

DHHS POLICIES AND PROCEDURES

Section II:	Budget and Analysis
Title:	Resolution of Division Audit Findings and Recommendations by the State Auditor
Current Effective Date:	5/31/05
Revision History:	8/1/02
Original Effective Date:	11/1/94

Purpose

The purpose of this policy is to set forth specific procedures for resolution of all audit findings by the state auditor during audits of the divisions/facilities/schools, including settlement of such findings with federal agencies as may be necessary. Both financial and operational audits are encompassed by this policy.

Policy

The Department of Health and Human Services (DHHS) Controller's Office is responsible for resolution of financial audits and has lead responsibility for resolution of audits that cover both financial and program compliance. The division/facility/school director is responsible for formulating a position on any program compliance issue and forwarding to the DHHS Controller.

Implementation

1. Division/facility/school directors, division/facility/school budget officers and DHHS controller's office staff.
 - A. Exit and pre-exit conferences with the state auditor and a division/facility/school will be arranged by designated DHHS Controller's Office staff with notification to the DHHS Controller, office of the internal auditor, division/facility/institution director and division/facility/school budget officer.
 - B. At the conclusion of the exit conference in which the proposed corrective actions for the interim and/or final audit findings and recommendations from the state auditor are discussed, the division/facility/school directors, division/facility/school budget officers and designated DHHS Controller's Office staff are responsible for drafting a response to each finding and recommendation for the DHHS Secretary's signature.
 - C. The response to each finding and recommendation shall include:

1. Whether the department agrees or disagrees with each finding or recommendation.
 2. If the department agrees with the audit finding or recommendation, a description of the specific actions taken or planned, including timeframes to settle the finding or to implement the corrective action.
 3. If the department does not agree with a finding or recommendation, the specific reasons, including regulations or laws supporting the position being taken or an alternative plan for settlement of the finding or corrective action.
- D. The draft response will be forwarded to the DHHS Controller's Office.
- E. After approval of the final response by the DHHS Secretary, as explained in section 2 of this policy, the divisions/facilities/schools should proceed with implementation of corrective actions immediately, unless approval for postponements is authorized by the DHHS Secretary. Priority should be given to correction of procedures and practices that may result in additional questioned costs or suspension of funding.
- F. Division/facility/school directors, division/facility/school budget officers and assigned DHHS Controller's Office staff will assure the completion of corrective actions.
2. DHHS Controller
- A. The DHHS Controller shall review the draft response as prepared by the division/facility/school staff to determine that the proposed corrective action will assure future compliance with applicable accounting principles, laws and regulations, guidelines, and policies. Any changes made by the DHHS Controller will be discussed with the division/facility/school director.
- B. The DHHS Controller will send the draft response to the director of the DHHS Office of Internal Auditor for review and comment prior to sending final response for the DHHS Secretary's signature.
- C. The DHHS Controller will send the final response to the DHHS Secretary for approval and signature. The signed original will be sent to the state auditor's office. Signed copies will be sent to the office of state controller, DHHS Office of Internal Auditor, division/facility/school director, division/facility/school budget officer and appropriate DHHS Controller's Office staff.
- D. The DHHS Controller will coordinate the response to all findings and recommendations involving more than one (1) division/facility/school.
3. Secretary of DHHS
- A. Determinations

1. The Deputy Secretary of DHHS shall resolve differences of opinion between a division/facility/school director and DHHS Controller on issues when disagreement on a resolution exists.
2. The DHHS Secretary shall make all final determinations on corrective actions to be proposed to the audit agency and federal officials.

B. Appeals

1. The DHHS Secretary will initiate all appeals or legal actions that may be necessary for resolutions of audit findings. These appeals may be with the state auditor, or with federal agencies, or with both.

For questions or clarification on any of the information contained in this policy, please contact [The Division of Budget and Analysis](#). For general questions about department-wide policies and procedures, contact the [DHHS Policy Coordinator](#).