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Triennial Audit Requirement for Hospices and Home Care Organizations	OLC-3003-G	1 of 3
Responsible Division	Rev. Number	Eff. Date
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1.0 Purpose

This document was created to address questions concerning the triennial audit requirement for licensed entities, including when the triennial period commences and what constitutes acceptable demonstration of compliance with this requirement.

2.0 Scope

This document applies to licensed home care organizations and licensed hospices in the Commonwealth of Virginia, collectively referred to as “licensed entities.” This document supplements any agency-wide policy on mandatory reporting for these licensed entities. To the extent there is a conflict between an agency-wide policy and this policy, the Code of Virginia and relevant regulations will determine which supersedes.

3.0 Definitions

Assurance: Any form of expressed or implied opinion or conclusion about the conformity of a financial statement with any recognition, measurement, presentation, or disclosure principles for financial statements.

Attest services: An audit, review, or other attest service for which standards have been established by the Public Company Accounting Oversight Board, by the Auditing Standards Board or the Accounting and Review Services Committee of the American Institute of Certified Public Accountants, or by any successor standard-setting authorities.

Audit: An attest service performed by a CPA firm that provides the highest level of assurance whether financial statements are free from material misstatement.

Certified public accountant (CPA): A person licensed by a state board of accountancy who is permitted to practice public accountancy.

CPA firm: An entity formed by one or more CPAs as a sole proprietorship, a partnership, a corporation, a limited liability company, or any other type of entity permitted by law and which holds a license issued by a state board of accountancy to provide attest services.

Licensed entity: A home care organization or hospice licensed to operate in the Commonwealth of Virginia,

Virginia Department of Health (VDH): An executive branch agency in the Commonwealth of Virginia that assists the State Board of Health and State Health Commissioner with administering and providing a comprehensive program of preventive, curative, restorative and environmental health services; educating the citizenry in health and environmental matters; developing and implementing health resource plans; collecting and preserving vital records and health statistics; assisting in research; and abating hazards and nuisances to the health and to the environment, both emergency and otherwise.

4.0 Authorities

[12VAC5-381-150\(C\)](#)

[12VAC5-381-190\(D\)](#)

[12VAC5-391-160\(C\)](#)

[12VAC5-391-200\(C\)](#)

5.0 Guidance

Every licensed entity is required to have its financial records undergo an audit conducted by a CPA at least triennially. Per Code of Virginia § [54.1-4412.1](#), “[o]nly a [CPA] firm can provide attest services...to persons or entities located in Virginia.”

5.1 Triennial Period

The triennial period is different for every licensed entity, and starts with date of initial licensure. For example, if a licensed entity were initially licensed on August 15, 2017, then it would need to have an audit completed sometime between August 15, 2017 and August 14, 2020, and then triennially thereafter. Because a change of ownership results in a reissuance of a license rather than an entirely new license, it does not reset or change the triennial period. It is every prospective licensed entity owner's responsibility to conduct due diligence prior to acquiring a licensed entity, including understanding any current or outstanding regulatory requirements

5.2 Demonstration of Compliance

To demonstrate compliance with the triennial audit requirement, every licensed entity shall maintain and provide upon request of VDH a copy of the audit opinion letter that the CPA produced at the end of the audit engagement. This is a formal report—often in the format of letter to the licensed entity—that expresses an opinion on whether the financial statements are presented fairly, in all material aspects, in

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accordance with the applicable financial reporting framework. VDH may individually request this documentation or may request it as part of the licensure renewal process.

Financial statements, tax returns, balance sheets, or similar financial records are not sufficient to demonstrate that an audit has been completed, and should not be submitted to VDH as a demonstration of compliance with the audit requirement.

6.0 Forms and Templates

None.

7.0 References

None.

8.0 History

Revision	Date	Author	Reviewer	Approver	Description
1.00.00	6/10/21	Allen, Rebekah E.	Beazley, Kimberly F. Risser, Ruthanne	Hlibert, Joseph	Document creation

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