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DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF PUBLIC AND BEHAVIORAL HEALTH

BUREAU OF BEHAVIORAL HEALTH WELLNESS AND PREVENTION

Financial Statement Audit Requirements

Management Memorandum 20-007

DATE: May 27, 2020

TO: All Bureau of Behavioral Health Wellness and Prevention Providers

FROM: Laurie Gleason, Management Analyst III

SUBJECT: Financial Statement Audit Requirement

Effective July 1, 2020, the Bureau of Behavioral Health Wellness and Prevention (Bureau) will be formally rescinding Management Memorandum 16-002 which requires a subrecipient who expends \$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.

Title 2 of the Code of Federal Regulations (2 CFR), Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards requires all non-federal entities that expend \$750,000 or more in federal awards during their fiscal year must have an audit performed which meets the requirements of 2 CFR Part 200, Subpart F-Audit Requirements for that fiscal year. As required by 2 CFR, Part 200, the Single Audit must be submitted to the Federal Audit Clearinghouse within the earlier of thirty (30) calendar days after receipt of the auditor's report, 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.

In addition to the federal requirement, this Management Memorandum implements a new policy of the Bureau to require all subrecipients that expend \$750,000 or more in combined federal and state funds awarded by the Bureau in their fiscal year to have a Financial Statement Audit performed in accordance with Generally Accepted Governmental Auditing Standards (GAGAS). In addition, the Bureau is requiring the Financial Statement Audit, performed in accordance with GAGAS, to be submitted to the Bureau within the earlier of thirty (30) calendar days after receipt of the auditor's report, or nine (9)

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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.

Additionally, since the Bureau is requiring the Financial Statement Audit, the Bureau is required to reimburse the subrecipient 100% of the cost of the Financial Statement Audit as stated in the Cost Principles section of 2 CFR 200. Therefore, this cost is allowable under the subaward and must be allocated across the subrecipient's awards from the Bureau.