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LYNN T. BESHEAR
COMMISSIONER

April 4, 2022

Alabama Department of Mental Health (DMH) is responsible for the fiscal and programmatic monitoring of all sub-recipients. The fiscal monitoring process includes ensuring that all sub-recipients are following the required ADMH Audit Guidelines. Since you are a sub-recipient your organization is required to comply with these audit requirements; see the Financial Arrangements section of your contractual agreement.

With the creation of the new Internal Audit Department for DMH, the audit guidelines and the requirements for providers currently contracting with DMH have been recently reviewed. Per the guidelines, for profit agencies receiving \$300,000 or more during the fiscal year are required to submit an audit for compliance to ADMH's Contracting Office. This means that your organization should have provided DMH with an audit for compliance within the standards set forth in Sections 10 and 12 through 20 of the DMH Audit Guidelines. Your audit should have been submitted to DMH's Contracting Office no later than six months after the close of your fiscal or calendar year for 2021.

Also, if you manage client funds the auditor who performs your Compliance Audit should determine whether your organization has adequate controls over client funds and maintains documentation to support expenditures and revenues related to client funds. Through the certification review process, DMH has learned that some providers may not be aware of their obligations as it relates to managing client funds. The Social Security Administration has developed documentation to assist organizations with fulfilling this responsibility in a guide for Organizational Representative Payees, ssa.gov/payee. We are asking that you review the SSA guide and contact DMH if you need assistance with understanding the requirements or if you are not sure that your policies and procedures are sufficient.

Please acknowledge receipt of this letter by providing DMH's Internal Audit Office with a copy of your Compliance Audit no later than May 31, 2022. Also, the detailed DMH Audit Guidelines are available for your review on DMH's website; www.mh.alabama.gov. If you have questions or concerns, please contact us at andrew.woodham@mh.alabama.gov.

Sincerely,

Internal Audit



❖ **MAY BE SUBJECT TO AUDIT REQUIREMENTS** ○

DMH Funding \$300,000 or more

- Compliance Audit or Governmental Audit must be prepared by a Certified Public Accountant
- <https://mh.alabama.gov//chief-of-staff> (Office of Internal Audit)

❖ **ADMINISTRATIVE NEEDS IN MANAGING**

CONTRACT ○ Financial Management

- Who will perform critical functions?
- Will you need to hire or contract for assistance? ○ Record Keeping
- Client and financial records must be available for review upon request
- DMH requires records to be maintained for five fiscal years ○ Maintain an inventory of supplies

when funds are provided specifically to purchase supplies ○ You are responsible for managing the financial well-being of your business organization

❖ **BILLING MEDICAID** ○ Training on ADIDIS

- Proper knowledge and documentation/records to support billing- **see Medicaid Billing Manual**
- Internal Controls- signatures by client served, support personnel and executive/administrative approval are some recommended best practices

❖ **MANAGING CLIENT FUNDS**

- Must follow Social Security Administration guidelines for representative payees (<https://www.ssa.gov>pubs>) ○
Must maintain receipts, ledgers and develop a system to adequately track funds ○ Must provide financial statements/updated ledger to beneficiary at least quarterly
- Beneficiary should have access to funds and should be involved in budgeting personal funds

***** READ YOUR CONTRACT- defines services to be provided, financial arrangements, record keeping requirements, reporting requirements, subcontractor terms, lobbying terms debarment laws and other provisions. *****