprofit organizations' activities and funding should receive training related to that environment, and any other specific or unique activities audited.

VII. RESPONSIBILITIES OF THE DEPARTMENT OF HUMAN SERVICES

A. Reviews of Audit Reports

The organization's audit report will be reviewed to determine whether:

- requirements of applicable authorities and those contained in these Guidelines were met;
- material weaknesses in internal control exist;
- material noncompliance with provisions of grants, contracts, and agreements occurred; and
- the report included findings, recommendations, and responses thereto by management.

Material weaknesses and noncompliance, other findings, recommendations, and responses will be recorded and communicated to funding and contract Divisions. A copy of the audit report will be furnished to DHS Divisions and Offices upon request.

A letter will be issued reporting the results of the review to the auditee. Informational copies will be furnished to the funding Division(s) and the auditor. One of three types of letters is issued, depending on the acceptability of the report. If it meets requirements in all material respects, an acceptance letter is issued. If the report is deficient in some respects, but can still be accepted, an “accepted with qualifications” letter is issued, describing the deficiencies found, and stating that they must be corrected in subsequent reports. If the audit report has one or more serious deficiencies, it may be necessary to issue a rejection letter, and the auditee and auditor will be asked to revise the report to bring it into compliance with applicable standards and guidelines within 30 days. If an auditee does not provide an acceptable report, no audit costs may be charged to any programs funded through DHS. An auditor continuing to submit substandard reports will be referred to the ASBPA for its review of the audit work and appropriate action. Also, the Department may elect to refuse to accept audit reports from such auditors.

B. Auditor Exclusion Rule

The Department will maintain a record of the results of review of all submitted audit reports, by both individual practitioners and by firms. Significantly substandard work of a material nature and/or repeated submission of reports indicating substandard work, less than satisfactory results of a review of the auditor's workpapers, or failure to meet one or more of the qualifications needed to perform the audit will result in a reassessment of the desirability of continuing to accept reports prepared by such auditors or audit firms.

If, after such reassessment, the Department concludes that it is not prudent, or in its best interest, to continue to accept reports prepared by such auditor or audit firm, the DHS Director shall issue a written decision to exclude, which will state the reasons for the action taken. A copy will be mailed or otherwise furnished to the excluded auditor or audit firm within five days of its writing. The decision of the Director will be final and conclusive. The exclusion shall be for a period of not less than one year.

This Department will maintain a current list of all auditors and audit firms excluded under this provision. Furthermore, with each change to the list the Department will furnish a copy of such list to each provider submitting audit reports to us.

C. Resolution of Findings

It is the responsibility of Program Divisions to resolve program audit findings for the funding they administer. All findings related to general financial management will be referred to the Office of Fiscal Management (OFM) for resolution. Program Divisions and OAS will take appropriate action to resolve audit findings within 90 days of the referral of the finding from the Audit Section. ("Referral" is the appearance of the audit report with findings and recommendations in the DHS

Quarterly Summary of Subrecipient Audit Reports.) The Audit Section has the responsibility to monitor the resolution process to ensure that a timely resolution occurs. Failure on the part of the auditee to cooperate in the resolution of audit findings may result in sanctions.

D. Confirmations

OMB Circular A-133 levies the requirement on grantees to identify to subrecipients the monies provided them. Contracts and remittance documents often give that information, but not in a readily understandable form. DHS Audit therefore offers a confirmation service with a two-fold purpose:

- 1) to confirm dollar amounts and
- 2) identify the money type(s).

A confirmation facilitates the accurate preparation of award schedules and assists in arriving at the correct decision as to which type of audit to perform.

Requests should be made on the entity's letterhead and must include all of the following: entity's full name, federal identifying number, fiscal period being audited, and auditor's name and address.

It is **not necessary** to provide a detailed listing of payments received. We will mail the

confirmation directly to the auditor. Send requests to: DHS Audit Section
P.O. Box 1437 – Slot 900
Little Rock, AR 72203-1437

Use of any other DHS address will cause undue delay in the process, as will piecemeal requests. A single, consolidated request to the above address is preferred. Timely requests are encouraged.

And, fax is permissible. Responses to early requests may be intentionally delayed, at our discretion, in order to enhance the probability of capturing all payments related to the audit period.

VIII. AUDIT WORKPAPERS

A. Workpapers

AICPA, OMB Circular A-133, and GAS require that a record of the auditor's work be retained in the form of working papers. The two main purposes of workpapers, as stated by AICPA, are to provide principal support for the audit report and aid in the conduct and supervision of the audit. *Government Auditing Standards* additionally require that workpapers must contain sufficient information to enable an experienced auditor or audit quality reviewer having no previous connection with the audit to ascertain from them the evidence supporting the auditor's significant conclusions and judgments.

Workpapers must be made available, upon request, to the Audit Section of the Department of Human Services. The workpapers may also be subject to examination by other federal and state personnel reviewing the audited organization's federal and state assistance programs.

B. Retention

Workpapers shall be maintained for a minimum of 3 years from the date of the audit report, unless the auditor is notified in writing by the grantor agency, cognizant or oversight agency, or DHS Audit to extend the retention period. Also, workpapers must be kept more than three years if any appeals related to the period audited are in progress. In such instances, workpapers must be retained until final resolution is made.

IX. AUDIT REPORTS

A. General Guidance

General guidance on audit reporting is provided by AICPA's most recent audit and accounting guides and statements of position. Example audit reports, schedules, and a specialized glossary are included in SOP 98-3, *Audits of States, Local Governments, and Not-For-Profit Organizations Receiving Federal Awards*. *Government Auditing Standards* also contains general guidance for both financial and performance audits, and OMB Circular A-133 contains specific guidance for audits under its provisions. Not authoritative in themselves, but of value, are the publications of Practitioners Publishing Company (PPC) and Commerce Clearing House (CCH), among others serving the profession.

B. Basic Report Requirements

1. A-133 Audits

- a) an opinion or disclaimer of opinion on the financial statements and Schedule of Federal Awards,
- b) a report on compliance and internal control over financial statements performed in accordance with Government Auditing Standards,
- c) a report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133,
- d) a schedule of findings and questioned costs, as stated in Subpart E, Subsection 505 (d), and
- e) a summary schedule of prior audit findings, as stated in Subpart C, Subsection 315 (b).

2. GAS Audits

- a) an opinion or disclaimer of opinion on the financial statements and the Schedule of Governmental Assistance,
- b) a report on the testing of compliance with laws and regulations, grants, contracts, and agreements, and
- c) a report on the testing of internal controls.

The reports on internal control and compliance may be combined following examples provided by the AICPA.

C. Special Requirements of the Department of Human Services

The DHS requirements listed below are not all-inclusive. Existing and future contracts may contain additional audit requirements.

1. All Audits.

- a) A supplemental data sheet which includes the following information: entity's full name, address, employer identification number, phone number, name of Director, name of contact person, and the cost of the audit.
- b) Any management letter issued. A management response to such letter, as well as to any findings and recommendations, is also required to be included with the report.
- c) Additional Assistance/Awards Schedules.
 - 1) A-133 Audits. A Schedule of State Assistance is to be included and shall show the total revenues and expenditures for each program, and the state department furnishing the funding. (See Appendix D, Sample D-1) Medicaid funding, if any, is to be included in a footnote on the Schedule of Federal Assistance.

2) GAS Audits. A Schedule of Governmental Assistance is to be included and shall show revenues and expenditures for each program, federal and state; the Federal and/or state department furnishing the funding; and CFDA number, if applicable. Medicaid funding, if any, is to be included in a footnote on the schedule. See Appendix D, Sample D-2.

2. Funding Agreements.

- 1) The audit report shall reflect the units of service for each contract or agreement containing such a requirement. If more than one contract or agreement for the same program was in place in the provider's fiscal year, each must be accounted for separately, showing applicable dates of each. See Appendix D, Sample D-3.
- 2) a comparison of budget-to-actual revenues and expenditures shall be included if such a schedule is required as a condition of funding.

3. Family Day Care Home Sponsors.

Such audit reports shall include a schedule showing a comparison of the actual expense, approved budget, and the amount allowable using applicable rates. The lowest of the three is the amount allowed for administrative expenses. See Appendix D, Sample D-4.

4. Mental Health Organizations.

Such audit reports shall include an auditor's report expressing an opinion on the capability of the auditee's statistical information system to reliably document and report staff activities, units of service, and recipients of services data. The auditor's report shall also express an opinion on the fairness of the presentation of the number of direct clients served, number of direct client and community and education units of service provided, and the cost per unit of service.

APPENDIX A

AUTHORITATIVE AND RELEVANT PUBLICATIONS

The following are publications that provide guidance in performing audits of nonprofit and governmental entities.

GENERAL ACCOUNTING OFFICE

- *Government Auditing Standards - 1994 Revision* (The Yellow Book)

May be obtained from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20401 or at <http://www.gao.gov/special.pubs/oc94009.pdf>

OFFICE OF MANAGEMENT AND BUDGET

- Circular A-21, *Cost Principles for Educational Institutions*
- Circular A-87, *Cost Principles Applicable to Grants and Contracts with State and Local Governments*
- Circular A-102, *Grants and Cooperative Agreements With State and Local Governments*
- Circular A-110, *Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*
- *Uniform Administrative Requirements for Grants and Cooperative Agreements With State and Local Governments* (OMB Common Rule)
- Circular A-122, *Cost Principles for Non-Profit Organizations*
- Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*
- *Catalog of Federal Domestic Assistance* (CFDA)
- *OMB A-133 Compliance Supplement*

These OMB documents may be obtained from the Superintendent of Documents, U.S. Government Printing Office, Washington D.C. 20401 or at

Circulars – <http://www.whitehouse.gov/WH/EOP/OMB/html/circulars/>

CFDA – <http://www.gsa.gov/fdac>

Compliance Supplement – http://www.whitehouse.gov/WH/EOP/OMB/html/grants/A-133_compliance/

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

- Audit and Accounting Guide, *Not-For-Profit Organizations* (most recent edition)
- Statement of Position 98-3, *Audits of State, Local Governments, and Not-For-Profit Organizations Receiving Federal Awards*

These documents may be obtained from the American Institute of Certified Public Accountants, Harborside Financial Center, 201 Plaza Three, Jersey City, NJ 07311-3881. The AICPA web site is <http://www.aicpa.org>

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB)

- *Codification of Governmental Accounting and Financial Reporting Standards* (GASB expects to update this publication annually)
- Statements
- Interpretations
- Technical Bulletins

These include codification of the National Council of Governmental Accounting (NCGA) statements and interpretations. These documents may be obtained from the Governmental Accounting Standards Board, High Ridge Park, P.O. Box 3821, Stamford, Connecticut 06905 or at <http://www.rutgers.edu/accounting/raw/GASB/> .

WESTERN INTERGOVERNMENTAL AUDIT FORUM

Guidelines for Preparation of Requests for Audit Proposals. This useful document provides specific guidance in preparing RFPs for audit services. It may be obtained from the Western Intergovernmental Audit Forum, 1275 Market Street, Suite 900, San Francisco, California 94103.

ORDER OF RELIANCE ON AUTHORITATIVE LITERATURE

For those entities for which the Arkansas Department of Human Services is the oversight audit agency, the following is the order of reliance.

- Single Audit Act of 1984 and the 1996 Amendments
- OMB Circular A-133
- *Government Auditing Standards* (The Yellow Book)
- AICPA Audit and Accounting Guide(s)
- AICPA Statements on Auditing Standards and Statements of Position

These authorities and guides are revised and amended from time to time, and reliance is always upon the most recent version.

APPENDIX B
TELEPHONE NUMBERS

The Audit Section main number is (501) 682-6231.

The FAX number is (501) 682-8905.

Administration

Has the audit been received ?.....(501) 682-6234

Has an extension been granted ?.....(501) 682-6234

Auditors in provider's area.....(501) 682-6234

Auditors/Reviewers

Audit procedures or requirements.....(501) 682-8173

Questions about confirmations received.....(501) 682-8172

CFDA numbers and titles.....(501) 682-6272

To discuss audit review letters, call one of the numbers provided in the review letter.

APPENDIX C

AUDIT REPORT ON DISK

The preferred mode of report submission is one signed paper copy **and** a disk containing the same material.

The disk must be a 3.5" floppy.

It may be single or double sided and of any standard density.

It must be labeled with the entity name, audit period, and application.

Data must be written to the disk by one of the below listed applications, **or** in ASCII format.

Wordperfect	≥ 5.0
Microsoft Word	≥ 2.0
Microsoft Excel	≥ 2.1
Microsoft Works	≥ 3.0
Lotus 1-2-3	≥ 2.2

The disk is not returnable.

APPENDIX D
SAMPLE DHS SCHEDULES

Sample D-1
Schedule of State Assistance

Any Provider
Schedule of State Assistance
For the Year Ended June 30, 19XX

Program Grantor/ Program Title	Contract Number	State Revenues	State Expenditures	* Total Program Expenditures
<u>AR Department of Human Services</u>				
Division of Developmental Disabilities Services/Work Activity Center	999999	<u>50,000</u>	<u>49,000</u>	160,000
<u>AR Department of Education</u>				
Private Agency Special Education Programs (section 14 AR Act 102 of 1973)/Transition	999999	15,000	15,000	76,000
Rehabilitation Services/ Assessment/Work Adjustment training	N/A	<u>9,000</u>	<u>8,000</u>	210,000
Total Dept of Education		<u>24,000</u>	<u>23,000</u>	
Total State		<u>74,000</u>	<u>72,000</u>	

*** - This column is optional.**

**Sample D-2
Schedule of Governmental Assistance**

Any Provider
Schedule of Governmental Assistance
For the Year Ended June 30, 19XX

Department/Division Program	CFDA Number	Fed/State Revenues	Fed/State Expenditures	*
				Total Program Expenditures
<u>Federal Assistance</u>				
US Dept of Health and Human Services Child Care and Development Fund	93.596	100,000	95,000	160,000
US Dept of Agriculture Child and Adult Care Food Program	10.558	<u>100,000</u>	<u>100,000</u>	100, 000
Total Federal		<u>200,000</u>	<u>195,000</u>	
<u>State Assistance</u>				
AR Department of Human Services/CFS Foster Care	9999999	100,000	110,000	110,000
AR Department of Education	9999999	<u>100,000</u>	<u>100,000</u>	100,000
Total State		<u>200,000</u>	<u>210,000</u>	
Total Governmental Assistance		<u>400,000</u>	<u>405,000</u>	

* - This column is optional.

Sample D-3
Units of Service Schedule

Any Provider
 Schedule of Units of Service
 For the Year Ended June 30, 19XX

	Foster Care Program	Child and Adult Care Food Program	
	Foster Care Days	Breakfast	Lunch
July	100	150	100
August	100	140	100
September	100	150	80
October	110	130	90
November	90	150	90
December	100	160	80
January	90	150	80
February	110	150	90
March	90	130	80
April	100	120	90
May	110	150	100
June	100	150	100
Total	<u>1200</u>	<u>1730</u>	<u>1080</u>

Sample D-4
Family Day Care Home Sponsors
Schedule of Administrative Expenses

Family Day Care Home Sponsor Provider
Schedule of Administrative Expenses
(Actual to Budget)
For the Year Ended September 30, 19XX

	<u>Actual</u>	<u>Approved Budget</u>	<u>Over (Under) Budget</u>
Audit, Accounting and Legal	2,960	1,082	1,878
Bank Charges	44	-	44
Contract Labor	333	-	333
Insurance	-	406	(406)
Office Supplies and Equipment	200	1,082	(882)
Payroll Taxes	1,747	2,312	(565)
Postage	574	812	(238)
Printing	1,643	2,165	(522)
Rent and Utilities	1,475	1,894	(419)
Salaries	20,848	30,160	(9,312)
Supplies	1,965	2,165	(200)
Telephone	2,637	2,706	(69)
Training	835	1,083	(248)
Travel	9,849	8,118	1,731
Miscellaneous	18	135	(117)
	<hr/>	<hr/>	<hr/>
Total Administrative	45,128	54,120	(8,992)
Less Audit Payment Reimbursed	(2,200)	-	(2,200)
	<hr/>	<hr/>	<hr/>
Total Net of Audit	42,928	54,120	(11,192)
	<u>Number of Homes</u>	<u>Applicable Rate</u>	<u>Administrative Expense</u>
October, 19XX - June, 19XX	447	\$ 69	\$ 30,843
	8	53	424
July, 19XX - September, 19XX	146	71	10,366
	3	54	<hr/> 162
Administrative Allowance at Applicable Rates			41,795
Administrative Expenses Allowed: Least of Actual, Approved Budget, or <u>Allowance at Applicable Rate</u>			<hr/> <hr/> 41,795

APPENDIX E

SIGNIFICANT CHANGES

Changes from January, 1992 Guidelines –

- **Increased threshold for Single audits performed in accordance with OMB Circular A-133 to \$300,000 (Section III.A)**
- **Set threshold for Government Auditing Standards audits at \$100,000 (Section III.B)**
- **Added notation that Medicaid is not considered Federal Financial Assistance, but the State portion is considered State Assistance, and deleted reference to Act 1147 (Section III)**
- **Removed restriction on program specific audits (Section V.C)**
- **Added information on auditor selection (Section V.G)**
- **Added request for electronic submission of audit reports (Section VI.A)**
- **Added sanctions for late submission of audit reports (Section VI.B)**
- **Added auditor exclusion rule (Section VII.B)**
- **Added specific information on the reports required for each type of audit (Section IX)**
- **Updated authoritative publications and added web sites (Appendix A)**
- **Added phone numbers of DHS Audit Section staff who can be contacted to obtain technical assistance and the status of audit reports (Appendix B)**
- **Added examples of DHS required schedules (Appendix D)**