

**MCHENRY COUNTY MENTAL HEALTH BOARD
REQUIREMENTS AND GUIDELINES FOR ALLOCATION OF FUNDS**

INTRODUCTION

The McHenry County Mental Health Board has adopted general policy statements that provide the framework for these guidelines:

“The McHenry County Mental Health Board (MHB) will operate in an ethical, legal, fair, and non-discriminatory manner in all functions utilizing evidence-based practice, current technologies and best practices; incorporating consumer and public input within an environment of continuous performance improvement.

The MHB expects that its vendors, service providers, system partners, and all entities doing business with the MHB shall adhere to the principles, policies, values, and expectations of the Mental Health Board.”

The MHB believes that services should be provided in the least restrictive environment appropriate to the needs of the individual client; that MHB funding support shall be community based; and the MHB will coordinate its planning and funding efforts in consideration of governmental and non-governmental payers and providers of services.

Pursuant to the authority contained in the Community Mental Health Act, ILCS, Chapter 405, Act 20, Section 0.1, et.seq., funds allocated by the MHB shall be used to contract for mental health, substance use disorder, and intellectual and developmental disability services as defined by the local community mental health board. The MHB has also chosen to address the behavioral health issues exhibited in those with brain injuries.

GENERAL AGENCY AND ADMINISTRATIVE REQUIREMENTS

(1) Who may apply for MHB Funding?

Applicants for funding may be an individual or a public or private entity providing mental health, intellectual and developmental disability or substance use disorder services to residents of McHenry County. The Applicant must demonstrate sound business practices for a minimum of two years prior to submission of application, exceptions to be preapproved by the MHB. Applicants shall attest that no staff member or relative of a staff member shall be a voting member of the agency Board of Directors.

The following entities are eligible to apply:

- An individual (including single-member Limited Liability Company)
- Not-for-Profit corporations: Must be registered as a not-for-profit in good standing with the State of Illinois and established as a Section 501(c)3 under the Internal Revenue Code
- For-Profit Corporations
- Governmental Entities and Departments within McHenry County Government

Through the funding application and review process, all entities must demonstrate financial accountability, reliability, and stability, as well as appropriate service of value to the persons to be served as determined by the MHB.

All applicants must also demonstrate compliance with MHB Network values of: individual, family and youth driven care; cultural competency; evidence based and best practices; community based; outcomes driven; cross system collaboration which supports resiliency and recovery of those receiving services.

Administrative Requirements of Applicants:

- (a) If an applicant is new to the process and is currently not a MHB funded provider, we ask that the applicant meet with the MHB Executive Director and leadership team prior to submitting their application.
- (b) If a corporation, must have corporate by-laws that at a minimum specify the number of members of the board and include a board rotation policy, describe policies for recruitment, nomination and election of board members and officers, address removal and replacement of board members, reference committee structures and term limits for each board office and MHB strongly recommends the by-laws encourage consumer representation on the board,
- (c) Have policies ensuring nondiscrimination in the acceptance of clients, employment of personnel, and appointment to the board of directors or in any other respect on the basis of race, color, creed, religion, ancestry, national origin, age, mental or physical disability, sex, marital status, order of protection status, pregnancy, military status, unfavorable discharge from military service, citizenship status, sexual orientation including gender-related identity whether or not traditionally associated with the person's designated sex at birth, or any other basis prohibited by applicable federal, state, or local fair employment laws or regulations.
- (d) Services shall not be denied based on a client's inability to pay.
- (e) Demonstrate a willingness and ability to enter into networking agreements or contracts with other providers in order to avoid overlapping services and coordinate care.
- (f) Cooperate fully in program evaluation and onsite monitoring as conducted by MHB staff pursuant to the mandate contained in the Community Mental Health Act and funding contracts. This may include making available for inspection by the MHB copies of all funding applications and awards to/from any local, state, or federal government department or agency and copies of site, monitoring, compliance, licensure/certification, accreditation, evaluation, and audit visits performed by any funding authority.
- (g) Cooperate fully with and adhere to the attendance requirements of the Network Council, Quality Management Committee and Intake Coordinators meetings assuring quality improvement processes for system impact within the Network of funded agencies.
- (h) Provide services to each eligible client in accordance with a written individual plan (where applicable) which identifies client needs and strengths as determined by assessment.
- (i) Comply with all applicable Illinois and Federal laws and regulations with respect to safeguarding the use and disclosure of confidential information about recipients of services.
- (j) Have admission and discharge policies and procedures set forth in writing and available for review.
- (k) Demonstrate that professional staff are licensed, registered, or certified by the State of Illinois, as applicable to the discipline and current Illinois regulations/requirements.
- (l) Demonstrate that all program facilities are in compliance with applicable State of Illinois licensure requirements and local ordinances with regard to fire, building, zoning, sanitation, and health and safety requirements.
- (m) Attest that they will not use MHB funds:

- To engage in proselytizing activities with consumers and/or require worship or religious instructional activities as a condition of participation.
- For direct or indirect medical (physical health) services that are not related to mental health, substance use disorder or intellectual and developmental disabilities.
- To supplant funding for programs or services under the jurisdiction of public school systems.
- To augment or supplant funding from any other federal or state source prohibiting such action and/or subject to coordination of benefits.

The Mental Health Board reserves the right to contact the applicant's funding sources with or without applicant's notice or knowledge to confirm compliance with all non-supplanting or supplemental funds and/or certification/accreditation standards.

(2) Accreditation Expectations of Applicants

In accordance with the standards for a Network with CARF International (hereinafter CARF) accreditation, the MHB has implemented a quality and compliance review process for all participating providers, regardless of size of budget, with which the MHB enters into a Funding Agreement. For service delivery networks, this quality review applies to network-related service provision and business practices which can be met in the following ways: (1) CARF accreditation of the participating provider, (2) accreditation of the participating provider by another nationally or CARF recognized accrediting organization, or (3) if the participating Provider is unaccredited, MHB implementation of a regular on-site review process of the Provider that addresses the Provider's application of identified CARF standards for service provision and business practices.

(3) Fiscal Expectation for All Applicants

- (a) The organization shall be managed in a manner consistent with sound fiscal standards and shall maintain written policies and procedures regarding its fiscal activities, including but not limited to payroll, purchasing, internal controls, cash management, relevant fee schedules, contracts, billing and risk management.
- (b) Organizations will be held to the MHB approved budgets per each program awarded funds, with the allowance of budget movement between category lines equaling the lesser of (10%) of the donating category or \$3,000.00 in total. Total allowance for movement within the program budget is limited to \$3,000 per year. A financial reconciliation of MHB payments to actual expenses related to Standard Grant/Purchase of Position contracts will be required at year end, with unexpended or disallowed amounts returned to MHB. Financial reconciliation requirements are promulgated within funding agreements.
- (c) MHB funds are restricted for use in the program(s) described in the contract(s) concerning obligation of funding. For grant and/or purchase of position contracts, MHB funds in excess of actual reimbursable expenses by the program are subject to recovery.
- (d) If indirect expenses will be charged to the award, the organization's cost allocation plan must be submitted to MHB and the expenses in line with the plan or the expenses will be disallowed.
- (e) Organizations will establish and maintain an accrual accounting system in accordance with generally accepted accounting principles to include a level of documentation, classification of entries and audit trails. Cash basis accounting systems to be considered on a limited basis and subject to MHB approval.
 - All accounting entries must be supported by appropriate source documents.
 - All fiscal records shall be maintained for five (5) years after the end of each contract(s) term, and if need still remains, such as unresolved issues arising from an audit or legal process, related records must be retained until the matter is completely resolved.

- Amounts charged to MHB funded cost centers for personnel services must be based on documented payrolls. Payrolls must be supported by time and attendance records for individual employees (as applicable).
 - The MHB may establish additional accounting requirements for any funded programs.
 - MHB funds may only be used for expenses that are reasonable, necessary and related to the provision of services as specified in the contract. All allowable expenses that can be identified to a specific MHB funded program should be charged to that program on a direct basis. Any allowable reimbursable expenses indirectly identified to an MHB funded program must be allocated similarly to all programs, both funded and non-funded, in an equitable manner.
 - The following is a listing of non-allowable expenses:
 - (1) Bad debts;
 - (2) Contingency reserve fund contributions;
 - (3) Contributions and donations,
 - (4) Entertainment;
 - (5) Purchase of alcohol;
 - (6) Compensation for board members;
 - (7) Fines and penalties;
 - (8) Interest expense;
 - (9) Rental income received must be used to reduce the reimbursable expense by MHB funds for the item rented;
 - (10) Capital expenditures greater than \$5,000 unless funds are specified for such purpose;
 - (11) Supplanting funding from another revenue stream. The boards may delay allocation decisions when anticipated funds from other sources may be influenced by their decisions;
 - (12) Expenses or items not otherwise approved through the budget or budget amendment process or in excess of approved/amended budget;
 - (13) Expenses incurred outside the term of the contract;
 - (14) Contributions to any political candidate or party or to other non-MHB program purposes;
 - (15) Excessive administrative costs including:
 - Any indirect administrative cost rate in excess of 20% of the non-administrative portion of the budget, unless approved by the Board;
 - Any indirect administrative costs that exceed those approved in the program/service budget;
 - Any indirect administrative costs for which an organization's cost allocation plan has not been submitted and deemed acceptable to MHB.
 - (16) The MHB at its discretion may elect not to fund an application based on what is deemed to be in the best interest of the county;
 - (17) Lobbying costs
 - (18) Supplementation of state or federal funds and/or subject to coordination of benefits.
- (f) Each agency is required to submit an annual independent financial audit unless otherwise waived by MHB. Refer to the Financial Audit Requirements – Funded Providers policy attached. Failure to meet these audit requirements shall be cause for termination or suspension of MHB funding. If the audit includes a management letter, this document and any report of corrective action must also be made available for MHB inspection. Any exceptions to these requirements must be preapproved by the MHB.

ALLOCATION AND DECISION PROCESS

1) All MHB allocation and contracting decisions are made in meetings open to the public and in accordance with the MHB Contractual Relationships – Funding Allocations Policy. Allocation decisions will be based on statutory mandates, priorities and defined criteria related to the findings of various needs assessment activities sponsored by the MHB. To the extent possible, final decisions will be predicated on how well an application aligns with the statutory mandates, MHB established priorities and rubric criteria.

The MHB application for funding process shall include the following steps:

- (a) Public notification of the availability of funding shall be issued via email to currently funded agencies; Notice of Funding Availability or Request for Funding Proposals on the MHB website and announcement in a prominent newspaper once the Board approves the release of the application process. This announcement will provide information necessary for an organization to submit an application for funding and how to request access to application materials.
- (b) Funding priorities and criteria will be reviewed each fiscal year, identifying the funding application process and timeline.
- (c) All potential applicants must register in the Foundant Grant Lifecycle Management System. Access to application(s) follows completion of the registration process.
- (d) Organization must submit, in MHB’s required format and using MHB templates as part of the application, a budget containing anticipated revenues and expenditures for carrying out the purposes of the award. When organization or third parties support a portion of expenses associated with the award, the budget includes the non-MHB as well as MHB share of expenses. Final budgets shall be approved by the MHB.
- (e) Technical assistance regarding compliance with MHB requirements will be made available upon request at any time prior to the due date of the application predicated on staff time available.
- (f) Application due date will be specified in the public notice and accessible on the MHB web-page www.mc708.org.
- (g) Access to submitted application(s) will be provided to Board member(s) of the MHB in a medium preferred by the Board member.
- (h) MHB Staff and Board members will complete a review of each application.
- (i) The MHB may require some or all applicants to provide written responses or be present at Board or committee meetings to answer questions about funding application(s).
- (j) Allocation decisions of the MHB are final and not subject to reconsideration unless at MHB’s initiation.
- (k) Out of cycle funding requests will be considered on an exception basis, priority will be given to funded agencies.

2) As necessary, the Executive Director shall engage and consult with other public and private agencies for purposes of planning and contracting for delivery of services. The Board may award and/or reallocate funding without a Special Allocation process.

THE AWARD PROCESS, CONTRACTS, AND AMENDMENTS

1. Award Procedures:

Agencies awarded MHB funds shall receive notification indicating program allocation(s). This will state the amount of the funds awarded, the effective time period of the award, and the services/program/project to be delivered utilizing the funds.

2. Contracting Format and Implementation Procedures:

Once allocations are authorized by the MHB, staff will implement the funding plan and initiate the contracting process. The contract shall include the boilerplate (i.e., standard language and provisions applicable to all contracts), the program work plan, rate schedule (for fee for service contracts), special conditions (if applicable), and required financial information. Within the context of the final allocations, the staff is authorized to negotiate and complete the contracts, budgets, and work plans. Execution of the contracts requires the signatures of the respective Executive Directors and Presidents (or Authorized Designees). The contract period is December 1 through November 30. A Work Plan will be established as part of contract execution to outline outcomes and parameters for the delivery of service. These documents are executed by the Authorized Designees and may be subject to amendment per MHB approval.

3. Types of MHB Contracts:

The contract format decision rests with the MHB and is based on the appropriateness of the format with the objectives of the program plan.

(a) Standard Grant Contract.

Payment is predicated on the budget and obligations associated with the contract. Typically, payments are divided into equal monthly amounts over the term of the contract. If approved by the Board, grant contracts may include a one-time lump sum payment as needed. Reconciliation of payments to actual expenditures shall be submitted to MHB at the six months and at the end of MHB's fiscal year, and unspent dollars will be returned to the MHB by December 31 following MHB's November 30 fiscal year end. Accountability is tied to defined outcomes, performance measures and service data. Grants are typically funded to ensure access to a particular level of care or to underwrite the cost of infrastructure needed for the program.

(b) Access Grant Contract

Payment is predicated on the performance obligations associated with the contract. Typically, payments are divided into equal monthly amounts over the term of the contract. Accountability is tied to defined performance measures. These grants are typically funded to **ensure access to a particular level of care.**

(c) Fee for Service Contract.

Payment is driven by retrospective billing for units of service provided within the constraints of the contract maximum. Whenever possible and appropriate, MHB contracts will establish rates based on those used by the State of Illinois (e.g., Part 132, Medicaid Community Mental Health Services Program). The Provider must maintain sufficient documentation to show coordination of benefits and eligibility of funding. This responsibility lies solely on the Provider. The contract specifies the base rate.

(d) Independent Contractor Contract for Supportive Services

Payment is tied to a specific task or activity defined in the application and review responses. Typically, payment is tied to an hourly rate or completion of specific tasks (i.e., deliverables). Approved expenses associated with the contract shall be defined in the contract and included as a portion of the overall contract maximum. Individual services may require approval through a "warrant of need" process for treatment services.

(e) Purchase of Position

This type of funding is used for contracts in which the MHB funding is paying for a particular staff position that is critical to the delivery of an approved program, project or service, but spends a percentage of time engaged in non-revenue generating activities. Engagement in revenue generating clinical service activity during the percentage of time supported with MHB funds is prohibited and considered supplementing and/or non-compliant with coordination of benefits. If the Purchase of Position is for a full time allocation, the staff member is limited to the activities consistent with the established Work Plan. Purchase of Position costs may include all position related expenses if agreed upon by the MHB and included in the approved budget. The MHB reserves the right to approve the credentials and qualifications of any candidate performing activities supported by Purchase of Position funding. Funding shall be reconciled to actual expenses at six months and at MHB fiscal year end, with unspent dollars returned by December 31 following MHB's November 30 fiscal year end.

(f) Mental Health Board Capital Requests

Any funded Agency in good standing may request capital funds from the Mental Health Board for capital expenditures specifically related to programs or services funded by the Mental Health Board. The agencies must be aware that the Mental Health Board does not routinely budget for these requests but will consider each request on a non-precedent setting, case-by-case basis. Request must be in writing to the Board outlining the program, the request supports, the total budget (including all revenue and expenditures related to the capital request,) a timeline for the implementation for the request, and identification of any other sources of funding. The calculation of percentage of cost attributable to Mental Health Board should also be included, based upon Mental Health Board covered program expenses to overall agency expenses (excluding the proposed capital expense). Priority consideration is given to those requests that directly impact life safety considerations. Capital requests may be excluded from funding eligibility if noted with a Notice of Funding Availability or Request for Funding Proposals.

(g) Intergovernmental Agreement

The MHB, at its discretion, may enter into an intergovernmental agreement with other units of government, for the delivery of services or network enhancements.

4. Contract Amendments: The need for a contract amendment is driven by a change in conditions delineated in the original agreement. The provider is required to report changes that modify the administrative structure and/or implementation of the work plan. It is recognized that programs are dynamic, and it is prudent to make program adjustments to better meet overall goals and objectives. Contract Amendments shall be carried out pursuant to the MHB's Contractual Relationships – Funding Allocations Policy.

GENERAL REPORTING REQUIREMENTS FOR MHB FUNDING

1. Provider Reporting Requirements:

- (a) Financial, service, reconciliation, and outcome reporting requirements are delineated in the contract boilerplate and are subject to revision from year to year. In general, each funded agency is required to submit an annual audit (unless otherwise waived by MHB as defined in the Financial Audit Requirements – Funded Providers policy), monthly service data and/or quarterly or semi-annual outcome reports.

- (b) Change in the Provider's corporate status shall be reported to the MHB within 30 days of the change.
 - (c) Change in the Provider's accreditation status shall be reported to the MHB within 30 days of the change.
 - (d) The Provider shall notify the MHB about accreditation and/or licensing site visits by the State of Illinois or accrediting or certifying organizations during MHB compliance audits.
 - (e) Additional reporting requirements may be included as provisions of the contract.
2. Monitoring and evaluation: Requirements related to monitoring and evaluation are detailed in the attached Records Auditing and Monitoring policy.
3. Audit and Appeals Process and Procedure: Details of the Audit and Appeals Process and Procedure are detailed in the attached Audit and Appeals Policy and Procedure Policy.

EXCEPTIONS TO THE PROVISIONS OF THE FUNDING GUIDELINES

All exceptions to the Funding Guidelines must have the prior approval of the MHB Board of Directors or MHB's designee if authority is so designated within sections of the Funding Guidelines. Requests for exceptions that require the Board's approval must be submitted to the Executive Director for review and submission to the appropriate MHB committee and/or the Board if applicable. Subsequently, the MHB's written decision will be transmitted to the agency.

If the contract and funding guidelines are not in agreement, the contract shall prevail.

MCHENRY COUNTY MENTAL HEALTH BOARD

POLICY NAME: FINANCIAL AUDIT REQUIREMENTS – FUNDED PROVIDERS
POLICY CODE: 1.F.12 **VERSION #:** 4
CARF SECTION: SECTION 1: ASPIRE

DOCUMENT CREATOR: Karin Frisk (Compliance & Operations Manager) **DATE CREATED:** 10/01/2019
APPROVED BY: Leonetta Rizzi (Executive Director) by Board Action **APPROVAL DATE:** 10/01/2019

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POLICY:

The Mental Health Board will operate in an ethical, legal, fair, and non-discriminatory manner in all functions utilizing evidenced based practice, current technologies, and best practices; incorporating consumer and public input within an environment of continuous performance improvement.

The Mental Health Board expects that its vendors, service providers, system partners, and all entities doing business with the Mental Health Board shall adhere to the principles, policies, values, and expectations of the Mental Health Board.

PURPOSE:

The purpose of this policy is to increase fiscal transparency and provide standard financial audit requirements for funded agency providers of service to the McHenry County Mental Health Board.

In order to carry out its responsibilities for management, control, audit and compliance, the Mental Health Board interfaces with the County of McHenry and specific Departments of Illinois and U.S. Government.

PROCEDURE:

Federal Audit Clearinghouse:

Agencies required to submit their audit package to the Federal Audit Clearinghouse (FAC) under 2 CFR 200.512(a) shall, upon submission, notify the Mental Health Board (MHB) that their audit has been submitted to the Federal Audit Clearinghouse. Current federal guidance requires that the audit package and the data collection form “must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period.” See 2 CFR 200.512(a). MHB will view the package via the FAC.

Within 10 days of receipt by the agency of any management letter delivered to the agency by the auditor at the end of the audit process, a notice of the management letter shall be provided to MHB, at which time the management letter will be made available to MHB for review. A copy of any required corrective action plan shall also be made available to MHB for review upon request.

All Others:

Agencies funded at \$50,001 or more annually by the Mental Health Board (MHB) are required to submit annual financial statements prepared in accordance with generally accepted accounting principles. The financial statements shall be audited by an independent auditor in accordance with auditing standards generally accepted in the United States of America and, if applicable, with auditing standards applicable to financial audits contained in Governmental Auditing Standards as issued by the Comptroller General of the United States. Such

Next Review Date: 08/16/2024

Archived Date: Not Set

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audit shall be provided within 180 days of the close of the agencies fiscal year unless an extension is requested in writing by the agency and approved in writing by the Executive Director of the MHB prior to the expiration of the 180 days. Within 10 days of receipt by the agency of any management letter delivered to the agency by the auditor at the end of the audit process, a notice of the management letter shall be provided to MHB, at which time the management letter will be made available to MHB for review. A copy of any required corrective action plan shall also be made available to MHB for review upon request.

A private practice not required by any other funding source to have an independent audit may request a waiver of these audit requirements. If approved, MHB will determine, on a case by case basis, alternative reports or documentation required to be submitted to MHB by the private practice. Such waiver request shall be submitted in writing by the private practice and approved in writing by MHB's Executive Directors prior to the 180-day audit submission deadline. In the event an audit of the private practice is performed, such audit shall be submitted to MHB upon the private practice's receipt of the audit, whether or not a waiver was approved.

Agencies funded at \$25,000 through \$50,000 annually by the MHB are required to submit biennial financial statements prepared in accordance with generally accepted accounting principles. The financial statements shall be audited by an independent auditor in accordance with auditing standards generally accepted in the United States of America and, if applicable, with auditing standards applicable to financial audits contained in Governmental Auditing Standards as issued by the Comptroller General of the United States. However, if an annual audit is performed, the audit shall be submitted to MHB. Any audit submitted under this section shall be provided within 180 days of the close of the agencies fiscal year unless an extension is requested in writing by the agency and approved in writing by the Executive Director of the MHB prior to the expiration of the 180 days. Within 10 days of receipt by the agency, a notice of any management letter delivered to the agency by the auditor at the end of the audit process shall be provided to MHB, at which time the management letter will be made available to MHB for review. A copy of any required corrective action plan shall then also be made available to MHB for review upon request.

A private practice not required by any other funding source to have an independent audit may request a waiver of these audit requirements. If approved, MHB will determine, on a case by case basis, alternative reports or documentation required to be submitted to MHB by the private practice. Such waiver request shall be submitted in writing by the private practice and approved in writing by MHB's Executive Directors prior to the 180-day audit submission deadline. In the event an audit of the private practice is performed, such audit shall be submitted to MHB within 30 days of the private practice's receipt of the audit, whether or not a waiver was approved.

For the years for which the audit is not required to be submitted, year-end basic financial statements shall be submitted that present the financial position of the agency, the results of its operations and changes in net assets. Such financial statements shall be provided within 180 days of the close of the agencies fiscal year unless an extension is requested in writing by the agency and approved in writing by the Executive Director of the MHB prior to the expiration of the 180 days.

Agencies funded at less than \$25,000 annually by the MHB are required to submit year-end basic financial statements presenting the financial position of the agency, the results of its operations and changes in net assets. Any such year-end basic financial statements submitted under this section shall be provided within 180 days of the close of the agencies fiscal year unless an extension is requested in writing by the agency and approved in writing by the Executive Director of the MHB prior to the expiration of the 180 days. However, if an annual audit is performed, the audit shall be submitted to MHB upon provider's receipt of the audit, whether or not a waiver was approved.

Related Documents:

Next Review Date: 08/16/2024
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MCHENRY COUNTY MENTAL HEALTH BOARD

POLICY NAME: RECORDS AUDITING AND MONITORING

POLICY CODE: 1.A.2

VERSION #:10

CARF SECTION: SECTION 1: ASPIRE

DOCUMENT OWNER: Karin Frisk (Compliance & Operations Manager)

DATE CREATED: 8/14/2012

APPROVED BY: Leonetta Rizzi (Executive Director)

APPROVAL DATE: 06/13/2022

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POLICY:

The Mental Health Board (“MHB”) expects that its vendors, service providers, system partners, and all entities doing business with the Mental Health Board shall adhere to the principles, policies, values, and expectations of the Mental Health Board.

PURPOSE:

The MHB will ensure that all providers of service are billing the MHB for services in accordance with state and federal regulations, the McHenry County Mental Health Board Funding Agreements (“Funding Agreement”) and Work Plans.

PROCEDURE:

As a continuous improvement process consistent with the Funding Agreement and Work Plans, the MHB will follow the following procedures for routine and selected compliance audits:

1. A random selection of programs, up to and including all Work Plans for Pay-for-Performance (P4P), Fee-for-Service (FFS), Purchase of Position (POP) and Grant funded programs, and for Independent Contractor Agreements (ICA) will be identified on an annual basis for onsite record (operations policies and procedures, billing, outcomes, and clinical) compliance audits.
2. Prior to audit, MHB will verify that all documents required by the Funding Agreement or the ICA have been received, approved, and are on file at the MHB.
3. The MHB will audit P4P, FFS, POP, or Grant funded programs, based on review of support data, affidavits, or reconciliations.
4. A representative sample of client files for each funded program will include up to 10 files. If findings are noted on the initial 10 files, at time of audit or at a follow-up audit, additional files may be reviewed, up to and including all funded services provided during the selected audit period.
5. Background checks, clinical licenses, and credentials will be verified for key administrative, key program, and direct service staff. The Service Navigation Training Checklist will be reviewed in each MHB-funded personnel file.

6. Records relative to POP or Grant funding, (to include, but not be limited to, provider human resource, payroll, or finance records) will be reviewed.
7. Supporting documentation for program outcomes will be reviewed within the selected files and compared to the quarterly outcomes reported for Pay-for-Performance and general program domains identified on the Work Plan. Providers will have the opportunity to provide additional documentation beyond the selected client files to support the outcomes reported. Variances between supporting outcomes documentation supplied at audit and reported outcomes will be noted on the initial or final audit report.
8. The MHB will review provider Health and Safety policies and procedures that are in place, in compliance with the CARF Network Accreditation standards. Findings or progress toward implementation of Health and Safety policies and procedures will be noted on the initial or final audit report. Supporting documentation for Health and Safety Standards may include, but not be limited to, review of drill records or an environmental review.
9. The MHB will review programs that exhibit billings exceeding +/- 16% or more of the FFS contract base, based on actual billing utilization.
10. The MHB will audit providers and programs based on desktop review of submitted monthly data, which may reveal: potential conflicts such as double billing; submission to two different payers for same service; systemic non-compliance with coordination of benefits; other non-compliance with the Funding Agreement or Work Plan; or any extraordinary irregularities that are brought to the attention of the Board through internal or external sources. In these cases of audit, specific files will be reviewed and will not be a random sampling.
11. In alignment with MHB Trauma Informed initiative, providers will screen and/or assess clients using the ACE Questionnaire or assessment tool recommended by funding or accreditation bodies.
12. The provider will be notified that an audit will take place. MHB will make every attempt to provide at least a 10-day notice. Staff will schedule a mutually agreed upon time to conduct the audits. Based on relevant information and findings, the MHB may conduct unannounced agency audits.
13. For routine audits, the MHB will transmit a list of items to be audited twenty-four (24) hours prior to the audit, to aid in the collection of materials or files. Providers with P4P funding will provide a list by Client ID to the auditor at time of audit, for the auditor to randomly select up to 10 client charts for review. Providers with administrative POP or grant funding with no monthly service data reported will provide a list by Client ID to the auditor at time of audit, for the auditor to randomly select up to 10 client charts for review.

14. The Mental Health Board will conduct an exit interview with the Executive Director or designee of the provider and any selected staff immediately following the audit.
15. The MHB will follow the procedure set forth in the Audit and Appeals Policy and Procedure. The initial audit report will include the Audit and Appeals Policy and Procedure.

Related Documents:

Audit and Appeals Policy and Procedure

MCHENRY COUNTY MENTAL HEALTH BOARD

POLICY NAME: AUDIT AND APPEAL POLICY AND PROCEDURE

POLICY CODE: 1.A.7

VERSION #: 4

CARF SECTION: SECTION 1: ASPIRE

DOCUMENT CREATOR: Board Attorney; Executive Director

DATE CREATED: 07/28/15

APPROVED BY: Mental Health Board of Directors

APPROVAL DATE: 07/28/15

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POLICY AND PURPOSE

The McHenry County Mental Health Board desires to ensure that all providers of service are billing for clinical services in compliance with federal, state, and MHB regulations. MHB also desires to fairly treat all of its providers and other entities doing business with it and provide them with due process during implementation of this Policy.

Following the procedures set forth herein, the MHB may have an obligation to notify other funders of billing errors that come to the MHB's attention. If the Final Audit Report finds that an organization has billed another funder for the same services it has billed the MHB for, then it may be necessary for the MHB to notify that funder and state or federal agencies involved in payment, accreditation and licensure. The MHB may also notify any alternate payee, such as DASA or Medicaid, of its intent to recover money. The MHB may also have a duty to notify the appropriate authorities of any fraudulent or criminal activity discovered during this process.

ALTERNATIVE ACTIONS BASED ON AUDIT

The following actions, which are not exhaustive, may be taken by the MHB following the Final Audit Report being issued.

Suspension of Funding Agreement. The MHB may suspend any Funding Agreement in whole or in part and interrupt or hold disbursement of funds at any time if the Provider fails to comply with the conditions or terms of the Funding Agreement. Prior to such suspension, the MHB shall notify the Provider in writing of its intent to suspend funding, the reasons for the suspension, the proposed effective date of the suspension and the conditions under which the suspension will be terminated.

Termination of Funding Agreement. The MHB may terminate any Funding Agreement in whole or in part at any time before the date of completion whenever the MHB determines that a Provider has failed to comply with the conditions or terms of the Funding Agreement. Prior to such termination, the MHB shall notify the Provider in writing of its intent to terminate the Funding Agreement, the reasons for the proposed termination and the proposed effective date.

Recovery of Funds Disbursed to Provider. The MHB has the authority to recover up to 100% of funds disbursed to Provider. The MHB shall notify the Provider in writing of its intent to recover funds. The MHB will not normally recover funds prior to the issuance of a final decision by the MHB after the Provider has been given an opportunity for an Appeal. However, the MHB has the authority to recover the funds prior to an Appeal if the MHB determines that the recovery of money would be in jeopardy if the recovery does not occur prior to the completion of the hearing. Such event would include, but is not limited to, pending decertification of the Provider or notification of federal and state agencies for possible civil or criminal action against the Provider. In such instances the MHB will provide the Provider with written notice.

AUDIT PROCEDURE

Informal Meeting. The MHB, its Board of Directors, Executive Director, staff and/or legal representatives, each as applicable, shall monitor performance in accordance with the Funding Agreement between the Provider and the MHB. The MHB may make, at any time, informal inquiries of any Provider recipient of MHB funds concerning its obligation, receipt, expenditures or use of MHB funds. The MHB may request an informal meeting with the Provider to discuss any matter related to the Funding Agreement.

Initial Audit. The MHB may follow the audit procedure set forth in its Records Auditing and Monitoring Policy and this Policy. The MHB shall release an initial report of its audit findings (“Initial Report”) to the Provider within forty-five (45) days from the date the MHB determines the initial review is complete. The Initial Report is complete when the MHB has determined that it has received the information necessary to complete an Initial Report. The MHB shall provide the Provider with a written copy of the Initial Report signed by the auditor(s) who conducted the review.

Provider Response. The Provider shall provide a written response to the Initial Report within forty-five (45) days of receipt of the Initial Report. This written response should provide a denial or admission to each finding and conclusion within the Initial Report. This response may include a proposed remedial action; it may respond to the MHB’s proposed remedial action; or it may request an appellate hearing before the MHB Board of Directors. If a Provider does not request a hearing before the end of the forty-five day (45) period, the Provider will be deemed to have waived its right to a hearing and no further appeals shall be available and the Initial Report shall be considered a Final Audit Report. A request for a hearing must be made in writing and must contain a brief statement of the basis upon which the MHB’s action or decision is being challenged.

MHB Reply. If a Provider decides not to appeal the findings in the Initial Report, the Initial Report will be deemed admitted, final and conclusive. MHB may then recover MHB funds. If a Provider appeals the MHB shall schedule a hearing on the appeal and notify the Provider of the hearing date.

HEARING BEFORE THE MHB BOARD OF DIRECTORS

A review hearing before the MHB Board of Directors affords the Provider an opportunity to fully address the Initial Report and related recommendations, remedial plans, and possible recovery of funds. The hearing will be held before the Board of Directors in an open session. The hearing shall be held within forty-five (45) days of receiving the Provider’s request for a hearing. Within forty-five (45) days following the conclusion of the hearing before the MHB Board of Directors, a final written decision shall be issued. The findings from this hearing will be incorporated in the initial, or current, audit report and will be considered a final audit report (“Final Audit Report”). There will be no further internal appeals or reconsideration of the MHB’s final determination. The MHB’s final determination will be the legally-binding determination subject to Administrative Review pursuant to 735 ILCS 5/3-101, et.seq.

HEARING PROCEDURE

Each party may retain their own attorney at their own cost to represent their interests.

The MHB may be represented by legal counsel throughout the audit and appeals process.

Each party shall have the right to examine or call relevant witnesses, to cross-examine the adverse party and witnesses of the adverse party and to production of witnesses under the MHB’s control.

Either party has the right, but not the obligation, to provide and pay for a certified Court Reporter at any hearing. Both parties have the right to record any hearing proceedings.

Technical rules of evidence shall not apply to the hearing.

Each party shall have the right to production of relevant non-privileged documents within the other party's control. Either party may submit written briefs containing legal arguments if the party deems a written brief necessary.

The burden of proof is on the Provider to prove, by a preponderance of the evidence that the MHB Final Audit Report is not substantiated by the evidence presented or is in violation of applicable statutes or regulations or is in violation of the MHB Funding Agreement.

The MHB's attorney shall act as the hearing officer before the MHB Board of Directors. The hearing officer will, among other things, advise the MHB with regard to matters of law, direct the conduct of proceedings, advise the MHB concerning the admission of evidence and otherwise advise and assist the MHB as necessary concerning the MHB's finding of fact and conclusions of law.