




**SUDS BULLETIN**

Title: Office of Management and Budget (OMB) Circular A-133 Compliance  		Issue Date: November 20 , 2014	Issue No.: 14-04
Approval:  Joseph Rangel, Division Manager Contracts Division – Mental Health and Substance Use Disorder Services	Function: <input checked="" type="checkbox"/> Treatment <input checked="" type="checkbox"/> Prevention <input type="checkbox"/> Education/Training <input type="checkbox"/> Fiscal <input type="checkbox"/> Other	Expiration Date: N/A  Supersedes Bulletin/SUDS Letter No: N/A	

**PURPOSE:**

The purpose of this Bulletin is to notify substance use disorder (SUD) treatment and prevention service providers, who expend \$500,000 or more in federal funds in a fiscal year, of the requirement to submit an annual fiscal audit conducted by an independent auditing firm.

**DISCUSSION:**

The Fresno County Department of Behavioral Health- Contracts Division – Substance Use Disorder Services is responsible for ensuring that all non-profit providers are meeting and/or exceeding the County contractual obligations relative to the Single Audit Act of 1984 which established requirements for audits of States, local governments, and Indian Tribal governments that administer Federal financial assistance programs. Office of Management and Budget (OMB) Circular A-133 extends the Single Audit Act of 1984 to include Audits of Institutions of Higher Education and Other Non-Profit Organizations.

Based on a recent Department of Health Care Services (DHCS) audit, the County was required to write a policy outlining the compliance requirements of treatment and prevention providers to conduct and submit single audits or program-specific audits when \$500,000 or more federal funds are expended during a fiscal year.

Providers that do not comply with the OMB Circular A-133 requirements could be subject to sanctions that include:

- A. Withholding a percentage of federal awards until the audit is completed satisfactorily;
- B. Withholding or disallowing overhead costs;
- C. Suspending federal awards until the audit is conducted; or,

#### D. Termination of the Agreement.

The requirements of OMB Circular A-133 include:

1. Providers expending \$500,000 or more in federal funds in a fiscal year must have a single or program-specific audit performed.
2. The audit shall be conducted in accordance with generally accepted auditing standards and Government Audit Standards issued by the Comptroller General of the United States. The government Auditing Standards can be obtained from the Superintendent of documents, U.S. Government Printing Office, Washington, D.C. 20402, or [www.gao.gov](http://www.gao.gov).
3. Providers shall ensure that a copy of the audit performed in accordance with OMB Circular A-133 is submitted to the County and the State Controller's Office within 30 days of completion, but no later than nine months following the end of the provider's fiscal year.
4. Provider may charge the costs of the compliant audit to applicable federal awards. Where apportionment of the audit cost is necessary, such apportionment shall be made in accordance with generally accepted accounting principles, but shall not exceed the proportionate amount that the award represents of the Provider's total revenue.
5. Provider shall ensure work papers and audit reports are retained for a minimum of three (3) years from the date of the audit reports, and longer if their independent auditor is notified in writing by the State to extend the retention period. Audit work papers shall be made available to the County and the State, and copies shall be made as is reasonable and necessary.
6. Providers shall follow up and take necessary corrective action(s) on any audit findings.

The OMB Circular A-133 document can be obtained from the Office of Management and Budget, Washington, D.C. 20503, or [www.whitehouse.gov/omb/circulars/index.html](http://www.whitehouse.gov/omb/circulars/index.html).

The County is responsible for ensuring that all providers are adhering to the audit requirements of OMB Circular A-133, enforcing sanctions for noncompliance, and confirming that providers are following-up and taking necessary corrective action(s) on any audit findings in the single or program-specific audit report.

#### REFERENCES:

Federal Single Audit Act of 1984; OMB Circular A-133; Negotiated Net Amount and Drug Medi-Cal Contract (NNA); County Provider Agreements; DHCS.

#### CONTACT

Please contact your assigned analyst with any questions or concerns.