

NORTH CAROLINA

DEPARTMENT OF HEALTH AND HUMAN SERVICES

DIVISION OF MENTAL HEALTH, DEVELOPMENTAL DISABILITIES AND
SUBSTANCE ABUSE SERVICES

COST ALLOCATION PLAN

Effective July 1, 2013

STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF MENTAL HEALTH, DEVELOPMENTAL DISABILITIES AND
SUBSTANCE ABUSE SERVICES
COST ALLOCATION PLAN

Introduction

I. General Information

This plan has been developed in accordance with the cost principles and provisions of 45 CFR Part 74, Part 92 and Part 95 subpart E and OMB Circular A-87. Revisions in the plan will be submitted to the cognizant Federal agency whenever allocation methods shown in the plan become outdated due to organizational changes within the state agency, changes in federal law or regulations, or other similar changes.

Costs directly billed or allocated to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS) are further allocated according to the Division's cost allocation plan.

Mental Health, Developmental Disabilities and Substance Abuse Services in North Carolina are state supervised. Institutional services – psychiatric hospitals, schools for emotionally disturbed youth, mental retardation and alcohol and drug abuse treatment centers and one specialty care nursing facility – are state operated. All community-based programs are operated by 10 Local Management Entities (LMEs), which are by State law entities of local government. This administration and supervision encompasses the following programs:

A. Federal Programs (*state program title*)

1. Department of Health and Human Services:
 - a. Medical Assistance Program CFDA 93.778 (*Medicaid*)
 - b. Block Grants for Prevention and Treatment of Substance Abuse (*SAPT*) CFDA 93.959
 - c. Block Grants for Community Mental Health Services CFDA 93.958 (*Community Mental Health Block Grant and Olmstead Grant*)
 - d. Social Services Block Grant (SSBG) CFDA 93.667 – Contracted and community services only
 - e. Drug and Alcohol Services Information System (DASIS) Contract Center for Substance Abuse Treatment – *Treatment Outcomes and Performance Pilot Studies (TOPP) Contract; State Outcomes Measurement and Management System (SOMMS) DASIS Contract 283-02-9026*
 - f. Substance Abuse and Mental Health Services Administration-Projects of Regional and National Significance CFDA 93.243 (*State*)

Emergency Mental Health and Substance Abuse Grant, Comprehensive Automated Uniform System for Enhanced Reporting Grant, NC Adolescent Treatment Coordination Project, and NC Strategic Prevention Framework – State Incentive Grant -SIG)

- g. Substance Abuse and Mental Health Services Administration – Mental Health Disaster Assistance and Emergency Mental Health Crisis Counseling, CFDA 93.982
- h. Traumatic Brain Injury Implementation CFDA 93.234 (Traumatic Brain Injury (TBI) Project)
- i. State Outcomes Measurement and Management (SOMMS) for data reporting with SAMHSA
- j. Special Education – Grants for Infants and Families, CFDA 84.181A
- k. Projects for Assistance in Transition from Homelessness (PATH), CFDA 93.150
- l. Enhance Safety of Children Affected by Substance Abuse, CFDA 93.087

2. Other Federal Agencies:

- a. Department of Justice, Office of Juvenile Justice and Delinquency Prevention– Enforcing Underage Drinking Laws Program CFDA 16.727
- b. Department of Justice, Office of Juvenile Justice and Delinquency Prevention-Harold Rogers Prescription Drug Monitoring Program CFDA 16.580
- c. Department of Education—Safe and Drug-Free Schools and Communities Act State Grant CFDA 84.186 (*Governor’s 30% Drug Free Schools*)
- d. Federal Emergency Management Agency (*Hurricane Irene, Tornado of 2011*)

B. Other Funds:

- 1. State appropriations
- 2. NC Health & Wellness Trust Fund
- 3. Tobacco Compliance Check Inspection Program
- 4. Mental Health Trust Fund, Non Federal

II. Fiscal Practices

The Office of the Controller, Department of Health and Human Services, maintains the financial records in a manner to reflect separate accountability for each type of activity administered by DMH/DD/SAS with disbursement classifications as required by the Office of the State Controller and the various federal agencies. The Division utilizes the North Carolina Accounting System (NCAS), which is an on-line uniform accounting system.

NCAS provides the uniform chart of accounts file, the central vendor file, and the central item file. It provides central management of other key statewide data fields and system policies. NCAS provides a library of standard control, which allows for financial and budgetary reports and a set of defined system parameters that assures sufficient levels of timely accurate information at the agency and statewide levels.

In accordance with the State Mental Health Plan, mental health, developmental disabilities and substance abuse services are provided by Local Management Entities (LMEs). The Division has adopted a program which provides direct funding to the LMEs for system management functions replacing the previous method of having area program administrative cost included as a component of service payments. The Division, working with the individual LME, determines the annual LME system management allocation. One-twelfth of this allocation is paid each month to the LME as an advance. Monthly reports covering the LME cost of services are submitted by all area LMEs to the Office of the Controller-Federal Program/Benefit Payments Section in accordance with a prescribed uniform reporting procedure. Payments to the LMEs and actual expenditures reported by LMEs are reconciled in Fund 1111, RCCs 6220, 6221, 6222 and 6223.

The records kept in the LMEs are of a subsidiary or supplemental nature and are maintained by the county or LME finance officer.

Supporting data for administrative expenditures of LMEs is not submitted directly to this office, but is retained in the office of the LME or county finance officer and audited by Public Accountants in accordance with OMB Circular A-133 during their regular single audit visits. The expenditures must be limited to those items permissible under state and Federal regulations and laws.

Principal records of administrative expenses are maintained by the Office of the Controller, Accounts Payable and Accounts Receivable Sections, and, for the state-operated institutions, the Office of the Controller, Regional Operations offices. Expenditures are substantiated by payrolls, invoices, receipts, and other acceptable accounting data. Maintenance and custody of the records and supporting documents are the responsibility of the Office of the Controller, Accounts Payable and Accounts Receivable Sections.

In accordance with 45 CFR Part 95 Subpart E 95.507(6), costs claimed for services provided by a governmental agency outside the Department of Health and Human Services are supported by written agreements.

The Office of the State Auditor annually audits the records of the Department of Health and Human Services, covering all expenditures from state and federal funds, in accordance with OMB Circular A-133. Public Accountants who meet the Independence Standards audit the financial records of the area programs relative to administrative and service expenditures.

Federal funds are drawn electronically utilizing various online systems which are administered by the DHHS Office of the Controller with funds being made available through the DHHS Cash Management Control System (CMCS). Funds drawn are also governed by the provision of the Treasury State Agreement with the NC Department of State Treasurer. Funds are drawn down by the Federal Funds/Financial Reporting Branch of the Office of the Controller and deposited in CMCS.

In accordance with the approved negotiation agreement between the Department of Health and Human Services and the Division of Cost Allocation, DMH/DD/SAS receives a yearly fixed amount of departmental and statewide indirect cost. The annual fixed indirect cost includes a carry forward to adjust prior year fixed cost to OMB Circular A-87 actual allowable cost.

NOTES:

Personnel costs, for an employee performing duties outside of those included in the normal RCC allocation or direct charge method, are reclassified to appropriate program(s) based on time record or such other documentation that provides an equitable distribution of costs. (Example: Disaster activities)

Work performed by an RCC for outside agencies is billed accordingly and treated as a cost recovery.

From time to time an RCC which becomes inactive at the end of one state fiscal year must remain in the Plan for the next state fiscal year in order to make final payment.

The budget amounts assigned to the various RCCs are to be considered as indicators, as this data is routinely updated on an annual basis.

Costs that are deemed unallowable to a grant will be direct charged to state funds instead of being allocated based on the narratives provided in the CAP.

All supervisory cost centers in the plan are allowed direct charges to programs so long as the program is in the allocation base used by that center.

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NARRATIVE

The information related below is to meet the requirements for revising the State Cost Allocation Plan for the Division of Mental Health, Developmental Disabilities and Substance Abuse Services, Department of Health and Human Services, State of North Carolina.

The budget and accounting system of the Division of Mental Health, Developmental Disabilities and Substance Abuse Services is based on a series of budget units or responsibility cost centers which have been used as a basis for this plan:

I. Fund 1110 - General Administration:

Division Director's Office: Consists of the Division Director, Deputy Director and Director's Office Staff. This office is responsible for the administration of the entire Division of Mental Health/Developmental Disabilities/Substance Abuse Services Program.

Human Resource Office: Consists of Human Resource Manager (who reports to the Division of Human Resources) and Staff. This office provides support to the Central Office and Wright School in accomplishing their missions by providing: support to managers in the effective management of employee resources; support to employees in meeting their personnel needs; and recruiting services for the Division while ensuring compliance with applicable laws and policies.

State Operated Services: Consists of the Chief (who reports to the Deputy Director) and Regional Team Leaders and their staffs. Each Team Leader leads the planning, implementation and management efforts of the state-operated services and facilities.

Community Policy Management: Consists of the Chief (who reports to the Deputy Director), Professional Staff, Quality Management Team, Best Practice and Community Innovations Team, Local Management Entity (LME) Systems Performance Team, Justice System Innovations Team and Early Intervention and Prevention Team. This group is primarily responsible for leadership, guidance and management of relationships with LMEs. The Department Employee Assistance Program is also assigned to this office and provides support to Department employees and their families and influences the development of effective EAP programs in the community.

Resource and Regulatory Management: Consists of the Chief (who reports to the Deputy Director), Budget and Finance Team, Information Systems Team,

Accountability Team, Regulatory Team and Contract Management and Development Team. This group is responsible for supporting the efforts and ensuring accountability of the operations components of the Division including state-operated services, community policy and implementation, advocacy and customer services and administrative support.

Advocacy and Customer Services: Consists of the Chief (who reports to the Director but may also report to the Secretary at any given time and is ultimately accountable to the Secretary), Assistant Chief, State Facility Team, Customer Services and Community Rights System Team and Consumer Empowerment Team. This group is responsible for fulfilling the State Plan function of office of consumer affairs through consumer advocacy leadership effort.

Administrative Support: Consists of the Chief (who reports to the Director), Planning Team, Communication and Training Team and Division Affairs Team. This group is responsible for providing Administrative Support and ensuring coordination with DHHS for the operations components of the Division, including State Operated Services, Community Policy Implementation and Management, Resource and Regulatory Coordination and Management, Advocacy and Customer Services and Administrative Support.

Contracts: This section has no positions associated with it and is only used to track expenditures of various state contracts.

Other: This section has no positions associated with it and is only used to track certain types of expenditures as requested by the Division budget office.

II. Fund 1111 – General Program Services

Local Management Entities Payments: Mental health, developmental disabilities and substance abuse services are provided by Local Management Entities (LMEs). The Division has adopted a program which provides direct funding to the LMEs for system management functions replacing the previous method of having area program administrative cost included as a component of service payments. The Division, working with the individual LME, determines the annual LME system management allocation. One-twelfth of this allocation is paid each month to the LME as an advance. This section is designed to track the allocation and subsequent reclasses of expenditures associated with these LME expenditures.

