

## **SECTION- VIII**

### ***Board Finance and Operation***

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**Budgeting-Accounting-Finance Standards-**

Standards VIII-A.1 – VIII-A.2	Rationale/ Authority	Documentation/ Evidence
<p><b>VIII-A.1</b> The Governing Board has a formal provision setting forth under what circumstances (if any) it may advance funds to a provider agency.</p>	<ul style="list-style-type: none"> <li>• To have criteria for any advancing of funds.</li> </ul>	<ul style="list-style-type: none"> <li>• As communicated and shared by the Board</li> </ul>
<p><b>VIII-A.2</b> The Governing Board formally approves the Board's Budget(s).</p> <p><b>Clarifier:</b> The Board's budgets are to include at minimum the calendar year budget submitted to the county and the fiscal year budget submitted to the State.</p>	<ul style="list-style-type: none"> <li>• This is a basic duty of a Governing Board.</li> </ul>	<ul style="list-style-type: none"> <li>• Board Minutes and Resolutions</li> </ul>

Standards VIII-A.3 – VIII-A.5	Rationale/Authority	Documentation/Evidence
<p><b>VIII-A.3</b> The budget and accounting system that a Board uses internally for planning and system management is on an accrual basis.</p>	<ul style="list-style-type: none"> <li>• GAAP requires accrual accounting.</li> <li>• Accrual accounting is necessary for a Board to know where it really stands financially.</li> <li>• Accrual basis of accounting is consistent with provider requirements in the Uniform Cost Report Rules.</li> </ul>	<ul style="list-style-type: none"> <li>• Budget and Accounting Records</li> </ul>
<p><b>VIII-A.4</b> The Board has mechanisms to deal with the interrelation between the state fiscal year financial reports and county calendar year records.</p>	<ul style="list-style-type: none"> <li>• To have mechanisms in place to avoid the inherent confusion of dealing with both calendar year and fiscal year processes.</li> </ul>	<ul style="list-style-type: none"> <li>• As communicated and shared by the Board</li> </ul>
<p><b>VIII-A.5</b> The Governing Board uses multi-year financial projections to guide decision-making.</p>	<ul style="list-style-type: none"> <li>• Good management requires looking toward the future and making informed judgments about the use of resources in the light of long-term consequences.</li> </ul>	<ul style="list-style-type: none"> <li>• Board minutes</li> <li>• Financial Reports</li> </ul>

Standards VIII-A.6 – VIII-A.7	Rationale/Authority	Documentation/Evidence
<p><b>VIII-A.6</b> The Governing Board has an official position on the level of reserves it is to maintain and how these are to be used.</p>	<ul style="list-style-type: none"> <li>• Responsible management requires that Boards maintain adequate reserves and not spend down to zero each year. These are needed for cash flow, to deal with unplanned contingencies and to provide future resources to compensate for inflation. However, this can be a difficult political issue, so it is important that a Board be thoughtful about this matter and have a clear rationale for level of reserves.</li> </ul>	<ul style="list-style-type: none"> <li>• Policy Statements</li> <li>• Financial Statements and Reports</li> <li>• As communicated and shared by the Board</li> </ul>
<p><b>VIII-A.7</b> The Board has a written chart of accounts and written documentation addressing how standard fiscal matters are to be addressed, that includes at a minimum the following:</p> <ul style="list-style-type: none"> <li>▪ Process for Approving and Paying Bills</li> <li>▪ Fiscal Record Keeping</li> <li>▪ How Budget Deviations are to be Handled</li> <li>▪ Inventory Records</li> <li>▪ Internal Controls</li> </ul>	<ul style="list-style-type: none"> <li>• Having written documentation for how standard financial matters are to be dealt with is a basic good business practice. Staff need to know how such matters are to be handled, so they can do it right and there needs to be sufficient documentation that others can take over when necessary.</li> </ul>	<ul style="list-style-type: none"> <li>• Written Documentation</li> </ul>

Standards VIII-A.8 – VIII-A.11(b)	Rationale/Authority	Documentation/Evidence
<p><b>VIII-A.8</b> The Governing Board (or designated committee) regularly reviews financial reports.</p>	<ul style="list-style-type: none"> <li>• To apprise the Governing Board of how its approved budget is working out, so that it can respond in a timely and appropriate manner to changing circumstances.</li> </ul>	<ul style="list-style-type: none"> <li>• Governing Board Minutes</li> <li>• Financial Reports</li> </ul>
<p><b>VIII-A.9</b> The Board completes state reports as required.</p>	<ul style="list-style-type: none"> <li>• To be accountable for the funds received by the Board.</li> </ul>	<ul style="list-style-type: none"> <li>• Record of report submissions to state authorities</li> </ul>
<p><b>VIII-A.10</b> The Board tracks expenditures by source of funds.</p>	<ul style="list-style-type: none"> <li>• CFR 45, Part 02.20(b)(2)</li> <li>• To ensure appropriate use of restricted dollars.</li> <li>• To meet reporting requirements.</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Records</li> <li>• State Reports</li> <li>• Audit Reports</li> </ul>
<p><b>VIII-A.11(a)</b> The Governing Board officially acknowledges the Board’s annual audit.</p>	<ul style="list-style-type: none"> <li>• Such audits are important to maintain the public trust.</li> </ul>	<ul style="list-style-type: none"> <li>• Audit Reports</li> <li>• Governing Board Minutes</li> </ul>
<p><b>VIII-A.11(b)</b> If the Governing Board determines additional review is needed, it engages a trained financial professional for oversight of any portions of a Board’s financial operations that may not have been addressed by the State Auditor’s report.</p>	<ul style="list-style-type: none"> <li>• To ensure that information that is not subject to scrutiny in the standard state audit process is dealt with properly.</li> </ul>	<ul style="list-style-type: none"> <li>• Audit Reports</li> <li>• Governing Board Minutes</li> </ul>

Standards VIII-A.11(c) – VIII-A.13(b)	Rationale/Authority	Documentation/Evidence
<p><b>VIII-A.11(c)</b> The Governing Board approves a plan of correction to respond to any issues or concerns, which may be raised in the annual audit, or equivalent.</p>	<ul style="list-style-type: none"> <li>• Basic duty of a Governing Board.</li> </ul>	<ul style="list-style-type: none"> <li>• Plan of Correction</li> <li>• Governing Board Minutes</li> </ul>
<p><b>VIII-A.12</b> The Board’s Budget for its administrative operations is broken out separately from payments made to contract providers.</p>	<ul style="list-style-type: none"> <li>• Boards need to know what their administrative costs are. They also need to be thoughtful to ensure that the level of resources assigned to this function is sufficient, but also reflects prudence.</li> </ul>	<ul style="list-style-type: none"> <li>• Budget Documents and analyses</li> </ul>
<p><b>VIII-A.13(a)</b> The Board uses computerized accounting software and up-to-date office technology sufficient to meet the needs of day-to-day operations.</p>	<ul style="list-style-type: none"> <li>• To assure that the best tools are used for handling public funds.</li> </ul>	<ul style="list-style-type: none"> <li>• Review of Office Facilities, Equipment and Procedures</li> </ul>
<p><b>VIII-A.13(b)</b> The Board’s computer system provides for offsite back-up protection.</p>	<ul style="list-style-type: none"> <li>• To protect the system’s data from any unforeseen loss.</li> </ul>	<ul style="list-style-type: none"> <li>• As communicated and shared by the Board</li> </ul>

Standard VIII-A.14 – VIII-A.16	Rationale/Authority	Documentation/Evidence
<p><b>VIII-A.14</b> The Board has provisions for redundancy and back up, so that normal operations can continue in the event of an unanticipated staff vacancy.</p>	<ul style="list-style-type: none"> <li>• To carry out functions which are critical for the maintenance of a system-of-care and safety net for a community, without disruption.</li> </ul>	<ul style="list-style-type: none"> <li>• Back-up and Disaster Plans</li> <li>• Position Descriptions and Training Records</li> </ul>
<p><b>VIII-A.15</b> The Board conducts analyses and prepares reports that connect fiscal and service/ program data.</p>	<ul style="list-style-type: none"> <li>• ORC 340</li> <li>• To properly manage a system-of-care, fiscal data must be linked in meaningful ways to clinical and service information, have various analyses done conclusions drawn and appropriate changes implemented.</li> </ul>	<ul style="list-style-type: none"> <li>• Board Reports</li> </ul>
<p><b>VIII-A.16</b> The Board complies with local county rules for submission to the County Budget Commission or equivalent.</p>	<ul style="list-style-type: none"> <li>• ORC 5705.31</li> </ul>	<ul style="list-style-type: none"> <li>• Tax Budget</li> <li>• Operating Budget</li> </ul>

**Non-Medicaid Contracting Standards-**

Standards VIII-B.1 – VIII-B.2(a)	Rationale/ Authority	Documentation/ Evidence
<p><b>VIII-B.1</b>                      The Board-Agency non-Medicaid contract addresses at minimum the following elements:</p> <ul style="list-style-type: none"> <li>▪ Governing Statutes, Rules &amp; Authority</li> <li>▪ Contract Period</li> <li>▪ Provides for the Board to carry out its statutorily prescribed oversight monitoring &amp; auditing function</li> <li>▪ Mechanisms for Payment</li> <li>▪ Contract Amount “Not to exceed amount”</li> <li>▪ Cancellation Provisions</li> <li>▪ Mechanisms for Revision (particularly to deal with mid-year reduction of state allocations)</li> <li>▪ Reconciliation or Final Settlement Process</li> <li>▪ Insurance &amp; Liability</li> <li>▪ Provisions of UR</li> <li>▪ Affirms the status of agencies as independent contractors</li> <li>▪ Local System Reports</li> </ul>	<ul style="list-style-type: none"> <li>• To ensure that contract documents are well crafted and comprehensive.</li> </ul>	<ul style="list-style-type: none"> <li>• Board-Agency Contract Document</li> </ul>
<p><b>VIII-B.2(a)</b>                      The Board has written guidelines and requirements for the submission of program plans and budget proposals from organizations intending to contract with the Board.</p>	<ul style="list-style-type: none"> <li>• To assure that the process for vendor selection is open fair and consistent with the provisions of ORC Chapter 340 and applicable state/federal requirements.</li> </ul>	<ul style="list-style-type: none"> <li>• Policies and Procedures</li> <li>• Application Guidelines</li> </ul>

Standards VIII-B.2(b) – VIII-B.5	Rationale/Authority	Documentation/Evidence
<p><b>VIII-B.2(b)</b> The financial portion of the application incorporates the UFMS/UCR formats.</p>	<ul style="list-style-type: none"> <li>To assure that the process for vendor selection is open fair and consistent with the provisions of ORC Chapter 340 and applicable state/federal requirements.</li> </ul>	<ul style="list-style-type: none"> <li>Application Guidelines</li> </ul>
<p><b>VIII-B.3</b> 120-day notices issued by the Governing Board meet the following criteria:</p> <ul style="list-style-type: none"> <li>Timely (at least 120 days before the contract termination date)</li> <li>Describe the proposed change</li> <li>Provide rationale for the proposed change</li> </ul>	<ul style="list-style-type: none"> <li>To provide sufficient advance warning to the affected party and to allow time for a response and/or preparation.</li> </ul>	<ul style="list-style-type: none"> <li>120-day Notices</li> </ul>
<p><b>VIII-B.4</b> Board-agency contracts are signed and executed in a timely fashion.</p>	<ul style="list-style-type: none"> <li>Since a Board exercises its authority and implements its plans primary through contract, it is critical that contracts are in place when needed.</li> </ul>	<ul style="list-style-type: none"> <li>Contract Documents</li> <li>Board Plans</li> </ul>
<p><b>VIII-B.5</b> The Governing Board has formal provisions setting forth the manner in which contractually related disputes with contract agencies would be dealt.</p>	<ul style="list-style-type: none"> <li>To lay clear procedures out in advance, for how contractually related disputes with provider agencies will be handled and how a final decision will be arrived at.</li> </ul>	<ul style="list-style-type: none"> <li>As communicated and shared by the Board</li> </ul>

**MACSIS Operations Standards-**

Standard VIII-C.1 – VIII-C.2(a)	Rationale/Authority	Documentation/Evidence
<p><b>VIII-C.1</b> The Board has written documentation for the operations of MACSIS, that addresses at a minimum:</p> <ul style="list-style-type: none"> <li>▪ Enrollment</li> <li>▪ Membership Maintenance</li> <li>▪ Determination of Co-payment Responsibilities</li> <li>▪ Routine Processing of Files</li> <li>▪ Adjudication of Held Claims</li> <li>▪ Making Payments</li> </ul>	<ul style="list-style-type: none"> <li>• To ensure the smooth and efficient operation of MACSIS.</li> </ul>	<ul style="list-style-type: none"> <li>• Written Documentation demonstrating adherence to the MACSIS Guidelines</li> <li>• Written Documentation demonstrating how the Board operates the MACSIS Guidelines</li> </ul>
<p><b>VIII-C.2(a)</b> The Governing Board has established a benefit plan for clients enrolled in the MACSIS system.</p>	<ul style="list-style-type: none"> <li>• To eliminate speculation whether a service will be covered by a Board’s benefit plan and whether or not a provider will be paid.</li> <li>• To ensure the design of a Board’s Benefit plan is not made arbitrarily but within a policy framework.</li> </ul>	<ul style="list-style-type: none"> <li>• MACSIS Benefit Plans</li> <li>• Member/ Enrollee and Provider Handbooks, Manuals etc.</li> </ul>

<b>Standards VIII-C.2(b) – VIII-C.3</b>	<b>Rationale/Authority</b>	<b>Documentation/Evidence</b>
<b>VIII-C.2(b)</b> Benefits Plans are communicated to both providers and enrollees.	<ul style="list-style-type: none"> <li>To eliminate speculation of whether a service will be covered by a Board's benefit plan and whether or not a provider will be paid.</li> </ul>	<ul style="list-style-type: none"> <li>As communicated and shared by the Board</li> </ul>
<b>VIII-C.3</b> Provisions are in place to afford clients an opportunity to appeal adverse decisions regarding how their MACSIS benefits are applied and claims adjudicated.	<ul style="list-style-type: none"> <li>To provide an avenue for clients/enrollees who may wish to question or dispute how a claim was handled and what Board benefit they are to receive.</li> </ul>	<ul style="list-style-type: none"> <li>MACSIS benefit plans</li> <li>Member/enrollee and provider handbooks, manuals, etc.</li> </ul>

#### **Reports and Records Standards-**

<b>Standards VIII-D.1 – VIII-D.2(a)</b>	<b>Rationale/Authority</b>	<b>Documentation/Evidence</b>
<b>VIII-D.1</b> Board records are maintained in an organized manner that provides for ready access to documents when needed.	<ul style="list-style-type: none"> <li>To assure that records are accessible and retrievable.</li> </ul>	<ul style="list-style-type: none"> <li>Physical examination of records arrangements</li> </ul>
<b>VIII-D.2(a)</b> All Board records are maintained in a secure manner.	<ul style="list-style-type: none"> <li>The nature of Board's work requires it to deal with much sensitive information, some of which is PHI and subject to HIPAA regulations. To insure the security of these materials adequate safeguards need to be in place.</li> </ul>	<ul style="list-style-type: none"> <li>Physical examination of records arrangements</li> </ul>

Standard VIII-D.2(b) – VIII-D.3	Rationale/Authority	Documentation/Evidence
<p><b>VIII-D.2(b)</b> Records that contain HIPAA defined PHI (Protected Health Information) conforms to HIPAA Privacy and Security provisions.</p>	<ul style="list-style-type: none"> <li>• HIPAA 45 CFR Part 164</li> <li>• The nature of Board’s work requires it to deal with much sensitive information, some of which is PHI and subject to HIPAA regulations. To insure the security of these materials adequate safeguards need to be in place.</li> </ul>	<ul style="list-style-type: none"> <li>• Physical examination of records arrangements</li> </ul>
<p><b>VIII-D.3</b> The Board has developed a record retention and disposal policy/ schedule in accordance with the applicable records commission.</p>	<ul style="list-style-type: none"> <li>• ORC 149.38</li> <li>• S.B.9 Section 149.412</li> </ul>	<ul style="list-style-type: none"> <li>• Policy/ Schedule</li> <li>• Records Commission Meeting Minutes (for multi-county Boards)</li> </ul>

**Auditing of Contract Agencies-**

<b>Standard VIII-E.1 – VIII-E.2</b>	<b>Rationale/Authority</b>	<b>Documentation/Evidence</b>
<p><b>VIII-E.1</b> The Board has written documentation setting forth how it will conduct its annual financial compliance audits of agency programs and services.</p>	<ul style="list-style-type: none"> <li>• ORC 340.03 (A)(6)</li> <li>• ORC 340.033(B)</li> </ul>	<ul style="list-style-type: none"> <li>• Policies and Procedures</li> <li>• Board/Provider Contract Provisions</li> </ul>
<p><b>VIII-E.2</b> The Board assures that copies of the contracted agency’s audits are provided to the Directors of ODMH/ODADAS, the Auditor of State and the County Auditor(s) of the Board’s Service district.</p>	<ul style="list-style-type: none"> <li>• ORC 340.03(A)(6)</li> <li>• ORC 340.033(B)</li> </ul>	<ul style="list-style-type: none"> <li>• Cover letters documenting audit reports being submitted</li> </ul>

<b>Standards VIII-E.3 – VIII-E.4</b>	<b>Rationale/Authority</b>	<b>Documentation/Evidence</b>
<p><b>VIII-E.3</b> The Board uses audit results and other monitoring information to enhance the service delivery system operations.</p>	<ul style="list-style-type: none"> <li>• To achieve the benefits intended, rather than being a mere compliance exercise, audit and monitoring findings are used to improve the service delivery system.</li> </ul>	<ul style="list-style-type: none"> <li>• As communicated and shared by the Board</li> </ul>
<p><b>VIII-E.4</b> The Board has provisions for monitoring and reviewing the corrective action plans of audit findings prepared by contract agencies.</p>	<ul style="list-style-type: none"> <li>• ODMH and ODADAS Financial and Compliance Audit Guidelines.</li> </ul>	<ul style="list-style-type: none"> <li>• As communicated and shared by the Board</li> </ul>