

Effective Date:  
Revised Date:  
Review Date:

# North Sound Mental Health Administration

## Section 3000 – Fiscal: Oversight of Subrecipient Audits

Authorizing Source:  
Cancels:  
See Also:  
Responsible Staff: Fiscal Officer

Approved by: Board of Directors  
Motion #: 98-072

Date: 11/19/98

### **POLICY #3025.00**

### **SUBJECT: OVERSIGHT OF SUBRECIPIENT AUDITS**

#### **POLICY**

As part of the annual audit for NSRSN, oversight of subrecipient audits will be performed by NSRSN staff.

#### **PROCEDURE**

The agency or its auditor shall review all service provider audits using the following guidance:

In general, a determination should be made during the desk review of audited financial statements as to whether:

1. The audit reports include financial statements and a schedule of Federal assistance, including footnotes of the recipient organization.
2. The financial statements cover the entire operations of the agency, including all Federal funds known to have been received by the auditee.
3. The audit reports:
  - a. Identifies the statements examined and the period covered.
  - b. Identifies the various programs under which the organization received Federal Funds and the total amount of the expenditures for each Federal program.
  - c. States that the examination was made in accordance with the Standards for Audit of Governmental Organizations, Program, Activities and Functions and Guidelines for Financial and Compliance Audits of Federally Assisted Programs issued by the Comptroller General.
  - d. Expresses an opinion as to whether the financial statements are fairly presented in accordance with generally accepted accounting principles and state the nature of any qualifications, if an unqualified opinion cannot be expressed.

#### **Report on Compliance**

The auditor's report on compliance should contain a statement of positive assurance with respect to those items tested for compliance, including compliance with laws and regulations pertaining to financial reports and claims for advances and reimbursements:

1. Negative assurance on those items not tested.
2. A summary of all instances of non-compliance.
3. An identification of total amounts questioned, if any, for each Federal assistance award, as a result of non-compliance.

### **Report on Internal Control**

The desk review should determine that the auditor's report on the study and evaluation of internal control systems identifies:

1. The organization's significant internal accounting controls and those controls designed to provide reasonable assurance that Federal programs are being managed in compliance with laws and regulations and
2. The controls that were evaluated, the controls that were not evaluated and the material weakness identified as a result of the auditor's evaluation.

### **Comments on Other Matters**

The desk review should determine whether the recipient has provided comments on the independent auditor's findings and recommendations and its corrective action plan to address the recommendations.

### **Adequacy of Information Provided**

The review should also determine whether the information provided by the auditor on findings identified in the report is sufficient to facilitate resolution by program officials. If the findings contain insufficient information to enable resolution by program officials, the granting agency or the agency should contract the recipient or subrecipient and arrange for corrective action.

### **ATTACHMENTS**

None