

1096.0.0 DHHS AUDIT POLICY

1096.1.0 Purpose

- 1096.1.1 The Department of Health & Human Services (DHHS or Department) shall maintain satisfactory financial accounts, records, and program files and shall make these available to all appropriate Federal and State agencies and to internal auditors for auditing purposes.
- 1096.1.2 Department management shall be kept informed of all audits of the Department's divisions, offices, institutions, programs, or projects.
- 1096.1.3 The Department's internal audit function will prepare, on an annual basis, an audit plan of scheduled internal and external audit and review projects.

1096.2.0 Substantive Rules

- 1096.2.1 Appropriate management within an involved division shall keep their division Director informed regarding the scheduling, performance, and results of audits conducted by Federal or State agencies. The division Director involved shall in turn keep the Department Director or designee and the Department's Chief Fiscal Officer (CFO) informed concerning the audit.
- 1096.2.2 The Department's internal audit function will prepare an annual audit plan for review by and approval of the Department Director. The audit plan will serve as a basis for scheduling and conducting the internal audit function's internal and external audit and review projects.

1096.3.0 Procedural Rules

- 1096.3.1 Division management shall inform their division Director regarding the scheduling, performance, and results of audits conducted by Federal or State agencies as appropriate and as requested by the division Director. The division Director shall inform the DHHS Director and the CFO as appropriate including, at a minimum, the following:
- A. specific purpose of the audit
 - B. scope of the audit as communicated by the Federal or State audit staff
 - C. names and position titles of all personnel scheduled to participate in the audit
 - D. estimated time frame for the audit process including the times and dates of scheduled meetings, such as entrance, progress, and exit conferences with the audit staff
 - E. any additional information that would better prepare the Department to meet the anticipated needs of the audit staff during the course of the audit, including information needed from other Divisions.

1096.3.2 The following procedures shall apply to audits and reviews performed by the Department's internal audit function:

- A. Internal audits will be conducted in accordance with an audit plan that lists projects and proposed objectives.
- B. Internal audits will include assessing internal and management controls in accordance with Government Auditing Standards issued by the United States General Accounting Office.
- C. The audit plan will be approved by the DHHS Director.
- D. The audit plan will be updated annually.
- E. The audit plan's specific projects will not include technical assistance and other management advisory services that usually result from management requests, but the plan will provide for auditor-hours to be available for these services upon request whenever auditor-hours are available.
- F. The audit plan will allow flexibility for responding to the needs and requests of DHHS management by adjustments to the proposed objectives of individual projects, but significant changes to the plan, such as the inclusion of an unplanned project or removal of a project from the plan, will require the DHHS Director's approval.
- G. Reports on internal audits will be addressed and issued to the DHHS Director and copies provided as required or appropriate to other members of DHHS management, the Division of Legislative Audit, and other entities or individuals affected by or interested in the report.
- H. The audit plan will provide for a number of external audits of the Department's providers, contractors, grantees, or others selected randomly or on a risk assessment basis determined from a review of relevant information including independent audit reports, Department monitoring reports, billing information, etc.
- I. The audit plan will allow flexibility for responding to the needs and requests of DHHS management for audits of entities external to the Department.
- J. Reports on external audits will be addressed and issued to the DHHS Director and copies provided as required or appropriate to the audited entity, other members of DHHS management, the Division of Legislative Audit, and other entities or individuals affected by or interested in the report.

1096.4.0 Conflicting Policies Superseded

These rules supersede DHHS Policies 2001 - Audits, 2003 - Federal Audits, and 2004 - State Audits and any existing policies or specific sections of existing policies that conflict with the terms of this policy.

DEPARTMENT CONTACT

Any questions concerning DHHS Policy Number 1096 should be directed to:

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