



HHS Circular C-041
Guidelines for HHS Agencies on Requiring Subrecipient Contractors to
Re-procure Single Audit Services
(Including Single and Program-Specific Audits)

Purpose

The purpose of this policy is to establish the requirement that Texas Health and Human Services (HHS) agencies require each subrecipient contractor that is required to obtain a single audit to competitively re-procure Single audit services at regular intervals.

Policy Statement

It is the policy of the Health and Human Services Commission (HHSC) that HHS agencies require subrecipient contractors that are required by federal Office of Management and Budget (OMB) Circular A-133 or the Governor's Office of Budget and Planning Uniform Grant Management Standards (UGMS) to obtain a single audit to re-procure single audit services at least once every six years.

Background

The OMB originally issued Circular A-133 on June 30, 1997. OMB A-133 requires that non-federal entities annually expending \$500,000 or more in federal awards receive a single audit or program-specific audit.

The Governor's Office of Budget and Planning maintains UGMS, which requires that non-state entities expending \$500,000 or more in state awards receive a single audit or program-specific audit.

HHSC Internal Audit September 25, 2008: "Review of Audit Firm Rotation for HHS Agency Subrecipients" provides greater detail regarding HHS agency expectations related to single audit requirements. Specifically, the audit recommended that HHS agencies require contractors to regularly re-procure single audit services.

The Texas Health and Safety Code §534.068 establishes the requirement that the non-state "local mental health or mental retardation authority shall use an invitation-for-proposal process as prescribed by the department to select the auditors." The Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers (21st Revision), Part III, Section C, Selection



of the Auditor, states in part, "...CMHMRCs are required to change audit firms after engaging the same firm to perform audits for six consecutive years...."

Scope

This policy applies to all HHS agencies effective January 2013.

Agency Responsibilities

Each HHS agency must develop and maintain internal policies/procedures that require subrecipient contractors that are required to obtain a single audit to re-procure single audit services at least once every six years.

HHS agency contracts must include terms and conditions that require subrecipient contractors to comply with the requirement to regularly re-procure single audit services.

Agency Procedure

Agency procedures should include:

- The requirement that all subrecipient contractors required to obtain a single audit re-procure for their single audit services at least once every six years beginning January 2013.
- A process for submitting a waiver from this policy to the chief operating officers' for approval.
- The process by which the HHS agency verifies compliance with the requirement prior to or during the six-year period.

Definitions

Agency – One of the five HHS agencies.

HHS agencies – The Health and Human Services Commission, the Department of Aging and Disability Services, the Department of Assistive and Rehabilitative Services, the Department of Family and Protective Services, and the Department of State Health Services.

Single audit – An audit which includes both the entity's financial statements and the federal awards.



References

Texas Health and Human Services Internal Audit September 25, 2008: “Review of Audit Firm Rotation for HHS Agency Subrecipients”

Governor’s Office of Budget and Planning “Uniform Grant Management Standards”
<http://governor.state.tx.us/files/state-grants/UGMS062004.doc>

Office of Management and Budget (OMB) Circular A-133

<http://www.whitehouse.gov/sites/default/files/omb/circulars/a133/a133.pdf>
[Texas Health and Safety Code, §534.068](#), “Audits”

Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers (21st Revision), Part III, Section C, “Selection of the Auditor”

Inquiries

Questions about the content of this policy should be addressed to the agency Contract Oversight and Support (COS) Director or Chief Operating Officer.