



100 South Grand Avenue, East • Springfield, Illinois 62762
401 South Clinton Street • Chicago, Illinois 60607

MEMORANDUM

DATE: May 24, 2013

TO: Chief Executive Officers
DHS-Funded Community Services Providers

FROM: Ellen S. King
Chief, Bureau of Contract Compliance
Office of Contract Administration

SUBJECT: FISCAL YEAR 2013 YEAR-END FINANCIAL REPORTING

Thank you for the services you provide to the Department of Human Services and to the Citizens of the State of Illinois. Your partnership and efforts of providing services to those in need are greatly appreciated.

As expressed by the Comptroller General of the United States in the GOA Government Auditing Standards released in December 2011 "Audits provide essential accountability and transparency over government programs. Given the current challenges facing governments and their programs, the oversight provided through auditing is more critical than ever."

In an effort to provide greater transparency and accountability of the use of funds at the State level, as well as to rely on the auditor opinions to reduce other fiscal and administrative requirements, the following information is to provide you with the auditing requirements for FY13. (These requirements are referenced in Article XVII and Article XIX of your FY13 Community Service Agreement as well as Title 89 Chapter IV Part 507 of the State of Illinois Administrative Code – Audit Requirements of DHS). If you have further questions after reading through this material, please either visit our website at <http://www.dhs.state.il.us> or contact the Office of Contract Compliance at 217-785-9260. We would like to remind you that selecting a qualified auditor is key to minimizing your costs and ensuring all reporting requirements are met and that your audit report is not rejected. Our website contains information on auditor qualifications and some tips on auditor selection that may be of help to you on this issue.

Reporting Thresholds

If your entity expended \$500,000 or more of federal funds, **from all sources**, you must submit a copy of your Federal Single Audit Reporting Package. Reports should be prepared in accordance with the Single Audit Act Amendments of 1996 (31 U.S.C. Sections 7501-7507) and Revised OMB Circular A-133 ("Audits of States, Local Governments and OMB Circular A-133 guidelines). Elements are outlined as OMB A-133 Reporting Package (A) below.

Those providers paid or awarded \$25,000 or more under DHS Community Service Agreements and \$300,000 or more in total contracts with the five human service agencies (DHS, DCFS, DHFS, DPH and DOA) must have a financial statement audit performed in accordance with Governmental Auditing Standards. Elements are outlined as Financial Reporting Package (B) below.

Report Submissions

NEW THIS YEAR – SUBMISSION OF ALL DOCUMENTS MUST BE POSTED TO THE CENTRALIZED REPOSITORY VAULT (CRV)

In an effort to streamline financial reporting as mandated by Public Act 096-1141, all provider documents required for FY13 must now be submitted to DHS through the Centralized Repository Vault (CRV). **DHS will no longer accept email transmission or hard copies of the required reports beginning with Fiscal Year 2013 Financial Reporting.** Please make sure to select the appropriate fiscal year when uploading the documents and please note your assigned file name on the DHS Reporting Checklist. (Recommended file names are indicated below). In addition, we ask you that you send an email to the Office of Contract Compliance at DHS.FY13Reporting@Illinois.gov to notify us of your completed or partial submission.

On a related note, for those of you who plan to contract with DHS during FY14, CRV registration is necessary to be able to download your FY14 contract from the CSA system. **If you are not registered for the CRV, you should do so immediately as you will not be able to access your FY14 contract until you have completed your registration.**

If you need any assistance with registering for or posting to the CRV, please contact Ivonne Sambolin (312-793-4094 or Ivonne.Sambolin@Illinois.gov) or Nancy Hernandez (312-793-7653 or Nancy.M.Hernandez@Illinois.gov).

Extension/Waivers/Modifications

Due dates of your audit requirements should be discussed with your auditor now. Requests for extensions, waivers or modifications of your financial reporting responsibilities will be considered **in isolated cases** based on extenuating circumstances. Forms are available at <http://www.dhs.state.il.us>. If your auditor has any questions, please refer them to the Office of Contract Compliance at 217-785-9260.

Sanctions for Non-Compliance

Failure to comply with the reporting requirements may result in the suspension of the provider's current year contract payments. Any withheld funds will be paid to the provider when compliance has been achieved.

Note: The Department's statutory ability to make current fiscal year payments, including payments that have been withheld, ends on August 31. After that date, payments will be processed through the Court of Claims.

OVERVIEW OF BASIC FINANCIAL REPORTING REQUIREMENTS

The DHS Checklist specifies what reports you will be required to submit and when the reports are due. As part of the FY13 reporting process, you will be asked to submit one or more of the following packages/documents:

- A. OMB A-133 Single Audit Reporting Package** which is due 180 days after the entity's year end date.
1. It will contain all of the elements referenced in the Financial Statement Package outlined below as Reporting Package B.
 2. In addition, it will contain the following opinions and schedules in the Single Audit Report:
 - Independent Auditor's Report on Compliance with Requirements that Could have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance and Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133
 - Schedule of Expenditures of Federal Awards
 - Notes to the Schedule of Expenditures of Federal Awards
 - Schedule of Findings, Responses and Questioned Costs
 - Summary Schedule of Prior Audit Findings.
 - Copy of Data Collection Form

The Provider must meet the following audit requirements with respect to Federal pass-through grants:

For Institutions of higher education and other non-profit organizations (including hospitals) shall be subject to the audit requirements in the Single Audit Act Amendments of 1996 (31 U.S.C. Sections 7501-7507) and revised OMB Circular A-133 ("Audits of States, Local Governments and Non Profit Organizations"). State and local governments shall be subject to the audit requirements contained in the Single Audit Act Amendments of 1996 (31 U.S.C. Sections 7501-7507) and revised OMB Circular A-133 ("Audits of States, Local Governments and Non-Profit Organizations").

For-profit hospitals not covered by the audit provisions of revised OMB Circular A-133 shall be subject to the audit requirements of the Federal awarding agency.

Commercial organizations shall be subject to the audit requirements of the Federal awarding agency or the prime recipient as incorporated in the award document.

Separate Accounting of ARRA Funds

ARRA funds, regardless of the amount received, must be separately reported to IDHS on all required FY13 financial reports, in addition to the separate reporting requirements for the Schedule of Federal Awards, if applicable. As a reminder:

- Keep the funds separate.
- Be timely in expenditures from the time when ARRA funds are received to the disbursements of the funds,
- Expend funds only to the specific program for which they are awarded, and
- Adhere to any other requirements as outlined in the American Recovery and Reinvestment Act of 2009.

If you are subject to OMB Circular A-133 requirements, please compile reporting packages Sections A & B's associated forms and post as one document to the CRV with the recommended file name of: Last Six Digits of your FEINFY13SA.

Note: The DHS Financial Reporting Checklist uses an indicator that a Single Audit is expected based upon award amounts and/or if one has been submitted in the last three years. However, the final amount of spending determines if it is actually required. It is the provider's responsibility to assess the need for a Single Audit after all expenditures are included. If your spending is less than \$500,000 we ask that you certify this by checking the applicable statement on the "DHS Financial Reporting Checklist" which reads "We expended less than \$500,000 in Federal funds from all sources, so we are not required to do an A-133."

B. Basic Financial Statement Reporting Package which is due 120 days after the end of the entity's fiscal year end and includes:

1. DHS Financial Reporting Checklist
2. Provider Demographic Information Form
3. Personnel/Administrative Information Form
4. SAS 114 Letter – Auditor's Communication with Those Charged with Governance, if applicable.
5. Copy of Management Letter – if one is indicated in the audit report.
6. Independently Audited Financial Statements Prepared in Accordance with Government Auditing Standards. (Elements, for example, for a not for profit entity will include):
 - Independent Auditor's Report
 - Basic Financial Statements:
 - Statement of Financial Position
 - Statement of Activities and Changes in Net Assets
 - Statement of Cash Flows
 - Statement of Functional Expenses
 - Notes to the Statements
 - Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
 - Schedule of Findings and Related Corrective Action Plans.
 - Supplementary Information (**A copy of all forms and instructions are available at <http://www.dhs.state.il.us/page.aspx?item=59675>)**
 - Grant Report – Including an Opinion of "In Relation to" or "Agreed Upon Procedures" if Required.
 - Consolidated Financial Report (CFR) – Including an Opinion of "In Relation to" or "Agreed upon Procedures" if required.
 - Listing of sub recipients that received IDHS funding and the amount paid to each.

The CFR must also be submitted electronically using the web-based system at the following site: <https://sec1.isbe.net/CFR>. If you are a first time user, please contact Gary Beckman at 217-524-5531.

If you are not subject to OMB A-133 requirements, please compile Section B associated forms and post as one document to the CRV with the recommended file name of: Last 6 digits of Your FEINFY13FS. Please remember the checklist must be completed with file names and signed. (Note: If you are required to complete an OMB A-133 Single Audit Report, please include this package as part of your Single Audit Report above).

C. Related Federal and State Tax Forms. These include:

- IRS Return or Report (IRS 990, 990EZ, 990PF or other depending on your revenue and net asset amounts or if the entity is a private foundation)
Please post to the CRV with the recommended file name of: The last 6 digits of your FEINFY13IRS
- Form AG 990- IL
Please post to the CRV with the recommended file name of: The last 6 digits of your FEINFY13AG990
- Form 990T (UBIT)
Please post to the CRV with the recommended file name of: The last 6 digits of your FEINFY13UBIT

D. Grant Reconciliation Recovery Form. If the funds awarded are subject to the provisions of the Illinois Grant Recovery Act (30 ILCA 705/1 et seq.), any funds remaining at the end of the Agreement period which are not expended or legally obligated by Provider shall be returned to DHS within forty-five (45) days after the end of the Community Services Agreement. The provisions of 89 Ill. Adm. Code 511 shall apply to any funds awarded that are subject to the Illinois Grant Funds Recovery Act. This form and related instructions will be sent out under a separate mailing to you.

Although it is preferable to submit all forms as one type of reporting package, if you need to post any required forms individually – here are the recommended naming conventions for file names:

For CFR Schedule and Related Opinion: “Last 6 digits of your FEINFY13CFR”

For Grant Reports and Related Opinion: “Last 6 digits of your FEINFY13GR”

For IRS Return: “Last 6 digits of your FEINFY13IRS”

For AG990: “Last 6 digits of your FEINFY13AG”

For 990T: “Last 6 digits of your FEINFY13UBIT”

For Personnel Administrative Information Form: “Last 6 digits of your FEINFY13DHSPAI”

For Provider Demographics Information Form: “Last 6 digits of your FEINFY13DHSDEMO”

Cc:	Michelle Saddler	Theodora Binion Taylor	Linda Saterfield
	Grace Hong Duffin	Barb Payne	Cheri Wehmhoff
	Carol A. Kraus	Rick Nance	Cheryl Bradley
	Matthew Hammoudeh	Dan Blair	Julia Minder
	Kristine Smith	Cynthia Ragusa	Brian Brinker
	Marie Myers	Brian Bond	Gary Beckman

