



Program Assistance Letter

DATE: May 18, 2009

DOCUMENT NUMBER: 2009-06

DOCUMENT TITLE: New Electronic Process
for Submitting Required Annual Financial Audits

TO: Health Center Program Grantees
Primary Care Associations
Primary Care Offices
National Cooperative Agreements

I. PURPOSE

In accordance with Section 330(q) of the Public Health Service Act, as amended, Health Center Program grantees are required to submit an annual independent financial audit performed in accordance with Federal audit requirements, and address all reportable/material weaknesses in the Audit Report. In order to streamline and simplify the audit submission process and related ongoing communications, the Health Resources and Services Administration (HRSA) is implementing an electronic submission process within the HRSA Electronic Handbook (EHB). This new process only affects the HRSA audit submission requirement. Grantees must continue to submit audits to other Federal agencies, including the Federal Clearinghouse, as required.

Beginning May 18, 2009, grantees will be required to submit annual audit information electronically through EHB. The electronic reporting of the annual audit will benefit grantees by streamlining submission requirements, improve the ability of HRSA and Health Center grantees to track the completeness of the audit submission, and improve ongoing performance management by leveraging the EHB Grant Portfolio.

II. NEW AUDIT SUBMISSION PROCESS IN EHB

Effective May 18, 2009, Health Center grantees will be submitting annual independent financial audits on-line, making use of a web-based Audit Submission Module that is completely integrated with EHB. Health Center grantees will receive EHB email alerts about this new process, including an annual email seven months after their fiscal year (or other audit period) ends as a reminder of the audit requirement to help ensure a timely submission. A timely submission is the earlier of: 30 days after receipt of the auditor's report(s) or 9 months after the audit period ends.

The system will guide the users through submitting all required parts of a complete audit. If there is any additional information required, based on a HRSA review of the audit, grantees will receive an EHB email alert and will have the ability to make the requested updates and resubmit their audit electronically. Grantees will receive a final email, confirming acceptance of their audit, once HRSA has ensured receipt of a complete annual independent financial audit.

III. REQUIREMENTS FOR A COMPLETE AUDIT SUBMISSION

In accordance with the terms of the grant award, Health Center grantees will be required to submit their complete annual independent financial audit, through three uploaded attachments in EHB:

- 1) Auditor's Report;
- 2) A-133 Compliance Supplement; and
- 3) Reports to Board/ Management letters issued by the auditor.

The audit submission should represent the grantee organization and reflect all activities, including those within the HRSA approved scope of project, as well as outside (out of scope) activities, including other lines of business.

If the financial auditor provides a single copy of the entire audit package (e.g., one PDF file), grantees should upload the file in the first submission section [Auditor's Report], and upload a brief statement in each of the other two sections stating where the information can be found. For example, "The Audit Management letter has been uploaded as part of the Auditor's Report, and can be found on pg. XX."

Auditor's Report

The audit must be completed in accordance with generally accepted accounting principles and must evaluate:

- A. The entity's implementation of cost accounting requirements;
- B. The processes used by the entity to meet the financial and program reporting requirements; and,
- C. The billing and collection procedures of the entity and the relation of the procedures to its fee schedule and schedule of discounts and to the availability of health insurance and public programs to pay for the health services it provides.

The Auditor's Report must include the auditor's signed and dated opinion letter, financial statements, auditor's notes, and required communication from the auditor. ALL grantees are required to submit an audit regardless of the amount of total federal funds disbursed.

A-133 Compliance Supplement

The Office of Management and Budget (OMB) Circular A-133 requires that an A-133 audit must be conducted for all entities with total Federal funds expenditures of \$500,000 or more within the corporate fiscal year. If the grantee is not required by OMB Circular A-133 (i.e., total expenditure of Federal funds is less than \$500,000), they should upload a one-page (maximum) letter in the "OMB A-133 Compliance Supplement" section, signed and dated by their auditor, stating the total expenditure of Federal funds in the corporate fiscal year (or other audit period) was less than \$500,000.

Reports to Board/Management Letters Issued by the Auditor

Reports issued by the auditor include any written communication prepared by the auditor and transmitted to those charged with governance and / or management of the organization for the purpose of communicating potential areas of risk, misstatement, or other concerns. This includes written communication identified as the “Management Letter” and / or any other written communications in accordance with SAS 114, which are not included in the Auditor’s Report uploaded attachment. If no other communications were issued, grantees should upload a statement from the auditor indicating, “no other written communications were issued.”

IV. AUDIT SUBMISSION DATE

Per the terms of the Health Center grant award, grantees must submit their audit annually to HRSA within 30 days of the audit’s completion, or within 9 months of the end of the corporate fiscal year, whichever occurs first. The audit completion date is considered by HRSA to be the date of the Auditor’s signed opinion letter, and is therefore different from the grantee’s audit period/fiscal year end-date.

Effective May 18, 2009, all Health Center grantees must use EHB to electronically submit their required annual audit. Grantees that submitted their audit prior to May 18, 2009 will not be expected to resubmit, but must submit all future annual audits within EHB. Beginning June 15, 2009, paper or emailed “hard copy” audit submissions will not be accepted or acknowledged, and will not be considered satisfactory for meeting the terms of the HRSA grant award.

V. CONTACT INFORMATION

For more information and/or questions on the implementation of the audit requirements, please contact your HRSA Grants Management Specialist or Bureau of Primary Health Care (BPHC) Project Officer. For questions on EHB access and submissions, please contact the BPHC System Help Desk at BHCMISYS@hrsa.gov or 301-443-7356.

Sincerely,

James Macrae
Associate Administrator for Primary Care