

HSD Audit Requirements

Effective January 1, 2025, for report year 2024, City of Seattle Human Services Department is implementing new requirements for financial reporting and audit submissions for contracted providers. Updated audit thresholds will bring HSD into alignment with King County and Washington State contracting practices and relevant Revised Codes of Washington (RCW). The new requirements include updated federal audit requirements for federal funding which were revised in 2024.

The updated financial reporting requirements are as follows:

Financial Reports and Audits

- A. If the Agency is a Non-Federal entity as defined in 2 CFR Part 200.69, and expends \$1,000,000 or more in Federal awards during its fiscal year, then the Agency shall meet the audit requirements as described in 2 CFR Part 200 Subpart F. **Audit packages are due to the City within nine months after the close of the Agency's fiscal year**
- B. If the Agency is not subject to the requirements in subsection A, the following apply:

Non-Profit Entities

Gross Revenue	Tax Documents	Financial Statements	Due Date
Under \$3M	Form 990 within 30 days of its being filed.	Full set of annual internal financial statements.	Within 30 calendar days from the forms being filed.
Over \$3M	Form 990 within 30 days of its being filed.	Audited financial statements prepared by an independent Certified Public Accountant or Accounting Firm.	Within 9 months following the close of the Subrecipient's fiscal year.

For-Profit Entities

Gross Revenue	Tax Documents	Financial Statements	Due Date
Under \$3M	Income tax return.	Full set of annual internal financial statements.	Within 30 calendar days from the forms being filed.
Over \$3M	Income tax return.	Audited financial statements prepared by an independent Certified Public Accountant or Accounting Firm.	Within 9 months following the close of the Subrecipient's fiscal year.

- C. Waiver – An Agency that is not subject to the requirements in subsection A may request, and in the City's sole discretion be granted, a waiver of the audit requirements. If approved by the City, the Agency may substitute for the above requirements other forms of financial reporting or fiscal representation certified by the Agency's Board of Directors.
- D. The City may require additional audit or review requirements, and the Agency will be required to comply with any such requirements.

Benefits

- A. For contracted providers with < \$3M in revenue, it requires NO additional reporting work. Relies on typically filed and compiled:
 - a. 990 Form or Income Tax Return
 - b. Internal Financial Statements
- B. Aligns thresholds with other local funders such as King County and Washington State.

Implementation

HSD will implement this update in Quarter 1 of 2025 in the following manner:

- A. For contracted providers whose current General Terms and Conditions Agreement with HSD was executed prior to April 1, 2023, HSD will be initiating a renewal of that agreement to include the updated financial reporting section.
- B. For contracted providers whose General Terms and Conditions Agreement with HSD was executed on or after April 1, 2023, HSD will be initiating an amendment to that agreement to include the updated financial reporting section.
- C. For contracted providers who currently have an Agency Service Agreement with HSD and no General Terms and Conditions Agreement, HSD will be initiating an amendment to that agreement to include the updated financial reporting section. Please note that, depending on the timing of the execution of the current Agency Service Agreement, that agreement may already have the updated financial reporting section in which case no action needs to be taken.

All contracted providers will receive direct communication from a program specialist regarding the next steps for their specific situation.

For questions or assistance with this matter, please contact HSD_LAD_Contracts@seattle.gov and HSD's Business Operations Contract Team will respond.

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