###### Procuring Non-Audit Services from the Audit Firm:

###### Sample Policy and Procedure[[1]](#footnote-1)

# **Policy.**

[Health Center Name] (“Health Center”) is committed to ensuring corporate responsibility and transparency of actions, including the independence of its annual audit, which will be conducted in accordance with applicable federal and state laws, regulations and policies.

# **Procedure.[[2]](#footnote-2)**

**1. Process to review and approve contracts.** Health Center will establish a process by which it will review and approve all proposals from Health Center’s audit firm to provide non-audit services. The goal of this process is to ensure auditor independence with respect to such services, and all proposals will be evaluated based upon criteria established to advance this goal. These criteria will, at a minimum, prohibit the audit firm from: (1) performing non-audit services that involve management functions or management decisions; (2) auditing its own work; and/or (3) providing non-audit services that are significantly material to the audit. Health Center may develop other criteria as it deems appropriate and in its sole discretion.

**2. Safeguards.** Prior to executing any contracts under which Health Center’s audit firm provides non-audit services, Health Center will ensure that appropriate safeguards are established, including the following:

1. Health Center’s management must take responsibility for the decisions pertaining to the non-audit services;
2. The responsibilities of the audit firm and management must be spelled out in the audit engagement letter; and
3. Health Center’s management shall otherwise ensure that the non-audit services do not impair the audit firm’s independence as detailed in Generally-Accepted Government Auditing Standards.

**3. Legal requirements**. Health Center will use best efforts to ensure that all contracts to procure non-audit services from its audit firm will comply with all applicable federal and state laws, regulations and policies, including, but not limited to, the requirements of the Federal Anti-Kickback laws and regulations and the federal procurement standards set forth in 45 C.F.R. Part 75 (as addressed further in Health Center’s Procurement: Policy and Procedures), as they apply to vendor contracts in general.

**4. Documentation.** Health Center will maintain copies of all contracts, as well as programmatic and financial reports related to such contracts, in its operational files for a minimum of three years after the term of the contract.

**This policy and procedure shall be periodically reviewed and updated consistent with the requirements and standards established by the Board of Directors and health center management, federal and state laws and regulations, and instructions of relevant regulatory and/or grantor agencies.**

**Responsible parties:**

### Signature Date

### Executive Director

Signature Date

1. The Authors of these materials include attorneys at the law firm of Feldesman Tucker Leifer Fidell LLP. The sample documents offer general guidance based on federal law and regulations and do not necessarily apply to all health centers under all facts and circumstances. Further, these materials do not replace, and are not a substitute for, legal advice from qualified legal counsel. [↑](#footnote-ref-1)
2. Authors’ note: Using the following sample as a guide, health centers should tailor the procedure to reflect their own structures and operations. [↑](#footnote-ref-2)