

MCHENRY COUNTY MENTAL HEALTH BOARD

POLICY NAME: FINANCIAL AUDIT REQUIREMENTS – FUNDED PROVIDERS
POLICY CODE: 1.F.12 **VERSION #:** 3
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DOCUMENT CREATOR: Jane Wacker (Fiscal Operations Manager) **DATE CREATED:** 4/24/2015
APPROVED BY: Scott Block (Executive Director) by Board Action **APPROVAL DATE:** 07/27/2016

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POLICY:

The Mental Health Board will operate in an ethical, legal, fair, and non-discriminatory manner in all functions utilizing evidenced based practice, current technologies, and best practices; incorporating consumer and public input within an environment of continuous performance improvement.

The Mental Health Board expects that its vendors, service providers, system partners, and all entities doing business with the Mental Health Board shall adhere to the principles, policies, values, and expectations of the Mental Health Board.

PURPOSE:

The purpose of this policy is to increase fiscal transparency and provide standard financial audit requirements for funded agency providers of service to the McHenry County Mental Health Board.

In order to carry out its responsibilities for management, control, audit and compliance, the Mental Health Board interfaces with the County of McHenry and specific Departments of Illinois and U.S. Government.

PROCEDURE:

Agencies funded at \$50,001 or more annually by the Mental Health Board (MHB) are required to submit annual financial statements prepared in accordance with generally accepted accounting principles. The financial statements shall be audited by an independent auditor in accordance with auditing standards generally accepted in the United States of America and, if applicable, with auditing standards applicable to financial audits contained in Governmental Auditing Standards as issued by the Comptroller General of the United States. Such audit shall be provided within 120 days of the close of the agencies fiscal year unless an extension is requested in writing by the agency and approved in writing by the Executive Director of the MHB prior to the expiration of the 120 days. Within 10 days of receipt by the agency, a notice of any management letter delivered to the agency by the auditor at the end of the audit process shall be provided to MHB, at which time the management letter will be made available to MHB for review. A copy of any required corrective action plan shall then also be made available to MHB for review within 30 days. In addition, an agency required to submit an audit to the Federal Audit Clearinghouse in compliance with Office of Management and Budget (OMB) Uniform Guidance shall, upon submission, notify MHB of the date submitted.

A private practice not required by any other funding source to have an independent audit may request a waiver of these audit requirements. If approved, MHB will determine, on a case by case basis, alternative reports or documentation required to be submitted to MHB by the private practice. Such waiver request shall be submitted in writing by the private practice and approved in writing by MHB's Executive Director prior to the 120-day audit submission deadline. In the event an audit of the private practice is performed, such audit shall

be submitted to MHB within 30 days of the private practice's receipt of the audit, whether or not a waiver was approved.

Agencies funded at \$25,000 through \$50,000 annually by the MHB are required to submit biennial financial statements prepared in accordance with generally accepted accounting principles. The financial statements shall be audited by an independent auditor in accordance with auditing standards generally accepted in the United States of America and, if applicable, with auditing standards applicable to financial audits contained in Governmental Auditing Standards as issued by the Comptroller General of the United States. However, if an annual audit is performed, the audit shall be submitted to MHB. Any audit submitted under this section shall be provided within 120 days of the close of the agencies fiscal year unless an extension is requested in writing by the agency and approved in writing by the Executive Director of the MHB prior to the expiration of the 120 days. Within 10 days of receipt by the agency, a notice of any management letter delivered to the agency by the auditor at the end of the audit process shall be provided to MHB, at which time the management letter will be made available to MHB for review. A copy of any required corrective action plan shall then also be made available to MHB for review within 30 days. In addition, an agency required to submit an audit to the Federal Audit Clearinghouse in compliance with Office of Management and Budget (OMB) Uniform Guidance shall, upon submission, notify MHB of the date submitted.

A private practice not required by any other funding source to have an independent audit may request a waiver of these audit requirements. If approved, MHB will determine, on a case by case basis, alternative reports or documentation required to be submitted to MHB by the private practice. Such waiver request shall be submitted in writing by the private practice and approved in writing by MHB's Executive Director prior to the 120-day audit submission deadline. In the event an audit of the private practice is performed, such audit shall be submitted to MHB within 30 days of the private practice's receipt of the audit, whether or not a waiver was approved.

For the years for which the audit is not required to be submitted, year-end basic financial statements shall be submitted that present the financial position of the agency, the results of its operations and changes in net assets. Such financial statements shall be provided within 120 days of the close of the agencies fiscal year unless an extension is requested in writing by the agency and approved in writing by the Executive Director of the MHB prior to the expiration of the 120 days.

Agencies funded at less than \$25,000 annually by the MHB are required to submit year-end basic financial statements presenting the financial position of the agency, the results of its operations and changes in net assets. However, if an annual audit is performed, the audit should be submitted to MHB. Any statements or audit submitted under this section shall be provided within 120 days of the close of the agencies fiscal year unless an extension is requested in writing by the agency and approved in writing by the Executive Director of the MHB prior to the expiration of the 120 days.

Related Documents: