



**THE CITY OF NEW YORK  
ADMINISTRATION FOR CHILDREN'S SERVICES  
DIVISION OF FINANCIAL SERVICES,  
AUDIT AND BANKING  
CHILD WELFARE CONTRACT AUDIT (CWCA)**

**FY 2016 AUDIT INSTRUCTIONS**

**INSTRUCTIONS FOR COMPLIANCE WITH  
OFFICE OF MANAGEMENT AND BUDGET (OMB)  
UNIFORM GUIDANCE**

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### Attachments:

Attachment #1:	Statement of Revenue and Expenditures
Attachment #2:	Schedule of Salaries
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Attachment #4:	Schedule of Fixed Assets Inventory
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Attachment #6:	Schedule of Quantitative Program Results
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## I. ACS Audit Requirements

### A. New Single Audit Threshold Requirements

Effective December 26, 2014, for all audits beginning on or after December 26, 2014, the Federal award expenditure threshold for filing a Single Audit (formally known as the A-133 Audit) for all non-federal entities **has been increased from \$500,000 to \$750,000**. A Federal program is defined as all Federal awards assigned a single Catalog of Federal Domestic Assistance (CFDA) number. Programs with the same CFDA numbers are considered one Federal program, for example, an Intensive Prevention program and a General Preventive Program with the same CFDA number are considered one Federal program.

To determine if an agency is subject to a Single Audit, the total federal award expenditures made for the Fiscal Year (FY) must be multiplied by the CFDA federal percentage for the federal program. If the result of the calculation of total federal award expenditures for any single, or combination of federal programs operated by an agency is \$750,000 or more, that agency must conduct a Single Audit.

The funding breakdown and CFDA numbers for Fiscal Year 2016 are as follows:

<u>PROGRAM</u>	<u>CFDA #</u>	<u>CTL</u>	<u>State</u>	<u>Federal</u>
All Prevention	93.667	13%	49%	38%
Homemaking	93.714	10%	0%	90%

See *Examples 1-3* of Federal award expenditure calculations below:

#### Example 1

<u>CFDA Federal Number</u>	<u>Total Expenditures</u>	<u>x</u>	<u>Federal Percentage</u>	<u>Federal Award Expenditures</u>
93.667	\$1,101,136		38%	\$418,432
<b><u>Total</u></b>	<b><u>\$1,101,136</u></b>			<b><u>\$418,432</u></b>

A Single Audit is not required because the federal award expenditures are less than \$750,000 and the agency has no other Federal programs.

**Example 2**

<b>CFDA Federal Number</b>	<b>Total Expenditures</b>	<b>x</b>	<b>Federal Percentage</b>	<b>Federal Award Expenditures</b>
93.667	\$1,974,842		38%	\$750,440
<b><u>Total</u></b>	<b><u>\$1,974,842</u></b>			<b><u>\$750,440</u></b>

A Single Audit is required because the Federal Expenditures exceed \$750,000

**Example 3**

<b>Program Name</b>	<b>CFDA Federal Number</b>	<b>Total Expenditures</b>	<b>x</b>	<b>Federal Percentage</b>	<b>Federal Expenditures</b>
Intensive Preventive (IP)*	93.667	\$860,263		38%	\$326,900
General Preventive (GP)*	93.667	\$1,139,263		38%	\$432,920
	<b><u>Total</u></b>	<b><u>\$1,999,526</u></b>			<b><u>\$759,820</u></b>

\*The Intensive Prevention and the General Preventive are considered one Federal Program. A Single Audit is required because the combined Federal Expenditures are over the \$750,000 threshold.

B. **Schedule of Expenditures**

The Schedule of Expenditures of Federal Awards for FY Ended June 30, 2016 should include a list of Federal programs by Federal agency, Children's Services name and pass-through number, the total amount provided by Children's Services and the total amount expended for each Federal award.

C. **Single Audit Exemption**

If an agency spends **less than \$750,000 in Federal awards in a year**, it is not required to have a Single Audit but it is recommend that an audit be done. The agency must

- ✓ Maintain internal control over Federal programs.
- ✓ Manage Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on the Federal programs.
- ✓ Comply with the program's rules, regulations and contract or grant agreements.

- ✓ Provide ACS with an Attestation to that fact that the agency's federal award expenditures were less than \$750,000 in the fiscal year ending June 30, 2016 which must be sent to the attention of the Assistant Commissioner of Finance Audit and Banking within nine months after the end of the fiscal year (by March 31, 2017).

In addition, the agency may be monitored for compliance with these requirements by appropriate officials of the Federal Agency, the General Accounting Office (GAO) and ACS.

## II. Uniform Guidance, Code of Federal Regulations (CFR)

The Office of Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (commonly called "Uniform Guidance") was officially implemented in December 2014 by the Council on Financial Assistance Reform (COFAR). **The Uniform Guidance – a "government-wide framework for grants management" – synthesizes and supersedes guidance from earlier OMB circulars.**

### A. CFR §200.501 Audit Requirements

- (a) Audit required. A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of this part.
- (b) Single audit. A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single audit conducted in accordance with §200.514 Scope of audit except when it elects to have a program-specific audit conducted in accordance with paragraph (c) of this section.
- (c) Program-specific audit election. When an auditee expends Federal awards under only one Federal program, excluding research and development (R&D) and the Federal program's statutes, regulations, or the terms and conditions of the Federal award do not require a financial statement audit of the auditee, the auditee may elect to have a program-specific audit conducted in accordance with §200.507 Program-specific audits. A program-specific audit may not be elected for R&D unless all of the Federal awards expended were received from the same Federal agency, or the same Federal agency and the same pass-through entity, and that Federal agency, or pass-through entity in the case of a subrecipient, approves in advance a program-specific audit.

- (d) Exemption when Federal awards expended are less than \$750,000. A non-Federal entity that expends less than \$750,000 during the non-Federal entity's fiscal year in Federal awards is exempt from Federal audit requirements for that year, except as noted in §200.503 Relation to other audit requirements, but records must be available for review or audit by appropriate officials of the Federal agency, pass-through entity, and Government Accountability Office (GAO).

**B. CFR §200.508 Auditee Responsibilities**

The auditee must:

- (a) Procure or otherwise arrange for the audit required by this part in accordance with §200.509 Auditor selection, and ensure it is properly performed and submitted when due in accordance with §200.512 Report submission.
- (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with §200.510 Financial statements.
- (c) Promptly follow up and take corrective action on audit findings, including preparation of a summary schedule of prior audit findings and a corrective action plan in accordance with §200.511 Audit findings follow-up, paragraph (b) and §200.511 Audit findings follow-up, paragraph (c), respectively.
- (d) Provide the auditor with access to personnel, accounts, books, records, supporting documentation, and other information as needed for the auditor to perform the audit required by this part.

**III. General Costs Principles for Non-Profit Agencies**

Non-federal entities must comply with Uniform Guidance Subpart E- COST PRINCIPLES as specified in CFR §200.400 through §200.475 which establishes general provisions and special considerations for cost composition and allocation as they relate to the Federal award expenditures.

**IV. Procurement of Audit**

OMB Uniform Guidance requires the sub-recipient to contract for audit services. 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 requires that each agency reach out to a minimum of 3 CPA firms when submitting request proposals for audit services.

Uniform Guidance requires agencies to clarify the objectives and scope of the audit when they request proposals for audit services. Also, to evaluate the audit proposals, they must take into consideration the following factors: responsiveness to the request for proposals, relevant experience, availability of staff with professional qualifications and technical abilities, the result of the firm’s external quality control review, and the price.

**V. Government Auditing Standards (GAS)**

The Generally Accepted Government Auditing Standards (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 GAS, which is promulgated by the Comptroller General of the United States. GAS includes general standards, fieldwork standards, and reporting standards.

A. General Standards

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

B. Field Work Standards

Under GAS, 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 competent evidence to support their findings.

C. Reporting Standards on Financial Statements

When auditors issue a financial report on an agency, they must prepare the report in accordance with GAS, which incorporates the AICPA standards. GAS 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). For a Single Audit, the auditors must determine whether the schedule of expenditures of Federal awards is presented fairly in all material respects in relation to the financial statements taken as a whole.

D. American Institute of Certified Public Accountants (AICPA) Statements on Auditing Standards

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 GAS the auditors conducting Single 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.

**VI. Children's Services Requirements Applicable to an Agency's Programs**

Children's Services Division of Financial Services, Audit and Banking has included with these instructions (see Attachments #1 through #7) schedules to agencies with Preventive programs that must be completed for the reporting of information that is necessary for Children's Services monitoring responsibility. As part of the Single Audit, the auditors must ensure that the agencies comply with Children's Services fiscal requirements.

When contracting for audit services, agencies must request that the auditors complete these schedules. These schedules must be included in the audit report whether or not the Preventive program and other Children's Services Federal Awarded programs are audited as a major program. These schedules can be shown in a separate section as supplementary information to the Single Audit report.

Agencies that are not subject to the Single Audit are required to prepare Preventive schedules for final reconciliation of their fiscal year as well as submit their financial statements to Children's Services. The additional requirements will serve to provide



accurate information to complete a final closeout process for the fiscal year and comply with New York State monitoring requirements. Also required is a signed attestation from the Chief Financial Officer stating that the agency received less than \$750,000 in federal funds and is therefore not required to conduct a Single Audit.

The Schedules are as follows:

1. Revenue and Expenditures;
2. Salaries;
3. Fringe Benefits;
4. Fixed Assets;
5. Detailed Explanation of Questioned Costs;
6. Quantitative Program Results;
7. Child Success New York City Preventive Funding;
8. Attestation (Sample).

The schedules of expenditures, salaries, and fringe benefits identify actual expenses. The final closeout will be computed from the schedule of revenue and expenditures comparing the revenue to the total budget amount and actual expenditures. In addition, an analysis of the program results should be provided and the percentage of private share, if any, should be disclosed. **When a Preventive contract has more than one budget code, it is required that the schedules be presented by budget code to facilitate the close out process.**

For Fiscal Year ended June 30, 2016 these schedules should be covered by an Auditor's report on Supplementary Information concluding that "such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole."

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

As per Uniform Guidance, the auditor must follow-up on prior audit findings, perform procedures to assess the reasonableness of the summary schedule of prior audit findings prepared by the auditee in accordance with §200.511 Audit findings follow-up paragraph (b), and report, as a current year audit finding, when the auditor concludes that the

summary schedule of prior audit findings materially misrepresents the status of any prior audit finding. The auditor must perform audit follow-up procedures regardless of whether a prior audit finding relates to a major program in the current year.

A. General

The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings. The auditee must also prepare a corrective action plan for 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 under §200.516 Audit findings, paragraph (c). Since the summary schedule may include audit findings from multiple years, it must include the fiscal year in which the finding initially occurred. The corrective action plan and summary schedule of prior audit findings must include findings relating to the financial statements which are required to be reported in accordance with GAGAS.

B. Summary Schedule of Prior Audit Findings

The summary schedule of prior audit findings must report the status of all audit findings 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 listed as corrected, or no longer valid or not warranting further action.

When audit findings were fully corrected, the summary schedule need only list the audit findings and state that corrective action was taken.

When audit findings were not corrected or were only partially corrected, the summary schedule must describe the reasons for the finding's recurrence and planned corrective action, and any partial corrective action taken. When corrective action taken is significantly different from corrective action previously reported in a corrective action plan or in the Federal agency's or pass-through entity's management decision, the summary schedule must provide an explanation.

When the auditee believes the audit findings are no longer valid or do not warrant further action, the reasons for this position must be described in the summary schedule. A valid reason for considering an audit finding as not warranting further action is that all of the following have occurred:

C. Corrective Action Plan

At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings of the Uniform Guidance, a 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) of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date. If the auditee does not agree with the audit findings or believes corrective action is not required, then the corrective action plan must include an explanation and specific reasons.

**VIII. Uniform Guidance Compliance Supplement**

The Compliance Supplement of the Uniform Guidance identifies the compliance requirements that should be considered by the auditors when they are performing audits of Federal awards. The Supplement provides guidelines for determining audit objectives, suggested internal control audit procedures and suggested compliance audit procedures. In performing audits of an agency's Federal awards, the auditors must consider the specific requirements applicable to the agency's program in addition to the Compliance Supplement requirements.

The compliance supplement is available on the OMB Web site:

([https://www.whitehouse.gov/sites/default/files/omb/assets/omb/circulars/a133\\_compliance/2015/2015-compliance-supplement.pdf](https://www.whitehouse.gov/sites/default/files/omb/assets/omb/circulars/a133_compliance/2015/2015-compliance-supplement.pdf))

**IX. Report Submission**

The Uniform Guidance provides that the reporting package including a data collection form shall be submitted to the Federal Clearing House designated by OMB within thirty (30) days of the receipt of the auditor's report, or nine months after the end of the audit period.

The reporting package as described in subpart "F" of the OMB Uniform Guidance comprises:

- ✓ Financial Statements and Schedules of Expenditures of Federal Awards
- ✓ Summary Schedule of Prior Audit Findings
- ✓ Auditor's Reports
- ✓ Corrective Action Plan

**One (1) Bound copy and one (1) PDF of the Audit Report must be sent to the Child Welfare Contract Audit Unit. The bound copy must be addressed to:**

Administration for Children's Services  
Division of Financial Services, Audit and Banking  
150 William Street, 10th floor  
New York, New York 10038-2614  
Attn: Marcia Gilliard, Assistant Commissioner

Please send the PDF to [Jenny.Nakas@acs.nyc.gov](mailto:Jenny.Nakas@acs.nyc.gov)

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

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