

<p style="text-align: center;">Nutrition Services Department of State Health Services</p>

Effective January 1, 2011

Policy No. AUD:01.0

Audit of Local Agencies

Purpose

Audits are to determine whether:

- I. Financial operations are conducted properly.
- II. The local agency (LA) has complied with laws, regulations and policies affecting the expenditure of federal/state funds.
- III. Financial reports to the State contain accurate and reliable information.

Authority

7 CFR Part 3016; OMB Circulars A-21, A-87, A-110, A-122 and A-133; Uniform Grant Management Standards (UGMS).

Policy

LAs that expend \$500,000 or more in a year in federal funds (including but not limited to WIC funds) shall provide for an independent organizational-wide financial and compliance audit (single audit) once each year. The audit shall be conducted by an independent certified public accountant and shall be in accordance with applicable OMB Circulars, Government Auditing Standards, UGMS, and contract with the Texas Department of Health.

Procedures

- I. LAs shall:
 - A. ensure that audit costs are included as a cost category on the Plan to Allocate Direct Costs, if a prorata share of the costs shall be billed directly to the state agency (SA);

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- B. obtain prior written approval for audit costs from the SA in accordance with WIC Policy AC:16.0;
 - C. solicit bid proposals from independent accounting firms;
 - D. maintain documentation that supports cost allocation to the SA; and
 - E. forward one copy of completed audit to the SA.
- II. LAs that are governmental units shall petition the Governor's office for appointment of a State Cognizant Audit Agency.

Guidelines

- I. The SA strongly encourages LAs that expend less than \$300,000 a year in federal funds to obtain a single audit.
- II. Additional information regarding audit requirements as well as other circulars from the Office of Management and Budget may be obtained at <http://www.whitehouse.gov/omb/circulars/>.