



ACCOUNTING POLICY AND PROCEDURES (APP) MANUAL

TOPIC: Section 16 – Audit 1.0	EFFECTIVE DATE: 03/11/1983
TITLE: Audit Liaison and Resolution – DHS Organizations	REVISION DATE: 12/13/2016
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BACKGROUND

As DHS programs are audited, fiscal and program staff in the Division of Enterprise Services (DES), Program divisions, and Office of Inspector General (OIG) typically obtains early information on emerging issues and probable audit findings from initial conversations with auditors, receipt of memoranda and draft reports received while audits are in progress. The Office of the Secretary must be informed of substantive issues as they emerge during audits, and effective coordination should be maintained for resolution and follow up.

This policy directive is designed to promote orderly and efficient tracking and resolution of audits for any division of the Department of Health Services. For the purpose of this policy Audits can be defined as: ***financial/compliance audits, management/operational audits performed to meet Federal and State requirements, and program reviews and evaluations.***

These audits may be performed at the request of Department managers, Federal auditors and agencies, the Legislative Audit Bureau (LAB), independent Certified Public Accountants, and the Department's Inspector General (OIG).

POLICY

The DES Administrator and the responsible program division administrator, or designees, will maintain liaison with financial and program auditors, respectively, and must be informed of problem issues that are identified while audits are in progress. They will notify the Office of the Secretary and OIG immediately when substantive audit issues are identified. When deciding if emerging audit issues are substantive, they should err on the side of over-reporting rather than under-reporting.

The Department's policy is to resolve all audits of its programs and operations in a timely manner. In the case of Federal audits, Federal agencies may enforce OMB policies requiring audit resolutions within six months. To ensure that all audit recommendations are dealt with effectively, the audit resolution process requires the auditee to draft a response to all audit recommendations for review by the Secretary, who will direct that a formal audit resolution plan be developed. DES and OIG are responsible for monitoring LAB audits and Single Audit recommendations, respectively.

In addition, divisions are reminded that proper, timely and complete responses should be provided for inquiries from auditors and legislative oversight committees.

PROCEDURES FOR EARLY ALERT ON AUDIT ISSUES

1. The Director, Bureau of Fiscal Services (BFS), or designee, will be the DES liaison for all matters relating to financial audits. BFS and OIG will work cooperatively in monitoring the progress of audits or program reviews. Entrance and Exit conferences for external audits and reviews should be attended by designees of OIG- Internal Audit and BFS.

2. Other Division Administrators will designate a position or bureau as the division contact for all matters relating to the audits of division units or programs.
3. Staff in division units being audited will notify the DES designee and OIG-Internal Audit Section of major issues (i.e., potential fiscal impact, management, program problems) that emerge while audits are in progress.
4. **DES and the responsible program division** designees will monitor the progress of the financial audits and other program/compliance reviews, respectively, and provide reports thereon to the Office of the Secretary at regular staff meetings or on an ad hoc basis as necessary.

PROCEDURES FOR AUDIT RESOLUTION-DHS ORGANIZATIONS

1. Each Division Administrator will select a bureau or office to designate a position as the division contact for all matters relating to all audits of division units or programs.
2. Notice of the dates for all audit (as defined in Background section) entrance and exit conferences will be given to BFS and OIG Internal Audit, within twenty-four hours of receipt by the auditee.
3. Copies of all audit reports (including any management letter issued) will be filed with the Secretary's Office, the Director of Office of Inspector General, and with the Office of the Administrator, DES, within twenty-four hours of their receipt by the auditee.
4. The Secretary's office or its designee will set a date for review of the auditee's proposed response to the audit recommendations.
5. The auditee will prepare a written summary of any corrective action taken as a result of recommendations made while audit fieldwork was in progress, as well as a brief summary of the results of the exit conference.

If some of the audit recommendations are directed at an entity other than the primary auditee (for example, an audit of one of the program divisions may result in some recommendations concerning the activities and responsibilities of DES), then this other entity will prepare the response to these recommendations.

6. A formal audit resolution plan should be developed within thirty days for all audits.
7. The audit resolution plan (for state single audit and federal reviews) will be filed with OIG and the audited organization responsible for the findings, which will be responsible for the divisions' progress in following the audit resolution plan.

CONTACTS

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