

Department of Children & Family Services
Exhibit C
CHECKLIST & INTERROGATORY for FINANCIAL and STATISTICAL REPORTING

To Be Completed & Submitted by the Private Agency WITH YOUR AUDITED FINANCIAL REPORTING PACKAGE due within 180 Days of the Provider Agency's Fiscal Year End

Name of Reporting Agency: _____

Reporting for the Period Ended: _____

Interrogatory & Reporting Checklist – To Be Completed and Submitted by the Private Agency

A certified independent financial audit is required when the provider agency accrues revenue of more than \$150,000 from the Department during the State fiscal year. Financial audits must be performed in accordance with Government Auditing Standards. If your agency is required to provide a certified independent financial audit, the following Reporting Checklist must be completed and enclosed with the annual audit and cost reporting submission documents. The reporting check list should be completed by private agency staff.

➤ **Audit Engagement Letter & Peer Review**

	Circle Answer	
Was an Engagement Letter executed?	Yes	No
If an Engagement Letter was executed, please <u>enclose the letter</u> .	Enclosed	n/a
Public accounting firms and sole practitioners that are conducting an audit of your financial statements are required to undergo a peer review every three years. <u>Obtain a copy of the most recent Peer Review and enclose it</u> with the annual audit and cost reporting submission documents. (Please enclose the most recent letter, even if you have already submitted the same letter in prior years.)	Enclosed	

➤ **Management Letter**

	Circle Answer	
Was a management letter issued?	Yes	No
If a management letter was issued, please <u>enclose the letter</u> .	Enclosed	n/a
Did management prepare a response to the management letter?	Yes	No n/a
If management prepared a response to the management letter, please <u>enclose the response</u> .	Enclosed	n/a
Was a schedule of the status of prior year management letter issues prepared?	Yes	No
If a schedule of the status of prior year management letter issues was prepared, please <u>enclose the schedule</u> .	Enclosed	n/a

➤ **Auditor Communication**

Circle Answer

Was an Auditor's Communication With Those Charged With Governance (SAS No. 122 and/or SAS No. 123) issued?	Yes	No	
If a SAS No. 122 and/or SAS No. 123 were issued, please <u>enclose the communication</u> .	Enclosed	n/a	
The auditor reviewed the agency's financial polices and management/financial practices in the context of SAS No. 99.	Yes	No	
The auditor has determined the agency's financial policies and management/financial practices are materially in compliance with SAS No. 99.	Yes	No	n/a
Were those charged with governance notified of fraud involving senior management and/or fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements? (SAS No. 99)	Yes	No	
If those charged with governance were notified of fraud causing a material misstatement of the financial statements, <u>please enclose the communication</u> .	Enclosed	n/a	
Were those charged with governance notified of other risks of fraud identified as a result of the assessment of the risks of material misstatements due to fraud? (SAS No. 99)	Yes	No	
If those charged with governance were notified of other risks of fraud, <u>please enclose the communication</u> .	Enclosed	No	

➤ **Independent Auditor’s Report & Consolidated Financial Statements**

Circle Answer

<p>The <u>Independent Auditor’s Report & Consolidated Financial Statements</u> is enclosed and contains:</p> <ul style="list-style-type: none"> - Independent Auditor’s Report (Opinion) If a Consolidated Financial Report (CFR) is completed, the independent auditor must express an “In Relation To” Opinion on the Cost and Revenue Schedules of the CFR. For additional information related to the opinion, please refer to the point captioned “Instructions for the auditor – In Relation To Opinion of the Consolidated Financial Report (CFR)”. 	Yes	No	
<ul style="list-style-type: none"> - Statement of Financial Position 	Yes	No	
<ul style="list-style-type: none"> - Statement of Activities 	Yes	No	
<ul style="list-style-type: none"> - Statement of Functional Expenses including management and general expenses and fundraising expenses. The statement should show by functional and natural classifications the expenses for each individual program thus enabling the association of audited costs with Department funding. (A program is defined as a coherent assembly of activities and supporting resources contained within an administrative framework to implement an organization’s mission or some specific related aspect of that mission. In the context of Department contracting and provider agency cost reporting, material differences in contract program plans are used to distinguish programs as being separate from one another. The Department will only rarely issue separate contracts for the same program in the same period. One program can be, and often is, funded by more than one purchaser.) 	Yes	No	
<ul style="list-style-type: none"> - Statement of Cash Flows 	Yes	No	
<ul style="list-style-type: none"> - Notes to the Financial Statements 	Yes	No	
<ul style="list-style-type: none"> - Reports on Compliance and Internal Controls Over Financial Reporting in accordance with Government Auditing Standards (if not contained in an A-133 Audit) 	Yes	No	n/a

➤ **OMB A-133 Audit**

Circle Answer

Was the total amount of Federal Funds spent from all sources verified?	Yes	No
Was the total amount of Federal Funds spent from all sources less than \$750,000 (if fiscal year beginning on or after January 1, 2015) or less than \$500,000 (if fiscal year beginning before January 1, 2015)?	Yes	No
Was the total amount of Federal Funds spent from all sources greater than or equal to \$750,000 (if fiscal year beginning on or after January 1, 2015) or greater than or equal to \$500,000 (if fiscal year beginning before January 1, 2015)?	Yes	No
Was an A-133 audit performed?	Yes	No
If an A-133 audit was performed, <u>enclose the A-133 audit and a copy of the Data Collection – FORM SF-SAC</u> with the annual audit and cost reporting submission documents.	Enclosed	n/a

➤ **Consolidated Financial Report (CFR)**

Circle Answer

Is your agency required to file a CFR? (For CFR reporting requirements, please refer to the point captioned “Consolidated Financial Report – When a CFR must be completed and submitted”	Yes	No	
If your agency is required to file a CFR, did the independent auditor express an opinion on the CFR? If your agency is required to file a CFR, instructions are attached for the auditor to use in preparing an In Relation To Opinion. Refer to the point captioned “Instructions for the Auditor – In Relation To Opinion of the Consolidated Financial Report (CFR)”.	Yes	No	n/a
Does the Report of Service Units include all clients served regardless of the referral source?	Yes	No	
Can the Cost schedule of the CFR be tied to the Statement of Functional Expenses contained in the audit report?	Yes	No	
If the Cost schedule of the CFR cannot be tied to the Statement of Functional Expenses contained in the audit report, please <u>construct and provide a crosswalk</u> between the Cost schedule and the Statement of Functional Expenses.	Enclosed	n/a	
Are any non-allowable costs as defined by 89 Illinois Administrative Code Section 356.60 (Disallowable Costs and Reduced Reimbursement) included in any program columns of the CFR? A list of non-allowable costs is repeated at the end of this document for reference.	Yes	No	
If non-allowable costs are included in any program columns of the CFR, please prepare and enclose a schedule that identifies the non-allowable cost item, the reported amount, and the program column and line number of the CFR containing the non-allowable cost. This schedule may be bound in the CFR.	Enclosed	n/a	

➤ **Licensed Child Welfare Agency Management Self Reporting Form**

Circle Answer

Is the private agency licensed by the Department?	Yes	No
If the private agency is licensed by the Department, please <u>enclose the most recently completed Licensed Child Welfare Agency Management Self Reporting Form.</u>	Enclosed	n/a

➤ **Illinois Attorney General Form 990**

Circle Answer

Is the private agency required to file the Illinois Attorney General AG-990 form?	Yes	No
If the private agency completes Form AG-990, please <u>enclose the most recently completed AG-990 form.</u>	Enclosed	n/a

➤ **Other Items** – may require a brief dialog with the auditing firm

Circle Answer

Were the auditor’s procedures sufficient to provide reasonable assurance that material related party transactions for which FASB ASC 850-10-50 requires disclosure are adequately identified?	Yes	No	
During the course of the audit, did the auditor become aware of the possible existence of material related party transactions that could affect the financial statements or of common ownership or management control relationships for which FASB ASC 850-10-50 requires disclosure?	Yes	No	
If related party transactions are present and FASB ASC 850-10-50 requires their disclosure, please enclose a schedule that identifies the payee, the relationship between the related parties, a brief description of the item or services purchased and the amount paid.	Enclosed	n/a	
Does a reasonable and consistent cost allocation plan (methodology used to allocate the indirect, and management and general costs) exist that is based on the benefit received by each program, administrative activity, or function?	Yes	No	
Was a reasonable and consistent cost allocation plan utilized for the actual allocation of indirect and management and general costs?	Yes	No	
Does a reasonable segregation of duties exist for the finance and accounting functions?	Yes	No	
Does the accounting system minimally include a chart of accounts and appropriate accounting journals?	Yes	No	
Is the chart of accounts at least as detailed as the authorized budget (if applicable) by cost category?	Yes	No	n/a
1. To the best of your knowledge, were tests performed during the audit process sufficient to determine that transactions were properly recorded and charged to the correct program?	Yes	No	
2. Does a written policy exist for the accrual and use of benefit time?	Yes	No	
3. If a written policy exists, was benefit time accrued and used in accordance with the written policy?	Yes	No	n/a
4. To the best of your knowledge, were time and attendance records tested to insure staff costs were assigned to the appropriate cost center?	Yes	No	
5. Are payroll costs allocated among two (2) or more programs?	Yes	No	
6. If payroll costs are allocated among two (2) or more programs, was a generally accepted allocation method used to assign payroll costs across multiple programs?	Yes	No	n/a
7. Are non-payroll costs allocated among two (2) or more programs?	Yes	No	
8. If non-payroll costs are allocated among two (2) or more programs, was a generally accepted allocation method used to assign non-payroll costs across multiple programs?	Yes	No	n/a
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If the answer to any of the above questions numbered 1, 2, 3, 4, 6 or 8 is "No", please identify the amount and location of the associated cost(s) reported in the Consolidated Financial Report (CFR), or any other cost reporting document provided the Department as a replacement for annual reporting on the CFR, in a schedule similar to that presented below.

Program Name ->				
	Amount	CFR Line #	Amount	CFR Line #
Transactions not supported by appropriate documentation (invoice, authorizing signatures, etc.) or charged to the wrong program				
Benefit time not accrued and used in accordance with written policy				
Staff and related costs assigned to a program not supported by time and attendance records or a generally accepted allocation method.				

Have the Cost and Revenue schedules of the CFR been subjected to the auditing procedures applied in the audit of the basic financial statements? Refer to the point captioned "Instructions for the Auditor – In Relation To Opinion of the Consolidated Financial Report (CFR)".	Yes	No
If yes, are the cost and revenue schedules fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.	Yes	No

➤ **Contact Information and Certification**

Name of Lead Auditor: _____

Name of Auditing Firm: _____

Address of Auditing Firm: _____

CPA Licensee Number: _____

Contact Person At Provider Agency: _____

Email: _____

Phone Number: _____

I certify that the information above is true and accurate to the best of my knowledge.

Executive Director	_____	_____
	Printed Name	Signature

Chief Financial Officer	_____	_____
	Printed Name	Signature

Board President	_____	_____
	Printed Name	Signature

Board Treasurer	_____	_____
	Printed Name	Signature

➤ **Consolidated Financial Report** – When a CFR must be completed and submitted

Provider agencies contracted for delivery of 24-hour substitute care services⁽¹⁾, and Intact Family Services programs shall submit two (2) copies of an annual Consolidated Financial Report (CFR) regardless of the DCFS funding amount.

⁽¹⁾24-hour Substitute Care Services include:

- Childcare Institution Programs
- Shelter Care Programs
- Group Homes Programs
- Independent Living And Transitional Living Programs
- Community Integrated Living Arrangements Programs
- Agency Foster Care Programs

A Consolidated Financial Report (CFR) is also due for the contract types listed below (identified by the 3 letter contract descriptor code found on the first page of the boiler plate in upper right hand corner) when a provider accrues revenue exceeding \$150,000 from the Department during the State Fiscal Year.

ADP	Adoption	IFS	Intact Family Services
ADS	Adoption Specialty	ILO	Independent Living Option
AFC	Adolescent Foster Care	INO	Institution Out Of State
APS	Adopt. Preserv. Service	MAC	Medicaid Agency Counseling
AVA	Advocate Agency	MAD	Medicaid Adoption
CAC	Child Advocacy Center	MCG	Medicaid Group Home
CAR	Treat/Res Child Abuse	MCI	Medicaid Institution
CAS	Child Advocacy Support	MCT	Medicaid Treatment Foster Care
CAY	CAYIT	MGF	Medicaid Group Home Fee For Service
CCI	Child Care Institution	MIO	Medicaid Inst Out State
CCN	Crisis Nurseries	MLC	Medicaid Ind Living Comprehensive
CIP	Clinical Intervention for Placement Prevention	MPA	Medicaid Post Adopt
COR	Court Ordered Home Study	MRC	Medicaid Carve Out
CPM	Child Pers/Phy Maint	MSL	Medicaid Supervised Independent Living
CSA	Counseling Agency	NOR	Norman Cash Assistance
CSC	Counseling Central Office	PCC	Performance Contract Traditional
CSI	Counseling Intact Family	PCD	Performance Foster Care Downstate
CST	Counseling Toxicology	PCS	Performance Cook – Small
DRS	Differential Response	PPT	Pregnant & Parenting Teen
EFS	Extended Family Service	PRH	Provider Agency Relative Home
FAC	Family Advocacy Center	PTG	Parent Training Group
FCA	Agency Foster Home	RAP	Medicaid Pilot-Care Coordination
FCE	Foster Care Exempt	SBP	Sexual Behavior Problems
FCI	Foster Care Initiative	SOC	System Of Care
FCN	Foster Care - Nonstandard Rate	TLP	Transitional Living Program
FCS	Foster Care Sibling	TLS	Transitional Living Systems
FIC	Foster Care - Intake Closed	TRO	Transportation
FPS	Family Preservation	TYP	Transitional Youth Program
FTF	Family To Family	VIT	Visitation
GH	Group Home	YES	Youth Emergency Shelter
HAB	Agency Family Habilitation	YIC	Youth In Crisis
HCN	Health Care Network	YOU	Youth/Community Service

Most generally excluded from reporting on the CFR are governmental entities, individuals, contractual employees, electronic data processing services, and out of state providers serving 5 or fewer DCFS youth.

If a certified independent financial audit is NOT required, but your agency is required to submit a CFR, the CFR is not required to be audited.

If you are required to submit the CFR to more than one State Agency (Illinois Department of Human Services (DHS), Children and Family Services (DCFS) and the State Board of Education/Illinois Purchase Care Review Board (ISBE/IPCRB)), you must start all the CFR schedules (except Report of Service Units) with the "Total Agency" columns, taken from the audited financial statements, then break out into columns, all programs that all entities require you to report in detail. In this way, only one set of CFR schedules needs to be completed, with copies submitted to all the entities requiring submittal.

All seven (7) schedules of the Consolidated Financial Report must be completed.

1. Agency Information Page
2. Program Names Schedule
3. Costs Schedule
4. Revenues Schedule
5. Service Units Schedule
6. Personnel Schedule
7. Contractual Schedule

Two applications may be used to electronically collect Consolidated Financial Report (CFR) data from provider agencies. Submission of your CFR through the applications' sends the data to each applicable Illinois state agency.

The first application is through the Illinois State Board of Education (ISBE):

<https://sec1.isbe.net/cfr>. To set up a new account go to:

<https://sec1.isbe.net/cfr/adminsetup.aspx>.

The second application is the Community Service Agreement (CSA) through the Department of Human Services (DHS). If you need to register for the CSA or need a password reset to CSA please contact the DHS help desk at 1-866-791-4554 or email the help desk at customerservice@cstonesupport.com.

The provider agency shall submit an electronic copy of all required reports and attachments via the Central Repository Vault (CRV) within 180 days of the end of the provider agency's fiscal year end. Requests for extensions should be sent on or before the due date to:

Office of Planning and Budget Development
Department of Children and Family Services
Mail Station 440
406 East Monroe Street
Springfield, Illinois 62701-1498

Failure to comply with financial and statistical reporting requirements will result in:

- a) withholding of rate increases; or
- b) non-renewal or termination of the purchase of service contract; or
- c) withholding of current contract payments in full or in part for services provided.

Please note the contract program plan may identify financial and statistical reporting requirements in addition to those stated here. The provider agency shall adhere to additional reporting requirements if stated in the contract program plan.

Questions regarding the Independent Audit or A-133 Audit should be directed to Adrienne Bell in the Department's Office of Field Audits at Adrienne.Bell@illinois.gov or (708)210-2850. Questions regarding who is required to report, the CFR and the new web based system should be directed to Janet McKeown with the Office of Planning and Budget at Janet.Mckeown@illinois.gov or (217)557-2470.

➤ **Instructions for the Auditor – “In Relation To” Opinion of the Consolidated Financial Report (CFR)**

The independent certified public accountant may elect to add a paragraph to the opinion on the basic financial statements. Or, the independent certified public accountant may issue a separate report on the supplementary information. In either case, an opinion must be expressed on the Cost and Revenue schedules of the CFR. An example of an acceptable opinion follows:

Our audit was performed for the purpose of forming an opinion on the basic financial statements of XYZ, taken as a whole. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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.

The manner and extent to which the independent certified public accountant performs particular procedures to support their opinion on the CFR are determined by the independent certified public accountant using his or her professional judgment, but those procedures must include at least the following:

- Obtaining DCFS Rules (89 Illinois Administrative Code Sections 356, 357, 360 and 434). Available at <http://www.state.il.us/dcfs/policy/index.shtml>. Obtaining DCFS instructions for preparing the CFR Schedule of Program Costs and Revenue and comparing the classifications used therein to those allowed by the instructions.
- Agreeing the total expense amounts detailed in the CFR Schedule of Program Costs to the provider’s GAAP based financial statements.
- Agreeing the total revenue amounts detailed in the CFR Schedule of Program Revenue to the provider’s GAAP based financial statements and to the program that the revenue was received for.
- Reviewing the methodology used to allocate costs among programs for reasonableness ensuring that the methodology was consistently followed. Agreeing allocated amounts to the general ledger and applicable payroll records.
- Read 89 Illinois Administrative Code 356.60 (Disallowable Costs and Reduced Reimbursement) and the CFR instructions to ensure that those costs are included on Line 47 of the CFR and a detailed list of those costs are included either in a separate attachment or through the use of the on-line CFR.
- Mathematically checking all footings and cross footings on the CFR Schedule of Program Costs and Revenues.

➤ 89 Illinois Administrative Code Section 356.60 (Disallowable Costs and Reduced Reimbursement)

Section 356.60 Disallowable Costs and Reduced Reimbursement

Certain costs shall not be considered by the Department for reimbursement. Cost standards may be applied to costs claimed to yield reasonable costs. Disallowable costs shall include:

- a) expenses resulting from transactions with related parties and/or parent organizations which are greater than the expense to the related party;
- b) non-straight-line depreciation;
- c) research items except as approved by the Department for program evaluation;
- d) bad debts;
- e) special benefits to owners, including owner and key-man life insurance;
- f) compensation to non-working owners and officers;
- g) discounts, rebates, allowances, and charity grants offered by the agency;
- h) entertainment expenses;
- i) fund-raising;
- j) revenue producing expenses;
- k) legal fees for litigation with governmental agencies;
- l) non-program related activities;
- m) membership to national, state, or parent organizations;
- n) awards and grants to individuals;
- o) fines and penalties;
- p) mortgage and loan principal payments;
- q) contingency funds;
- r) losses on other grants and contracts;
- s) expenses relating to the development of bids or proposals;
- t) housing of non-clients (does not prohibit the expense of live-in staff);
- u) severance pay;
- v) federal and state income tax;
- w) sales tax; and
- x) other costs not reasonably related to services.

Special Instructions for Reporting Medicaid Revenues Paid through DCFS Medicaid Carve Out (MRC) Contracts

Beginning on July 1, 2013 (FY2014), the majority of funding for Medicaid Mental Health Services provided to youth residing in institution and group home settings has been disbursed through Medicaid Carve Out (MRC) contracts.

New for cost reporting for years ending in 2015, costs and revenues associated with MRC contracts must be separately reported on the CFR (not combined with any other programs i.e. Medicaid Group Home, Medicaid Institution and Medicaid Group Home Fee for Service)