

APPENDIX B3 – Accounting Systems Certification

ACCOUNTING SYSTEMS CERTIFICATION

STATEMENT TO BE SUBMITTED WHEN APPLICANT IS PRIVATE NON-PROFIT AGENCY (OR A PUBLIC AGENCY) WHOSE ACCOUNTING SYSTEM WILL NOT BE MAINTAINED BY A PUBLIC AGENCY.

North Central Area Agency on Aging, Inc.
151 New Park Avenue, Box 75
Hartford, CT 06106

Dear Funding Agency:

We are certified/duly licensed accountants and have been engaged to examine and report on the financial statement of the _____ (Name of Applicant) which is a private non-profit organization/public agency in _____ (Name of community).

We understand that _____ has applied for an award of

\$_____ from the North Central Area Agency on Aging, Inc. for the period from

_____ to _____ for the use in accordance with the

_____ (Program Title). We have made a study of those internal

accounting control and administrative control procedures of _____ that we

considered relevant to the Funding Agency. Since our study related to procedures

_____ (Applicant) proposes to follow if the funds are awarded, it did

include tests of compliance with such procedures. Our study did not constitute an audit of any financial

statements prepared by the _____ (Applicant). The objective of

internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of

assets against loss from unauthorized use or disposition, and the reliability of financial records for

preparing financial statements and maintaining accountability for assets. We understand that the

objective of those administrative control procedures is to provide similar assurance as to compliance with

its related requirements. The concept of reasonable assurance recognizes that the cost of a system of

internal control should not exceed the benefits derived and also recognizes that the evaluation of these

factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management with respect to the estimates and judgments required in preparation of financial statements. Further, projection of any evaluation of internal control to future periods is subject to the risk that the procedure may become inadequate because of changes in conditions, and that the degree of compliance with the procedures may deteriorate.

Policies require that the award recipient and its sub-award recipient or contractors have established an accounting system with internal controls adequate to safeguard their assets, check the accuracy and reliability of the accounting data, promote operating efficiency and encourage compliance with prescribed management policies and such additional fiscal, accounting and administrative requirements as may be established. We understand that procedures in conformity with the criteria referred to in the second paragraph of this report are considered by the Funding Agency to be adequate for its purposes in accordance with such Act and related regulations and that procedures that are not in conformity therewith indicate some inadequacy for such purposes. Based on this understanding and on our study, we believe the _____ (Applicant) procedures would be adequate/inadequate (see note below) for the purposes of the North Central Area Agency on Aging, Inc. assuming satisfactory compliance, except for any conditions described which we believe would be material weaknesses in relation to the award to which this report refers. In addition to such weaknesses, other conditions, which we believe would not be in conformity with the criteria referred to above, are described.

(Insert a description of any material weaknesses or other conditions.) This report is intended for use in connection with the award to which the report refers and should not be used for any other purposes.

Signature of Accountant

Name of Accountant

Name of Firm

Date

Note: If the proposed system and controls are considered inadequate, the auditor shall edit the remainder of the report accordingly.