

Audit Procedures Training

**COLORADO DEPARTMENT  
OF HUMAN SERVICES –  
DIVISION OF CHILD CARE**

# Overview

## History

- CDHS has been contracting with Qualistar Colorado to provide child care resource and referral services since the mid-1990's.
- CDHS has been contracting with CO Dept of Education since 1999 to provide coordination and oversight of Colorado's Early Childhood Councils.

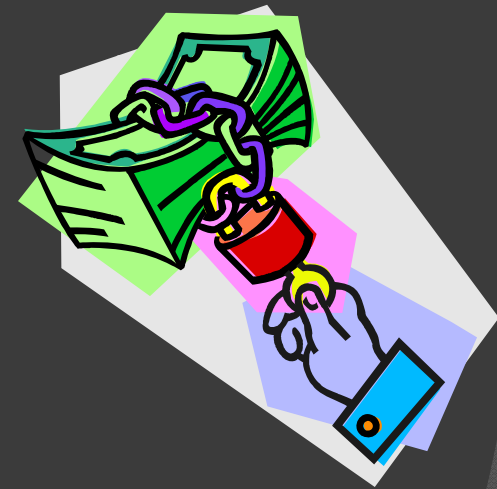


# Goals and Objectives

- The main objectives of the resource and referral contract are to provide
  - resource and referral services to parents of young children; and,
  - professional development services for early childhood professionals.
- The EC Councils are charged with creating locally-based, early childhood systems that provide effective, efficient comprehensive, and high quality services to children and families.

# Typical Contract Expenditures for these projects

- Payroll
- Rent
- Phone
- Printing expenses
- Office supplies
- Travel for in-state meetings
- Staff professional development



# Recent CDHS Audit of Child Care and Development Fund Programs

# Snapshot of a Recent Audit

- CDHS Audit Division completed the audit
- Audit findings included the following:

Dollars Audited	Allowable Expenditures	Questioned Costs
\$106,286.55	\$5,602.04	\$100,684.51

# Audit Standards Applied



- ⦿ Auditors compared expenditures to the budget and budget narrative in contract
- ⦿ Auditors also applied cost principles for non-profit organizations contained in OMB Circular A-122
- ⦿ Circular is available online at:  
[http://www.whitehouse.gov/omb/circulars/a122\\_2004/](http://www.whitehouse.gov/omb/circulars/a122_2004/)

# Main Cost Principles in A-122

- Reasonable
- Necessary
- Prudent
- Allocable
- Authorized
- Consistent
- Documented
- No Pre-Payment
- Capital Assets and Depreciation Expense





# Audit Findings

# Three Key Audit Findings

1. No Documentation
2. Insufficient Documentation
3. Unallowable Expenditures

Total Questioned Costs			
No Documentation	Insufficient Documentation	Unallowable Expenditure	Total Questioned Costs
\$90,262.00	\$8,902.45	\$1,520.06	\$100,684.51

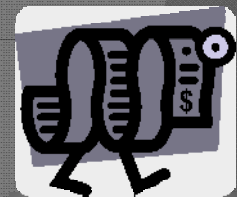
# No Documentation

- ⦿ Without proper documentation, expenditures cannot be reimbursed because auditors cannot determine the goods or services purchased
- ⦿ Contractors need to provide monthly reimbursement request form indicating budget line associated with expenditure as well as all detailed supporting documentation (e.g., receipts, invoices)



# Insufficient Documentation

- ⦿ Although documentation was provided, it was insufficient to allow reimbursement
- ⦿ All contractors need to provide complete, detailed receipts and/or invoices for expenditures
- ⦿ If a portion of an expenditure was charged to the contract, contractors must provide an explanation of the pro-rata share applied to the expenditure



# Unallowable Expenditure

- Some expenditures are not allowable either based upon the terms of the contract or cost principles of OMB Circular A-122



- Examples:

- Purchases exceeding budget line caps
- Purchases coded under incorrect budget line
- Purchases for personal use (e.g., bottled water, catered staff lunch)
- Payment of salary exceeding actual hours worked

# Expenditure Analysis Procedure

# Five Considerations for All Expenditures

1. Review budget narrative
2. Determine if expenditure is in accordance with terms of contract
3. Monitor budget cap
4. Analyze program(s) benefiting from expenditure
  - If the contract is sole beneficiary, then can charge solely to contract
  - If the contract is one of multiple beneficiaries, then need to apply a pro-rata share
5. Document expenditure properly



# Review the Budget Narrative

- ◎ Record purchases only on the proper budget line – if expense is not allowed pursuant to budget narrative, it cannot be charged to that budget line
- ◎ Example:
  - If the operating budget line is specifically for rent expenses, professional accounting or audit expenses should not be included on that line.





# Review Terms of Contract

- ⦿ Need to determine if expenditure is in accordance with the terms of the contract
- ⦿ Example:
  - Does a catered lunch for staff further the provision of contracted services to local parents or child care providers?



# Monitor Budget Cap



- Carefully monitor each budget line throughout the contract period to avoid overspending
- Example:
  - If the payroll cap is \$12,000 for the year, you may want to only reimburse actual expenses up to \$1,000 per month to avoid depleting the funds before the end of the contract period (NOTE: you must pay *actual* expenses, not just an average amount)

# Analyze Program(s) Benefiting from Expenditure

- If the contract is sole beneficiary, then can charge solely to contract
- If the contract is one of multiple beneficiaries, then need to apply a pro-rata share (i.e., each program must pay its fair share)
- Example:
  - Is this contract the sole beneficiary of anti-virus software purchased by your organization?



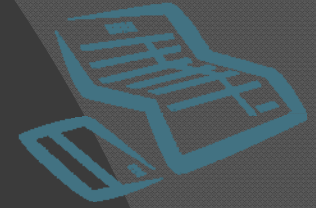
# Document Expenditure Properly



- Contractors need to provide monthly reimbursement request form indicating budget line associated with expenditure as well as all detailed supporting documentation (e.g., receipts, invoices)
- Slides 21-51 provide examples of necessary documentation for expense reimbursement

# Necessary Documentation

# Invoices and Receipts



- ⦿ Must contain detailed description of the goods or services purchased
  
- ⦿ Must be verified by checking for:
  - Proper authorization
  - Correct addition
  - No previous balance or late fees/interest
  
- ⦿ Any discounts for prompt payment or volume purchase must be reported as a credit or reduction of expenditures

# Invoices and Receipts (contd.)

## ⦿ Dinner Receipt A

- Lists name and contact info for deli
- Lists only the total of purchase (no details of food and/or drink purchased)
- Lists tip
- Contains employee's signature

**Not Sufficient for Reimbursement**

## ⦿ Dinner Receipt B

- Lists name and contact info for deli
- Lists specific food and/or drink purchased and the total of the purchase
- Lists tip
- Contains employee's signature

**Sufficient for Reimbursement**



# Good Example of Reimbursement Request – Pt 1

Reimbursement Request Form completed and signed

Qualistar Early Learning Partner Core Services Reimbursement Request Form - 2008- 2009		
Agency/Program:	[REDACTED]	SDA #
Reimbursement for Period Beginning:		Ending:
April 1, 2009		April 30, 2009
<u>Referrals</u>		
Budget Items	Current Request	YTD Cumulative Request
Personnel Salaries	\$2,073.65 ✓	\$15,655.12
Fringe Benefits - %	\$0.00 ✓	\$2,992.06
Operating Expenses	\$200.00 ✓	\$4,070.07
Travel	\$848.57 ✓ 57.44 786.13 450	\$2,016.56
Supplies	\$0.00	\$332.81
Equipment	\$0.00	\$0.00
NACCRRAware	\$0.00	\$2,175.00
Administration (15% maximum)	\$0.00	\$0.00
<b>Referral Budget SUBTOTAL</b>	<b>\$3,122.22</b>	<b>\$27,241.62</b>



# Good Example of Reimbursement Request – Pt 2

Accompanied by expense detail describing each expense contained in each budget line

Expense						2,553.64
<b>5060 · Mileage Reimbursement</b>						
• Check	4/23/2009	4769				
Total 5060 · Mileage Reimbursement					01-Quali...	4.50
<b>5080 · Insurance</b>						4.50
• Check	4/10/2009	4753		State Farm Specialty Products	01-Quali...	200.00
Total 5080 · Insurance						200.00
<b>5111 · Travel</b>						
• Check	4/10/2009	4746			01-Quali...	57.44
• Check	4/10/2009	4747		Bank of the West	01-Quali...	786.63
Total 5111 · Travel						844.07
<b>5320 · Payroll- Staff</b>						
General Journal	4/30/2009	4.09 Payrl			01-Quali...	1,999.27
Total 5320 · Payroll- Staff						1,999.27
<b>5321 · Payroll- Executive Director</b>						
General Journal	4/30/2009	4.09 Payrl			01-Quali...	74.38
Total 5321 · Payroll- Executive Director						74.38
<b>5325 · Benefits/Health Insurance</b>						
General Journal	4/30/2009	4.09 Payrl			01-Quali...	0.00
Total 5325 · Benefits/Health Insurance						0.00
<b>Total Expense</b>						<u>3,122.22</u>
<b>Net Income</b>						<u><u>-568.58</u></u>

NOTE: Per the previous slide, mileage reimbursement and travel can be combined for travel total and both payroll lines can be combined for payroll total

# Necessary Documentation

## ◎ Payroll and Fringe Benefits

- Must provide accurate, detailed timesheets
- After-the-fact determination of the *actual* activity of the employee (no budget estimates)
- Must account for the total activity of the employee (100% time reporting)
- Must be signed by employee or supervisor with firsthand knowledge of employee's activities
- Prepared at least monthly



# Good Example of Personnel Activity Report

## Good:

- Lists *all* hours worked on each program
- Lists total hours worked
- Contains employee's signature
- Contains approval signature by supervisor

[REDACTED] HEAD START/EARLY CHILDHOOD PROGRAMS  
PERSONNEL ACTIVITY REPORT (hourly)

Period End: 7/11/06 Name: [REDACTED]  
Position: Resource & Referral and Data Coordinator

Date →	6/27	7/1	7/2	7/3	7/4	7/5	7/6	7/9	7/10	7/11	
FUNCTIONS (time distribution)	M	T	W	TH	F	M	T	W	TH	F	
<b>Data</b>											
Collect & Maintain data	2		1				1		2	1	
Evaluate & Report data		2					1	2		3	
Maintain/update Naccraware			1	2			1	2			
<b>Program Dev/Training</b>											
General Office Operations	1								1	2	
Prof Development/Training											
Develop Materials	2	1	1			1		2	2		
Tech Support & Development	1						1				
<b>Community Partnerships</b>											
EC Council Activities	1	1						1			
Organizational Meetings				3		1					
Public Awareness/newletter											
Coordinate Projects	1	2	2	1		1	2		1	1	
<b>Provider Services</b>											
Recruit & Support Providers		1	1	1		1	1	2			
Training materials & outreach			1								
<b>Referrals Services</b>											
Childcare Referrals		1		1		1	1	1		2	
Quality Assurance Activities			1				1		1		
											Totals
<b>TOTAL HOURS WORKED</b>	8	8	8	8	8	8	8	8	8	8	80
Holiday					8						
Sick Leave/Sick Bank											
Personal Leave											
Annual Leave											
Other Leave:											
Leave w/o Pay											
<b>TOTAL HOURS PAID</b>											80

Comments

Employee Signature: [REDACTED]

Authorized for payment by: [REDACTED]

## Missing:

- Nothing

# Example of Insufficient Documentation for Payroll Exp

## Good:

- Contains employee's signature

**Time Statement – July – December 2008**

I certify that the salary/benefit charges applied to the Child Care Development Fund Contract by and between Qualistar Early Learning and [REDACTED], July – December 2008, were used to perform the scope of services as outlined in the contract. I understand that I must notify [REDACTED] immediately if a change in allocation becomes necessary.

- [REDACTED], [REDACTED] .125 FTE \$ [REDACTED] (21% benefits)

[REDACTED]  
[REDACTED]  
Program Manager

2/10/2010  
Date

I certify that I performed duties outlined in the Scope of Services in the contract between Qualistar Early Learning and [REDACTED] funded by the Child Care Development Fund Contract:

- Program management, and direct services including coordination and delivery of training for child care providers, participation in the Early Childhood Council [REDACTED], Professional Development Committee, distribution of training information including posting to the Qualistar online training calendar and the coordination and provision of child care quality rating and improvement services.

The duties outlined above were performed in 40 hours per week (1.0 FTE). The Qualistar funding paid for 5 hours per week (.125 FTE) and was blended with other funding sources to cover the 1.0 FTE. Twenty-seven hours per week (.675 FTE) was funded by [REDACTED] for management of the Child Care Recruitment and Training program, and 8 hours per week (.2 FTE) was funded by [REDACTED] carryover funds. The combined total was 40 hours per week (1.0 FTE).

[REDACTED]  
[REDACTED]  
Program Manager

2/10/2010  
Date

## Missing:

- Does not provide specific hours worked on each program
- Statement describes how position was funded
- Contains no approval signature

# Necessary Documentation (cont.)

## ⦿ Rent, Advertising, & Phone Expenditures

- Must provide complete, detailed bill or invoice
- Need proof of payment
- Also need explanation regarding the portion of the bill that was charged to the contract



# Example of Documentation for Rent Expense

## Good:

- Actual rent invoice is presented

PARTNERSHIP INVESTMENTS, INC.

**Invoice**

Date	Invoice #
10/1/2008	3650

SEP 25 2008

Bill To

[REDACTED]

[REDACTED]

[REDACTED]

P.O. No.	Terms	Project

Quantity	Description	Rate	Amount
OCTOBER 2008 - KAVLEY'S BUSINESS AND TECH CENTER			
1	OFFICE SPACE	1,000.00	1,000.00
3	TELEPHONE SERVICE	35.00	105.00
3	VOICE MAIL BOXES	6.00	18.00
2	OPEN PARKING SPACES	20.00	40.00
<b>Total</b>			<b>\$1,163.00</b>

## Missing:

- Does not contain approval signature
- Need explanation of division of rent expenses across programs

# Example of Insufficient Documentation for Rent Expense

## Good:

- Does contain approval signature

MONTH	3-683-4	3-683-5	6-683-1	6-683-2	5-683-1	3-683-8	2-683-2	9-683-1	9-683-2	3-684-5	9-684-2	
SEPTEMBER	\$ 500.00	\$ 1,777.00	\$ 700.00	\$ 200.00	\$ 400.00	\$ 400.00	\$ 280.00	\$ 205.00	\$ 68.00	\$ 55.98	\$ 55.98	\$ 4,641.96
OCTOBER	\$ 500.00	\$ 1,777.00	\$ 700.00	\$ 200.00	\$ 400.00	\$ 400.00	\$ 280.00	\$ 205.00	\$ 68.00	\$ 57.51	\$ 57.51	\$ 4,645.02
NOVEMBER	\$ 500.00	\$ 1,777.00	\$ 700.00	\$ 200.00	\$ 400.00	\$ 400.00	\$ 280.00	\$ 205.00	\$ 68.00	\$ 47.07	\$ 47.07	\$ 4,634.14
DECEMBER	\$ 500.00	\$ 1,777.00	\$ 700.00	\$ 200.00	\$ 400.00	\$ 400.00	\$ 280.00	\$ 205.00	\$ 68.00	\$ 45.11	\$ 45.11	\$ 4,620.22
JANUARY	\$ 500.00	\$ 1,777.00	\$ 700.00	\$ 200.00	\$ 400.00	\$ 400.00	\$ 280.00	\$ 205.00	\$ 68.00	\$ 100.52	\$ 100.52	\$ 4,731.04
FEBRUARY	\$ 500.00	\$ 1,777.00	\$ 700.00	\$ 200.00	\$ 400.00	\$ 400.00	\$ 280.00	\$ 205.00	\$ 68.00	\$ 118.11	\$ 118.11	\$ 4,766.22
MARCH	\$ 500.00	\$ 1,777.00	\$ 700.00	\$ 200.00	\$ 400.00	\$ 400.00	\$ 280.00	\$ 205.00	\$ 68.00	\$ 118.09	\$ 118.09	\$ 4,766.18
APRIL	\$ 500.00	\$ 1,777.00	\$ 700.00	\$ 200.00	\$ 400.00	\$ 400.00	\$ 280.00	\$ 205.00	\$ 68.00	\$ 72.33	\$ 72.33	\$ 4,674.86
MAY	\$ 500.00	\$ 1,777.00	\$ 700.00	\$ 200.00	\$ 400.00	\$ 400.00	\$ 280.00	\$ 205.00	\$ 68.00	252.54		\$ 4,782.54
JUNE	\$ 500.00	\$ 1,777.00	\$ 700.00	\$ 200.00	\$ 400.00	\$ 400.00	\$ 280.00	\$ 205.00	\$ 68.00	178.78		\$ 4,708.78
JULY	\$ 500.00	\$ 1,777.00	\$ 700.00	\$ 200.00	\$ 400.00	\$ 400.00	\$ 280.00	\$ 205.00	\$ 68.00			\$ -
AUGUST												

RENT DIVISIONS AS FOLLOWS:  
 Memo, Morgan 95% 3-683-4 & 5% 9-683-1  
 Memo as of 9/1/07 \$700 6-1 \$200 6-4  
 Training Center charged to HS/EHS/HS Training  
 Barbara, \$400 per month including utilities  
 5% of space charged to EHS  
 Balance of space = Head Start

APPROVED FOR  
 PAYMENT  
 DATE 6/25/08  
 INITIAL [Signature]

## Missing:

- Rent division spreadsheet is not sufficient for reimbursement
- Need actual rent invoice for each month for reimbursement
- Need explanation of division of rent expenses across programs

# Example of Documentation for Advertising Expense

## Good:

- Actual bill for advertising expenses
- Grantee's payment request form contained approval signature

**DEX**

Account Number [REDACTED] Billing Date **November 18, 2008** Page 1 of 2

**Date Due** **December 6, 2008**  
**Current Amount Due** **\$34.00**

**Account Summary**

Previous Balance	34.00
Payments Received	-34.00
Current Product Charges	34.00
<b>Current Amount Due</b>	<b>\$34.00</b>
Future Product Charges (Does not include Digital Products or Tax)	228.93
<b>Account Balance (Does not include Future Digital Products or Tax)</b>	<b>\$262.93</b>

**Billing Questions and On-Line Payments:**  
Phone: 1-800-422-1234  
Web: www.DexKnows.com/eBill  
For your taxes: 42-1554575

**Mail Payments To:**  
Dex East  
PO Box 78041  
Phoenix, AZ 85062-8041

**To Report an Error in Your Advertising:**  
1-800-422-1234

**Mail Correspondence Other than Payments to:**  
Dex  
Attn: Customer Care  
PO Box 3900  
Peoria, IL 61612  
dexinfo@dexknows.com

**Customer Information:**  
RURAL COMMUNITY RESOURCE  
CENTER  
PO BOX 284  
YUMA CO 80759-0284  
1-970-848-3867

## Missing:


- Need complete advertising expenses bill for reimbursement (page 1 of 2 is not sufficient)



# Example of Documentation for Phone Expense

## Good:

- Actual bill for phone expenses

west.  Page 7

Bill Date: Jun 25 2008  
Account No: [REDACTED]

Summary of Usage Reports  
Domestic Summary Report

Quest Choice Long Distance

Description	Period	Calls	Min:Sec	Charges
1+ INTERSTATE	DAY	12	23:06	1.18
Subtotal		12	23:06	1.18
1+ INTRALATA	DAY	88	194:24	9.90
1+ INTRALATA	NITE	1	7:30	.38
Subtotal		89	201:54	10.28
1+ INTRASTATE	DAY	1	0:42	.04
Subtotal		1	0:42	.04
<b>Total</b>		<b>102</b>	<b>225:42</b>	<b>\$11.50</b>

Service Detail - Plan/Feature Charges

Description	Qty.	Period	Nonrecurring Charges	Monthly Charges	Total Charges
Access Line Charge	3	MAY 16-JUN 15	0.00	1.50	1.50
Quest Choice HRC	3	MAY 16-JUN 15	0.00	11.97	11.97
<b>Total Plan/Feature Charges</b>			<b>\$0.00</b>	<b>\$13.47</b>	<b>\$13.47</b>

Service Detail - Long Distance Usage

No.	Date	Time	Called Number	Location	Min:Sec	Charges
1.	May 19	9:58 A	[REDACTED]	GREELEY CO	0:36	.03
2.	May 19	11:23 A	[REDACTED]	DENVER CO	1:36	.08
3.	May 21	9:05 A	[REDACTED]	SANTA FE NH	0:48	.04
4.	May 21	9:06 A	[REDACTED]	SANTA FE NH	3:42	.19
5.	May 22	9:09 A	[REDACTED]	MINNEAPOLS MN	5:24	.27
6.	May 22	1:24 P	[REDACTED]	LITTLETON CO	0:30	.03
7.	May 22	1:24 P	[REDACTED]	LITTLETON CO	2:00	.10
8.	May 22	5:04 P	[REDACTED]	DENVER CO	5:36	.28
9.	May 23	11:10 A	[REDACTED]	MINNEAPOLS MN	0:30	.03
10.	May 23	11:11 A	[REDACTED]	MINNEAPOLS MN	1:42	.09
11.	May 27	9:49 A	[REDACTED]	GREELEY CO	10:36	.53
12.	May 27	11:42 A	[REDACTED]	GREELEY CO	1:12	.06
13.	May 27	2:28 P	[REDACTED]	GREELEY CO	8:18	.42
14.	May 27	2:38 P	[REDACTED]	DENVER CO	4:30	.23
15.	May 29	9:26 A	[REDACTED]	GREELEY CO	0:30	.03
16.	May 29	11:00 A	[REDACTED]	MINNEAPOLS MN	1:42	.09
17.	May 29	3:08 P	[REDACTED]	LA JUNTA CO	0:42	.04
18.	May 30	2:54 P	[REDACTED]	GREELEY CO	6:00	.30

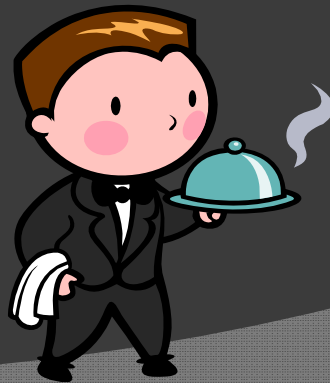
## Missing:

- Need complete phone bill for reimbursement
- Need explanation of division of phone expenses across programs

# Necessary Documentation (cont.)

## ● Meal Expenditures

- Must provide complete, detailed receipt
- Also need to ensure compliance with grantee's travel or meal policy (e.g., dinner caps)
- NOTE: The purchase of alcohol with State or Federal funds is prohibited



# Good Example of Documentation for Meal Expense

## Good:

- Actual receipt is presented
- Receipt lists food and/or drink purchased
- Receipt marked to clearly indicate day and meal purchased



## Missing:

- Nothing

# Good Example of Documentation for Group Meal Expense

## Good:

- Actual receipt is presented
- Receipt lists food and/or drink purchased
- Employee's meal circled and no alcohol charged to contract
- Receipt marked to clearly indicate day and meal purchased

*Wednesday  
Supplier*

IAPA VALLEY GRILLE  
502 HORTON PLAZA  
SAN DIEGO, CA 92101

bl: 47 Gsts: 8      Srvr: Joseph M  
Date: 07-09-08 8:17p      113.0417.00108

---

1 Fat Tire	8.00
<u>1 New York</u>	<u>32.00</u>
1 Gratuity Tax	4.79
4 Prix Fixe Black	0.00
2 Prix Fixe White	72.00
4 Prix Fixe Ice c	0.00
1 GI Folie	7.00
2 Prix Fixe Pork1	72.00
2 GI Napa Cellars	17.00
1 Chicken	22.75
2 GI Clos du Bois	17.50
1 Barramundi	28.25
1 Prix Fixe Shrim	0.00
1 Prix Fixe Chick	36.00
1 Blue Mojito	10.00
1 Prix Fixe Choc	0.00
4 Karl Straus	20.00
18.00% Gratuity:	61.65
Check Total:	408.94
Tax:	26.56
<b>Total Due:</b>	<b>435.50</b>

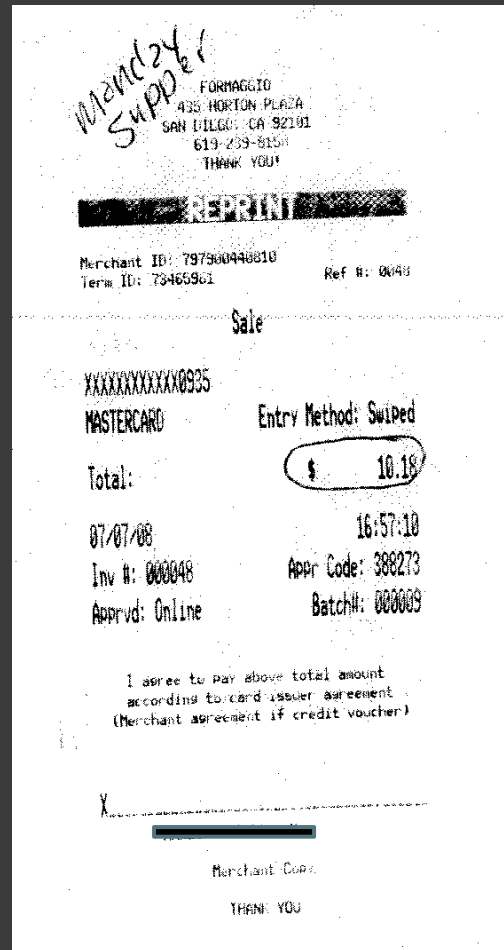
## Missing:

- Nothing

# Example of Insufficient Documentation for Meal Exp

## Good:

- Actual receipt is presented
- Receipt marked to clearly indicate day and meal purchased



## Missing:

- Detailed receipt listing food and/or drink purchased
- This receipt only provides the total of the purchase

# Necessary Documentation (cont.)

## ⦿ Meeting Expenditures

- Must provide complete, detailed receipts and/or invoices for all purchases
- Need list of attendees and their associated organization
- Also need meeting agenda and explanation of how the meeting fulfills the objectives of the contract



# Example of Documentation for Meeting Expense

## Good:

- Actual receipt is presented
- Receipt lists food and/or drink purchased
- Payment request form states purchased for training meeting



## Missing:

- Agenda from training
- List of attendees and their respective organizations

# Necessary Documentation (cont.)

## ⦿ Training Expenditures

- Must provide confirmation of registration and payment for all attendees
- Also need training agenda

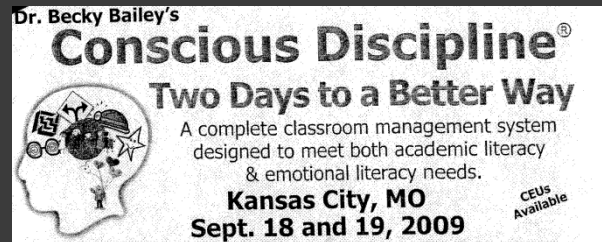




# Example of Documentation for Training Expense

## Good:

- Provided training overview and registration form
- Registration confirmation was provided
- Payment request form has approval signature
- Proof of payment was provided



## Missing:

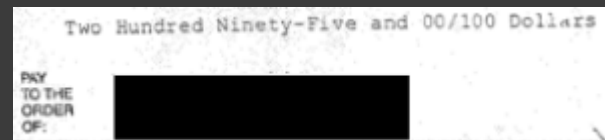
- Nothing

Congratulations!

Your registration is confirmed to attend the Conscious Discipline® Two Days to a Better Way workshop to be held at The Westin Crown Center Hotel located at One East Pershing Road Kansas City, MO 64108, beginning Friday, September 18th and ending Saturday, September 19th, 2009. The hotel contact information is: phone (816) 474-4400, Fax (816) 391-4438, website [www.westinkc.com](http://www.westinkc.com).

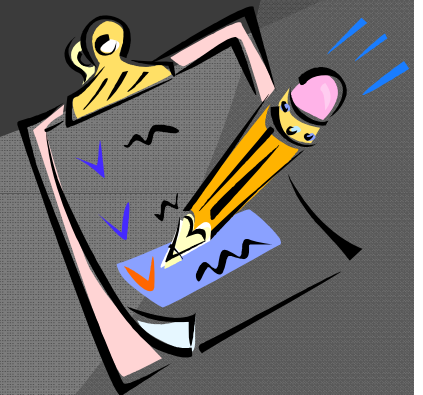
## **CHECK/CREDIT CARD REQUEST FORM**

**Purpose: Registration Fee for Conscious Discipline Training for Cathy Meekins**



# Necessary Documentation (cont.)

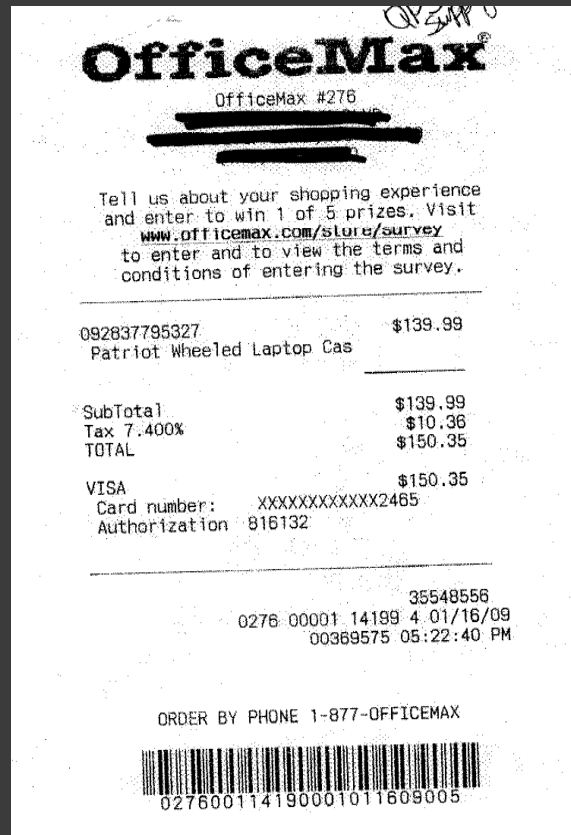
- Miscellaneous Expenditures (e.g., office supplies, postage, groceries)
  - Must provide complete, detailed bill, invoice, or receipt
  - Need explanation regarding how good or service purchased was used to fulfill the objectives of the contract
  - Also need explanation regarding the portion of the bill that was charged to the contract to ensure contract is only paying its fair share



# Example of Documentation for Misc. Expense

## Good:

- Detailed receipt listing item purchased



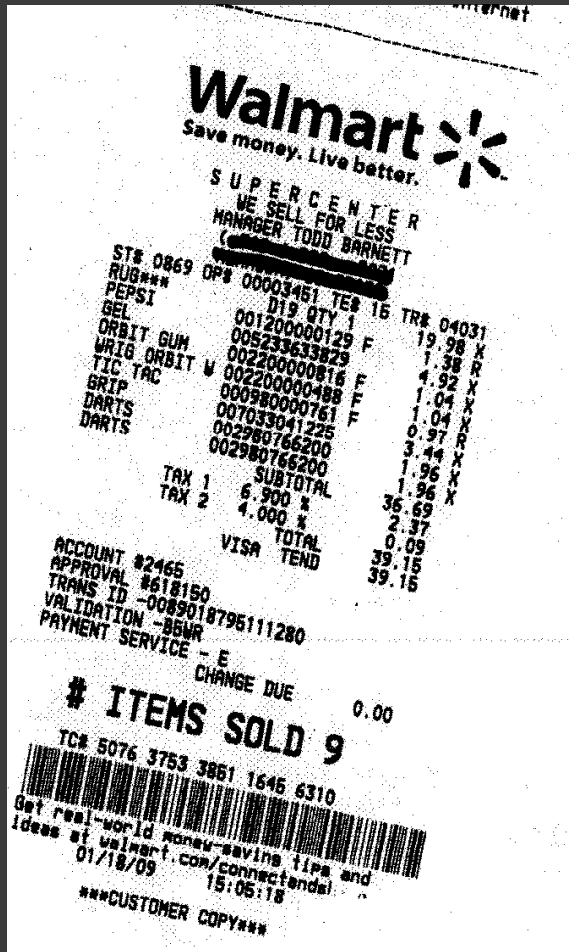
## Missing:

- Need explanation of why this purchase was solely charged to contract (was the contract the sole beneficiary of this purchase)

# Example of Documentation for Misc. Expense

## Good:

- Detailed receipt listing items purchased



## Missing:

- Need explanation of how these items were used to fulfill the objectives of the contract
- Need explanation why this purchase was solely charged to contract (was the contract the sole beneficiary of this purchase)

# Example of Documentation for Misc. Expense

## Good:

- Actual invoice from retailer

DATE	REF. NO.	TRANSACTION TYPE	AMOUNT	REF. NO.	AMOUNT
09.03.13	418303	P.O.S. 418303 Sale	37.99	418303	37.99
		<i>march sup</i>			
					3/24
Current	30 days	60 days	90 days	BALANCE DUE	PLEASE PAY THIS AMOUNT
37.99	0.00	0.00	0.00	37.99	37.99

## Missing:

- Need itemized receipt stating specific good(s) purchased

# Example of Documentation for Misc. Expense

## Good:

- Proof of payment provided

New Activity for Q1 2009			
Card XXXX-XXXX-XXXX-XXXX			
03/11/09	AMMEX CORP.	425 251-4000	65.50
	MEDICAL EQUIPMENT		
03/17/09	STAPLES	STEAMBOAT SPRING CO	9.99
	OFFICE SUPPLIES		
Total of New Activity for Q1 2009			75.49

## Missing:

- Need itemized receipt stating specific good(s) purchased

# Necessary Documentation (cont.)



## ● Travel Expenditures (e.g., mileage, lodging, meals)

- Need detailed travel log including start and end addresses and purpose of trip for mileage expenses
- Must provide complete, detailed bill, invoice, or receipts (i.e., detailed meal receipt, final hotel invoice showing paid in full, actual airline ticket and baggage fee receipts)
- Also need explanation if travel was solely for benefit of this contract or if cost should be allocated between or among various contracts







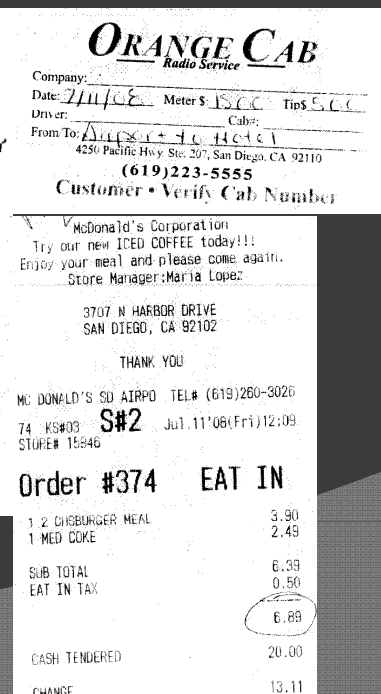
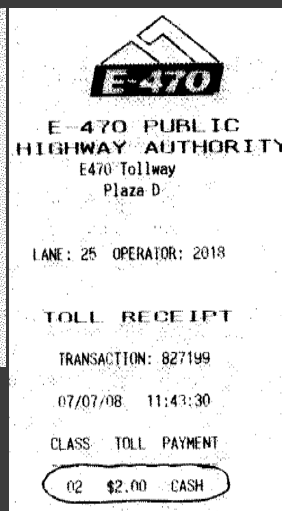
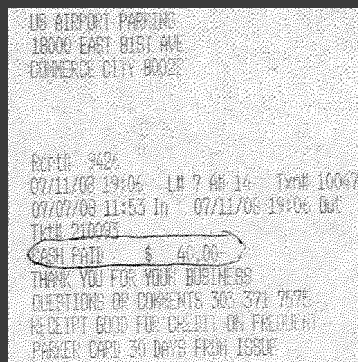
# Example of Documentation for Travel Expense

## Good:

- Payment request form lists all purchases by subject
- Form contains employee's signature and approval signature of supervisor
- Detailed receipts to support expenditures included with payment request form

Category	Grant	Memo	Amount
Travel	Q-Ref	Parking	\$40.00
Travel	Q-Ref	Tolls	\$2.00
Travel	Q-Ref	Meals	\$89.67
Travel	Q-Ref	Cab Fare	\$30.00
Supplies	Q-Ref	Internet	\$20.00

Internet Service In Room 9.95



## Missing:

- Internet service rounded up, not actual cost
- One meal receipt was total only (no detail of food or drink purchased)

# Necessary Documentation (cont.)

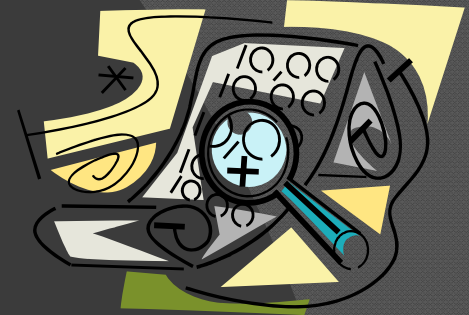


## ● Gift Card Purchases

- Must provide detailed receipt showing quantity of gift cards purchased and the amounts on each card
- SDAs must maintain documentation tracking the inventory and distribution of the gift cards (including which specific card was given to which specific recipient and the reason for giving the card)
- NOTE: Unless all of the gift cards are properly distributed by the end of the contract period, reimbursement for the cards would not be allowable

# Calculating a Pro-Rata Share

# Pro-rata Share



- If the contract pays only a portion of any expenditure **OR** if the expenditure benefits more than one contract or program, the grantee needs to calculate the proper pro-rata share to be paid by the contract
- Contractors need to provide an explanation of that pro-rata share with all reimbursement requests

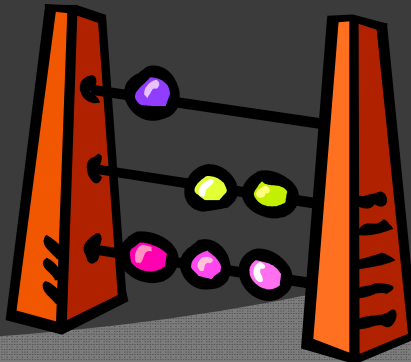
# Examples of Pro-rata Share Calculations

- ① Employee's hours worked on grant versus total hours worked for the organization
  - This could be applied to payroll (including holiday and vacation pay), fringe benefits, office supplies *for that particular employee*



# Examples of Pro-rata Share Calculations

- ⦿ Actual expenses related to grant versus total actual expenses for entire organization
  - This could be applied to expenditures such as rent, phone, copy/printing costs, and office supplies *for the entire organization*



# Examples of Pro-rata Share Calculations

- ◎ Costs allocated based upon the number of FTEs per grant
  - This could be applied to expenditures such as rent, phone, copy/printing costs, and office supplies *for the entire organization*





Conclusion

# Summary

- Carefully analyze all expenditures for compliance with contract terms and OMB Circular A-122 cost principles
- Provide all necessary supporting documentation for monthly reimbursement requests (reimbursement request forms, invoices, receipts, personnel activity reports, pro-rata share calculations and explanations, etc.).



# Please submit any questions to:

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- 303-866-4556
- [Leslie.Bulicz@state.co.us](mailto:Leslie.Bulicz@state.co.us)
- Becca Lembke, Auditor CDHS Audit Division
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**Division of Child Care  
(Program) Questions**

**Audit Division (Audit or  
Compliance) Questions**