



DEPARTMENT of CHILDREN and FAMILIES

Making a Difference for Children, Families and Communities



Commissioner
Jodi Hill-Lilly, MSW

Ned Lamont
Governor

To: DCF Contracted Provider
Chief Fiscal Officers

From: Theodore Sanford, Director, DCM

Date: July 1, 2024

Subject: **State Single Audit Submission**

As you begin to prepare for your annual audits, please be mindful that the following changes, as previously implemented, continue to apply as you prepare your SFY 2024 State Single Audits:

1. Reconciliation by Program (Cost Center): In addition to the requirements set forth in the State Single Audit Supplement, the Department requires that the Schedule of Expenditures of State Financial Assistance identify DCF expenditures by program (to correlate with the cost centers established in your budget). The practice of combining all of the expenditures from 1 SID and listing them as 1 lump sum in the Schedule of Expenditures of State Financial Assistance is no longer allowable (ex.):

Board/Care for Children- Foster 11000-DCF91100-16135 \$300,000

Instead, in cases where the program identified in the State Single Audit Supplement is inclusive of multiple service types, the Schedule of Expenditures of State Financial Assistance must identify the expenditures for each service type individually:

Caregiver Support	11000-DCF91100-16135	\$100,000
RTFT	11000-DCF91100-16135	\$100,000
Sibling Camp	11000-DCF91100-16135	\$100,000
Total Board and Care for Children- Foster:		\$300,000

In addition to this requirement, the Department is issuing further guidance regarding allocation of expenses to the correct SID. There is currently language in all contracts allowing the Department to issue payment against contracts from a different SID, than is indicated in the contract. While this practice is infrequent, in the event that it does occur, the State Single Audit must report the expense in the manner it was paid. If payments made to any provider during the previous year contain a deviation from the contractually-identified SID, this will

be noted in the Audit Confirm provided by the Department to each provider at the end of each fiscal year. This Audit Confirm contains the final funding breakdowns from the Department based on how payments were actually made, not how they were projected to be made at the beginning of the fiscal year.

2. **Reconciliation by STATE Fiscal Year:** For agencies operating on a fiscal year differing from the State Fiscal Year, State Single Audits must continue to include a reconciliation to the State Fiscal Year period. As an example, for agencies operating on a calendar fiscal year, it is the Department's expectation that the State Single Audit include a reconciliation of the expenses of the agency during the calendar year- broken out by the 2 State Fiscal Years encompassed during that calendar year:

Grant Period				
	<u>Ended</u>			
RTFT	6/30/20	11000-DCF91100-16135		\$65,000
RTFT	6/30/21	11000-DCF91100-16135		\$35,000

3. **TANF Claimed Funding:** The Department will continue to expect the following, as it relates to TANF funding provided by the Department:

The Temporary Assistance to Needy Families (TANF) program is a federal reimbursement service that allows states to submit for federal reimbursement for services provided to families meeting the federal guidelines for classification as a 'Needy' family. As the federally-designated lead agency for Connecticut, the Department of Social Services is charged with properly identifying those services eligible for federal reimbursement, and submitting them to the federal government for reimbursement.

As such, DSS has identified certain services provided by the Department as eligible under the federal TANF program. For those services, the DCF costs are documented and sent to DSS for review on a quarterly basis. At DSS' sole discretion, any of the costs submitted by DCF may be claimed towards the TANF reimbursement. In some cases, DSS may elect to use all of DCF's submission towards the TANF claim, while in other cases they may claim only a part of DCF's payment to a provider as a TANF expenditure, and in some cases they may choose not to claim any part of DCF's payment as a TANF expenditure.

This fluctuates on a quarterly basis at the sole discretion of DSS. Because of this, it should not be assumed that because a program in a contract shows as being funded under CFDA #93.558 that it has been funded through TANF, as only some or even none of the funding may have been classified as TANF for the period being audited. To that end, DSS is required to make public the amount of funding claimed towards TANF that was reimbursed by the federal government, by quarter, by provider and by program. This information is available at: <https://data.ct.gov/Health-and-Human-Services/DCF-Temporary-Aid-to-Needy-Families-TANF-Claimed-F/y2eg-swbg>.

Please note that, while funds

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identified on this website are paid by DCF to our providers through a state SID(s), once DSS shows them as having been claimed towards TANF, the funding listed on this website must be considered federal funding.

In such cases, the TANF funding must be deducted from the Schedule of Expenditures of State Financial Assistance and included in the Schedule of Expenditures of Federal Assistance. If the level of federal funding does not meet the requirement for completion of a Federal Single Audit, the TANF-designated funding should be treated no differently than any other federal funding received by the agency.

Because the funding levels detailed on the website listed above can vary based on recalculation and recodes, to ensure consistency in completion and review of Audits, annually, no later than first workday following September 15th, the Department will export the master file from this website and distribute it via email to all contracted providers. This file is the file that each provider and Auditor should utilize when determining how much (if any) of their funding was designated as TANF in the prior year and is the file that the Department will utilize during review and reconciliation once Audits are submitted. A link to the master file as well as a copy of this letter can be located in the "For Providers – Contract Management" section on the Department's website at: <https://portal.ct.gov/DCF>.

Hopefully this provides you with clarification on the TANF program and how it (potentially) impacts you as a DCF provider.

4. **Deficit Mitigation:** Deficit mitigation resulting in movement of funds among cost centers should not be presented in the State Single Audit. Instead, the expenditure should be recorded as an expense against the program for which the funding was provided.

As an example, funding was given for RTFT in the amount of \$100,000 and for MDT in the amount of \$50,000. The RTFT program ended the year having spent \$90,000 (\$10,000 unexpended), the MDT program ended the year \$10,000 in deficit. The Unexpended Funds Letter and the Surplus Retention Form will show that \$10,000 from the RTFT program was allowed to be utilized to mitigate the deficit in the MDT program. The Schedule of Expenditures of State Financial Assistance will show that the RTFT program expended \$100,000 and the MDT program expended \$50,000.

5. **Surplus Retention:** Approved surplus being transferred into the next fiscal year should not be reported on the Schedule of Expenditures of State Financial Assistance as that funding was not expensed during the year in which it was received. The approved surplus retention amounts will be captured as an expenditure in future year State Single Audits as the funds are expended.

Thank-you for your continued partnership with the Department as we work towards implementation of more efficient and streamlined systems. If you have any questions, please do not hesitate to contact me (Theodore.Sanford@ct.gov / 860 560-5084) or Catherine Santiago (Catherine.Santiago@ct.gov / 860 723-7228).