

# AUDIT GUIDES

May 1994

## Introduction

This chapter includes an overview of two audit guides - the [State Single Audit Guidelines](#), which is applicable to local governments, and the Provider Agency Audit Guide, which is applicable to other agencies that receive financial assistance from the Department of Health and Social Services. The Department's model contract language for use when sub-granting DHSS financial assistance to other agencies also requires that the sub-grantees have audits in conformance with the applicable audit guide. (See [Chapter 2-7](#) of this manual for discussion and example of the model contract.)

These audit guides are designed primarily for use by independent auditors in performing their audit tests to determine how well an entity has met the key compliance features of individual programs. However, an agency may find them useful when conducting a self-assessment of compliance performance.

## *State Single Audit Guidelines*

The [State Single Audit Guidelines](#), issued by the Wisconsin Department of Administration, applies to audits of local governmental units such as counties, tribes, boards, and cities when the agency has to have an audit in accordance with OMB Circular A-128 "Audits of State and Local Governments" and the agency has received financial assistance from a state agency. (A copy of OMB Circular A-128 is included in Section C of this manual.) Under an A-128 audit, the auditor is expected to test certain internal control and compliance matters related to federal financial assistance and to issue reports on the results of this testing. The State Single Audit Guidelines extends this A-128 audit concept to also include state financial assistance.

Appendix F of the State Single Audit Guidelines includes various general and program specific testing requirements applicable to DHSS programs:

### **DHSS General Compliance Requirements**

When the agency's total financial assistance from the department of Health and Social Services exceeds \$25,000, audit testing must be performed for each general compliance requirement that is applicable to the circumstances of that agency.

Disclosure of Adjustments to Reported Expenses  
(CARS reconciliations)

Purchase of Service

|  |                        |
|--|------------------------|
| Client Authorization                     | Certification Program  |
| ADP Security                             | Reporting Requirements |
| AFDC Food Stamps Compliance Requirements | Third Party Revenue    |

**DHSS Program Specific Requirements** - The [State Single Audit Guidelines](#) also includes audit guidelines for specific programs. Some of these guidelines - those for programs that have been declared major - will be tested whenever the agency has those programs, regardless of the dollar amount involved. The other program guides are included for the auditor's reference if needed because the level of funding mandates testing or for other testing to be performed.

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|--|--|
| <b>Major Programs</b>  |  |
| Audit Testing <u>Must</u> Be Performed   |  |
| Intoxicated Driver   | Child Support  |
| Community Options Program (COP)  | Low Income Home Energy Assistance Block Grant                            |
| Case Management Agency Providers   | Title III-B of the Older Americans Act - Supportive Services             |
| Community Integration Program II/Community Options Program Waiver (CIP II/COP-W) | Title III-C of the Older Americans Act - Nutrition Services              |
| Community Integration Program I (CIP I)  | United States Department of Agriculture - Food Distribution (aging only) |
| General Relief   | Community Supported Living Arrangements (CSLA)                           |
| Relief to Needy Indian Persons (RNIP)  |  |

### Other Program Guides

|  |                                       |
|--|---------------------------------------|
| Audit Testing <u>May</u> Be Performed  |                                       |
| JOBS Program Services  | Senior Community Services Program     |
| Life Care Services   | Family Planning Program               |
| Rehabilitation Services  | Breast Cancer Screening Program       |
| Title V of the Older Americans Act - Senior Community Service Employment Program | Primary Care GPR Program              |
| Foster Grandparent Program   | Cancer Control and Prevention Program |
| Retired Senior Volunteer Program and Senior Companion Program                    | Congenital Disorders Program          |
| Alzheimer's Family and Caregiver Support Program                                 | Family Planning Program               |
| Alzheimer's Information and Training Center                                      | Emergency Medical Services            |
| Elderly Benefit Specialist Program   |                                       |

The *State Single Audit Guidelines* and annual updates can be obtained from the Department of Administration's Document Sales service for a small fee. Call (608) 266-3358 for additional information.

### **Provider Agency Audit Guide**

*Note: The Provider Agency Audit Guide was completely revised in 1999. The material that follows is related to the 1991 guide and is included here only because it is still included in printed versions of the Financial Management Manual (FMM).*

The *Provider Agency Audit Guide* generally applies to audits of non-governmental agencies receiving financial assistance from DHS, either from a direct contract with DHS or through a sub-contract with another agency. Any audit of a non-governmental agency must be performed in accordance with the *Provider Agency Audit Guide*, whether or not the agency is also required to have a single audit under the [OMB Circular A-133](#). (OMB Circular A-133, in Section C of this manual, includes the criteria for the applicability of that circular.)

### **Appendix A of the *Provider Agency Audit Guide***

This appendix specifies a number of general testing requirements which must be included in every audit performed under this guide when applicable to the circumstance of the agency.

|   |   |
|---|---|
| Cost Allocation or Indirect Cost Plans                                | Supplemental Schedule                   |
| Disclosure of Adjustments to Reported Expenses (CARS reconciliations) | Child Care Institutions and Group Homes |
| Test of Charges   | Related Party Transactions              |
| Monitoring Subrecipients  |   |

### **Appendix B of the *Provider Agency Audit Guide***

Program specific guidelines that may be tested in the audit.

|  |  |
|--|--|
| Community Services Block Grant                                 | Title III-C of the Older Americans Act - Nutrition Services                      |
| JOBS Program Services  | United States Department of Agriculture - Food Distribution (aging only)         |
| Low Income Home Energy Assistance Block Grant                  | Title V of the Older Americans Act - Senior Community Service Employment Program |
| Temporary Emergency Food Assistance Program                    | Foster Grandparent Program   |
| AIDS/HIV Health Education and Risk Reduction/ Support Services | Retired Senior Volunteer Program and Senior Companion Program                    |
| AIDS/HIV Minority Prevention                                   | Alzheimer's Family and Caregiver Support Program                                 |
| HIV Partner Referral   | Alzheimer's Information and Training Center                                      |

|  |  |
|--|--|
| IV Drugs Users Outreach Project                                    | Elderly Benefit Specialist Program                                 |
| Family Planning Program  | Senior Community Services Program                                  |
| Life Care Services   | Alcohol and Drug Abuse and Mental Health Services Block Grant      |
| Maternal and Child Care Health Services Block Grant                | Case Management Agency Providers                                   |
| Preventive Health and Health Services Block Grant                  | Community Integration Program IA/IB                                |
| Special Supplemental Food Program for Women, Infants, and Children | Community Integration Program II /Community Options Program Waiver |
| Title III-B of the Older Americans Act - Supportive Services       | Domestic Abuse Program   |
| Intoxicated Driver Program   |  |

Copies of the *Provider Agency Audit Guide* have been provided to every agency with which the Department contracts. Additional copies can be obtained for a small fee by contacting the Office of Program Review and Audit, Department of Health and Social Services, P.O. Box 7850, Madison, Wisconsin 53707-7850, telephone number (608) 266-2924.

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