APPENDIX G10

Standard Procedures for a SAPTA-Required Agreed-Upon Procedures (Limited Scope) Audit

The Division's Policy requires that for sub-grantees not required to have an audit under OMB A-133, a Limited Scope Audit on Agreed-Upon Procedures must be conducted for that year by an independent, licensed Certified Public Accountant, using American Institute of Certified Public Accountants (AICPA) generally accepted auditing standards (GAAS) or attestation standards. An original signed audit report must be sent to the Substance Abuse Prevention and Treatment Agency, (preferably signed in blue ink), Attn: Grants and Projects Analyst, 4126 Technology Way, 2nd Floor, Carson City, NV, 89706, within nine (9) months of the close of the Sub-grantee's fiscal year. Failure to comply may result in disqualification of future funding and/or termination of current funding.

The report should contain, at a minimum, the following procedures:

1. Inspect original invoices and other supporting documentation that support expenditures submitted for reimbursement to SAPTA for evidence that they are allowable, allocable, and reasonable costs included in the approved budget categories, which could include: personnel, consultants, travel, training, and operating.

   Select an appropriate number of disbursements based on auditing guidelines from the subgrant, and perform the following procedures:

   a. Review for agreement of amount recorded with the invoice, cancelled check, packing list, and other supporting documentation as to quantities, description, payee, endorsement and dates, and serial number if applicable.
   b. Review for correct coding as to account, budget category, and period received.
   c. Review for approval and compliance with budget requirements.

2. Inspect at least a quarter of monthly bank statements for evidence that funds received as reimbursements were properly deposited into the bank account.

   a. If the sub-grantee passes-through funding to a sub-recipient, at least 10% of the sub-recipient's supporting documentation will be checked against the amount reimbursed for evidence that they are allowable, allocable and reasonable costs that are included in the approved budget categories. In addition, reimbursements will be checked to verify they were paid by the sub-grantee for the amount that was requested from SAPTA. Check that the timing of payments to subrecipients were made timely or, if provided, within award assurance guidelines.

3. Inspect the Organization's non-discrimination policies to ensure they are in accordance with SAPTA policies.

4. Inspect the Organization's policies and procedures manual for evidence that a system of internal controls which would result in fiscal integrity and stability, including generally

accepted accounting principles, has been adopted. Also, look for evidence of workplace policies required by SAPTA.

5. Inspect the Organization's policies and procedures manual for evidence that the Organization has policies and procedures to comply with all applicable federal, state, and funding agency rules and regulations, as specified in the subgrant assurances.

6. Inspect the Organization's information to verify the source of SAPTA funding was identified on all printed and electronic documents purchased or produced within the scope of the subgrant, using the current Division approved attribution statement that is applicable to the appropriate funding sources.

7. Inspect the Organization's policies and procedures manual for evidence that the Organization has a "smoke, alcohol, and other drug-free" policy in which the use of tobacco products and illegal drugs will not be allowed.

8. If applicable, verify the Organization is properly licensed by the Bureau of Health Care Quality and Compliance.

9. Check the status of the 990, Return of Organization Exempt from Income Tax form, submitted annually to the Internal Revenue Service.