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Michael A. Ceballos
 Director

Mark Gordon
 Governor

Policy Title:	WDH Financial Statements and Audits	
Policy Number:	FS-2001	
Effective Date:	November 1, 2019	
Revision Date:		
Approval:	 Michael A. Ceballos, Director	<u>11/01/19</u> Date

Purpose

The purpose of this publication is to set forth a policy which:

- 1) Provide control and accountability over financial statements and audits of the Wyoming Department of Health; and
- 2) Assist the department in gathering and maintaining information needed for the preparation of financial statements.

The policy is the requirements the Wyoming Department of Health (WDH) must meet.

Definitions

Generally Accepted Government Auditing Standards (GAGAS): The standards apply to both financial and performance audits of government agencies.

Audit: an official inspection of an organization’s accounts. The highest level of assurance that financial statements are free of material misstatement and are fairly presented based on generally accepted accounting principles. Organization’s internal control are working.

Reviews: Limited assurance of an organization’s accounts. Inquiries and analytical procedures present a reasonable basis for expressing that no material modifications to the financial statements are necessary; they are in conformity with generally accepted accounting principles.

Audited entity: The entity that is subject to a GAGAS engagement, whether that engagement is a financial audit, attestation engagement, review of financial statements, or performance audit (paragraph 1.27e).

Auditor: An individual assigned to planning, directing, performing engagement procedures or reporting on GAGAS engagements (including work on audits, attestation engagements, and reviews of financial statements) regardless of job title. Therefore, individuals who may have the title auditor, information technology auditor, analyst, practitioner, evaluator, inspector, or other similar titles are considered auditors under GAGAS (paragraph 1.27f).

Attestation engagement: An examination, review, or agreed-upon procedures engagement conducted under the GAGAS attestation standards related to subject matter or an assertion that is the responsibility of another party (paragraph 1.27a).

Review of financial statements: The objective of the auditor when performing a review of financial statements is to obtain limited assurance as a basis for reporting whether the auditor is aware of any material Glossary Page 219 GAO-18-568G Government Auditing Standards modifications that should be made to financial statements in order for the financial statements to be in accordance with the applicable financial reporting framework. A review of financial statements does not include obtaining an understanding of the entity's internal control, assessing fraud risk, or certain other procedures ordinarily performed in an audit (paragraph 1.20) ¹.

Requirements for WDH

1. Subrecipients expending \$750,000 or more in federal funds (not just WDH) during their fiscal year must have a single audit every year.²
2. Subrecipients expending \$500,000 to \$749,999 in federal funds during their fiscal year must have an independent audit every three (3) years and provide a review of financial statements each year for which an audit is not conducted.
3. Subrecipients expending \$100,000 to \$499,999 in federal funds during their fiscal year must have an independent audit every five (5) years and provide a review of financial statements each year for which an audit is not conducted.
4. Subrecipients expending less than \$100,000 in federal funds during their fiscal year must provide financial statements to WDH for review each year.
5. Financial statements must be submitted within nine (9) months after the end of the entities fiscal year.
6. Exemptions:
 - WDH reserves the right to delay or temporarily exempt a subrecipient from this policy, in the case of start-up, size of agency, hardship, or other unforeseen reason if it is in the best interest of WDH and/or the subrecipient's purpose to do so. The

¹ GAO-18-568G. Published 7/17/18 aka Yellow Book

² §200.501

subrecipient shall request such a delay or temporary exemption in writing and WDH shall concur in the decision.

- This delay or temporary exemption does not extend to those entities required to obtain a single audit.
7. If the subrecipient's financial records are a component of a larger agency audit, the subrecipient has the responsibility to obtain the audit report from the reporting entity and send such audit to WDH. Example, if the grantee is the County Public Health office, the county's audit report is required.
 8. WDH reserves the right to require an audit and to examine and/or audit any financial records of any subrecipient during the grant award period and within three (3) years following the conclusion of the final audit that covered the grant award period.
 9. In cases of continued inability or unwillingness on the part of the subrecipient to conduct or supply a requested audit, WDH reserves the right to impose any sanctions, as described in Title 2 C.F.R. subpart F and Remedies of Noncompliance (§ 200.338), upon the subrecipient until such time as a requested audit is received by WDH.

§200.425 Audit services.

- (a) A reasonably proportionate share of the costs of audits required by, and performed in accordance with, the Single Audit Act Amendments of 1996 (31 U.S.C. 7501-7507), as implemented by requirements of this part, are allowable.
- (b) The costs of a financial statement audit of a non-federal entity that does not currently have a federal award may be included in the indirect cost pool for a cost allocation plan or indirect cost proposal.
- (c) Pass-through entities may charge federal awards for the cost of agreed-upon-procedures engagements to monitor subrecipients (in accordance with Subpart D—Post Federal Award Requirements of this part, §§200.330 Subrecipient and contractor determinations through 200.332 Fixed Amount Subawards) who are exempted from the requirements of the Single Audit Act and Subpart F—Audit Requirements of this part. This cost is allowable only if the agreed-upon-procedures engagements are:
 - (1) Conducted in accordance with GAGAS attestation standards;
 - (2) Paid for and arranged by the pass-through entity; and
 - (3) Limited in scope to one or more of the following types of compliance requirements:
 - activities allowed or unallowed;
 - allowable costs/cost principles;
 - eligibility; and reporting.

Review:

This policy will be reviewed annually by the Chief Financial Officer, Fiscal Services, unless circumstances require modifications to the policy.

Responsible Party:

Eric McVicker, C.P.A., Chief Financial Officer

Forms:

None.

References:

None.

Training:

None.