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**To:** ADMH Community Providers  
ADMH Fiscal Managers  
ADMH Program Managers

**From:** ADMH Office of Internal Audit

**RE: FY23 Audit Guidelines and Fiscal Accountability**

This memo serves as a reminder that the Alabama Department of Mental Health (ADMH) is responsible for the fiscal and programmatic monitoring of all contracts. The fiscal monitoring process includes ensuring that all contractors follow the ADMH Audit Guidelines relevant to their agreement. As a recipient of State and/or Federal Funds, your organization must comply with these audit requirements; see the Financial Arrangements section of your contractual agreement with ADMH.

Per the ADMH Contract Compliance, all providers receiving \$100,000 or more during the fiscal year must undergo a compliance audit and submit to the ADMH Office of Internal Audit a Report on Compliance with the Alabama Department of Mental Health Contract. You may be required to submit a Yellow Book Audit or a Single Audit along with your compliance audit, depending on your entity type and the amount of funding received during the fiscal year, if over \$300,000. Please see your accountant for further guidance or contact the Office of Internal Audit at the email address below.

A copy of each audit report is due to the Office of Internal Audit no later than nine months after the end of the fiscal year. **If you have already submitted the audit report for Fiscal Year 2022, please disregard this portion.** If you have not submitted the report, please refer to the end date of your fiscal year to determine when the audit report is due.

Please acknowledge receipt of this letter by providing ADMH's Internal Audit Office with a copy of your prior fiscal year's compliance audit report and Yellow Book or Single Audit report, if required, no later than **September 30, 2023**. Also, the detailed ADMH Audit Guidelines are available for your review on ADMH's website: [www.mh.alabama.gov](http://www.mh.alabama.gov).

If you have questions or concerns, please contact [InternalAudit.dmh@mh.alabama.gov](mailto:InternalAudit.dmh@mh.alabama.gov).



Other reminders are as follows:

### **FISCAL MANAGEMENT**

May be subject to Audit Requirements:

- Funding of \$100,000 or more requires a compliance audit and applies to all providers.
- Yellow Book Audit (\$300,000 but less than \$750,000 in funding) or Governmental Audit (with \$750,000 or more in funding, applies to non-profits).
- Audits must be prepared by an independent Certified Public Accountant.

Administrative needs in managing contract:

- Financial Management systems, support, and processes are necessary.
- Provider is responsible for the financial well-being of their business organization.
- Financial records must be available for review upon request.
- Providers receiving federal grant funds must register in SAM.GOV and provide a DUNS number.

ADMH requires records to be maintained for five fiscal years:

- Client and financial records must be available for review upon request.
- Maintain an inventory of supplies when funds are provided specifically to purchase supplies.

### **BILLING MEDICAID**

- Training on ADIDIS/Therap/ASAIS, whichever system is applicable.
- Proper knowledge and documentation/records to support billing: see Medicaid Billing Manual [Alabama Medicaid](#).
- Internal Controls: signatures by client served, support personnel, and executive/administrative approval are some recommended best practices.

### **MANAGING CLIENT FUNDS**

- Must follow Social Security Administration guidelines for representative payees ([A Guide for Representative Payees \(ssa.gov\)](#)).
- Must maintain receipts and ledgers and develop a system to adequately track funds.
- Must provide financial statements/updated ledger to the beneficiary at least quarterly.
- Beneficiary should have access to funds and should be involved in budgeting personal funds.

**\*\*\* READ YOUR CONTRACT: Defines services to be provided, financial arrangements, record-keeping requirements, reporting requirements, subcontractor terms, lobbying terms, debarment laws, and other provisions. \*\*\***

## Alabama Department of Mental Health

### Audit Requirements Summary

TYPES AND AMOUNTS OF FUNDS EXPENDED BY CONTRACTOR WHICH WERE RECEIVED FROM/THROUGH DMH	TYPE OF ENTITY	A-133 AUDIT (1)	YELLOW BOOK AUDIT (3)	DMH CONTRACT COMPLIANCE AUDIT	YEARLY AUDIT MR/DD WAIVER SERVICES (4)	NO AUDIT (5)
MEDICAID, STATE, AND/OR OTHER FEDERAL FUNDS TOTAL LESS THAN \$100,000.	310 BOARD  OTHER		X		X  X	  X
MEDICAID, STATE, AND/OR FEDERAL FINANCIAL ASSISTANCE FUNDS TOTALING AT LEAST \$100,000, BUT IS LESS \$300,000.	310 BOARD  OTHER		X	X  X	X  X	
MEDICAID, STATE AND/OR FEDERAL FINANCIAL ASSISTANCE FUNDS TOTALING \$300,000 OR MORE, AND THE FEDERAL FINANCIAL ASSISTANCE IS LESS THAN \$750,000.	310 BOARD  OTHER		X  X	X  X	X  X	
MEDICAID, STATE, AND/OR OTHER FEDERAL FUNDS TOTALING \$300,000 OR MORE AND THE FEDERAL FINANCIAL ASSISTANCE TOTALS \$750,000 OR MORE.	310 BOARD  OTHER	X  X	X  X	X  X	X  X	

[ADMH Audit Guidelines – Alabama Department of Mental Health](#)