



**pennsylvania**  
DEPARTMENT OF HEALTH

*Bureau of Drug and Alcohol Programs*  
**FISCAL MANUAL**

July 1, 2010 – June 30, 2015

Effective 7-1-2010

# FISCAL MANUAL

## TABLE OF CONTENTS

<b>Part One</b>	<b>Purpose and Use of the Fiscal Manual</b>
<b>Part Two</b>	<b>General Information</b>
Acronyms	2.01
Definitions	2.02
Drug and Alcohol Activity Definitions	2.03
<b>Part Three</b>	<b>SCA Fiscal Management</b>
Budget Development	3.01
SCA Initiated Budget Revisions	3.02
County Match	3.03
Fund Balances/Deficits	3.04
Invoicing	3.05
Encumbering and Expenditure Guidelines	3.06
Fixed Asset Management Guidelines	3.07
Cost Allocation	3.08
Supplantation	3.09
<b>Part Four</b>	<b>Revenues and Expenditures</b>
Classification of Major and Minor Objects	4.01
Major Object 100 – Personnel Services	4.02
Major Object 300 – Operating Expenses	4.03
Major Object 400 – Fixed Assets	4.04
Provider Revenue and Income	4.05
SCA Revenue and Income	4.06
<b>Part Five</b>	<b>Funds Use and Allowability</b>
State	5.01
SAPTBG	5.02
Pregnant Women and Women With Children (PWWWC)	5.03
Human Immunodeficiency Virus (HIV)	5.04
SAPTBG Prohibitions/Restrictions	5.05
Reserved	5.06
Other DOH Funding	5.07
BHSI Funds	5.08
Act 152 Funds	5.09
<b>Part Six</b>	<b>Reserved</b>

<b>Part Seven</b>	<b>Liability for Drug and Alcohol Services</b>
General Provisions	7.01
Exempt Services	7.02
Determination of Liability	7.03
Reduction or Elimination of Liability	7.04
Collection and Write-Off of Past Due Accounts	7.05
Client Fee Schedules	7.06
Instructions for Use of Liability Tables and Forms	7.07
Client Liability Tables	7.08
Client Liability Forms	7.09
<b>Part Eight</b>	<b>Reporting and Record Keeping</b>
Records and Retention	8.01
Fiscal Reporting	8.02
<b>Part Nine</b>	<b>Audits</b>
Audit Coverage	9.01
Audit Source Documents	9.02
Types of Audits	9.03
Submission of Audit Information	9.04
Audit Responsibilities	9.05
General Audit Provisions	9.06

## **PART ONE: PURPOSE AND USE OF THE MANUAL**

The Bureau of Drug and Alcohol Programs (BDAP) has developed this Fiscal Manual to provide Single County Authority (SCA) fiscal personnel with a central source of information to assist in fiscal operations and outline necessary requirements as set forth by the Commonwealth of Pennsylvania. This Manual also includes overview sections describing funding sources, the budget process and invoicing instructions, as well as reporting and record keeping requirements. Because all aspects of the SCA's agreement with BDAP are not included in the Fiscal Manual, it is not intended to be an all-inclusive resource guide. Unless BDAP instructions are specific to providers of services or otherwise prohibit application to service providers, SCAs may choose to adapt certain parts of the Manual to the provider level in accordance with the SCA's operational requirements.

The requirements, policies, procedures, and instructions in this Manual are official and are to be adhered to by the SCAs. If there are conflicts with other documents, the SCA Grant Agreement generally takes precedence over the Prevention, Treatment, Fiscal and Operations Manuals issued by BDAP. However, certain exceptions to the order of precedence may occur. For instance, travel rates for lodging, as set forth by the Commonwealth's Management Directive 230.10, Rev. 1/21/09 would take precedence over the Commonwealth Travel and Subsistence Rates, Rev. 7/07, incorporated into the SCA Grant Agreement.

Since no instruction system can anticipate every conceivable situation, the principles and procedures in this Manual shall be regarded as guidelines. Questions from SCAs regarding applicability of specific parts of this Manual may be directed to their respective Program Representative from the Division of Program Monitoring or to staff in the Fiscal Section.

It may be necessary to issue temporary instructions, which will take precedence over material in this Manual. When this is done, the temporary instructions will clearly state the exception and include an expiration date.

Any additions or updates to the Fiscal Manual will be sent to the SCA Administrator, as well as the fiscal contact assigned by the SCA and provided to BDAP. The new or revised pages will be distributed to both of the above-mentioned individuals for every SCA. The date of any new issuance will appear at the bottom of each page. Upon receipt of these pages, the fiscal contact is required to substitute the new pages in place of the existing pages. Any questions regarding information presented in the Fiscal Manual should be directed to BDAP fiscal staff at (717) 783-8200.

## **PART TWO: GENERAL INFORMATION**

### **2.01 ACRONYMS**

The following list of acronyms will be of assistance to fiscal staff when utilizing the manual, as well as performing functions as a fiscal employee in the Single County Authority:

**ARD** – Accelerated Rehabilitative Disposition

**ATOD** – Alcohol, Tobacco and Other Drugs

**BDAP** - Bureau of Drug and Alcohol Programs

**BHSI** – Behavioral Health Services Initiative

**CAP** – Corrective Action Plan

**CIS** – Client Information Systems

**D&A** – Drug and Alcohol

**DGS** – Department of General Services

**DOH** – Department of Health

**DPW** – Department of Public Welfare

**DPW/OSP** – Department of Public Welfare/Office of Social Programs

**DUI** – Driving Under the Influence

**EAP** – Employee Assistance Programs

**FFS** – Fee For Service

**FFY** – Federal Fiscal Year

**FTE** – Full Time Equivalent

**GAAP** – Generally Accepted Accounting Principles

**GAGAS** – Generally Accepted Government Auditing Standards

**GAO** – General Accounting Office

**GAMNO** – General Assistance-Medically Needy Only

**HIPAA** – Health Insurance Portability and Accountability Act

**HIV** – Human Immunodeficiency Virus

**HSDF** – Human Services Development Fund

**ICM** – Intensive Case Management

**IDU** – Injection Drug User

**IRS** – Internal Revenue Service

**MA** – Medical Assistance

**MCO** – Managed Care Organization

**MH** – Mental Health

**MR** – Mental Retardation

**NIAAA** – National Institute on Alcohol Abuse and Alcoholism

**NIDA** – National Institute on Drug Abuse

**OMHSAS** – Office of Mental Health and Substance Abuse Services

**PACDAA** – Pennsylvania Association of County Drug and Alcohol Administrators

**PBPS** – Performance-Based Prevention System

**PCCD** – Pennsylvania Commission on Crime and Delinquency

**PHHS** – Public Health and Human Services

**PWWWC** – Pregnant Women and Women With Children

**SAP** – Student Assistance Program

**SAPTBG** – Substance Abuse Prevention and Treatment Block Grant

**SCA** – Single County Authority

**SFY** – State Fiscal Year

**TLF** – Transitional Living Facility

## 2.02 DEFINITIONS

The following definitions are for terms used in the SCA Fiscal Manual. The definitions are specific to the manual and are not to be construed as universal.

Abatement - A partial or complete cancellation by an SCA of a liability imposed.

Accounts Payable – Amounts of payment owed for goods and services received.

Accounts Receivable – Receipt of payment amounts anticipated for goods and services delivered.

Activity Code - The number assigned to each specific budget activity, e.g., 51 = Administration, 61 = Information Dissemination.

Agreement - A general term used to imply a legally binding document, i.e., contract.

Allocated Costs - Direct costs benefiting multiple cost objectives that are specifically identifiable through time studies, time card reporting, or a direct measurement to a specific cost objective. (Example: Allocating the SCA Administrator salary/benefit costs to multiple program activities where the Administrator also oversees the operation of Prevention and Case Management.) Direct billing of costs outside of the SCA, contractual arrangements, or similar accounting of costs, are not a basis for allocation unless those costs are specific to an actual benefit. [Example: Actual maintenance (periodic cleaning and servicing) costs for all copiers, where Model No. A25 may be allocated to the users of Model. No. A25.]

Allocation – D&A funds to be distributed to SCAs or county administrative units by the Commonwealth for the operation of D&A programs.

Appropriation - A statutory authorization granted by the state legislature to an agency, allowing it to incur obligations and make expenditures for specific purposes within a specific period of time and generally for a maximum dollar amount.

Augmentation - Authorized monies that are added to an existing agreement.

Award Notice - See “Schedule of Funding.”

Base Dollars – General Assistance State dollars and Federal SAPTBG dollars allocated by BDAP that are not reserved for any particular priority population (e.g., SAP, PWWWC) or for any particular limited-term project.

Budget Revision (Major) - A significant change in an SCA budget (a shift of over 10% of funds between major categories) that requires the BDAP’s written approval prior to SCA implementation.

Budget Revision (Minor) - A small change in an SCA budget (up to 10%) that does not require

the BDAP's written approval prior to SCA implementation.

Bureau of Drug and Alcohol Programs – BDAP is the D&A single state authority for management of drug and alcohol services for the Commonwealth. The BDAP is a bureau within the Department of Health designated as the single point of contact for prevention; intervention; treatment; and treatment-related services, to include case management services, and is authorized to receive Federal funds under the SAPTBG. The BDAP is responsible for: providing state and Federal funding to state and local D&A programs; developing a state plan for the prevention, treatment and control of the abuse of alcohol and other drugs; collecting and publishing of substance abuse statistics; and promulgation of regulations specifying uniform statistics to be obtained, records to be maintained, and reports to be submitted by public and private organizations.

Carryover - Unexpended funds from a fiscal year(s) that carried forward into the subsequent fiscal year.

Categorical Funds - State or Federal funds designated for a particular limited term project.

Classification of Major and Minor Objects – A list of accounts by which major and minor objects are categorized.

Client Fee Schedule - A list of the provider's usual and customary charges to the general public for a unit of service.

Client Liability – That portion of the cost for services rendered that is the client's responsibility to pay.

Collection Letter - Written correspondence which requests payment owed.

Contingent Commitment – An expectation of payment based on availability of funds.

Cost Reimbursement Contract – A type of contract established to secure services based on an approved budget and work statement, whereby payment is contingent upon the receipt of defined deliverables and actual expenditure (to include the application of any generated operational revenues) of funds utilized in the performance of the contract's stated deliverables. Contents of a cost reimbursement contract must be in accordance with the BDAP's Operations Manual.

County Joinder - A D&A administrative unit (SCA) whose geographic area consists of two (2) or more counties.

County Match - A local financial commitment toward the provision of services by county governments (including joinders) that manage the local D&A system.

Deficit - The excess of expenditures over revenues during an accounting period.

Direct Costs - Those costs that can be identified specifically with a particular final cost objective, and under the management responsibility of the organization benefiting or incurring the cost. A cost objective is captured within expenditure line items or major/minor objects (e.g., 111-Administrative Salaries, 307-Office Supplies, 316-Equipment Leases).

Direct Project Contractor - A provider that contracts directly with BDAP and does not receive funds for the project through the SCA.

Disbursement - The outlay of cash only.

D&A Program Administrator - The individual appointed by the local authorities to manage the SCA D&A Program.

Encumbrance - A reservation of funds in anticipation of the occurrence of expenditure upon delivery of goods or rendering of a service.

Expenditure - Cash disbursed for goods delivered or services rendered.

Expenses - Combined expenditures and encumbrances incurred in a particular fiscal period.

Fee-for-Service – Reimbursement for services based on a charge per unit of service.

Fiscal Year - A twelve-month accounting period.

Fixed Asset – Furniture, equipment and computers that have a useful life of more than one year and an initial purchase price of \$5,000 or more per item.

Fund Balance – Monies that remain unspent at the end of the accounting period.

Funding Agreement - A legal document (contract or grant agreement) that serves as the mechanism by which the SCA can obtain Federal and state funds.

Funding Period - A period of time designated through an agreement, during which funding is provided for specific functions.

Funding Source - The agencies or programs from which funds are received.

Indirect Costs - Costs incurred for a common or joint purpose benefiting more than one cost objective, and not readily assignable to the cost objectives specifically benefited. Direct costs accumulate in various cost pools (such as county payroll, human resources and building/facility management) and are distributed to benefiting organizational units using indirect

methodologies, such as personnel or full time equivalents (FTEs), transaction counts and other means applicable to the cost pool being distributed. Cost pools must be established separately for organizational and indirect methodology applications. Indirect costs do not include general government functions, such as boards and commissions, county commissions, or taxing and government revenue/assessing entities. Organizational unit managers or directors responsible for broad and multiple functional responsibilities outside of the specific organization (e.g., SCA, licensed provider) are considered indirect costs and their responsibilities may encompass supervision/management of direct or cost pool programs.

Inventory - A detailed list of fixed assets showing quantities, descriptions and unit costs.

Invoice - A document requesting payment or reimbursement.

Lapse - The monies received through an agreement that are not spent during the funding period and which revert back to the funding source.

Liability - The responsibility of payment for goods provided or services rendered.

Major Object - A broad heading used to categorize a group of expenditures, such as personnel, operating and fixed assets.

Minor Object - A breakdown of a major object into a group of similar expenses.

Net Charge - The amount the provider bills for services provided.

Parent - A biological or adoptive mother or father of the client.

Per-Diem - A daily rate.

Planning Council/Executive Commission - The body of individuals appointed to advise or govern the activities of the SCA's D&A Program.

Private Funds – Monies received from sources other than governmental, e.g., private foundations, charitable donations, insurance payments.

Proceeds - The total amount of funds received from a transaction.

Prorate - To divide, distribute or assess the use of funds proportionally according to some established calculable factor(s).

Public Funds - Monies received from any governmental source, i.e., Federal, State, or County.

Purchase Price - The amount charged for goods or services.

Purchaser - The agency or party that expends funds for goods or services.

Quote – The written or verbal proposed cost of goods or services.

Representative Payee - A person or an organization selected by a benefit issuing agency to receive and manage benefits on behalf of a beneficiary.

Resources - The assets of an agency such as personnel, cash, equipment, land and buildings.

Revenues - Cash income.

Schedule of Funding - An outline of funds issued by the BDAP to the SCA, by category and in total.

Service Units - A standard for measuring client-oriented services.

Single Audit - A financial and compliance audit, as defined in Standards for Audit of Governmental Organizations, Programs, Activities and Functions, promulgated by the Comptroller General of the United States (frequently called GAO Audit Standards).

SCA - The agency designated to plan and coordinate D&A prevention; intervention; treatment; and treatment-related services, to include case management services, for a geographic area, which may consist of one or more counties.

Surplus – The excess of revenues over expenditures during an accounting period.

## **2.03 DRUG AND ALCOHOL ACTIVITY DEFINITIONS**

SCA LEVEL – This level involves activities associated with either the governmental or private agency in a county or several counties (joinder) designated by the Board of County Commissioners or the DOH which is responsible for planning, administering, funding and evaluating substance abuse services in that county or joinder. These activities, as conducted by the SCA, do not involve the direct delivery of services to clients.

Administration (Activity 51) – This activity is for the provision of planning, organizing, funding, and control of the SCA's D&A program. This activity includes general managerial functions that are supportive to, but not an intrinsic part of, the provision of direct services. Services include plan development and program implementation, budgeting, financial and data management, project and service monitoring, and evaluation. Personnel costs, including salaries and associated fringe benefits, are considered administrative if those costs are not incurred in the direct provision of prevention; intervention; treatment; and treatment-related services, to include case management services.

Reserved (Activity 52) - This activity is currently not in use.

Evaluation and Research (Activity 53) - This activity is reserved for DOH sanctioned research and evaluation projects or such activities initiated by the SCA without DOH financial participation. Projects of this nature, unless sanctioned by DOH, would be funded from local (not matching funds), Federal, or private resources.

Special Projects (Activity 54) – This activity is reserved for special administrative related projects initiated at the discretion of DOH (e.g., the State Epidemiological Outcomes Workgroup and the Strategic Prevention Framework Advisory Council) and approved by the BDAP, or such projects initiated by the SCA and funded by sources other than DOH.

PREVENTION LEVEL – This level involves a proactive process that empowers individuals and systems to deal constructively with potentially difficult life situations, to keep healthy people healthy and to bolster the strength of those at risk. It requires that a measurable, risk-based series of collaborative and culturally relevant strategies be employed to preclude or reduce those uses of drugs and alcohol that have a negative impact on the individual, the family, and the larger society. Negative impact includes the physical, mental, or social consequences that result in the reduction of optimum functioning at home, in school, at work, or in the community. Positive behaviors are defined as those which include increased self-understanding, improved interpersonal and human relations skills, enhanced ability to relate to social institutions, and effective coping behaviors to deal with stress. Prevention activities are targeted at the total populations, with an emphasis on delivering appropriate services prior to the manifestation of inappropriate behaviors. Prevention activities can be delivered through schools, media, family or community agencies and groups.

Information Dissemination (Activity 61) - This strategy provides awareness and knowledge on the nature and extent of alcohol, tobacco and drug use, abuse and addiction and the affects on individuals, families and communities. It also provides knowledge and awareness of available prevention programs and services. Information dissemination is characterized by one-way communication from the source to the audience, with limited contact between the two groups.

Education (Activity 62) – This strategy involves two-way communication and is distinguished from the Information Dissemination strategy by the fact that interaction between the educator/facilitator and the participants is the basis of its activities. Education activities aim to affect critical life and social skills, including decision-making, refusal skills, critical analysis (e.g. of media messages) and systematic judgment abilities.

Alternative Activities (Activity 63) - This strategy operates under the premise that healthy activity will deter participants from the use of ATOD. The premise is that constructive and healthy activities offset the attraction to, or otherwise meet the needs usually filled by ATOD and would, therefore, minimize or eliminate use of ATOD. These activities must be directly linked to an educational or skill-building activity.

Problem Identification and Referral (Activity 64) - This strategy targets those persons who have experienced first use of illicit or age-inappropriate use of tobacco and those individuals who have indulged in the first use of illicit drugs and alcohol in order to assess if their behavior can be reversed through education. Prevention funds shall not be used for SAP, EAP or DUI programs beyond the point of the educational component. The educational component is inclusive of providing consultation services to school district personnel, core team members and parents. Funding for assessment or any other activity directly linked to the inauguration of treatment must come from other designated funding sources.

Community-based Process (Activity 65) - This strategy aims directly at building community capacity to enhance the ability of communities to more effectively provide prevention and treatment services for alcohol, tobacco and drug abuse disorders. Activities include organizing, planning, enhancing efficiency and effectiveness of services, inter-agency collaboration, coalition building and networking.

Environmental (Activity 66) - This strategy establishes or changes written and unwritten community standards, codes, ordinances and attitudes thereby influencing incidence and prevalence of the abuse of alcohol, tobacco and other drugs used in the population. This strategy is divided into two subcategories to permit distinction between activities which center on legal and regulatory initiatives and those that relate to the service and action-oriented initiatives.

Other Prevention (Activity 67) - This activity is reserved for DOH sanctioned initiatives, activities taking place initiated by the SCA and funded by sources other than DOH, or services not readily captured under the previously defined prevention activities.

INTERVENTION LEVEL – This level involves the provision of services aimed at assisting the client in coping with a specific crisis or other situation in his or her life whereby his or her customary modes of adaptation have proven inadequate. This level is aimed at assisting in decision-making and supporting the client until he or she can cope with the situation independently. Referral is provided if the need for a structured treatment regimen or other service is indicated.

Reserved (Activity 71) – This activity is currently not in use.

Intervention (Activity 72) – This activity is for the provision of intervention services to include group intervention services within Student Assistance Programs and Employee Assistance

Programs for individuals within an organization whose personal, academic, work or other performance has deteriorated as a result of their drug and alcohol use. This activity also includes hotline, group discussion and outreach as defined below.

Hotline - The provision of referral, advice, and crisis intervention through a telephone service.

Group Discussion - The provision of group intervention services to substance users/abusers or affected significant others. The goal of these services is to get persons to critically evaluate their substance use and the negative effects their behavior is having on their personal, family and societal development. Also includes DUI, underage drinking, teen pregnancy, and drop-in center support activities.

Outreach - Identifying those individuals who are at high risk of becoming substance abusing individuals and encouraging those individuals who are substance abusers to access treatment. Outreach also includes promoting awareness about substance abuse and its relationship to contracting communicable diseases. Staff persons conducting outreach provide these groups with information about accessing intervention and treatment services. In addition to outreach services to the injection drug users population, as required by the Substance Abuse Prevention and Treatment Block Grant, other examples are programs for persons who may be exposed to HIV (e.g., Client Testing/Partner Notification) or Hepatitis C, as well as programs that reach out to the Latino community.

TREATMENT LEVEL – This level involves the activities aimed at the systematic application of social, psychological or medical service methods to assist individuals to deal with patterns of D&A use or abuse.

Inpatient Non-Hospital (Activity 82) - This activity is for the provision of medically monitored residential treatment in a free standing or health care environment which provides one of the following D&A services: 1) 82 A – medically monitored detoxification, 2) 82B - residential treatment and rehabilitation services or 3) 82C - halfway house services.

Inpatient Hospital (Activity 83) - This activity is for the provision of 1) 83A - medically managed detoxification or 2) 83 B - treatment and rehabilitation services, 24 hours a day, in a hospital. The hospital shall be licensed by the Department as an acute care or general hospital, or approved by the DPW as a psychiatric hospital. Approved approaches for Inpatient Hospital are Detoxification, Drug Free, Other Chemotherapy and Experimental.

Partial Hospitalization (Activity 85) - This activity is for the provision of psychiatric, psychological, social and other therapies on a planned and regularly scheduled basis. Partial hospitalization is designed for those clients who would benefit from more intensive services than are offered in an outpatient treatment project, but who do not require 24-hour inpatient care. This environment provides multi-modal and multi-disciplinary psychotherapy. Services consist of regularly scheduled treatment sessions at least three (3) days per week with a minimum of ten (10) or more hours per week. Approved approaches for Partial Hospitalization are: Drug Free, Other Chemotherapy and Experimental.

Outpatient (Activity 86) - This activity is for the provision of counseling or psychotherapeutic services on a regular and predetermined schedule. The client resides outside the facility. Approved approaches for Outpatient include Detoxification (Methadone), Drug Free, Maintenance, Other Chemotherapy and Experimental. Specific D&A services are as follows:

Regular Outpatient (Activity 86A) – This activity is for the provision of organized non-residential treatment services utilizing psychotherapy and substance use/abuse education. Services are usually provided in regularly scheduled treatment sessions for a maximum of five (5) contact hours per week.

Intensive Outpatient (Activity 86B) – This activity is for the provision of organized non-residential treatment services utilizing structured psychotherapy and providing client stability through increased periods of staff intervention. Services are provided according to a planned regimen consisting of regularly scheduled treatment sessions at least three (3) days per week with a minimum greater than five (5) hours and less than ten (10) hours per week.

TREATMENT-RELATED LEVEL – This level involves those activities that support treatment Activities 82A through 86B in which no direct treatment is provided. These activities involve the coordination of services and the provision of support services that will assist the client in meeting other deficiencies inherent in their life, and ultimately aid them in securing recovery and a self-sufficient life style.

Housing Services (Activity 87) - This activity is for the provision of temporary housing to a client when the inability to secure appropriate shelter or housing will have a negative impact on the client's treatment outcome and their recovery. Specific D&A services are as follows:

Emergency Housing (Activity 87A) – This activity can include emergency shelter and housing assistance to homeless or near homeless individuals who agree to participate in drug and alcohol treatment services, self-help groups, or other recovery support services. SCA authorization for emergency housing may be retroactive; however, actual payment shall not be made until the individual is assessed by the SCA or one of its contractors. Payment shall be limited to 30 days per individual per SFY.

Recovery Housing (Activity 87B) - This activity can include admission into a TLF licensed by the Department of Health or a Recovery House that meets minimum requirements identified in the BDAP Treatment Manual. Either type of housing is designed to provide a semi-protected home-like environment that can assist a client in his or her gradual re-entry into the community. No formal treatment (e.g., counseling, psychotherapy) takes place at the facility. This is a live-in/work-out situation involving short-term housing. Payment shall be limited to 90 days per individual per SFY.

Other BDAP Approved (Activity 87C) – This activity can include exceptions for other temporary housing services and requires written, pre-approval from BDAP.

Client Related Services (Activity 88) - This activity is designed to encourage and support clients in moving towards a drug free lifestyle. Specific D&A services are as follows:

Case Management (Activity 88A) - This activity involves services associated with the three primary functions of case management defined as screening; assessment, to include assessment services within the Student Assistance Program; and Case Coordination. Screening includes the identification of emergent care needs. Assessments are completed to determine the appropriate level of care for referral to treatment. Case Coordination involves the administrative documentation and management of treatment and non-treatment services recommended, referred, and received by SCA clients. In addition to the administrative management of services, the SCA may provide or refer for additional activities/services to increase an individual's level of self-sufficiency based on the individual's needs (e.g., intervention/discussion groups, face-to face contact with the individual to assess progress in addressing identified needs, intensive case management, etc.). All of these functions, as well as the expenditures incurred to operate case management services, may be reimbursed under this fiscal code. Funds issued by the DOH/BDAP relevant to the functions associated with Case Management activities must be budgeted and reported under Activity 88A.

Care Management (Activity 88B) - This activity involves the administrative processes related to treatment service authorization. Only funds issued by the Department of Public Welfare, Office of Mental Health and Substance Abuse Services relevant to the functions associated with this activity are to be budgeted and reported under Activity 88B.

Recovery Support Services (Activity 88C) – This activity involves the provision of non-clinical services that assist individuals and families to recover from alcohol and other drug problems and that are not included under another activity, such as in a recovery house or in a licensed treatment facility as part of a treatment modality. Examples include but are not limited to mentoring programs, training and education programs, and telephonic recovery support programs.

Other BDAP Approved (Activity 88D) – This activity involves the provision of other client related services not readily captured under the previously defined treatment activities, and requires written, pre-approval from BDAP when utilizing DOH funds.

## APPROACHES

Detoxification (Code XX1) - The process whereby a D&A intoxicated or dependent client is assisted through the period of time necessary to eliminate, by metabolic or other means, the presence of the intoxicating substance or dependency factors while keeping the physiological or psychological risk to the client at a minimum.

Maintenance (Code XX2) - The prescription of methadone or other approved substance in sufficient doses to achieve stabilization or prevent withdrawal symptoms. This approach differs from drug free in that a maintenance substance is utilized throughout the treatment regimen. Slow withdrawal or outpatient detoxification of the client from the maintenance substance is considered as a part of maintenance. The ultimate goal of maintenance is to assist the client in permanently discontinuing the use of dependency producing substances.

Drug Free (Code XX3) - The provision of guidance, advice, and psychological treatment as a means to deal with the client's emotional structure and concurrent problems without the use of a maintenance substance. Temporary medication for treatment of physiological conditions or as an adjunct to psychosocial treatment may be utilized in this approach.

Other Chemotherapy (Code XX4) - A treatment approach that includes chemotherapy, using a primary medication for purposes other than detoxification. Other chemotherapy implies continued doses of medication, e.g., buprenorphine. Any SCA that intends to pay for buprenorphine services must submit written procedures to BDAP. Procedures must describe how the coordination and payment of such services will occur within the SCA. If a client receives only short-term medication for temporary symptomatic relief, the client is entered under drug free or detoxification, as appropriate.

Experimental (Code XX5) - A treatment approach not generally utilized for treatment of D&A clients and innovative in nature. Projects and facilities utilizing this approach must be designated, in writing, as eligible by the Secretary of the Department for funding purposes.

## **PART THREE: SCA FISCAL MANAGEMENT**

### **3.01 BUDGET DEVELOPMENT**

#### Agreement

The agreement between the BDAP and the SCA is a multi-year legal document that binds the SCA to the requirements of the Commonwealth and serves as the mechanism by which the SCAs can obtain Federal and state funds. These funds are to be used for the provision of D&A prevention; intervention; treatment; and treatment-related services, to include case management services, as well as administrative costs. The Department shall not pay for any services where there is a third party, including another Government or State agency, obligation to pay for services rendered. The Department is payer of last resort.

As part of the process for a new agreement period, the agreement is sent to the SCAs for review and signature prior to its implementation. Timely approval of the agreement is contingent upon how quickly the SCA returns the agreement to the BDAP, full execution of the agreement between the DOH and the SCA, and the passage of the state budget.

Employees of the SCA and its contractors who have financial responsibilities related to the receipt and disbursement of funds awarded under the agreement in the amount of \$10,000 or above in an annual period shall be covered by a fidelity bond adequate to protect the Department and the SCA from any loss.

#### Award Letters and Summaries

The BDAP issues a Tentative Schedule of Funding to the SCAs approximately three months prior to the start date of a new agreement. This award notice identifies the anticipated funding allocations for the SCA. Allocations are identified between state and Federal funds, and, if applicable, by special initiatives. SCAs use this information in preparing the 34 Budget Form, which becomes part of the BDAP's agreement with the SCA.

BDAP reserves the right to increase or decrease the total amount of the agreement when available funds differ from those approved in Appendix C of the agreement. In addition, the BDAP reserves the right to review the SCA's use of funds. If there appears to be unused funds under the agreement, the BDAP may reduce the total amount for a SFY in order to reallocate the funds elsewhere. The BDAP will issue revised funding schedules to SCAs during the course of a fiscal year or over the course of the agreement, as necessary, relative to increases or decreases to the agreement. The SCA utilizes the funding schedule to prepare budget information applicable to amendments to their agreements. The revised Schedule of Funding outlines the total amount allocated to the SCA, including the original agreement allocation for a given fiscal year, plus any increases or decreases that may occur through amendment during the fiscal year. Any such increases during the term of the agreement will be effective when DOH approves the amendment to the agreement. Any such decrease during the term of this agreement shall be effective upon receipt by the Grantee of such written notice.

### 34 Budget Form (Budget)

The budget portion of the agreement, known as the 34 Budget Form, consists of three pages for each fiscal year of the agreement. Each page of the budget has the proposed expenditures broken down by activity.

Page One of the budget includes BDAP program awards. SCAs complete this page by budgeting the dollars identified in the Schedule of Funding by activity code. Specific budgeting instructions are sent along with the Budget Form for assistance in the proper placement of funds by activity code. Funds budgeted and expended for Activity 51, Administration, shall not exceed twenty percent (20%) of BDAP state and Federal funds. BDAP funds include all funding sources identified on Page One of the Budget Form. Of the funds identified on Page One, only state base funds (Appropriation 10-653) shall be used to reimburse the SCA for administrative expenditures, unless the SCA is the recipient of other state or federal special initiatives that allow for administrative expenditures.

Amounts budgeted on Page One for the two major funding streams (state funds and Federal SAPTBG funds) must match those identified in the award notice. In addition, SAPTBG Funds budgeted under Drug Prevention, Alcohol Prevention, Drug Intervention/Treatment and Alcohol Intervention/Treatment, as well as any amounts budgeted for special initiative funding, must be budgeted as identified in the award notice. Finally, the total funds budgeted in Column 7 must match the total amount on the award notice.

On Page One, the SCA must budget and expend BDAP prevention funds across each of the six (6) Federal Strategies, as defined in 2.03 Drug and Alcohol Activity Definitions. In addition, in accordance with the BDAP's Prevention Manual, the SCA must implement prevention services which address the three (3) Institute of Medicine (IOM) Classifications.

Page Two of the budget includes DPW revenue and income while Page Three includes revenue and income from a variety of other funding sources. The SCAs complete these pages by budgeting the funds received from identified sources by activity code. The SCA must adhere to any restrictions imposed by these funding sources. The SCA should budget all other funding received by the SCA but not specifically identified on the 34 Budget form, under the "Other D&A" column.

The 34 Budget Form must be completed accurately and must be mathematically correct. Subtotals and totals from Page One must be checked both vertically and horizontally and must match the Schedule of Funding. The form must be signed by the SCA director or appropriate official and returned to the BDAP's Fiscal Section.

Amendments to the agreement occur throughout the SFY. SCAs are to follow the same general procedures as identified above in preparing the amendment.

## 3.02 SCA INITIATED BUDGET REVISIONS

### Types of Major Revisions

- Individual increases or decreases that cumulatively result in a change of more than 10 percent between subtotal categories (administration, prevention, intervention, and treatment) for the “TOTAL DOH D&A ALLOCATIONS” on Page One of the 34 Budget Form.
- Reallocation of funds between funding sources (appropriations) found on Page One of the 34 Budget Form.
- Reduction in approved allocation not associated with the availability of funding.

The SCA must get prior written approval from the BDAP for the first two types of revisions noted above. In addition, it will be necessary for the DOH to process a formal amendment to the agreement for the last two types of revisions noted above. A formal amendment requires not only the signature of the Department and the Office of Comptroller Operations, but also the signatures of the Grantee, and the Commonwealth’s Office of General Counsel and Office of Attorney General. This does not include Subsequently Available Funding, Funding Reduction Change Order, Funding Adjustment or Extension amendments.

### Procedures for Major Revision Requests

The SCA must forward a written request (electronic mail is acceptable) to the BDAP, indicating the need to complete a major budget revision.

The SCA must submit both an electronic copy and a signed hard copy of the revised 34 Budget Form to the BDAP, along with a brief narrative justifying the need for the revision and describing the anticipated affects of the changes. If the revision is associated with an increase in either salaries or fringe benefits, the SCA must also submit documented justification of the increase.

Submit the request to the appropriate budget analyst at the following address:

*Bureau of Drug and Alcohol Programs  
Fiscal Section  
02 Kline Plaza  
Harrisburg, Pennsylvania 17104*

An electronic copy of the current 34 Budget Form to be used will be provided to the SCA upon request.

### When to Submit Revision Requests

SCAs may submit one revision request per each six-month period of the SFY. If the BDAP processes a formal amendment to the SCA agreement during the SFY, the SCA may request a budget revision at the same time they submit a revised 34 Budget Form associated with the formal amendment. Budget revisions may not be requested with any other type of agreement amendment.

SCAs must submit revision requests at least thirty days prior to the proposed implementation date. All revision requests must be submitted by April 15 to be considered for approval.

### SCA Minor Revisions

The current agreement with the BDAP permits SCAs to reallocate funds among subtotal categories “up to 10 percent of the SCA cost amount budgeted to that subtotal category...” without prior written approval by the BDAP. In terms of the current 34 Budget Form, this means that SCAs, at their discretion, can reallocate up to and including 10 percent of the amounts shown for activities in Column 7 entitled “TOTAL DOH D&A ALLOCATIONS” on Page One.

### Reporting SCA Minor Revisions

Minor revisions made at the discretion of an SCA are reported on the 34 Budget Forms at the same time a formal amendment is submitted to the BDAP. Since the BDAP approval of these types of reallocations is not required, a descriptive narrative is not necessary.

An SCA that makes only discretionary changes and does not have a formal amendment during a fiscal year does not have to report these changes.

### Set-aside Exception for Student Assistance Program (SAP) Funds

If the SCA is not able to fully expend all state or SAPTBG funds specifically awarded for the SAP population, then the SCA, with prior written approval from BDAP’s Fiscal Section, may utilize these funds for other drug and alcohol activities for the general population. All exception requests must be submitted, with adequate justification, by May 1 of the applicable state fiscal year to be considered for approval. If the SCA does not receive the aforementioned approval from the BDAP, the SCA will be required to refund any portion of state or Federal SAPTBG SAP funds drawn down but not expended on the SAP population.

### 3.03 COUNTY MATCH

#### Purpose and SCAs Affected

County governments (including jointers) contracting directly with the DOH for the delivery of D&A services are required to provide a local financial commitment. This financial commitment involves local matching funds and is commonly referred to as “county match.” Counties are encouraged to exceed the minimum required match in order to increase the level of D&A services in their counties. Those SCAs classified under the “independent model” are exempt from the match requirement (see BDAP’s Operations Manual for description of SCA models).

#### Matchable Activities

Counties are required to provide matching funds to State funds (Appropriation 10-653) in the following activities:

51. Administration
61. Information Dissemination
62. Education
63. Alternative Activities
64. Problem Identification and Referral
65. Community-Based Process
66. Environmental
67. Other Prevention
72. Intervention
86. Outpatient (A1. Outpatient-Drug Free, A2. Outpatient Maintenance and B. Intensive Outpatient)

#### Allowable Sources of Match

Match funds can be composed of local government tax revenues (including federal revenue sharing) and private, civic funds directly received and disbursed by the SCA, providing such funds are not used to satisfy other matching conditions. Federal funds, other State funds, DUI fine money, ARD fees, in-kind services or donated furnishings or equipment cannot be used to satisfy the SCA match responsibility.

#### Calculating Match

The county’s minimum required match is calculated on State funds in matchable activities. For example, for a cost of \$90 in State funds in a matchable activity, the county must contribute a match of \$10. Note that the \$10 match does not represent 10 percent of the \$90 (State funds) but 10 percent of the \$100 (total of State funds and county match). In other words, for matchable activities, State funds comprise 90 percent of the cost and local funds comprise 10 percent of the cost. A convenient way to compute the amount of match is to divide the total of State funds in matchable activities by nine.

The following is an example of how an SCA can calculate the minimum county match, using the State allocation:

<u>Activity</u>	<u>State Allocation</u> (Appropriation 10-653)
Administration (51)	\$47,783
Total Prevention and Intervention (61-67, 72)	\$30,503
Total Outpatient (86A1, 86A2 & 86B)	\$15,939
Total State Matchable	<u>\$94,225</u>

$$\$94,225 / 9 = \$10,469 = \text{Budgeted County Match}$$

#### Actual Match and Year End Requirement

SCAs are required to reflect the intended amount of county match on the 34 Budget Form. Since it is the total match that must meet the minimum requirements, SCAs need not budget their county match line-for-line to the state matchable activities.

Determination of the actual year-end county match obligation is based upon the final fiscal report, which shows the final expenditure of State funds by matchable activities. SCAs not meeting the minimum match requirement at the end of the SFY will be required to remit a check to BDAP in the amount of the State funds not matched, as well as that portion of the State allocation drawn down but not expended. The check must be submitted with the fourth quarter report. The following is an example of the calculation used to determine the amount of the refund due to BDAP:

Amount of Local Match Expended: \$24,000

Total BDAP Allocation Draw Down:	\$750,000	
Less BDAP Allocation Expended:	<u>\$735,000</u>	
Unexpended Allocation Refund Due to BDAP:		\$15,000
State Allocation Expended from Match Activities:	\$250,000	
Less County Match (\$24,000 X 9):	<u>\$216,000</u>	
Unmatched State Refund Due to BDAP:		\$34,000
Total Refund Due to BDAP:		<u>\$49,000</u>

### **3.04 FUND BALANCES / DEFICITS**

#### Fund Balances

State and Federal funds are appropriated on a SFY basis for the period July 1st through June 30th. State funds not expended by June 30th lapse to the Commonwealth's General Fund. Unspent SAPTBG funds may be returned to the grant to be reallocated until fully utilized through the expenditure period of the grant. The rules governing funds issued under other various short-term state and federal initiatives may vary based on the funding source. SCAs returning an amount in excess of 5 percent of state and federal funds may be subject to penalties in subsequent fiscal years. Spending state funds in full prior to the full expenditure of federal SAPTBG funds will reduce the likelihood of a lapse of state funds. Unlike Federal SAPTBG funds, state funds may not be reissued.

SCAs not able to use all of their state and federal funds in a fiscal year have the option of requesting a reduction in their allocation for that fiscal year only, without any penalty in subsequent fiscal years. To exercise this option, the SCA must contact the BDAP.

Unspent funds are defined as refunds from the SCA, plus monies not drawn down by the SCA. Unspent funds do not include monies for which an SCA has previously requested a reduction in allocation (as discussed in the second paragraph above). If an SCA returns an amount in excess of 5 percent, the BDAP, at its discretion, may reduce the SCA's subsequent fiscal year's state allocation by the amount of funds unspent.

SCAs must return any funds not expended or encumbered by June 30 (for deliverables to be received and paid within 60 days). SCAs should limit the amount of funds requested throughout the year on advance invoices to amounts anticipated for actual expenditures and thereby limit the amounts being refunded. All unexpended funds must be returned to the Department by August 31, along with the submission of the fourth quarter fiscal report. The refund check is made payable to the Pennsylvania DOH. Unless approved by the Department, no payments under the agreement between the BDAP and the SCA shall be made until this requirement is satisfied. This return of funds applies to all sources of BDAP funds (state monies, block grant funds, and other federal funds administered by the BDAP) unless stated otherwise in the agreement between the SCA and BDAP.

In some instances (e.g., federal funds for a multi-year, limited term project), provisions are included in the agreement that will allow for the carryover of categorical funds designated for a particular project. In addition, the SCA may receive late refunds from subcontractors after the August 31 deadline for submission of refunds to the Department. Such refunds may be due to audit findings or circumstances found during monitoring of their subcontracts. In such instances, it will not be necessary for the SCA to adjust/resubmit their fourth quarter fiscal report unless the amount of the refund exceeds one percent of the total BDAP funds allocated for the applicable SFY or \$5,000, whichever is less. Additional exceptions may apply and may be granted at the discretion of the BDAP.

The SCA must report the refunds received under the appropriate source of funds as a prior year adjustment on the second quarter report, Form 321, for the current SFY. The SCA must also provide supporting documentation or a footnote, as requested by the BDAP, fully explaining the nature of the prior year adjustment. If the amount of the refund exceeds the parameters outlined above, it will be necessary to submit a revised Fourth Quarter Report and a refund check made payable to the “Pennsylvania Department of Health.” Carryover of all other BDAP allocations from one fiscal year to the next fiscal year is not permitted.

### Deficits

BDAP is not liable for an incurred deficit and shall not allow such a deficit to be carried over as a charge to the following SFY period. Any special funding allocated to the SCA through the grant agreement for a specific limited term project shall not be used to cover deficits.

### 3.05 INVOICING

1. Develop criteria to support a thirty-day cash advance request. Consider cash on hand from prior advances and disbursement projections for the period requested (to include but not be limited to client service trends, actual cash projections of the contractor and invoicing timeframes) to arrive at a cash request amount. Submit requests no more frequently than monthly with the exception of a supplemental invoice for special circumstances such as to finalize invoicing for an expired grant or to draw additional funds gained through an amendment to the SCA Agreement. The SCA may elect to submit invoices less frequently than monthly, however, invoices will be processed no earlier than 15 days prior to the end of the last month of the billing period.
2. Request cash needs for each of the funding sources available on the invoice. If a particular funding source has not been awarded to your SCA, leave that column blank. If funds are not needed for any one of the funding sources awarded to the SCA, enter zero (-0-).
3. If the SCA Agreement is amended during the SFY, adjust Line A, Current Approved Budget, to reflect the revised total amount available for each particular funding source. Do NOT make adjustments to Line A until notified by the BDAP that an adjustment of funds has officially posted on the Commonwealth Accounting System.
4. The SCA is responsible for controlling the amount of cash requested and for maintaining accurate records of liquidations by funding source. As cash is requested for each funding source, record amounts requested and remaining balances to ensure that funds are not overdrawn.
5. Submit the invoice no earlier than fifteen (15) days preceding the month to which it applies. For example, the cash request for March is due to the BDAP on February 15. Do not submit accelerated monthly requests. The final invoice must be submitted within 45 days of the SCA Agreement's termination date. The DOH will neither honor nor be liable for invoices not submitted in compliance with the time requirements in this paragraph unless the DOH agrees to an extension of these requirements in writing. The SCA will receive reimbursement only for services acceptable to the DOH.
6. All invoices must contain a unique invoice number that begins with the two-digit state fiscal year, followed by the three-digit SCA number, i.e., the same number assignment used for the Performance Based Prevention Software and Client Information Systems, the two-digit number representing the sequential number of the invoice, and the letters "DA."
7. Make sure invoices are complete and correct. Incorrect invoices (e.g., mathematical errors; incorrect location codes, invoice dates, unique invoice numbers, total amounts, time periods; missing signatures) may be returned to the SCA for correction, thereby delaying payment.

8. Send an original invoice, signed by an authorized official of the SCA to the address listed on the invoice form, to initiate a request. Send a duplicate copy of the invoice to the BDAP. Invoices must show the SAP Vendor number, SAP Document number, Federal identification number, unique invoice number, billing period, invoice date, name and telephone number of person preparing the invoice, and total invoice amount.
9. Invoices will be paid by the Commonwealth through the Automated Clearing House (ACH) Network. The Pennsylvania Electronic Payment Program (PEPP) establishes the Automated Clearing House Network as the preferred method of payment in lieu of issuing checks. The PEPP enrollment form may be obtained at: [www.vendorregistration.state.pa.us/cvnu/paper/Forms/ACH-EFTenrollmentform.pdf](http://www.vendorregistration.state.pa.us/cvnu/paper/Forms/ACH-EFTenrollmentform.pdf) and can be completed online, as applicable.
  - a. At the time of submitting ACH information, the SCA will also be able to enroll to receive remittances via electronic addenda. Within 10 days of award of the SCA Agreement, the SCA must submit or must have already submitted its ACH information and electronic addenda information, if desired, to the Commonwealth's Payable Service Center, Vendor Data Management Unit at 717-214-0140 (FAX) or by mail to the Office of Comptroller Operations, Bureau of Payable Services, Payable Service Center, Vendor Data Management Unit, 555 Walnut Street – 9<sup>th</sup> Floor, Harrisburg, PA 17101.
  - b. Submit a unique invoice number with each invoice submitted. The unique invoice number will be listed on the Commonwealth of Pennsylvania's ACH remittance advice to enable the SCA to properly apply the state agency's payment to the invoice submitted.
  - c. It is the responsibility of the SCA to ensure that the ACH information contained in the Commonwealth's Central Vendor Master File is accurate and complete. Failure to maintain accurate and complete information may result in delays in payments.
10. The DOH has the right to disapprove any cash advance request made by the SCA that is not in accordance with the terms of the SCA Agreement and adjust any payment to the SCA accordingly.
11. The DOH, at its option, may withhold the last 20 percent of reimbursement due under the SCA Agreement, until the Project Officer has determined that all work and services required under the SCA Agreement have been performed or delivered in a manner acceptable to the DOH.
12. The payment provisions as outlined in this Section are subject to change by the Office of Comptroller Operations or the DOH, as necessary, to better facilitate the cash management objectives of the Commonwealth.

### **3.06 ENCUMBERING AND EXPENDITURES GUIDELINES**

The BDAP has adopted the policy that materials and services received in one funding period shall not be paid or be payable against another funding period. Thus, it is contrary to policy to encumber funds out of the current fiscal year's allocation for purchases in the next fiscal year. This policy applies to all purchases supported in part, or in whole, by funds issued by the Commonwealth.

The BDAP recognizes that in some instances it may be necessary to establish a reserve or encumbrance to pay off any ending expenses for a funding period. These reserves shall be kept to a minimum and can only be encumbered under the following conditions:

#### Materials

1. All orders for materials must be dated and signed before the final date of the funding period, which in most cases is June 30.
2. Delivery of all materials must be made within 30 days after the end of the funding period. If payment of the invoice occurs after 60 days, the funds must be expended from the next funding period and the encumbered funds are lapsed.

#### Services

1. Funds may be encumbered for services that are completed before, but billed after the end of the funding period (in most cases June 30), as long as the contract or bill is paid within 60 days after the end of the funding period. If payment occurs after 60 days, the funds must be expended from the next funding period and the encumbered funds are lapsed.
2. Should a contractual agreement be entered into which extends beyond the end of one funding period, the time portion of the agreement after the end of the funding period should be treated as a charge against the next funding period. Such a charge would be contingent upon continued funding.

All lapsed funds are returned to the BDAP with submission of the fourth quarter report.

### 3.07 FIXED ASSET MANAGEMENT GUIDELINES

This section refers to ownership rights and responsibilities for those items with a unit cost of \$5,000 or more per item. These guidelines will first present the general provisions common to both the SCA and their service providers (SCA/subcontractor), then those provisions specific to just the SCA, and finally those provisions applicable to the SCA service providers only. None of these guidelines shall apply to subcontractors that provide their services to the SCA exclusively on a fee-for-service (unit cost) basis.

#### General Provisions

- A. Definition: Fixed assets are identified as furniture, equipment and computers purchased, in part or in whole, with D&A funds administered through the BDAP that have a useful life of more than one year and an initial purchase price of \$5,000 or more per item.

Fixed assets do not include those items that are leased by the SCA. If, at the end of the lease agreement, the SCA should decide to purchase said items, then those items would be considered fixed assets and be subject to the approval processes described below. Additionally, items linked to a lease purchase agreement arrangement shall be considered a fixed asset. All vehicles, regardless of purchase price, shall also be defined as a fixed asset.

- B. The SCA or subcontractor shall obtain prior written approval from the BDAP or the SCA for all fixed assets purchased with funding under an Agreement with the BDAP or the SCA when the total cost per SFY of such property exceeds \$40,000 or two percent (2%) of the SCA's or subcontractor's total annual budget of state and federal funds (for the SCA budget - reference Page 1, Column 7 of Appendix C of the SCA Agreement), whichever is less. The SCA or subcontractor must also obtain prior written approval for all vehicle purchases, and capital improvements and purchases. The cost for such assets shall be allowable only when included within an approved Agreement budget document.
- C. The following information shall be included in all SCA and subcontractor requests for furniture and equipment:
- (1) Item to be purchased;
  - (2) Estimated cost per item;
  - (3) Need and intended use;
  - (4) Source of funds to be used;
  - (5) SFY to which funds are to be charged, subject to the conditions as set forth by the Department; and
  - (6) Cost allocation among various funding sources, if applicable.

#### D. Vehicles

- (1) The SCA or subcontractor shall submit a letter to the BDAP or the SCA in order to request the purchase or trade-in of a vehicle. The letter must be

accompanied by the completed "Request for Motor Vehicle Purchase" (Form 314A).

- (2) The BDAP or the SCA receives and reviews the SCA's or the subcontractor's request for the purchase of a vehicle.
- (3) Written approval from the BDAP or the SCA, to include a signed copy of Form 314A, may be contingent upon the SCA or the subcontractor forwarding additional information requested by the BDAP or the SCA for review. The SCA or the subcontractor shall follow the required procedures as described in paragraph F below.
- (4) The SCA or the subcontractor shall retain a record of vehicles purchased as a fixed asset record. The SCA or the subcontractor shall report purchases on Form 314 submitted annually to the BDAP or the SCA.

E. Capital Improvements and Purchases

- (1) For capital improvements and purchases, the SCA or the subcontractor shall submit a letter to the BDAP or the SCA in order to request participation of BDAP funds in the acquisition of capital improvements or purchases. The letter shall include, at a minimum, the justification, the estimated cost and the terms for payment, the start date of construction or purchase date, and a description of the improvement or purchase. The SCA or the subcontractor shall forward any additional information as required by the BDAP for review.
- (2) The BDAP or the SCA receives and reviews the SCA's or subcontractor's request.
- (3) Written approval from the BDAP or the SCA may be contingent upon the SCA or the subcontractor forwarding additional information requested by the BDAP or the SCA for review. The SCA or the subcontractor shall follow the required procedures as described in paragraph F below.
- (4) The BDAP or the SCA must be kept apprised of any alterations to the original submission.
- (5) SAPTBG funds may not be utilized for land and building purchases.

- F. The SCA or the subcontractor shall submit all fixed asset purchase requests to the BDAP or the SCA by May 1<sup>st</sup> of the applicable SFY to allow for sufficient review and processing time. The SCA or the subcontractor shall obtain fixed assets for use in the performance of the Agreement at the lowest practical cost and to purchase by means of competitive bidding. When purchasing fixed assets with a unit cost of less than \$10,000, the SCA or its subcontractor shall obtain a minimum of three quotes, which may be obtained via fax, or in writing. When purchasing fixed assets with a unit cost of \$10,000 or greater, the SCA or its

subcontractor shall obtain a minimum of three formal bids per item. These bids must be in writing, and be in conformance with any county code, as applicable.

- G. The SCA and its subcontractors acknowledge that failure to submit any fixed asset request by the required due date or without proper documentation as outlined in Paragraphs C, D and E will be grounds for disapproval of the fixed asset request by the BDAP or the SCA.
- H. All fixed assets furnished by the DOH or acquired by any of the SCA's subcontractors with funds under the SCA Agreement, including the purchase of real and personal property pursuant to a lease purchase agreement arrangement, for which the SCA or the subcontractor is to be reimbursed under the Agreement with the DOH or the SCA, shall be deemed Commonwealth property. Upon purchase, title to all fixed assets shall be with the DOH. During the term of the Agreement, the SCA and its subcontractors shall be deemed the repository for all fixed assets purchased or acquired with funds provided under the Agreement with the DOH or the SCA and shall have exclusive rights to use such fixed assets. Within 120 days after the termination of the Agreement, or at any time upon written notice to the SCA or its subcontractor, the DOH may take possession of said fixed assets and reimburse any other funding sources according to their percentage of contribution, based upon fair market value as determined by independent appraisal.
- I. The SCA and subcontractors shall maintain and administer, in accordance with sound business practice, a program for the maintenance, repair, protection, preservation and insurance of all fixed assets purchased so as to assure their full availability and usefulness for the performance of this Agreement. The SCA and its subcontractors must have a control system, including insurance coverage, in effect, ensuring adequate safeguards to prevent loss, damage, or theft of all fixed assets. Any loss, damage or theft must be investigated and fully documented.

#### Provisions Specific to the SCA

- A. In addition to the purchasing procedures as described in Paragraph F above, the SCA may also purchase fixed assets from state contracts. The SCA may obtain information by logging on to the DGS website at [www.dgs.state.pa.us](http://www.dgs.state.pa.us), clicking on "Doing Business with the Commonwealth", "Procurement" and "COSTARS".

For further information regarding the purchase of fixed assets from state contracts, the SCA may contact:

Department of General Services  
COSTARS Program  
555 Walnut Street  
6<sup>th</sup> Floor Forum Place  
Harrisburg, PA 17101  
Telephone No.: (717) 346-9009; 1-866-768-7827  
Fax: (717) 783-6241

- B. Fixed assets with a purchase price of \$5,000 or more per item obtained by the SCA under the SCA Agreement shall be recorded on the BDAP's "Annual Inventory Report for Fixed Assets", Form 314, in accordance with the BDAP Report Schedule. Form 314 must provide a description of the property, quantity of items purchased, identification (serial) number, unit cost of item, total amount expended, total amount funded by the BDAP as referenced in Paragraph B of the General Provisions above, total amount funded by all other sources, date of acquisition, present location, and remarks, if applicable. The annual inventory report for fixed assets shall be a cumulative compilation of all fixed assets procured utilizing any amount of BDAP funding. In addition, the report shall contain all fixed assets purchased under the original Agreement, the current Agreement and any subsequent Agreements.
- C. The SCA shall obtain prior written approval to sell, lend, donate or dispose of fixed assets purchased utilizing any amount of BDAP funding. The SCA shall record the information on Form 314 under the "Remarks" section of the form. The information can then be removed from subsequent year reports.
- D. The SCA shall require and maintain on file, in accordance with Paragraphs 9 and 10 of the Department's Standard General Terms and Conditions, Rev. 10/06, an inventory list of fixed assets procured by each of its subcontractors, according to the provisions of these guidelines.
- E. It is not necessary for the SCA to submit subcontractor fixed asset requests to the BDAP; however, the SCA, at its discretion, may submit subcontractor fixed asset purchase requests to the BDAP for approval.

#### Provisions Specific to the Subcontractor

- A. None of these guidelines shall apply to subcontractors that provide their services to the SCA **exclusively** on a fee-for-service (unit cost) basis.
- B. Fixed assets with a purchase price of \$5,000 or more obtained by the subcontractors under an Agreement with the SCA shall be recorded on Form 314 and reported to the SCA only.
- C. The subcontractor shall obtain prior written approval from the SCA to sell, lend, donate or dispose of fixed assets purchased utilizing any amount of BDAP funding. The subcontractor shall record the information on Form 314 under the "Remarks" section of the form. The information can then be removed from subsequent year reports.
- D. The subcontractor must report to the SCA the purchase of any fixed assets if they receive both cost reimbursement **and** fee-for-service dollars. In addition, the subcontractor must also have a cost allocation plan on file as back-up documentation with regards to the purchase of said fixed assets.
- E. The SCA may impose more stringent requirements upon the subcontractor than those applied to the SCA by the Department.

**REQUEST FOR MOTOR VEHICLE PURCHASE**

SCA NAME \_\_\_\_\_ SFY \_\_\_\_\_

AUTHORIZED SIGNATURE \_\_\_\_\_

TELEPHONE NUMBER \_\_\_\_\_ DATE \_\_\_\_\_

<b>Vehicle</b>	
Make	_____
Model	_____
Year	_____
Estimated Purchase Price	_____
Source of all Funds	_____
Intended Use of vehicle	_____ _____

Please provide the following information:

1. Number of vehicles currently owned by the SCA and purchased with Drug and Alcohol funds. \_\_\_\_\_

Make, Model, Year, and purchase price of the vehicle (s).  
\_\_\_\_\_

Motor vehicle maintenance expense for the previous state fiscal year.  
\_\_\_\_\_

Cost of the automobile insurance for the previous state fiscal year.  
\_\_\_\_\_

Number of miles driven in previous state fiscal year. \_\_\_\_\_

2. Will the current vehicle be sold, traded-in on a new vehicle, or maintained by the SCA?  
\_\_\_\_\_

3. Total amount spent on staff travel over the previous state fiscal year.  
\_\_\_\_\_

4. Number of staff that will utilize the vehicle. \_\_\_\_\_

~~~~~

BDAP APPROVAL \_\_\_\_\_ DATE \_\_\_\_\_

### 3.08 COST ALLOCATION

The necessity to allocate expenses (personnel, operating, fixed assets) occurs at almost all levels of operation. The following basic rules apply:

1. Expenses allocated must be necessary and reasonable for the operation of the agency's D&A program and services.
2. Any allocation system utilized must be documented and justifiable, and must be consistent throughout the fiscal year.
3. The current, written cost allocation plan utilized by the SCA or their service providers must be kept on file and is subject to review and approval by BDAP or the SCA. Cost allocation plans must be updated at least on an annual basis and as needed when funding levels, personnel staffing, SCA organizational changes (including personnel responsibilities), or when any other occurrences significantly impact the established allocation calculation.

Cost allocation methodology should be utilized by the SCA in the following instances:

1. Funding Stream
  - a. When D&A funds are combined with non-D&A funds (e.g., Mental Health, Mental Retardation, Children and Youth, Tobacco)
  - b. When BDAP D&A funds are combined with other D&A funds (e.g., Act 152, BHSI, HealthChoices)

2. Service Activity

When a variety of D&A services are being provided within the SCA (e.g., Administration, Prevention, Case Management). Indirect costs relative to the county's Indirect Cost Plan and allocated direct costs from other county units may be allocated to service activities as applicable. Costs such as occupancy or communication expenses associated with management supervision may not be allocated to service activities.

Cost allocation methodology should be utilized by the contracted service provider in the following instances:

1. Funding Stream

When D&A funds are combined with non-D&A funds (e.g., Mental Health, Mental Retardation, Children and Youth, Tobacco)

2. Service Activity

When a variety of D&A services are being provided within the contracted service provider, (e.g., Prevention, Residential, Outpatient)

Various methods may be used to allocate costs including, but not limited to: time studies, usage of square footage and FTE employees. Any methods used should be in accordance with GAAP.

### **3.09 SUPPLANTATION**

BDAP requires SCAs that are contributing local resources toward the cost of service to certify that federal funds under the Agreement do not replace or supplant, in any way, current state or local funds for already existing services and that state funds do not replace or supplant local funding for already existing services. The Agreement contains this certification by the SCA.

## **PART FOUR: REVENUES AND EXPENDITURES**

### **4.01 CLASSIFICATION OF MAJOR AND MINOR OBJECTS**

This classification represents the list of major and minor objects that will be utilized for reporting purposes. It is suggested that the SCAs and Contracted Service Providers incorporate this classification list into their Uniform Chart of Accounts. Those SCAs and Contracted Service Providers who choose not to set up their books according to this classification list must maintain, on file, a documented reference sheet used to crosswalk their books onto the required reports.

Not all expenditures in the following categories may be eligible for BDAP participation (e.g., salaries paid in excess of the DOH approved rate, mileage reimbursement in excess of approved state rate, or legal fees to appeal Commonwealth decisions). The SCA should contact BDAP if there is a doubt as to the eligibility of expenditures.

Application of salary bonuses in addition to DOH-approved compensation plans to DOH-issued funds is not allowed unless prior written approval is obtained from BDAP. If county funds support bonuses, these expenditures must not be included in the calculation for meeting the county match requirement.

All costs incurred that are to be prorated should be in accordance with Section 3.08 - Cost Allocation.

#### **100 - PERSONNEL SERVICES**

- 111 - Administrative Salaries
- 112 - Administrative Benefits
- 121 - Client-Oriented Service Salaries
- 122 - Client-Oriented Service Benefits
- 131 - Staff Development

#### **300 - OPERATING EXPENSES**

- 301 - Meeting and Conference Expenses
- 302 - Consultant Expenses
- 303 - Miscellaneous Personnel Expenses
- 304 - Occupancy Expenses
- 305 - Insurance
- 306 - Communications
- 307 - Office Supplies
- 308 - Minor Equipment and Furniture
- 309 - Medical Supplies and Drugs
- 310 - Food and Clothing
- 311 - Program Supplies
- 312 - Staff Travel
- 313 - Client Transport
- 314 - Purchased Client-Oriented Services

- 315 - Equipment Maintenance Expense
- 316 - Equipment Leases
- 317 - Motor Vehicle Maintenance Expense
- 318 - Motor Vehicle Leases
- 319 - Other Operating Expenses
- 320 - Indirect Costs

400 - FIXED ASSETS

- 401 - Equipment and Furniture
- 402 - Motor Vehicles
- 403 - Capital Improvements
- 404 - Capital Purchases

500 – PROVIDER REVENUE AND INCOME

- 501- Provider Revenue
- 502 - Provider Charitable Income
- 503 - Provider Interest Income
- 504 - Client Fees
- 505 - Private Health Insurance
- 506 - Medical Assistance
- 507 - Other Third Party Fees
- 508 – Miscellaneous Fees

600 – SCA REVENUE AND INCOME

- 601 - DOH State D&A Programs Funds
- 602 - SAPTBG Funds
- 603 - Reserved
- 604 - Other DOH Funding
- 610 - BHSI
- 611 - Reserved
- 612 - Act 152
- 613 - HealthChoices
- 614 - HSDF
- 615 - Children, Youth and Family Funds
- 620 - DUI Funds
- 630 - Tobacco Settlement Funds
- 631 - PCCD Funds
- 640 - Interest Income
- 650 - County Funds
- 660 - Other Income

## **4.02 PERSONNEL SERVICES**

### **MAJOR OBJECT 100 - PERSONNEL SERVICES**

This major object is used to report salaries and wages, payments toward various benefits, and training received by the employees of the D&A Program. The BDAP will participate in employee salaries and benefits up to the maximum as designated under the classification and compensation plan as approved by the county or governing SCA body, and the DOH. The BDAP will not participate financially in any portion of salaries or benefits that are in excess of the level approved by the DOH.

Application of salary bonuses in addition to DOH-approved compensation plans to DOH-issued funds is not allowed unless prior written approval is obtained from the BDAP. If county funds support bonuses, these expenditures must not be included in the calculation for meeting the county match requirement.

Employees working for two or more programs, such as D&A Programs and also MH/MR Programs, should have their salaries and benefits pro-rated between the programs. Likewise, employees who are charged against more than one funding source, such as against federal funds and state funds, should have their salaries and benefits paid in accordance with Section 3.08 - Cost Allocation. The minor objects are defined below:

#### **111 - ADMINISTRATIVE SALARIES**

This category should include all wage and salary costs of part-time and full-time employees who render their services within the administrative section.

Administration is defined as general managerial functions or activities which are supportive to, but not an intrinsic part of the provision of direct services. Administrative functions or activities include: executive supervision, personnel management, accounting, auditing, legal services, purchasing, billing, community board activities, activities associated with management information systems (does not include maintenance of individual client case records), and clerical activities which are supportive to these administrative functions or activities.

#### **112 - ADMINISTRATIVE BENEFITS**

This category should include only the employer's share of benefit costs incurred on behalf of all part-time and full-time employees who render their services within the administrative section. Included under Administrative Benefits are such items as social security contributions, retirement, employee health, life and other insurance plans, and worker's compensation.

#### **121 - CLIENT-ORIENTED SERVICE SALARIES**

This category should include the salaries and wages of all part-time and full-time employees who perform client-oriented services or client support services, and includes Case Management

(screening, assessment and case coordination) salaries and wages as well. Clerical activities that provide direct support to the program activity are to be reported as direct costs of the program activity. Clinical and program supervision associated with direct client care is to be considered a direct program expense. Staff time associated with such supervision should be allocated among, and reported within, program activities as a direct program expense.

#### 122 - CLIENT-ORIENTED SERVICE BENEFITS

This category should include the employer's cost of benefits incurred on behalf of all part-time and full-time employees who perform client-oriented services or client support services. Included under Client-Oriented Service Benefits are items such as social security contributions, retirement, employee health, life and other insurance plans, and worker's compensation.

#### 131 – STAFF DEVELOPMENT

This category covers development and training both within the facility and outside the facility. Expenses incurred for in-house development might consist of: meetings or seminars held at the facility, books, videos, other training tools or equipment. Examples of training or development received outside the facility might be special courses, conferences, and training sessions by an outside agency. Only those staff development and training activities (administrative, technical, clerical) that are essential for the continuation or improvement of the program are eligible for State participation. Any activities in question should be cleared through the appropriate BDAP office.

This category does not include travel by staff to these developmental activities; such costs would be recorded under minor object 312 - STAFF TRAVEL.

## **4.03 OPERATING EXPENSES**

### **MAJOR OBJECT 300 – OPERATING EXPENSES**

This major object includes the cost of supplies, commodities, services, travel, or manufactured articles that are used in current operations. This major object also includes minor equipment and furniture, as well as other articles not meeting the criteria set forth in Major Object 400, Fixed Assets.

Any expenses entered in the following minor objects must be substantiated by invoices, canceled checks, contracts or other means of documentation that are readily available for review at the BDAP's option.

#### **301 - MEETING and CONFERENCE EXPENSES**

Charge to this category total meeting costs incurred by the SCA and its Board, excluding travel and advertising. This would include the cost of meetings related to conducting the business of the SCA, as well as sponsoring of conferences and training events by the SCA. Examples may include room rental, equipment rental, and food services.

#### **302 -CONSULTANT EXPENSES**

Charge to this category the cost incurred for all consultants hired on a limited term basis for administrative services. Include the total cost of consultants or other specialized and professional administrative services subcontracted or purchased, such as attorneys, auditors, accountants, management analysts and research analysts. Costs reported in this category are not to be reported separately on Form 320 by contract provider but are to be included as part of the SCA's total expenditures; however, subcontracted consultants and associated expenditures must be reported separately on Form 315. This does not preclude the reporting of contracts issued for Administration, when this function is, in whole or part, contracted out to another entity. Travel and lodging expenses incurred by the consultant are eligible under this category and are reimbursed by State standards as explained in Minor Object 312 - Staff Travel.

#### **303 -MISCELLANEOUS PERSONNEL EXPENSES**

Charge to this category the cost of administrative personnel that are hired on a temporary basis and do not appear on the Roster of Personnel (Form 313). Examples may include replacements for any leaves of absence and student interns. If temporary staff is approved for travel, the expense should be charged under Minor Object 312 - Staff Travel.

#### **304 -OCCUPANCY EXPENSES**

**All direct costs for the following expenses may be charged to this category.**

1. Rent for an office or other space occupied by the facility. No rental charge may be made for offices in County-owned buildings that are debt-free. D&A rental will be pro-rated

when offices or space is in buildings rented by local authorities for purposes other than D&A functions. An agency must be able to demonstrate, upon request from the BDAP, that the cost of space per square foot is based on a fair market value for the surrounding area.

2. Utilities include heating fuel, sewage, water, gas, electricity, etc.
3. Housekeeping Services and Supplies include all supplies used in the performance of general housekeeping and grounds care services, or the cost of contracting out those services.
4. Building Repairs and Maintenance include minor building repairs, maintenance, repairs and maintenance to heating, ventilation and air-conditioning units. Repairs are defined as work done to maintain the existing structures and equipment.
5. Minor Renovations are considered to be the adaptation of available space and do not include construction cost for additional space. Minor renovations are those at a cost of less than \$10,000. Three formal, written bids are required on all contracted renovations and the lowest bid must be accepted, unless otherwise justified. Bids must be in accordance with the process described in Section 3.07 - Fixed Asset Management Guidelines. All bids must be kept on file.
6. Insurance includes building, content, fire and liability insurance costs.

### 305 - INSURANCE

Charge to this category any insurance not covered under Minor Object 304 - Occupancy Expenses and Minor Object 317 - Motor Vehicle Maintenance Expense. Examples include professional liability, directors' and officers' insurance, and fidelity bonds.

### 306 - COMMUNICATIONS

Charge to this category the costs of telephone service (including installation), postage, advertising, marketing, pagers, cell phones, web sites, internet services, printing, duplicating and parcel service.

### 307 - OFFICE SUPPLIES

Charge to this category the cost of all expendable items that are normally consumed within one year and used in the day-to-day operations of an office. Some examples are pens, pencils, paper, calendars and tape.

### 308 - MINOR EQUIPMENT AND FURNITURE

Charge to this category items with a useful life of more than one year and a unit cost of less than \$5,000. Examples may include: fax machines, copiers, computers and computer-related

equipment, software, tables, desks and chairs.

### 309 - MEDICAL SUPPLIES AND DRUGS

Charge to this category the cost of all medical supplies and drugs used in the treatment of clients.

### 310 - FOOD AND CLOTHING

Charge to this category the cost of necessary food and clothing used by D&A clients. Also, charge all costs associated with specialized or professional food preparation and food delivery services.

### 311 - PROGRAM SUPPLIES

Charge to this category the cost of supplies purchased for activities related to rehabilitation or recreational purposes. Also included are supplies used in client training and education services. Some examples are books, periodicals, games, videos, tapes, creative supplies and drug testing kits.

### 312 - STAFF TRAVEL

Charge to this category the cost of business-related staff travel. Include allowances for meals, lodging, and other related expenses.

The SCA shall be bound by the terms and conditions regarding travel, lodging and subsistence rates as set forth by the Commonwealth of Pennsylvania in the Office of Administration's Management Directive 230.10, Rev. 1/21/09 and any subsequent revisions thereto. If the lodging rates set by the Management Directive are not available to the SCA, the lowest price available through 3 telephone bids will be acceptable. However, if prevailing county travel policies provide for reimbursement of travel, lodging and subsistence costs at a lower rate than the state rate, then the lower rate shall govern. If prevailing collective bargaining unit policies provide for reimbursement of these items at a different rate than the state or county rate, then the terms of the bargaining unit shall prevail. If the employee attends a D&A conference or training event where the hotel is the site of the event, then the reimbursement rate for lodging costs incurred for attendance at the event shall take precedence over both the Management Directive rate and the county rate. In those instances when lodging cannot be secured within the established lodging rate allowance, employees may exceed the allowance if written justification is provided on the travel form (e.g., closest lodging facility to work site – next hotel 25 miles away; no rooms available at hotel with lowest rate; inclement weather; lateness of hour).

No subsistence payments shall be made to the employee for non-overnight travel, except as specifically provided for in the Management Directive or labor agreements.

All employee travel reimbursement must be approved and signed by a duly designated SCA executive, official or supervisor. Copies of all authorized expense reports (travel vouchers) must be on file for auditing purposes. These reports must be signed by the employee and must show

the purpose of travel, departure and destination points, actual miles traveled each day, and expenses incurred, such as parking, meals, lodging and tolls. Itemized receipts for travel and subsistence must be on file to support reimbursement.

Allowances for the reimbursement of subsistence costs incurred by the SCA are not flat allowances; only amounts actually expended may be claimed. Management Directive 230.10 may be accessed via the internet at <http://www.oa.state.pa.us> under Records and Directives, Management Directives, Management/Administrative Support (205-260).

### 313 - CLIENT TRANSPORT

Charges to this category include actual miles traveled, parking, tolls, meals and expenses incurred or fees paid to an outside agency for the transportation of D&A clients. Accurate and up-to-date records must be maintained, reviewed and approved by the director or designee if transportation services are provided by the SCA.

### 314 - PURCHASED CLIENT-ORIENTED SERVICES

Charge to this category the cost incurred from the purchase of client-oriented services, such as medical care, laboratory services, psychiatric services and interpreter services.

### 315 - EQUIPMENT MAINTENANCE EXPENSE

Charge to this category the cost of maintenance agreements and repairs to all types of office or medical equipment.

### 316 - EQUIPMENT LEASES

Charge to this category the cost of all equipment leases.

### 317 - MOTOR VEHICLE MAINTENANCE EXPENSE

Charge to this category the cost of maintenance to motor vehicles used in the performance of official D&A Program activities (e.g., repairs, insurance, inspection, tires, gas, oil and lubrication).

### 318 - MOTOR VEHICLE LEASES

Charge to this category the cost of motor vehicle leases.

### 319 - OTHER OPERATING EXPENSES

Charge to this category operating costs that cannot properly be recorded in the other minor expense objects. All costs in this category should be documented and held to a minimum.

### 320 - INDIRECT COSTS

Charge to this category costs for supportive activities that are necessary to maintain the direct effort involved in providing the services. BDAP participation in allowable county indirect costs will be up to 2.0% of the amount of BDAP expenditures as reported on Form 321, Page 1. This percentage does not apply to providers under contract with the SCA. Organizational management of an SCA under the Planning Council option is considered an indirect cost and must be accounted and reported as part of the allowable indirect cost. A copy of the county's indirect cost plan must be maintained on file for review by the BDAP.

## **4.04 FIXED ASSETS**

### **MAJOR OBJECT 400 - FIXED ASSETS**

This major object includes items deemed to be fixed assets as defined in Section 3.07 – Fixed Asset Management Guidelines.

#### **401 - EQUIPMENT AND FURNITURE**

Charge to this category the cost of equipment and furniture with a purchase price of \$5,000 or more per item and a useful life of more than one year.

#### **402 – MOTOR VEHICLES**

Charge to this category the cost of purchased motor vehicles.

#### **403 - CAPITAL IMPROVEMENTS**

Charge to this category property and building improvements with a cost of \$10,000 or greater. Such improvements may include building additions and/or installation of permanent fixtures (furnaces, fire escapes, integral air conditioning systems, sewage hook-ups, etc.)

#### **404 – CAPITAL PURCHASES**

Charge to this category the cost of land and building purchases.

## **4.05 PROVIDER REVENUE AND INCOME**

This major object is used to report all income received by the D&A contract provider directly from Federal, State, and Local governments, as well as from client and private sources. Funding source, for reporting purposes, shall be defined as the agency from which the checks were received. The SCA, if providing direct non-treatment D&A services, may also receive revenue and income as described below.

**Revenue** – Provider revenue is funding which has been obligated to the contract provider by grant, contract, award letter or other documented agreement. Revenues are received as a consequence of a formal funding agreement that describes the work and defines the period for services to be performed. For the revenue line items, list all revenue received or earned by the contract provider during the cumulative report period. The contract provider must accrue revenues earned and reported on the appropriate reporting form.

**Income** - Provider income is funding received by the contract provider as a result of operations. Income is primarily derived from third party payers as reimbursement for services to insured, medical assistance eligible, or self-paying individuals. Interest and donations are also classified as income. List accounts receivable and cash receipts for the income line items. Report interest income listing only cash receipts.

**501 - Provider Revenue** - Provider revenue is comprised of direct federal revenues received by the contract provider, revenues received from other government or private entities as well as revenues received from other SCAs for the provision of D&A treatment services or D&A related ancillary services. The intent is to identify other dollars used by the recipient to defray existing costs or expand services. Direct federal grantors may include NIAAA and NIDA, while other revenue sources may include United Way, municipal funds and private grants. The contract provider must identify the source(s) of these funds.

**502 - Provider Charitable Income** – Income received from unspecified sources such as donations (i.e., funds donated to the contract provider as a general contribution wherein the donor determines how the funds will be spent) from private firms, unions, charitable organizations and individuals. Identify the source(s) of all contract provider income.

**503 - Provider Interest Income** – The contract provider must enter any interest income earned in the space provided. Interest income must be expended prior to the expenditure of Commonwealth funding.

**504 - Client Fees/Client Liability** – Income received directly from clients who have a liability for full or partial payment for services received.

**505 - Private Health Insurance** – Income received from insurance carriers, e.g., Blue Cross/Blue Shield, employer or union health plans and private purchase health insurance.

**506 - Medical Assistance (MA)** – Income received from the DPW for substance abuse services provided to MA-eligible recipients.

507 - Other Third Party Fees – Income received as payment for client services from a source such as employers (where insurance coverage is not applicable), client family member, food stamps, etc. (when the payment by such sources is agreed to by the client and does not violate confidentiality requirements).

508 – Miscellaneous Fees – Use this code to indicate funding of a special nature or circumstance that cannot be categorized using the definitions and examples cited above.

#### **4.06 SCA REVENUE AND INCOME**

601 – DOH State Drug and Alcohol Programs Funds (10-653) – State funds issued by the DOH, BDAP, for administrative functions and the provision of prevention; intervention; treatment; and treatment-related services, to include case management services. State funds consist of base dollars, as well as dollars allocated for special initiatives. Base funds can be budgeted among these activities at the discretion of the SCA. The remaining dollars are targeted for special initiatives and must be budgeted accordingly. Any of these funds budgeted for Administration, Activity 51, shall not exceed 20 percent of BDAP funded dollars. BDAP funded dollars include all funding sources identified on Page One of the Budget Form.

602 - Substance Abuse Prevention and Treatment Block Grant (SAPTBG) Funds (70-327) – Federal funds issued by the DOH, BDAP, for the provision of prevention; intervention; treatment; and treatment-related services, to include case management services. Specific amounts of these funds are allocated between prevention and intervention/treatment and must be spent within those categories. In addition, specific amounts are also allocated between drug and alcohol and may not be moved from one category to another.

603 – Reserved

604 - Other DOH Funding – This may include federally or state-funded special initiatives not included in the categories above.

610- Behavioral Health Services Initiative (BHSI)(10-262) – State funds issued by the DPW, OMHSAS, to provide treatment services to clients impacted by Act 35 of 1996. Funding may cover administration, case and care management, and treatment activities for persons who have lost eligibility for medical assistance due to welfare reform.

611 – Reserved

612 - Act 152 (10-237) – State funds issued by the DPW, OMHSAS to provide inpatient non-hospital (medically monitored) treatment services for MA eligible clients. Funding may also cover administrative costs.

613 - HealthChoices - Income received from the provision of administration and clinical care services related to the HealthChoices Program, such as case management and administrative and clinical oversight of the MCO.

614 - Human Service Development Fund (HSDF) - State funds issued by DPW/OSP, to provide various human service initiatives. The allocation of funds to the SCA is at the discretion of the county and must be included in the annual plan submitted by the county through their designated agency to DPW/OSP. Funding may cover all intervention, treatment and treatment-related activities. Prevention activities may be funded on a case-

by-case basis, and must be specifically approved by DPW/OSP. Administration for the SCA is not a reimbursable expense.

615 - Children, Youth and Family Funds – Funds received from the local children and youth office and utilized by the SCA for the provision of substance abuse services to clients involved in the Children and Youth System.

620 - Driving Under the Influence (DUI) Funds – Funds issued by the county for the purpose of aiding programs promoting alcoholism prevention, education, treatment and research. Distribution of these funds is at the discretion of the county executives.

630 - Tobacco Settlement Fund - Funds issued by the Pennsylvania DOH, Bureau of Health Promotion and Risk Reduction, Division of Tobacco Control, through designated regional primary contractors, for the provision of tobacco prevention and cessation services.

631 - PA Commission on Crime and Delinquency (PCCD) Funds – Grant funds, such as intermediate punishment programs or juvenile incentive initiatives, received directly from PCCD for the provision of substance abuse services.

640 - Interest Income – Monies received through interest-bearing accounts for funds managed at the SCA level.

650 - County Funds – Funds provided by the county which meet or exceed the county's required financial commitment to the SCA for the delivery of D&A services.

660 - Other Income – All other income received by the SCA but not defined above.

## **PART FIVE: FUNDS USE AND ALLOWABILITY**

### **5.01 STATE FUNDS**

General Assistance State dollars (Appropriation 10-653) are the primary state funding source relative to the SCA's agreement with the BDAP. All SCAs receive funding from this source. These funds include base dollars, which may be budgeted across all allowable activities at the discretion of the SCA, as well as categorical funding for particular populations or initiatives (e.g. the Student Assistance Program.)

Unless otherwise specified in the agreement or some other associated document, these funds may be budgeted for administrative functions and the provision of prevention; intervention; treatment; and treatment-related services, to include case management services. The SCA may not expend more State dollars than are allocated in the Schedule of Funding for a particular SFY.

On occasion, there may be other State funding that is awarded to SCAs for certain special initiatives. These funds may be awarded selectively to one or several SCAs, or to all SCAs.

State base funds drawn down by the SCA, but not spent during the SFY may not be carried forward. However, in special circumstances, State funds awarded for special initiatives may be carried forward into the new SFY, upon instruction from the BDAP. It is best, therefore, to expend State dollars and return Federal SAPTBG dollars as necessary. Any unspent State funds must be returned to BDAP along with the submission of the fourth quarter fiscal report.

## **5.02 SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT (SAPTBG) FUNDS**

The federal legislative authorization for the SAPTBG funds, allocated under Appropriation 70-327, is the Federal Public Health Service Act. The DOH, serving as the Single State Agency for receipt of SAPTBG funds, manages expenditure requirements established in the block grant through a planning and monitoring process.

The BDAP allocates specific amounts of SAPTBG funds to the SCAs for the purpose of planning, carrying out and evaluating activities to prevent and treat substance abuse and for related activities, as authorized under the grant, and in accordance with specified expenditure requirements. The allocated amounts are based on population, competitive awards and other factors and are also calculated to meet the specified block grant expenditure requirements.

SAPTBG funds are the primary Federal funding source relative to the SCA's agreement with the BDAP. All SCAs receive funding from this source, to include base dollars as well as categorical funding to be utilized for specific populations and initiatives (e.g. the Student Assistance Program and the Pregnant Women and Women With Children initiatives.)

SAPTBG funds may be budgeted for the provision of prevention; intervention; treatment; and treatment-related services, to include case management services. The SCA may not expend more Federal dollars than are allocated in the Schedule of Funding for a particular SFY under the subcategories of Alcohol Prevention, Drug Prevention, Alcohol Intervention/Treatment and Drug Intervention/Treatment.

The SAPTBG contains a requirement to spend not less than 20 percent of the grant on primary prevention programs, utilizing the Center for Substance Abuse Prevention's six Federal Strategies (Information Dissemination, Education, Alternative Activities, Problem Identification and Referral, Community-Based Process and Environmental) in conjunction with the three Institute of Medicine (IOM) Prevention Classifications to meet Performance Partnership Grant (PPG) requirements. Prevention funding is allocated to all SCAs based on county populations. Prevention program activities shall be provided in a variety of settings to targeted populations who are severely affected by risk factors associated with substance abuse, determined through community-wide bi-annual needs/risk assessments performed by the SCAs. The BDAP tracks the results of these services through use of the Performance Based Prevention Software Management Information System.

On occasion, there may be SAPTBG funding that is awarded to SCAs for certain special initiatives. These funds may be awarded selectively to one or several SCAs, or to all SCAs.

SAPTBG base funds drawn down by the SCA but not spent during the SFY may not be carried forward. However, under certain circumstances, SAPTBG funds awarded for special initiatives may be carried forward upon instruction from the BDAP. Any unspent funds must be returned to the BDAP with the submission of the fourth quarter fiscal report.

In order for the SCA and any subcontractor under the SCA agreement to be in compliance with SAPTBG requirements, the SCA shall assure that it and any subcontractor under the SCA agreement

shall cooperate fully with the Commonwealth to enable it to comply with any reporting, audit, or fiscal requirements imposed under 42 U.S.C. Section 300x-52. Further, the SCA shall assure that, should the federal government conduct any investigation under 42 U.S.C. Section 300x-55(g), the SCA and any subcontractors shall cooperate fully with the Commonwealth in such investigation and specifically shall make available for examination and copying by the Commonwealth, the U.S. Department of Health and Human Services or the Comptroller General of the United States, the documentary records outlined under 42 U.S.C. Section 300x-55.

### **5.03 PREGNANT WOMEN AND WOMEN WITH CHILDREN (PWWWC) FUNDS**

The DOH, BDAP, is required to expend an amount equal to the amount expended by the Commonwealth during FFY 1994 on programs designed for the PWWWC population. The BDAP's main objective relative to the PWWWC client is to improve and expand D&A abuse treatment and case management services to the client, either directly, or through arrangements with other public or non-profit entities. PWWWC services stress the family as a unit. The client must have custody or be in the process of regaining custody of their children in order for the SCA to utilize PWWWC dollars.

The SAPTBG funding for the PWWWC population is allocated to all SCAs under Appropriation 70-327 through their agreement with the BDAP. The SCAs may also utilize State funds allocated under Appropriation 10-653 and funds issued by DPW/OMHSAS in addressing the needs of this priority population. SCAs are required to provide treatment through a continuum of care (to include methadone maintenance), as well as to provide or facilitate ancillary services (such as shelter, health services, case management services, day-care, etc.) to assure the holistic wellness for this vulnerable population.

The SCAs shall take into consideration the prevention needs of the children as part of the Performance Based Prevention community-wide needs/risk assessment process when providing services to the PWWWC population. If selected as a targeted population, prevention funds awarded under this program may be used to fund the services. Further, any prevention funds not utilized for this specific population may be utilized for other prevention activities as long as the movement of dollars from this initiative is replaced with State or Federal based dollars utilized for intervention/treatment. In those circumstances where the children are not a targeted or prioritized population for prevention services, and the children are residing in a residential program that provides prevention services, those services may be funded as part of the overall per diem cost, utilizing intervention/treatment dollars.

The BDAP monitors SCA funding through compliance checks with the SCA agreement and through fiscal reporting. The SCAs are required to submit a bi-annual report relative to their PWWWC expenditures. The SCAs must report all PWWWC expenditures from all funding sources, rather than only up to the maximum amount of SAPTBG funds allocated by the BDAP.

If the SCAs do not expend their entire PWWWC block grant allocation drawn down during the SFY, then the unspent funds must be returned to the BDAP with the submission of the fourth quarter report. If the report indicates that the total amount of DOH funds, including state funds, expended on this initiative are equal to the block grant allocation, then the SCA will not be required to return the funds.

#### **5.04 HUMAN IMMUNODEFICIENCY VIRUS (HIV) FUNDS**

The DOH, BDAP, is required to meet certain Federal SAPTBG requirements regarding the Human Immunodeficiency Virus (HIV) whereas the state has a reported incidence of ten or more cases per 100,000 individuals of acquired immunodeficiency syndrome to the Center for Disease Control. Services include appropriate pre-test counseling, testing individuals for the presence of the disease and the extent of the deficiency, providing information on the appropriate therapeutic measures to prevent and treat deterioration of the immune system and to prevent and treat conditions arising from the disease, appropriate post-test counseling and providing the therapeutic measures described above.

The BDAP must demonstrate expenditures equal to a 5 percent set-aside of SAPTBG funds, allocated to several SCAs under Appropriation 70-327 through their agreements with the BDAP, for the provision of Early Intervention Services relative to the HIV disease.

The BDAP works in concert with the Bureau of Communicable Diseases, Division of HIV/AIDS to determine those areas where the prevalence rates necessitate funding through the HIV set-aside and to determine the amounts allocated to the designated SCAs.

The BDAP monitors SCA funding through compliance checks with the SCA agreement and through fiscal reporting. The SCAs are required to submit an annual report relative to their HIV expenditures. If the SCAs do not expend their entire HIV block grant allocation drawn down during the SFY, then the unspent funds must be returned to the BDAP with the submission of the fourth quarter fiscal report.

## 5.05 SAPTBG PROHIBITIONS AND RESTRICTIONS

The block grant legislation and regulations impose several restrictions and requirements on the use of block grant funds, which BDAP, in turn, passes on to SCAs and providers. These restrictions, incorporated by reference into the SCA agreement, prohibit block grant funds to be used to:

- A. Provide inpatient hospital services unless it is determined, in accordance with guidelines issued by the Secretary of Health and Human Services, that such treatment is a medical necessity for the individual involved. In exercising this exception, a physician must determine that the primary diagnosis of the individual is substance abuse; the services can be reasonably expected to improve the individual's condition or level of functioning; the individual cannot be effectively treated in a community-based, non-hospital, residential program of treatment; and the hospital's substance abuse program follows national standard of substance abuse professional practice. SAPTBG funding may only be used under these circumstances only to the extent that the daily rate of payment provided to the hospitals for providing the services to the individual shall not exceed the comparable daily rate provided for community-based, non-hospital, residential programs of treatment for substance abuse; and that payment is only for services that are medically necessary, that is, only for those days that the patient cannot be safely treated in a residential, community-based program.
- B. Make cash payments to intended recipients of health services;
- C. Purchase or improve land, purchase, construct or permanently improve (other than minor remodeling if provided for in the line item budget of this agreement) any building or other facility, or purchase major medical equipment. (No minor equipment may be purchased unless the line item budget specifically provides for such purchase);
- D. Satisfy any requirement for the expenditure of non-Federal funds as a condition for receipt of Federal funds;
- E. Provide financial assistance to any entity other than a public or non-profit private entity; or,
- F. Provide individuals with hypodermic needles or syringes so that such individuals may use illegal drugs, unless the Surgeon General of the Public Health Service determines in writing that a demonstration needle exchange program would be effective in reducing drug abuse and the risk that the public will become infected with the etiologic agent for AIDS.

## **5.06 RESERVED**

## **5.07 OTHER DOH FUNDING**

Some SCAs may receive additional funding other than that received through State funds (Appropriation 10-653) and Federal SAPTBG funds (Appropriation 70-327) in any given SFY. These funds are, in general, other Federal grant funds allocated by the BDAP that are targeted for special projects. Funds are typically awarded through a selective Request For Application (RFA) process and may be awarded to one or several SCAs depending upon the availability of funds in the grant award.

These funds may be budgeted according to the specific boundaries of the project and as directed by the BDAP. Specific reports relative to special initiatives must be completed by the SCAs as prescribed by the agreement. The report parameters are outlined in the agreement or a subsequent amendment to the agreement with the SCAs. Reporting format and instructions are generally provided to the recipient of funds through separate correspondence forwarded from the BDAP.

The SCA may not expend more special initiative funding than is allocated in the Schedule of Funding for a particular SFY. Under certain circumstances, funds drawn down by the SCA but not spent during the SFY may be carried forward into the new SFY, based upon instruction from the BDAP.

## 5.08 BHSI FUNDS

Behavioral Health Special Initiative (BHSI) funds must serve those individuals, who are uninsured, who do not have insurance that covers the service they need, or cannot obtain Medical Assistance benefits. SCAs must target those persons most in need who, without drug and alcohol (D&A) treatment, would likely become the responsibility of another system. (e.g. criminal justice, child welfare, social services).

Funds are available to use for the full continuum of D&A treatment, including treatment for co-occurring substance abuse and mental health disorders. These funds may be used for administrative care management and case management services, to include Level of Care assessments in addition to the full continuum of care as determined by the most recent edition of the Pennsylvania Client Placement Criteria (PCPC) for adults, or most recent edition of the ASAM Patient Placement Criteria for Adolescents, or other criteria for co-occurring substance abuse and mental health disorders approved by the Department. Since Medicaid requirements do not apply – *if no other funds are available* – BHSI can be also be used for client support services that will enhance an individual's participation in treatment and prospects for recovery (e.g. relapse prevention, collateral sessions, child care, transportation, physical exams and lab testing required for participation in treatment).

BHSI funding is not an entitlement, it is a capped allocation. If service limits are established by the SCA, all limitations must be explained to the individual prior to placement in treatment.

SCAs must continue to track clients and services funded through BHSI. Quarterly reporting requirements must be adhered to.

## **5.09 ACT 152 FUNDS**

Act 152, 71 P.S. §611.14, provided funding for non-hospital residential detoxification and rehabilitation services for persons eligible for MA. SCAs are required to verify that persons receiving services are Medicaid eligible. If any funds remain unspent at the end of a fiscal year, they will be subject to recovery by payment adjustments the following fiscal year.

**PART SIX: RESERVED**

## **PART SEVEN: LIABILITY FOR ADDICTION TREATMENT SERVICES**

### **7.01 GENERAL PROVISIONS**

#### General

One of the primary goals of the publicly funded addiction treatment service system is to provide access to services and to encourage people to seek help.

#### Purpose

The purpose of Part Seven is to describe the procedures for determining and collecting liability for clients receiving addiction treatment services funded in whole or in part through the SCAs.

#### Applicability

1. Part Seven applies to the SCAs and/or their authorized contractors.
2. Part Seven applies only to those clients receiving addiction treatment services funded in whole or in part through the SCAs.

#### Application of IRS Regulations

IRS statutes, regulations or standards in Part Seven with respect to gross income or dependents are defined as those currently in effect, and are located at <http://www.irs.gov>.

#### Delegation of Authority

The SCA administrator has the authority to delegate the functions required in Part Seven to a contracted provider for case management services or providers of addiction treatment services. If so delegated, the SCA administrator shall retain responsibility for compliance with the requirements of Part Seven.

#### Review and Audit by DOH

The liability determination, billing and collection processes when applicable, and forms and documents required in this Part Seven are subject to review and audit by DOH.

#### Missed Appointments

The client has an obligation to provide sufficient notice relative to cancellation of an appointment for treatment services. If the client fails to give 24-hour notice of cancellation for a service appointment, the service provider has the authority to bill the liable person the client fee schedule amount for the scheduled service.

## 7.02 EXEMPT SERVICES

The following program services are exempt from liability requirements specified in Part Seven:

1. Prevention Services, as defined in BDAP's Prevention Manual and the Drug and Alcohol Activity Definitions contained in BDAP's Fiscal Manual.
2. Intervention Services, as defined in the Drug and Alcohol Activity Definitions contained in BDAP's Fiscal Manual.
3. Case Management Services, as defined in BDAP's Treatment Manual and the Drug and Alcohol Activity Definitions contained in BDAP's Fiscal Manual; however, liabilities for level of care determination may be assessed for:
  - a. Minors under the age of 18 who are court-ordered for assessment under Act 1997-53. In those instances, unless the court finds that the parent or legal guardian is without financial resources, the parent or legal guardian shall be responsible to pay for the assessment.
  - b. The convicted and sentenced DUI offender who is responsible to pay for the assessment under Act 2003-24.
4. Treatment Services as follows:
  - a. Hospital based and non-hospital inpatient detoxification services.
  - b. Treatment services received in a prison-based setting.
  - c. All treatment services rendered to minors under the age of 18.
    - i. An exception is considered for minors under the age of 18 who are court-ordered for treatment under Act 1997-53. In those instances, unless the court finds that the parent or legal guardian is without financial resources, the parent or legal guardian shall be responsible to pay for the treatment.
    - ii. An exception is considered if the minor has third party insurance coverage and this coverage may be accessed in accordance with all applicable confidentiality regulations.
  - d. When local practices determine that convicted and sentenced DUI offenders will pay the full cost of treatment services (as permitted under Act 2003-04), such services will be exempt from the liability requirements specified in Part Seven. If the SCA funds treatment services in whole or in part to a convicted and sentenced DUI offender, then the liability requirements specified in Part Seven apply.

5. Housing Services, as defined in the Drug and Alcohol Activity Definitions contained in BDAP's Fiscal Manual.
6. Other services in support of treatment, which could include, but are not limited to, childcare, transportation and translation services.

## **7.03 DETERMINATION OF LIABILITY**

### Determinations

1. The SCA or its designated provider shall determine a liability for clients receiving addiction treatment services, funded in whole or in part through the SCA, that are not listed as an exempt service in Section 7.02.
2. The liability shall be determined prior to client referral to or admission into applicable addiction treatment services, except for emergency referrals or placements in which the liability shall be determined within 15 days following admission.

When determining the liability, the monthly gross income to be considered shall be based on the last 30 days. For those clients entering more intensive levels of care, whereby participation will impact earned income, the monthly gross income to be considered shall be based on the income once admitted, pro-rated to a 30-day period.

### Liable Person

1. If the client is 18 years of age or older, is not married and does not have a legal guardian of estate or a representative payee, the client is the liable person.
2. If the client is married and residing with their spouse, and does not have a legal guardian of estate or a representative payee, the client and the client's spouse are the liable persons. If confidentiality issues preclude the spouse's information being obtained, then only the client is the liable person.
3. If the client is married and not residing with their spouse, and does not have a legal guardian of estate or a representative payee, the client is the liable person.
4. If the client is under 18 years of age and court ordered for assessment and/or treatment under Act 1997-53, both of the client's parents or legal guardian are the liable persons.
5. If the client is under 18 years of age, is not married, is an emancipated minor and does not have a legal guardian of estate or a representative payee, the client is the liable person.
6. If the client has a legal guardian of estate or a representative payee, the legal guardian of estate or the representative payee is the liable person.

### Income to be Considered for Adult Clients

1. If the client is 18 years of age or older, is not married, or married and not residing with their spouse, the client's income alone shall be considered the total monthly gross income.

2. If the client is married and residing with their spouse, the client's income and the client's spouse's income shall be combined to determine the total monthly gross income. If confidentiality issues preclude the spouse's information being obtained, then only the client's income is considered.
3. If the client is under 18 years of age, is not married, and is an emancipated minor, the client's income alone shall be considered the total monthly gross income.

#### Income to be Considered for Minors Involuntarily Committed Under Act 1997-53

1. If the client is under 18 years of age, is not married, is not an emancipated minor, and has been court ordered for assessment and treatment under Act 1997-53, both parents' income shall be combined to determine the total monthly gross income.
2. If the parents of an unmarried, non-emancipated client under 18 years of age are separated or divorced and have a legally binding financial agreement, the parents are individually financially responsible in accordance with the terms of that financial agreement.
3. If the parents of an unmarried, non-emancipated client under 18 years of age are separated or divorced and there is no legally binding financial agreement, a separate total monthly gross income shall be determined for each parent.

#### Types of Income

The following types of income shall be combined to determine the total monthly gross income. It may be necessary to prorate income received on an annual basis to a monthly amount.

1. Earned Income including wages, salaries, fees, commissions, tips, bonuses, net business income and other earned income subject to Federal income taxation.
2. Interest income including, but not limited to, interest received from accounts with banks, savings and loan associations, money market funds, credit unions and bonds.
3. Dividends received from corporate stock holdings or cash dividends from life insurance policies.
4. Taxable benefits, including but not limited to unemployment compensation, Social Security payments and pensions. Benefits are counted as income only if the benefit is paid on behalf of the client. Food Stamps are not counted as income.
5. Alimony received or spousal support received prior to divorce. Does not include child support.
6. Other taxable income to include all other income subject to Federal income taxation, e.g., rental income, lottery winnings, net capital gains, etc.

### Verification

Income shall be verified by written documentation, such as income tax statements, pay stubs, written employer statements or by affidavit. An affidavit is a written statement attesting that the information provided is true and correct and is signed by the client and a witness. Affidavit language is included on the liability form under “Agreement and Understanding.” Copies of these verification documents shall be kept on file.

### Failure to Provide Verification

If the liable person fails to provide written verification of income or sign the affidavit, the SCA or its designated provider shall bill the liable person for the full cost of service.

### Re-determinations

1. The SCA or its designated provider shall inform the liable person in writing that any significant changes in monthly gross income and/or family size are to be reported by the liable person within 30 days of the change. Upon notification, a re-determination shall be completed based upon the income at that point in time, pro-rated to a 30-day period. Notification language is included on the liability form under “Agreement and Understanding.” The SCA or its designated provider will then determine a new liability.
2. The SCA or its designated provider shall complete a re-determination of the liability for a client at least once every 12 months.
3. The effective date of the re-determination shall be the first day of the following calendar month or as otherwise specified by the SCA.

### Liability

1. The liability shall be calculated based on the monthly gross income utilizing the most current version of the Client Liability Tables distributed by the BDAP. The tables may be accessed via the Internet at the address listed in Section 7.08 and the “Client Liability Form” may be found in Section 7.09 of this Manual.
2. The liability for an SCA-funded client may not exceed the SCA established rate for the service provided.

### Notice of Liability

At the time the liability is determined or re-determined, a copy of the liability form shall be offered to the liable person.

## **7.04 REDUCTION OR ELIMINATION OF LIABILITY**

### Request For Reduction or Elimination of Liability

1. The liable person has the right to request reduction or elimination of liability.
2. Requests for reduction or elimination of liability shall be made within 30 calendar days of the time that conditions warranting the adjustment occur.
3. Requests for reduction or elimination of liability shall be made by the liable person, the client, or a drug and alcohol professional assigned to the client.
4. Requests for reduction or elimination of liability shall be submitted to the SCA administrator or their designee.

### Reasons For Reduction or Elimination of Liability

#### 1. Substantial Financial Hardship

The SCA administrator or their designee shall have the authority to reduce or eliminate the liability if the payment of the liability would cause substantial financial hardship on the client or liable person, or would result in greater financial burden upon the Commonwealth.

#### 2. Clinical Reasons

The SCA administrator or their designee shall have the authority to reduce or eliminate the liability if the imposition of the liability would nullify the results of care, treatment, service or other benefits.

### Documentation Required

Requests for reduction or elimination of liability shall be completed by a drug and alcohol professional, justifying the clinical or financial reasons for the request. All requests must be submitted utilizing the “Request for Liability Reduction or Elimination Form” as found in Section 7.09.

### Decision and Notification For Reduction or Elimination of Liability

The SCA administrator or their designee shall make a decision and notify either the provider or the liable person, as applicable, of the decision within 10 business days of receipt of the request.

### Appeals

The SCA has the option to have policies in place whereby the client may appeal the reduction or elimination decision.

## **7.05 COLLECTION AND WRITE-OFF OF PAST DUE ACCOUNTS**

Expenditures by a SCA and its providers on behalf of a client are eligible for reimbursement by the DOH less any assessed liability amount. If any funding covered under the DOH Grant Agreement with the SCAs is utilized to reimburse any uncollected client liability, the SCA or its providers must have complied with their policy of collection of past due accounts prior to use of this funding. The policy must contain at a minimum, the following:

- Payment Plans
- Identification of Past Due Account
- Collection Process
- Write-Off Condition (conditions under which a past due account can be considered for write-off).
- Write-Off Approval Process

For accounting purposes the write-off of a past due account does not absolve the liable person from payment of a past due account. Any liabilities collected from a client after a write-off adjustment has been made shall be returned to the SCA. The SCA shall record receipt of such funds as miscellaneous income in the year received. The SCA shall retain an annual summary of reimbursed write-offs of liability for review and audit by the DOH.

## **7.06 CLIENT FEE SCHEDULES**

### Applicability

The requirements relating to content of the provider client fee schedule and audit of such fee schedule are applicable only for clients receiving addiction services utilizing Commonwealth funds.

### Content of the Client Fee Schedule

1. A provider of treatment services shall establish a fee schedule of charges known as the “client fee schedule”. The cost of providing service is expected to vary from provider to provider depending on the nature of the services provided, the combination of personnel who provide these services and the client target group being served.
2. The fee schedule applied to publicly funded clients may not be higher than the fee schedule applied to private pay clients.
3. The client fee schedule rate may exceed the county program rate of reimbursement.

### Audit of the Client Fee Schedule

Cost of service and SCA rates are subject to audit.

## 7.07 INSTRUCTIONS FOR USE OF LIABILITY TABLES AND FORMS

### Client Liability Form/Tables

The Client Liability Form can be located in Section 7.09 of this manual. The form must be utilized by all SCAs and providers and may not be altered in any manner. The SCA or its designated provider shall complete a re-determination of the liability for a client at least once every 12 months. Note that if the SCA is not reimbursing for the cost of service or the service is exempt, the BDAP does not require completion of the form.

The liability tables, accessible via the Internet at the address listed in Section 7.08 of this manual, are designed to reflect the percentage of the unit cost or actual dollar figure that is the client's responsibility. The tables are arranged in alphabetical order by county for all 67 counties and include three tables for each county. The tables are as follows:

Outpatient Drugfree  
Intensive Outpatient/Partial Hospitalization  
Inpatient Hospital/Non-Hospital Residential Treatment

Below you will find information relative to the completion of the Client Liability Form and usage of the tables.

#### *Client Information*

##### Client Name

Enter the client's name.

##### County of Residence

Enter the name of the county in which the client resides.

##### Client ID #

Enter the unique client number assigned by the SCA or provider, as applicable.

##### Date

Enter the date that the form is being completed.

##### Initial/Re-determination

Check the appropriate box to indicate whether the form is being completed relative to an initial determination or a re-determination of liability.

#### *Part I: Insurance*

##### Insurance Coverage

Check the appropriate box to indicate whether the client has insurance coverage.

### Denial of Insurance

If the client has insurance but coverage has been denied for the service, indicate the reason for the denial in the area marked “Denied.”

### Insurance Company/Name of Insured/Group #/ID#

Enter the name of the insurance company that is providing coverage for the client, the name of the person insured, as well as the insurance company group number and the client’s insurance ID number.

### *Part II: Family*

#### Name of Dependents/Relationship

Enter the name of all dependents (including self) and their relationship to the client, in the space provided. Note that the dependents are to be reported as listed on the client’s federal tax return in accordance with all current IRS statutes, regulations and standards (located at <http://www.irs.gov>.)

#### Total # of Dependents

Enter the total number of dependents (including self) in the space provided. This total is then automatically carried forward to Part IV of the form.

### *Part III: Monthly Gross Income*

#### Family Member/Employers

Enter the name of the employer for each family member, as applicable, for which you are reporting income.

#### Types of Income/Self/Spouse/Parent I/Parent II/Totals

Enter all income from both full-time and part-time employment as well as other types of income, as applicable, to include that of Self, Spouse and Parents. See Section 7.03 of this manual for clarification on what income to include and a description of the types of income. This table contains formulas that automatically calculate the total monthly gross income for the client. The amount of total monthly gross income is then automatically carried forward to Part IV of the form.

### *Part IV: Client Liability*

In order to establish the client liability, complete the steps as outlined below:

1. Select the appropriate county table as referenced in Section 7.08 of this manual. Use the table for the county that will be funding the service. This may or may not be the county where the provider is located.
2. Select the appropriate table for the service being utilized.

3. Crosswalk the total monthly gross income and total number of dependents (located at the top of Part IV of the form) to the table's monthly income column that is equal to or less than the client's monthly income. This is the column that is used to determine the client's liability. The liability may be a percentage or flat fee depending on the type of service.
4. If the service is Inpatient Hospital/Non-Hospital Residential Treatment, enter the dollar amount in the appropriate service/unit block on the form.
5. For all other services, enter the percentage amount in Column 1 of the form. Apply this percentage to the provider rate and enter the dollar amount in the appropriate service/unit block. If the percentage is zero, enter any minimum co-pay established by the SCA.
6. If the established liability is not an even dollar amount the liability fee must be rounded down to the nearest dollar for amounts below fifty cents and up to the nearest dollar for amounts fifty cents or greater.
7. At a minimum, the liability must be determined for the SCA-funded service being rendered to the client.
8. Minimum Co-Pays

The SCAs may, at their discretion, establish minimum co-pays for all levels of service not to exceed the first level of liability as determined on liability tables for your county. Further, if the SCA decides to implement a minimum co-pay system, the minimum co-pays must be established for each unit of service within a particular level of care. Where applicable, SCAs must have policies in place to support any minimum co-pay system implemented, and, that system must be consistently applied.

### *Agreement and Understanding*

This section of the form serves as an affidavit to attest that the information provided by the client is true and correct. The form is to be signed and dated by the client as well as by a provider staff member serving as a witness. If the SCA is completing the liability, then an SCA staff member shall sign and date the form. This section also provides the client with an opportunity to indicate receipt of notice of liability. The client will check either "accepted" or "rejected it" as appropriate.

### Request for Liability Reduction or Elimination Form

This form is to be completed whenever a reduction in the client liability is sought due to either substantial financial hardship or clinical reasons. The term "abatement" is often used in describing the request for elimination or reduction of liability. While the request may be initiated by the client or liable person, all requests must include the staff description of reason and certification that the abatement is necessary.

Client Name

Enter the client's name.

Client ID #

Enter the unique client number assigned by the SCA or provider, as applicable.

Agency Name

Enter the name of the facility initiating the request.

The client or liable person must state in their own words why the request for reduction or elimination of liability is being requested. The client/liable person must sign and date the request.

In the second section, staff must check the appropriate box to identify if they are requesting a full abatement or a modification. If requesting a modification, the requested liability should be inserted.

Staff must check the appropriate box to identify if the request is time limited (for example – a six month request to address a time limited circumstantial need may be entered as “For the period 08/01/10 to 01/31/11”) or ongoing in nature. *Note that “ongoing” only applies to the period for which the liability is valid. A new request must be submitted, if still necessary, when the annual re-liability is determined.*

The appropriate box identifying the reason for the abatement request must be checked by staff.

The “Description of reason” section is to be completed by staff and must provide sufficient detail to support the recommendation. Staff must check the appropriate box to indicate (non) support of request, sign and date.

The completed form is to be submitted to the client's home SCA. The SCA is responsible for approval or denial. If the request is only approved in part there must be a clear statement defining the extent of the abatement.

The date entered on the “Effective Date” represents the day that any billing adjustments reflecting the abatement action are to be made. Any client billings prior to the effective date remain the client's responsibility. The SCAs, at their sole discretion, may permit retroactive abatements (ex. - a request is made in March due to a change in circumstances dating back to January – *at the SCA's discretion*, they could establish the effective date as January 1, 2011 even though the form was not submitted until March.)

## **7.08 CLIENT LIABILITY TABLES**

Tables may be accessed via the Internet at the following address:

<http://www.health.state.pa.us/bdap>

## **7.09 CLIENT LIABILITY FORMS**

**CLIENT LIABILITY FORM**

(Please refer to Section 7.07 of the BDAP Fiscal Manual for completion of the form.)

Initial  
 Re-determination

Date: \_\_\_\_\_

| Client Name | County of Residence | Client ID # |
|-------------|---------------------|-------------|
|             |                     |             |

**PART I: INSURANCE**

Yes  No

Does the client have insurance (private and/or public) coverage?

If insurance has been denied, indicate the reason for denial.

|         |
|---------|
| Denied: |
|---------|

| Insurance Company | Name of Insured | Group # | ID # |
|-------------------|-----------------|---------|------|
|                   |                 |         |      |
|                   |                 |         |      |

***If the SCA is not reimbursing for the cost of service or the service is exempt, BDAP does not require completion of the form.***

**PART II: FAMILY (As determined by Federal Law/Federal Tax Return)**

| Name of Dependents | Relationship |
|--------------------|--------------|
|                    | Self         |
|                    |              |
|                    |              |
|                    |              |
|                    |              |
|                    |              |
|                    |              |
|                    |              |
|                    |              |

Total # of Dependents (including Self):

**PART III: MONTHLY GROSS INCOME**

List all income from full- and part-time employment as well as other types of income, as applicable, including that of Self, Spouse and Parents (see Section 7.03 of the BDAP Fiscal Manual for income to be included). See description of types of income below.

| Family Member             | Employers |
|---------------------------|-----------|
| Self                      |           |
| Spouse                    |           |
| Parent I (if applicable)  |           |
| Parent II (if applicable) |           |

| Types of Income                                                                   | Self | Spouse | Parent I | Parent II | Totals |
|-----------------------------------------------------------------------------------|------|--------|----------|-----------|--------|
| Earned Income (i.e., wages, salaries, tips, bonuses, etc.)                        |      |        |          |           | \$0    |
| Interest Income                                                                   |      |        |          |           | \$0    |
| Dividends                                                                         |      |        |          |           | \$0    |
| Benefits (i.e., unemployment, social security, public assistance, pensions, etc.) |      |        |          |           | \$0    |
| Alimony                                                                           |      |        |          |           | \$0    |
| Other Taxable Income                                                              |      |        |          |           | \$0    |
| Totals                                                                            | \$0  | \$0    | \$0      | \$0       | \$0    |

Total Monthly Gross Income

**DESCRIPTION OF TYPES OF INCOME**

- Earned Income: Wages, salaries, fees, commissions, tips, bonuses, net business income and other earned income subject to Federal income taxation.
- Interest Income: Interest income including, but not limited to, interest received from accounts with banks, savings and loan associations, money market funds, credit unions or bonds.
- Dividends: Dividends received from corporate stock holdings or cash dividends from life insurance policies.
- Benefits: Taxable benefits, including but not limited to unemployment compensation, Social Security payments and pensions. Benefits are counted as income only if the benefit is paid on behalf of the client. Food stamps are not counted as income.
- Alimony: Includes alimony received or spousal support received prior to divorce. Does not include child support.
- Other taxable income: Includes all other income subject to Federal income taxation, e.g., rental income, lottery winnings, net capital gains, etc.

**PART IV: CLIENT LIABILITY**

Total # of dependents (listed in Part II):

Total Monthly Gross Income (listed in Part III):

| Service         | Client Liab Percentage* | CLIENT LIABILITY DUE |            |               |         |         |            |         | Other (Specify) |
|-----------------|-------------------------|----------------------|------------|---------------|---------|---------|------------|---------|-----------------|
|                 |                         | Individual Hour      | Group Hour | Group Session | Day     | Week    | Urinalysis | Dosing  |                 |
| Outpatient      |                         |                      |            |               | xxxxxxx | xxxxxxx |            | xxxxxxx |                 |
| IOP             |                         |                      |            |               |         | xxxxxxx |            | xxxxxxx |                 |
| Partial         |                         |                      |            |               |         | xxxxxxx |            | xxxxxxx |                 |
| Halfway House   | xxxxxxxxx               | xxxxxxx              | xxxxxxx    | xxxxxxx       |         | xxxxxxx | xxxxxxx    | xxxxxxx |                 |
| Residential     | xxxxxxxxx               | xxxxxxx              | xxxxxxx    | xxxxxxx       |         | xxxxxxx | xxxxxxx    | xxxxxxx |                 |
| Methadone       |                         |                      |            |               |         |         |            |         |                 |
| Other (specify) |                         |                      |            |               |         |         |            |         |                 |

\*Minimum co-pays may apply

**AGREEMENT AND UNDERSTANDING:**

I certify that the information concerning my dependents, insurance and income is true and complete to the best of my knowledge. I understand that I am responsible for paying the above fees on the same day of service. I understand that I am to notify this agency if there are any significant changes in my monthly income or family size within 30 days of such change. I understand that if these fees represent a financial burden, a staff person and I may fill out a REQUEST FOR LIABILITY REDUCTION OR ELIMINATION form.

A copy of this form has been offered to me and I have \_\_\_\_\_ accepted \_\_\_\_\_ rejected it.

\_\_\_\_\_  
Client Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Staff Signature/Witness

\_\_\_\_\_  
Date

\_\_\_\_\_  
SCA Signature (as applicable)

\_\_\_\_\_  
Date

**Note: Client Liability determined on this day shall be valid for a period of no more than 12 months, with a re-determination to occur at the end of the 12-month period.**



## **PART EIGHT: REPORTING AND RECORD KEEPING**

### **8.01 RECORDS AND RETENTION**

SCAs and their subcontractors must maintain books, records, documents, and, utilize generally accepted accounting principles, procedures, and practices sufficient to reflect properly all costs incurred and anticipated for performance of the Agreement.

SCAs and their subcontractors must maintain a separate set of D&A records as follows: client service billings, accounting ledgers, journals, invoices, canceled checks, bank receipts, and other documents which evidence revenue and income and substantiate expenses. These records must properly reflect all of the following cost features: direct and indirect costs of labor, materials, equipment, and supplies; cost determinations for fees charged for services provided; and other costs and expenses for which funds have been provided.

SCAs and subcontractors must keep their records for four years from the date of final payment under this Agreement or four years after termination of the Agreement, whichever occurs later. Keep in mind the term of an Agreement may extend more than one year. Records and original supporting documents must be retained until disposition of any litigation, claims, or exceptions or four years from the date of final payment under this Agreement, whichever occurs later.

Additionally, other regulations may supercede the aforementioned retention requirements, such as HIPAA. At a minimum, HIPAA requires all client-identifying information to be retained for a period of six years after final service payment. SCAs and subcontractors should consult HIPAA regulations for complete compliance requirements.

## 8.02 FISCAL REPORTING

The BDAP requires the SCAs to report expenditures relative to drug and alcohol program services utilizing a variety of forms.

The reporting structure provides for the summarization of service provider information at the SCA level as well as the reporting of information with regard to SCA personnel and fixed assets. The following chart summarizes this information flow and the reports involved:

| <u>Preparer</u>  | <u>Form</u>                | <u>Recipient</u> |
|------------------|----------------------------|------------------|
| Service Provider | 310, 311                   | SCA              |
| SCA              | 313, 314, 315, 316, 320    | BDAP             |
| SCA              | 320 Addendum               | BDAP             |
| SCA              | 321, 321 Addendum          | BDAP             |
| SCA              | Supplemental Buprenorphine | BDAP             |

The due dates for these reports are as follows:

| <u>Agreement Period</u> | <u>Due</u>               | <u>Required Forms</u>                                                                                                                        |
|-------------------------|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| First Quarter           | October 31 <sup>st</sup> | Supplemental Buprenorphine, as applicable                                                                                                    |
| Second Quarter          | January 31 <sup>st</sup> | 313, 316, 321, 321 Addendum, Supplemental Buprenorphine, as applicable                                                                       |
| Third Quarter           | April 30 <sup>th</sup>   | Supplemental Buprenorphine, as applicable                                                                                                    |
| Fourth Quarter          | August 31 <sup>st</sup>  | 313, 314, 315, 316, 320, 320 Addendum, 321, 321 Addendum (along with refund check, if applicable), Supplemental Buprenorphine, as applicable |

- All forms and instructions necessary to complete the Expenditure Report are sent to the SCA on a yearly basis via e-mail to assist the SCA in completing reports relative to the funding and collection of data for Substance Abuse Services.
- Other Required Reports – The BDAP requires the SCA to prepare and submit reports associated with funds received from special initiatives, e.g., Early Intervention Services for HIV Disease, as well as any other special initiatives as amended into the SCA Agreements. The BDAP may request that the SCA submit reports as necessary regarding a variety of Agreement issues on an as-needed basis.

The BDAP may request the SCA to report whether the SCA and its contractors have properly withheld, paid, and remitted the employer and employee's share of payroll taxes, worker's compensation and insurance premiums from employee's salaries in a timely manner. The BDAP may also at times request other types of financial and programmatic data or documentation from the SCAs and their providers to substantiate the appropriate expenditure of funds issued by the Commonwealth.

## PART NINE: AUDITS

### 9.01 AUDIT COVERAGE

**Introduction: The information contained in Part 9, Audits, is applicable to both the SCA and its subcontractors except where specifically noted.**

DOH provides Federal and state financial assistance to a variety of entities. Audit requirements may be either a Federal mandate or a Department mandate. The applicable audit requirements are determined according to the source(s) of the agreement's funding. If the agreement is funded by Federal funds only, or by a combination of Federal and state funds, regardless of the amount of state funds received by the SCA under the agreement during the state fiscal year, and the SCA expends \$500,000 or more in Federal funds received from ALL sources during its fiscal year, the audit requirement is Federally mandated and prescribed by the Single Audit Act Amendments of 1996; Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (OMB Circular A-133), as amended*; and any other applicable law or regulation and any amendment to such other applicable law or regulation which may be enacted or promulgated by the Federal government. If the agreement is funded by state funds only and the SCA expends \$500,000 or more in state funds under the agreement during the state fiscal year (i.e., July 1 through June 30), the audit requirement is Department mandated, as prescribed in the agreement's audit requirements appendix, and in accordance with the provisions of GAGAS issued in the U.S. Government Accountability Office's *Government Auditing Standards* ("Yellow Book"), latest revision as of the time of the audit.

## 9.02 AUDIT SOURCE DOCUMENTS

Audit requirements vary according to the type of organization and the type (Federal or state) and amount of funding. The following documents are the primary sources of information for audit requirements:

OMB Circular A-110, Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations (and any subsequent revisions)

OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (as amended)

Government Auditing Standards (“Yellow Book”), U.S. Government Accountability Office

The Single Audit Act of 1984 and its Implementation within the Commonwealth of Pennsylvania, Office of the Budget, Commonwealth of Pennsylvania

### AUDIT SOURCE DOCUMENT AVAILABILITY

Copies of OMB Circulars and Government Auditing Standards can be obtained on-line at: <http://www.whitehouse.gov/omb/circulars/index.html>

To obtain circulars that are not on-line, call the United States Government, Office of Management & Budget’s information line at (202) 395-3080.

The Single Audit Act of 1984 and Its Implementation within the Commonwealth of Pennsylvania can be obtained from:

Commonwealth of Pennsylvania  
Office of the Budget/Bureau of Audits  
Division of Subrecipient Audit Review  
Verizon Tower - Sixth Floor  
303 Walnut Street  
Harrisburg, Pennsylvania 17101

Telephone: (717) 783-9120  
Fax: (717) 783-0361

### 9.03 TYPES OF AUDITS

The following chart outlines the types of audits that are required for the SCAs and its subcontractors. The requirements apply to local government agencies, non-profit and for-profit organizations. The Audit Requirements, (Rev. 8/09) which are incorporated by reference into the SCA Agreement, further define this information.

#### DETERMINATION OF APPLICABLE AUDIT REQUIREMENTS

| <b>Contractor</b>                                                                                             | <b>Expends \$500,000 or more of total Federal funds</b>              | <b>Expends less than \$500,000 of total Federal funds from all sources AND \$500,000 or more of state funds</b> | <b>Expends \$500,000 or more of state funds</b>                                                    | <b>Expends less than \$500,000 in Federal funds and less than \$500,000 in state funds</b> |
|---------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| Local Government                                                                                              | Federally Mandated OMB A-133 Audit based on Contractor's fiscal year | Department Mandated (Program-Specific) Yellow Book Audit based on 12 month period of the agreement              | Department Mandated (Program-Specific) Yellow Book Audit based on 12 month period of the agreement | No audit required                                                                          |
| Non-Governmental Non-Profit Organization (includes non-profit institutions of higher education and hospitals) | Federally Mandated OMB A-133 Audit based on Contractor's fiscal year | Department Mandated (Program-Specific) Yellow Book Audit based on 12 month period of the agreement              | Department Mandated (Program-Specific) Yellow Book Audit based on 12 month period of the agreement | No audit required                                                                          |
| For-Profit Entity                                                                                             | No audit required                                                    | Department Mandated (Program-Specific) Yellow Book Audit based on 12 month period of the agreement              | Department Mandate (Program-Specific) Yellow Book Audit based on 12 month period of the agreement  | No audit required                                                                          |

**NO AUDIT IS REQUIRED IF EITHER OF THE FOLLOWING APPLY:**

1. The contractor expends less than \$500,000 of state funds received under this agreement during the state fiscal year (i.e., July 1 through June 30) (for Department mandated audits) AND it expends total Federal awards of less than \$500,000 received from ALL sources (i.e., any and all other Federal awards expended during the contractor's fiscal year, received either directly from the Federal government or indirectly from a recipient of Federal funds) during its fiscal year.
2. The agreement is funded by either state or Federal funds, and all agreement monies expended during either the contractor's fiscal year (for Federally mandated audits) or during the state fiscal year (i.e. July 1, through June 30) (for Department mandated audits) are received on a strictly fee for service basis.

However, even if the contractor is not required to have an audit performed, the contractor is required to maintain auditable records of Federal awards and any state funds which supplement such awards, and to provide access to such records by Federal and state agencies or their designees.

## 9.04 SUBMISSION OF AUDIT INFORMATION

**The submission of audit information is applicable to the SCA only.**

CONTRACTS FUNDED 100 PERCENT BY FEDERAL FUNDS – (Federally Mandated Audits)

### Audit Reporting Requirements

The audit report package must include the following:

1. Auditor's reports
  - a. Independent auditor's report on the financial statements, which expresses an opinion on whether the financial statements are presented fairly in all material respects with conformity with the stated accounting policies.
  - b. Independent auditor's report on the supplementary Schedule of Expenditures of Federal Awards (SEFA), which should determine and provide an opinion on whether the SEFA is presented fairly in all material respects in relation to the subrecipient's financial statements taken as a whole. This report can be issued separately or combined with the independent auditor's report on the financial statements.
  - c. Report on internal control over financial reporting, compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.
  - d. Report on compliance with requirements applicable to each major program and report on internal control in accordance with the circular.
  - e. Schedule of findings and questioned costs.
2. Financial statements and notes to the financial statements.
3. SEFA and notes to the SEFA.
4. Summary schedule of prior audit findings.
5. Corrective action plan (if applicable).
6. Data collection form.
7. Management letter (if applicable).

While not required by *OMB Circular A-133*, it is recommended that either the SEFA or the notes to the SEFA provide the following information to make the schedule easier to use:

- Grant Period Beginning/Ending Date
- Program or Award Amount
- Total Received During the Year
- Accrued or (Deferred) Revenue at Beginning of Year
- Revenue Recognized
- Accrued or (Deferred) Revenue at End of Year

The audit must be completed and the reporting required within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period.

### Submission of Audit Reports

The Office of the Budget, Office of Comptroller Operations, Bureau of Audits, began accepting electronic submission of single audit/program-specific audit reporting packages on July 1, 2009. Electronic submission is required for the fiscal year ending December 31, 2008 and subsequent years. Instructions and information regarding submission of the single audit/program-specific audit reporting package are available to the public on the Single Audit Submissions page of the Office of the Budget website (<http://www.budget.state.pa.us>). The reporting package must be submitted electronically in single Portable Document Format (PDF) file to **RA-BOASingleAudit@state.pa.us**.

The SCA will receive an e-mail to confirm the receipt of the Single Audit/Program-Specific Audit Reporting Package, including the completed Single Audit/Program-Specific Audit Reporting Package Checklist.

### CONTRACTS FUNDED 100 PERCENT BY STATE FUNDS - (Department Mandated Audits)

The audit report must be completed and submitted within 120 days of the end of the state fiscal year (i.e., June 30) or 120 days following the end of each state fiscal year in the case of an agreement lasting more than twelve months.

Three (3) copies of the audit report should be submitted to:

Pennsylvania Department of Health  
 Bureau of Administrative and Financial Services  
 Division of Contracts, Audit Resolution Section  
 Room 824, Health and Welfare Building  
 625 Forster Street  
 Harrisburg, PA 17120-0701

Phone: (717) 787-1022  
 Fax: (717) 783-3794

## 9.05 AUDIT RESPONSIBILITIES

**The following is applicable to the SCA or BDAP, as noted, and is not applicable to the subcontractor, except as noted\*\*\*\*.**

To ensure compliance with the Single Audit Act Amendments of 1996 and *OMB Circular A-133*, all payments of Federal and state financial assistance made by Commonwealth agencies to local governments and other subrecipients must be identified by Federal and state dollars expended and related Federal and state financial assistance program names and numbers.

### **SCA Responsibilities**

#### SCA Audit

All SCA audit reports must include a note to the financial statements that defines the organization's reporting entity. The type of audit report is determined by the reporting entity of an SCA. For example, if a reporting entity note defines an SCA as being part of a county, then that SCA should be included in the county's single audit report. If a reporting entity note defines an SCA as being independent of any other governments/organizations, then the SCA should submit its own audit report. The SCA must include any management letters disclosing non-reportable conditions or other matters involving the internal control structure as part of the audit report.

#### Procedure for SCA Audit

The SCA (or the assigned county agency) is responsible for obtaining the necessary audit. A Federally mandated audit is required if the SCA expended \$500,000 or more in Federal funds. A Department mandated audit is required if the SCA expended less than \$500,000 in Federal funds but expended \$500,000 or more in state funds.

The audit report package must be submitted to the appropriate office in the Commonwealth. A Federally mandated audit must be submitted electronically to the Office of the Budget, Office of Comptroller Operations, Bureau of Audits (as noted in 9.04 – Submission of Audit Information). A Department mandated audit must be submitted to the Division of Contracts, Audit Resolution Section in DOH (as noted in 9.04 – Submission of Audit Information).

The SCA must prepare a CAP to address all findings of noncompliance or internal control weaknesses disclosed in the audit report. For each finding noted, the CAP must include the following:

1. A description of the finding;
2. Specific steps to be taken to correct the situation or specific reasons why corrective action is not necessary;
3. A timetable for performance of the corrective action steps; and,
4. A description of monitoring to be performed to ensure that the steps are taken. The CAP must be submitted with the audit report.

## Audits of Subcontractors

The SCAs must provide to their contractors, at a minimum, the related Federal and state financial assistance program name and number (CFDA number for Federal funds). For cost-reimbursement contracts, the SCA must also identify in the contract, the total dollar amount provided, as well as a breakdown of those funds. This breakdown must be a percentage breakdown of Federal and state funds; or a dollar amount breakdown of Federal and state funds; or a functional or categorical breakdown of Federal and state funds. For fee-for-service contracts, this information may be submitted at the end of the agreement period but must be submitted to their contractors within 60 days of the end of the SCA's 12-month fiscal period.

The SCA is responsible for adapting BDAP grant agreement language and requirements regarding audits and shall include the Department's Audit Requirements, Rev. 8/09, or any subsequent revision hereto, in their contracts with cost-reimbursement providers. The SCA shall obtain audits from these providers in accordance with Sections II, III and IV of the Department's Audit Requirements which are incorporated by reference into the SCA Agreement. The SCA, not the Department, shall be responsible for the receipt, review and resolution of such audits.

\*\*\*\*The provider shall prepare a CAP to address all findings of noncompliance or internal control weaknesses disclosed in the audit report and submit it to the SCA. For each finding noted, the CAP must include the following:

1. A description of the finding;
2. Specific steps to be taken to correct the situation or specific reasons why corrective action is not necessary;
3. A timetable for performance of the corrective action steps; and,
4. A description of monitoring to be performed to ensure that the steps are taken. The CAP must be submitted with the audit report.

The SCA shall review and resolve all findings and questionable costs on Department mandated audits within six months from the date the SCA receives the report.

The SCA shall follow up on all findings disclosed in the audit report and management letter. The SCA shall retain such audits for a period of time which is the greater of four years after termination of the provider's contract or until resolution of any audit exceptions or other claims or actions involving a subcontract.

## **BDAP Responsibilities**

The Department's Audit Resolution Section will forward to BDAP a Schedule of Findings and Questioned Costs. This schedule will include the views of responsible officials of the SCA concerning the auditors' findings, conclusions, and recommendations. The schedule will contain all findings and questioned costs for the financial schedules which are required to be reported in accordance with GAGAS. The auditor will report the following:

1. Reportable conditions in internal control over the program(s) (state and/or Federal) that provide funding under the agreement. The auditor shall identify reportable conditions which are individually or cumulatively material weaknesses.
2. Material noncompliance with the provision of laws, regulations, and the provisions of the agreement.
3. Questioned costs specifically identified by the auditor. In evaluating the effect of questioned costs on the opinion on compliance, the auditor shall consider the best estimate of total costs questioned, not just the known questioned costs.
4. Known fraud that affects a program (state and/or Federal) that provides funding under the agreement. The auditor is not required to make an additional reporting when the auditor confirms that the fraud was reported outside of the auditor's reports under the direct reporting requirements of GAGAS.

BDAP will review all findings as a result of the audit and the CAP submitted by the SCA. BDAP is responsible for the review and evaluation of reportable conditions and findings. BDAP shall ensure that the SCA complies with the implementation of all corrective actions. The audit will be resolved only after BDAP has accepted and approved all follow-up criteria. It is the policy of DOH to resolve all reportable conditions and audit findings within six months from the day DOH receives the report.

## **9.06 GENERAL AUDIT PROVISIONS**

### Auditor Selection

The contractor is responsible for obtaining the necessary audit and securing the services of a certified public accountant or other independent governmental auditor. Federal regulations preclude public accountants licensed in the Commonwealth of Pennsylvania from performing audits of Federal awards.

### Questioned Costs

Any questioned costs identified as such in audit reports of either the contractor or its subcontractors shall be returned to the cognizant Federal and/or state agencies providing the financial assistance, unless resolved to the satisfaction of said entities.

### Additional Audits

The Commonwealth reserves the right for Federal and state agencies or their authorized representatives to perform additional audits of a financial or performance nature, if deemed necessary by Commonwealth or Federal agencies. Any such additional audit work will rely on work already performed by the contractor's auditor, and the costs for any additional work performed by the Federal or state agencies will be borne by those agencies at no additional expense to the contractor.

### Records Retention

The contractor is required to maintain records of state and Federal awards. The contractor shall preserve all books, records and documents related to this agreement for a minimum of four years from the date of final payment under this agreement; or until all findings, questioned costs or activities have been resolved to the satisfaction of the Commonwealth; or as required by applicable Federal laws and regulations, whichever is longer, unless the agreement elsewhere provides for a shorter period; or unless the DOH otherwise separately agrees in writing to a shorter period. The SCA shall provide Federal and state agencies or their designees access to such books, records and documents for inspection, audit or reproduction.

### Payment Confirmation Requests

**This information is applicable to the SCA only.**

Auditors may submit requests for confirmation of Federal and state payments to the BDAP or directly to:

Office of Comptroller Operations  
Quality Assurance  
Forum Place, 8<sup>th</sup> Floor  
555 Walnut Street  
Harrisburg, PA 17101