



Department of Alcohol &
Drug Addiction Services



Department of
Mental Health

Angela Cornelius Dawson, ODADAS Director • Ted Strickland, Governor • Sandra Stephenson, ODMH Director

TO: Executive Directors, ODADAS-Certified/Licensed Treatment & Prevention Programs
Chief Financial Officers, ODADAS-Certified/Licensed Treatment & Prevention Programs
Executive Directors, ODMH-Certified Community Mental Health Agencies
Chief Financial Officers, ODMH-Certified Community Mental Health Agencies
Executive Directors, ADAMHS/ADAS/CMH Boards
Chief Financial Officers, ADAMHS/ADAS/CMH Boards

FROM: Rosaland Tye, CFO, ODADAS
Dalon Myricks, CFO, ODMH 

DATE: April 16, 2010

RE: Updated ODADAS and ODMH Audit Guidelines

The Ohio Department of Alcohol and Drug Addiction Services (ODADAS) and the Ohio Department of Mental Health have revised and consolidated their respective audit guidelines into a single document for use by Alcohol and Drug Addiction Services Programs and Agencies and Community Mental Health Agencies receiving Federal, State and other funding that originates from and/or passes through ODADAS and/or ODMH and/or ADAMHS/ADAS/CMHS Boards. These consolidated guidelines are effective for audits of fiscal years ending on or after June 30, 2010.

We have included a section at the beginning of the document that describes the changes that have been made from the previous versions of the ODADAS and ODMH guidelines as well as noted where there may be instances of variation between ODADAS and ODMH. This document is posted on the following Departmental websites:

ODADAS: located in the fiscal and funding section under the Audit Guidelines heading:

<http://www.odadas.state.oh.us/public/Section.aspx?CategoryID=41A5098E-C172-4EB9-8B5F-1386CD567C84>

ODMH: located in the Community Medicaid section under the Rules and Guidelines heading:

<http://mentalhealth.ohio.gov/what-we-do/protect-and-monitor/medicaid/audit-guidelines-102300.pdf>

The Departments recognize that these guidelines are being issued well into the state fiscal year and that some agencies/programs may already have made arrangements for an audit or be in the process of entering into audit arrangements with auditors for SFY 2010. The updated guidelines do not impose additional requirements as compared to the previous versions and, in fact may, allow agencies and programs an opportunity to realize possible savings in the audit process due to the streamlining changes that have been made.

If you have any questions related to the revised guidelines please contact Ms. Tracy Gladen at ODADAS at TGladen@ada.ohio.gov or Mr. Chiwayi Lin at ODMH at Chiwayi.Lin@mh.ohio.gov.

encl.



Department of Alcohol &
Drug Addiction Services



Department of
Mental Health

Angela Cornelius Dawson, ODADAS Director • Ted Strickland, Governor • Sandra Stephenson, ODMH Director

**OHIO DEPARTMENT OF ALCOHOL AND
DRUG ADDICTION SERVICES
(ODADAS)**

and

**OHIO DEPARTMENT OF MENTAL HEALTH
(ODMH)**

Financial and Compliance Audit Guidelines

Applicable to
Alcohol and Drug Addiction Services
Programs and Agencies
and
Community Mental Health Agencies

Receiving Federal, State and other funding that
originates from and/or passes through
ODADAS/ODMH or ADAMHS/ADAS/CMHS Boards

Effective for audits of fiscal years ending on or
after June 30, 2010

Issued: April 2010

TABLE OF CONTENTS

I.	Summary of Changes
II.	Variations Between ODADAS and ODMH
III.	General Introduction
IV.	Responsibilities Department Boards Providers Auditors
V.	Audit Determination
VI.	Audit Procurement
VII.	Report Submission Contacts
Appendix A	Provider Audit Review Checklist
Appendix B	Provider Audit Review Checklist Instructions

I. REVISIONS FROM PREVIOUS VERSIONS:

Most Recent Previous ODADAS Version was dated February 25, 1998
Most Recent Previous ODMH Version was dated January 1, 2000

1) Subrecipient and Vendor Determination

Effective July 1, 2008: The Medicaid (CFDA 93.778) and SCHIP (CFDA 93.767) programs now consider participating programs/provider agencies as Vendors rather than the previous Subrecipient relationship. This change only affects programs/provider agencies; ADAMHS/ADAS/CMHS Boards are still considered Subrecipients to ODADAS, ODMH and the Ohio Department of Job and Family Services.

Alcohol and Drug Addiction services and/or Mental Health services Medicaid and/or SCHIP funding, at the provider level, is not to be considered as a Federal Award when determining if a Type II audit is to be performed under these Guidelines.

When a provider agency received federal pass through dollars from ODADAS or ODMH other than Medicaid or SCHIP, the funding is still considered a Federal Award and the provider agency may be subject to OMB Circular A-133, this is particularly true if the provider agency is receiving federal Substance Abuse Prevention and Treatment (SAPT) block grant funding (CFDA 93.959).

2) Additional Compliance Requirements

ODADAS – The ODADAS Additional Procedures Testing for Type I and II audits as indicated in Section D of the “ODADAS Provider Audit Review Checklist” are eliminated. The “ODADAS Provider Audit Review Checklist” has been revised to reflect this change (See Appendix A).

ODMH – The Additional Compliance Requirements for Type I and II audits are eliminated.

3) Submission of the ODADAS Provider Audit Review Checklist

ODADAS – BOARDS were previously required to submit the “ODADAS Provider Audit Review Checklist” within 30 days after receipt of the audit report or six months at the Fiscal Year end. **The**

Boards are now required to submit the provider audit checklist nine months after the Fiscal Year end.

ODMH does not have this requirement.

4) Actual Uniform Cost Report

ODADAS & ODMH – Uniform Financial Management System (UFMS) reporting requirements have been replaced by the Uniform Cost Report and the Actual Uniform Cost Report Agreed-Upon Procedures Requirements. These audit guidelines do not cover these requirements. Please refer to Ohio Administrative Codes 3793:2-1-9 & 3793:2-1-10 (ODADAS) and 5122-26-19 & 5122-26-191 (ODMH).

II. VARIATIONS BETWEEN ODADAS and ODMH:

Audit Requirements & Submission

ODADAS – BOARDS are required to submit the Provider Audit Checklist for each of its provider agencies. In addition, Boards are required to submit the agency's audit report and CAP if findings relate to ODADAS funds.

ODMH – Per Ohio Administrative Code (OAC) 5122:1-5-01 (D) (1) (a), effective June 30, 2006, all Certified Provider Agencies must obtain an independent financial audit annually and the audit must be conducted in accordance with the standards defined by the Comptroller General of the United States. Per OAC 5122:1-5-01 (D) (1) (c), PROVIDERS are required to submit their audit packet directly to ODMH and their respective Mental Health Board.

III. GENERAL INTRODUCTION

These Audit Guidelines (Guidelines) are being issued by the Ohio Department of Mental Health (ODMH) and the Ohio Department of Alcohol and Drug Addiction Services (ODADAS), herein after referred to as the DEPARTMENTS, in order to assist independent audit personnel, staff of provider agencies, herein after referred to as PROVIDERS, and Alcohol, Drug Addiction and Mental Health Services/Alcohol and Drug Addiction Services/Community Mental Health Services (ADAMHS/ADAS/CMHS) Boards, herein after referred to as BOARDS. , prepare and perform audits as required by Ohio Revised Codes (ORC), 340.03 (A) (6), 340.033 (B) and Ohio Administrative Code 3793:2-1-03 (L).

The DEPARTMENTS have developed these Guidelines to provide technical assistance to PROVIDERS and BOARDS that receive Departmental funding and inform them of the various requirements to be followed as a recipient of Federal funds in accordance with OMB Circular A-133 §. 400 (d) (2). This document establishes parameters BOARDS/PROVIDERS may utilize to ensure all audits are completed in a consistent and equitable manner.

These Guidelines refer to audit compliance standards as well as requirements mandated by Federal circulars (OMB Circulars A-102, A-122, A-133), Code of Federal Regulations and DEPARTMENTS/BOARDS/PROVIDERS Agreements to evaluate the integrity of the financial relations between the DEPARTMENTS, BOARDS and PROVIDERS. Although A-133 and Yellow Book Standards explain requirements for audits under A-133, the DEPARTMENTS wishes to address accountability and integrity of the entire Mental Health and Alcohol and Drug Addiction continuum of services.

It is the intent of these Guidelines to provide technical assistance and guidance necessary to facilitate organization-wide or program specific audit requirements. These Guidelines will present audit responsibilities, determinations, audit follow-up procedures and requirements.

Failure to meet the requirements of OMB Circular A-133 or other referenced Circulars and State ORC audit requirements referenced in these Guidelines could result in the withholding of current funds or the denial of future awards.

IV. RESPONSIBILITIES

DEPARTMENTS Responsibilities

It is the responsibility of the DEPARTMENTS to review the Guidelines periodically to ensure compliance with current ORC and Federal audit requirements. The DEPARTMENTS are responsible for review of the audits of BOARDS as outlined in OMB Circular A-133 §__.400 (Federal Agencies and Pass-Through Entities Responsibilities) to ensure compliance with the requirements of these Guidelines as well as Federal audit requirements. It will also be the responsibility of the DEPARTMENTS to ensure BOARDS review the audits and follow-up on audit findings and questioned costs of PROVIDERS.

Where the DEPARTMENTS are the sole source of direct funds to PROVIDERS, the DEPARTMENTS are responsible for follow-up on audit findings and questioned costs. The DEPARTMENTS will assume responsibility for obtaining an audit of direct funded PROVIDERS.

BOARDS Responsibilities

ORC Sections 340.03 (A) (6) and 340.033 (B) require: BOARDS "...audit...all programs and services provided under contract with the BOARDS. In so doing, BOARDS may contract for or employ private auditors for the performance of these audits. A copy of the fiscal audit report shall be provided to the Director of the Department of Mental Health, Ohio Department of Alcohol and Drug Addiction Services and the County auditor of each County in the BOARDS' district."

When requested by the auditor, BOARDS will prepare schedules and information necessary to facilitate audit field work.

It shall be the duty of BOARDS to distribute these Guidelines to PROVIDERS. BOARDS are also responsible for review of their PROVIDERS' audits as outlined in OMB Circular A-133 §__.400 (Federal Agencies and Pass-Through Entities Responsibilities) to ensure compliance with Federal audit requirements. It will also be the responsibility of the BOARDS, when they are a Pass-Through Entity, to follow-up on PROVIDERS audit findings and questioned costs. When PROVIDERS receive DEPARTMENTS funds through the BOARDS, BOARDS are responsible for performing follow-up activities and informing PROVIDERS within their BOARDS area of audit requirements. BOARDS have primary responsibility for reviewing and evaluating all reported

findings and compliance with these Guidelines as they pertain to PROVIDERS' audits.

If audit findings or recommendations are made by the auditor, BOARDS should ensure that PROVIDERS prepare a Corrective Action Plan (CAP). BOARDS may make additional recommendations to a PROVIDERS' CAP. The PROVIDERS' approved CAP should then be submitted to the DEPARTMENTS by BOARDS* within thirty days of the BOARDS' receipt of the plan. The PROVIDERS should include their comments specifying concurrence or disagreement. Documentation of all CAPs should be maintained with the BOARDS' file of audits for each PROVIDER.

BOARDS will also follow-up on prior CAPs to ensure weaknesses have been resolved satisfactorily for both Type I and Type II audits/engagements. BOARDS will ensure that PROVIDERS' previous CAP has been implemented. BOARDS should require the PROVIDERS to submit an explanation of why prior citations have not been corrected.

* ODMH - Since OAC 5122:1-5-01 requires PROVIDERS to submit directly to ODMH, BOARDS should ensure that PROVIDERS are in compliance with this OAC in order to satisfy BOARDS requirements mandated in ORC 340.03.

ODADAS – The Provider Audit Checklist (Checklist) is to be used by BOARDS in the review process for all PROVIDERS' audits. The Checklist and instructions are attached as Appendix A & B. Once reviewed, BOARDS must submit a copy of the Checklist and audit report if findings relate to ODADAS funds.

PROVIDERS Responsibilities

When requested by the auditor, PROVIDERS will prepare schedules and information necessary to facilitate audit field work.

ODMH – It is the responsibility of PROVIDERS to ensure that all financial reporting and compliance requirements are met. In accordance with OAC 5122:1-5-01, it is the responsibility of PROVIDERS to provide BOARDS and ODMH a copy of their audit package. For PROVIDERS that receives funding directly from ODMH, it is their responsibility to provide ODMH a copy of their audit package.

ODADAS – It is the responsibility of PROVIDERS to ensure that an audit/review is conducted in accordance with these guidelines, as stated in Ohio Administrative Code 3793:2-1-03 (L), and all financial reporting and compliance requirements are met. PROVIDERS' audits must be submitted to the BOARDS within the timeframe specified in their contract. If applicable, PROVIDERS must also submit Corrective Action Plans (CAPs) to the BOARDS as soon as possible, but no more than 30 days after submitting the final audit report to the BOARDS. The PROVIDERS must adhere to this timeline when submitting CAPs to the DEPARTMENTS if they obtain funding directly from the DEPARTMENTS.

The cost of the financial and compliance audits conducted under OMB Circular A-133 is allowable expenses of PROVIDERS if they procured the audit. The audit costs are generally allowable by most Federal and State funding sources. However, if the auditing procedures result in duplicative audit work compared to the Guidelines and the BOARDS' requirements, the cost of the duplicative audit work must be excluded from all Federal and State reimbursement. The State of Ohio and the Federal Government prohibit the reimbursement of unreasonable or unnecessary costs. For this reason the costs of duplicative auditing activities are unallowable for Federal or State reimbursement

Exceptions to the audit report filing deadline may be approved by the BOARDS upon written request from the PROVIDERS' Executive Committee or designee representing the Board of Trustees/Directors. Such requests must be received by the BOARDS prior to the initial deadline date. Requests will include an explanation of the anticipated delay and a specific date when the report will be filed. Approval of such requests will be made on a case-by-case basis. All requests must be forwarded by BOARDS to the DEPARTMENTS.

Note: In accordance with OMB Circular A-133 § .400(a)(2), only the cognizant agency (the Federal Government) may grant an extension to the A-133 audit filing deadline.

Per OMB Circular A-110 Subpart C __.53, PROVIDERS at a minimum must retain financial records, supporting documents and all other records pertinent to an award (including audit reports for a period of three years from the date of submission of a final expenditure report) unless any litigation, claim or audit is started before the expiration of the 3 year period. Should any litigation, claim or audit be started prior to the 3 years, records should be retained until all litigation, claim or audit finding involving the records have been resolved and final action taken. Records pertaining to real property and

equipment must be retained for three years after final disposition. It is recommended that the PROVIDERS use their discretion for using a longer retention period if necessary.

The PROVIDERS are responsible for follow-up and corrective action on all audit findings.

AUDITORS Responsibilities

It is recommended that an auditor performing an audit of programs do so in compliance with these Guidelines and appropriate standards for the type of audit/engagement. This includes adherence to the auditors' responsibilities outlined in Generally Accepted Government Auditing Standards (Yellow Book) and OBM Circular A-133.

The audit of PROVIDERS will require the auditor to follow several standards and requirements and to be familiar with a number of important sources of information and publications. Below are some of the publications with which the auditor should be familiar:

Generally Accepted Auditing Standards (AICPA)

Generally Accepted Government Auditing Standards (referred to as the Yellow Book)

OMB Circular A-133 "Audits of States, Local Governments, and Nonprofit Organizations"

OMB Circular A-133 Compliance Supplement

In addition to the standards in these Guidelines, the auditor should be familiar with other AICPA pronouncements and publications.

The auditor should provide required reports as defined for the appropriate audit type.

The auditor should report on the status of any CAPs resulting from prior year audit citations/findings.

Audit work papers should be maintained for a minimum of three years after release of the audit/engagement reports to permit review of work papers and test results if deemed necessary by the DEPARTMENTS or the BOARDS.

V. AUDIT DETERMINATION

As the prime recipient of Federal dollars, the DEPARTMENTS pass funds to PROVIDERS either through the BOARDS or directly. The objective of this pass-through of funds is for BOARDS to assist or help the DEPARTMENTS fulfill the requirements of its Federal awards as passed down from the DEPARTMENTS. Both BOARDS' and PROVIDERS' performance is measured against the objectives of the Federal program for which funds were allocated. Likewise, BOARDS are considered a pass-through entity to PROVIDERS since funds are passed to PROVIDERS to assist in fulfilling the objective of Federal awards.

BOARDS and PROVIDERS will be affected by these Guidelines based on the amount of Federal funding they expend during the year. In determining the amount expended, BOARDS and PROVIDERS will need to consider ALL Federal Awards received.

Determination of which standards apply is based on the following criteria:

TYPE I: If PROVIDERS expend less than the amount specified in OMB Circular A-133 § .200 (a), it must meet the following audit scope requirement:

A financial statement audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). In accordance with OAC 5122:1-5-01 (D)(1)(a), ODMH requires all Certified PROVIDERS to obtain a GAGAS audit.

TYPE II: If PROVIDERS expend more than the amount specified in OMB Circular A-133 § .200 (a), it must meet the following audit scope requirements:

Local Governments and Non-Profit Organizations:

- * Obtain an organization-wide or program specific audit in compliance with OMB Circular A-133.

For Profit Organizations:

- * Obtain an audit that complies with Title 45 of the Code of Federal Regulations (CFR).

* 45 CFR §74.26 (d)(1) specifies that a For Profit organization has two options regarding their audit obligations, detailed as follows:

(1) A financial related audit (as defined in the Government Auditing Standards, GPO Stock #020-000-00-265-4) of a particular award in accordance with Government Auditing Standards, in those cases where the recipient receives awards under only one HHS program; or, if awards are received under multiple HHS programs, a financial related audit of all HHS awards in accordance with Government Auditing Standards; or

(2) An audit that meets the requirements contained in OMB Circular A-133.

VI. AUDIT PROCUREMENT

The cost of the financial and compliance audits conducted under OMB Circular A-133 is allowable expenses. The audit costs are generally allowable by most Federal and State funding sources. However, if the auditing procedures result in duplicative audit work compared to the Guidelines and the BOARDS' audit requirements, the cost of the duplicative audit work must be excluded from all Federal and State reimbursement. The State of Ohio and the Federal Government prohibit the reimbursement of unreasonable or unnecessary costs. For this reason the costs of duplicative auditing activities are unallowable for Federal or State reimbursement.

Note: OMB Circular A-133 § .230(b)(2) states in part: The cost of auditing a non-Federal entity which has Federal awards expended of less than \$500,000 per year and is thereby exempted under § .200(d) from having an audit conducted under this part. However, this does not prohibit a pass-through entity from charging Federal awards for the cost of limited scope audits to monitor its subrecipients in accordance with § .400(d)(3), provided the subrecipient does not have a single audit. For purposes of this part, limited scope audits only include agreed-upon procedures engagements conducted in accordance with either the AICPA's generally accepted auditing standards or attestation standards, that are paid for and arranged by a pass-through entity and address only one or more of the following types of compliance requirements: activities allowed or unallowed; allowable costs/cost principles; eligibility; matching, level of effort, earmarking; and, reporting.

BOARDS/PROVIDERS must engage an Independent Public Accountant (IPA) to complete these auditing requirements. The quality of these audits is extremely important. A considerable amount of thought and effort should be expended in selecting the individual auditor or audit firm. When possible, BOARDS/PROVIDERS are encouraged to rotate auditors periodically to ensure independence. In addition, proper procurement standards must be adhered to as outlined in OMB Circular A-110, A-133 and Generally Accepted Government Auditing Standards (GAGAS) as outlined in the Yellow Book when procuring audit services.

Contracts with the independent auditor for applicable required audits (i.e. - Financial, GAGAS, A-133) shall be completed in accordance with these Guidelines. If BOARDS do not follow the audit requirements and suggestions as specified in these Guidelines, BOARDS will be required to have PROVIDERS undergo additional audit procedures to correct the audit omissions at the BOARDS' expense. If the results of PROVIDERS' audits

require additional audit procedures to be performed due to findings/questioned costs or PROVIDERS are deemed unauditible, BOARDS may require additional auditing to be performed at the PROVIDERS expense. These additional costs are unallowable as program related expenses for PROVIDERS that procure their own OMB Circular A-133 audits.

Where PROVIDERS receive funding through two (2) or more BOARDS, the BOARD providing the majority of the DEPARTMENT(S) funding is responsible for follow-up.

In accordance with ORC 340.03 (A) (6) and 340.033 (B), BOARDS must ensure audits are procured annually to audit all ODMH and/or ODADAS programs under contract with the BOARDS.

VII. REPORT SUBMISSION

BOARDS Audits:

In accordance with OMB Circular A-133 § .320 (a), BOARDS must submit their audit package as defined in OMB Circular A-133 § .320 (c) & (f) within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

PROVIDERS Audits:

ODMH – In accordance with OAC 5122:1-5-01, it is the responsibility of PROVIDERS to provide BOARDS and ODMH a copy of their audit package*. BOARDS are required under ORC 340.03 (A) (6), that a copy of the financial audits from organizations funded under contract with the BOARDS is provided to ODMH. As long as BOARDS ensure PROVIDERS have complied with OAC 5122:1-5-01, this satisfies the ODMH requirements mandated in ORC 340.03 (A) (6).

ODADAS – It is the responsibility of BOARDS to distribute copies of Provider Audit Checklist (see appendix A) and/or audit package* to appropriate grantor agencies awarding funds to BOARDS and PROVIDERS, including ODADAS when applicable, within 30 days after receipt of the final audit package*. ODADAS will follow-up with BOARDS for the submissions of the audits nine month after fiscal year end.

* Audit package consists of audit report, management letter, and corrective action plan.

A CAP must include at a **minimum** the following:

- A citation of each audit/engagement finding describing the weakness or the adverse findings.
- A description of the activities that will take place to correct the situation(s) for each finding.
- The time frames for completion of the corrective activities.
- The name(s) of contact person(s) responsible for corrective action(s)
- A statement signed by the BOARDS'/PROVIDERS' Executive Director and a written resolution by the responsible Board of Directors/Trustees that the CAP is acceptable and its implementation will be monitored to assure correction of cited conditions during the subsequent fiscal year.

CONTACT INFORMATION:

ODMH: (614) 466-2596

ODMH Home Page: <http://mentalhealth.ohio.gov>

ODADAS: (614) 466-3445

ODADAS Home Page: <http://www.odadas.ohio.gov>

follow link to Services > Fiscal > Audit Guidelines

Appendix A
ODADAS Provider Audit Review Checklist

Please review the instructions for completing this checklist before responding to the following questions. Proper completion of this checklist is required for each audit submitted to the ADAMHS/ADAS Board and must be attached to the copy of the Provider Agency Audit submitted to ODADAS in accordance with Ohio Revised Code Section 340.003(B) and the Financial and Compliance Audit Guidelines.

Completion of this checklist must be done by ADAMHS/ADAS Board staff with signed approval of the Board Executive Director before submission to ODADAS. **Incomplete checklists will not be accepted.**

BASIC AUDIT REPORT INFORMATION:

A. Agency Audit Information

1. Unique Provider Identification Number: _____.
2. Agency Name: _____.
3. Administrative Address: _____.
4. City/State/Zip: _____.
5. Audit Firm Name: _____.
6. Fiscal Year Ending Date: ____/____/____.
7. Audit Report Date: ____/____/____.
8. Date Audit Report Received by Board: ____/____/____.

AUDIT REPORT DETAIL:

B. GAGAS (Type I) Reports:

- 1a. Financial Statements _____ (y/n) 1b. Report Type _____
Unqualified/Qualified/Adverse/Disclaimer
2. Findings? ____ If the response to Question B2 is "yes", provide additional Background information explaining the auditor's opinion and/or findings, in the explanation section.

***** Include the Management Letter Comments and related Corrective Action Plan, if applicable*****

Appendix A ODADAS Provider Audit Review Checklist

AUDIT REPORT DETAIL: (Continued)

C. Single Audit & Management Letter Comments (Type II) Reports:

- | | |
|---|--|
| <p>1a. Financial Statements _____
(y/n)</p> <p>2a. Internal Controls (I/C) _____
(y/n)</p> <p>3a. Compliance _____
(y/n)</p> <p>4a. Schedule of Expenditures of Federal Awards _____
(y/n)</p> <p>4b. Total Federal Expenditures _____ Page Reference _____</p> <p>4c. Total ODADAS Expenditures _____ Page Reference _____</p> <p>5a. Non-Major Programs _____
(y/n)</p> <p>6. Schedule of Findings and Questioned Costs _____
(y/n)</p> <p>8. Were prior year Audit Findings corrected in a Schedule of Prior Audit Findings _____
(y/n)</p> | <p>1b. Report Type _____
(Unqualified/Qualified/Adverse/ Disclaimer)</p> <p>2b. Material/Reportable I/C Finding _____
(y/n)</p> <p>3b. Material/Reportable Compliance Finding _____
(y/n)</p> <p>5b. List ODADAS Federal programs not audited as Major programs (i.e., non-Major Programs) in the Explanation Section.</p> <p>7. Were there findings in prior year Audit _____
(y/n)</p> |
|---|--|

***** Include the Management Letter Comments and related Corrective Action Plan, if applicable*****

D. Audit Findings, Management Letter Comments and Corrective Action Plans (CAPs):

1. Is a CAP included with the audit and/or management letter that is acceptable to the Board? _____
(y/n/na)
2. If the response to D1 is "No", document why the CAP is not acceptable in the "Explanation Section". A copy of the notice to the provider agency should be included with the checklist.
3. Date of full implementation for the CAP ____ / ____ / ____.
4. Agency Contact Person Responsible for CAP: _____.
5. Agency Contact Person Phone Number: (____) ____ - ____.

Appendix A
ODADAS Provider Audit Review Checklist

BOARD AUTHENTICATION:

E. Board Specific Information

1. Is the Provider Agency listed on the "Substance Abuse Entity Inventory & Contract Listing" report as submitted to ODADAS?

(y/n)

2. If the response to question E1 is "No", provide an explanation of why the provider agency is not included on the Contract Listing on the Explanation Section referencing Question E1.

3. Checklist Preparer Name _____ Date: ____/____/____.

4. Checklist Preparer Phone Number: (_____) _____ - _____.

5. Board Fiscal Director Signature _____ Date: ____/____/____.

6. Explanatory Notes Attached
(y/n)

*****DO NOT SUBMIT THE PROVIDER AUDIT REVIEW CHECKLIST UNLESS THE CAP IS RECEIVED FROM THE PROVIDER AGENCY*****

Appendix B ODADAS Provider Audit Review Checklist Instructions

OVERVIEW

This document provides instructions for completing the ODADAS Provider Audit Review Checklist (Checklist). The terms "audit report" and "audit" are used to indicate either an OMB Circular A-133 audit or a financial statement audit report. A Checklist must be completed by the ADAMHS/ADAS Board for each provider agency receiving ODADAS **Non-Medicaid** funds. A copy of each agency's completed Checklist must be submitted to ODADAS.

Submit copies of audit reports only when findings, questioned costs, or Management Letter comments related to ODADAS funding are disclosed. While copies of these reports are not required if no findings that have a direct or indirect impact on ODADAS funds are disclosed, the Checklist must be submitted to the Department for review. The Department recommends that a copy of the Checklist with attached audit report be maintained on file by the Board. The Ohio Auditor of State and/or independent Certified Public Accountant performing the Board's annual audit may review these filed audits for evidence of "Subrecipient Monitoring" under OMB Circular A-133 audit requirements.

Answer each question on the Checklist. If an answer cannot be determined from the audit report or the Board's own records, respond with "N/A" and attach a short explanation on the blank "Explanation Section" form and reference the question and/or page number. Explanations should be clear, concise and legible.

INSTRUCTIONS

The first section of the Checklist requires basic information about the entity being audited, the audit firm and the type of audit performed. The second section requires details from the audit report needed for a Type I audit/engagement. The third section requires details from the audit report needed for OMB A-133 audit/engagement (Type II). The fourth section requires details regarding the Corrective Action Plan (CAP). The fifth section identifies the audit report preparer and indicates Board authentication of the Checklist and attached audit report.

BASIC AUDIT REPORT INFORMATION:

A. Agency Audit Information

A-1: The five digit unique provider agency identification (UPI) Number.

A-2: The agency name as shown in the audit/engagement financial statement opinion report. Do not use a program name.

Appendix B
ODADAS Provider Audit Review Checklist Instructions

A. Agency Audit Information (Continued):

- A-3: The street or mailing address of the provider agency where financial or administrative operations are performed.
- A-4: The City, State and Zip Code for the provider agency.
- A-5: List the audit firm performing the audit/engagement.
- A-6: The fiscal year ending date for the provider agency being audited.
- A-7: Date the financial statement opinion report was signed by the auditor.
- A-8: Date the Board received the complete provider audit package, including the Corrective Action Plan, if applicable.

AUDIT REPORT DETAIL:

B. GAGAS (Type I) Reports:

This section applies to audits/engagements where a financial statement audit was performed in accordance with Generally Accepted Auditing Standards (GAAS) or Generally Accepted Government Auditing Standards (GAGAS).

B-1a: Is a Financial Statement Opinion Report included? (Respond "Y" or "N").

B-1b: Indicate the type of Financial Statement Opinion expressed by the auditor. The following choices indicate the type of opinion auditors may issue. Select only one of the following based upon the Financial Statement Opinion Report:

Unqualified – This type of report is issued when the financial statements are fairly presented, are free of material misstatements, and have been prepared in accordance with generally accepted accounting principles (GAAP). If the statements have been prepared on a basis other than GAAP, the opinion should indicate this basis.

An additional explanatory paragraph may also be included to provide greater clarity but does not detract from the unqualified opinion as to the fairness of the financial statements.

Appendix B
ODADAS Provider Audit Review Checklist Instructions

B. GAGAS (Type I) Reports: (Continued)

Qualified – A qualified opinion will include an “except for” clause or similar wording to express that the auditors have taken exception to a certain accounting application or treatment, or were unable to establish the potential outcome or an uncertainty , which could have a material effect on the financial statements. A qualified opinion will include an explanatory paragraph explaining the reason for the qualification.

Adverse – An adverse opinion is issued when the auditor determines that the financial statements are materially misstated and, when considered as a whole, do not conform to GAAP. An adverse opinion will include an explanatory paragraph explaining the reason for the negative opinion.

Disclaimer – A disclaimer is issued when the auditor could not form, and consequently refuses to present, an opinion on the financial statements. This type of report is issued when the auditor tried to audit an entity but could not complete the work due to various reasons and does not issue an opinion.

B-2: Were there findings in the Type I audit report? (Respond “Y” or “N”).

NOTE: Include Management Letter and related Correction Active Plan, if applicable.

C. Single Audit & Management Letter Comments (Type II) Reports:

This section applies to audit/engagement where an OMB Circular A-133 (Type II) review was performed under requirements of the Financial and Compliance Audit Guidelines. The questions refer to specific types of reports that may be part of the audit report package. Respond to questions C-1 through C-6 with “N” if the audit report does not contain one of these reports.

When responding to questions C-1 through C-3, if the answer to part “a” of the question is “yes” then answer part “b” appropriately after reading the related report to determine if material or reportable findings were noted. If Material/Reportable findings are noted for any of the required reports, attach the audit report and include additional detail necessary to explain the auditor’s findings.

C-1a: Is a Financial Statement Opinion Report included? (Respond “Y” or “N”).

Appendix B
ODADAS Provider Audit Review Checklist Instructions

C. Single Audit & Management Letter Comments (Type II) Reports: (Continued)

C-1b: What type of opinion was issued by the auditor? (Refer to Section B instructions regarding opinion types). If the opinion statement is not "Unqualified", cite the "Qualification" or reasoning behind the opinion in the blank Explanation Section. Reference questions C-1b and the page(s) of the audit report where the Qualification is noted.

C-2a: Is an Internal Control Report (I/C) included? (Respond "Y" or "N").

C-2b: Are Material/Reportable I/C findings noted? (Respond "Y" or "N").

C-3a: Is a Compliance Report included? (Respond "Y" or "N").

C-3b: Are Material/Reportable Compliance findings noted? (Respond "Y" or "N")

C-4: The reviewer should identify Federally funded expenditures in these questions. This information is used to evaluate the completeness of the reports provided. The necessary figures may be found in the Schedule of Expenditures of Federal Awards.

C-4a: Was a Schedule of Expenditures of Federal Awards included? (Respond "Y" or "N").

C-4b: If the report indicates federal dollars were expended, enter the total amount of federal expenditures on line C-4b with references to the audit report page(s).

C-4c: If the report indicates ODADAS program expenditures, enter the total amount of **ODADAS** expenditures on line C-4c with references to the audit report page(s).

C-5a: Identify whether there were any non-major programs? (Respond only "Y" or "N")

C-5b: List ODADAS' Federal programs **not** audited as major programs (expenditures below the defined level of a major program) in the Explanation Section.

C-6: If a Schedule of Findings and Questioned Costs is included, answer "Y".

Appendix B
ODADAS Provider Audit Review Checklist Instructions

C. Single Audit & Management Letter Comments (Type II) Reports: (Continued)

C-7: The ADAMHS/ADAS Board must review prior year audit reports for findings. Auditors are required by OMB Circular A-133 §__.500(e) to review prior year material/reportable audit findings, if any, and report on the status of those findings. If there were no prior year findings and a review of the prior year audit agrees, answer "N".

C-8: If there were prior year findings, and the auditor reported their status as corrected, answer "Y". If there were prior year findings, and the auditor reported their status as uncorrected, answer "N". The ADAMHS/ADAS Board must follow-up on uncorrected material/reportable audit findings and verify the status of Corrective Action Plans in the blank Explanation Section of the report with reference to C-8.

NOTE: Include Management Letter and related Correction Active Plan, if applicable.

Appendix B
ODADAS Provider Audit Review Checklist Instructions

D. Audit Findings, Management Letter Comments and Corrective Action Plans (CAPs):

These questions refer to financial statements (Type I) and OMB Circular A-133 (Type II) audits and related findings and Corrective Action Plans (CAPs). **NOTE:** The Board is required to monitor the provider agency's plan to ensure that changes and procedures implemented under the CAP are effective.

D-1: If there are no findings related to ODADAS funding, this question should be answered "N/A" and Questions D-2 through D-5 do not need to be completed.

If there are findings related to ODADAS funding and a CAP is included with the audit report and/or Management Letter, this question should be answered "Y". The CAP should be attached to the Checklist with the provider audit report and/or Management Letter Comment and D-2 through D-5 must be completed. If this information is not available within the CAP itself, the provider agency must be informed of an incomplete CAP and is required to provide this information for completion of the Checklist.

D. Audit Findings, Management Letter Comments and Corrective Action Plans (CAPs): (Continued)

D-2: If the Board did not approve the CAP, provide an explanation of why the CAP is not acceptable. Attach a copy of the Board justification to the provider agency of unacceptability.

D-3: Provide the date the provider agency expects to have the CAP implemented and all corrective actions/procedures/policies in place and operating effectively.

D-4: Provide the name of the provider agency Contact Person in-charge of implementing and monitoring the CAP.

D-5: Provide the phone number of the provider agency Contact Person.

Appendix B
ODADAS Provider Audit Review Checklist Instructions

BOARD AUTHENTICATION:

E. Board Specific Information

This block refers to the provider agency reported on the "Substance Abuse Entity Inventory & Contract Listing" as submitted by the Board to ODADAS through the Board-Level Financial Reporting Submission directives.

E-1: Is the Provider Agency listed on the Contract Listing? (Respond Y or N)

E-2: If the provider agency is not on the Provider Contract Listing, explain in the attached Explanation Section why the provider agency is not included on the Contract Listing.

E-3: The Board Person who prepared this Checklist should sign and date this line.

E-4: Provide a telephone number where the Board Person listed in E-3 may be contacted regarding completion of the Checklist.

E-5: The Board Fiscal Director should sign and date this line. This signature indicates the Board acknowledges the results of the audit and the Board has met its responsibilities for audit follow-up.

E-6: If Explanatory Section pages are attached, respond "Y" otherwise "N".