Mental Health Compliance

Presented by Shannon Wilks, MPA, CHC
Anchorage Community Mental Health Services

Compliance areas in the delivery of behavioral health services

- Adherence to Federal Regulations
  - HIPAA
  - 42 CFR Part 2
  - Federal Enforcement agencies
- Adherence to State Regulations
  - HIPAA
  - 42 CFR Part 2
  - State granting agencies each with different rules, regulations, and expectations
  - State Enforcement agencies
  - Increased audits including agency specific targeted audits
Compliance areas in the delivery of behavioral health services

- Adherence to Grant and Funding Requirements
  - State funding agencies (DHSS, SDS, DVR, DBH, etc.)
  - Private funding agencies (AMHTA)
  - Local funding (Municipal CDBG, HOME)
  - Private Foundations
  - Divergent reporting requirements depending on agency
  - Implementation of web-based grant application and reporting portals that are not consistent between granting agencies

Government Grants – Sources of Compliance Requirements

- OMB Cir. A-110 (2 CFR Part 215), Uniform Administrative Requirements for Grants and Agreements
- OMB Cir. A-122 (2 CFR Part 230), Cost Principles for Non-Profit Organizations
- OMB Cir. A-133, Audits of States, Local Governments, and Nonprofit Organizations
- Statutes and Regulations that Establish Specific Grant Programs (e.g., American Reinvestment and Recovery Act)
Grant Compliance Key Points

* By accepting a federal, state or private grants the recipient agrees to comply with the applicable Federal, State and private requirements and to the prudent management of all expenditure and actions affecting the award
* Every submission (e.g., Grant application, performance and financial reports, periodic certifications) is a statement to an official
* Every request for payment is viewed as a certification that the awardee is complying with all material requirements and terms
* Only Actual Authority will normally bind the government – beware of “guidance” from unauthorized government representatives

Consequences of Noncompliance

* Special oversight/review status
* Administrative sanctions
* Reduction in payments
* Termination of grant
* Suspension or debarment
* Corrective action plans
* Damage to the company’s reputation
* Risk of fines and penalties imposed by oversight agencies
### Common Sources of Compliance Problems

* Overly ambitious objectives in grant application
* Failing to ensure that sub recipient and subcontractor agreements include all required terms
* Failing to ensure that required reports are accurate and submitted on time
* Failing to obtain required Agency approvals of changes in grant program
* Failing to timely report problems affecting program or financial performance

### Grant Compliance Risk Areas

* Adequate program documentation
* Travel documentation
* Cost-sharing
* Records retention
* Separate financial administration for each award
* Violations of institutional conflict of interest rules
* Sub grantee monitoring
* Residual funds – accounting and disposition
Grant Compliance - Strategies

* Organizational Policies and Procedures
  - Accounting/Purchasing/Code of Conduct policies tailored to Grant requirements and Organization
  - Training for Key Managers and Grant Oversight Staff
* Grant Management Personnel
  - Grant Closeout and Records Retention
* Sub awards and Subcontracts Management
  - Flow-down Required and desired Requirements
  - Actively manage and monitor performance
* Regular Review of Above Items

Internal Control Issues

* Lack of segregation of duties
* Inadequate supervision and review
* Insufficient training
* Safeguarding of assets
Most Frequent Audit Findings
(National Science Foundation Study)

* Policies and procedures inadequate or absent: 24%
* Lack of Source Documentation to support costs: 18%
* Inadequate system to track, manage, or account for costs/assets: 14%
* Unallowable costs: 7%
* Lack of proper approval, certification or authorization: 6%
* Lack of sub recipient monitoring: 6%
* Inadequate or absent project, technical, or financial reports: 6%

The End

Questions?