



STATE OF ALABAMA
DEPARTMENT OF MENTAL HEALTH

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Kay Ivey
Governor

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January 30, 2026

To: ADMH Community Providers
ADMH Fiscal Manager
ADMH Program Managers

From: ADMH Office of Internal Audit

RE: FY25 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 (in combined federal and state funding) 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 2024, 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. As of October 1, 2025, all Fiscal Year 2024 audit reports that have not been received by the Office of Internal Audit are considered delinquent.

The Audit Review for Fiscal Year 2025 has been completed and the level of audit report that is required has been determined. Correspondence will be sent out this month from the ADMH Service Divisions to notify you of your current audit requirement.

If you have questions or concerns, please contact InternalAudit.dmh@mh.alabama.gov.



1. AUDIT REQUIREMENTS

The level and type of audit to be performed must be determined by the combined funding from Federal, State, and County funds expended from all revenue sources that are subject to these requirements. Funds received directly from all federal agencies and pass-through entities such as ADMH and all other state or local government agencies should be included when assessing audit needs.

a. A listing of these requirements is as follows:

Not-for Profit Entity:

Combined State and Federal Funding	Entity Type	Audit
Funding of \$1,000,000 or more	Subrecipient/ Contractor	OMB Single Audit & ADMH Contract Compliance Audit
Funding of greater than \$300,000 but less than \$1,000,000	Subrecipient/ Contractor	Yellow Book Audit & ADMH Contract Compliance Audit
Funding greater than \$100,000 but less than \$300,000	Subrecipient/ Contractor	ADMH Contract Compliance Audit
Funding less than \$100,000	Subrecipient/ Contractor	No audit required

For-Profit Entity:

Combined State and Federal Funding	Entity Type	Audit
Funding of greater than \$300,000	Subrecipient/ Contractor	ADMH Contract Compliance Audit
Funding less than \$300,000	Subrecipient/ Contractor	No audit required