**[Example of a Report with an Unmodified Opinion on Compliance, No Material Weaknesses or Significant Deficiencies in Internal Control Identified]**

Financial and Compliance Reports for The Children’s Trust Contracts

For the year ended December 31, 20XX

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**Independent Auditor’s Report on the Schedule of Expenditures of The Children’s Trust Contracts**

[Addressee]

***Report on the Schedule of Expenditures for each of The Children’s Trust Contracts***

We have audited the accompanying schedules (collectively the “Schedules”) of The Children’s Trust contracts (XX14-2220, XX17-2220 and…) of [Example Provider] for the year ended December 31, 20XX, and the related notes to the Schedules.

***Management’s Responsibility for the Schedules***

Management is responsible for the preparation and fair presentation of the Schedules in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedules that are free from material misstatement, whether due to fraud or error.

***Auditor’s Responsibility for the Schedules***

Our responsibility is to express an opinion on the Schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and The Children’s Trust contracts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedules. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the Schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the Schedules referred to above present fairly, in all material respects, expenditures of The Children’s Trust contracts (XX14-2220, XX17-2220 and…) of [Example Provider] as of December 31, 20XX, in accordance with accounting principles generally accepted in the United States of America.

[Firm’s Signature]

[City, State]
[Date]

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Contract Name** | **Contract Term** | **Contract Number** | **Contract Amount (1)** | **Total Contract Expenditures (2)** | **Fiscal Year Expenditures (3)** |
| Youth Development | 8/1/XX-7/31/XX | XX14-2220 | $100,000 | $96,000 | $51,776 |
| Health and Wellness | 7/1/XX-6/30/XX | XX17-2220 | $150,000 | $70,000 | $70,000 |
| Total |  |  | $250,000 | $166,222 | $121,776 |

1. These amounts represent the total contract amount for the period of the contract.
2. These amounts represent the actual expenditures from the start of the contract through December 31, 20XX.
3. These amounts represent the actual expenditures incurred from January 1, 20XX through December 31, 20XX.

See accompanying notes to the Schedules.

**1. Organization and Nature of Activities:**

**2. Summary of Significant Accounting Policies:**

* **Basis of Presentation**

The accompanying Schedule of Expenditures of The Children’s Trust Contracts are presented on the accrual basis of accounting and includes expenses incurred by [Example Provider] during the year ended December 31, 20XX.

* **Allocation of Expenditures**

Expenditures are invoiced in accordance with the budget as approved by The Children’s Trust. As The Children’s Trust contract is a cost reimbursement method of payment, expenditures allocated to The Children’s Trust contracts are based upon the specific identification of costs to The Children’s Trust program, with the exception of \_\_\_\_\_\_ (e.g. utilities). These costs are allocated based upon a reasonable allocation of cost utilizing the following methods: \_\_\_\_\_\_\_\_\_\_\_. (If The Children’s Trust contract prescribes a method of payment other than a cost reimbursement method of payment, please revise as appropriate.)

**3. Advances**

As of December 31, 20XX, a liability for monies advanced to [Example Provider] by The Children’s Trust amounted to $\_\_\_\_\_\_.

**4. Due to The Children’s Trust (questioned costs):**

**5. Capital Equipment:**

Capital equipment is defined by The Children’s Trust as individual items with a value of $1,000 or greater which have a life expectancy of more than one year. Expenditures for capital equipment equal to or greater than $10,000, purchased with The Children’s Trust funds, become assets of The Children’s Trust, and are owned by The Children’s Trust unless the capital equipment is fully depreciated and in the possession of [Example Provider]. Purchases of capital equipment greater than or equal to $1,000 and less than $10,000, with The Children’s Trust funds, become assets of [Example Provider]. All capital equipment purchased with The Children’s Trust funds are intended for The Children’s Trust funded programs. During the year ended December 31, 20XX, [Example Provider] purchased capital equipment totaling $\_\_\_\_\_\_\_\_.

**6. Operating Lease/Rent Expense:**

[Example Provider] (rents) (owns) the facility where it provides the service contracted for by The Children’s Trust. For the year ended December 31, 20XX, $ \_\_\_\_ was reimbursed by The Children’s Trust in relation to the \_\_\_\_ contracts.

**7. Department of Children and Families Site Licenses (“DCF”):**

[Example Provider] obtained valid DCF licenses for all sites providing childcare services that were funded by The Children’s Trust. At any time during the contract period, if a site and its corresponding DCF license was revoked or there was a lapse in license coverage, direct childcare services were neither performed or invoiced to The Children’s Trust for reimbursement.

*[If there was a lapse in DCF license coverage for any of the audited Trust contracts, disclose the following]*

For the year ended December 31, 20XX, $ \_\_\_\_ was reimbursed by The Children’s Trust for the delivery of direct program services in relation to the \_\_\_\_ contract and \_\_\_\_\_site, while not obtaining a valid DCF license.

*[If there was NOT a lapse in DCF license coverage for any of the audited Trust contracts, disclose the following]*

For the year ended December 31, 20XX, there were no instances or lapses of DCF license coverage for the contracts disclosed in the Schedule of Expenditures of The Children’s Trust Contracts.

**Independent Auditor’s Report On**

**Compliance for each of The Children’s Trust Contracts and Report on Internal Control over Compliance**

[*Appropriate Addressee*]

***Report on Compliance for each of the Children’s Trust Contract***

We have audited [Example Provider’s] compliance with the types of compliance requirements described in The Children’s Trust contracts that could have a direct and material effect on each of [Example Provider’s] contracts with The Children’s Trust (XX14-2220, XX17-2220 and…) for the year ended December 31, 20XX.

***Management’s Responsibility for the Financial Statements***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to The Children’s Trust contracts.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of [Example Provider’s] Children’s Trust contracts based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and The Children’s Trust contracts. Those standards and The Children’s Trust contracts require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on The Children’s Trust contract occurred. An audit includes examining, on a test basis, evidence about [Example Provider’s] compliance with those requirements and performing such other procedures as we considered necessary in the circumstances

We believe that our audit provides a reasonable basis for our opinion on compliance for each of The Children’s Trust contracts. However, our audit does not provide legal determination of [Example Provider’s] compliance.

***Opinion on each of The Children’s Trust Contracts***

In our opinion, [Example Provider’s] complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of the Children’s Trust contracts (XX14-2220, XX17-2220 and …) for the year ended December 31, 20XX.

***Report on Internal Control over Compliance***

Management of [Example Provider’s] is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, and contracts applicable to The Children’s Trust contracts. In planning and performing our audit of compliance, we considered the [Example Provider’s] internal control over compliance with the type of requirements that could have a direct and material effect on each of The Children’s Trust contracts to determine the auditing procedures that are appropriate for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with The Children’s Trust contracts, and to test and report on internal control over compliance in accordance with The Children’s Trust contracts, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of [Example Provider’s] internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of The Children’s Trust contracts on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of The Children’s Trust contracts will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of The Children’s Trust contracts that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of The Children’s Trust contracts. Accordingly, this report is not suitable for any other purpose.

[Firm’s Signature]

[City, State]
[Date]

**[Example Provider]**

**Schedule of Findings and Questioned Costs**

**For the Year Ended December 31, 20XX**

**Section I – Summary of Auditor’s Results**

|  |  |
| --- | --- |
| **The Children's Trust Contracts Program Specific Audit** |  |
|  |  |
|  Type of auditor's report issued: | Unqualified |
|  Internal control over program: |  |
|  Material weakness identified? | No |
|  Significant deficiency identified that are |  |
|  not considered to be material weakness? | No |
|   Any audit findings or questioned costs? | No |
|  Amount of questioned costs due to The Children’s Trust | $ |

**[Example Provider]**

**Schedule of Findings and Questioned Costs**

**For the Year Ended December 31, 20XX**

**(Continued)**

Section II – Findings and Responses – The Children's Trust Contracts Program Specific Audit

**Current Year**

201x -1

Condition:

Cause:

Effect:

Recommendation:

Management’s Response:

**Prior Year**

201x -1

Condition:

Cause:

Effect:

Recommendation:

Management’s Response: