

**ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES
BOARD OF CUYAHOGA COUNTY (ADAMHS BOARD)**

POLICY STATEMENT

SUBJECT: FINANCIAL AUDITS

EFFECTIVE DATE: September 29, 2021

PURPOSE

To assure that financial audit requirements are met by ADAMHS Board contract service providers.

POLICY

It is the policy of the ADAMHS Board that all of its contract service providers prepare an annual financial audit conducted by an independent audit firm (limited by Ohio Revised Code section 9.234) in accordance with the Ohio Department of Mental Health and Addiction Services (OhioMHAS) Financial and Compliance Audit Guidelines for the Community Mental Health System and the Office of Management and Budget Uniform Grant Guidance (UGG) (2 CFR part 200, subpart F). The independent audit shall cover a period of the contract service provider's fiscal year.

The contract service provider shall provide its independent auditor with all of its financial transactions including, but not limited to, financial transactions regarding programs that are not funded by the ADAMHS Board. The transactions of closely held corporations, including but not limited to real estate holding corporations, are considered to be a part of the provider audit.

A copy of the auditor's report, audited financial statements, the opinions issued, management letters, and other reports defined by the OhioMHAS Financial and Compliance Audit Guidelines for the Community Mental Health System shall be provided to OhioMHAS and the ADAMHS Board within one hundred eighty (180) days after the end of the state fiscal year. Upon failure of the contract service provider to submit its audit within the time prescribed, the ADAMHS Board reserves the right to suspend local funds or terminate the service provider contract.

The ADAMHS Board shall review the contract service provider's audit report. If the audit contains a qualified opinion on the financial statements, the ADAMHS Board may accept the report if it determines that the qualifications do not adversely affect the contract service provider's ability to perform its obligations under its contract. In the event the audit contains findings in the Schedule of Findings and Questioned Costs, exceptions, or in the event the contract service provider's records are deemed not auditable, then:

- a. The parties shall immediately arrange an audit conference.
- b. The contract service provider shall provide a written response within thirty (30) days to the ADAMHS Board addressing any and all issues which were identified in the Management letter and the Schedule of Findings and Questioned Costs.
- c. The contract service provider shall correct deficiencies and submit a Corrective Action Plan (CAP) within thirty (30) days which meets the requirements of OhioMHAS's Compliance Audit Guidelines and is acceptable to the ADAMHS Board.

- d. If the deficiencies are not corrected within thirty (30) days, or an acceptable CAP is not submitted, then the ADAMHS Board shall have the right to terminate the contract with the contract service provider.

Financial Stability Audits. Should the ADAMHS Board Chief Executive Officer (CEO) become concerned at any time about the financial stability of the contract service provider, he/she may determine in his/her sole and absolute discretion that an outside financial audit of the contract service provider is warranted. In such case, the ADAMHS Board may, at its own cost, retain the services of an outside auditor, or ADAMHS Board staff, to examine the books, records and operations of the contract service provider. Upon notice to the contract service provider and request by the ADAMHS Board for a financial stability audit, the contract service provider shall permit the ADAMHS Board and/or its auditor complete and unfettered access to its books, records and facilities, and shall fully cooperate with the ADAMHS Board and/or its auditors in performing such an audit.

Right to appeal to the ADAMHS Board. The contract service provider who has been given notice by the CEO that it is to be subjected to a Financial Stability Audit shall have five (5) business days after receipt of the notice to file a written objection with the ADAMHS Board. The right to object to the ADAMHS Board's decision shall be limited to the following two issues: (1) the need for such an outside audit; and (2) the scope of the outside audit. Upon receipt of an objection, the ADAMHS Board shall treat the objection as an appeal pursuant to the ADAMHS Board's "Appeal of Board Decision" Policy. The ADAMHS Board shall promptly schedule a special meeting to consider the contract service provider's objection. Thereafter the ADAMHS Board shall render its decision which shall either: (1) sustain or reverse the CEO's Decision as to whether to conduct such an outside audit of the contract service provider and/or (2) sustain or limit the CEO's determination regarding the scope of the outside audit. The contract service provider agrees to follow the procedures set forth in the "Appeal of Board Decision" Policy, and its failure to do so shall constitute a waiver of its administrative remedy of appeal.

Additional Special Audits. The ADAMHS Board may require additional special audits or agreed-upon-procedure engagement reports if the ADAMHS Board has reason to believe that:


- a. The contract service provider is demonstrating non-compliance with the ADAMHS Board policies; or
- b. The contract service provider is not implementing corrective action required by an audit or agreed upon procedure engagement.

Supersedes and retires: Financial Audits effective March 25, 2015

Reference: Ohio Revised Code sections 9.234 and 340.03(A)(6); Ohio Administrative Code section 5122:1-5-01; ADAMHS Board Service Provider contracts; 2 CFR part 200, subpart F

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 Rev. Benjamin F. Gohlstin, Sr.
 ADAMHS Board Chair

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 Scott S. Osiecki
 ADAMHS Board Chief Executive Officer

September 29, 2021

 Approval date

September of 2024

 Review date