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[CHC]

**Audit Policy**

**Date Last Updated: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Board Approved: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

1. **Policy**

## It is the policy of [CHC] to ensure compliance with grant related audit regulations by:

## Preparing the Schedule of Expenditures of Federal Awards (SEFA) to determine if an audit is required to be performed in accordance with the Single Audit Act for fiscal years (FY) because the expenditures under federal awards are $750,000 or more.

* Using specific criteria to select and engage an audit firm.
* Reporting on audits in the Federal Audit Clearing House (FAC) within the earlier of 30 calendar days after receipt or nine months after the FY’s end.

1. **Accountability**

The following [CHC] staff are responsible for ensuring compliance with and overseeing the following aspects of this board approved policy:

* Chief Financial Officer

1. **How Often to Review the Selection of the Auditor**

[CHC] shall review the selection of its independent auditor in the following circumstances:

* Anytime there is dissatisfaction with the service of the current firm
* When a fresh perspective and new ideas are desired
* Every 5 years to ensure competitive pricing and a high quality of service (this is not a requirement to change auditors every five years; simply to re-evaluate the selection)

1. **Selecting an Auditor**

The selection of an accounting firm to conduct the annual audit is a task that should be taken very seriously. The following factors shall be considered by [CHC] in selecting an accounting firm:

* The firm’s reputation in the CHC/non-profit community
* The depth of the firms understanding of and experience with non-profit organizations and federal reporting requirements under the Uniform Grants Guidance adopted by HHS at 45 CFR 75
* The firm’s demonstrated ability to provide the services requested in a timely manner
* The ability of firm personnel to communicate with [CHC] personnel in a professional and congenial manner

If [CHC] decides to prepare and issue a written Request for Proposal (RFP) to be sent to prospective audit firms, the following information shall be included:

* Period of services required
* Type of contract to be awarded (fixed fee, cost basis, etc.)
* Complete description of the services requested (audit, management letter, tax returns, etc.)
* Identification of meetings requiring their attendance, such as staff or Board of Director meetings
* Financial information about [CHC]
* Copy of prior year reports (financial statements, management letters, etc.)
* Identification of need to perform audit in accordance with the Uniform Grants Guidance adopted by HHS at 45 CFR 75
* Other information considered appropriate
* Description of proposal and format requirements
* Due date of proposals
* Overview of selection process (i.e. whether finalists will be interviewed, when a decision shall be made, etc.)
* Identification of criteria for selection

The minimum proposal requirements from prospective CPA firms shall be:

* Firm background
* Biographical information (resumes) of key firm member who will serve [CHC]
* Client references
* Information about the firm’s capabilities
* Firm’s approach to performing an audit
* Copy of the firm’s most recent quality/peer review report, including any accompanying letter of findings
* Other resources available with the firm
* Expected timing and completion of the audit
* Expected delivery of reports
* Cost estimate including estimated number of hours per staff member
* Rate per hour for each auditor
* Other information as appropriate

In order to narrow down the proposals to the top selections, the CFO shall meet with the prospective engagement teams from each proposing firm to discuss their proposal. Copies of all proposals shall be forwarded to each member of the Finance Committee. After the interviews of each firm are conducted, the CFO and CEO will do a final interview and will make the final recommendation to the Board of Directors for approval.