

## Appendix 5

### AUDIT POLICY

Title 2 of the Code of Federal Regulations (2 CFR), Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards requires that all non-federal entities that expend \$750,000 or more in all federal awards during their fiscal year must have a Single or Program Specific Audit conducted for that fiscal year. In addition to the federal requirement, it is the policy of the State of Nevada, Department of Health and Human Services, Bureau of Behavioral Health Wellness and Prevention, Behavioral Health, Prevention and Treatment (BHWP) to require all sub-recipients that expend \$750,000 or more in combined federal and state funds during their fiscal year to have a Limited Scope Audit conducted for that fiscal year. Further, should the sub-recipient expend less than \$750,000 in combined federal and state funds in their fiscal year, it is the policy of BHWP that the sub-recipient **must** issue a **Year-End Financial Report** completed for that fiscal year. See Appendix 6

#### 1. Single or Program Specific Audit

The Single or Program Specific Audit must be performed in accordance with all governing requirements of 2 CFR Part 200, Sub Part F-Audit Requirements.

#### 2. Limited Scope Audit

At minimum the auditor **must**;

- a. Cover all funding that the non-federal entity, either directly or indirectly, receives from BHWP.
- b. Perform an audit of the financial statement(s) for the non-federal entity in accordance with Generally Accepted Government Auditing Standards (GAGAS);
- c. Obtain an understanding of the non-federal entity's internal controls and perform tests on internal controls over the federal program consistent with the requirements for a federal program and **issue an opinion on their effectiveness** to ensure the safe guarding of federal and state funds.
- d. Perform procedures to determine whether the auditee has complied with federal and State statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on the federal program consistent with the requirements of the federal program;
- e. Follow up on prior audit findings, perform procedures to assess the reasonableness of the summary schedule of prior audit findings prepared by the auditee in accordance with the requirements of 2 CFR Part 200, §200.511 Audit Findings Follow-up. Report, as a current year audit finding, when the auditor concludes that the summary schedule of prior audit findings materially misrepresents the status of any prior audit finding; and
- f. Report any audit findings consistent with the requirements of 2 CFR Part 200, §200.516 Audit findings.

- g. The auditor's report(s) may be in the form of either combined or separate reports and may be organized differently from the manner presented in this section. The auditor's report(s) **must** state that the audit was conducted in accordance with this part and include the following:
- i. An opinion as to whether the financial statement(s) of the federal program is presented fairly in all material respects in accordance with the stated accounting policies;
  - ii. A report on internal controls related to the federal program, which must describe the scope of testing of internal controls, the results of the tests and **an opinion on the effectiveness of the internal controls**;
  - iii. A report on compliance which includes an opinion as to whether the auditee complied with laws, regulations, and the terms and conditions of the awards which could have a direct and material effect on the program; and
  - iv. A schedule of findings and questioned costs for the federal program that includes a summary of the auditor's results relative to the federal program in a format consistent with 2 CFR Part 200, §200.515 Audit reporting, paragraph (d)(1), and findings and questioned costs consistent with the requirements of 2 CFR Part 200, §200.515 Audit reporting, paragraph (d)(3).

The Limited Scope Audit must be submitted within the earlier of **thirty (30) calendar days** after receipt of the auditor's report(s), or **nine (9) months** after the end of the audit period. Unless restricted by federal law or regulation, the auditee must make report copies available for public inspection. Auditees and auditors must ensure that their respective parts of the reporting package do not include protected personally identifiable information.

### 3. Year End Financial Report

The non-federal entity must prepare financial statements that reflect its financial position, results of operations or changes in net assets, and, where appropriate, cash flows for the fiscal year.

The non-federal entity financial statements may also include departments, agencies, and other organizational units.

The Year-End Financial Report must be signed by the Chief Executive Officer (CEO) or the Board of Directors Executive Chairman.

The Year-End Financial Report must include a schedule of expenditures of federal and State awards.

At a minimum, the schedule must:

- a. List individual federal and State programs by agency and provide the applicable federal and or state agency name.

- b. Provide a total of federal and State awards expended for each individual program.
- c. Must identify the CFDA number as applicable to the federal awards or other identifying number when the CFDA information is not available.
- d. Include applicable state sub-grant numbers for state awards.
- e. Include the total amount provided to the non-federal entity from each federal and State program.