

**Northeast Missouri Area Agency on Aging
Request for Proposal – Attachment 2**

**Missouri Department of Health and Senior Services
Division of Senior and Disability Services
Mandated Audit Criteria for FY2019**

1. Introduction:

The purpose of this guide is to identify audit requirements for audits of Area Agencies on Aging funded by the Missouri Division of Senior and Disability Services. The audit firm is responsible for ensuring compliance of the audit and related audit reports with all professional standards and regulations, which govern the auditee organization. This is to include all regulations in effect during the audit period, and all professional standards applicable to the period audited.

2. Background:

- 2.1. The Missouri Division of Senior and Disability Services (DSDS) has designated ten (10) Area Agencies on Aging (AAAs) throughout the state to provide needed services to the elderly within their respective planning and service areas.
- 2.2. To receive DSDS funding, the AAA must annually submit an Area Plan to DSDS which outlines the needs of older Americans within their planning service area, identifies services the AAA will provide to address those needs, and budgets to provide needed services. The Area Plan is reviewed by DSDS and upon approval a contract is awarded for the state fiscal year. Proposed changes to the Area Plan must be submitted to DSDS for prior approval in the form of an Area Plan Amendment.
- 2.3. Programs funded by DSDS must comply with the Older Americans Act as amended through April 19, 2016. Nutrition and Transportation services participant eligibility criteria also includes handicapped individuals 18-59 years to the extent funded by Social Services Block Grant Funding.
- 2.4. AAAs receive Missouri General Revenue funding through the Missouri Department of Transportation (MoDOT), Missouri Elderly and Handicapped Transportation Assistance Program (MEHTAP).
- 2.5. AAAs provide Medicaid Title XIX Home and Community Based waiver Home Delivered Meals administered through the Missouri Department of Social Services.

3. Audit Standards and Requirements:

- 3.1. All AAA audits must be performed in accordance with Office of Management and Budget Uniform Guidance: Cost Principles, Audit, and Administrative Requirements for Federal Awards, Subpart F – Audit Requirements.

- 3.2. Auditors must follow AICPA guidance for Subpart F audits, or document any departures in the auditor's work papers and note the effect of any such departures within the audit report document.
- 3.3. The auditor shall conduct an audit entrance conference with the AAA board of directors and/or management prior to commencement of field work. The time of the entrance conference shall be mutually agreed upon by the AAA and the auditor. This is similar to 2.2.2.
- 3.4. The auditor shall conduct an audit exit conference with the AAA board of directors. The auditor must present all final signed auditor report documents at the exit conference. The time of the exit conference shall be mutually agreed upon by the AAA and the auditor. The location of all audit exit conferences shall be within the city of the AAA's central office unless otherwise mutually agreed upon by the AAA and the auditor. This is similar to 2.2.7.
- 3.5. The auditor shall verbally inform the AAA agency immediately upon indication of unauditible records, defalcation, fraud, abuse, illegal acts, or other irregularities, followed by concurrent written notification to DSDS, the AAA Executive Director, the AAA Board Chairperson, and the Missouri State Auditor's Office. This is similar to 2.2.3 & 2.2.4.
- 3.6. The auditor shall incorporate the provisions of the AAAs contract with the AAAs DHSS approved area plan into their audit planning and procedures.
- 3.7. All grant funds passed through any state of Missouri government agency must be specifically identified and included within the Schedule of Expenditures of Federal and State Awards. Note: Medicaid funded Home Delivered Meals are provided on a fee for service basis and are not to be included on the Schedule of Expenditures of Federal and State Expenditures.

4. Financial Statements, Disclosures and Supplementary Information:

- 4.1. Statement of Financial Position (non-profit).
- 4.2. Statement of Activities (non-profit).
- 4.3. Statement of Functional Expenses (non-profit).
- 4.4. Statement of Cash Flows (non-profit).
- 4.5. Notes to the Financial Statements.
- 4.6. Supplementary Information:
 - 4.6.1. Schedule of Expenditures of State and Federal Awards.
 - 4.6.2. Statement of Financial Position – presentation of Budget Basis, GAAP Adjustment, and GAAP Basis Accounting, as applicable (non-profit)
 - 4.6.3. Schedule of Activities – presentation of Budget Basis, GAAP Adjustment, and GAAP Basis Accounting, as applicable (non-profit).

- 4.6.4. Statement of Financial Position – Fund Accounting (non-profit).
- 4.6.5. Statement of Activities, by Funding Source – Fund Accounting (non-profit).
- 4.6.6. Schedule of Expenditures by Program – Fund Accounting (non-profit)
- 4.6.7. Schedule of Expenditures by Service – Fund Accounting (non-profit) for each multiple service program.
- 4.6.8. Schedule of Priority Supportive Program Expenditures, by services and funding sources.
- 4.6.9. Any other financial statement, schedule, or disclosure necessary to fully comply with all applicable regulations and professional standards.
- 4.7. A schedule of findings and questioned costs, which includes a summary of auditor's results. This schedule should also include the auditee's corrective action plan to address the findings.
- 4.8. A schedule of state findings and questioned costs, which includes a summary of auditor's results. This schedule should also include the AAA's corrective action plan to address the findings.
- 4.9. A summary schedule of prior (federal) audit findings and corrective action taken. If corrective action was not taken or partially taken, the schedule must refer to the related current year finding.
- 4.10. A summary schedule of prior state audit findings and corrective action taken. If corrective action was not taken or partially taken, the schedule must refer to the related current year finding.
- 4.11. Recommendations to Management, recommending any improvements considered necessary or beneficial or a written disclosure that the audit firm has no such recommendations.

5. AAA and Auditor's Responsibilities Regarding Financial Statements, Schedules, and Disclosures:

- 5.1. AAAs are responsible for preparing and providing to the audit firm prior to the agreed upon start date all financial statements, schedules, and disclosures necessary for presentation within the audit report. Such financial statements are required to meet the following:
 - 5.1.1. Funding sources at a minimum must differentiate funds received or passed through each state agency, program income received from participant contributions, other program income, cash match for Older American's Act Programs, In-kind Match for Older American's Act Programs, and other material funding sources.
 - 5.1.2. Receivables must be identified for each funding source identified within the audit.

- 5.1.3. Revenue for cost reimbursement grants is recognized when allowable expenditures have been incurred.
 - 5.1.4. Participant contribution revenue is recognized when allowable expenditures have been incurred and must be utilized before expending Department grants.
 - 5.1.5. All beginning balances must be consistent with the prior audit.
 - 5.1.6. All information presented must be mathematically accurate and all accounting and financial equations must be in balance, (e.g., Assets = Liabilities + Fund Balance). Disclosures of information in more than one location within the audit report document must be consistent.
- 5.2. Any auditor recommended adjustments to AAA financial statements, schedules or disclosures must be discussed with and agreed to by the AAA. If there are any disagreements, the auditor must present the unadjusted AAA data and provide written disclosures within the auditor's report documenting all recommended adjustments not accepted by the AAA, as well as the impact to the financial statements and auditor's opinions and reports.

6. Required Independent Auditor's Opinions and Reports:

- 6.1. The auditor's report document must present Independent Auditor's Opinions and Report as required by OMB Subpart F Audit Requirements, including:
 - 6.1.1. Independent Auditor's Report on the organization wide general purpose financial statements. The report must specify the audit was performed in accordance with the Missouri Division of Senior and Disability Services Mandated Audit Criteria.
 - 6.1.2. Independent Auditor Report on Internal Controls over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
 - 6.1.3. Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Subpart F.
 - 6.1.4. A written report on fraud, abuse, or an illegal act, or indications of such acts, where applicable.
 - 6.1.5. Recommendations to management regarding any improvements considered necessary or beneficial.
 - 6.1.6. Any other auditor's opinions/reports necessary to fully comply with all applicable regulations and professional standards.

7. COMPLIANCE REQUIREMENTS:

- 7.1 The auditor is responsible for ensuring compliance with the following laws

and regulations, as applicable:

- 7.1.1. Public Law 106-501, "Older Americans Act, as Amended through October 17, 2006".
- 7.1.2. 45 CFR Part 1321 "Grants to State and Community Programs on Aging"
- 7.1.3. 2 CFR Part 200 "Grants and Agreements, Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards".
- 7.1.4. 45 CFR Part 80 "Nondiscrimination under Programs Receiving Federal Assistance through the Department of Health and Human Services. Effectuation of Title VI of the Civil Rights Act of 1964"
- 7.1.5. 45 CFR Part 84 "Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving or Benefiting from Federal Financial Participation"
- 7.1.6. 45 CFR Part 91 "Nondiscrimination on the Basis of Age in HHS Programs or Activities Receiving Federal Financial Assistance"
- 7.1.7. 19 CSR 15-4 "Missouri Department of Health & Senior Services Division of Senior and Disability Services, Older American's Act"
- 7.1.8. 19 CSR 15-7 "Missouri Department of Health & Senior Services, Division of Senior and Disability Services, Service Standards"

8. CONFIRMATIONS:

- 8.1 DSDS will confirm the following information to the auditor:
 - 8.1.1. DSDS Funds transmitted to the Area Agency by program.
 - 8.1.2. Federal sources of DSDS funding, by CFDA number.
 - 8.1.3. All contracts between the DSDS and the AAA in effect during the audit period.
 - 8.1.4. The Final DSDS approved Area Plan document.