

AUDIT – Section 16

- 1.0 Audit Liaison and Resolution--DHFS Organizations
- 2.0 Disallowance Reporting and Control
- 3.0 Audits of Non-profit Agencies (Circular A-133)
- 4.0 Audit Resolution Policy: Sub-recipient Audits (A-128 and A-133)
- 4.1 Fiscal Sanctions for Failure to Meet Audit Requirements
- 5.0 Source of Funds for Audit Resolution
- 6.0 Financial Coverage for Disallowances
- 7.0 Payment of External Audit Disallowances
- 8.0 Audit Waiver

SUMMARY OF AUDIT

The Department has a variety of responsibilities regarding audits. Audits are performed by various auditors. In the course of the audit, information may be requested and findings discussed. **AUDIT 1.0** (Audit Liaison and Resolution--DHFS Organizations) establishes procedures for early alert on audit issues; for filing copies of audits with the Secretary's Office (Office of Program Review and Audit) and the Office of the Administrator, Division of Management and Technology; and for developing a corrective action plan and resolution of state single audit by the Office of Program Review and Audit or the audited organization.

AUDIT 2.0 establishes policy for disallowance and deferral notification control. All disallowances must be reported to the Director, Bureau of Fiscal Services (BFS) within 24 hours. BFS will approve, disapprove and approve with modifications, all proposed actions on disallowances. Quarterly, BFS will report to the Department of Administration on the status of unresolved disallowances.

AUDIT 3.0 requires certain non-profit agencies to be subject to the requirements of OMB Circular A-133 "Audits of Institutions of Higher Education and other Non-Profit Organizations." Resolution of OMB Circular A-133 and A-128 audits are to be done in accordance with procedures in **AUDIT 4.0**. Organizations that are not in compliance with audit requirements may be subject to sanctions as outlined in **AUDIT 4.1**.

The following policies deal with payments due to audit resolution or payments of disallowances:

- **AUDIT 5.0** (Source of Funds for Audit Resolution)
- **AUDIT 6.0** (Financial Coverage for Disallowances)
- **AUDIT 7.0** (Payment of External Disallowances)
- **AUDIT 8.0** (Audit Waiver)