

# **Macon County Mental Health Board**

## **Requirements and Guidelines For Funding**

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# Macon County Mental Health Board Requirements and Guidelines for Funding

## **INTRODUCTION**

The Community Mental Health Act [Ill. Rev., Ch. 91-1/2m, pars. 300.1 et seq.] (the Act) provides that a Community Mental Health Board, a unit of local government, will plan, fund, coordinate, and evaluate public services and facilities for the treatment of persons with mental illness, developmental disabilities, and substance abuse problems in its geographic area. The Macon County Mental Health Board (the Board) makes rules and regulations to administer services and facilities that it directs, supervises, or funds consistent with the provisions of the Act.

The Board is committed to being a responsible trustee of Macon County's mental health tax. The Board believes that purchasing individual client services best meets its commitment to assure quality services at reasonable costs.

This document sets forth the service, financial and administrative accountability requirements of the Board. Furthermore, these requirements and guidelines explain the criteria by which the Board monitors and evaluates compliance with the Board's service, fiscal and administrative requirements.

## **I. MISSION STATEMENT**

The mission of the Board is to assure that a comprehensive and coordinated system of effective and efficient public mental health services is available and accessible to all of the citizens of Macon County in need of such services.

The Community Mental Health Act defines mental health services as those services related to mental illness/mental health, services related to developmental disabilities, and services related to substance abuse.

## **II. Service Area of the Board**

- A. The service area of the Board, in accordance with the Act, shall be Macon County, Illinois.
- B. Services which are purchased by the Board with Macon County tax funds, in accordance with the Act, will be for Macon County residents.

## **III. Eligibility Requirements for Board Funding**

### **A. General**

Any individual or organization which meets the relevant, appropriate criteria is eligible to receive Board funds. These criteria are:

1. An individual will be appropriately professionally certified or licensed by the applicable state or national board or organization.
2. An organization may be public or private, not-for-profit or for profit, or a governmental unit.
3. An organization will demonstrate that it has the appropriate professional staff with the appropriate academic certification/licensure, and appropriate experience.
4. The Board encourages individuals and organizations to have appropriate state or national licensure or certification. In certain instances such licensure or certification may be required.
5. An organization or an individual will demonstrate financial reliability and stability.
6. An organization or an individual will demonstrate the capability of appropriate service, fiscal, and administrative accountability.

## **B. Funding**

This Board's funding will supplement, and not supplant, other funding sources. If another source of funding can support a service, the Board expects those funds to be used for that service.

## **C. Service Recipients**

Service recipients will be Macon County residents. In instances where clear benefit exists to the County, such as crisis intervention and services in the County jail, services may be to non-Macon County residents.

# **IV. Funding Practices and Methods**

## **A. General**

### **1. Planning**

- a) The Macon County Mental Health Board annually prepares and approves a service and budget plan, and requests that the Macon County Board levy a mental health tax based on these plans. The Macon County Mental Health Board, by legal statute, administers these County funds.
- b) The Macon County Mental Health Board administers and manages funds from state, federal, or private sources. The management of such funds will follow the Board guidelines and any additional requirements according to the funding source.

### **2. Type of Contracts**

- a) Grant Contracts
  - (1) Any eligible organization or person may petition the Board for a Grant Contract to supply services to the Board. These services are identified in the Board's current *One & Three Year Service Plan for Macon County*. The Grant Contract funding method is used primarily

when neither a Purchase of Service (POS) nor a Preferred Service Provider (PSP) contract is deemed suitable.

- (2) In addition to treatment and prevention services, the Board may negotiate Grant Contracts for the following kinds of activities/deliverables:
  - I) Capital
  - ii) Administration
  - iii) Research
  - iv) Training/Stipends
  - v) Unique Situations (such as one-time funding or seed money).

b) Purchase of Service (POS) Contracts

- (1) The Purchase of Service Contract is the preferred funding method of the Board. Such POS Contracts will generally be awarded using a Request for Proposal (RFP) approach in which an eligible individual or organization may respond to the RFP and/or petition the Board for a Purchase of Service Contract to supply services identified in the Board's current *One & Three Year Service Plan for Macon County*.
- (2) The Board may develop POS Contracts by direct solicitation to one or more eligible individuals or organizations to purchase services in accord with the Board's services' plans. Unless otherwise determined by the Board, POS Contracts are executed annually.

c) Preferred Service Provider (PSP) Contracts

- (1) The Board defines a preferred service provider as an eligible individual or organization which can meet appropriate service quality and cost standards. This type of contract involves a negotiated quality of care and price for an identified population.
- (2) The Board may designate an eligible individual or organization as a Board PSP when either:
  - i) The eligible individual or organization is a designated service supplier of specified services within an intergovernmental Contract between the Board and a state, federal or other funder. An eligible individual or organization with such designation is considered an "Intergovernmental PSP."

***OR***

- ii) The eligible individual or organization is recognized by the Board as having the experience and expertise to deliver Board purchased services through a Performance Contract. An eligible individual or organization with such designation is considered a "Performance PSP."

Such an eligible individual/organization must:

- Have been a Purchase of Services contractor with the Board for two or more years and demonstrated the capability to meet all Board requirements.
- Be nationally certified, accredited or otherwise recognized for having exceptional service capabilities. The Commission of Accreditation of Rehabilitation Facilities (CARF) and the Joint Commission on the Accreditation of Health Care Organizations (JCAHCO) are examples.
- Have demonstrated the capacity to plan, measure (evaluate) and report individual client service outcomes in a manner which qualifies for Board payment.

### **3. Awarding of Contracts**

This section describes the most common ways the Board awards contracts. The Board contracts for a maximum of one year.

#### a) Request for Proposal (RFP)

- (1) The Board may award funds through a request for proposal bidding process in which providers of service are invited to submit proposals according to appropriate specifications. These specifications in many instances require that individuals or organizations meet qualifications set forth in state, federal, or county statutes and their respective rules and regulations. When such legal requirements exist, an individual or organization will demonstrate the capability to meet these in order to be eligible to respond.
- (2) The Board strives to place local tax dollar funded services on the RFP process once every four years when appropriate. The process involves approximately one quarter of local funds annually. Preferred Service Provider contracts may be exempted, and local tax dollars used as a match to federal, state, or other funds are exempted from this process. Federal, state and other funds which this Board administratively manages or serves as fiscal agent will not be awarded through the RFP process without the funding source's permission.

#### b) Direct Solicitation

- (1) The Board, when it deems necessary, may award funds through direct solicitation. This includes but is not restricted to when providers of a certain service are limited, or when providers who meet the legal requirements are limited. In instances when the Board has targeted a particular population for services, a provider already serving the particular target population may be solicited. In such instances, the Board may directly negotiate with the specific provider.

c) Fiscal Agent and Pass Through

- (1) The Macon County Mental Health Board may award funds acting as a fiscal agent for a particular individual or organization. Awarding of these funds follows the particular instructions and guidelines of the individual or organization. Federal or state funds are occasionally awarded to planning groups or coalitions of organizations. These groups need an administrative individual or organization to manage the funding, to contract with providers, to coordinate the activities, to meet the reporting requirements, and to monitor service implementation. As fiscal agent, the Board serves as that administrative individual or organization. The Board will consider each request to serve as a fiscal agent and, if approved, develop an appropriate contractual agreement. The Board will follow the contractual obligations and the appropriate rules and regulations related to the original source of the particular funds, and will execute appropriate subcontracts with providers of service.
- (2) The Board may at times be approached to administratively manage or may seek, and receive private, state, or federal funds to provide services. The Board will follow the rules and regulations and the contractual obligations of these funds' sources throughout the administration of these funds.

d) Petitioning the Board

- (1) Any service provider may petition the Board for funding. The individual or organization interested in obtaining funds will submit a concise description of the purpose of the funding and the amount of funding desired to the Board's Executive Director. The Board's Executive Director will provide feedback concerning the substance of the request and how the request relates to the Board's priorities and fund availability. After this feedback, if the individual or organization desires, the request will be considered by the Budget and Finance Committee for a recommendation to the Full Board. After consideration by the Committee, the Full Board may act upon the Committee's recommendation. The individual or organization may, if desired, make a presentation to the Budget and Finance Committee and/or the Full Board.
- (2) The Board makes decisions regarding unsolicited funding requests based on the following factors:
  - i) Is the service identified in the *One and Three Year Plan*?
  - ii) How does the request relate to the priorities communicated in the *One and Three Year Plan*?
  - iii) Is the service mentioned in the *Unmet Needs Document* for this time period?
  - iv) Is the service within this Board's scope as defined by the 708 statute?

- v) Does this request involve matching funds which will leverage additional funds to Macon County?
- vi) Are unobligated funds available to fund the request?
- vii) If the request involves funding expected to continue beyond one year, as compared to a one time request, what impact does the request have on the Macon County Mental Health Board's financial status?
- viii) What is the individual's or organization's capability to meet the required rules and regulations?
- ix) Does the individual or organization meet all appropriate eligibility requirements for Board funding?

(3) The Board's fiscal year is from July 1 to June 30, and the Board usually adopts a budget for each new fiscal year in the preceding April. Therefore, an organization considering requesting funding should forward such a request before or during March to allow for the opportunity for full consideration. In the event the Board must consider the possibility of a tax levy increase to fund a new service or to expand current services, additional timing factors must be taken into consideration. The Board usually makes the decision regarding the tax levy that it will request from the Macon County Board in August. The County Board makes a decision about the tax levy during November. These tax levy funds are then available and utilized in this Board's fiscal year which begins the following July.

#### **4. Contract Development**

##### a) General

After the Macon County Mental Health Board has approved a budget, the contracting process begins. The three-step contracting process involves completion of these five forms: the Notice of Intent to Purchase Service, the Service Delivery and Payment Plan, the Demographic and Evaluation Requirements, the Program Summary, and the Contract. The finished contract is the legal document governing the relationship between the Macon County Mental Health Board and a provider of service or other deliverable.

##### (1) Step 1: Notice of Intent to Purchase Services (NIPS)

- i) A NIPS form is sent to each approved potential provider and identifies:
  - The service or deliverable which the Macon County Mental Health Board desires to purchase.
  - The amount of service or other deliverables expressed in defined units.
  - The payment rate per unit of service or deliverable.
  - The maximum payment for the length of the contract.



- ii) The NIPS form must be signed by the Chief Executive Officer or Owner and returned to the Board, or a request for negotiation made, within 15 working days of receipt of the form.
- iii) If the Board has not received a signed NIPS or a request for negotiation within 15 working days, the NIPS may be considered null and void. If a request for negotiation has been made, the Macon County Mental Health Board's staff will schedule a meeting to proceed.

(2) Step 2: Completion of Additional Forms

After the eligible individual or organization has returned the signed NIPS, the Macon County Mental Health Board will issue a Service Delivery and Payment Plan form, a Service Demographic and Evaluation Requirement form, and a Program Summary Form. These documents become part of the contract with the provider. These forms will be completed and returned to the Board within 15 working days of receipt or the offer of a contract may be considered null and void.

i) Service Delivery and Payment Plan

This form delineates key aspects of service delivery and payment. It contains basic identifying information, the unit of service definition, and the unit rate. Additionally, an individual or organization uses the form to project the number of clients to be served, the number of service units which will be delivered in a given month, and the amount of Board funds and other funds which will support these services. The information contained on this form may be revised throughout the fiscal year if necessary.

ii) Service Demographic and Evaluation Requirements

The Service Demographic and Evaluation Requirements form describes the specific evaluation requirements for each service, specifying the demographic information and outcome measure information which an individual or organization must report.

iii) Program Summary

This form defines key characteristics regarding the services or deliverables being purchased by the Macon County Mental Health Board. It provides funding statistics, program description, service characteristics, documentation requirements and monitoring specifications.

(3) Step 3: Contract/Subcontract

When all appropriate forms have been completed, approved, and signed by both the eligible organization and the Macon County Mental Health Board, the Board issues a contract and/or subcontract to be signed by the provider's authorized agent and the Board's authorized

agent. The provider will return the signed contract within 10 working days of receipt.

(4) Timelines

The contracting process will be completed within 60 calendar days of receipt of the NIPS. The Board will not be obligated for payments for services to an organization without a signed contract, and any organization that fails to meet these timelines without good cause delivers services at their risk. The Board's Executive Director may exempt an organization from the timeline requirements for good cause.

(5) Subcontract

A subcontract dealing with funds from another source may have additional forms and requirements depending upon the specific funding source. The Macon County Mental Health Board expects all providers to complete the required forms within the appropriate timelines.

(6) Service Agreement

An organization may need services for their clients but not be qualified to provide those services. In appropriate instances, a multi-party service agreement may be developed between related parties. In such instances, the Macon County Mental Health Board will contract with a provider of services who would be required to agree with parameters related to the other party.

## **B. Payment Methods and Practices**

### **1. General**

- a) The Macon County Mental Health Board will pay for services or disburse grant funds according to its *Requirements and Guidelines for Funding* and the relevant provision of individual contracts. Payment will be for the approved contractual services to the approved individuals defined in the contract, and total payment will not exceed the maximum amount stated in the contract. The Board is not obligated and will not make any payments for services or deliverables that exceed the stated contractual amounts or are not part of the defined services of an individual contract.
- b) Although the Board's preferred method of payment is purchase of service, funds may also be disbursed through grant, capitated, or by other method. Payment method and practices will vary depending upon the funding method and the funding purpose. Whatever payment method is used, the objectives are to assure the following:
  - (1) Board funds support the approved services to the approved individuals.
  - (2) Board funds do not supplant other funds.
  - (3) The Board's level of payment is reasonable and cost efficient.

- c) Board payments may support a unit of service completely or, at times, partially support a service. When Board payments are expected to cover the full cost of the unit of service, an individual or organization may not receive payment from another source for the same service. When Board payment is partially supporting a service, a provider may be billing and/or receiving payments from another source. In these instances the individual or organization shall follow the specific parameters detailed in their contract.
- d) An individual or organization under contract must submit an appropriate accurate voucher with the required documentation to generate payment from the Board. In most instances, payment will be provided within 15 working days of receipt of an appropriate, accurate voucher.
- e) An individual or organization under contract must submit a voucher for payment within 60 days from the end of the month in which the services were delivered. Any voucher submitted after the 60 day time limit will be designated by the Board as late. In order to have a late voucher processed for payment, the individual or organization must fully complete and submit the appropriate Board form related to late vouchering. On this form, the individual or organization must detail the reason(s) for the late voucher and provide a plan to remedy the situation. Upon receipt of this form, the Board may then process the voucher for payment. This does not apply, however, to vouchers that have not been received within 60 days of the contract's period end.
- f) An individual or organization must voucher for any or all services or other deliverables within 60 calendar days of the contract period's end. The Macon County Mental Health Board will not be liable under any contract to pay for such services and will not pay for services for which a voucher has not been submitted within 60 days of the contract's period end.

## **2. Purchase of Service (POS)**

- a) All requirements listed under **“Payment Methods and Practices, IV. B. 1. General a) - f)”** are applicable to POS Contracts unless specifically deleted herein.
- b) The Board will provide payment at a defined unit rate for services after they have been delivered. These payments will follow the payment plan detailed on the Service Delivery and Payment Plan Contract Form.
- c) The Macon County Mental Health Board will determine a unit rate for each service. A unit rate is the amount of funds that the Board would pay for one unit of a particular service. The Board may use different rate setting methodologies.
- d) Unless an individual's or organization's contract states differently, monthly vouchering is required.

- e) The Board's payment will be based on the actual number of service units delivered and will not exceed the total of monthly planned units except as defined in "B.2.f)."
- f) If an individual or organization fails to deliver the total amount of planned services in one month, the Board permits the unused planned units to be applied to any other month in that quarter. Therefore, if an individual or organization exceeds planned units one month and falls short in another month within the quarter, the units will automatically shift from one month to another within that quarter. The quarters are as follows:
  - (1) July, August, September;
  - (2) October, November, December;
  - (3) January, February, March;
  - (4) April, May, June.
- g) If an individual or organization fails to deliver all planned units for a given quarter, a request for approval of a revised Service Delivery and Payment Plan for the particular contract may be made. Undelivered planned service units from one quarter may be moved to another quarter within the defined contract time period. Requests which involve 10% or less of a contract's service units will be approved or rejected by the Board's Executive Director. Any contractee may request the Board to review the Executive Director's decision. Requests involving more than 10% of the contract's service units must be approved by action of the Full Board and must be made within 60 days of the end of the quarter. Requests submitted more than 60 days after the end of the quarter will not be reviewed or approved.
- h) A request for a revised Service Delivery and Payment Plan will contain the following information:
  - (1) A copy of the new Service Delivery and Payment Plan
  - (2) A summary of the changes stating the differences between the current approved Service Delivery and Payment Plan and the new proposed payment plan.
  - (3) Explanations of the reasons for failure to meet the projected service delivery, and how the individual or organization plans to meet the new service delivery plan.
- i) If in a single quarter a contractee fails to deliver 25% or more of the projected services, the contractee will submit in writing the reasons for such performance and a corrective action plan. This plan is due 30 days after the quarter. The Board will review the effectiveness of the corrective action plan at the end of the two succeeding quarters.
- j) If a contractee fails to deliver 15% or more of the projected services for a fiscal year or any continuous 12 month period, the contractee will submit in writing the reasons for such performance and a corrective plan. Macon County

Mental Health Board staff will analyze this report and present this analysis and recommendation to the Board. If the Board still desires to purchase these services and determines that the reasons and corrective action plan are reasonable and sound, funding may continue. If the reasons and the corrective action plan are not determined to be reasonable and sound, or if the contractee does not present such a plan, the Board may discontinue or reduce the level of funding.

- k) A negative service variance allowance may be part of a Purchase of Service Contract. The provider may be paid for a limited number of service units which were not delivered. The following applies to such situations.
  - (1) The negative service variance shall be shown on the Service Delivery and Payment Plan form and described in the Program Summary document.
  - (2) This use of negative service variance is considered an exception and not standard practice. This does not normally apply to no-shows in outpatient type of services.
  - (3) The negative service variance may be applied on a monthly, quarterly, or annual basis. This will be designated on the Service Delivery and Payment Plan form along with the Program Summary document.
  - (4) The provider will voucher and display the units for payment separately from units actually delivered. The Board will provide payment according to the contractual specifications for such service units.
  - (5) Provider will transfer a positive service variance from any other service vouchering period before payment will be made for a negative service variance allowance.
  - (6) A negative service variance allowance will not be applied beyond the maximum number of contracted service units.

### 3. Grant

- a All requirements under “**Payment Methods and Practices, IV., B.,1., General a) - f)**” are applicable to POS Grant Contracts unless specifically deleted herein.
- b The Board will provide payments on a grant basis according to the plan specified in the contract.
- c The Board will reimburse an individual or an organization for actual allowable monthly expenses not to exceed the planned distribution of funds.
- d A completed voucher showing actual expense for the billing time period will be submitted on a monthly basis. It will be accompanied by a progress report related to the contract's deliverables and/or other performance indicators. The requirements of the progress report will be specified in the Program Summary of each contract.
- e The Executive Director may temporarily interrupt Board grant payments when a deliverable and/or other performance indicator deviates from the plan.

- f) The Board permits an individual or organization to move planned expenses within a quarter from one month to any other month in the same quarter. If an individual or organization fails to expend all funds planned in one month, the unspent portion will automatically shift from one month to another within that quarter. The quarters are:
  - (1) July, August, September;
  - (2) October, November, December;
  - (3) January, February, March;
  - (4) April, May, June.
  
- g) If an individual or organization fails to expend all planned funds for a given quarter, a request for approval of a revised Service Delivery and Payment Plan for the particular contract may be made. Unexpended grant funds from one quarter may be moved to another quarter within the defined contract time period. Requests which involve moving 10% or less of a contract's grant funds will be approved or rejected by the Board's Executive Director. Any contractee may request the Board to review the Executive Director's decision. Requests involving more than 10% of the contract's funding must be approved by special action of the Full Board and must be made within 60 days of the end of the quarter. Requests submitted more than 60 days after the end of the quarter will not be reviewed or approved.
  
- h) A request for a revised Service Delivery and Payment Plan will contain the following:
  - (1) A copy of the new grant payment plan
  - (2) A summary of the changes which states the differences between the current approved plan and the new proposed payment plan.
  - (3) Explanations of the reasons for the failure to expend the funds as planned, and how the individual or organization intends to expend the funds in the new plan.
  
- i) If a contractee fails to expend 15% or more of the planned funds for a fiscal year or fails to meet service projections by 10% for a fiscal year or any continuous 12 month period, the contractee will submit in writing the reasons for such performance and a corrective plan. The Board staff will analyze this report and present this analysis and recommendation to the Full Board. If the Board still desires to purchase these services and determines the reasons and corrective action plan are reasonable and sound, funding may continue. If the Board determines the reasons and the corrective action plan are not reasonable and sound, or if the contractee does not present such a plan, the Board may discontinue funding or reduce the level of funding.

#### **4. Preferred Service Provider**

- a) All of the Funding Practices and Methods listed above per section “**IV., B., 1., General a) - f)**” are applicable to PSP Contracts unless specifically deleted herein.

- b The Board will pay an individual or organization receiving state, federal or other funds in accordance with all applicable state and federal laws, rules, regulations, and guidelines as well as complying with the Board's *Requirements and Guidelines for Funding*, contained herein.
- c The Board will pay an individual or organization only after funds from the outside source have been received.
- d The individual or organization under contract must follow all applicable federal or state laws, rules, and regulations.

## **5. Fiscal Agent**

- a All of the Funding Practices and Methods listed above per section “**IV., B., 1., General a) - f)**” are applicable to Fiscal Agent Contracts unless specifically deleted herein.
- b The Macon County Mental Health Board will pay an individual or organization receiving state, federal, or other funds in accordance with all applicable state and federal laws, rules, regulations, and guidelines as well as complying with the Board's *Requirements and Guidelines for Funding*, contained herein.
- c As the Fiscal Agent, the Board will follow the disbursement guidelines and contractual obligations which it has with the funder. An individual or organization under contract with the Board will be expected to follow the required procedures.
- d The Board will not disburse funds which have been designated under contract from another source until they have been disbursed to the Board from the other source. Therefore, no funds will be disbursed until they have been received from the other source.
- e The individual or organization under contract must follow all applicable federal or state laws, rules and regulations, or other funder rules and regulations.

## **6. Advance Payments**

- a The Macon County Mental Health Board may provide advance payment(s) to assist an individual or an organization under contract with the Board with cash flow difficulties. The Board's Executive Director may authorize an advance payment equal to one month's planned fund disbursement. Any request larger than the current month's planned disbursement will be referred to the Budget and Finance Committee for consideration.
- b The written request for advance payment will contain:
  - (1) The amount of the advance payment requested.

- (2) An explanation regarding the cash reserve position of the organization.
  - (3) Financial documents which demonstrate the previous explanation.
  - (4) The reason(s) for the cash flow difficulties.
- c) The Executive Director, within five working days, will approve or disapprove a request for a one month's advance. The Executive Director will report each request and his action to the next meeting of the Budget and Finance Committee. The Budget and Finance Committee will examine requests within its normal meeting schedule.

## **V. Accountability Requirements**

### **A. General**

#### **1. Meetings**

- a An individual or organization under contract with the Macon County Mental Health Board will notify the Macon County Mental Health Board of their Board of Director's meetings on a timely basis. Upon request, such an individual or organization agrees to allow a Mental Health Board member or Board staff to attend their Board meeting(s).
- b An individual or organization under contract with the Board will provide to the Mental Health Board minutes of their Board of Director's meetings on a timely basis.

#### **2. Planning**

- a An individual or organization under contract with the Board will provide the Board with a full copy of any request or application for new or adjusted public funding for mental health, developmental disabilities, and/or substance abuse services within one week of the time submitted to the funding body. The 708 statute requires the Mental Health Board to review and provide comment on such requests and applications. This includes applications to units of the federal government, state government, and local governments.
- b An individual or organization which is under contract with the Board and receives funds from the Illinois Department of Human Services or funds for mental health, developmental disabilities, and/or substance abuse services from another Department of Illinois State Government will submit to the Board the following within one week of submission to the State Department:
  - (1) Budget applications,
  - (2) Service plans,
  - (3) Program Service and Funding Plans,
  - (4) End of year Service and Fiscal Reports, and,
  - (5) Any other documents commonly referred to as "Agency Plans."



### **3. Financial**

- a The Macon County Mental Health Board requires that its funds support effective services to eligible individuals in a cost efficient manner, and expects that the cost of services will be reasonable. An individual or organization under contract to the Board agrees to provide any requested financial information or access to any financial record so that the Board may make such determinations.
- b An individual or organization under contract with the Board will establish and maintain a modified accrual accounting system in accordance with generally accepted accounting principles. The Board requires an individual or organization to comply with government required and generally accepted accounting procedures appropriate for the type of organization.
- c An individual or organization under contract with the Board will record income and expenses by specific cost centers for Board funds. This does not apply to situations where Board awarded funds are serving as a match for other funds, or where the Board has provided an exemption. An individual or organization under contract will provide income and expense reports for these cost centers including detail trial balances of expenses, if requested. This applies to cost centers in which Board funds are commingled with other funding.
- d Expenses which can not directly be charged to a cost center or expenses commonly referred to as indirect or administrative expenses will be allocated in accordance with a generally acceptable method of cost allocation. An individual or organization under contract with the Board will provide its cost allocation methodology and schedule to the Board upon request and at any time involving rate negotiation for purchase of service.
- e Each individual or organization under contract with the Board will submit an annual financial audit within 120 days of the end of their fiscal year. Unless granted an exemption, this audit should identify income and expenses related to this Board's contracts. This requirement includes any management letter which accompanies the audit.
- f An individual or organization under contract with the Board will submit to the Board any changes to an audit, related to the last five years, within 30 days of that individual's or organization's receipt of that change.
- g In the event there is a disagreement about audit findings, an individual or organization will allow the Macon County Mental Health Board to have an independent auditor perform an audit at the Board's expense.

- h) An individual or organization under contract with the Board who is contracted to receive a total annual base payment in excess of \$50,000 per year will provide the following financial reports to the Board:
  - (1) Quarterly Balance Sheet,
  - (2) Quarterly Combined Statement of Income and Expense,
  - (3) Quarterly Operating Funds Statements of Income and Expense by Cost Center for Board funds.
  
- i) Any not-for-profit organization under contract will supply a copy of the following tax documents when they are filed:
  - (1) Illinois AG990-Ill,
  - (2) Federal Form 990.
  
- j) An individual or organization under contract with the Board will serve Macon County residents regardless of their ability to pay. The individual or organization may use a sliding fee schedule and, at times, may be required to do so. If a sliding fee schedule is being used, the organization will submit a copy for Board approval during the contract development stage and at any time the individual or organization makes changes. Any revenue generated through fees is expected to be used for services in the cost center which the Board is funding, or to cover the expense of delivering the contracted services.
  
- k) Any revenue surplus over 5% in a fiscal year in a Board funded cost center, or a cost center where Board funds are a match or where Board funds provide partial funding, will be used to fund similar services in the following fiscal year, or the Board will reduce by such an amount its funding in the following fiscal year.

#### **4. Monitoring and Evaluation**

- a) An individual or organization under contract with the Board will report services and other contractual activities on a monthly basis according to a Board approved data collection and reporting system.
  
- b) An individual or organization under contract with the Board will agree to on-site monitoring by Board staff. This monitoring will be used to determine the degree of compliance with the contract and with the *Requirements and Guidelines for Funding*. Frequency will vary depending on the type of service and the results of previous monitoring visits.
  
- c) An individual or organization under contract with the Board will make available to staff of the Board any financial document, recipient service document, and/or case record necessary to verify contractual service delivery and billing, and compliance with the contract and the *Requirements and Guidelines for Funding*.

- d An individual or organization under contract with the Board will allow Board staff to conduct monitoring and evaluation efforts to determine the effectiveness and quality of services.
- e The Board may require the implementation of evaluation and service outcome measures for its contracts. An individual or organization under contract with the Board will comply with the Service Demographic and Evaluation Requirements and will report such information at the required frequency.
- f When Board funds are a match or commingled with other funds, Board staff will monitor the cost center which contains those funds, using the appropriate rules and regulations which govern such funds. An individual or organization will allow Board staff to conduct such monitoring and provide the necessary information for such monitoring.
- g An individual or organization under contract with the Macon County Mental Health Board will allow Board staff to monitor fiscal records necessary to insure that proper billing has occurred and that additional billing for the same service to another source has not occurred.
- h An individual or organization under contract with the Macon County Mental Health Board will allow Board staff to monitor fiscal records necessary to insure that expenses allocated to Board funded cost centers are reasonable and allowable.

## **5. Corporate Relationships/Discounted Fees**

- a The Board requires that an individual or organization under Board contract will identify any corporation with which there is a related relationship. This includes corporations in which shared Board members exist, management or subcontracts for services exist, or shares are owned.
- b The Board requires that an individual or organization under Board contract will report any preferred provider contractual relationships and fees charged under such arrangements to organizations for the same services that the Board funds.

## **6. Probation**

- a The Macon County Mental Health Board may place a provider on probationary status. When a Provider consistently fails to comply with contractual expectations over a period of time or if there has been a single incident of major gravity, the Board may choose to place that provider on probation. Therefore, if designated improvements or corrections are not made by the provider within a specified period of time that shall not exceed 6 months, the Board shall move to payment suspension procedures outlined in Section V:A:7:a-e or shall move to terminate the contract.

- b. Probationary status may be imposed under the following circumstances but is not limited to the following circumstances:
  - 1.) The provider fails to make corrections or supply information required or requested as a result of the monitoring process or other accountability requirements.
  - 2.) The provider provides services that deviate from the contract's parameters or fails to follow the contract's requirements.
  - 3.) The provider has acted or is acting in such a fashion as to violate recognized ethics, legal requirements and/or local, state or federal laws.
  - 4.) The provider has failed or is failing to meet local, state and/or federal requirements and/or regulations.
  - 5.) The provider has failed or is failing to provide required and/or requested information within a reasonable amount of time. The Board shall determine what constitutes a "reasonable" amount of time.
  - 6.) The provider has failed or is failing to comply with the Board's Funding Guidelines and/or contractual parameters.
  - 7.) The provider fails to provide financial, programmatic or other documentation/information requested or required by the Board.
  - 8.) Another funding agency or legal authority is investigating the provider.
- c. If the Board staff determine that probationary status may be warranted, the Executive Director shall make a recommendation to the Executive Committee of the Mental Health Board.
- d. The Executive Director or designee shall notify the Provider's Executive Director (or equivalent) that the Executive Committee will be considering a recommendation to the full Board regarding the placement of the provider's contract on probationary status. This notification shall include the reasons for such a recommendation, the corrective action(s) that would be required, and the date and time of the Executive Committee meeting that will review this recommendation.
- e. The provider may submit a written response to the Executive Committee. The provider may attend and address the Executive Committee.
- f. The Executive Committee shall make a recommendation to the full Mental Health Board. The full Board will then act on the Committee's recommendation.
- g. If probationary status is approved by the full Board, staff will notify the Provider's Executive Director (or equivalent) and the Provider's Board president. This notification will include the reasons for the placement of the provider on probationary status, the corrective action(s) that are required and the time frame within which the corrective actions must be

completed.

- h. Board staff shall update the Executive Committee on a timely basis on the progress made by the Provider in correcting the deficiency. At the end of the aforementioned timeframe or at any point in time during the probationary period, the Executive Committee may make one of the following recommendations or another recommendation that the Committee deems appropriate to the full Board.
  - 1.) Remove the provider from probationary status.
  - 2.) Extend the time frame of the probation.
  - 3.) Suspend payments as outlined in Section V:A:6 of these guidelines.
  - 4.) Terminate the contract.

## **7. Payment Suspension**

- a. The Macon County Mental Health Board may suspend payment(s) to an individual or organization for noncompliance with the Board's contract or with the *Requirements for Guidelines and Funding*. Payments may also be suspended should the individual or organization be investigated for, or found accountable for ethical or legal charges, whether by independent audit, other funding agency, or other authority.
- b. The Executive Director may temporarily suspend payments following consultation with a ranking officer of the Board. The Board will then consider the suspension at its next regularly scheduled Executive Committee meeting or at a Full Board meeting.
- c. Notice of suspension will occur in writing to the individual or organization before payments are suspended. The notice will specify the reason(s) for the suspension, the cost center or contracted service affected, the beginning date and the actions necessary to end the suspension. Payments withheld by the Mental Health Board during the suspension continue to accrue to the account of the individual or organization and will be paid or not paid consistent with the terms of the resolution determined by the Board.
- d. The individual or organization will respond, in writing, to the Board's office address within 10 working days of the date of the Board's notification to suspend payments. The response will include a plan of action to correct the situation leading to the suspension and include a time frame for corrective action.
- e. The individual or organization may address the Executive Committee or the Full Board when the suspension is reviewed. The Board will send written notification of its actions.

## **8. Cancellation of Contract**

- a) The Board reserves the right to terminate an individual's or organization's contract at any time upon 30 day notice.

## **B. Specific**

In addition to the general accountability requirements in section “**V. Accountability Requirements**” above, the following requirements must be met.

### **1. Purchase of Service**

- a) An individual or organization under contract with the Board may be required to report the following information:
  - (1) Expense-revenue information,
  - (2) Summaries of services, individuals served, and outcomes,
  - (3) Tabulations of openings, closings and active cases for a cost center,
  - (4) Other information related to financial aspects or service aspects of the contract.
- b) The individual or organization shall also provide the designated service reports according to the requirements of the contract as designated in section “**IV. Funding Practices and Methods, A.4. Contract Development Practices.**”

### **2. Grants**

- a) Any individual or organization under Grant contract with the Board will provide the Board with at least the following financial information (including capital expenses and any other special funds):
  - (1) Quarterly Balance Sheet,
  - (2) Quarterly Combined Statement of Income and Expense,
  - (3) Monthly Operating Fund Statements of Income and Expense by Cost Center.
- b) An individual or organization may be required to report other financial information.
- c) The individual or organization will also provide the designated service reports according to the requirements of the contract as designated in section “**IV. Funding Practices and Methods, A.4. Contract Development Practices.**”

### **3. Preferred Service Provider**

- a) Any individual or organization under a preferred service provider contract with the Board will provide the following financial reports and any other requested report:
  - (1) Quarterly Balance Sheet,
  - (2) Quarterly Combined Statement of Income and Expense,

(3) Monthly Operating Fund Statements of Income and Expense by Cost Center or Service.

- b) The individual or organization will also provide the designated service reports according to the requirements of the contract as designated in section **“IV. Funding Practices and Methods, A.4. Contract Development Practices.”**

### **C. Fiscal Agent**

1. All individuals or organizations under contract are expected to comply with the originating funding source’s requirements, and to provide the appropriate fiscal and service information as required in addition to any Board requirements.
2. Any such information shall be provided at the frequency designated in the subcontract.
3. Board staff will be allowed to monitor any fiscal or service record according to the relevant rules and regulations and/or laws governing the originating source of funds.
4. The individual or organization agrees to provide any fiscal and service information which the Macon County Mental Health Board needs to comply with the original funding source’s reporting requirements.

