

**West Virginia Department of Health and Human Resources**  
**Supplemental Compliance Procedures for an Agreed-Upon Procedures Engagement Conducted in**  
**Accordance with West Virginia Code §12-4-14 and CSR §148-18**

A. Purpose

To maintain uniformity and consistency among DHHR grantees and their independent CPAs when arranging for and conducting an agreed-upon procedure engagement in accordance with the reporting requirements of West Virginia Code §12-4-14.

B. Applicability

The supplemental compliance procedures contained herein were developed for and intended to be applicable to DHHR grant awards only and should be read in conjunction with West Virginia Code §12-4-14, CSR §148-18 and the related grant documents (e.g. grant agreement, statements of work, budgets, change orders, program directives, regulations, etc.). These procedures should not be applied to grant funds awarded by other state agencies or spending units.

Regarding Compliance Attestation Standards, it is strongly recommended that grantees discuss with their independent CPAs the costs and variable differences between arranging for an agreed-upon procedures engagement versus an examination engagement, before determining how to best satisfy the reporting requirements of West Virginia Code §12-4-14.

C. Procedures to be Performed – Grantees

Prepare a sworn statement of expenditures, to include all of the elements referenced in CSR §148-18-5 and the following written management assertion:

*“This is to certify that I have reviewed the Statement of Grant Receipts and Expenditures submitted herewith and, to the best of my knowledge and belief, said statement represents all financial activities related to the receipt, use and expenditure of funds granted by the State of West Virginia, Department of Health and Human Resources to [GRANTEE NAME] and that the expenditures reported were for the purposes intended and in compliance with the applicable laws, regulations, and terms and conditions of the grant documents. The Statement of Grant Receipts and Expenditures is presented on the [ACCRUAL / CASH] basis of accounting and is supported by our financial records and related documentation.”*

D. Procedures to be Performed – Independent Certified Public Accountants

1. Review the grant agreement and any related documents (e.g. statements of work, budgets, change orders, program directives, regulations, etc.) to ascertain the purpose for which the funds were awarded and the terms and conditions associated with the state grant.
2. Verify whether funds received under the grant (as reported on the sworn statement of expenditures) were correctly authorized, recorded and deposited into the appropriate organizational accounts.
3. Review all costs (as listed on the sworn statement of expenditures) and related transactions associated with the grant to verify whether:
  - a. Costs were approved by the DHHR, if required.
  - b. Costs conform to the allowability of costs provisions or limitations in the program agreement, program regulations, or program statute.
  - c. Costs represent charges for actual costs, not budgeted or projected amounts.

- d. Costs are given consistent treatment within and between accounting periods. Consistency in accounting requires that costs incurred for the same purpose, in like circumstances, be treated as either direct costs only or indirect costs only with respect to final cost objectives.
  - e. Costs are net of all applicable credits (e.g. volume or cash discounts, insurance recoveries, refunds, rebates, trade-ins, adjustments for checks not cashed, and scrap sales.).
  - f. Costs are not included as both a direct billing and as a component of indirect costs.
  - g. Cost are supported by appropriate documentation (e.g. approved purchase orders, receiving reports, vendor invoices, canceled checks, and time and attendance records), and correctly charged as to account, amount and period.
4. Inquire and report upon the status of any findings, contingencies or other deficiencies discovered during the current engagement or described in any prior agreed-upon procedures report (if applicable) that could negatively affect administration of the DHHR grant and related program/project.