

# Quality Review Checklist

## California State Preschool Program Contractors

Contractor Name & Vendor #: \_\_\_\_\_

### Introduction

The quality review checklist is required to be completed by the contractor's representative and submitted along with the contractor's audit report and is designed to reduce or eliminate the need for follow-up questions that arise as the California Department of Education (CDE), Audits & Investigations Division reviews the organization's audit report submission in accordance with California Code of Regulations, Title 5, Section 17824.

If questions arise during the audit report review process, the reviewer will contact the contractor's Certified Public Accountant (CPA). Please provide an email address for the CPA or CPA firm that conducted the contractor's audit.

CPA Firm / CPA Name: \_\_\_\_\_

Email: \_\_\_\_\_

### Required Contents

1. Does the audit report include the following? (*Note: This information is required for all contractors. For more information, reference the [CDE Audit Guide](#): Chapter 200, Exhibit A; Chapter 300; and Appendix A, Illustrative Contractor Audit Report.*):
  - a. Independent Auditor's Report, based on Generally Accepted Auditing Standards and Government Auditing Standards .....  Yes  No
    - i. Does the Independent Auditor's Report indicate whether the supplementary information is fairly presented in all material respects in relation to the financial statements as a whole? .....  Yes  No
  - b. 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 .....  Yes  No
  - c. Statement of Financial Position / Balance Sheet .....  Yes  No
  - d. Statement of Activities / Income Statement .....  Yes  No
  - e. Notes to Financial Statements .....  Yes  No
  - f. Schedule of Expenditures of Federal and State Awards .....  Yes  No

- g. Schedule of Findings and Questioned Costs.....  Yes  No
  - h. Combining Statement of Activities .....  Yes  No
  - i. Schedule of Expenditures by State Categories .....  Yes  No
  - j. Schedule of Claimed Administrative Costs .....  Yes  No
  - k. Schedule of Claimed Equipment Expenditures.....  Yes  No
  - l. Schedule of Claimed Expenditures for Renovations and Repairs .....  Yes  No
  - m. Audited Attendance and Fiscal Report (AUD) form for each early education contract .....  Yes  No
  - n. Notes to the Child Care and Development Program Supplemental Information.....  Yes  No
2. If applicable, does the audit report submission include the following (*Note: This information is only required under certain circumstances. For more information reference the CDE Audit Guide: Chapter 200, Exhibit A; Chapter 300; and Appendix A, Illustrative Contractor Audit Report.*):
- a. Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance (2 CFR Part 200, Subpart F).....  Yes  No  N/A
  - b. Management letter and/or internal control communication letter .....  Yes  No  N/A
  - c. Statement of Cash Flows .....  Yes  No  N/A
  - d. Statement of Functional Expenses .....  Yes  No  N/A
  - e. Schedule of Claimed Start-Up Expenses .....  Yes  No  N/A
  - f. Audited Preschool Reserve Account Activity Report (AUD 9530-A).....  Yes  No  N/A
  - g. Reconciliation of fiscal year not ending on June 30.....  Yes  No  N/A
  - h. Reconciliation of CDE Reporting to GAAP Reporting.....  Yes  No  N/A
  - i. An audit report that includes all required information for any agencies that the contractor entered into a subcontract for state preschool services with (see the Contract Terms and Conditions (CT&C) Section I – Definitions).....  Yes  No  N/A

## AUDs and Financial Statements

3. Were all AUDs prepared on the correct fiscal year's form?.....  Yes  No
4. Are all pages of the AUD form(s) included? .....  Yes  No  
a. If not, was the appropriate box marked to explain why the pages were omitted? .....  Yes  No  N/A
5. Are all applicable enrollment and attendance forms included in the audit report? [Note that the audit report should include a separate form for each service county where the agency provided a type of service (e.g. services to certified children, services to non-certified children, etc.)].....  Yes  No
6. Does each AUD's column A agree to column C of the applicable CPARIS report? .....  Yes  No
7. Does the AUD 8501, Section 2 – Enrollment and Attendance Form Summary, correctly report the sum of the enrollment and attendance from the applicable enrollment and attendance forms?.....  Yes  No
8. Do each AUD's total expenses claimed for reimbursement and total supplemental expenses trace to and agree with the amounts reported on the Schedule of Expenditures by State Categories?.....  Yes  No
9. For each contract, do the total expenses on the Schedule of Expenditures by State Categories trace to and agree with the total expenses on the Combining Statement of Activities or any applicable expense reconciliation schedule presented in the report?.....  Yes  No
10. Do the total revenue and expenses on the Combining Statement of Activities (CSA) trace and agree to the Statement of Activities?.....  Yes  No
11. Does each AUD's revenue related to reimbursable expenses trace to and agree with the Combining Statement of Activities or other Statement? .....  Yes  No

## Capitalized Expenses

12. Are all capitalized expenditures using child development funds identified in the Schedule of Claimed Expenditures for Renovations & Repairs or Schedule of Claimed Equipment Expenditures? (Note: "Capitalized Equipment" is defined by the CT&C as equipment with a per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the contractor for financial statement purposes, or \$5,000, including tax.).....  Yes  No
13. Do capitalized equipment expenses on AUD line items 6400, 6500 and/or start-up expenses trace to and agree with the Schedule of Claimed Equipment Expenditures? .....  Yes  No

14. Does the Schedule of Claimed Equipment Expenditures report expenses in the appropriate categories for the agency's capitalization threshold? (See the *CDE Audit Guide*, Section 330 – Equipment Expenditures) .....  Yes  No
15. Do other capital outlays, line item 6100/6200 on the AUD, trace to and agree with the Schedule of Claimed Expenditures for Renovations & Repairs? .....  Yes  No
16. Did the contractor obtain preapproval for items expensed in line item(s) 6100/6200, 6400 and/or 6500? .....  Yes  No  N/A  
 a. If not, please explain (attach additional pages if necessary).
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17. If the contractor has Child Care Facilities Revolving Fund or California Renovation and Repair loan repayments, are the expenditures correctly reported in line 6100/6200? .....  Yes  No  N/A

**Indirect and Administrative Costs**

18. If the contractor has an approved indirect cost rate, is it accurately reported on the AUD(s)? .....  Yes  No  N/A
19. If indirect costs are claimed, are they within the maximum indirect cost rate of the lesser of its approved rate or ten percent (10%)? .....  Yes  No  N/A
20. If indirect costs were reported, does the indirect cost amount agree to the indirect costs amount reported on the Schedule of Claimed Administrative Costs? .....  Yes  No  N/A
21. Do the total administrative costs reported on the AUD(s) trace to and agree with the total expense amounts reported on the Schedule of Claimed Administrative Costs? .....  Yes  No

**Enrollment, Attendance, and Assurances on State Preschool AUDs**

22. Is the number of days of enrollment the same or greater than the number of days of attendance reported on the AUD(s)? .....  Yes  No  N/A
23. Were the two assurance certifications checked on the AUD 8501? .....  Yes  No

**Audited Preschool Reserve Account Activity Report**

24. Does each Audited Preschool Reserve Account Activity Report either identify interest earned on reserve funds or explain in the comments section why no interest is reported? .....  Yes  No  N/A

25. If there was a preschool reserve account ending balance, was it correctly reported in the Statement of Financial Position/Balance Sheet as a liability?.....  Yes  No  N/A

**Revenue**

26. If Child and Adult Care Food Program (CACFP) expenses were allocated to a state preschool contract, was the related revenue reported as restricted income? (Note: Reported revenue should be the lesser of the amount of CACFP funds paid to a contractor or the amount of expenses allocated to the contract.) .....  Yes  No  N/A

27. Was all revenue correctly classified as restricted or unrestricted in the AUD form(s)? .....  Yes  No  N/A

28. If the contractor used the deferred FY 2022-23 service-level exemption credit for set aside (for exceptional needs and severely disabled children) to cover expenses, was the credit reported as restricted income? .....  Yes  No  N/A

29. If the contractor earned Employee Retention Tax Credit on reimbursable expenses by a state preschool program, were the credits reported as restricted income?.....  Yes  No  N/A

30. If non-certified children are reported in the AUD(s), were non-certified family fees reported? .....  Yes  No  N/A  
a. If not, please explain (attach additional pages if necessary).

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Completed By: \_\_\_\_\_

Title: \_\_\_\_\_

Additional  
Comments: