

FINANCIAL AUDIT TRAINING

Wednesday, October 29, 2025, 10:00 AM

Wednesday, November 05, 2025, 10:00 AM



Behavioral Health System
Baltimore

WELCOME TO BHSB FY26 FINANCIAL AUDIT REQUIREMENT TRAINING

- Please add your name, organization and agency role to the chat.
- To ensure we capture all questions and answers, please add your questions to the chat.
- We will review those questions and provide answers at the end of the presentation.



MEETING AGENDA

- Welcome
- Behavioral Health System Baltimore (BHSB) Introductions
 - Who is BHSB?
 - Contracting with BHSB
 - BHSB Contract Type – Audit Requirement
 - Financial Audit Governance
 - Non-Compliance to Financial Audit Requirement

WHO IS BHSB?

Behavioral Health System Baltimore (BHSB) is the Local Behavioral Health Authority for Baltimore City. BHSB manages grant funds for behavioral health services and provides general system oversight and management.

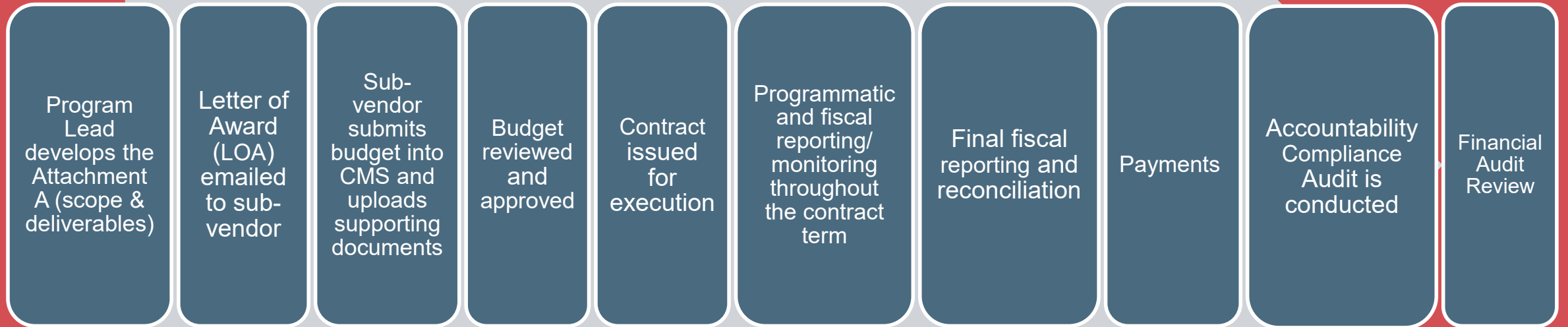


**BHSB
ADMINISTRATIVE
PRACTICES**

**Contracting
with
BHSB**



BHSB CONTRACTING PROCESS OVERVIEW



**BHSB
CONTRACTING
PROCESS**

**Contract
Administrator
Lead**

**Accounting
Monitor**



BHSB CONTRACT TYPE

Cost Reimbursement

- Contract pricing method under which allowable, reasonable, & allocable costs incurred in a performance of a contract are reimbursed in accordance with the terms of the contract.
- Requires that the subvendor report actual cost associated with the services to be provided by categories or line items such as salaries, benefits, office supplies, etc.

There are two types of Cost Reimbursement contracts:

Advance Basis Cost Reimbursement – Sub-vendor receives funds in advance of incurring and reporting costs; usually a pro-rated budget amount.

Actual Expenditures Cost Reimbursement – Sub-vendor receives funds after the costs are incurred and reported and the payment equals the amount of costs reported for a specific period.

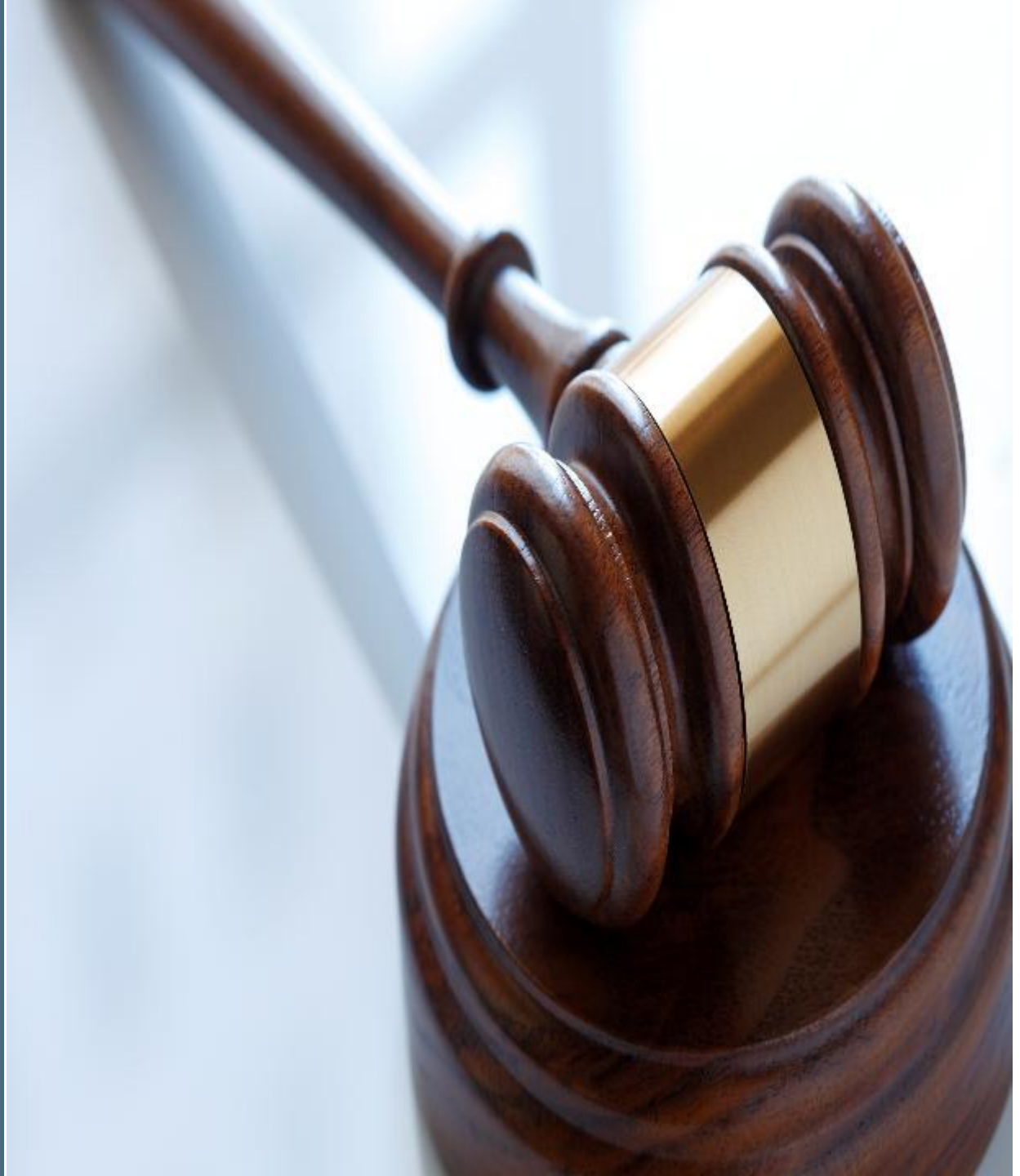
**BHSB
CONTRACTING
PROCESS**

**Financial
Audits
Governance**



MDH FINANCIAL AUDIT REQUIREMENTS

- Governed by the Human Service Agreement Manual (HSAM)
- Local Health Department Funding System Manual
- 2 CFR Part 200 (Uniform Guidance for Federal Government)
- Implemented and followed by BHSB
- Followed by the MDH, Office of the Inspector General, External Audit Division



FINANCIAL AUDITS

- Sub-Vendors with a combined total of **\$100,000** or more in BHSB contracts are required to submit an annual audit in accordance with the Generally Accepted Accounting Principles (“GAAP”).
- In addition to the above requirement, Sub-Vendors who receive **\$1,000,000** or more in federal funds must submit an audit performed in accordance with the Single Audit Act Amendments of 1996 and the Uniform Guidance 2 CFR 200 subpart F (200.500).
- The submitted audit must include the official Management Letter from the audit company performing the audit.
- Sub-Vendors with a combined total of **\$100,000** or more in BHSB contracts are also required to submit a 440 audit.



440 RECONCILIATION **IS**
NOT THE SAME AS A 440
AUDIT.

SAMPLE 440 AUDIT

FINANCIAL AUDITS REVIEW

- Financial audits must be submitted to Keisha.tatum@bhsbaltimore.org
- BHSB will conduct a financial review of all financial audits submitted.
- If there are extreme concerns within the review, BHSB Inc. will notify the sub vendor in official writing to discuss.
- Financial Reviews are shared with funding partners when requested.
- When appropriate, BHSB can request a financial desk review with the sub vendor to further look at the sub vendor financial ability or inability to manage the contract with little to no risk.



NON-COMPLIANCE OF FINANCIAL AUDIT REQUIREMENT

Sub vendors who are non-compliant with the submission of the financial audits are subject to:

- Withholding of Letter of Award
- Fine of \$2,000.00
- Inability to contract with BHSB Inc.



QUESTIONS & OPEN DISCUSSION



CONTACT US



Behavioral Health System
Baltimore

*Envisioning a city where people live
and thrive in communities that
promote and support behavioral health*

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