

OHIO DEPARTMENT OF MENTAL HEALTH
AND ADDICTION SERVICES
(OhioMHAS)

Financial and Compliance Audit Guidelines

Applicable to
Alcohol and Drug Addiction Services
Programs and Agencies
and
Community Mental Health Agencies

Receiving Federal, State and other funding that
originates from and/or passes through OhioMHAS
or ADAMHS/ADAS/CMHS Boards

Effective for audits of fiscal years ending on or
after June 30, 2019

Issued: August 2, 2019

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I. REVISIONS FROM PREVIOUS VERSIONS:

Previous Ohio Department of Alcohol and Drug Addiction Services (ODADAS) / Ohio Department of Mental Health (ODMH) Version was dated April 2010

1) ODADAS and ODMH Consolidation:

ODADAS and ODMH merged effective July 1, 2013 to create Ohio Department of Mental Health and Addiction Services (OMHAS).

2) Medicaid Disbursements:

Medicaid (CFDA 93.778) program funding to Provider Agencies is disbursed by the Ohio Department of Medicaid and not OhioMHAS.

3) Additional/Revised Compliance Requirements:

- i. Office of Management and Budget (OMB) has issued Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards to Non-Federal Entities guidance, which is commonly known as the Uniform Grant Guidance (UGG) (2 CFR, Part 200). The UGG supersedes requirements that were previously specified in OMB Circulars A-21, A-87, A-102, A-110, A-122, and A-133.
- ii. As a pass-through entity of federal awards, OhioMHAS is required to perform subrecipient monitoring as described in 2 CFR, Part §200, Subpart D, which supersedes the provisions of OMB Circular A-133 §.400(d).
- iii. 2 CFR, Part 200, Subpart F, Audit Requirements supersedes the provisions of OMB Circular A-133.

4) Submission of the Provider Audit Review Checklist

The prior guideline instructed the BOARDS where PROVIDERS received funding through two (2) or more BOARDS, the BOARD providing the majority of the OhioMHAS funding is responsible for follow-up. However, through OhioMHAS subrecipient monitoring process, we have discovered that funds are not fully accounted for with this practice.

OhioMHAS has adopted the Provider Audit Review Checklist as a tool to document the monitoring requirements (2 CFR, Part 200 requires a pass-through entity to perform Subrecipient Monitoring and Ohio Revised Code 340.03 (6) requires BOARDS to ensure that programs/services contracted with a Provider Agency is audited annually). BOARDS should submit the provider audit checklist 30 days after receipt of their agency's audit report but no later than ten months after the agency's audit Fiscal Year end.

Note: When PROVIDERS contract with multiple BOARDS. Each BOARD is required to ensure the safeguard of the funds they provided. Unless the BOARDS have an agreement indicating that one particular BOARD will monitor funding provided from another BOARD, then each BOARD should prepare a separate Checklist to account for OhioMHAS Funds provided to their PROVIDERS.

II. GENERAL INTRODUCTION

These Audit Guidelines (Guidelines) are being issued by the Ohio Department of Mental Health and Addiction Services (OhioMHAS), in order to assist independent audit personnel herein after referred to as AUDITORS, staff of provider agencies, herein after referred to as PROVIDERS, and Alcohol, Drug Addiction and Mental Health Services/Alcohol and Drug Addiction Services/Community Mental Health Services (ADAMHS/ADAS/CMHS) Boards, herein after referred to as BOARDS, prepare and perform audits as required by 2 CFR, Part 200, 45 CFR, Part 75, Ohio Revised Codes (ORC), 9.234, 340.03 (A) (6), and Ohio Administrative Code 5122:1-5-01 (D) (1) (a, b, c, and e)

OhioMHAS has developed these Guidelines to provide technical assistance to PROVIDERS and BOARDS that receive OhioMHAS funding and inform them of the various requirements to be followed as a subrecipient of Federal funds in accordance with CFR and State funds in accordance with ORC/OAC. This document establishes parameters BOARDS/PROVIDERS may utilize to ensure all audits are completed in a consistent and equitable manner.

These Guidelines refer to audit compliance standards as well as requirements mandated by OhioMHAS / BOARDS / PROVIDERS Agreements to evaluate the integrity of the financial relations between OhioMHAS, BOARDS and PROVIDERS. Although 2 CFR, Part 200, Subpart F and Yellow Book Standards explain requirements for audits, OhioMHAS wishes to address accountability and integrity of the entire Mental Health and Alcohol and Drug Addiction continuum of services.

It is the intent of these Guidelines to provide technical assistance and guidance necessary to facilitate organization-wide or program specific audit requirements. These Guidelines will present audit responsibilities, determinations, audit follow-up procedures and requirements.

Failure to meet the requirements of 2 CFR, Part 200 and State ORC/OAC audit requirements referenced in these Guidelines could result in the withholding of current funds or the denial of future awards.

III. RESPONSIBILITIES

DEPARTMENTS Responsibilities

It is the responsibility of OhioMHAS to review the Guidelines periodically to ensure compliance with current ORC, OAC and Federal audit requirements. OhioMHAS is responsible for review of the audits of BOARDS as outlined in 2 CFR, Part 200, Subpart D, §200.331 (Requirements for pass-through entities) to ensure compliance with the requirements of these Guidelines as well as Federal audit requirements. It will also be the responsibility of OhioMHAS to ensure BOARDS review the audits and follow-up on audit findings and questioned costs of PROVIDERS.

Where OhioMHAS is the sole source of direct funds to PROVIDERS, OhioMHAS is responsible for follow-up on audit findings and questioned costs. OhioMHAS will assume responsibility for collecting an audit of direct funded PROVIDERS.

BOARDS Responsibilities

When requested by the auditor, BOARDS will prepare schedules and information necessary to facilitate audit field work.

It is the responsibility of BOARDS to ensure that all financial reporting and compliance requirements are met.

2 CFR, Part 200, Subpart F, §200.501 (a) require: "A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of this part."

ORC 9.234 requires a recipient that receives public funding obtain an annual audit by an independent public accounting firm. Note: The Ohio Auditor of State constitutes an independent public accounting firm.

Monitoring of PROVIDERS:

2 CFR, Part 200, Subpart D, §200.331 requires continuous monitoring of Federal Awards passed through to PROVIDERS designated as Subrecipients.

ORC 340.03 (A) (6) require: BOARDS "Audit, in accordance with rules adopted by the auditor of state pursuant to section 117.20 of the Revised

Code, at least annually all programs, addiction services, mental health services, and recovery supports provided under contract with the board. In so doing, the board may contract for or employ the services of private auditors. A copy of the fiscal audit report shall be provided to the director of mental health and addiction services, the auditor of state, and the county auditor of each county in the board's district. "

When requested by the auditor, BOARDS will prepare schedules and information necessary to facilitate audit field work.

It shall be the duty of BOARDS to distribute these Guidelines to PROVIDERS. BOARDS are also responsible for review of their PROVIDERS' audits as outlined in 2 CFR, Part 200, Subpart D, §200.331 (Requirements for pass-through entities) to ensure compliance with Federal audit requirements. It will also be the responsibility of the BOARDS, when they are a Pass-Through Entity, to follow-up on PROVIDERS audit findings and questioned costs. When PROVIDERS receive OhioMHAS funds through the BOARDS, BOARDS are responsible for performing follow-up activities and informing PROVIDERS within their BOARDS area of audit requirements. BOARDS have primary responsibility for reviewing and evaluating all reported findings and compliance with these Guidelines as they pertain to PROVIDERS' audits.

If audit findings or recommendations are made by the auditor, BOARDS should ensure that PROVIDERS prepare a Corrective Action Plan (CAP). BOARDS may make additional recommendations to a PROVIDERS' CAP. The PROVIDERS' approved CAP should then be submitted to OhioMHAS by BOARDS* within thirty days of the BOARDS' receipt of the plan. The PROVIDERS should include their comments specifying concurrence or disagreement. Documentation of all CAPs should be maintained with the BOARDS' file of audits for each PROVIDER.

BOARDS will also follow-up on prior CAPs to ensure weaknesses have been resolved satisfactorily for audits/engagements. BOARDS will ensure that PROVIDERS' previous CAP has been implemented. BOARDS should require the PROVIDERS to submit an explanation of why prior citations have not been corrected.

* Since OAC 5122:1-5-01 requires PROVIDERS to submit directly to OhioMHAS, BOARDS should ensure that PROVIDERS are in compliance with this OAC in order to satisfy BOARDS requirements mandated in ORC 340.03.

The Provider Audit Checklist (Checklist) is to be used by BOARDS in the review process for all PROVIDERS' audits. The Checklist and instructions are attached as Appendix A & B. Once reviewed, BOARDS must submit a copy of the Checklist and audit report if findings relate to OhioMHAS funds.

Note: There may be times where a PROVIDER contracts with multiple BOARDS. Each BOARD is required to ensure the safeguard of the funds they provided. Unless the BOARDS have an agreement indicating that one particular BOARD will monitor funding provided from another BOARD, then each BOARD should prepare a separate Checklist to account for OhioMHAS Funds provided to their PROVIDERS.

PROVIDERS Responsibilities

When requested by the auditor, PROVIDERS will prepare schedules and information necessary to facilitate audit field work.

It is the responsibility of PROVIDERS to ensure that all financial reporting and compliance requirements are met.

2 CFR, Part 200, Subpart F, §200.501 (a) require: "A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of this part."

OAC 5122:1-5-01 (D) (1) require: "All certified service providers that receive funds that originate from or pass through a board alcohol, drug addiction, and mental health services, or the Ohio department of mental health and addiction services, shall have an independent financial audit conducted annually.

(a) This audit shall be performed by an independent certified public accounting firm in accordance with auditing standards defined by the comptroller general of the United States;

(b) This audit shall be performed utilizing any applicable guidelines, rules, or agreed upon procedures established by the Ohio Department of Mental Health and Addiction Services; and

(c) A copy of the audited financial statements, the audit report, and any management letters issued by the independent accounting firm, must be submitted to the Ohio Department of Mental Health and Addiction

Services, Office of Financial Management, within one hundred eighty days after the end of the state fiscal year. A copy must also be sent to the local board of alcohol, drug addiction, and mental health services in which the provider's primary place of business is located.

(e) Programs that do not receive funds that originate from or pass through the board of alcohol, drug addiction, and mental health services or the Ohio department of mental health and addiction services must have, at a minimum, an audit conducted in accordance with generally accepted auditing standards.”

The cost of the financial and compliance audits conducted under 2 CFR, Part 200, Subpart F, is an allowable expense of PROVIDERS if they procured the audit. The audit costs are generally allowable by most Federal and State funding sources. However, if the auditing procedures result in duplicative audit work compared to the Guidelines and the BOARDS’ requirements, the cost of the duplicative audit work must be excluded from all Federal and State reimbursement. The State of Ohio and the Federal Government prohibit the reimbursement of unreasonable or unnecessary costs. For this reason, the costs of duplicative auditing activities are unallowable for Federal or State reimbursement.

Exceptions to the audit report filing deadline may be approved by OhioMHAS upon written request from the PROVIDERS' Executive Committee or designee representing the Board of Trustees/Directors. Such requests must be received by OhioMHAS prior to the initial deadline date. Requests will include an explanation of the anticipated delay and a specific date when the report will be filed. To expedite the review process, the PROVIDER should obtain support from their BOARD prior from submitting their request. Approval of such requests will be made on a case-by-case basis. All requests must be forwarded to OhioMHAS.

Note: If the auditee is subject to 2 CFR, Part 200, only the cognizant agency (the Federal Government) may grant an extension to the 2 CFR, Part 200, Subpart F, §200.512 audit filing deadline.

Per 2 CFR, Part 200, Subpart D, §200.333 (Retention requirements for records), PROVIDERS at a minimum must retain financial records, supporting documents and all other records pertinent to an award (including audit reports) for a period of three years from the date of submission of a final expenditure report with the following exceptions:

- a) Any litigation, claim or audit is started before the expiration of the 3-year period. Should any litigation, claim or audit be started prior to the 3 years, records should be retained until all litigation, claim or audit finding involving the records have been resolved and final action taken.
- b) When the non-Federal entity is notified in writing by the Federal awarding agency, cognizant agency for audit, oversight agency for audit, cognizant agency for indirect costs, or pass-through entity to extend the retention period.
- c) Records pertaining to real property and equipment must be retained for three years after final disposition. It is recommended that the PROVIDERS use their discretion for using a longer retention period if necessary.
- e) Records for program income transactions after the period of performance. In some cases recipients must report program income after the period of performance. Where there is such a requirement, the retention period for the records pertaining to the earning of the program income starts from the end of the non-Federal entity's fiscal year in which the program income is earned.

The PROVIDERS are responsible for follow-up and corrective action on all audit findings.

AUDITORs Responsibilities

It is recommended that an auditor performing an audit of programs do so in compliance with these Guidelines and appropriate standards for the type of audit/engagement. This includes adherence to the auditors' responsibilities outlined in Generally Accepted Government Auditing Standards (Yellow Book) and 2 CFR, Part 200, Subpart F.

The audit of BOARDS and PROVIDERS will require the auditor to follow several standards and requirements and to be familiar with a number of important sources of information and publications. Below are some of the publications with which the auditor should be familiar:

- Generally Accepted Auditing Standards (AICPA)
- Generally Accepted Government Auditing Standards (referred to as the Yellow Book)

- 2 CFR, Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

In addition to the standards in these Guidelines, the auditor should be familiar with other AICPA pronouncements and publications.

The auditor should provide required reports as defined for the appropriate audit type, as discussed under Audit Determination.

The auditor should report on the status of any CAPs resulting from prior year audit citations/findings.

Audit work papers should be maintained for a minimum of three years after release of the audit/engagement reports to permit review of work papers and test results if deemed necessary by OhioMHAS or the BOARDS. Further, 2 CFR, Part 200, Subpart F, §200.517(a) requires that the “auditor must retain audit documentation and reports for a minimum of three years after the date of issuance of the auditor's report(s) to the auditee, unless the auditor is notified in writing by the cognizant agency for audit, oversight agency for audit, cognizant agency for indirect costs, or pass-through entity to extend the retention period.”

IV. AUDIT DETERMINATION

As the prime recipient of Federal dollars, OhioMHAS passes funds to PROVIDERS either through the BOARDS or directly. The objective of this pass-through of funds is for BOARDS to assist or help OhioMHAS fulfill the requirements of its Federal awards as passed down from OhioMHAS. Both BOARDS' and PROVIDERS' performance is measured against the objectives of the Federal program for which funds were allocated. Likewise, BOARDS are considered a pass-through entity to PROVIDERS since funds are passed to PROVIDERS to assist in fulfilling the objective of Federal awards.

BOARDS and PROVIDERS will be affected by these Guidelines based on the amount of Federal funding they expend during the year. In determining the amount expended, BOARDS and PROVIDERS will need to consider ALL Federal Awards received.

Determination of which standards apply is based on the following criteria:

- If BOARDS or PROVIDERS expend more than the amount specified in 2 CFR, Part 200, Subpart F, §200.501(a), it must obtain a single or program specific audit in compliance with 2 CFR, Part 200.
- If BOARDS expend less than the amount specified in 2 CFR, Part 200, Subpart F, §200.501(a), it must obtain an annual financial audit in accordance with ORC Section 9.234.
- If PROVIDERS expend less than the amount specified in 2 CFR, Part 200, Subpart F, §200.501(a), it must obtain a financial statement audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). In accordance with OAC 5122:1-5-01 (D)(1)(a). OhioMHAS requires all Certified PROVIDERS to obtain a GAGAS audit.
- For-Profit PROVIDERS will be subject to the same requirements as Not-For-Profit PROVIDERS. (2 CFR, Part 200, Subpart F, §200.501(h)* and OAC 5122:1-5-01 (D)(1)(a)

* - If a For-Profit PROVIDER is functioning the same as a Non-Profit PROVIDER by providing services to Ohioans, OhioMHAS will treat them the same regardless if they are For-Profit vs. Non-Profit.

V. AUDIT PROCUREMENT

The cost of the financial and compliance audits conducted under 2 CFR, Part 200, is allowable expenses. The audit costs are generally allowable by most Federal and State funding sources. However, if the auditing procedures result in duplicative audit work compared to the Guidelines and the BOARDS' audit requirements, the cost of the duplicative audit work must be excluded from all Federal and State reimbursement. The State of Ohio and the Federal Government prohibit the reimbursement of unreasonable or unnecessary costs. For this reason the costs of duplicative auditing activities are unallowable for Federal or State reimbursement.

Note: 2 CFR, Part 200, Subpart E, §200.425(c) states in part: Pass-through entities may charge Federal awards for the cost of agreed-upon-procedures engagements to monitor subrecipients (in accordance with Subpart D—Post Federal Award Requirements of this part, §200.330 Subrecipient and contractor determinations through §200.332 Fixed Amount Subawards) who are exempted from the requirements of the Single Audit Act and Subpart F—Audit Requirements of this part. This cost is allowable only if the agreed-upon-procedures engagements are: (1) Conducted in accordance with GAGAS attestation standards; (2) Paid for and arranged by the pass-through entity; and (3) Limited in scope to one or more of the following types of compliance requirements: activities allowed or unallowed; allowable costs/cost principles; eligibility; and reporting.

BOARDS/PROVIDERS must engage an Independent Public Accountant (IPA) to complete these auditing requirements. The quality of these audits is extremely important. A considerable amount of thought and effort should be expended in selecting the individual auditor or audit firm. When possible, BOARDS/ PROVIDERS are encouraged to rotate auditors periodically to ensure independence. In addition, proper procurement standards must be adhered to as outlined in 2 CFR, Part 200 and Generally Accepted Government Auditing Standards (GAGAS) as outlined in the Yellow Book when procuring audit services.

Contracts with the independent auditor for applicable required audits (i.e. - Financial, GAGAS, 2 CFR Part 200) shall be completed in accordance with these Guidelines. If BOARDS do not follow the audit requirements and suggestions as specified in these Guidelines, BOARDS will be required to have PROVIDERS undergo additional audit procedures to correct the audit omissions at the BOARDS' expense. If the results of PROVIDERS' audits require additional audit procedures to be performed due to

findings/questioned costs or PROVIDERS are deemed unauditable, BOARDS may require additional auditing to be performed at the PROVIDERS expense. These additional costs are unallowable as program related expenses for PROVIDERS that procure their own 2 CFR, Part 200 audits.

In accordance with ORC 340.03 (A) (6), BOARDS must ensure audits are procured annually to audit all OhioMHAS programs under contract with the BOARDS.

VI. REPORT SUBMISSION

BOARDS Audits:

In accordance with 2 CFR, Part 200, Subpart F, §200.512(a), BOARDS must submit their audit package as defined in 2 CFR, Part 200, Subpart F, §200.512(c) within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

Audits conducted to comply with ORC 9.234 must be submit their audit package within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period.

PROVIDERS Audits:

In accordance with 2 CFR, Part 200, Subpart F, §200.512(a), BOARDS must submit their audit package as defined in 2 CFR, Part 200, Subpart F, §200.512(c) within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

In accordance with OAC 5122:1-5-01, it is the responsibility of PROVIDERS to provide BOARDS and OhioMHAS a copy of their audit package*. BOARDS are required under ORC 340.03 (A) (6), that a copy of the financial audits from organizations funded under contract with the BOARDS is provided to OhioMHAS. The financial audit must be submitted to OhioMHAS within one hundred eighty days after the end of the state fiscal year. As long as BOARDS ensure PROVIDERS have complied with OAC 5122:1-5-01, this satisfies the OhioMHAS requirements mandated in ORC 340.03 (A) (6).

* Audit package consists of audit report, management letter, and corrective action plan.

A CAP must include at a **minimum** the following:

- A citation of each audit/engagement finding describing the weakness or the adverse findings.
- A description of the activities that will take place to correct the situation(s) for each finding.

- The time frames for completion of the corrective activities.
- The name(s) of contact person(s) responsible for corrective action(s)
- A statement signed by the BOARDS'/PROVIDERS' Executive Director and a written resolution by the responsible Board of Directors/Trustees that the CAP is acceptable and its implementation will be monitored to assure correction of cited conditions during the subsequent fiscal year.

CONTACT INFORMATION:

Phone (614) 466-8091

OMHAS Home Page: <http://mha.ohio.gov>

Appendix A
OHIO MHAS PROVIDER AUDIT REVIEW CHECKLIST

Please review the instructions for completing this checklist before responding to the following questions. Proper completion of this checklist is required in order for Ohio MHAS to determine if your Board has satisfied your obligations mandated in 2 CFR, Part 200 and Ohio Revised Code 340.03 (A)(6).

Completion of this checklist must be done by Board staff with signed approval of the Board's Executive Director before submission to Ohio MHAS. **Incomplete checklists will not be accepted.**

A. Agency Audit Information:

1. Unique Provider Identification Number: _____
2. Agency Name: _____
3. Administrative Address: _____
4. City/State/Zip: _____
5. Audit Firm Name: _____
6. Fiscal Year Ending Date: _____/_____/_____
7. Audit Report Date: _____/_____/_____
8. Date Audit Report Received by Board: _____/_____/_____

B. SUBRECIPIENT vs. CONTRACTOR Determination:

The following applies to each CFDA (applicable to Federal Awards only):

1. Do you require this provider to apply for funding (i.e. – submit an application, plan, budget, etc.)? If you answered, "Yes", then you've established a Subrecipient Relationship.
2. Do you Allocate funds (i.e. – monthly or quarterly) to this provider instead of issuing payment after they provided the service? If you answered, "Allocate", then you've established a Subrecipient Relationship.
3. Do you require from this provider some sort of Closeout requirement (i.e. – year-end reporting, reconciliation, progress reports, etc.)? If you answered, "Yes", then you've established a Subrecipient Relationship.
4. Did you provide Technical Assistance and/or Training to this provider relating to program requirements? If you answered, "Yes", then you've established a Subrecipient Relationship.
5. Please refer to 2 CFR, Part 200, Subpart D §200.330 for further assistance in determining if this provider is a Subrecipient or Contractor. (Please use Page 4 or a separate page for your determination).

Conclusion:

_____ This provider is a Subrecipient (Monitoring is required per 2 CFR, Part 200).

_____ This provider is a Contractor.

Appendix A **OHIO MHAS PROVIDER AUDIT REVIEW CHECKLIST**

C. Funding Provided To Agency:

Identify the amount of funds provided to this agency from Funds provided by Ohio MHAS:

- | | |
|---|-------|
| 1. Federal Awards provided by Ohio MHAS | _____ |
| 2. State Funding provided by Ohio MHAS | _____ |
| 3. Total Funds provided by Ohio MHAS | _____ |

Identify the amount of funds provided to your Board from Ohio MHAS and calculate the percentage that went towards this agency:

- | | |
|--|-------|
| 4. Total Ohio MHAS funds provided to Board | _____ |
| 5. % provided to Agency (Line 3 Divided into Line 4) | _____ |

The information provided in this section shall consist of financial activities during the past 12 months (i.e. – Calendar Year or State Fiscal Year).

D. Audit Reports:

- | | | | |
|---|-------------|---|---|
| 1a. Financial Statements | _____ (y/n) | 1b. Opinion Issued | _____ (Unmodified/Qualified/Adverse/Disclaimer) |
| 2a. Internal Controls (I/C) | _____ (y/n) | 2b. Material/Reportable I/C Finding | _____ (y/n) |
| 3a. Compliance | _____ (y/n) | 3b. Material/Reportable Compliance Finding | _____ (y/n) |
| 4a. Major Program(s) | _____ (y/n) | 4b. Opinion Issued | _____ (Unmodified/Qualified/Adverse/Disclaimer) |
| 5a. SEFA Exceptions | _____ (y/n) | | |
| 5b. Total Federal Expenditures | _____ | _____ . _____ | Page Reference _____ |
| 5c. Total Ohio MHAS Expenditures | _____ | _____ . _____ | Page Reference _____ |
| 6a. Non-Major Programs | _____ (y/n) | 6b. List Federal Awards provided by Ohio MHAS not audited as Major programs (i.e., non-Major Programs) in the Explanation Section detailing dollar amounts. | |

Appendix A
OHIO MHAS PROVIDER AUDIT REVIEW CHECKLIST

E. Audit Findings and Corrective Action Plan (CAP):

1. Were there any audit findings? If no audit findings, Skip to Section "F". _____
(y/n)
2. Were there findings in prior year's audit _____
(y/n)
3. Were prior year's findings corrected _____
(y/n)
4. Is a CAP included with the audit that is acceptable to the Board? _____
(y/n)
5. If the response to E4 is "No", document why the CAP is not acceptable in the "Explanation Section". A copy of the notice to the provider agency should be included with the checklist.
6. Date of full implementation for the CAP ____ / ____ / ____
7. Agency Contact Person Responsible for CAP: _____
8. Agency Contact Person Phone Number: (____) ____ - ____

F. Board Authentication:

1. Checklist Preparer Name _____ Date: ____ / ____ / ____
2. Checklist Preparer Phone Number: (____) ____ - ____
3. Agency's Audit Report is attached with this submission _____
(y/n)
4. Agency's Audit Report is Not Submitted, however, is available upon Request ☐
5. Explanatory Notes Attached _____
(y/n)

Board Fiscal Director Signature _____ Date: ____ / ____ / ____

Appendix A

OHIO MHAS PROVIDER AUDIT REVIEW CHECKLIST

Explanation Section: Use this and extra page(s) to report exceptions, summaries or findings. Provide references as noted in the instructions. **(MAKE COPIES OF THIS PAGE AS NEEDED)**

[illegible]

Appendix B

OHIO MHAS Provider Audit Review Checklist Instructions

OVERVIEW and PURPOSE:

As an entity receiving Federal and/or State funds, regulatory requirements must be met to safeguard public funds. 2 CFR, Part 200 requires a pass-through entity to perform Subrecipient Monitoring and Ohio Revised Code 340.03 (6) requires a Board to ensure that programs/services contracted with a Provider Agency is audited annually. The Ohio MHAS Provider Audit Review Checklist main purpose is to document a formal review process to ensure compliance with the regulatory requirements.

This document provides instructions for completing the Ohio MHAS Provider Audit Review Checklist. The terms "audit report" and "audit" are used to indicate either a financial statement audit, a GAGAS/GAS audit, or an audit in accordance with 2 CFR, Part 200, Subpart F. A Checklist must be completed by the ADAMHS/MHRS/CMH/ADA Board for each provider agency receiving funds provided by Ohio MHAS. A copy of each agency's completed Checklist must be submitted.

INSTRUCTIONS:

A. Agency Audit Information:

- A-1: The five digit unique provider agency identification (UPI) Number.
- A-2: The name that the Provider Agency was certified by Ohio MHAS or the name as shown in the audit report. Do Not use a program name.
- A-3: The mailing address of the provider agency where financial or administrative operations are performed.
- A-4: The City, State and Zip Code for the provider agency.
- A-5: List the audit firm performing the audit/engagement.
- A-6: The fiscal year ending date for the provider agency being audited.
- A-7: Date the audit report was signed by the auditor.
- A-8: Date the Board received the complete provider audit package, including the Corrective Action Plan, if applicable.

Appendix B
OHIO MHAS Provider Audit Review Checklist Instructions

B. SUBRECIPIENT vs. CONTRACTOR Determination:

An organization handling Federal Awards must determine if they established a Subrecipient or Contractor relationship for each Catalog of Federal Domestic Assistance (CFDA) they disbursed to another organization/individual. The Department is always willing to provide Technical Assistance (TA) towards this requirement, however, it is the organization's management responsibility to satisfy their obligation under 2 CFR, Part 200.

As part of the Department's TA, we have identified four (4) key areas whereas if your Board established specific processes, then we believe you have created a Subrecipient relationship. These four areas are not exclusive; to ensure you have met your responsibilities please refer to 2 CFR, Part 200, Subpart D §200.330.

After you have made your determination, please identify if this Provider Agency is either a "Subrecipient" or "Contractor". Since you may provide multiple funding to this Provider Agency, they may end up being a "Subrecipient" for specific funding streams and "Contractor" for other funding streams. Our focus is to determine what your responsibilities are. Please provide additional details on page 4 (Explanation Section).

C. Funding Provided to Agency:

- C-1: Input the amount of Federal Awards provided to this Provider Agency from funds received by Ohio MHAS.
- C-2: Input the amount of State Funding provided to this Provider Agency from funds received by Ohio MHAS.
- C-3: Add C-1 and C-2 together. This should be the total amount of funds provided to this Provider Agency from funds received by Ohio MHAS.
- C-4: Input the total amount of funds provided to your Board from Ohio MHAS.
- C-5: Divide C-3 into C-4 and convert into percentage. This should identify the percentage of funds provided by Ohio MHAS that went towards this Provider Agency.

D. Audit Reports:

This section applies to audits/engagements where a financial statement audit was performed in accordance with Generally Accepted Government Auditing Standards (GAGAS a.k.a. - GAS) or 2 CFR, Part 200, Subpart F. All Provider Agencies Certified by Ohio MHAS are subject to Ohio Administrative Code 5122:1-5-01, all Provider Agencies entering a Contract with the Board are subject to Ohio Revised Code 340.03. For organizations who has expended over \$750,000 in Federal Awards, then they are subject to 2 CFR, Part 200, Subpart F if they are a Government or Non-Profit entity.

Appendix B
OHIO MHAS Provider Audit Review Checklist Instructions

D. Audit Reports – Continued:

D-1a: Did the auditor audit the Financial Statements? (Respond “Y” or “N”).

D-1b: Indicate the type of Financial Statement Opinion expressed by the auditor. The following choices indicate the type of opinion auditors may issue. Select only one of the following based upon the Financial Statement Opinion Report:

Unmodified – This type of report is issued when the financial statements are fairly presented, are free of material misstatements, and have been prepared in accordance with generally accepted accounting principles (GAAP). If the statements have been prepared on a basis other than GAAP, the opinion should indicate this basis.

An additional explanatory paragraph may also be included to provide greater clarity but does not detract from the unqualified opinion as to the fairness of the financial statements.

Modified – A modified opinion will include an “except for” clause or similar wording to express that the auditors have taken exception to a certain accounting application or treatment, or were unable to establish the potential outcome or an uncertainty, which could have a material effect on the financial statements. A qualified opinion will include an explanatory paragraph explaining the reason for the qualification.

Adverse – An adverse opinion is issued when the auditor determines that the financial statements are materially misstated and, when considered as a whole, do not conform to GAAP. An adverse opinion will include an explanatory paragraph explaining the reason for the negative opinion.

Disclaimer – A disclaimer is issued when the auditor could not form, and consequently refuses to present, an opinion on the financial statements. This type of report is issued when the auditor tried to audit an entity but could not complete the work due to various reasons (i.e. – could not satisfy their scope) preventing them from being able to issue an opinion.

D-2a: Did the auditor review Internal Controls (I/C)? (Respond “Y” or “N”). This is the “Internal Control Over Financial Reporting” section found on the GAS audit report.

D-2b: Are Material/Reportable I/C findings noted? (Respond “Y” or “N”).

D-3a: Did the auditor review Compliance? (Respond “Y” or “N”). This is the “Compliance and Other Matters” section found on the GAS audit report.

D-3b: Are Material/Reportable Compliance findings noted? (Respond “Y or “N”)

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D. Audit Reports – Continued:

- D-4a: Is a 2 CFR, Part 200, Subpart F audit required? (Respond “Y” or “N”). If not required skip to section “E”.
- D-4b: Indicate the type of Opinion issued by the auditor for the Major Program(s) under the CFR audit. Select only one of the opinions issued (please refer to “D-1b” for the type of opinions the auditor may issue, replacing the term “Financial Statements” with “Major Programs”).
- D-5a: Did the Board discover any exceptions while reviewing the Schedule of Expenditures of Federal Awards (SEFA)? (Respond “Y” or “N”).
- D-5b: Enter the total amount of Federal expenditures reported on the SEFA with references to the audit report page(s).
- D-5c: Enter the total amount of Ohio MHAS Federal Pass-Through expenditures reported on the SEFA with references to the audit report page(s).
- D-6a: Identify whether there were any Non-Major Programs? (Respond “Y” or “N”).
- D-6b: List Federal Awards expended provided by Ohio MHAS **NOT** audited as Major Programs (expenditures below the defined level of a Major Program) in the Explanation Section.

E. Audit Findings and Corrective Action Plan (CAP):

- E-1: Are any Findings and/or Questioned Costs noted? (Respond "Y" or “N”). If no audit findings were noted, skip to Section “F”.
- E-2: Auditees and Auditors are required by 2 CFR, Part 200, Subpart F, §200.511 and §200.514 (e), respectively, to review prior year’s audit findings, if any, and report on the status of those findings. If there were no prior year’s findings and a review of the prior year audit agrees, answer "N".
- E-3: If there were prior year’s findings and the auditor reported their status as corrected, answer "Y". If there were prior year’s findings and the auditor reported their status as uncorrected, answer "N". Boards must follow-up on uncorrected audit findings and verify the status of their Corrective Action Plan in the Explanation Section on page 4.
- E-4: The Board should have reviewed and either agrees or disagree with the Provider Agency’s CAP. If the Board agrees with the CAP, then answer “Y”, if disagree, then answer “N”. The CAP should be attached to the Checklist with the Provider audit report (or a statement indicating that the documents have already been forwarded to Ohio MHAS in the Explanation Section on page 4).

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E. Audit Findings and Corrective Action Plan (CAP) - Continued:

- E-5: If the Board did not approve the CAP, provide an explanation of why the CAP is not acceptable. Attach a copy of the Board's justification to the Provider Agency of unacceptability. The Provider Agency is required to provide an Updated CAP.
- E-6: Provide the date the Provider Agency expects to have the CAP implemented and all corrective actions/procedures/policies in place and operating effectively. If the Board rejected the Provider Agency's CAP and at the time of submitting this Checklist to Ohio MHAS, an Updated CAP has not been received, then leave the date blank and provide an explanation on page 4.
- E-7: Provide the name of the Provider Agency's contact person in-charge of implementing and monitoring the CAP.
- E-8: Provide the phone number of the Provider Agency's contact person.

F. Board Authentication:

- F-1: Provide the Board person who prepared this Checklist. This is also the person we would contact if we have any questions.
- F-2: Provide the phone number of the person identified in F-1.
- F-3: Is the Board attaching a copy of the Provider Agency's audit report along with the submission of this Checklist? (Respond "Y" or "N"). Our primary concerns surround audit reports containing audit findings and/or questioned costs. If there are findings and/or questioned cost, please ensure a copy of the audit report is submitted to Ohio MHAS (either directly by the Provider Agency or the Board).
- F-4: Ohio Revised Code (ORC) 340.03 specifies that the Board is required to submit to Ohio MHAS a copy of their Contracted Agency's audit annually. To help ease the administrative burden, Ohio MHAS is allowing the Boards to have available such audit reports required by the ORC and submit only upon request. For Boards who wishes to take advantage of this substitute, answer "Y".

Please Note: We will request all audit reports containing audit findings.

- F-5: If Explanatory Section pages are attached, respond "Y" otherwise "N".

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EXPLANATION SECTION:

Use this section to provide any explanation you need to supply while completing this Checklist. Always reference (i.e., D-6b, E-5, etc.) when providing your explanation. You may make as many copies of this section as needed.