



pennsylvania

DEPARTMENT OF DRUG AND
ALCOHOL PROGRAMS

FISCAL MANUAL

July 1, 2020 – June 30, 2025

Effective 7-1-2020

FISCAL MANUAL

Table Of Contents

Introduction

Part One: General Information

- 1.01 – Acronyms
- 1.02 – General Definitions
- 1.03 – Activity Definitions

Part Two: SCA Fiscal Management

- 2.01 – Budget Development
- 2.02 – County Match
- 2.03 – Fund Balances/Deficits
- 2.04 – Invoicing
- 2.05 – Encumbering and Expenditure Guidelines
- 2.06 – Fixed Asset Management Guidelines
- 2.07 – Cost Allocation
- 2.08 – Supplantation

Part Three: Revenues and Expenditures

- 3.01 – Classification of Major and Minor Objects
- 3.02 – Major Object 100 – Personnel Services
- 3.03 – Major Object 300 – Operating Expenses
- 3.04 – Major Object 400 – Fixed Assets
- 3.05 – Provider Revenue and Income
- 3.06 – SCA Revenue and Income

Part Four: Funds Use and Allowability

- 4.01 – State Funds
- 4.02 – Substance Abuse Block Grant (SABG) Funds
- 4.03 – Pregnant Women and Women with Children (PWWWC) Funds
- 4.04 – Substance Abuse Block Grant (SABG) Prohibitions/Restrictions
- 4.05 – Student Assistance Program (SAP) Funds
- 4.06 – Drug and Alcohol Treatment Services Fund (20-382)
- 4.07 – Compulsive and Problem Gambling Treatment Funds (CPGTF) (26-387)
- 4.08 – Other DDAP Funding

Part Five: Client Liability for Substance Abuse Disorder (SUD) Treatment Services

- 5.01 – General Provisions
- 5.02 – Exempt Services
- 5.03 – Determination of Liability
- 5.04 – Cost Sharing Assistance for Clients with Insurance
- 5.05 – Reduction or Elimination of Liability
- 5.06 – Collection and Write-Off of Past Due Accounts
- 5.07 – Client Fee Schedules
- 5.08 – Instructions for Use of Liability Tables and Forms

Part Five: Liability for Addiction Treatment Services (continued)

5.09 – Client Liability Tables

5.09-A - Inpatient Residential Client Liability Table

5.09-B - IOP-Partial Client Liability Table

5.09-C - Outpatient Drug-Free Client Liability Table

5.10 - Client Liability Forms

5.10-A - Client Liability Determination Form

5.10-B - Request for Liability Reduction or Elimination Form

Part Six: Reporting and Record Keeping

6.01 – Records and Retention

6.02 – Fiscal Reporting

Part Seven: Audits

7.01 – Audit Coverage

7.02 – Audit Source Documents

7.03 – Types of Audits

7.04 – Audit Reporting Package Required Components

7.05 – Submission of Audit Materials

7.06 – Audit Responsibilities

7.07 – General Audit Provisions

DDAP Fiscal Manual

INTRODUCTION

The Department of Drug and Alcohol Programs (DDAP) has developed this Fiscal Manual to provide Single County Authority (SCA) fiscal personnel with a central source of information to assist in fiscal operations and outline necessary requirements as set forth by the Commonwealth of Pennsylvania. This manual also includes overview sections describing funding sources, the budget process and invoicing instructions, as well as reporting and record keeping requirements. Because all aspects of the SCA's grant agreement with DDAP are not included in the Fiscal Manual, it is not intended to be an all-inclusive resource guide. Unless DDAP instructions are specific to providers of services or otherwise prohibit application to service providers, SCAs may choose to adapt certain parts of the Manual to the provider level under the SCA's operational requirements. Activities and functions described in this manual are identified under Activity 5100-Administration.

The SCA Grant Agreement takes precedence over the Prevention, Case Management and Clinical Services, Fiscal, Operations, and SCA Gambling Manuals issued by DDAP, unless otherwise specified by DDAP or the Commonwealth, such as in Policy Bulletins or Management Directives. In addition, it may be necessary to issue temporary instructions, which will take precedence over material in this Manual. When and if this occurs, the temporary instructions will clearly state the exception and include an expiration date. SCAs may not issue policies or procedures that conflict with the Grant Agreement or incorporated Manuals.

Questions from SCAs on applicability of specific parts of this manual may be directed to their respective Project Officer in DDAP's County Program Oversight Section.

PART ONE: GENERAL INFORMATION**1.01 ACRONYMS**

The following list of acronyms will help fiscal staff when using the manual, as well as performing functions as a fiscal employee in the Single County Authority:

ARD – Accelerated Rehabilitative Disposition

ASAM – American Society of Addiction Medicine

ATOD – Alcohol, Tobacco and Other Drugs

BAPS – Bureau of Administration and Program Support

BHMCO – Behavioral Health Managed Care Organization

BHSI – Behavioral Health Services Initiative

BQAPT – Bureau of Quality Assurance for Prevention and Treatment

BTPI – Bureau of Treatment, Prevention and Intervention

CABHI - Cooperative Agreement to Benefit Homeless Individuals Grant

CAP – Corrective Action Plan

CFDA – Catalog of Federal Domestic Assistance

CPGTF – Compulsive and Problem Gambling Treatment Fund

CPO – County Program Oversight Section

D&A – Drug and Alcohol

DBGM – Division of Budget and Grants Management

DDAP – Department of Drug and Alcohol Programs

DGS – Department of General Services

DHS – Department of Human Services (formerly Department of Public Welfare)

DHS/OMHSAS – Department of Human Services / Office of Mental Health and Substance Abuse Services

DOH – Department of Health

DPL – Division of Program Licensure

DUI – Driving Under the Influence

DUNS – Data Universal Numbering System

EAP – Employee Assistance Programs

FAIN – Federal Award Identification Number

FFATA – Federal Funding Accountability and Transparency Act

FFS – Fee for Service

FFY – Federal Fiscal Year

FIA – Funding Initiative Application

FIN – Federal Identification Number

FRCO – Funds Reduction Change Order

FTE – Full Time Equivalent

GAAP – Generally Accepted Accounting Principles

GAGAS – Generally Accepted Government Auditing Standards

GAMNO – General Assistance-Medically Needy Only
GAO – General Accounting Office
HIPAA – Health Insurance Portability and Accountability Act
HIV – Human Immunodeficiency Virus
HSBG – Human Services Block Grant
HSDF – Human Services Development Fund
ICM – Intensive Case Management
ID – Intellectual Disabilities
IDU – Injection Drug User
IRS – Internal Revenue Service
MA – Medical Assistance
MAT – Medication Assisted Treatment
MAT-PDOA – MAT-Prescription Drug Opioid Addiction Grant
MCO – Managed Care Organization
MH – Mental Health
NIAAA – National Institute on Alcohol Abuse and Alcoholism
NIDA – National Institute on Drug Abuse
PACDAA – Pennsylvania Association of County Drug and Alcohol Administrators
PCCD – Pennsylvania Commission on Crime and Delinquency
PWWWC – Pregnant Women and Women with Children
ROSC – Recovery Oriented System of Care
RSS – Recovery Support Service
SAF – Subsequently Available Funds
SAMHSA – Substance Abuse and Mental Health Services Administration
SAP – Student Assistance Program
SABG – Substance Abuse Block Grant
SBIRT – Screening, Brief Intervention, and Referral to Treatment Grant
SCA – Single County Authority
SDS – SCA Data Site
SEFA – Schedule of Expenditures of Federal Awards
SEOW – State Epidemiological Outcomes Workgroup
SFY – State Fiscal Year
SOR – State Opioid Response Grant
SPF-Rx – Strategic Prevention Framework for Prescription Drugs Grant
SSA – Single State Agency
SUD – Substance Use Disorder
TMS – Training Management System
WITS – Web Infrastructure for Treatment Services

1.02 GENERAL DEFINITIONS

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

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

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

Accounts Receivable – Anticipated receipt of payment for goods and services delivered.

Activity Code - The number assigned to each specific budget activity, e.g., 5100 = Administration, 6100 = Information Dissemination, 7200 Intervention, 861A = Outpatient, 9100 Case/Care Management.

Agreement - A negotiated and typically binding arrangement between parties as to a course of action.

Allocated Costs - Direct costs benefiting multiple cost objectives that are specifically identifiable through time studies, time card reporting, or a direct measurement to a specific cost objective. (Example: Allocating the SCA Administrator salary/benefit costs to multiple program activities where the Administrator also oversees the operation of Prevention and Case Management.) Direct billing of costs outside of the SCA, contractual arrangements, or similar accounting of costs, are not a basis for allocation unless those costs are specific to an actual benefit. (Example: Allocated cost for a copier used by program staff when a maintenance contract is in place to provide periodic cleaning and servicing for number of copiers operated by the larger organization.)

Allocation – Funds distributed to SCAs by the Commonwealth for the operation of substance use and problem gambling programs.

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

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

Carryover - Unexpended funds carried forward from one fiscal year to the next.

Categorical Funds - State or Federal funds identified to a designated population, a specific activity, or for a specified project (usually, but not necessarily of a limited term).

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

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

Co-pay – A set payment assigned by an insurance carrier as the responsibility of a client or patient for services rendered by a service provider, regardless of the amount of payment assumed by the insurance carrier.

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

Cost Sharing – The share of cost eligible for coverage under an insurance policy that is paid as a responsibility of the holder of that policy. This term generally includes deductibles, coinsurance, copayments, or similar charges. It does not include premiums, balance billing amounts for non-network providers, or the cost of non-covered services.

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

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

Deductible – An amount of responsibility for payment assigned to an individual or family under an insurance policy before benefits of payment by the insurance carrier being available under that policy.

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

Department of Drug and Alcohol Programs (DDAP) – The Commonwealth agency responsible for the establishment of policies governing the delivery of substance use and compulsive and problem gambling disorder services. This agency also funds the delivery of such services and is the designated Single State Agency (SSA) for receipt of federal funds intended for drug and alcohol prevention and treatment services.

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

Disbursement - The outlay of cash only.

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

Expenditure - Cash disbursed for goods delivered or services rendered.

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

Fee-for-Service – Payment mechanism utilizing an established fixed rate per defined unit of service to reimburse services rendered.

Federal Fiscal Year - A twelve-month accounting period between October 1 and September 30.

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

Functional Unit – Operation established in the SCA, staffed and maintained by SCA personnel to provide the direct delivery program-related client services.

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

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

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

Legal Guardian - A person who has the legal authority (and the corresponding duty) to care for the personal and property interests of another person.

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

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

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

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

Per-Diem - A daily rate.

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

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

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

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

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

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

Revenues - Cash income.

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

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

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

SCA - The agency designated to plan and coordinate services relative to substance use and abuse, when applicable, problem gambling, for a geographic area, which may consist of one or more counties. Services consist of prevention; intervention; treatment; and treatment-related services.

SCA Grant Agreement – The legally binding document between DDAP and the SCAs that delineates the requirements for the administration and delivery of substance use disorder and problem gambling services.

State Fiscal Year - A twelve-month accounting period between July 1 and June 30.

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

Underinsured – Situation where an individual is covered under a health insurance plan, public or private, but the coverage is inadequate in that some services are not reimbursable by the plan, or the plan limits the payment or duration of the service in such a way as the individual cannot get the full and necessary benefit of a treatment or service.

Web Infrastructure for Treatment Services (WITS) – The data system designated by DDAP to be used for tracking treatment, treatment-related and prevention service data.

1.03 ACTIVITY DEFINITIONS

- A. **SCA LEVEL** – This level involves activities associated with either the governmental or private agency in a county or several counties (joinder) which is responsible for planning, administering, funding, monitoring and evaluating substance abuse services in that county or joinder. These activities, as conducted by the SCA, do not involve the direct delivery of services to clients.
- 1) **Administration** (Activity 5100) – This activity is for the provision of planning, organizing, funding, and control of the SCA's substance use and abuse, and as applicable, problem gambling programs. This activity includes general managerial functions that are supportive to, but not an intrinsic part of, the provision of direct services. Services include plan development and program implementation, budgeting, financial and data management, project and service monitoring, and evaluation. Personnel costs, including salaries and associated fringe benefits, are considered administrative if those costs are not incurred in the direct provision of prevention; intervention; treatment; and treatment-related services. Funds budgeted and expended for Administration shall not exceed twenty percent (20%) of State and Federal funds issued by DDAP.
 - 2) Activity 5200 – This activity is currently not in use.
 - 3) **Evaluation and Research** (Activity 5300) - This activity is reserved for DDAP-sanctioned research and evaluation projects or such activities initiated by the SCA without DDAP financial participation. Projects of this nature, unless sanctioned by DDAP, would be funded from local (not matching funds), Federal, or private resources.
 - 4) **Special Projects, DDAP Approved** (Activity 5400) – This activity is reserved for special administrative related projects initiated at the discretion of DDAP (e.g., the State Epidemiological Outcomes Workgroup and the Strategic Prevention Framework Advisory Council) and approved by DDAP, or such projects initiated by the SCA and funded by sources other than DDAP. DDAP funds may not be used for this activity without prior DDAP written approval.
- B. **PREVENTION LEVEL** – This level involves a proactive process that empowers individuals and systems to deal constructively with potentially difficult life situations, to keep healthy people healthy and to bolster protections for those at risk. It requires that a measurable series of collaborative and culturally relevant programs, strategies, policies, and practices be employed to preclude or reduce substance use and problem gambling behaviors that have a negative impact on the individual, the family, and the larger society. Prevention activities have an emphasis on delivering appropriate services prior to the manifestation of inappropriate behaviors. Prevention activities can be delivered through schools, media, family or community agencies and groups.
- 1) **Information Dissemination** (Activity 6100) - This strategy provides awareness and knowledge on the nature and extent of alcohol, tobacco and drug use, abuse, addiction, and problem gambling and the effects on individuals, families and communities. It also provides knowledge and awareness of available prevention programs and services. Information dissemination is characterized by one-way

communication from the source to the audience, with limited contact between the two groups.

- 2) Education (Activity 6200) – This strategy involves two-way communication which is distinguished from the Information Dissemination strategy by the fact that interaction between the educator/facilitator and the participants is the basis of its activities. Education activities aim to affect critical life and social skills, including decision-making, refusal skills, critical analysis (e.g. of media messages) and systematic judgment abilities.
- 3) Alternative Activities (Activity 6300) - This strategy operates under the premise that healthy activities will deter individuals from the use of alcohol, tobacco and other drugs (ATOD) and participation in gambling activities. The premise is that constructive and healthy activities offset the attraction to, or otherwise meet the needs usually filled by ATOD and gambling and would, therefore, minimize or eliminate use of ATOD and participation in gambling activities. Note: Characteristics of effective alternative activities include programs/activities that: are more intensive (i.e. include many hours of involvement in the program), incorporate skill building, target higher risk youth, and are built into a comprehensive prevention plan.
- 4) Problem Identification and Referral (Activity 6400) - This strategy targets those persons who have participated in illegal or age-inappropriate use of tobacco or alcohol and those individuals who have participated in first use of illicit drugs in order to assess if their behavior can be addressed through education. This strategy also targets individuals who have engaged in age-inappropriate or problem gambling activities. Prevention funds shall not be used for SAP, EAP or DUI programs beyond the point of the educational component. The educational component for SAP is inclusive of providing consultation services to school district personnel, core team members and parents, SAP initial screenings, SAP groups and referral follow-up. Funding for assessment or any other activity directly linked to the initiation of treatment must come from non-prevention funding sources.
- 5) Community-Based Process (Activity 6500) - This strategy aims directly at building community capacity to enhance the ability of communities to more effectively provide prevention and treatment services for substance use and problem gambling disorders. Activities include organizing, planning, enhancing efficiency and effectiveness of services, inter-agency collaboration, coalition building and networking.
- 6) Environmental (Activity 6600) - This strategy establishes or changes written and unwritten community standards, codes, ordinances and attitudes thereby influencing incidence and prevalence of the use/misuse/abuse of ATOD and problem gambling in the population.
- 7) Other Prevention (Activity 6700) - This activity is reserved for DDAP sanctioned initiatives (e.g., administration of Synar) or activities taking place initiated by the SCA and funded from sources other than DDAP but not readily captured under the previously defined prevention activities. DDAP funds may

not be used for this activity without prior DDAP written approval. Consult with DDAP before reporting any other non-DDAP funds under this activity.

C. **INTERVENTION LEVEL** – This level involves the provision of services designed to encourage individuals to examine their own patterns of substance use and to reduce risky substance use behaviors. Referral is provided if the need for a structured treatment regimen or other service is indicated. This level also captures services related to HIV and Hepatitis C as well as supportive services provided to families of individuals with substance use disorder.

1) Activity 7100 – This activity is currently not in use.

2) Intervention (Activity 7200) – This activity includes:

(a) Early Intervention – As defined in the ASAM Criteria, 2013, an organized screening and psycho-educational service designed to help individuals identify and reduce risky substance use behaviors. These early intervention services can include group and individual discussion (e.g. impaired driving programs).

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

(c) Outreach - Involves identifying substance abusing individuals and encouraging them to access treatment. Includes providing specific, ongoing outreach activities in locations where substance abusing individuals are likely to be, encouraging entry into treatment, and following-up with individuals identified during outreach activities. Also includes the provision of outreach services to people who inject drugs, as required by the Substance Abuse Block Grant.

(d) Advertising of Treatment/Recovery Services – Includes services to advertise available treatment, case management, and recovery support services.

(e) Family Groups – Groups for family, friends and other loved ones of individuals with a substance use disorder. This includes support groups for family/friends as well as groups to help family/friends understand addiction and learn how to appropriately support their loved one with a substance use disorder. This also includes support groups for children of substance abusing parents/caregivers.

Please note: Prevention programs provided to children of substance abusing parents/caregivers should be captured under the appropriate Prevention Level Activity.

(f) Grief Support Groups – Groups designed to provide support for family, friends and other loved ones of individuals who have died from alcohol or other drug related causes.

(g) HIV Early Intervention - Services consist of client-centered HIV prevention counseling, HIV antibody testing, results counseling, provision of

therapeutic and diagnostic measures, and linkage with health and social services.

- (h) Hepatitis C - Outreach activities to include public education aimed at promoting the benefits of screening and testing, and reducing the stigma around Hepatitis C; client testing activities to include screening, providing pre-test counseling, administering tests, interpreting results and providing post-test counseling.

D. **TREATMENT LEVEL** – This level involves the activities aimed at the systematic application of social, psychological or medical service methods to assist individuals to deal with patterns of substance use and problem gambling disorders.

- 1) Outpatient – Level 1 (Activity 861A) – An organized, non-residential AOD treatment service provided in regularly scheduled treatment sessions for a maximum of 5 contact hours per week.
- 2) Intensive Outpatient – Level 2.1 (Activity 861B) – An organized non-residential SUD treatment service provided according to a planned regime consisting of regularly scheduled treatment sessions at least 3 days per week with a minimum greater than 5 hours and a maximum of 10 hours per week. (Note: IOP is licensed as an outpatient activity).
- 3) Partial Hospitalization – Level 2.5 (Activity 852A) – The provision of psychiatric, psychological, and other therapies on a planned and regularly scheduled basis. Partial hospitalization is designed for those individuals who would benefit from more intensive services than are offered in outpatient treatment programs, but who do not require 24-hour inpatient care. This environment provides multi-modal and multi-disciplinary programming. Services consist of regularly scheduled treatment sessions a minimum of 3 days per week with a minimum of 10 or more hours per week.
- 4) Clinically Managed Low-Intensity Residential Services (Halfway House) – Level 3.1 (Activity 852B) – Programs that offer a supportive living environment with 24-hour staff and integration with clinical services to include at least 5 hours per week of onsite SUD treatment. Treatment is characterized by services such as individual, group, and family therapy; medication management; and psychoeducation. These services facilitate the application of recovery skills, relapse prevention and emotional coping strategies. They promote personal responsibility and re-integration of the individual into the network systems of work, education, and family life. Services are characterized by a live-in, work out situation.
- 5) Medically Monitored Inpatient Withdrawal Management – Level 3.7WM (Activity 823A) – An organized service delivered by medical and nursing professionals, which provides 24-hour evaluation and withdrawal management in a permanent facility with inpatient beds. Services are delivered under a defined set of physician-approved policies and physician-monitored procedures or clinical protocols.

- 6) Clinically Managed Medium Intensity Residential Services (Adolescent) and Clinically Managed High-Intensity Residential Services (Adult) – Level 3.5 (Activity 823B) – Programs designed to serve individuals who, because of specific functional limitations, need safe and stable living environments in order to develop and/or demonstrate sufficient recovery skills so that they do not immediately relapse or continue to use in an imminently dangerous manner upon transfer to a less intensive level of care. These programs assist individuals whose SUD is currently so out of control that they need a 24-hour supportive treatment environment to initiate or continue a recovery process that has failed to progress. Adolescent residential services may specialize in the care of individuals who are involved in the juvenile justice system and whose problems include delinquency and juvenile justice involvement.
- 7) Medically Monitored Intensive Inpatient Services – Level 3.7 (Activity 823C) – Programs that provide a planned and structured regime of 24-hour professionally directed evaluation and observation, medical monitoring, and addiction treatment in an inpatient setting. They are appropriate for patients whose sub-acute biomedical and emotional, behavioral, or cognitive problems are so severe they require inpatient treatment but who do not need the full resources of an acute care general hospital or a medically managed inpatient treatment program.
- 8) Medically Managed Intensive Inpatient Withdrawal Management – Level 4WM (Activity 834A) - An organized service delivered by medical and nursing professionals that provides for 24-hour medically directed evaluation and withdrawal management in an acute care inpatient setting. Services are delivered under a defined set of physician-approved policies and physician-managed procedures or medical protocols.
- 9) Medically Managed Intensive Inpatient Services – Level 4 (Activity 834B) – An organized service delivered in an acute care inpatient setting. It is appropriate for patients whose acute biomedical, emotional, behavioral, and cognitive problems are so severe that they require primary medical and nursing care.

E. **TREATMENT ACTIVITY APPROACHES**

The following approaches may be used for treatment activities 861A – 834B;

- 1) Withdrawal Management - The process whereby a substance intoxicated, or dependent client is assisted through the period of time necessary to eliminate, by metabolic or other means, the presence of the intoxicating substance or dependency factors while keeping the physiological or psychological risk to the client at a minimum.
- 2) Maintenance - The prescription of methadone or other approved substance in sufficient doses to achieve stabilization or prevent withdrawal symptoms. This approach differs from drug free in that a maintenance substance is used throughout the treatment regimen. Slow withdrawal or outpatient detoxification of the client from the maintenance substance is considered as a part of maintenance. The goal of maintenance is to assist the client in permanently discontinuing the use of dependency producing substances.

- 3) Drug Free - The provision of guidance, advice, and psychological treatment to deal with the client's emotional structure and concurrent problems without the use of a maintenance substance. Temporary medication for treatment of physiological conditions or as an adjunct to psychosocial treatment may be used in this approach.
 - 4) Other Chemotherapy - A treatment approach that includes chemotherapy, using a primary medication for purposes other than detoxification. Other chemotherapy implies continued doses of medication, e.g., buprenorphine. Any SCA that intends to pay for buprenorphine services must have written procedures in place, as specified in the Case Management and Clinical Services Manual. Procedures must describe how the coordination and payment of such services will occur within the SCA. If a client receives only short-term medication for temporary symptomatic relief, the client is entered under drug free or withdrawal management, as appropriate.
 - 5) Experimental - A treatment approach not generally used for treatment of D&A clients and innovative in nature. Projects and facilities utilizing this approach must be designated, in writing, as eligible by Secretary of the Department of Drug and Alcohol Programs for funding purposes.
 - 6) Physician and Pharmacy (Activity 8900) – This activity includes the use of medications other than methadone (e.g. vivitrol, buprenorphine, naltrexone, etcetera) to address substance use disorders, primarily opiate and alcohol addiction, where the delivery of this service occurs separate from a designated treatment provider and may be applicable to individuals in various levels of care.
- F. **TREATMENT RELATED SERVICES LEVEL** – This level involves those activities that support the Treatment Level Activities in which no direct treatment is provided. These activities involve the coordination of services and the provision of support services that will assist the individual in meeting other deficiencies inherent in their life, and aid them in securing recovery and a self-sufficient life style.
- 1) Case Management (Activity 9100) – Case management determines the treatment and non-treatment needs of the client and ensures that arrangements are made to meet the needs identified. This activity involves services associated with the three primary functions of case management defined as:
 - (a) Screening – the identification of emergent care needs.
 - (b) Assessment (including assessment services within the SAP) – determination of the appropriate level of care for referral to treatment.
 - (c) Ongoing Case Management Services –planning, advocacy, monitoring, and linking/coordination of services. SCAs are also required to document the administrative management of SCA-funded treatment and treatment-related services.

Expenditures for care management as defined by DHS or other funding sources would also be reported in this activity.

- 2) Emergency Housing (Activity 920E) – This activity can include emergency shelter and housing assistance to homeless or near homeless individuals who agree to participate in drug and alcohol treatment services, self-help groups, or other recovery support services. SCAs may authorize housing services for up to seven days prior to the level of care assessment being completed; however, actual payment cannot be made until the individual has had a level of care assessment by the SCA or one of its subcontractors. The use of DDAP funds for emergency housing shall be limited to 30 days per individual per SFY.
- 3) Recovery Housing (Activity 920R) - Act 59 of 2017 defines a drug and alcohol recovery house as housing for individuals recovering from drug or alcohol addiction, which provides those individuals with a safe and supportive drug and alcohol-free environment that may include peer support and other recovery support services.

DDAP is in the process of developing regulations and implementing Act 59 of 2017. Once those regulations are in effect, a recovery house will be required to be licensed by DDAP in order to receive referrals from SCAs or federal or state funds. In the interim or until the regulations take effect, any recovery house contracted by an SCA must operate in accordance with the requirements set forth in this section of the manual.

- 4) DDAP Approved – Other Housing (Activity 920D) – This activity can include exceptions for other temporary housing services and requires written, pre-approval from DDAP.
- 5) Recovery Support Services (Activity 930R) – Recovery support services are non-clinical services that assist individuals and families to recover from alcohol and other drug problems. These services complement the focus of treatment, outreach, engagement and other strategies and interventions to assist people in recovery in gaining the skills and resources needed to initiate, maintain, and sustain long-term recovery. Examples include but are not limited to mentoring programs, training and education programs, and telephonic recovery support programs.
- 6) DDAP Approved – Other Recovery Support (Activity 930D) – This activity involves the provision of other client related services not captured under the previously defined treatment activities, and requires written, pre-approval from DDAP when utilizing DDAP funds.

ACTIVITY CODES 2020-2025 DDAP/SCA GRANT AGREEMENT
--

ADMINISTRATION

5100 – Administration

5200 – Reserved

5300 – Evaluation & Research

5400 – Special Projects, DDAP Approved *(requires prior written approval from DDAP)*

PREVENTION

6100 – Information Dissemination

6200 – Education

6300 – Alternative Activities

6400 – Problem Identification & Referral

6500 – Community-Based Process

6600 – Environmental

6700 – Other Prevention

INTERVENTION

7100 – Reserved

7200 – Intervention *(To include Early Intervention as defined in the ASAM under Level .5)*

TREATMENT

861A – Outpatient *(ASAM Level 1)*861B – Intensive Outpatient *(ASAM Level 2.1)*852A – Partial Hospitalization *(ASAM Level 2.5)*852B – Clinically Managed Low-Intensity Residential Services-Halfway House *(ASAM Level 3.1)*823A – Medically Monitored Inpatient Withdrawal Management *(ASAM Level 3.7 WM)*823B – Clinically Managed Medium Intensity Residential Services (Adolescent) *(ASAM Level 3.5)*Clinically Managed High-Intensity Residential Services (Adult) *(ASAM Level 3.5)*823C – Medically Monitored Intensive Inpatient Services - adult *(ASAM Level 3.7)*834A – Medically Managed Intensive Inpatient Withdrawal Management *(ASAM Level 4 WM)*834B – Medically Managed Intensive Inpatient Services *(ASAM Level 4)*

8900 – Physician and Pharmacy

TREATMENT RELATED SERVICES

9100 – Case/Care Management

920E – Emergency Housing

920R – Recovery Housing

920D – DDAP Approved – Other Housing *(requires prior written approval from DDAP)*

930R – Recovery Support Services

930D – DDAP Approved – Other Recovery Support *(requires prior written approval from DDAP)*

PART TWO: SCA FISCAL MANAGEMENT

The agreement between DDAP and the SCA is a multi-year legal document that binds the SCA to the requirements of the Commonwealth and serves as the mechanism by which the SCAs can obtain Federal and State funds for substance use and problem gambling disorders. These funds are to be used for the provision of prevention; intervention; treatment; and treatment-related services, as well as costs relative to planning, administering and evaluating such services. The Department shall not pay for any services where there is a third party, including another Government or State agency, obligation to pay for services rendered. DDAP is payer of last resort.

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

2.01 BUDGET DEVELOPMENT

A. Schedule of Funding

DDAP issues an annual Schedule of Funding to the SCAs which identifies the funding allocations for the SCA. Allocations are identified between State and Federal funds, and, if applicable, by special initiatives.

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

B. Budgeting

Although SCAs are not required to obtain approval from DDAP through the submission of documents, SCAs are still required to budget all DDAP's funds according to, at a minimum, the below requirements:

- Funds budgeted and expended for Activity 5100, Administration shall not exceed twenty percent (20%) of DDAP State and Federal funds. Only State base funds (Appropriation 11-029) and Compulsive and Problem Gambling Treatment funds if applicable (Appropriation 26-387) shall be used to reimburse the SCA for administrative expenditures, unless the SCA is the recipient of other State or Federal special initiatives that allow for administrative expenditures. There may

be circumstances when special initiatives allow for administrative expenditures in excess of 20% of DDAP State and Federal funds.

- The SCA must budget and expend DDAP prevention funds across each of the six (6) prevention activities 6100-6600, as defined in 1.03 Activity Definitions. The SCA may not budget or expend DDAP funds under Activity 6700, unless provided prior approval by DDAP. However, the SCA may use other funding sources as applicable for drug/alcohol prevention services that are not included in the definitions for activities 6100 through 6600. In addition, in accordance with DDAP's Prevention Manual, the SCA must implement prevention services which address the three (3) Institute of Medicine (IOM) Classifications.

2.02 COUNTY MATCH

A. Purpose and SCAs Affected

County governments (including jointers) contracting with DDAP are required to provide a local financial commitment of 10 percent (%) of the below identified DDAP funded activities. This financial commitment involves local (county) funds and is often referred to as “county match.” Counties are encouraged to exceed the minimum required match, if feasible, to increase the level of addiction services related to substance use and problem gambling disorders available in their counties. SCAs organized under the “independent model” (see DDAP’s Operations Manual for description of SCA models) are exempt from the match requirement.

B. Activities Subject to 10% Required Match Calculation

Counties are required to provide a local match relative to the budgeted/expended General Assistance State funds (Appropriation 11-029) in the following activities:

5100	Administration
5300	Evaluation and Research
5400	Special Projects, DDAP Approved
6100	Information Dissemination
6200	Education
6300	Alternative Activities
6400	Problem Identification and Referral
6500	Community-Based Process
6600	Environmental
6700	Other Prevention (if applicable)
7200	Intervention
861A	Outpatient
861B	Intensive Outpatient

County funds used to satisfy the required match can only be used on allowable substance use expenditures.

C. Allowable Sources of County Match

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

D. Calculating County Match

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

percent of the cost. A convenient way to compute the amount of match is to divide the total of State funds in matchable activities by nine.

The following is an example of how an SCA can calculate the minimum county match.

Activity - State Funds (Appropriation 11-029)

Administration - (5100-5400)	\$47,783
Total Prevention and Intervention - (6100-6700, 7200)	\$30,503
Total Outpatient and Intensive Outpatient - (861A & 861B)	<u>\$15,939</u>
Total State Matchable Funds	\$94,225
County Match	= \$94,225 / 9 = \$10,469

E. **Actual Match and Year End Requirement**

Determination of the actual year-end county match obligation is based upon the final year-end fiscal report, which shows the final expenditure of State funds in matchable activities. Since it is the total match that must meet the minimum requirements, SCAs need not expend their county match line-for-line to the state matchable activities. SCAs not meeting the minimum match requirement at the end of the SFY will be required to remit a check to DDAP in an amount equal to the total of the State funds not matched, as well as that portion of the State allocation drawn down but not expended. The check must be submitted upon direction by the Project Officer in County Program Oversight. The Fiscal Report Summary in SDS calculates the amount the SCA is required to refund.

2.03 FUND BALANCES/DEFICITS**A. Fund Balances**

State and Federal funds are appropriated on a SFY basis for the period July 1st through June 30th. State funds not expended by June 30th lapse to the Commonwealth's General Fund. Unspent SABG funds may be returned to the grant to be reallocated until used through the expenditure period of the grant. The rules governing funds issued under other various short-term State and Federal initiatives may vary based on the funding source. Spending State funds in full before the full expenditure of Federal SABG funds will reduce the likelihood of a lapse of State funds. Unlike Federal SAPTG funds, State funds may not be reissued.

SCAs not able to use all their State and Federal funds in a SFY have the option of requesting a reduction in their allocation for that fiscal year only, without any penalty in subsequent fiscal years. To exercise this option, the SCA must contact the assigned Project Officer in County Program Oversight.

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

SCAs must return any funds not expended or encumbered by June 30 (for deliverables to be received and paid within 60 days). SCAs should limit the amount of funds requested throughout the year on advance invoices to amounts anticipated for actual expenditures and thereby limit the amounts being refunded. All unexpended funds must be returned to the Department upon direction by the Project Officer. The refund check is made payable to the Commonwealth of Pennsylvania, Department of Drug and Alcohol Programs. Unless approved by the Department, no payments under the agreement between DDAP and the SCA shall be made until this requirement is satisfied. This return of funds applies to all sources of DDAP funds (State monies, SABG funds, and other Federal funds administered by DDAP) unless stated otherwise in the agreement between the SCA and DDAP.

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

SCA's must report late subcontractor refunds received under the appropriate source of funds as a prior year adjustment on the subsequent mid-year fiscal report in SDS.

SCAs must also provide supporting documentation or a footnote, as requested by DDAP, explaining the nature of the prior year adjustment. If the amount of the refund exceeds the parameters outlined above, it will be necessary to submit a revised Year-End Fiscal Report and a refund check made payable to the “Commonwealth of Pennsylvania.” Unless instructed by DDAP, carryover of all other DDAP allocations from one SFY to the next SFY is not permitted.

B. Deficits

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

2.04 INVOICING

There are two types of invoices submitted to DDAP for reimbursement against the SCA Grant Agreement:

A. Cash Advance Request

The thirty-day cash advance request is the general invoice methodology used by SCAs to request payment for most funds issued by DDAP. Some special initiatives are limited by DDAP to reimbursement funding only. The following factors should be considered in developing a cash advance request:

- 1) Develop a sound methodology to support a thirty-day cash advance request. Consider cash on hand from prior advances and disbursement projections for the period requested (to include but not be limited to client service trends, actual cash projections of the contractor and invoicing timeframes) to arrive at a cash request amount.
- 2) Request cash needs for each of the funding sources available on the invoice as applicable using the cash advance invoice template as distributed by DDAP. If a funding source has not been awarded to your SCA, leave that column blank. If funds are not needed for any one of the funding sources awarded to the SCA, enter zero (-0-).
- 3) The SCA is responsible for controlling the amount of cash requested and for maintaining accurate records of liquidations by funding source. As cash is requested for each funding source, record amounts requested and remaining balances to ensure that funds are not overdrawn.
- 4) Submit the monthly cash advance invoice no earlier than fifteen (15) days prior to the month to which it applies. For example, the cash request for March cannot be processed before February 15. Do not submit accelerated monthly requests. Invoices will be processed no earlier than 15 days before the end of the last month of the billing period.
- 5) If invoices are not submitted in advance of the period for which funds are being requested, the SCA shall submit an invoice no later than 30 days from the last day of the month within which the work is performed. Failure to submit invoices in a regular and timely basis may result in delay of payment and the need to submit supporting documentation to justify the amount of requested payment to DDAP; the Office of Budget, Comptroller Operations; or the Treasury Department.
- 6) The final invoice for each SFY must be submitted within 45 days of the end of the SFY. DDAP will neither honor nor be liable for invoices not submitted in compliance with the time requirements in this paragraph unless DDAP agrees to an extension of these requirements in writing. The SCA will receive reimbursement only for services acceptable to DDAP.

B. Services Reimbursement Invoice

A service reimbursement invoice may be required for actual expenditures. These types of invoices are used for special initiative funds, such as SPF-PFS and CABHI, and must be submitted separate from the monthly SCA cash advance invoice. Separate documentation may be requested by the Department to support costs identified on the invoice. DDAP will notify the SCA when this type of invoice is required.

- 1) Service reimbursement invoices will include additional identifiers as provided by DDAP.
- 2) The SCA shall submit these monthly invoices no later than 30 days from the last day of the month within which the work is performed. Submit requests no more than monthly except for a supplemental invoice for special circumstances such as to finalize invoicing for an expired grant or to draw additional funds gained through an amendment to the SCA Agreement.
- 3) If a funding source has not been awarded to your SCA, leave that column blank. If funds are not needed for any one of the funding sources awarded to the SCA, enter zero (-0-).
- 4) The final invoice for each SFY must be submitted within 45 days of the end of the SFY. DDAP will neither honor nor be liable for invoices not submitted in compliance with the time requirements in this paragraph, unless DDAP agrees to an extension of these requirements in writing. The SCA will receive reimbursement only for services acceptable to DDAP.

C. General information for all invoice types:

- 1) If the SCA Agreement is amended during the SFY, DDAP will issue a revised invoice with adjustments to Line A, Current Approved Budget, to reflect the revised total amount available for each funding source. Do NOT adjust Line A unless notified by DDAP that an adjustment of funds has posted on the Commonwealth Accounting System.
- 2) All invoices must contain a unique invoice number that begins with the two-digit state fiscal year, followed by the three-digit SCA number, (i.e., the same number assignment used within the Prevention Data System), the two-digit number representing the sequential number of the invoice, and the letters "DA." As outlined above, invoices submitted for the drawdown of special initiative funds will most likely include additional identifiers as instructed by DDAP.
- 3) Make sure invoices are complete and correct. Incorrect invoices (e.g., mathematical errors; incorrect location codes, invoice dates, unique invoice numbers, total amounts, billing periods; missing signatures) may be returned to the SCA for correction, thereby delaying payment.
- 4) To initiate a request, submit an original invoice, signed and dated by an authorized official of the SCA, either electronically to 69183@pa.gov or via US mail to:

74DRUGPGMS
P.O. Box 69183
Harrisburg, PA 17106

This address will also be listed on the invoice form.

Send a duplicate copy of the invoice to RA-DASCAINVOICE@pa.gov. Invoices must show the SAP Vendor number, SAP Document number, Federal identification number, unique invoice number, billing period, invoice date, name and telephone number of the person preparing the invoice, and total invoice amount.

- (a) Invoices will be paid by the Commonwealth through the Automated Clearing House (ACH) Network. The Pennsylvania Electronic Payment Program (PEPP) establishes the Automated Clearing House Network as the preferred method of payment in lieu of issuing checks. The PEPP enrollment form may be obtained at: www.vendorregistration.state.pa.us/cvmu/paper/Forms/ACH-EFTenrollmentform.pdf and can be completed online, as applicable.
- (i) At the time of submitting ACH information, the SCA will also be able to enroll to receive remittances via electronic addenda. Within 10 days of award of the SCA Agreement, the SCA must submit or must have already submitted its ACH information and electronic addenda information, if desired, to the Commonwealth's Payable Service Center, Vendor Data Management Unit at 717-214-0140 (FAX) or by mail to the Office of Comptroller Operations, Bureau of Payable Services, Payable Service Center, Vendor Data Management Unit, 555 Walnut Street – 9th Floor, Harrisburg, PA 17101.
- (ii) Submit a unique invoice number with each invoice submitted. The unique invoice number will be listed on the Commonwealth of Pennsylvania's ACH remittance advice to enable the SCA to apply the state agency's payment to the invoice submitted.
- (iii) It is the responsibility of the SCA to ensure that the ACH information contained in the Commonwealth's Central Vendor Master File is accurate and complete. Failure to maintain accurate and complete information may result in delays in payments.
- (b) Submit requests no more than monthly except for a supplemental invoice for special circumstances such as to finalize invoicing for an expired grant or to draw additional funds gained through an amendment to the SCA Agreement.
- (c) DDAP has the right to disapprove any cash advance request or invoices for services rendered made by the SCA that is not in accordance with the terms of the SCA Agreement and adjust any payment to the SCA.
- (d) DDAP, at its option, may withhold the last 20 percent of reimbursement due under the SCA Agreement, until the Project Officer has determined

that all work and services required under the SCA Agreement have been performed or delivered in a manner acceptable to DDAP.

- (e) The payment provisions as outlined in this Section are subject to change by the Office of Budget or DDAP, as necessary, to better facilitate the cash management objectives of the Commonwealth.

DDAP will strictly enforce the invoicing timeframes. Failure to adhere to these timeframes may result in action taken against the SCA by DDAP, including disapproved invoices, and notification to commissioners/board chairs/executives.

2.05 ENCUMBERING AND EXPENDITURES GUIDELINES

Materials and services received in one funding period shall not be paid against another funding period. Therefore, funds cannot be encumbered in the current SFY for purchases in the next SFY. This requirement applies to all purchases supported in part, or in whole, by funds issued by the Commonwealth.

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

A. Materials

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

B. Services

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

All lapsed funds are returned to DDAP with submission of the Year-End Fiscal Report.

2.06 FIXED ASSET MANAGEMENT GUIDELINES

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

A. General Provisions

- 1) Fixed assets are identified as furniture, equipment and computers purchased, in part or in whole, with DDAP funds that have a useful life of more than one year and an initial purchase price of \$5,000 or more per item.

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

Capital improvements are identified as fixed assets; however, SABG funds cannot be used for capital improvements. No Federal dollars can be used for capital improvements unless allowed under a specific federal grant.

- 2) The SCA or subcontractor shall obtain prior written approval from DDAP or the SCA for all fixed assets purchased with funding under an Agreement with DDAP or the SCA when the total cost per SFY of such property exceeds \$40,000 or two percent (2%) of the SCA's or subcontractor's total annual budget of State and Federal funds issued by DDAP, whichever is less. The SCA or subcontractor must also obtain prior written approval for all vehicle purchases, and capital improvements and purchases. The cost for such assets shall be allowable only when included within an approved Agreement budget document.
- 3) The following information shall be included in all SCA and subcontractor requests for furniture and equipment:
 - (a) Item to be purchased;
 - (b) Estimated cost per item;
 - (c) Need and intended use;
 - (d) Source of funds to be used (specify each applicable DDAP State/ Federal funding source);
 - (e) SFY to which funds are to be charged, subject to the conditions as set forth by the Department; and
 - (f) Cost allocation among various funding sources, if applicable.

- 4) Vehicles
 - (a) The SCA or subcontractor shall submit a letter to DDAP or the SCA to request the purchase or trade-in of a vehicle. The letter must be accompanied by the completed “Request for Motor Vehicle Purchase” (Form 314A).
 - (b) DDAP or the SCA receives and reviews the SCA’s or the subcontractor’s request for the purchase of a vehicle.
 - (c) Written approval from DDAP or the SCA, to include a signed copy of Form 314A, may be contingent upon the SCA or the subcontractor forwarding additional information requested by DDAP or the SCA for review. The SCA or the subcontractor shall follow the required procedures as described in paragraph F below.
 - (d) The SCA or the subcontractor shall retain a record of vehicles purchased as a fixed asset record. The SCA or the subcontractor shall report purchases on the Annual Inventory Report submitted as part of the Year-End Fiscal Report to DDAP or the SCA.
- 5) Capital Improvements and Purchases
 - (a) For capital improvements and purchases, the SCA or the subcontractor shall submit a letter to DDAP or the SCA in order to request participation of DDAP funds in the acquisition of capital improvements or purchases. The letter shall include, at a minimum, the justification, the estimated cost and the terms for payment, the start date of construction or purchase date, and a description of the improvement or purchase. The SCA or the subcontractor shall forward any additional information as required by DDAP for review.
 - (b) DDAP or the SCA receives and reviews the SCA’s or subcontractor’s request.
 - (c) Written approval from DDAP or the SCA may be contingent upon the SCA or the subcontractor forwarding additional information requested by DDAP or the SCA for review. The SCA or the subcontractor shall follow the required procedures as described in paragraph F below.
 - (d) DDAP or the SCA must be kept apprised of any alterations to the original submission.
 - (e) SABG funds may not be used for capital improvements/purchases, land and building purchases.
- 6) The SCA or the subcontractor shall submit all fixed asset purchase requests to the DDAP or the SCA by May 1st of the applicable SFY to allow for enough review and processing time. The SCA or the subcontractor shall obtain fixed assets for use in the performance of the Agreement at the lowest practical cost and to purchase by means of competitive bidding. When purchasing fixed assets

with a unit cost of less than \$10,000, the SCA or its subcontractor shall obtain a minimum of three quotes, which may be obtained via fax, or in writing. When purchasing fixed assets with a unit cost of \$10,000 or greater, the SCA or its subcontractor shall obtain a minimum of three formal bids per item. These bids must be in writing, and be in conformance with any county code, as applicable.

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

B. Provisions Specific to the SCA

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

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

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

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

C. **Provisions Specific to the Subcontractor**

- 1) None of these guidelines shall apply to subcontractors that provide their services to the SCA exclusively on a fee-for-service (unit cost) basis.
- 2) Fixed assets with a purchase price of \$5,000 or more obtained by the subcontractors under an Agreement with the SCA shall be recorded on the Annual Inventory Report and reported to the SCA only.
- 3) The subcontractor shall obtain prior written approval from the SCA to sell, lend, donate or dispose of fixed assets purchased utilizing any amount of DDAP funding. The subcontractor shall record the information on the Annual Inventory Report under the "Remarks" section of the form. The information can then be removed from subsequent year reports.

- 4) The subcontractor must report to the SCA the purchase of any fixed assets if they receive both cost reimbursement and fee-for-service dollars. In addition, the subcontractor must also have a cost allocation plan on file as back-up documentation with regards to the purchase of said fixed assets.
- 5) The SCA may impose more stringent requirements upon the subcontractor than those applied to the SCA by the Department.

Form 314A

REQUEST FOR MOTOR VEHICLE PURCHASE

SCA NAME _____ SFY _____

AUTHORIZED SIGNATURE _____

TELEPHONE NUMBER _____ DATE _____

Vehicle

Make _____ Model _____

Estimated Purchase Price \$ _____ Year _____

Source of all Funds (Specify each applicable DDAP State/Federal funding source)

Intended Use of vehicle _____

Please provide the following information:

Number of vehicles currently owned by the SCA and purchased with DDAP funds.

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

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

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

Number of miles driven in previous state fiscal year. _____

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

Yes No

Total amount spent on staff travel over the previous state fiscal year. \$ _____

Number of staff that will use the vehicle. _____

DDAP APPROVAL _____ DATE _____

2.07 COST ALLOCATION

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

- A. Expenses allocated must be necessary and reasonable for the operation of the agency's substance use and gambling disorder programs and services.
- B. Any allocation system used must be documented and justifiable, as well as consistent throughout the state fiscal year.
- C. The current, written cost allocation plan used by the SCA or their service providers must be kept on file and is subject to review and approval by DDAP or the SCA. Cost allocation plans must be updated at least on an annual basis and as needed when funding levels, personnel staffing, SCA organizational changes (including personnel responsibilities), or when any other occurrences significantly impact the established allocation calculation.

Cost allocation methodology must be used by the **SCA** for the following instances:

1) **Funding Stream**

- (a) When substance use disorder funds are combined with funds received for other purposes (e.g., Compulsive and Problem Gambling, Mental Health, Developmental Disabilities, Children and Youth, Tobacco)
- (b) When DDAP funds are combined with substance use disorder funds from other sources (e.g., Act 152, BHSI, HealthChoices)

2) **Service Activity**

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

Cost allocation methodology must be used by the **contracted service provider** in the following instances:

1) **Funding Stream**

- (a) When DDAP funds are combined with non-DDAP funds (e.g., Compulsive and Problem Gambling, Mental Health, Developmental Disabilities, Children and Youth, Tobacco)
- (b) When DDAP funds are combined with substance use disorder funds from other sources (e.g., Drug Free Communities)

2) **Service Activity**

- (a) When a variety of substance use and gambling disorder services are being provided within the contracted service provider, (e.g., Prevention, Residential, Outpatient). Various methods may be used to allocate costs including, but not limited to: time studies, usage of square footage and FTE employees. Any methods used should be in accordance with GAAP.

2.08 SUPPLANTATION

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

PART THREE: REVENUES AND EXPENDITURES

3.01 CLASSIFICATION OF MAJOR AND MINOR OBJECTS

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

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

All costs incurred that are to be prorated should be in accordance with Section 2.07 - Cost Allocation.

100 - PERSONNEL SERVICES

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

300 - OPERATING EXPENSES

- 301 - Meeting and Conference Expenses
- 302 - Consultant Expenses
- 303 - Miscellaneous Personnel Expenses
- 304 - Occupancy Expenses
- 305 - Insurance
- 306 - Communications
- 307 - Office Supplies
- 308 - Minor Equipment and Furniture
- 309 - Medical Supplies and Drugs
- 310 - Food and Clothing
- 311 - Program Supplies
- 312 - Staff Travel
- 313 - Client Transport
- 314 - Purchased Client-Oriented Services
- 315 - Equipment Maintenance Expense
- 316 - Equipment Leases
- 317 - Motor Vehicle Maintenance Expense
- 318 - Motor Vehicle Leases
- 319 - Other Operating Expenses
- 320 - Indirect Costs

400 - FIXED ASSETS

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

500 – PROVIDER REVENUE AND INCOME

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

600 – SCA REVENUE AND INCOME

- 601 - State General Assistance Drug and Alcohol Funds
- 602 - SABG Funds
- 603 - Assessment and Residential Treatment Funds
- 604 - Reserved
- 605 - Reserved
- 606 - Reserved
- 607 - Compulsive & Problem Gambling Treatment Funds
- 608 - Reserved
- 609 - Other DDAP Funding
- 610 - BHSI
- 611 - HSBG
- 612 - Act 152
- 613 - HealthChoices
- 614 - HSDF
- 615 - Children, Youth and Family Funds
- 620 - DUI Funds
- 630 - Tobacco Settlement Funds
- 631 - PCCD Funds
- 640 - Interest Income
- 650 - County Funds
- 660 - Other Income

3.02 PERSONNEL SERVICES

A. MAJOR OBJECT 100 - PERSONNEL SERVICES

This major object is used to report salaries and wages, payments toward various benefits, and training received by the employees of the substance use and problem gambling program.

Each SCA must have a compensation plan in place for all employees that must be available for DDAP's review, upon request. The compensation plan must include at minimum, a salary chart/schedule identifying all classifications and their salary ranges, benefits, and cost of living adjustments. The plan must be approved by the County or Governing Board. DDAP will participate in employee salaries and benefits up to the maximum as designated under the classification per the Commonwealth's Allowable Reimbursement Maximums. It is important to note that DDAP funds cannot be used for any one-time payment to employees for any reason, including performance or merit. All compensation beyond an employee's base salary and benefits must be submitted to DDAP for approval before using DDAP funds.

Employees working for two or more programs, such as DDAP and MH/DD Programs, should have their salaries and benefits pro-rated between the programs. Likewise, employees who are charged against more than one funding source, such as against Federal funds and State funds, should have their salaries and benefits paid in accordance with Section 2.08 - Cost Allocation.

The minor objects are defined below:

- 1) **111 - Administrative Salaries** - This category includes all wage and salary costs of part-time and full-time employees who render their services within the administrative section.

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

2. **112 - Administrative Benefits** - This category includes only the employer's share of benefit costs incurred on behalf of all part-time and full-time employees who render their services within the administrative section. Included under Administrative Benefits are such items as social security contributions, retirement, employee health, life and other insurance plans, and worker's compensation.
3. **121 - Client-Oriented Service Salaries** - This category includes the salaries and wages of all part-time and full-time employees who perform client-oriented services or client support services. This includes Case Management salaries and wages. Clerical activities that provide direct client support to the program

activity are to be reported as direct costs of the program activity. Clinical and program supervision associated with direct client care is to be considered a direct program expense. Staff time associated with such supervision should be allocated and reported within program activities as a direct program expense.

4. **122 - Client-Oriented Service Benefits** - This category includes the employer's cost of benefits incurred on behalf of all part-time and full-time employees who perform client-oriented services or client support services. Included under Client-Oriented Service Benefits are items such as social security contributions, retirement, employee health, life and other insurance plans, and worker's compensation.
5. **131 – Staff Development** - This category covers development and training both within the facility and outside the facility. Expenses incurred for in-house development might consist of: meetings or seminars held at the facility, books, videos, other training tools or equipment. Examples of training or development received outside the facility might be special courses, conferences, and training sessions by an outside agency. Only those staff development and training activities (administrative, technical, clerical) that are essential for the continuation or improvement of the program are eligible for State participation. Any activities in question should be cleared through DDAP.

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

3.03 OPERATING EXPENSES

A. MAJOR OBJECT 300 – OPERATING EXPENSES

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

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

- 1) **301 - Meeting and Conference Expenses** - Charge to this category total meeting costs incurred by the SCA and its Board, excluding travel and advertising. This would include the cost of meetings related to conducting the business of the SCA, as well as sponsoring of conferences and training events by the SCA. Examples may include room rental, equipment rental, and food services.
- 2) **302 - Consultant Expenses** - Charge to this category the cost incurred for all consultants hired on a limited term basis for administrative services. Include the total cost of consultants or other specialized and professional administrative services subcontracted or purchased, such as attorneys, auditors, accountants, management analysts and research analysts. Costs reported in this category are not to be reported separately in the SDS by contract provider but are to be included as part of the SCA's total expenditures. This does not preclude the reporting of contracts issued for Administration, when this function is, in whole or part, contracted out to another entity. Travel and lodging expenses incurred by the consultant are eligible under this category and are reimbursed by State standards as explained in Minor Object 312 - Staff Travel.
- 3) **303 -Miscellaneous Personnel Expenses** - Charge to this category the cost of administrative personnel that are hired on a temporary basis and do not appear on the Roster of Personnel. Examples may include replacements for any leaves of absence and student interns. If temporary staff is approved for travel, the expense should be charged under Minor Object 312 - Staff Travel.
- 4) **304 -Occupancy Expenses**

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

- (a) Rent for an office or other space occupied by the facility. No rental charge may be made for offices in County-owned buildings that are debt-free. Rental costs utilizing DDAP funds must be pro-rated when offices or space is in buildings rented and used by local authorities for purposes not associated with the administration on delivery of services under the drug and alcohol or problem gambling programs. An agency must be able to demonstrate, upon request from DDAP, that the cost of space per square foot is based on a fair market value for the surrounding area.

- (b) Utilities include heating fuel, sewage, water, gas, electricity, etc.
 - (c) Housekeeping Services and Supplies include all supplies used in the performance of general housekeeping and grounds care services, or the cost of contracting out those services.
 - (d) Building Repairs and Maintenance include minor building repairs, maintenance, repairs and maintenance to heating, ventilation and air-conditioning units. Repairs are defined as work done to maintain the existing structures and equipment.
 - (e) Minor Renovations are the adaptation of available space and do not include construction cost for additional space. Minor renovations are those at a cost of less than \$10,000. Three formal, written bids are required on all contracted renovations and the lowest bid must be accepted, unless otherwise justified. Bids must be in accordance with the process described in Section 2.06 - Fixed Asset Management Guidelines. All bids must be kept on file.
 - (f) Insurance includes building, content, fire and liability insurance costs.
- 5) **305 – Insurance** - Charge to this category any insurance not covered under Minor Object 304 - Occupancy Expenses and Minor Object 317 - Motor Vehicle Maintenance Expense. Examples include professional liability, directors' and officers' insurance, and fidelity bonds.
 - 6) **306 – Communications** - Charge to this category the costs of telephone service (including installation), postage, advertising, marketing, pagers, cell phones, web sites, internet services, printing, duplicating and parcel service.
 - 7) **307 - Office Supplies** - Charge to this category the cost of all expendable items that are normally consumed within one year and used in the day-to-day operations of an office. Some examples are pens, pencils, paper, calendars and tape.
 - 8) **308 - Minor Equipment and Furniture** - Charge to this category items with a useful life of more than one year and a unit cost of less than \$5,000. Examples may include: fax machines, copiers, computers and computer-related equipment, software, tables, desks and chairs.
 - 9) **309 - Medical Supplies and Drugs** - Charge to this category the cost of all medical supplies and drugs used in the treatment of clients.
 - 10) **310 - Food and Clothing** - Charge to this category the cost of necessary food and clothing used by substance use and gambling disorder clients. Also, charge all costs associated with specialized or professional food preparation and food delivery services.
 - 11) **311 - Program Supplies** - Charge to this category the cost of supplies purchased for activities related to rehabilitation or recreational purposes. Also included are

supplies used in client training and education services. Some examples are books, periodicals, games, videos, tapes, creative supplies and drug testing kits.

- 12) **312 - Staff Travel** - Charge to this category the cost of business-related staff travel. Include allowances for meals, lodging, and other related expenses.

The SCA shall be bound by the terms and conditions regarding travel, lodging and subsistence rates as set forth by the Commonwealth of Pennsylvania in the Office of Administration's Management Directive 230.10, Rev. 11/01/11 and any subsequent revisions thereto. If the lodging rates set by the Management Directive are not available to the SCA, the lowest price available through 3 telephone bids will be acceptable. However, if prevailing county travel policies provide for reimbursement of travel, lodging and subsistence costs at a lower rate than the state rate, then the lower rate shall govern. If prevailing collective bargaining unit policies provide for reimbursement of these items at a different rate than the state or county rate, then the terms of the bargaining unit shall prevail. If the employee attends a conference or training event where the hotel is the site of the event, then the reimbursement rate for lodging costs incurred for attendance at the event shall take precedence over both the Management Directive rate and the county rate. In those instances when lodging cannot be secured within the established lodging rate allowance, employees may exceed the allowance if written justification is provided on the travel form (e.g., closest lodging facility to work site – next hotel 25 miles away; no rooms available at hotel with lowest rate; inclement weather; lateness of hour).

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

All employee travel reimbursement must be approved and signed by a duly designated SCA executive, official or supervisor. Copies of all authorized expense reports (travel vouchers) must be on file for auditing purposes. These reports must be signed by the employee and must show the purpose of travel, departure and destination points, actual miles traveled each day, and expenses incurred, such as parking, meals, lodging and tolls. Itemized receipts for travel and subsistence must be on file to support reimbursement.

Allowances for the reimbursement of subsistence costs incurred by the SCA are not flat allowances; only amounts expended may be claimed. Management Directive 230.10 may be accessed via the internet at https://www.oa.pa.gov/Policies/md/Documents/205_10.pdf

- 13) **313 - Client Transport** - Charges to this category include actual miles traveled, parking, tolls, meals and expenses incurred, or fees paid to an outside agency for the transportation of substance use or gambling disorder clients. Accurate and up-to-date records must be maintained, reviewed and approved by the director or designee if transportation services are provided by the SCA.
- 14) **314 - Purchased Client-Oriented Services** - Charge to this category the cost incurred from the purchase of client-oriented services, such as medical care, laboratory services, psychiatric services and interpreter services.

- 15) **315 - Equipment Maintenance Expense** - Charge to this category the cost of maintenance agreements and repairs to all types of office or medical equipment.
- 16) **316 - Equipment Leases** - Charge to this category the cost of all equipment leases.
- 17) **317 - Motor Vehicle Maintenance Expense** - Charge to this category the cost of maintenance to motor vehicles used in the performance of official SCA related program activities (e.g., repairs, insurance, inspection, tires, gas, oil and lubrication).
- 18) **318 - Motor Vehicle Leases** - Charge to this category the cost of motor vehicle leases.
- 19) **319 - Other Operating Expenses** - Charge to this category operating costs that cannot be recorded in the other minor expense objects. All costs in this category should be documented and held to a minimum.
- 20) **320 - Indirect Costs** - Charge to this category costs for supportive activities that are necessary to maintain the direct effort involved in providing the services. DDAP participation in allowable county indirect costs will be up to 2.0% of the amount of expenditures utilizing DDAP funds. This percentage does not apply to providers under contract with the SCA. Organizational management of an SCA under the Planning Council option is considered an indirect cost and must be accounted and reported as part of the allowable indirect cost. A copy of the county's indirect cost plan must be maintained on file for review by DDAP.

3.04 FIXED ASSETS**A. MAJOR OBJECT 400 - FIXED ASSETS**

This major object includes items deemed to be fixed assets as defined in Section 2.07 – Fixed Asset Management Guidelines.

- 1) **401 - Equipment and Furniture** - Charge to this category the cost of equipment and furniture with a purchase price of \$5,000 or more per item and a useful life of more than one year.
- 2) **402 – Motor Vehicles** - Charge to this category the cost of purchased motor vehicles.
- 3) **403 - Capital Improvements** - Charge to this category property and building improvements with a cost of \$10,000 or greater. Such improvements may include building additions and/or installation of permanent fixtures (furnaces, fire escapes, integral air conditioning systems, sewage hook-ups, etc.)
- 4) **404 – Capital Purchases** - Charge to this category the cost of land and building purchases.

3.05 PROVIDER REVENUE AND INCOME

A. MAJOR OBJECT 500 – PROVIDER REVENUE AND INCOME

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

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

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

- 1) **501 - Provider Revenue** - Provider revenue is comprised of direct federal revenues received by the contract provider, revenues received from other government or private entities as well as revenues received from other SCAs for the provision of treatment services or related ancillary services. The intent is to identify other dollars used by the recipient to defray existing costs or expand services. Direct federal grantors may include NIAAA and NIDA, while other revenue sources may include United Way, municipal funds and private grants. The contract provider must identify the source(s) of these funds.
- 2) **502 - Provider Charitable Income** – Income received from unspecified sources such as donations (i.e., funds donated to the contract provider as a general contribution wherein the donor determines how the funds will be spent) from private firms, unions, charitable organizations and individuals. Identify the source(s) of all contract provider income.
- 3) **503 - Provider Interest Income** – The contract provider must enter any interest income earned in the space provided. Interest income must be expended before the expenditure of Commonwealth funding.
- 4) **504 - Client Fees/Client Liability** – Income received from clients who have a liability for full or partial payment for services received.
- 5) **505 - Private Health Insurance** – Income received from insurance carriers, e.g., Blue Cross/Blue Shield, employer or union health plans and private purchase health insurance.

- 6) **506 - Medical Assistance (MA)** – Income received from the DHS for substance use and gambling disorder services provided to MA-eligible recipients.
- 7) **507 - Other Third-Party Fees** – Income received as payment for client services from a source such as employers (where insurance coverage is not applicable), client family member, food stamps, etc. (when the payment by such sources is agreed to by the client and does not violate confidentiality requirements).
- 8) **508 – Miscellaneous Fees** – Use this code to indicate funding of a special nature or circumstance that cannot be categorized using the definitions and examples cited above.

3.06 SCA REVENUE AND INCOME

A. MAJOR OBJECT 600 – SCA REVENUE AND INCOME

- 1) **601 – State General Assistance to Drug and Alcohol Funds (11-029)** – State general assistance funds issued by DDAP, for administrative functions and the provision of prevention; intervention; treatment; and treatment-related services. State funds consist of base dollars, as well as dollars allocated for special initiatives. Base funds can be budgeted among these activities at the discretion of the SCA. The remaining dollars are targeted for special initiatives and must be budgeted accordingly.
- 2) **602 - Substance Abuse Block Grant (SABG) Funds (70-963)** – Federal funds issued by DDAP, for the provision of prevention; intervention; treatment; and treatment-related services. Specific amounts of these funds are allocated between prevention and intervention/treatment/treatment-related and must be spent within those categories. In addition, specific amounts are also allocated between drug and alcohol and may not be moved from one category to another.
- 3) **603 – Assessment and Residential Treatment Funds (20-382)** – Revenues generated from the Pennsylvania Race Horse Development and Gaming Act and used in accordance with Act 1 of 2010 (No. 2010-1) to finance SUD assessments; including SUD assessments associated or related to compulsive and problem gambling; and for the related SUD treatment in non-hospital residential withdrawal management facilities, non-hospital residential rehabilitation facilities, and half way houses licensed to provide SUD treatment services.
- 4) **607 – Compulsive and Problem Gambling Treatment Funds (26-387)** – Fund created under the Pennsylvania Race Horse Development and Gaming Act through revenues transferred from the State Gaming Fund to administer and provide for the delivery of prevention, intervention, treatment and treatment-related activities associated with compulsive and problem gambling disorders.
- 5) **609 - Other DDAP Funding** – This may include federally, or state-funded special initiatives not included in the categories above.
- 6) **610- Behavioral Health Special Initiative (BHSI)** – State funds issued by the DHS/OMHSAS, to provide treatment services to clients who are uninsured, do not have insurance that covers the service they need, or cannot obtain Medical Assistance benefits.
- 7) **611 – Human Services Block Grant** - A conglomeration of several appropriations within DHS and consolidated for distribution to counties under Act 80 of 2012 (P.L. 668, No. 80) as a block grant to provide local flexibility in the funding and delivery of designated human service programs.
- 8) **612 - Act 152** – State funds issued by the DHS/OMHSAS to provide non-hospital (medically monitored) residential drug and alcohol detoxification and rehabilitation services for individuals eligible for Medical Assistance under fee-for-service and who are not yet enrolled for services under the Medicaid HealthChoices waiver.

- 9) **613 – HealthChoices** - Income received from the provision of administration and clinical care services related to the HealthChoices Program, such as case management and administrative and clinical oversight of the MCO.
- 10) **614 - Human Service Development Fund (HSDF)** - State funds authorized under the Human Services Development Fund Act (P.L.531, No.78) and issued by DHS to support various human service initiatives. The allocation of funds to the SCA is at the discretion of the county and must be included in the annual plan submitted by the county to DHS. Funding may cover most substance abuse intervention, all treatment and certain treatment-related activities, including case management and care coordination. Administration for the SCA is not a reimbursable expense.
- 11) **615 - Children, Youth and Family Funds** – Funds received from the local children and youth office and used by the SCA for the provision of substance abuse services to clients involved in the Children and Youth System.
- 12) **620 - Driving Under the Influence (DUI) Funds** – Funds issued by the county for the purpose of aiding programs promoting alcohol abuse prevention, education, treatment and research. Distribution of these funds is at the discretion of the county executives.
- 13) **630 - Tobacco Settlement Fund** - Funds issued by the Pennsylvania DOH, Bureau of Health Promotion and Risk Reduction, Division of Tobacco Control, through designated regional primary contractors, for the provision of tobacco prevention and cessation services.
- 14) **631 - PA Commission on Crime and Delinquency (PCCD) Funds** – Grant funds, such as intermediate punishment programs or juvenile incentive initiatives, received from PCCD for the provision of substance abuse services.
- 15) **640 - Interest Income** – Monies received through interest-bearing accounts for funds managed at the SCA level.
- 16) **650 - County Funds** – Funds provided by the county which meet or exceed the county’s required financial commitment to the SCA for the delivery of services.
- 17) **660 - Other Income** – All other income received by the SCA but not defined above.

PART FOUR: FUNDS USE AND ALLOWABILITY**4.01 STATE FUNDS**

State General Assistance State dollars (Appropriation 11-029). The primary State funding source relative to the SCA's agreement with DDAP. All SCAs receive funding from this source. These funds include base dollars, which may be budgeted across all allowable activities at the discretion of the SCA, as well as categorical funding for particular populations or initiatives (e.g. the Student Assistance Program.)

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

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

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

4.02 SUBSTANCE ABUSE BLOCK GRANT (SABG) FUNDS

The federal legislative authorization for the SABG funds, allocated under Appropriation 70-963, is the Federal Public Health Service Act. DDAP, serving as the Single State Agency (SSA) for receipt of SABG funds, manages expenditure requirements established in the block grant through a planning and monitoring process.

DDAP allocates specific amounts of SABG funds to the SCAs for the purpose of delivering or purchasing services (planning, carrying out and evaluating activities) to prevent and treat SUD and for related activities, as authorized under the grant, and in accordance with specified expenditure requirements. The allocated amounts are based on population, competitive awards and other factors and are also calculated to meet the specified block grant expenditure requirements.

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

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

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

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

SABG base funds drawn down by the SCA but not spent during the SFY may not be carried forward. However, under certain circumstances, SABG funds awarded for special initiatives may be carried forward upon instruction from DDAP. Any unspent funds must be returned to DDAP with the submission of the Year-End Fiscal Report.

For the SCA and any subcontractor under the SCA agreement to be in compliance with SABG requirements, the SCA shall assure that it and any subcontractor under the SCA agreement shall cooperate with the Commonwealth to enable it to comply with any reporting, audit, or fiscal requirements imposed under 42 U.S.C. Section 300x-52. Further, the SCA shall assure that, should the federal government conduct any

investigation under 42 U.S.C. Section 300x-55(g), the SCA and any subcontractors shall cooperate with the Commonwealth in such investigation and shall make available for examination and copying by the Commonwealth, the U.S. Department of Health and Human Services or the Comptroller General of the United States, the documentary records outlined under 42 U.S.C. Section 300x-55.

4.03 PREGNANT WOMEN AND WOMEN WITH CHILDREN (PWWWC) FUNDS

DDAP is required to expend an amount equal to the amount expended by the Commonwealth during FFY 1994 on programs designed for the PWWWC population. DDAP's main objective relative to the PWWWC client is to improve and expand SUD services to this vulnerable population, either directly or through arrangements with other public or non-profit entities. PWWWC services stress the family as a unit. The client must have custody or be in the process of regaining custody of their children for the SCA to use PWWWC dollars.

The SABG funding for the PWWWC population is allocated to all SCAs under Appropriation 70-963 through their agreement with DDAP. The SCAs may also use State funds allocated under Appropriation 11-029 and funds issued by DHS/OMHSAS in addressing the needs of this priority population. SCAs are required to provide treatment through a continuum of care (to include MAT), as well as to provide or facilitate ancillary services (such as shelter, health services, case management services, day-care, etc.) to assure the holistic wellness for this population.

Prevention funds awarded by DDAP may be used to fund prevention services provided to children whose mothers are in treatment. These expenditures may be considered in determining whether the SCA has met the overall amount set aside for the PWWWC population. When children are residing in a residential treatment program with their mothers, and the program provides prevention services, those services may be funded as part of the overall per diem cost, utilizing intervention/treatment/treatment-related dollars.

DDAP monitors SCA funding through compliance checks with the SCA agreement and through fiscal reporting. The SCAs must report all PWWWC expenditures from all funding sources, rather than only up to the maximum amount of SABG funds allocated by DDAP. This includes expenditures for prevention services as explained in the paragraph above.

If the SCAs do not expend their entire PWWWC block grant allocation drawn down during the SFY, then the unspent funds must be returned to DDAP with the submission of the Year-End Fiscal Report. If the report indicates that the total amount of DDAP funds, including State funds, expended on this initiative are equal to the portion of the block grant allocation set aside for PWWWC, then the SCA will not be required to return the funds.

4.04 SUBSTANCE ABUSE BLOCK GRANT (SABG) PROHIBITIONS/RESTRICTIONS

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

- A. Provide inpatient hospital services unless it is determined, in accordance with guidelines issued by the Secretary of Health and Human Services, that such treatment is a medical necessity for the individual involved. In exercising this exception, a physician must determine that the primary diagnosis of the individual is substance abuse; the services can be expected to improve the individual's condition or level of functioning; the individual cannot be treated in a community-based, non-hospital, residential program of treatment; and the hospital's substance abuse program follows national standard of substance abuse professional practice. SABG funding may only be used under these circumstances only to the extent that the daily rate of payment provided to the hospitals for providing the services to the individual shall not exceed the comparable daily rate provided for community-based, non-hospital, residential programs of treatment for substance abuse; and that payment is only for services that are medically necessary, that is, only for those days that the patient cannot be safely treated in a residential, community-based program.
- B. Make cash payments to intended recipients of health services;
- C. Purchase or improve land, purchase, construct or permanently improve (other than minor remodeling if provided for in the line item budget of this agreement) any building or other facility or purchase major medical equipment. (No minor equipment may be purchased unless the line item budget specifically provides for such purchase);
- D. Satisfy any requirement for the expenditure of non-Federal funds as a condition for receipt of Federal funds;
- E. Provide financial assistance to any entity other than a public or non-profit private entity; or,
- F. Provide individuals with hypodermic needles or syringes so that such individuals may use illegal drugs, unless the Surgeon General of the Public Health Service determines in writing that a demonstration needle exchange program would be effective in reducing drug abuse and the risk that the public will become infected with the etiologic agent for AIDS.
- G. Directly or indirectly purchase, prescribe, or provide marijuana or treatment using marijuana. Treatment in this context includes the treatment of opioid use disorder. Grant funds also cannot be provided to any individual who or organization that provides or permits marijuana use for the purposes of treating substance use or mental disorders. See, e.g., 45 C.F.R. § 75.300(a) (requiring HHS to "ensure that Federal funding is expended . . . in full accordance with U.S. statutory . . . requirements."); 21 U.S.C. §§ 812(c)(10) and 841 (prohibiting the possession, manufacture, sale, purchase or distribution of marijuana). This prohibition does not apply to those

4.04 Substance Abuse Block Grant (SABG) Prohibitions/Restrictions

providing such treatment in the context of clinical research permitted by the DEA and under an FDA-approved investigational new drug application where the article being evaluated is marijuana or a constituent thereof that is otherwise a banned controlled substance under federal law.

4.05 STUDENT ASSISTANCE PROGRAM (SAP) FUNDS

A. Overview

The Department of Education, in collaboration with the DDAP and the Department of Human Services (DHS), designated the student assistance program (SAP) as the vehicle to require and assist each school district to establish and maintain a program to provide appropriate counseling and support services for students who experience problems related to the use of drugs, alcohol and dangerous controlled substances.

The Commonwealth's student assistance program is designed to assist school personnel to identify issues, including alcohol, drugs and others, which pose a barrier to a student's learning and school success. Student assistance is not a treatment program; rather, it is a systematic process using effective and accountable professional techniques to mobilize school resources to remove the barriers to learning, and, where the problem is beyond the scope of the school, to assist the parent and the student with information so they may access services within the community. The student assistance team members do not diagnose, treat or refer for treatment; but they may refer for an assessment for treatment. It is the parent's right to be involved in the process and to have full access to all school records under applicable state and federal laws and regulations. Involvement of parents in all phases of the student assistance program underscores the parent's role and responsibility in the decision-making process affecting their children's education and is the key to the successful resolution of problems.

The core of the program is a professionally trained team, including school staff and liaisons from community agencies, who process issues based upon state guidelines, professional standards and policies and procedures adopted by the local board of directors. Professional training for team members in all phases of the student assistance process, which is consistent with state guidelines and conducted by a training provider approved by the Departments of Education, Drug and Alcohol Programs, and Human Services, is required to ensure the appropriateness of the recommended services, effective interagency collaboration and compliance with state and federal laws protecting the privacy rights of parents and students. The rigorous training for team members, which results in a certificate from the approved training provider, ensures the board of school directors, school administrators, parents, students and the public that team members have received up-to-date professional training consistent with accountable standards and appropriate professional procedures.

DDAP, in support of this effort, provides a combination of Federal SABG and State dollars to fund programming associated with SAP. The primary purpose of these funds is to underwrite SAP liaisons, as representative of the county drug and alcohol system and to support SAP core team activities. These dollars can also be used to support interventions, assessments and treatment resulting from adolescents referred through this program. There is nothing that prohibits the SCA from spending dollars in excess of the specific allocations of state and federal dollars. However, expenditure amounts below the specified allocation must be returned to DDAP at the end of the state fiscal period, unless an exception was granted to move these funds to support

other activities or populations. SABG dollars cannot be moved from Intervention/Treatment allocations and the Primary Prevention allocation.

Prevention expenditures are limited to Activities (Strategies) 6100, 6400 and 6500. Information dissemination specific to SAP in the form of printed or electronic materials, as well as speaking engagements to provide information about SAP to students, parents or school staff would be captured under Activity 6100. Activity 6400 would encompass Core Team Meetings; Parent Meetings, Student Consultations with School Staff, SAP Initial Screenings, SAP Groups, and Referral Follow-up. Training and Technical Assistance associated with SAP would be covered under Activity 6500. Expenditures applicable to Activity 7200 would encompass the cost associated with SAP Groups and follow-up services only for students who have had a drug and alcohol level of care assessment. Please refer to the Prevention Manual for further detail concerning the SAP and eligible activities. As previously stated, state funds under this allocation can also be used for assessments and treatment resulting from referrals through the SAP.

B. Set-aside Exception for SAP Funds

If the SCA is not able to expend all State or SABG funds awarded for the SAP population, then the SCA, with prior written approval from, may use these funds for other drug and alcohol activities for the general population within the original State and SABG prevention and/or intervention/treatment allocations, as applicable. All exception requests must be submitted, with adequate justification, by May 1 of the applicable state fiscal year to be considered for approval. The exception request must address both State and SABG SAP funds as applicable.

If the SCA does not receive the approval from DDAP, the SCA will be required to refund any portion of State or Federal SABG SAP funds drawn down but not expended on the SAP population.

Note: SCAs granted set-aside exception approvals are not required to refund the difference between requested State and SABG SAP fund set-aside amounts and actual State and SABG SAP fund expenditures.

4.06 DRUG AND ALCOHOL TREATMENT SERVICES FUND (20-382)

The Drug and Alcohol Treatment Services Fund was established as a result of Act 1 of 2010, legislation amending Title 4 (Amusements) of the Pennsylvania Consolidated Statutes, making extensive revisions to numerous provisions concerning larger gaming concerns in Pennsylvania, but including language regarding required transfers from the State Gaming Fund, modifications to requirements under the compulsive and problem gambling program, and the introduction of drug and alcohol treatment funds made available through revenues generated from gaming. Inclusive in this legislation is the transfer of \$3,000,000 annually from the State Gaming Fund made available to the SCAs solely for SUD assessments, including SUD assessments associated or related to compulsive and problem gambling, and for the related SUD treatment, in nonhospital residential withdrawal management facilities, nonhospital residential rehabilitation facilities and halfway houses licensed by DDAP to provide SUD treatment services.

DDAP is required to provide the Governor and General Assembly a report no later than the first day of October annually reflecting data and progress resulting from funds expended as a result of this Act. This report is inclusive of the report submitted for funds expended under the Compulsive and Problem Gambling Treatment Fund. In order to accommodate timely reporting in accordance with the legislation, DDAP annually provides specific instructions to report activities and expenditures associated with this fund source.

**4.07 COMPULSIVE AND PROBLEM GAMBLING TREATMENT FUNDS (CPGTF)
(26-387)**

Act 71 of 2004 established the State Gaming Fund and the Compulsive and Problem Gambling Treatment Fund (CPGTF) under the Pennsylvania Race Horse Development and Gaming Act; the latter fund receiving a formula-based transfer in accordance to § 1408 of the Act from the Gaming Fund on an annual basis. Funds received under the Compulsive and Problem Gambling Fund are to be used in accordance to § 1509 of the Act to develop program guidelines for public education, awareness and training regarding compulsive and problem gambling and the treatment and prevention of compulsive and problem gambling. All moneys in the fund shall be expended for programs for the prevention and treatment of gambling addiction and other emotional and behavioral problems associated with or related to gambling and for the administration of the compulsive and problem gambling program.

Act 1 of 2010 also made extensive revisions to the provisions outlined in Act 71 of 2004. These revisions included language modifying the required transfers from the State Gaming Fund, as well as other modifications to requirements under the compulsive and problem gambling program, including a stipulation to distribute fifty percent of revenues in the fund to the SCAs to carry out functions defined in the Act. Although funding mandates are in place regarding the amount of funds to be made available to the SCAs, there is no regulation or law that requires an SCA to engage in activities associated with Compulsive and Problem Gambling programming or to accept funds associated with this program. Allocations are issued to the applicable SCAs by DDAP on an annual basis.

DDAP is required to provide the Governor and General Assembly a report no later than the first day of October annually reflecting data and progress resulting from funds expended under the Compulsive and Problem Gambling Treatment Fund. In order to accommodate timely reporting in accordance with the legislation, DDAP annually provides specific instructions to the SCAs to report activities and expenditures associated with this fund source.

4.08 OTHER DDAP FUNDING

Some SCAs may receive additional funding other than that received through State funds and Federal funds in any given SFY. These funds are, in general, other Federal grant funds secured by DDAP that are targeted for special projects. Fund recipients may be predetermined at the time of grant application based on grant stipulations or may be awarded through a selective Funding Initiative Application (FIA) process and awarded to one or several SCAs, depending upon the criteria of the grant and the availability of funds in the grant award.

These funds are budgeted according to the specific boundaries of the project and as directed by DDAP. Specific reports relative to special initiatives must be completed by the SCAs as prescribed by the agreement. The report parameters are outlined in the agreement or a subsequent amendment to the agreement with the SCAs. Reporting format and instructions are generally provided to the recipient of funds through separate correspondence forwarded from DDAP. In some instances, special instructions are provided concerning the invoicing for these funds, which may be invoiced based on reimbursement rather than the customary advanced invoicing of most funds received by the SCA.

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

**PART FIVE: CLIENT LIABILITY FOR SUBSTANCE USE DISORDER (SUD)
TREATMENT SERVICES**

5.01 GENERAL PROVISIONS

A. **General**

One of the primary goals of the publicly funded SUD treatment service system is to provide access to services and to encourage people to seek help. As funder of last resort, it is the responsibility of the SCA to determine if other forms of payment, such as public or private insurance, are available to individuals seeking support for substance use disorder treatment services.

B. **Purpose**

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

C. **Applicability**

- 1) Part Five applies to the SCAs and their authorized contractors.
- 2) Part Five applies only to those clients receiving SUD treatment services funded in whole or in part through the SCAs.
- 3) SCAs may support individuals with private insurance for co-pays and deductibles levied by an insurance carrier if the charges applied to the individual exceed that individual's ability to pay and receive SUD treatment services. Client Liability determination must be assessed to determine the potential financial responsibility to be applied to the client.

D. **Application of IRS Regulations**

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

E. **Delegation of Authority**

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

F. **Review and Audit by DDAP**

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

G. Missed Appointments

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

5.02 EXEMPT SERVICES

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

- A. **Prevention Services**, as defined in DDAP's Prevention Manual and the Drug and Alcohol Activity Definitions contained in DDAP's Fiscal Manual.
- B. **Intervention Services**, as defined in the Drug and Alcohol Activity Definitions contained in DDAP's Fiscal Manual.
- C. **Case Management Services**, as defined in DDAP's Case Management and Clinical Services Manual and the Drug and Alcohol Activity Definitions contained in DDAP's Fiscal Manual; however, liabilities for level of care determination may be assessed for:
 - 1) Minors under the age of 18 who are court-ordered for assessment under Act 53 of 1997. In those instances, unless the court finds that the parent or legal guardian is without financial resources, the parent or legal guardian shall be responsible to pay for the assessment.
 - 2) The convicted and sentenced DUI offender who is responsible to pay for the assessment under Act 24 of 2003.
- D. **Treatment Services** as follows:
 - 1) Hospital based and non-hospital withdrawal management services.
 - 2) Treatment services received in a prison-based setting.
 - 3) All treatment services rendered to minors under the age of 18.
 - (a) An exception is considered for minors under the age of 18 who are court-ordered for treatment under Act 53 of 1997. In those instances, unless the court finds that the parent or legal guardian is without financial resources, the parent or legal guardian shall be responsible to pay for the treatment.
 - (b) An exception is considered if the minor has third party insurance coverage and this coverage may be accessed in accordance with all applicable confidentiality regulations.
 - 4) When local practices determine that convicted and sentenced DUI offenders will pay the full cost of treatment services (as permitted under Act 04 of 2003), such services will be exempt from the liability requirements specified in Part Five. If the SCA funds treatment services in whole or in part to a sentenced DUI offender, then the liability requirements specified in Part Five apply.
 - 5) **Housing Services**, as defined in the Drug and Alcohol Activity Definitions contained in DDAP's Fiscal Manual.
 - 6) **Other services** in support of treatment, which could include, but are not limited to, childcare, transportation and translation services.

5.03 DETERMINATION OF LIABILITY

A. Determinations

- 1) The SCA or its designated provider shall determine a liability for clients receiving SUD treatment services, funded in whole or in part through the SCA, that are not listed as an exempt service in Section 5.02.
- 2) The liability shall be determined before client referral to or admission into applicable addiction treatment services, except for emergency referrals or placements in which the liability shall be determined within 15 days following admission.

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

B. Liable Person

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

C. Income to be Considered for Adult Clients

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

income. If confidentiality issues preclude the spouse's information being obtained, then only the client's income is considered.

- 3) If the client is under 18 years of age, is not married, and is an emancipated minor, the client's income alone shall be considered the total monthly gross income.

D. **Income to be Considered for Minors Involuntarily Committed Under Act 53 of 1997**

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

E. **Types of Income**

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

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

F. **Verification**

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

G. **Failure to Provide Verification**

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

H. **Re-determinations**

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

I. **Liability**

- 1) The liability shall be calculated based on the monthly gross income utilizing the most current version of the three Client Liability Tables distributed by DDAP. Tables are established for Inpatient Residential, Partial Hospitalization and Intensive Outpatient, and Outpatient Counseling Services. The tables may be accessed via the internet at the address listed in Section 5.09. A “Client Liability Determination Form” is available through the internet link found in Section 5.10 of this Manual to assist in completing liability responsibility for an individual receiving services.
- 2) The liability for an SCA-funded client may not exceed the SCA established rate for the service provided.

J. **Notice of Liability**

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

5.04 COST SHARING ASSISTANCE FOR CLIENTS WITH INSURANCE

Cost sharing assistance for individuals with private health insurance has historically been prohibited. The implementation of the Patient Protection and Affordable Care Act of 2010 (Public Law 111-148) brought about numerous changes regarding the availability of insurance coverage, as well as allowances for expenditure of government funding to assist individuals in accessing coverage, including offsetting costs that might otherwise inhibit access to care because of co-pays and deductibles associated with insurance plans purchased through the Health Insurance Marketplace (Exchange). The Department of Health and Human Services (DHHS), Centers for Medicare and Medicaid Services (CMS), in addressing Third Party Payments of Premiums for Qualified Health Plans in the Marketplaces, also provides guidance on cost sharing considerations through state and federal programs, or through their grantees. As grantees of DDAP for state and federal program funds, the guidance is applicable to all SCAs, whether they are a governmental entity or a non-profit, non-government agency. DHHS's, Substance Abuse and Mental Health Services Administration (SAMHSA) also provides guidance regarding the allowance for use of SABG or Mental Health Services Block Grant funds for cost-sharing assistance for private health insurance.

DDAP provides allowance for SCA funds to be used to support individuals who have private insurance, but the amount of deductible associated with their insurance policy or the co-pay assigned by the insurance carrier creates an impediment to accessing treatment for substance use disorders. However, the SCA or its contracted provider must assess liability under this Part Five to determine the applicable share that the individual may remain responsible to pay, consistent with liability assigned to any other SCA funded client. To consider participation in payment for an individual's obligation under an insurance policy, the SCA must be contracted with the facility providing services to the individual and must use the applicable SCA rate in consideration of client liability and reimbursement for services provided by the facility. Any payments made must be to the substance use disorder treatment provider. No payments can be made to the client and no payments are allowed in support of insurance premiums on behalf of an individual.

SCAs should consult with their legal counsel to ensure a full understanding of this guidance, along with the client liability protocols defined in this part of the Fiscal Manual when making decisions concerning participation in private insurance co-pays and deductibles.

Further detail of the guidance provided by the Department of Health and Human Services, both from CMS and SAMHSA respectively, can be accessed at the following two links:

<http://www.cms.gov/CCIIO/Resources/Fact-Sheets-and-FAQs/Downloads/third-party-payments-of-premiums-for-qualified-health-plans-in-the-marketplaces-2-7-14.pdf>

<https://www.samhsa.gov/sites/default/files/grants/guidance-for-block-grant-funds-for-cost-sharing-assistance-for-private-health-insurance.pdf>

A. **Payment of Insurance Deductibles with SCA Funds**

In instances where an individual has a high insurance deductible that precludes them from obtaining SUD treatment services, an SCA is permitted to compensate treatment

costs for that individual up to the amount of the deductible delineated in their insurance policy. In consideration of initiating sponsorship for the deductible liability established by an insurance carrier for an individual and his or her family, the SCA or its contracted provider must comply to the following requirements:

- 1) Mechanisms must be in place to verify insurance coverage and the deductibles (individual and family) applicable to that policy before insurance participation.
- 2) Means must be available to verify the amount of deductible paid or the amount of deductible remaining as the result of prior engagement in insurance reimbursable services. Any prior payments to the deductible will reduce the amount applicable to payment through SCA funding. Documentation is to be provided to the SCA and maintained by the SCA that:
 - (a) identifies the cumulative amount of prior expenses already applied to the client's deductible; or
 - (b) provides attestation signed by the client that no other prior expenses have been applied to their deductible.
- 3) A determination of potential client liability in accordance with Part 5.03 of this manual must be performed to determine personal responsibility of payment by the individual requesting financial assistance from the SCA.
- 4) The SCA must maintain a contract with the facility providing substance use disorder services to individuals seeking financial support for deductibles. All reimbursements to the provider are to be based on the standard SCA contracted rate with that facility, not the rate reimbursed to the provider from the insurance carrier.
- 5) Payments for an insured client are applied to the actual cost of treatment, up to, but not to exceed the amount of the deductible obligation or the treatment provided, whichever is less. Payment towards a deductible cannot be paid outside of the direct payment for treatment nor exceed the cost of treatment provided.
- 6) No payments can be made to a patient/client.
- 7) Insurance deductibles are generally applicable to the calendar year. The potential exists for an individual to seek financial assistance from SCA funds for deductibles applicable to two separate insurance periods during a fiscal period. All the above requirements apply to lending support for multiple request of assistance in a fiscal period.

B. Co-Pay Participation with SCA Funds

SCAs may choose to support copayments of individuals with insurance seeking substance use disorder treatment if the financial burden of the copayment serves as a deterrent to the individual's ability to access and maintain treatment for their disorder. A decision by the SCA to support client copayments must adhere to the following requirements:

5.04 Client Liability - Cost Sharing Assistance for Clients with Insurance

- 1) Mechanisms must be in place to verify insurance coverage and the copayment parameters and amounts applicable to an individual's insurance policy.
- 2) The SCA must maintain a contract with the facility providing substance use disorder services to individuals seeking financial support for the copayments assigned by the insurance carrier of the individual.
- 3) A determination of potential client liability in accordance with Part 5.03 of this manual must be performed to determine personal responsibility of payment by the individual requesting financial assistance from the SCA. Client liability is determined using the contracted rate established between the SCA and the facility providing services to the insured individual.
- 4) The amount of reimbursement to the facility providing substance use disorder services to an insured individual is equal to the verified copayment applied by the insurance carrier minus the client liability determined under Part 5.03 of this manual. The client liability remains the responsibility of the individual seeking assistance.
- 5) No payments can be made to a patient/client.

5.05 REDUCTION OR ELIMINATION OF LIABILITY

A. Request for Reduction or Elimination of Liability

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

B. Reasons for Reduction or Elimination of Liability

- 1) Substantial Financial Hardship - The SCA administrator or their designee shall have the authority to reduce or eliminate the liability if the payment of the liability would cause substantial financial hardship on the client or liable person or would result in greater financial burden upon the Commonwealth.
2. Clinical Reasons - The SCA administrator or their designee shall have the authority to reduce or eliminate the liability if the imposition of the liability would nullify the results of care, treatment, service or other benefits.

C. Documentation Required

Requests for reduction or elimination of liability shall be completed by a drug and alcohol professional, justifying the clinical or financial reasons for the request. All requests must be submitted utilizing the “Request for Liability Reduction or Elimination Form” found in Section 5.10.

D. Decision and Notification for Reduction or Elimination of Liability

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

E. Appeals

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

5.06 COLLECTION AND WRITE-OFF OF PAST DUE ACCOUNTS

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

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

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

5.07 CLIENT FEE SCHEDULES

A. **Applicability**

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

B. **Content of the Client Fee Schedule**

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

C. **Audit of the Client Fee Schedule**

Cost of service and SCA rates are subject to audit.

5.08 INSTRUCTIONS FOR USE OF LIABILITY TABLES AND FORMS

A. Client Liability Determination Form/Tables

The Client Liability Determination Form is in Section 5.10 of this manual. The form must be used by all SCAs and providers and may not be altered in any manner. The SCA or its designated provider shall complete a re-determination of the liability for a client at least once every 12 months. Note that if the SCA is not reimbursing for the cost of service or the service is exempt, the DDAP does not require completion of the form.

The liability tables, accessible via the internet at the address listed in Section 5.09 of this manual, are designed to reflect the percentage of the unit cost or actual dollar figure that is the client's responsibility. The tables are arranged in alphabetical order by county for all 67 counties and include three tables for each county. The tables are as follows:

- 1) Inpatient Hospital/Non-Hospital Residential Treatment
- 2) Intensive Outpatient/Partial Hospitalization
- 3) Outpatient Drugfree (or Unbundled Counseling)

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

CLIENT INFORMATION

Client Name - Enter the client's name.

County of Residence - Enter the name of the county in which the client resides.

Client ID # - Enter the unique client number assigned by the SCA or provider, as applicable.

Date - Enter the date that the form is being completed.

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

Part I: Insurance

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

Denial of Insurance - If the client has insurance but coverage has been denied for the service, indicate the reason for the denial in the area marked "Denied."

Insurance Company/Name of Insured/Group #/ID# - Enter the name of the insurance company that is providing coverage for the client, the name of the person insured, as well as the insurance company group number and the client's insurance ID number.

Part II: Family

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

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

Part III: Monthly Gross Income

Family Member/Employers - Enter the name of the employer for each family member, as applicable, for which you are reporting income.

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

Part IV: Client Liability

To establish the client liability, complete the steps as outlined below:

- 1) Select the appropriate county table as found in Section 7.09 of this manual. Use the table for the county that will be funding the service. This may or may not be the county where the provider is located.
- 2) Select the appropriate table for the service being used.
- 3) Crosswalk the total monthly gross income and total number of dependents (located at the top of Part IV of the form) to the table's monthly income column that is equal to or less than the client's monthly income. This is the column that is used to determine the client's liability. The liability may be a percentage or flat fee depending on the type of service.
- 4) If the service is Inpatient Hospital/Non-Hospital Residential Treatment, enter the dollar amount in the appropriate service/unit block on the form.
- 5) For all other services, enter the percentage amount in Column 1 of the form. Apply this percentage to the provider rate and enter the dollar amount in the appropriate service/unit block. If the percentage is zero, enter any minimum co-pay established by the SCA.
- 6) If the established liability is not an even dollar amount the liability fee must be rounded down to the nearest dollar for amounts below fifty cents and up to the nearest dollar for amounts fifty cents or greater.

- 7) At a minimum, the liability must be determined for the SCA-funded service being rendered to the client.

Minimum Co-Pays

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

Agreement and Understanding

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

B. Request for Liability Reduction or Elimination Form

<https://www.ddap.pa.gov/Documents/Agency%20Forms/Fiscal/Request%20for%20Liability%20Reduction%20or%20Elimination%20Form.pdf>

This form, accessible in Section 5.10 of this manual, is to be completed whenever a reduction in the client liability is sought due to either substantial financial hardship or clinical reasons. The term “abatement” is often used in describing the request for elimination or reduction of liability. While the request may be initiated by the client or liable person, all requests must include the staff description of reason and certification that the abatement is necessary.

Client Name - Enter the client’s name.

Client ID # - Enter the unique client number assigned by the SCA or provider, as applicable.

Agency Name - Enter the name of the facility initiating the request.

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

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

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

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

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

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

The date entered on the “Effective Date” represents the day that any billing adjustments reflecting the abatement action are to be made. Any client billings before the effective date remain the client’s responsibility. The SCAs, at their sole discretion, may permit retroactive abatements (ex. - a request is made in March due to a change in circumstances dating back to January – *at the SCA’s discretion*, they could establish the effective date as January 1, 20xx even though the form was not submitted until March of that year).

5.09 CLIENT LIABILITY TABLES

Liabilities for the various levels of care are addressed in three separate tables, accessible through the internet link below:

http://www.ddap.pa.gov/Professionals/Pages/For_SCAs.aspx

The three tables accessible through the above link include:

- A. Inpatient Residential Client Liability Table (Page for Each County)
<https://www.ddap.pa.gov/Documents/Client%20Liability%20Tables/708%20Residential%20Client%20Liability%20Table%20SFY%202019-20%20effective%209-19.pdf>
- B. IOP-Partial Client Liability Table (Page for Each County)
- C. Outpatient Drug-Free Client Liability Table (Page for Each County)
<https://www.ddap.pa.gov/Documents/Client%20Liability%20Tables/708%20Outpatient%20DF%20Client%20Liability%20Table%20SFY%202019-20%20effective%209-19.pdf>

5.10 CLIENT LIABILITY FORMS

The following forms are available to assist in the determination of client liability, as well as for consideration of reduction or elimination of liability under specific extenuating circumstances:

- A. Client Liability Determination Form
- B. Request for Liability Reduction or Elimination Form

These forms may be accessed via the Internet at the following address:

http://www.ddap.pa.gov/Professionals/Pages/For_SCAs.aspx

PART SIX: REPORTING AND RECORD KEEPING

6.01 RECORDS AND RETENTION

SCAs and their subcontractors must maintain books, records, documents, and, use generally accepted accounting principles, procedures, and practices sufficient to reflect all costs incurred and anticipated for performance of the five-year grant agreement between DDAP and the SCA.

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

SCAs and subcontractors must keep their records for four years from the date of final payment under the grant agreement or four years after termination of the agreement, whichever occurs later. Keep in mind the term of the agreement extends over a multi-year period. Records and original supporting documents must be retained until disposition of any litigation, claims, or exceptions or four years from the date of final payment under this Agreement, whichever occurs later.

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

6.02 FISCAL REPORTING

A. SCA Data Site (SDS) Fiscal Reporting

SCAs are required to report all fiscal data into the SDS as outlined in the Operations Manual under Part 9.02.

B. Other Fiscal Reporting

In addition to reporting submitted through the SDS, DDAP requires the SCA to prepare and submit specialized reports associated with funds received from special initiatives or in accordance with legislative requirements for funds issued through the grant agreement.

DDAP may also at times request other types of financial and programmatic data or documentation from the SCAs and their providers to substantiate the appropriate expenditure of funds issued by the Commonwealth or as necessary to address various needs or stakeholders' requests on an as-needed basis.

In addition, it may be necessary for DDAP to substantiate that the SCA and its contractors have properly withheld, paid, and remitted the employer and employee's share of payroll taxes, worker's compensation and insurance premiums from employee's salaries in a timely manner.

PART SEVEN: AUDITS

7.01 AUDIT COVERAGE

The information contained in this Part of the Fiscal Manual (Part Seven: Audits) is applicable to both the SCA and its subcontractors, except where noted.

DDAP provides Federal and State financial assistance to a variety of entities. The need to complete an audit and the type of audit to be completed are determined according to the source(s) of the funds available and the amounts expended by the recipient.

Entities licensed by DDAP as a freestanding facility for the delivery of drug and alcohol treatment services must obtain the services of an independent certified public accountant to conduct an annual financial audit of activities associated with the project's drug and/or alcohol services, in accordance with Generally Accepted Government Auditing Standards (GAGAS). Fiscal management requirements for licensed drug and alcohol treatment entities are cited within the Pennsylvania Code under 28 Pa. Code § 709.25 and 709.138, respectively. It is important to note that licensed treatment providers are required by regulation to have an annual audit regardless of the amount of state and federal funds received.

Entities licensed by DDAP as recovery houses must have policies and procedures for management of funds received and expended in accordance with standard accounting practices as indicated at 71 P.S. § 613.13(2).

7.02 AUDIT SOURCE DOCUMENTS

Questions relative to the applicability of source documents, as it applies to federally mandated audits or the content contained within the information cited above, can be directed to:

Commonwealth of Pennsylvania
Office of the Budget/Comptroller Operations
Bureau of Audits
555 Walnut Street – 8th Floor
Harrisburg, Pennsylvania 17101
Telephone: (717) 783-0114
Fax: (717) 703-3949

Questions regarding the federally mandated or Department mandated audit requirements, as well as the responsibility of the Single County Authorities in the management of audits submitted by their subcontractors may be directed to the Division of Budget and Grants Management within DDAP at RA-DASCAAUDIT@pa.gov or at the following address and telephone number.

Pennsylvania Department of Drug and Alcohol Programs
Division of Budget and Grants Management
2601 North 3rd Street, Fifth Floor
Harrisburg, PA 17110
Telephone: (717) 783-8200
Fax: (717) 787-6285

Additional information related to Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR Part 200) can be found at <https://www.budget.pa.gov/Services/ForAgencies/Auditing/Pages/UniformGuidanceAuditRequirements.aspx>.

7.03 TYPES OF AUDITS

The following chart outlines the types of audits that are required for the SCAs and their subrecipients. The thresholds outlined below apply to local government agencies, as well as non-profit, and for-profit organizations. The Audit Requirements, (Rev. 7/20), which are incorporated by reference into the SCA Agreement, further define this information.

DETERMINATION OF APPLICABLE AUDIT REQUIREMENTS

Subrecipient	Expends \$750,000 or more of total Federal funds	Expends less than \$750,000 of total Federal funds from all sources AND \$500,000 or more of state funds	Expends \$500,000 or more of state funds	Expends less than \$750,000 in Federal funds and less than \$500,000 in state funds
Local Government	Federally Mandated Audit based on Government's fiscal year.	Department Mandated (Program-Specific) Yellow Book Audit based on 12-month period of the agreement.	Department Mandated (Program-Specific) Yellow Book Audit based on 12-month period of the agreement.	No audit required, unless language in the agreement superseding the dollar threshold takes precedence.
Non-Governmental Non-Profit Organization (includes non-profit institutions of higher education and hospitals)	Federally Mandated Audit based on Organization's fiscal year.	Department Mandated (Program-Specific) Yellow Book Audit based on 12-month period of the agreement.	Department Mandated (Program-Specific) Yellow Book Audit based on 12-month period of the agreement.	No audit required, unless language in the agreement superseding the dollar threshold takes precedence.
For-Profit Entity	Title 45, CFR 75.501(i) incorporates the thresholds and deadlines of 2 CFR Part 200 as amended and provides for-profit organizations with two options regarding the types of audit that will satisfy the audit requirements.	Department Mandated (Program-Specific) Yellow Book Audit based on 12-month period of the agreement.	Department Mandated (Program-Specific) Yellow Book Audit based on 12-month period of the agreement.	No audit required, unless language in the agreement superseding the dollar threshold takes precedence.

NO AUDIT IS REQUIRED IF EITHER OF THE FOLLOWING APPLY:

- The recipient of funds expends less than \$500,000 of State funds received under a contract or agreement during the state fiscal year of July 1 through June 30 (for Department mandated audits) AND it expends less than \$750,000 of Federal awards received from ALL sources during its fiscal year (i.e., any and all other Federal awards expended during the contractor's fiscal year, received either directly from the Federal government or indirectly from a recipient of Federal funds).
- The recipient of funds is funded by either state or Federal funds and all monies expended during either the recipient's fiscal year (for Federally mandated audits) or funds expended under the agreement during the state fiscal year of July 1 through June 30 (for Department mandated audits) are received on a fee for service basis.

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

7.04 AUDIT REPORTING PACKAGE REQUIRED COMPONENTS**A. Federally Mandated Audits**

1) Required Elements of Single Audit Reporting Package

Recipients of federal funds through contract or grant agreement who expend \$750,000 or more in an annual period from (multiple) federal awards available through all sources are required to have a single audit conducted. The audit reporting package must comply with the requirements of 2 CFR §200.510 and §200.512 and include, at a minimum, the following elements:

(a) Auditor's reports

- (i) Independent auditor's report on the financial statements, which expresses an opinion on whether the financial statements are presented fairly in all material respects in accordance with the stated accounting principles.
- (ii) Independent auditor's report on the supplementary Schedule of Expenditures of Federal Awards (SEFA), which should determine and provide an opinion on whether the SEFA is presented fairly in all material respects in relation to the subrecipient's financial statements taken as a whole. This report can be issued separately or combined with the independent auditor's report on the financial statements.
- (iii) Report on internal control over financial reporting, compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.
- (iv) Report on compliance with requirements applicable to each major program and report on internal control in accordance with 2 CFR Part 200, Appendix XI Compliance Supplement.

(b) Schedule of Findings and Questioned Costs.

(c) Financial statements and notes to the financial statements.

(d) SEFA and notes to the SEFA.

(e) Schedule of Findings and Questioned Costs

(f) Summary Schedule of Prior Audit Findings.

(g) Corrective Action Plan (if applicable).

(h) Data Collection Form.

(i) Management Letter (if applicable).

B. Required Elements of a Program-Specific Audit Reporting Package

Recipients of federal funds through contract or grant agreement who expend \$750,000 or more of federal awards from only one federal program (excluding

research and development programs) may elect to have a program-specific audit conducted if the statutes or regulations governing the federal program, or the terms and conditions of the federal award associated with that program, do not require a financial statement audit of the auditee. The audit report package must comply with the requirements of 2 CFR Part 200, Subpart F, § 200.507. At a minimum, the recipient of federal awards who qualifies to complete a program-specific audit reporting package must include the following elements:

- 1) Auditor's reports
 - (a) Independent auditor's report on the federal program, which expresses an opinion on whether the financial statements of the federal program or the Schedule of Expenditures of Federal Awards (SEFA) of the federal program are presented fairly in all material respects in accordance with the stated accounting principles.
 - (b) Report on internal control related to the federal program, which should describe the scope of the testing of the internal controls and the results of the tests.
 - (c) Report on compliance, which includes an opinion on whether the recipient of funds complied with laws, regulations, and provisions of contracts or grant agreements that could have a direct and material effect on the federal program.
- 2) Schedule of findings and questioned costs.
 - (a) Financial statements of the federal program and notes to the program's financial statements.
 - (b) SEFA for the federal program and notes to the SEFA for the federal program.
 - (c) Schedule of Findings and Questioned Costs.
 - (d) Summary Schedule of Prior Audit Findings
 - (e) Corrective Action Plan (if applicable).
 - (f) Data Collection Form
 - (g) Management Letter (if applicable).

3) Department Required Elements of SEFA Submission

In addition to the Audit Reporting Package Elements identified above, the Department requires the SEFA or the notes to the SEFA to provide the following information:

- (a) Breakdown of federal funds passed through the Department by federal grantor, Catalog of Federal Domestic Assistance (CFDA) number and name;
- (b) Grant Period Beginning/Ending Date

- (c) Program or Award Amount
- (d) Total Received During the Year
- (e) Accrued or (Deferred) Revenue at Beginning of Year
- (f) Revenue Recognized
- (g) Accrued or (Deferred) Revenue at End of Year

C. **An additional supplemental schedule is required**

All Local Governments and Nonprofit Organizations who are submitting a single audit and program specific audit in accordance with 2 CFR Part 200, Subpart F are also required to include in their single audit reporting package a supplemental schedule, which is to be subjected to an Agreed-Upon Procedures engagement. The schedule, for which an example is included in this manual as Enclosure I, is a reconciliation of the expenditures listed on the SEFA to the Federal award income received from the Pennsylvania Department of Drug and Alcohol Programs (DDAP), as noted in the revenue audit confirmation received from the Commonwealth of Pennsylvania. The procedures to be performed on the reconciliation schedule are as follows:

- 1) Agree the expenditure amounts listed on the reconciliation schedule under the “Federal Expenditures per the SEFA” column to the audited Schedule of Expenditures of Federal Awards (SEFA).
- 2) Agree the receipt amounts listed on the reconciliation schedule under the “Federal Awards Received per the audit confirmation reply from Pennsylvania” column to the subrecipient Federal amounts that were reflected in the audit confirmation reply from the Office of Budget, Comptroller Operations.
- 3) Recalculate the amounts listed under the “Difference” column.
- 4) Agree the amounts listed under the “Difference” column to the audited books and records of the Provider.
- 5) Agree the “Detailed Explanation of the Differences” to the audited books and records of the Provider.
- 6) Based on the procedures detailed in paragraphs (a) through (e) above, disclose any adjustments and/or findings which have not been reflected on the corresponding schedules (List each separately.)

D. **Department Mandated Audits**

The SCA or its subcontractor is required to have a program-specific (Yellow Book) audit if \$500,000 or more of state funds is received and expended under the grant agreement (or subcontract) during the state fiscal year and the recipient of funds is not required to have a federally mandated audit(s) in accordance with the stipulations outlined above. Such an audit must be completed in accordance with the requirements of auditing standards generally accepted in the United States of America and

Government Auditing Standards issued by the Government Accountability Office. It is important to note that Federal funds cannot be used to pay for a non-federally required audit.

1) Required Elements of a Program-Specific Audit Reporting Package - When a Department mandated program-specific audit is being performed for state funds received through the grant agreement with the SCAs, the following elements must be included in the submission of the Audit Reporting Package:

- (a) A Statement of Financial Position (balance sheet) for each appropriation or funding stream included in the grant agreement or subcontract. The statement of financial position must identify any unexpended or unused funds at the end of the audit period.
- (b) A separate Statement of Contractual Performance, which must reflect the grant agreement or subcontract budget and reporting period and include a comparison of budgeted to actual expenditures and services prepared for each appropriation or funding stream included in the audit. The schedule(s) must reconcile to the state fiscal year(s) affected.

Notes to the financial statements. The following must be included:

- (i) Definition of the reporting entity
 - (ii) Summary of significant accounting policies used in preparing the statements
 - (iii) Other informative disclosures (as necessary)
- (c) Auditor's report on the financial statements and any additional statements required in the terms of the grant agreement or subcontract. The report must identify each appropriation or funding stream included in the audit, as well as the identifier number assigned to the grant agreement or subcontract.
 - (d) Auditor's report on internal control, including where applicable, references to the requirements of the grant agreement or subcontract and the audit guidance provided by the Department. The report must identify each appropriation or funding stream included in the audit, as well as the identifier number assigned to the grant agreement or subcontract. This report must describe the scope of testing of internal control and the results of the tests, and, where applicable, refer to the separate Schedule of Findings and Questioned Costs described below.
 - (e) Auditor's report on compliance with laws, regulations and the provisions of the grant agreement or subcontract; noncompliance with which could have a material effect on the financial statements. The report must identify each appropriation or funding stream included in the audit, as well as the identifier number assigned to the grant agreement or subcontract. This report must include, where applicable, references to the requirements of the grant agreement or subcontract and the audit guidance provided by the Department.

- (f) Schedule of Findings and Questioned Costs (if applicable). This schedule must include the views of responsible officials of the SCA (or designated authority of the County) or subcontractor concerning the auditors' findings, conclusions, and recommendations. This schedule must contain all findings and questioned costs for the financial statements which are required to be reported under Government Auditing Standards. The auditor must report the following as audit findings in this schedule:
 - (i) Reportable conditions in internal control over the program(s) (state and/or federal) that provide funding under the grant agreement or subcontract. The auditor must identify reportable conditions which are individually or cumulatively material weaknesses.
 - (ii) Material noncompliance with the provision of laws, regulations, and the provisions of this grant agreement or subcontract.
 - (iii) The methodology used to estimate the total questioned costs. The auditor must evaluate the effect of the questioned costs and consider the best estimate of total costs questioned (likely questioned costs), not just the known questioned costs. In reporting questioned costs, the auditor must include information to provide proper perspective for judging the prevalence and consequences of the questioned costs.
 - (iv) Any known fraud that has an impact on the financial statements.
- (g) Corrective Action Plan (if applicable). At the completion of the audit, the SCA or its subcontractor must prepare a corrective action plan (CAP) to address each audit finding included in the audit report. The CAP must include the name(s) of the contact person(s) responsible for corrective action(s), the corrective action(s) planned, and the anticipated completion date(s) for the corrective action(s). Further, if the SCA (or designated authority of the County) or subcontractor does not agree with an audit finding, it must clearly and completely explain the nature of its disagreement with the finding in the CAP. Finally, if the contractor/grantee believes that corrective action is not required, it must provide the specific reason(s) in the CAP.
- (h) Status of Prior Audit Findings and Recommendations (if applicable). The auditor must report on the status of uncorrected findings and recommendations from prior audits that affect the current audit.
- (i) Management Letter (if applicable). If a letter is issued to management disclosing non-reportable conditions or other matters that warrant the attention of management, it must be furnished to the Department with the audit report.
- (j) Subcontractor Audit Requirements. As applicable, the SCA must have subcontractors obtain audits of their contracts in accordance with the standards outlined above.

- (k) If the grant agreement between the SCA and the Department contains language superseding the dollar threshold identified above for Department mandated audits, the superseding language takes precedence and must be used by the SCA or its designee when determining whether the subcontractors are required to have an audit performed on the subcontracts.

7.05 SUBMISSION OF AUDIT MATERIALS

The following audit submission information is applicable to the SCA or the designated authority within the County responsible for audit functions, as well as the administrative agent used by the SCA to manage the disbursement and contracting of funds for the SCA.

A. Submission of Federally Mandated Audit Reports

The audit report of federal funds must be submitted within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period.

In accordance with 2 CFR Part 200, an electronic copy of the data collection form and the audit reporting package must be submitted to the Federal Audit Clearinghouse, to include the elements delineated in 2 CFR Part 200, Subpart F.

The SCA will receive an e-mail from the Federal Audit Clearinghouse to confirm the receipt of the Single Audit/Program-Specific Audit Reporting Package. A copy of the confirmation from the Federal Audit Clearinghouse must be electronically sent to the resource account established by the Office of the Budget, Bureau of Audits at RA-BOASingleAudit@pa.gov.

Instructions and information regarding submission of the single audit/program-specific audit reporting package are available to the public on the Single Audit Submissions page of the Office of the Budget website at: [https://www.budget.pa.gov/Services/ForGranteesAndSubrecipients/Pages/Single AuditSubmissions.aspx](https://www.budget.pa.gov/Services/ForGranteesAndSubrecipients/Pages/SingleAuditSubmissions.aspx).

B. Submission for Department Mandated Audits

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

Steps for electronic submission of Department mandated audit reports:

- 1) Complete the Program-Specific Audit Reporting Package Checklist to ensure your package contains all required elements.
- 2) Upload the completed Program-Specific Audit Reporting Package along with the checklist in a single PDF file to an e-mail resource account RA-DASCAAUDIT@pa.gov. In the subject line of the e-mail you must identify the exact name on the Program-Specific Audit Reporting Package and the period end date to which the package applies.
- 3) You will receive an e-mail to confirm the receipt of your Program-Specific Audit Reporting Package, including the completed checklist.

The e-mail resource account RA-DASCAAUDIT@pa.gov may also be used to request clarity to questions as it relates to this section or specific audits.

The following audit submission information is applicable to vendors, service providers and organizations (subcontractors) under contract with the SCA.

C. Submission of Federally Mandated Audit Reports

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

In accordance with 2 CFR Part 200, an electronic copy of the data collection form and the audit reporting package must be submitted to the Federal Audit Clearinghouse, to include the elements delineated in 2 CFR Part 200, Subpart F.

The subcontractor will receive an e-mail from the Federal Audit Clearinghouse to confirm the receipt of the Single Audit/Program-Specific Audit Reporting Package.

It is the responsibility of the SCA to convey to their subcontractors the requirements associated with a Federally Mandated Audit, including the method used to confirm submission and to retrieve materials submitted to the Federal Audit Clearinghouse. The SCA or the designated authority of the County responsible for the audit functions of the County shall maintain responsibility to review audit materials submitted by their subcontractors. This review shall include measurement of compliance and the address of any non-compliance issues through the receipt, acceptance and monitoring of any Corrective Action Plans completed.

D. Submission for Department Mandated Audits

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

It is the responsibility of the SCA to convey to their subcontractors the requirements associated with a Department Mandated Audit, including the method used for submission. The SCA or the designated authority of the County responsible for the audit functions of the County shall maintain responsibility to review audit materials submitted by their subcontractors. This review shall include measurement of compliance and the address of any non-compliance issues through the receipt, acceptance and monitoring of any Corrective Action Plans completed.

7.06 AUDIT RESPONSIBILITIES

To ensure compliance with the Single Audit Act Amendments of 1996 and 2 CFR Part 200 as amended, all payments of Federal and state financial assistance made by Commonwealth agencies to local governments and other subrecipients must be identified by Federal and State dollars expended and related Federal and state financial assistance program names and numbers.

A. Single County Authority Responsibilities

1) Audits of Single County Authorities

The SCA (or the assigned county agency) is responsible for obtaining the necessary audit. A Federally mandated audit is required if the SCA expended \$750,000 or more in Federal funds. A Department mandated audit is required if the SCA expended less than \$750,000 in Federal funds but expended \$500,000 or more in State funds.

All SCA audit reports must include a note to the financial statements that defines the organization's reporting entity. The type of audit report is determined by the reporting entity of an SCA. For example, if a reporting entity note defines an SCA as being part of a county, then that SCA should be included in the county's single audit report. When the County passes funds to an entity that serves as the SCA, even if the SCA is required to have its own audit, the County's audit must include a delineation of these funds in the SEFA for the County and the funds must also be noted by the auditor in the Auditor's Report. If the SCA is defined as being independent of any other governments/organizations, then the SCA should submit its own audit report. The SCA must include any management letters disclosing non-reportable conditions or other matters involving the internal control structure as part of the audit report.

The audit report package must be submitted to the appropriate office in the Commonwealth. A Federally mandated audit must be submitted electronically to the Federal Audit Clearinghouse (as noted in 7.05 – Submission of Audit Materials). A Department mandated audit must be submitted to DDAP (as noted in 7.05 – Submission of Audit Materials).

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

- (a) Name(s) of the contact person responsible for the CAP
- (b) A description of the finding;
- (c) Specific steps to be taken to correct the situation or specific reasons why corrective action is not necessary;
- (d) A timetable for performance of the corrective action steps; and,
- (e) A description of monitoring to be performed to ensure that the steps are taken. The CAP must be submitted with the audit report.

2) Audits of Subcontractors

The SCAs must provide to their contractors at the time the contract (subaward) is executed, at a minimum, the information below regarding identification of federal awards, as required by 2 CFR Part 200 as amended. When some of this information is not available, the SCA must provide the best information available to describe the Federal award and subaward. Required information includes:

- (a) Subrecipient name (which must match registered name in Data Universal Numbering System [DUNS])
- (b) Subrecipient's DUNS number
- (c) Federal Award Identification Number (FAIN)
- (d) Federal Award Date
- (e) Subaward Period of Performance Start and End Date
- (f) Amount of Federal Funds obligated by this action
- (g) Amount of Federal Funds obligated to the subrecipient
- (h) Total Amount of the Federal Award
- (i) Federal Award Project Description
- (j) Name of Federal awarding agency
- (k) Name of Pass-Through entity
- (l) Contact Information for awarding official
- (m) Catalog of Federal Domestic Assistance (CFDA) Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement
- (n) Identification of whether the award is for research and development
- (o) Indirect Cost Rate for the Federal Award

Additionally, for cost-reimbursement contracts, the SCA must also identify in the contract, the total dollar amount provided, as well as a breakdown of those funds. This breakdown must be a percentage breakdown of Federal and state funds; or a dollar amount breakdown of Federal and state funds; or a functional or categorical breakdown of Federal and state funds. For fee-for-service contracts, this information may be submitted at the end of the agreement period but must be submitted to their contractors within 90 days of the end of the SCA's 12-month fiscal period. This is not permissible if it precludes the SCA from meeting federal or state requirements, such as the completion of the Government Performance Reporting Act.

The SCA is responsible for adapting DDAP grant agreement language and requirements regarding audits and shall include the Department's Audit

Requirements, Rev. 7/15, or any subsequent revision hereto, in their contracts with cost-reimbursement providers. The SCA shall obtain audits from these providers in accordance with Sections II, III and IV of the Department's Audit Requirements which are incorporated by reference into the SCA Agreement. The SCA, not the Department, shall be responsible for the receipt, review and resolution of such audits.

The SCA (or county designee) is responsible for receipt and review of all subcontractor audits, including federally mandated audits. The SCA shall review and resolve all findings and questionable costs on audits within six months from the date the SCA receives the report.

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

B. Subcontractor Responsibilities

The provider shall prepare a CAP to address all findings of noncompliance or internal control weaknesses disclosed in the audit report and submit it to the SCA or the designated authority responsible for audit submissions within a county. For each finding noted, the CAP must include the following:

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

C. Commonwealth Responsibilities

The Office of the Budget, Bureau of Audits, is responsible for the retrieval and review of all federally mandated Audit Report Packages posted to the Federal Audit Clearinghouse by the SCAs, Counties, and any Administrative agents that manage the contracting and disbursement of funds for the SCAs. The Bureau of Audits will forward to DDAP a Schedule of Findings and Questioned Costs from the Audit Report Package. This schedule will include the views of responsible officials of the SCA or County designee concerning the auditors' findings, conclusions, and recommendations. The schedule will contain all findings and questioned costs for the financial schedules which are required to be reported in accordance with Generally Accepted Government Auditing Standards (GAGAS). The auditor will report the following:

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

DDAP will review all findings as a result of the audit and the CAP submitted by the SCA. DDAP is responsible for the review and evaluation of reportable conditions and findings. DDAP shall ensure that the SCA complies with the implementation of all corrective actions. The audit will be resolved only after DDAP has accepted and approved all follow-up criteria. It is the policy of the Department to resolve all reportable conditions and audit findings within six months from the date of the audit submission. Additionally, it is DDAP's responsibility to reconcile the SEFA, which is forwarded to DDAP by the Bureau of Audits, to its record of payments to the SCA.

Upon completion of the review, a letter will be sent from DDAP to the County Commissioner Chairman, County Executive or SCA Board Chairperson either accepting the audit or identifying findings and/or conditions. If applicable, any further actions or instructions resulting from the identified findings and/or conditions will be identified in the letter.

DDAP is wholly responsible for the receipt and review of Department Mandated Audits, the components of which are defined in Part 7.04 of this Manual. Upon completion of the review, a letter will be sent from DDAP to the County Commissioner Chairman, County Executive or SCA Board Chairperson either accepting the audit or identifying findings and/or conditions. If applicable, any further actions or instructions resulting from the identified findings and/or conditions will be identified in the letter.

7.07 GENERAL AUDIT PROVISIONS**A. Auditor Selection**

The recipient of funds is responsible for obtaining the necessary audit and securing the services of a certified public accountant or other independent governmental auditor.

B. Questioned Costs

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

C. Additional Audits

The regulations for the licensure of freestanding treatment drug and alcohol facilities (28 Pa. Code § 709.25) require an annual financial audit, conducted by an independent certified public accountant, of activities associated with the project's drug and/or alcohol abuse services and completed in accordance with the U.S. generally accepted auditing standards (GAAS). DDAP further stipulates that the financial audits completed for licensed treatment facilities contracting with SCAs are to include supplemental schedules of revenues and expenditures for each service activity operating within a facility to assess the finances of individual programs and to assist in the rate setting process completed by the SCAs.

Additionally, the Commonwealth reserves the right for Federal and State agencies or their authorized representatives to perform additional audits if deemed necessary by Commonwealth or Federal agencies.

A SCA is not precluded from requiring additional audits of its contractors beyond what is required in this Part of the Fiscal Manual or in the Grant Agreement between DDAP and the SCA.

D. Records Retention

The recipient of funds is required to maintain records of state and Federal awards. The recipient must preserve all books, records and documents related to a contract or grant agreement for a minimum of four years from the date of final payment under the terms and conditions of that contract or grant agreement; or until all findings, questioned costs have been resolved to the satisfaction of the Commonwealth; or as required by applicable Federal laws and regulations, whichever is longer, unless the contract or grant agreement elsewhere provides for a longer period; or unless the DDAP otherwise separately agrees in writing to a shorter period. The SCA and its subcontractors must provide Federal and state agencies or their designee access to such books, records and documents for inspection, audit or reproduction.

E. Payment Confirmation Requests

This information is applicable to the SCAs (or Counties) only.

Auditors may submit e-mail requests for confirmation of Federal and state payments directly to the Bureau of Audits at: RA-AuditConfirmation@pa.gov