

# **CHAMPAIGN COUNTY DEVELOPMENTAL DISABILITIES BOARD REQUIREMENTS AND GUIDELINES FOR ALLOCATION OF FUNDS**

## **INTRODUCTION**

It is the policy of the Champaign County Developmental Disabilities Board (CCDDB) that: services be provided in the least restrictive environment appropriate to the needs and desires of the individual; CCDDB funding support be community based; and CCDDB planning and funding efforts be coordinated with governmental and non-governmental providers of services.

Funds allocated by the CCDDB shall be used to contract for intellectual/developmental disability supports and services for Champaign County residents pursuant to the authority contained in the Community Care for Persons with Developmental Disabilities Act, 50 ILCS 835/0.01 et seq.

Only individuals determined to have an intellectual/developmental disability (I/DD) are eligible for services funded by the CCDDB. The definition and eligibility determination process are described in the Illinois Department of Human Services, Division of Developmental Disabilities' Program Manual and website. The Board has authority to amend eligibility criteria formally and at their discretion.

This policy should be reviewed by all agency staff responsible for contract management, including those who prepare applications for funding as well as those who record and report on contract activities, deliverables, and financials. This document offers guidance for contract compliance and clarification of expectations for fiscal accountability and financial management systems. In various sections of this document, the terms "applicant," "agency," "organization," and "provider" refer to the entity seeking or receiving funding from the CCDDB. Acceptance of CCDDB funding establishes a legal obligation on the part of the contracted agency to use the funding in full accordance with the provisions, terms and conditions of the contract. The funded agency assumes full responsibility for the conduct of project activities and deliverables and is responsible for meeting CCDDB compliance standards for financial management, internal controls, audits, and periodic reporting. An individual contract, once awarded, will contain additional details.

## **GENERAL AGENCY AND ADMINISTRATIVE REQUIREMENTS**

### **1. Eligibility for CCDDB Funding**

- (a) An applicant for funding may be an individual or a public or private entity providing I/DD supports and services to residents of Champaign County.
- (b) An individual/sole proprietor who is appropriately certified or licensed by the applicable state or national entity, and who demonstrates capacity for appropriate service, financial, and administrative accountability and stability, is eligible to apply for funding.

- (c) Not-for-profit corporations are eligible to apply for funding. The agency must be chartered as a not-for-profit corporation in the State of Illinois and must be established as a Section 501 (C) (3) under the Internal Revenue Code. The agency must have a board of directors representative of the service area. Consistent with the Internal Revenue Service conflict of interest policy, no staff member of the agency or relative of a staff member will be allowed to serve on the agency board.
- (d) For-profit organizations are eligible to apply for funding provided they meet other listed requirements and have a community based advisory committee representative of the service area and approved by the CCDDDB.
- (e) The CCDDDB and Champaign County Mental Health Board (CCMHB) may administer other funds on behalf of the Champaign County Board. An intergovernmental agreement will be executed between the respective boards defining the purpose, term, payment, and mutual responsibilities of the parties in the management of the funds. Any such activity shall have a direct relationship to the mission of the CCDDDB or CCMHB. The management of such funds will comply with the CCDDDB and/or CCMHB Funding Guidelines.
- (f) Government agencies are eligible to apply with the caveat that there has been a presentation and formal review of the capability of the agency to fund the services and that funding was not available. Those with authority to raise a tax which can be used to pay for the desired services may not be eligible.
- (a) Departments and units within the University of Illinois and Parkland College related to the mission of the CCDDDB are eligible to apply, provided other funds are not available to support the services.

**2. Administrative Requirements of Applicants**

- (a) Corporate bylaws at a minimum shall: encourage consumer representation on the board; require that at least one board member be a resident of Champaign County; prohibit board service by relatives of agency staff; specify the number of members of the board and include a mandatory board rotation policy; reference term limits for each board office; describe policies for recruitment, nomination, and election of board members and officers; address removal and replacement of board members; include an indemnification clause; and describe committee structures.
- (b) The provider must have its principal offices located within Champaign County. Exceptions must be approved by the CCDDDB, and if the corporate board of directors is not local and the application is approved, the provider must have a local advisory board with a mechanism for providing direct input to the board of directors.
- (c) The provider must not discriminate in the acceptance of clients, employment of personnel, appointment to the board of directors, or in any other respect on the basis of race, color, religion, gender, sexual orientation, national origin, ancestry, disability, or on any other basis prohibited by law. Services shall not be denied based on a client's inability to pay.
  - (i) Any recipient of funds is required to submit a statement by its director certifying that it does not discriminate in the acceptance of clients, employment of personnel, appointment of members of the board of directors,

- or in any other respect, on the basis of race, color, religion, national origin, ancestry, gender, sexual orientation, or physical or mental disability.
- (ii) Should any written charge or complaint of discrimination be made against an organization receiving funds, its employees, or agents in any court or regulatory or administrative body (whether federal, state, or local), the organization shall furnish a copy of said charge or complaint to the CCDDDB. Said organization shall comply with any reasonable request for information about the status of said charge or complaint. The obligations imposed by this paragraph shall be subject to and subordinate to any claim of legal privilege and any non-waivable legal requirement of confidentiality imposed by statute, administrative rule or regulation, local ordinance, court order, pre-existing contract, or collective bargaining agreement. Failure to comply with this provision shall result in immediate termination of the contract.
  - (iii) The CCDDDB reserves the right to conduct its own investigation into any charge or complaint of a violation of this non-discrimination requirement.
  - (iv) By this non-discrimination requirement and any efforts by the CCDDDB, its agents, or employees to enforce it, the CCDDDB assumes no responsibility for enforcement of or compliance by the recipient organization with any applicable federal, state, or local laws, regulations, or ordinances prohibiting discrimination. An organization receiving funds must agree to indemnify and hold harmless the CCDDDB for any liability accruing to it for any charges or complaints of discrimination or similar civil rights violations based upon the acts of the organization receiving funds, its agents, or employees, and premised on the CCDDDB's provision of these funds.
- (d) The provider shall develop, implement, and report on a Cultural and Linguistic Competence Plan for the agency's administration, staff, clients, and governance board and aligned with National Culturally and Linguistically Appropriate Services standards as set forth by the US Department of Health and Human Services.
  - (e) The provider shall demonstrate a willingness and ability to enter into networking agreements or contracts with other providers to avoid overlapping services and to ensure best outcomes for people using or seeking those services. Said agreements must be updated and on file annually. Because of the CCDDDB's commitment to the principle of continuity of care, agencies and programs must demonstrate a commitment to work cooperatively with all CCDDDB-funded and CCMHB-funded agencies and programs and such other health and human service agencies as are appropriate to the target population. Detailed working agreements with particular agencies with which the agency and program have a similar mission may be required by the CCDDDB.
  - (f) The provider will be expected to:
    - (i) Make available for inspection by the CCDDDB copies of site, monitoring compliance, licensure/certification, evaluation, and audit visit reports performed by any funding authority.
    - (ii) Cooperate fully in program evaluation and monitoring as conducted by CCDDDB staff.
    - (iii) Make available for inspection by the CCDDDB copies of any request/application for new or adjusted funding in any program within the agency funded in whole or part by the CCDDDB.

- (iv) Make available for annual inspection by the CCDDDB copies of all agency budget applications, provider plan forms, program service and funding plans, service agreements and fiscal reports prepared for the Department of Human Services, United Way, Department of Children and Family Services, or any other funding authority.
- (v) Provide services to each eligible client in accordance with a written individual plan (where applicable) which identifies client needs and assets as determined by assessment. At a minimum, the plan will describe long term goals, measurable short-term objectives and expected outcomes of services with evaluative updates at least annually. Client files (where applicable) shall reflect written documentation of service units billed for reimbursement.
- (vi) Comply with all applicable Illinois and Federal laws and regulations with respect to safeguarding the use and disclosure of confidential information about recipients of services.
- (g) Admission and discharge policies and procedures shall be set forth in writing and be available for review.
- (h) Professional staff must be licensed, registered, or certified by the State of Illinois, as applicable to the discipline and current Illinois regulations/requirements.
- (i) All program facilities shall be in compliance with applicable State of Illinois licensure requirements and local ordinances with regard to fire, building, zoning, sanitation, health, and safety requirements.
- (j) All programs shall certify that they do not use CCDDDB funds:
  - (i) To engage in proselytizing activities with consumers and/or require worship or religious instructional activities as a condition of participation.
  - (ii) For direct or indirect medical (physical health) services that are not related to intellectual/developmental disabilities.
  - (iii) For programs or services under the jurisdiction of public school systems.

### 3. **Accreditation Requirements for Eligible Organizations**

All CCDDDB funded agencies and programs shall strive to conform to appropriate standards established by recognized accrediting bodies in their field of services. For example, the CCDDDB recognizes the standards promulgated by the following accrediting bodies as indicative of acceptable agency and program performance: Commission on Accreditation of Services for Families and Children, Joint Commission on Accreditation of Health Care Organizations, Commission on Accreditation of Rehabilitation Facilities, and the Council on Quality and Leadership.

Accredited agencies and programs shall provide the CCDDDB with copies of relevant documents and correspondence between the agency and the accrediting body regarding agency and program compliance with accreditation standards. CCDDDB staff shall determine what documents and correspondence are relevant for the CCDDDB monitoring purposes.

### 4. **Organization Requirements in Lieu of Accreditation**

All CCDDDB funded agencies and programs not accredited by a recognized accrediting body shall make available for annual inspection by the CCDDDB copies of the organization's policies and procedures including standard operating procedures (SOP) along with credentials of key staff (i.e., resumes). Quality management mechanisms must

be described in detail. CCDDDB staff may develop, make available to agencies, and periodically review a set of compliance indicators. The agency shall meet or exceed all compliance indicators as set forth by the CCDDDB and its staff.

**5. Organization Board Meetings**

Agency governing boards must notify the CCDDDB of all board meetings, meet in session open to the CCDDDB, with the exception of sessions closed in conformity with the Open Meetings Act, and provide CCDDDB with copies of minutes of all open meetings of the governing board. A request for a waiver or modification of the requirement to provide copies of all minutes may be made and considered as part of an individual contract negotiation.

**6. Financial Requirements**

- (a) The organization shall be managed in a manner consistent with sound fiscal standards and shall maintain written policies and procedures regarding its financial activities, including but not limited to payroll, purchasing, cash management, relevant fee schedules, contracts, and risk management. The funded agency should choose methods appropriate to the size of the organization and the scale of operations. Funded agencies will be expected to meet the standards specified in the contract, and failure to do so may be cause for suspension of payment or termination of the contract. In addition, an agency not in compliance with financial management standards shall not be eligible for CCDDDB or CCMHB funding for three years; eligibility may be reestablished after that period by demonstrating that the compliance issue has been corrected and no others exist.
- (b) An approved provider plan indicating projected levels of expenses and revenues is required for each CCDDDB funded program.
- (c) The salaries and position titles of staff charged to CCDDDB funded programs must be delineated in a personnel form incorporated into the contract. Employees whose salaries are charged in whole or part to a CCDDDB contract must maintain personnel activity reports to account for all compensated time spent on other activities.
- (d) CCDDDB funds are restricted for use in the program(s) described in the contract(s) concerning obligation of funding. CCDDDB funds more than actual reimbursable expenses by the program are subject to recovery upon completion of an independent audit, financial review, or compilation, as required (per Audit and Financial Accountability Requirements, below).
- (e) Organizations will establish and maintain an accrual accounting system in accordance with generally accepted accounting principles to include a level of documentation, classification of entries, and audit trails.
  - (i) Amounts charged to CCDDDB funded cost centers for personnel services must be based on documented payrolls. Payrolls must be supported by time and attendance records or by employment contracts for individual employees.
  - (iii) The organization shall have accounting structures that provide accurate and complete information about all financial transactions related to each separate CCDDDB contract.
  - (iv) Contract expenditure records must tie back to cost categories indicated in the final contract budget, including indirect cost charged to the contract. Actual expenditures will be compared with budgeted amounts. Variances greater than

- the threshold identified in the contract should be explained and may require approval by contract amendment.
- (v) Financial records must be supported by source documentation such as cancelled checks, invoices, contracts, travel reports and personnel activity reports. The same costs shall not be claimed and reported for more than one CCDDDB contract or programs funded by other funding sources.
  - (vi) Financial records shall be maintained on a current month basis and balanced monthly.
  - (vii) Costs may be incurred only within the term of the contract, and all obligations must be closed out no later than thirty (30) calendar days following the contract ending date.
  - (viii) All fiscal records shall be maintained for seven (7) years after the end of the contract term.
  - (ix) The CCDDDB may establish additional accounting requirements for a funded program or agency. An agency may be required to engage the services of an independent audit firm during the term of the contract in order to implement adequate financial management systems for full compliance.
- (f) CCDDDB funds may only be used for expenses that are reasonable, necessary, and related to the provision of services as specified in the contract. All allowable expenses that can be identified to a specific CCDDDB funded program should be charged to that program on a direct basis. Allowable reimbursable expenses not directly identified to a CCDDDB funded program must be allocated to all programs, both funded and non-funded.
- (g) The following expenses are non-allowable:
- (i) Bad debts.
  - (ii) Contingency reserve fund contributions.
  - (iii) Contributions and donations.
  - (iv) Entertainment.
  - (v) Compensation for board members.
  - (vi) Fines and penalties.
  - (vii) Interest expense.
  - (viii) Sales tax.
  - (ix) Purchase of alcohol, tobacco, and non-prescription drugs.
  - (x) Employee travel expenses in excess of IRS guidelines.
  - (xi) Lobbying costs.
  - (xii) Depreciation costs.
  - (xiii) Rental income received must be used to reduce the reimbursable expense by CCDDDB funds for the item rented.
  - (xiv) Capital expenditures greater than \$1,000 unless funds are specified for such purpose.
  - (xv) Supplanting funding from another revenue stream. The CCDDDB may delay allocation decisions when anticipated funds from other sources may be influenced by their decisions.
  - (xvi) Supplementation of state or federal funds and/or payments subject to the coordination of benefits.
  - (xvii) Expenses or items not otherwise approved through the budget or budget amendment process.
  - (xviii) Expenses incurred outside the term of the contract.

- (xix) Contributions to any political candidate or party or to another charitable purpose.
- (xx) Excessive administrative costs including:
  - Any indirect administrative cost rate in excess of 20% (subject to review by the CCDDDB) of the non-administrative portion of the budget, unless approved by the CCDDDB.
  - Any indirect administrative costs that exceed those approved in the program/service budget.
  - Any indirect administrative costs for which an organization's cost allocation plan has not been submitted and deemed acceptable to the CCDDDB.
- (h) Funded agencies shall provide safeguards for all funds provided through CCDDDB contracts to assure they are used solely for authorized purposes. Further, control will be enhanced if the duties of agency staff are divided so no one person handles all aspects of a transaction from start to finish. Although complete separation of functions may not be feasible for a small agency, a measure of effective control may be achieved by planning staff assignment of duties carefully. Some examples of techniques for improving internal controls are:
  - (i) Cash receipts should be recorded immediately and deposited daily. Deposits should be reconciled by a second party.
  - (ii) All bank accounts should be reconciled on a monthly basis by someone other than the person who signs the checks.
  - (iii) Checks to vendors should be issued only for payment of approved invoices, and supporting documents should also be recorded. The staff member responsible for issuing check payments should not have signing authority.
  - (iv) The staff person responsible for the physical custody of an asset should not have responsibility for keeping records related to that asset.

## **ALLOCATION AND DECISION PROCESS**

1. All CCDDDB allocation and contracting decisions are made in meetings open to the public. Allocation decisions will be based on statutory mandates, priorities and defined criteria related to the findings of various needs assessment activities sponsored by the CCDDDB. To the extent possible, final decisions will be predicated on how well an application matches up with the statutory mandates, priorities, and criteria.
2. The CCDDDB application for funding process shall include the following steps:
  - (a) A minimum of 21 calendar days prior to the application period start date, public notification of the availability of funding shall be issued via the News Gazette and/or other local news publications. This has typically occurred during the month of December. This announcement will provide information necessary for an organization to access application materials and submit an application for funding.
  - (b) Funding priorities and criteria will be approved no later than the December Board meeting.
  - (c) All potential applicants must register with the CCDDDB. Information on the registration process will be provided by the CCDDDB upon request. Access to application forms and instructions follows completion of the registration process.

- (d) Technical assistance by Board staff may be requested at any time prior to the due date of the application, with the caveat that availability may be limited in the final week.
- (e) Completed application(s) will be due on a date specified in the public notice. The due date will generally be in February. The CCDDDB may extend the deadline due to extenuating circumstances by posting notice of the extended deadline to the CCDDDB online application system.
- (f) Access to application(s) will be provided to member(s) of the CCDDDB upon a member(s) request and in a medium preferred by the member.
- (g) The CCDDDB may require some or all applicants to be present at a Board meeting to answer questions about their application(s).
- (h) Staff will complete a program level summary of each agency application, for review and discussion by the CCDDDB at the April Board meeting. Program summaries will include fiscal and service data, population served, and expected outcomes in relation to the funding priorities and criteria and goals of the Board. In addition, a decision support “match-up” process comparing the application to established and contemporaneous CCDDDB criteria will be provided.
- (i) Staff will complete preliminary funding recommendations for CCDDDB review and discussion at the May Board meeting. The recommendations will be presented in the form of a decision memorandum. The CCDDDB shall review, discuss, and come to a decision concerning authorization of funding and a spending plan for the contract year.
- (j) Once authorized by the CCDDDB, staff will implement the spending plan and initiate the contracting process. Within the context of the final recommendations, staff are authorized to negotiate and complete the contracts. Execution of the contracts requires the signatures of the respective Executive Directors, agency Board President, and the CCDDDB President. The contract period is July 1 through June 30. Contracts may be for one or two years. Types of programs eligible for a multi-year contract period shall be defined by the CCDDDB as part of the funding priorities and criteria.
- (k) Allocation decisions of the CCDDDB are final and not subject to reconsideration.
- (l) The CCDDDB does not consider out-of-cycle funding requests or proposals.

## **AWARD PROCESS, CONTRACTS, AND AMENDMENTS**

### **1. Award Procedures**

Agencies awarded CCDDDB funds shall receive written notification indicating program allocation(s). This will state the amount of the funds awarded, the effective time period of the award, name of program application receiving the award, and any additional conditions, stipulations, or need for a negotiation of provisions attached to the award. A separate Contract Process and Information sheet is to be reviewed and signed by agency staff, and other documents may be required prior to execution of the contract, such as a letter of engagement with independent CPA firm or certificate of insurance.

### **2. Contracting Format and Implementation Procedures**

The contract shall include: standard provisions, (optional) special provisions, the program plan, personnel form (if applicable), rate schedule (if a fee for service contract), Business Associate Agreement (if service claims are to be entered), budget, required financial

information, and agency Cultural and Linguistic Competence Plan. Completion of the contract requires the signatures of authorized representatives of the CCDDDB and the provider. Subsequent to execution of the contract, any change or modification requires a contract amendment.

### 3. **Types of CCDDDB Contracts**

#### (a) Grant Contract

Payment is predicated on the budget and obligations associated with the contract. Typically, payments are divided equally (i.e., 1/12 of the contract maximum per month) over the term of the contract, with May and June payments combined and released in June. Reconciliation takes place in the last quarter of the contract term. Accountability is tied to defined performance measures with targets and benchmarks. The annual renewal of a contract is subject to the allocation process and may result in re-negotiation of terms based on provider performance, needs assessment findings, or a desire by the CCDDDB to redirect funding in response to a change in goals, objectives, or priorities. The decision to use the grant contract format rests with the CCDDDB and is based on the appropriateness of this format to the objectives of the program plan.

#### (b) Fee for Service Contract

Payment is driven by retrospective billing for units of service provided within the constraints of the contract maximum. Typically, an “advance and reconcile” approach is used, with six monthly payments of 1/12<sup>th</sup> the contract maximum from July through December, and subsequent payment amounts based on reconciliation against billings beginning in January. Billing must be relatively proportional over the course of the contract term. Whenever possible and appropriate, CCDDDB contracts will establish rates based on those used by the State of Illinois. Fee for service contracts may be converted to a grant or value based payment structure.

#### (c) Consultation Contract

Payment is tied to a specific task or activity defined in the program plan. Typically, payment is tied to an hourly rate or completion of specific tasks (i.e., deliverables). Approved expenses associated with the consult shall be defined in the contract. Consultation contracts are not subject to the allocation process referenced above but rather are negotiated by the Executive Director with Board President approval, with full board approval sought when deemed appropriate by the Board President.

#### (d) Special Initiative Contract

The format can be either grant or fee-for-service. Most approved applications from “new” providers shall be classified as special initiatives for a period up to three years.

#### (e) Capital Contract

Terms and conditions are directly tied to expenditures for capital improvements or equipment purchases. Payment is driven by an approved spending plan and/or invoices associated with approved items.

#### (f) Intergovernmental Agreement

The CCDDDB, at its discretion and with agreement of the Champaign County Board, may enter into an intergovernmental agreement with other units of government for the delivery of services.

### 4. **Later Effective Dates**

Along with decisions for contract awards to be funded as of July 1, the Board may make decisions about awards which would go into effect later in the contract/program year, in the event of additional available revenues which can be allocated to contracts.

#### 5. **Contract Amendments**

The need for a contract amendment is driven by a change in conditions delineated in the original agreement. The provider is required to report changes that modify the administrative structure and/or implementation of the program or financial plan. It is recognized that programs are dynamic, and it is prudent to make budget and program adjustments to better meet overall goals and objectives.

- (a) The provider shall submit a written, formal request for an amendment to initiate the amendment process. All requests should describe the desired change(s) to the contract, as well as the rationale for the change(s). Supporting documentation may be included when appropriate. The final decision regarding whether an amendment is necessary rests with the CCDDDB Executive Director.
- (b) Upon review of quarterly reports or other agency contract data, Board staff may contact the provider to discuss a possible contract amendment.
- (c) In general, decisions about amendments fall under the purview of staff and are executed by the Board President and Executive Director without formal action by the Board. The Board shall be informed of all contract amendments.
- (d) Proposed amendments to redirect funds between contracts awarded to a single agency may be considered during the contract year, provided there is not an increase in total funding to the agency.
- (e) At their discretion, the Board President or the Executive Director may ask for a full CCDDDB review and approval of a proposed amendment at the next regularly scheduled meeting, including a request to increase or decrease to any contract award amount.
- (f) Proposed amendments that redirect approved dollars between agencies shall require the formal approval of the CCDDDB.

#### **GENERAL REQUIREMENTS FOR CCDDDB FUNDING**

1. CCDDDB contracts shall specify the relationship between funding and services to be provided. Funding shall not be used for purposes other than those specified in the contract unless the contract has been amended.
2. The provider shall not use CCDDDB funds to establish or add to a reserve fund.
3. CCDDDB funds shall not be used for purposes related to construction of facilities or purchase of equipment unless capital improvement is the express purpose of the contract or is approved as part of the program plan.
4. CCDDDB may provide advance payment(s) to the provider under contract with the Board. Any advance payment will be reconciled against financial reports or other method as defined by CCDDDB. Request for advance payment will follow the contract amendment process.

5. Providers shall maintain accounting systems utilizing an accrual basis of accounting in accordance with generally accepted accounting principles, including expense and revenue classifications that can accurately and appropriately report and verify financial transactions using CCDDDB forms and comply with the provisions for audits. Providers may be required to institute special accounting procedures to resolve identified problems in financial accountability.
6. Providers shall notify the CCDDDB of any applications for funding submitted to other public and private funding organizations for services funded by the CCDDDB, especially those that could result in a funding overlap.
7. **Provider Reporting Requirements**
  - (a) Financial and service reporting requirements are delineated in the contract and are subject to revision from year to year. In general, quarterly financial and program reports are required for all fee for service, special initiative, and grant contracts. Quarterly financial reports and monthly billings are required for fee for service contracts. Cultural and Linguistic Competence Plan progress reports are required twice a year per funded agency. Reports of outcomes experienced by people served are due annually for each program.
  - (b) Change in the provider's corporate status shall be reported within 30 calendar days of the change.
  - (c) Change in the provider's accreditation status shall be reported within 30 calendar days of the change.
  - (d) The provider shall notify the CCDDDB about accreditation and/or licensing site visits by the State of Illinois or accrediting organizations.
  - (e) Additional reporting requirements may be included as provisions of the contract.
  - (f) To avoid compliance actions as described in Section 9 (below), deadlines for submitting required reports and documents should be observed and met. All deadlines are posted publicly and in advance and have been established to give agencies adequate time to prepare reports. Late, incomplete, or inaccurate reports may cause a delay in CCDDDB staff review and response. Revision or creation of reports after a deadline may also have inadvertent negative impacts on the online application and reporting system and its many users.

An extension of a deadline may be requested in writing and, in most cases, by using the request form which is available in the online system reporting section. This form should be completed and sent to the appropriate CCDDDB staff members prior to the deadline, for full consideration and for staff to facilitate access to the system's reporting and compliance sections. Board staff may approve these requests at their discretion.

**IMPORTANT NOTE:** Board staff are not authorized to approve extensions of deadlines for the submission of applications for funding or for annual independent audit, review, or compilation reports. In such situations, the full Board may consider an agency request presented to them during a Board meeting. To make a formal written request, the agency should provide full information to the CCDDDB staff at least ten (10) calendar days in advance of the Board's regular or special meeting. The Board has complete discretion to approve or disapprove a request for extension.

**8. Monitoring and Evaluation**

- (a) CCDDDB staff shall conduct provider financial and program site visits no less than every two years for the purposes of verifying reported financial and service information and reviewing compliance with the approved Program and Financial Plan.
- (b) CCDDDB shall survey all non-accredited agencies and programs for compliance with CCDDDB Requirements in Lieu of Accreditation on an annual basis.
- (c) CCDDDB staff may seek information to demonstrate continued compliance of all agencies and programs with appropriate standards in the interim between accreditation or certification surveys. Such information may address both individual agency and program issues, as necessary, and system-wide issues and may be obtained through such activities as periodic reports, on-site reviews, and special studies.
- (d) CCDDDB staff shall conduct desk reviews of agency program activity and financial reports, typically submitted each quarter; additional information or revisions may be requested.
- (e) CCDDDB staff shall conduct desk reviews of agency CLC Plan Action Steps and required training conducted within the organization. Agencies' progress reports are typically submitted after the second and fourth quarters; additional information or revisions may be requested.
- (f) The primary responsibility for on-going evaluation of services rests with the agencies and programs. For the CCDDDB to monitor these activities, agencies and programs shall submit at least annually a report of the outcomes achieved by CCDDDB-funded programs, in accordance with their annual Program Service Plan. This report shall also indicate how their results are used in agency and program management.
- (g) Additional monitoring and evaluation activities may be included as provisions of the contract.

**9. Non-Compliance with the Terms and Conditions of the Contract**

- (a) The CCDDDB Executive Director or their representative shall notify the provider Executive Director and provider Board President in writing of any non-compliance issue.
- (b) Corrective Action: If the compliance issue results from Board staff review of required agency reports or documents or from site visit findings, a Corrective Action Plan may be appropriate. If so, CCDDDB staff will notify the provider in writing, and the provider shall respond with a written corrective action plan within 14 calendar days of the postmark of CCDDDB staff notification. This Plan should identify a timeline for correction of the deficiency. Upon approval of the plan, CCDDDB staff shall monitor implementation. If corrective action is not implemented within specified time frames, action may be taken to reduce, suspend, or terminate funding.
- (c) Suspension of Funding: Cause for suspension of funding shall exist when the provider fails to comply with terms of the award letter, terms and conditions of the contract, or CCDDDB monitoring and reporting requirements.
- (d) The following procedures will be followed in the process of suspension of funding:
  - (i) The provider Executive Director and provider Board President shall be notified in writing, via certified mail, return receipt requested, by CCDDDB staff that the agency funding has been suspended. The provider is responsible for sharing and updating accurate contact information.

- (ii) The notification of suspension will include a statement of the requirements with which the provider is in non-compliance, the effective date of the suspension, and any conditions deemed appropriate for the agency to meet before termination of the suspension.
  - (iii) If the provider disagrees with a compliance action, they may appeal as set forth below.
- (e) Reduction of the Contract Maximum: Cause for reduction of the grant award amount shall exist when a provider fails to expend CCDDDB funds or deliver services in accord with the contract, which includes approved Agency Program and Financial Plans. The following procedures will be followed in the process of reduction of funding:
- (i) The reduction of the grant amount shall be in an amount determined by action of the CCDDDB.
  - (ii) The provider Executive Director and provider Board President shall be notified, in writing, via certified mail, return receipt requested, by CCDDDB staff that the contract maximum is being reduced. To ensure delivery of this and all communications, the provider is responsible for sharing and updating accurate contact information within the online reporting system and by email to CCDDDB staff.
  - (iii) The notification of reduction will include a statement of the cause for reduction and of the amount by which the grant amount is reduced.
  - (iv) Within thirty (30) calendar days of the effective date of reduction, the agency may request a re-allocation of the amount by which the funding was reduced. If the reduction is identified after the contract period has ended, e.g., upon review of fourth quarter financial reports or independent audit, review, or compilation, reallocation is not likely to be approved.
- (f) Termination of Funds: Due cause for termination of a contract exists when a provider fails to take adequate action to comply with CCDDDB requirements within ninety (90) calendar days of notification of suspension of funding; or repeatedly fails to comply with requirements of the CCDDDB as stated in the notification of award, in the contract, in the applicable provisions of this document, or as a result of CCDDDB staff monitoring. The following procedures will be followed in the process of termination of funding:
- (i) The provider Executive Director and provider Board President shall be notified, in writing, certified mail, return receipt requested, by the CCDDDB Executive Director or other staff that termination of funding is being recommended to the Board. To ensure delivery of this and all communications, the provider is responsible for sharing and updating accurate contact information within the online reporting system and by email to CCDDDB staff.
  - (ii) The notification of possible termination will include: a statement of the requirements with which the provider is non-compliant; a statement of the actions of the CCDDDB taken to urge the provider to avert termination and move to compliance with CCDDDB requirements; a statement of the responses of the agency; and the effective date of the recommended termination.
  - (iii) The CCDDDB shall consider and take action on the termination of funding at the next regularly scheduled meeting following the notification of the agency, or at an intervening special meeting if it so chooses.

- (g) Appeal procedures: The CCDDDB Executive Director shall be responsible for implementing and interpreting the provisions pertaining to appeals. The Executive Director may delegate monitoring responsibility to other CCDDDB staff. The following procedures will be followed in the appeal of suspension, reduction, or termination of funding:
- (i) The provider may appeal the decision to suspend, reduce, or terminate funding by submitting a written request within fourteen (14) calendar days of the postmark of CCDDDB staff notification.
  - (ii) The written formal appeal should include the reasons for reconsideration and, at minimum: (1) a thorough explanation of what happened to cause the noncompliance; (2) proof of corrective action that has been taken, or is underway, to ensure that the root cause has been addressed and will not happen again; (3) a plan for additional reporting by the agency and possible additional oversight by CCDDDB relevant to the noncompliance for the remainder of the contract; and (4) other evidence relevant to the decision.
  - (iii) CCDDDB shall review the information from the CCDDDB Executive Director and the agency at the next available regular meeting or at an intervening special meeting if the Board President so chooses. All written materials for consideration should be submitted by the provider a minimum of ten (10) calendar days prior to the meeting of the Board. The agency shall be afforded the opportunity to discuss the issue with the CCDDDB prior to a final decision. Additional information may be required for the CCDDDB to arrive at their final decision.

## **AUDIT AND FINANCIAL ACCOUNTABILITY REQUIREMENTS**

In the course of doing business, agencies funded by the CCDDDB should maintain a state of audit readiness. This means records relevant to financial and program aspects of contracts must be readily accessible. Failure to provide accurate and reliable information could result in questioned costs and disallowances. All funded agencies awarded contracts for direct services as part of the normal allocation cycle are required to have either an audit, financial review, or compilation conducted by an independent certified public accountant (CPA) registered by the State of Illinois, for the term of the CCDDDB contract and following the close of its fiscal year. These reports must contain schedules using CCDDDB/CCMHB approved source clarifications for reporting operating income and operating expenses. Contracts with consultants and other specified vendors are exempt from this requirement.

**Prior to the execution of a contract between the provider and the CCDDDB, the provider will demonstrate engagement with an independent CPA firm, through a letter from the firm stating that they will be performing the audit, review, or compilation, and specifying the timeline. If the CPA firm does not include a date of completion in the letter of engagement, the agency should estimate the date and share relevant information to Board staff, to demonstrate efforts at timeliness.**

### **1. Independent Audit (for agencies with \$500,000 total revenue or greater)**

- (a) An independent CPA firm, licensed in the State of Illinois, performs an audit to provide a high level of assurance regarding the accuracy of financial statements,

resulting in a formal report expressing an opinion on the presentation of the financial statements, identifying any significant or material weaknesses in internal control.

- (b) The resultant audit report is to be prepared in accordance auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in “Government Auditing Standards,” issued by the Comptroller General of the United States. The report shall contain the basic financial statements presenting the financial position of the agency, the results of its operations, and changes in fund balances. The report shall also contain the auditor’s opinion regarding the financial statements, taken as a whole, or an assertion to the effect that an opinion cannot be expressed. If the auditor expressed a qualified opinion, a disclaimer of opinion, or an adverse opinion, the reason therefore must be stated. Supplementary Information (see below) will also be required with the audit.
- (c) A funded agency with total revenue of \$500,000 or greater will be required to have an audit performed by an independent audit firm. An agency with total revenue of less than \$500,000 and greater than \$50,000 may choose or be required by the CCDDDB to have an independent audit performed.
- (d) If a funded agency provider is not required by another funding organization (e.g., state government, federal government, a foundation, etc.) to have an audit completed, and if one is to be completed for the CCDDDB contract, the funded agency may budget for and charge up to \$19,000 (total) to CCDDDB for costs associated with this requirement.

**2. Independent Financial Review (for agencies with total revenue over \$50,000 and below \$500,000)**

- (a) An independent CPA firm licensed in the State of Illinois performs a review to provide a basic level of assurance on the accuracy of financial statements, based on inquiries and analytic and other procedures, and narrower in scope than an audit.
- (b) The resultant report is to be prepared in accordance with standards generally accepted in the United States of America. The report shall contain the basic financial statements presenting the financial position of the agency, the results of its operations, and changes in fund balances. Some of the supplementary information required for an audit will also be required in a review (see below).
- (c) A funded agency with total revenue of less than \$500,000 and greater than \$50,000 will be required to have a financial review performed by an independent audit firm. If the agency chooses or is required by another organization to have an independent audit, then a financial audit shall be completed in lieu of a review. This should be made clear prior to contract execution.
- (d) If a funded provider is not required by another funding organization (e.g., state government, federal government, a foundation, etc.) to have a financial review, and if one is to be completed for the CCDDDB contract, the funded agency may budget for and charge up to \$13,000 (total) to CCDDDB for costs associated with this requirement.

**3. Compilation (for agencies with total revenue below \$50,000)**

- (a) An independent audit firm licensed in the State of Illinois prepares a compilation report on financial statements, not providing a level of assurance but rather considering whether the financial statements appear appropriate in form and are free from obvious material misstatements.

- (b) The resultant report is prepared in accordance with standards generally accepted in the United States of America. Some of the supplementary information required for an audit will also be required in a compilation (see below).
- (c) A funded agency with total revenue of \$50,000 or less will be required to have a compilation performed by an independent audit firm.
- (d) If a funded agency provider is not required by another funding organization to have a compilation, and if one is required for the CCDDDB contract, the funded agency may budget for and charge up to \$7,000 (total) to CCDDDB for costs associated with this requirement.

#### 4. Shared Cost

In the event that the funded provider is required by another funding organization to have an independent audit, financial review, or compilation, the cost is to be pro-rated across revenue sources. Audit, Financial Review, and Compilation cost limits still apply.

#### 5. Supplementary Information (required of all agencies, regardless of total revenue)

The following supplementary financial information shall be completed by an independent CPA firm and included in the audit or review or compilation report (and failure to do so will make the report unacceptable):

- (a) Schedule of Operating Income by CCDDDB-Funded Program: This schedule is to be developed using CCDDDB approved source classification and format modeled after the CCDDDB Revenue Report form. Detail shall include two separate columns per program listing total program as well as CCDDDB-Funded only revenue. Individual sources of income should not be combined. Example: Funds received from several state or federal agencies should not be combined into one classification, such as “State of Illinois” or “Federal Government.”
- (b) Schedule of Operating Expenses by CCDDDB-Funded Program: This schedule is to be developed using CCDDDB approved operating expenses categories and format modeled after the CCDDDB Expense Report form. Detail shall include two separate columns per program listing total program as well as CCDDDB-Funded only expenses. The statement is to reflect program expenses in accordance with CCDDDB reporting requirements including the reasonable allocation of administrative expenses to the various programs. The schedule shall **exclude** any expense charged to the Board from the list of non-allowable expenses (above).
- (c) CCDDDB Payment Confirmation: CCDDDB payment confirmation made to an agency required by the independent auditor during the course of the audit or review or compilation is to be secured from the CCDDDB office.
- (d) For Audit Only, Auditor Opinion on Supplementary Information: The independent auditor should clearly establish his/her position regarding the supplementary financial information presented in the Schedule of Operating Income by CCDDDB-Funded Program and Operating Expenses by CCDDDB-Funded Program. This can be done either by extending the overall opinion on the basic financial statements or by a supplementary opinion. If the independent auditor determines that the additional procedures necessary to permit a supplementary opinion on the schedules of operating income and expenses would materially increase the audit time, he/she may alternatively state the source of the information and the extent of his/her examination and responsibility assumed, if any.

- (e) Capital Improvement Funds: If the agency has received CCDDDB capital improvement funds during the last year, the audit or review or compilation shall include an accounting of the receipt and use of those funds.
- (f) For Audit Only, Internal Controls: The independent auditor should communicate, in written form, material weaknesses in the agency's internal controls when it impacts on the CCDDDB's funding. Copies of these communications are to be forwarded to the CCDDDB with the audit report.
- (g) The independent CPA report must include, at a minimum, these items described in the "Financial Accountability Checklist":
  - (i) Agency board-approved financial procedures in place that include separation of duties for preparation of payment authorization, approval of authorization and check signatories.
  - (ii) Agency board review of financial statements at Agency Board meetings and Source Document - Agency Board meeting minutes (dated).
  - (iii) Agency board Minutes with motion approving CCMHB/CCDDDB grant applications for current year.
  - (iv) Agency board minutes with motion approving the budget of the fiscal year under review.
  - (v) Verification that the agency has fulfilled its response to any findings or issues cited in the most recent Auditor's issuing of a Management Letter, if applicable.
  - (vi) Demonstration of tracking of staff time (e.g. time sheets).
  - (vii) Proof of payroll tax payments for at least one quarter, with payment dates.
  - (viii) Form 941 or IL-941 or UC3, comparison of payroll tax amounts and alignment to period.
  - (ix) W-2s and W-3, comparison to the gross on 941.
  - (x) Verification of 501-C-3 status (IRS Letter), if applicable.
  - (xi) IRS 990 Form or AG990-IL, confirmation that 501-C-3 status is maintained.
  - (xii) IRS 990 Form or AG990-IL for associated foundation, if applicable.
  - (xiii) Secretary of State Annual Report.
  - (xiv) Accrual Accounting Method is in use.

## 6. Filing

The audit or review or compilation report is to be filed with the CCDDDB within 6 months of the end of the agency's fiscal year. To facilitate meeting filing requirements, agencies are encouraged to contract with certified public accountants before the end of the fiscal year. A letter of engagement is required prior to contracting (as above).

## 7. Late Audit, Review, or Compilation

If an agency board-approved, independently performed audit, review, or compilation report is not submitted to the CCDDDB/CCMHB office prior to the aforesaid six-month deadline, payments on the agency's contract(s) will be suspended for three months or until the required report is received.

If the report is not received within three months, the current year contract(s) may be terminated, at the option of the CCDDDB. Suspended payments will be released upon submission of the required report and resolution of any negative findings. If a satisfactory report and resolution of any negative findings are NOT received within 12 months after

the close of the agency's fiscal year, the parties agree that the CCDDDB has no obligation to the agency to issue the suspended payments, and the contracts are terminated. An agency will not be eligible for subsequent CCDDDB funding until the required report is filed and any negative findings (including the return of excess revenue) are resolved.

**8. Penalty**

Failure to meet these requirements shall be cause for termination or suspension of CCDDDB funding.

**9. Repayment of Budgeted Costs**

If the provider organization does not comply with the requirement to produce an audit or financial review or compilation as specified, the organization shall repay all Board CCDDDB funds allocated for such purpose.

**10. Records**

All fiscal and service records must be maintained for seven years after the end of each budget period, and if need still remains, such as unresolved issues arising from an audit or review or compilation, related records must be retained until the matter is completely resolved.

**11. Waiver**

At the discretion of the CCDDDB, independent audit or financial review or compilation requirements may be waived for special circumstances. The waiver provision shall be specified in the contract.

**12. Request for Extension**

Requests for extension of an independent audit, review, or compilation report and requests for waiver of the automatic cancellation cannot be granted by Board staff. If an agency anticipates that this annual report will be late, they should inform Board staff as early as possible and, if necessary, prepare a formal explanation and request to the full Board, to be considered during a regular or special meeting of the Board.

**EXCEPTIONS TO THE PROVISIONS OF THE FUNDING GUIDELINES**

All exceptions to the Funding Guidelines must have the prior approval of the CCDDDB, except for those specific sections of the Funding Guidelines where the authority is delegated to the CCDDDB's designee. Requests for exceptions that require the CCDDDB's approval must be submitted to the Executive Director for review and submission to the CCDDDB. Subsequently, the CCDDDB's written decision will be transmitted to the agency. If the contract and funding guidelines are not in agreement, the contract shall prevail.

*Approved November 15, 2023*