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| Lancaster County Drug & Alcohol Commission | Fiscal # 8 Policy: Fiscal Audit Requirements |
| Most Current Revision: 06152022 Effective Date: 06152022 | Page: 1 of 2 |

I. Purpose

The ensure the applicable audit requirements are followed according to the Contracted Service Provider’s funding source(s)

II. Procedure

The Contracted Service Provider is responsible to comply with the minimum audit reporting requirements and the submission of Audit Reports requirements set forth in the current contract and DDAP Fiscal Manual.

A facility specific annual audit which is facility specific, designating each service activity provided within the facility, must be submitted to LCDAC by all Residential Treatment Facilities. If detox and residential rehab treatment are provided in one facility, a breakout of each of these two services must be identified in the audit.

If a parent agency owns more than one facility, and a corporate audit is conducted rather than a facility specific audit, then the corporate audit must at a minimum include a facility specific Schedule of Functional Expenses and Revenue for each service activity provided within each facility.

Entities licensed by DDAP as a freestanding facility for the delivery of SUD treatment services must obtain the services of an independent certified public accountant to conduct an annual financial audit of activities associated with the project’s SUD services, in accordance with Generally Accepted Government Auditing Standards (GAGAS).

Fiscal management requirements for licensed drug and alcohol treatment entities are cited within the Pennsylvania Code under 28 Pa. Code § 709.25 and 709.138, respectively. ***It is important to note that licensed treatment providers are required by regulation to have an annual audit regardless of the amount of state and federal funds received.***

Entities licensed by DDAP as recovery houses must have policies and procedures for management of funds received and expended in accordance with standard accounting practices as indicated at 71 P.S. § 613.13(2).

NO AUDIT IS REQUIRED IF EITHER OF THE FOLLOWING APPLY:

- The recipient of funds expends less than \$500,000 of State funds received under a contract or agreement during the state fiscal year of July 1 through June 30 (for Department mandated audits) AND it expends less than \$750,000 of Federal awards received from ALL sources during its fiscal year (i.e., any and all other Federal awards expended during the contractor's fiscal year, received either directly from the Federal government or indirectly from a recipient of Federal funds).
- The recipient of funds is funded by either state or Federal funds and all monies expended during either the recipient's fiscal year (for Federally mandated audits) or funds expended under the agreement during the state fiscal year of July 1 through June 30 (for Department mandated audits) are received on a fee for service basis.
- HOWEVER, even if the recipient of funds is not required to have an audit performed, the recipient is required to maintain auditable records of Federal awards and any state funds which supplement such awards, and to provide access to such records to Federal and state agencies or their designees.

Approved By:



Rick Kastner LCDAC Executive Director

06152022

Date