



POLICY AND PROCEDURE NOTICE: FPPN-004 AUDITING REQUIREMENTS

Summary and Purpose of PPN: To guide the administration of the Ryan White Part A Program to ensure the financial integrity of taxpayer dollars through adherence to accepted cost principles.

Authority:

- 45 CFR 75 Subpart F – Audit Requirements
- 45 CFR 74.26
- 45 CFR 92.26
- HIV/AIDS Bureau, Division of Metropolitan HIV/AIDS Programs National Monitoring Standards for Ryan White Part A Recipients: Fiscal – Part A
- Fulton County Ryan White Part A Contract/Agreement

Policies and Procedures:

1. Subrecipients that expend \$750,000 or more during the subrecipient's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of 45 CFR 75 Subpart F – Audit Requirements. The audit must be prepared by an independent Certified Public Accountant. Subrecipient must send one copy of the audit to the recipient and one copy to the Director of Finance, Fulton County Government, within 180 days following the close of Contractor's fiscal year. At the County's discretion, this time period may be extended beyond the 180 days.
2. A subrecipient that a non-Federal entity funds that expends less than \$750,000 during the subrecipient's fiscal year in Federal awards is exempt from the Federal audit requirements for that year, except as noted in §75.503, but records must be available for review or audit by appropriate officials of the Federal agency, pass-through entity, and Government Accountability Office (GAO).
3. Based on criteria established by the recipient, subrecipients of Ryan White funds that are small programs (i.e. receive less than \$750,000 per year in federal grants) must have a financial statement audit conducted annually by an independent Certified Public Accountant and must send one copy of the audit to the recipient and one copy to the Director of Finance, Fulton County Government, within 180 days following the close of Contractor's fiscal year. At the County's discretion, this time period may be extended beyond the 180 days. The Financial Statement Audit must include these minimum components:

- A. Independent auditor's opinion stating that the audit was conducted in accordance with the provisions of OMB Circular A-133 in accordance with Government Auditing Standards (GAGAS).
- B. Audited financial statements.
- C. Note accompanying the Financial Statements.
- D. Management letter.
- E. Separate report in accordance with GAGAS.

A financial statement submitted without the minimum components is a deficient report and the Fiscal Manager will e-mail the subrecipient identifying the deficient items.

- 4. Subrecipients must prepare and provide auditor with income and expense reports that include payer of last resort verification.
- 5. Subrecipients must comply with contract audit requirements on a timely basis.
- 6. Selection of auditor must be based on an Audit Committee for the organization's Board of Directors (if non-profit) who is responsible for oversight of the financial reporting process.
- 7. If the audit shows reportable conditions, the subrecipient must provide the recipient responses to audit findings.
- 8. Should a corrective action plan to address reportable conditions that have not been resolved be implemented the subrecipient must comply with the action plan or face possible suspension or termination of Ryan White contract.
- 9. The state and federal governments and the County shall have access to pertinent books, documents, papers and records of the subrecipient and any sub-contractor respectively, as applicable, for the purposes of verifying, without limitation, the nature and extent of applicable cost, and making audit examinations, excerpts and transcripts. The parties and their respective subcontractors' record retention requirements are three years from the submission of the final expenditure report. If any litigation, claim or audit is started before the expiration of the three-year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been resolved.

Verification:

- Review most recent audit to ensure it includes:
 - List of federal recipients to ensure that the Ryan White grant is included.
 - Programmatic income and expense reports to assess if the Ryan White grant is included.
- Review audit management letter.

- Review all programmatic income and expense reports for payer of last resort verification by auditor.
- Review subrecipient financial policies and procedures related to audits and selection of an auditor.
- Review Statement of Financial Position/Balance Sheet, Statement of Activities/Income and Expense Report, Cash Flow Statement, and Notes included in audit to determine organization's financial stability.
- Annual review of statements of internal controls and federal compliance to determine compliance with federal expectations.
- Annually review subrecipient's audits for reportable conditions.
 - Make determination of whether any findings are significant and whether they have been resolved.
 - Obtain and review subrecipient responses to audit findings.
 - Develop action plan to address reportable conditions that have not been resolved.

Approved October 2016

Last Reviewed: January 2021