

Exhibit D

Audit Requirements

The County contracts with various organizations to carry out programs mandated by the Federal and State governments or sponsored by the Board of Supervisors. Under the Single Audit Act Amendments of 1996 and Board policy, the County has the responsibility to determine whether organizations receiving funds through the County have spent them in accordance with applicable laws, regulations, contract terms, and grant agreements. To this end, the following are required.

I. AUDIT REQUIREMENTS

A. Funds from Federal Sources:

1. Nonfederal entities which are determined to be subrecipients by the supervising department according to §__.210 of OMB Circular No. A-133 and which expend annual Federal awards in the amount specified in §__.200 (b) of OMB Circular No. A-133 are required to have a single audit performed in accordance with §__.500 of OMB Circular No. A-133.
2. When a nonfederal entity expends annual Federal awards in the amount specified in §__.200 (a) of OMB Circular No. A-133 under only one Federal program (excluding R&D) and the Federal program's laws, regulations, or grant agreements do not require a financial statement audit, the nonfederal entity may elect to have a program-specific audit conducted in accordance with §__.235 of OMB Circular No. A-133.
3. Nonfederal entities which expend annual Federal awards in the amount specified in §__.200 (d) of OMB Circular No. A-133 are exempt from the single audit requirement except that the County may require a limited-scope audit in accordance with §__.230 (b) (2) of OMB Circular No. A-133.

B. Funds from All Sources:

Nonfederal entities which expend annual funds from any source (Federal, State, County, etc.) through the County in an amount of:

1. \$100,000 or more must have a financial audit in accordance with the U.S. Comptroller General's Government Auditing Standards covering all County programs.
2. Less than \$100,000 are exempt from these audit requirements except as otherwise noted in the contract.

Nonfederal entities that are required to have or choose to do a single audit in accordance with OMB Circular No. A-133 are not required to have a financial audit in the same year. However, nonfederal entities that are required to have a financial audit may also be required to have a limited-scope audit in the same year.

C. General Requirements for All Audits:

1. All audits must be conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States (GAGAS), which are applicable to financial audits.
2. All audits must be conducted annually, except where specifically allowed otherwise by laws, regulations, or County policy.
3. Audit reports must contain a separate schedule that identifies all funds passed through/from the County that is covered by the audit. County programs must be identified by contract number, contract amount, contract period, and amount expended during the fiscal year by funding source. An exhibit number must be included when applicable.
4. If a funding source has more stringent and specific audit requirements, these requirements must prevail over those described above.

II. AUDIT REPORTS

At least two copies of the audit report package, including all attachments and any management letter with its corresponding response, should be sent to the County supervising department within six months after the end of the audit period, or other time frame specified by the department. The County supervising department is responsible for forwarding a copy to the County Auditor within one week of receipt.

III. AUDIT RESOLUTION

Within 30 days of issuance of the audit report, the entity must submit to its County supervising department a corrective action plan to address the findings contained in the audit report. Questioned costs and disallowed costs must be resolved according to procedures established by the County in the Contract Administration Manual. The County supervising department will follow up on the implementation of the corrective action plan as it pertains to County programs.

IV. ADDITIONAL AUDIT WORK

The County, the State, or Federal agencies may conduct additional audits or reviews to carry out their regulatory responsibilities. To the extent possible, these audits and reviews will rely on the audit work already performed under the audit requirements listed above.