

## **5122:1-3-01 Financial requirements for boards.**

(A) Purpose. This rule establishes application, eligibility, allocation methods, accounting standards, auditing standards, and financial reporting requirements for the disbursement of funds to boards.

(B) Application. The provisions of this rule shall apply to all boards receiving funds from the department for community mental health and addiction services as listed in section [340.09](#) of the Revised Code or receiving funds for federally-funded programs that are processed through the department of mental health and addiction services to boards.

(C) Definitions.

(1) "Board" means any board authorized pursuant to Chapter 340. of the Revised Code, such as a board of alcohol, drug addiction, and mental health services; an alcohol and drug addiction services board ; or a community mental health board.

(2) "Provider" means a public or private community addiction services provider or community mental health services provider with which a board enters into a contract pursuant to section [340.03](#) of the Revised code, for the provision of mental health and addiction services or facilities paid with funds which originated or passed-thru the department .

(3) "Department" means the Ohio department of mental health and addiction services as established by section [121.02](#) of the Revised Code.

(4) "Director" means the chief executive of the department as established by section [121.02](#) of the Revised Code.

(5) "Eligible operating expenses" means expenditures pursuant to a budget submitted in accordance with section [340.08](#) of the Revised code and approved by the department on accordance with section [5119.22](#) of the Revised Code and shall include salaries and fringes for qualified personnel; operation, maintenance, and service costs; per diem and travel expenses incurred in the performance of official duties; and other expenditures specifically authorized and approved by the director or the director's designee. Reimbursement may also be made for expenditures for services provided by contract with public or private providers.

(6) "Estimated Receipts and Expenditures, Form MHA-FIS-040-B" means an annual financial report of estimated receipts and disbursements, which sets forth estimated financial reporting data for all funds received and expended resulting from appropriation of funds from the current appropriations bill as well as board administered funds.

(7) "Fiscal year" means the yearly accounting period designated by the year in which it ends. The state fiscal year begins on July one and ends on June thirtieth.

(8) "Report of Actual Receipts and Expenditures, Form MHA-FIS-040-A" means an annual financial report of actual receipts and disbursements, which sets forth actual financial reporting data for all funds received and expended resulting from appropriation of funds from the current appropriations bill as well as board administered funds.

(D) Regulations governing disbursements to boards.

(1) The board shall submit to the department the "Estimated Receipts and Expenditures, Form MHA-FIS-040-B." The form constitutes application for state and federal funds, as well as the budget required in accordance with section [340.08](#) of the Revised Code. The form shall include the eligible operating expenses as defined by paragraph (C)(5) of this rule.

(2) Eligibility

- (a) Any board or combination of boards can receive funds appropriated for such purpose by the general assembly.
- (b) Funds appropriated are disbursed to boards only for services included in the "Estimated Receipts and Expenditures, Form MHA-FIS-040-B" as approved by the department.
- (c) In order to obtain funds that are processed through the department a board must comply with all requirements specific to the program and funding source and ensure through contract that providers are also in compliance with all requirements specific to the program and funding source.

### (3) Allocation method

- (a) All funds appropriated are disbursed in the amounts and as designated by line items of the current appropriations bill.
- (b) The funds available to each board are allocated on an annual basis subject to quarterly review of appropriations levels.
- (c) The federal funds processed through the department are allocated in accordance with state and federal regulations.

### (4) Payment schedules

- (a) State funds are disbursed to boards on a quarterly basis or a schedule set by the award, subject to state cash flow limitations.
- (b) The total amount of state funds that can be awarded to any given board is limited by the current appropriations bill for each line item.
- (c) Payments of board obligations by the county auditor, or in a joint-county district, the county auditor designated as the fiscal agent for the district, shall be in accordance with the "Estimated Receipts and Expenditures, Form MHA-FIS-040-B " as approved by the director.
- (d) Unless otherwise stated, all state and federal funds disbursed by the department to the boards, shall be spent or obligated for budgeted services or administrative operations by the close of the state fiscal year.
- (e) Boards shall insure that payments to providers for services provided do not include reimbursement for expenses eligible for payment by federal grants, third-party payors or income from client fees.
- (f) The director shall not withhold funds in accordance with section [340.08](#) of the Revised Code for failure to comply with an approved budget without prior notification to and consultation with the board and the appropriate board(s) of county commissioners.
- (g) Federal funds processed through the department are disbursed to boards in accordance with state and federal regulations.

### (5) Accounting standards

- (a) Funds received by a board from the department shall be deposited only in the county treasury. Funds shall be disbursed from the county treasurer's office or county auditor's office, based on recommendation by the board, following methods and procedures established by the state auditor's office.
- (b) The department shall accept any accounting standards acceptable by the Ohio auditor of the state.

### (6) Auditing standards

- (a) Boards receiving funds from the department are audited by the state auditor's office. A copy of the audit report must be forwarded to the department within thirty days following its receipt by the board.

- (b) Boards shall follow the guidelines of the state auditor's office for conducting annual fiscal audits. Audits must include, at a minimum, as part of the audit scope "Financial and compliance" as defined by the comptroller general's "Government Auditing Standards ."
- (c) A copy of the audited financial statements, the opinion issued, and any management letters must be forwarded to the department within thirty days following its receipt by the board.
- (d) All fiscal records are subject to review by the department.
- (7) Financial reporting format
- (a) The department publishes the annual statistical report which includes financial reporting data from the "Report of Actual Receipts and Expenditures, Form MHA-FIS-040-A."
- (b) The board must file an annual financial report, using the "Report of Actual Receipts and Expenditures, Form MHA-FIS-040-A" by January thirty first following the end of a state fiscal year, for use in the annual statistical report.
- (c) The department may require boards to submit additional financial reports as needed to account for funds provided.

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