

McHENRY COUNTY MENTAL HEALTH BOARD

POLICY NAME: Financial Audit Requirements – Funded Providers

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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:

Federal Audit Clearinghouse:

Agencies required to submit their audit package to the Federal Audit Clearinghouse (FAC) under 2 CFR 200.512(a) shall, upon submission, notify the Mental Health Board (MHB) that their audit has been submitted to the Federal Audit Clearinghouse. Current federal guidance requires that the audit package and the data collection form “must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period.” See 2 CFR 200.512(a). MHB will view the package via the FAC.

Within 10 days of receipt by the agency of any management letter delivered to the agency by the auditor at the end of the audit process, a notice of the management letter 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 also be made available to MHB for review upon request.

All Others:

Agencies that are required by other funding sources or choose as an organization to prepare annual audited financial statements in accordance with generally accepted accounting principles are required to submit a copy of their audited financial statements upon completion to the Mental Health Board regardless of the level of funding received from the MHB.

Agencies funded at \$400,000 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 180 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 180 days. Within 10 days of receipt by the agency of any management letter delivered to the agency by the auditor at the end of the audit process, a notice of the management letter 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 also be made available to MHB for review upon request.

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 Directors prior to the 180-day audit submission deadline. In the event an audit of the private practice is performed, such audit shall be submitted to MHB upon the private practice's receipt of the audit, whether or not a waiver was approved.

Agencies funded at less than \$400,000 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. Any such year-end basic financial statements submitted under this section shall be provided within 180 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 180 days. However, if an annual

audit is performed, the audit shall be submitted to MHB upon provider's receipt of the audit, whether or not a waiver was approved. Upon review and receipt of the year-end basic financial statements, the MHB may choose to perform further review of the source documents used in the preparation of the financial statements provided.

Next Review Date: 3/31/2027