Office of Mental Health
Federal Funds Guidelines

All Local Governmental Units (LGUs), Office of Mental Health (OMH) direct contract agencies, and subcontract agencies who receive Federal grant funds from the OMH (excluding Federal entitlement grants such as Medicaid and Medicare) shall use best faith efforts to assure that the provision of services are in compliance with all Federal legislation, regulations and guidelines relevant to the funding provided, and shall provide assistance to the OMH so as to enable the OMH to remain in compliance with relevant Federal law. Recipients of these funds must be familiar with the prohibited uses of Federal grant funds, the fiscal audit and monitoring requirements, the Federal certification and assurances requirements (see below), and the Cost Principles for Local Governments (Office of Management and Budget (OMB) Circular A-87) and not-for-profit organizations (OMB Circular A-122).

The OMH may allocate several different Federal grant funds to LGUs and direct OMH contract agencies for adult and children and families residential and non-residential programs. The OMH will notify recipients that they are receiving Federal grant funds through the State aid approval letter (for LGUs) and correspondence (for direct OMH contracts). The Federal grants that OMH currently administers and their respective Catalog of Federal Domestic Assistance (CFDA) numbers are as follows:

- Community Mental Health Services (CMHS) Block Grant - CFDA #: 93.958
- Projects for Assistance in Transition from Homelessness (PATH) - CFDA #: 93.150
- Shelter Plus Care (S+C) as reauthorized and amended by the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act - CFDA #: 14.238

If these funds are allocated to a subcontract agency, the LGU or direct contract agency must inform the subcontractor of such allocation and include the title and CFDA number of the Federal grant. Additional information regarding the Catalog of Federal Domestic Assistance may be found at: https://www.cfda.gov/.

Prohibited Uses of Federal Grant Funds

The following uses of Federal grant funds are prohibited:

A. provision of inpatient services, however, the recipient remains responsible to arrange for the provision of inpatient services to any client where necessary and appropriate;

B. payments to intended recipients of health services;

C. purchase or improvement of land;

D. purchase, construct or permanently improve any building or other facility, other than such minor reconstruction as may be authorized in the budget;

E. purchase major medical equipment;
F. satisfy any requirement for the expenditure of non-governmental funds as a condition for the receipt of Federal funds;

G. provide financial assistance, or other payment in mental health services to an entity other than a public or non-for-profit private entity;

H. if the recipient is a subdivision of a local government, remuneration of an employee – during the time of employment - who is engaged in political activities intended to interfere with, influence or coerce an election or nomination;

I. direct or indirect efforts intended to influence a Federal legislator, their employees, an officer, or employee of the Federal government regarding the making, awarding, extension, renewal or modification of any of the terms of any economic agreement or grant to which the Federal government is a party; and

J. the salary rate of an individual that is funded with Federal grant funds shall not exceed a rate in excess of Level I of the Federal Executive Schedule (see U.S. Office of Personnel Management at http://www.opm.gov/ to find current rate).

Fiscal Audit and Monitoring Requirements

A. Effective for fiscal years beginning with July 1, 1998 and later, recipients must submit required audit reports within 9 months of the termination of a State aid approval letter or a direct OMH contract. Any extensions that are granted should also be submitted.

The audit report must conform to the following:

1. it must be conducted by either a governmental auditor or a public accountant who meets independent standards specified in Generally Accepted Government Auditing Standards;

2. it shall be performed in accordance with the standards for auditing governmental organizations, programs, activities and functions established by the United States General Accounting Office (GAO) and other Federal requirements, as outlined below; and

3. it shall include a financial schedule that identifies each Federal grant (CFDA #), such as CMHS Block Grant Funds (#93.958), as delineated in the budget, and a statement that the schedule fairly represents the revenues generated and expenses incurred under the State aid approval letter or direct OMH contract.

The audit report(s) and extensions should be mailed to:

OMH Bureau of Audit
Capital District Psychiatric Center, Lower Unit N
75 New Scotland Avenue
Albany, NY 12208-3474

All subrecipients (LGUs, direct contract agencies and subcontract agencies) expending $750,000 or more annually from all Federal grant sources (excluding Federal entitlement grants
such as Medicaid and Medicare) must have an A-133 Single Audit completed encompassing all Federally funded programs. Since the threshold increase does not relieve pass-through entities/recipient agencies, i.e., OMH, LGUs, direct contract agencies, and subcontract agencies of the responsibility for monitoring their subrecipients **expending less than $750,000 (as of January 1, 2015)** in Federal grant funds, such subrecipients are required to provide assurances to their pass-through/recipient agency that Federal grant funds were expended appropriately and were in compliance with laws, regulations, and the provisions of the State aid approval letter or direct OMH contract, and that performance goals were achieved.

Such assurances include one or more of the following:

1. on-site monitoring visits by the pass-through/recipient agency;
2. independent reviews of documentation supporting requests for reimbursement of expenditures; or
3. obtaining an agreed-upon procedures report on specific procedures and compliance requirements.

**B. Note:** Contact the OMH Bureau of Audit if you would like additional guidance or for information regarding our monitoring activities of subrecipients. For further information, see the manual “Techniques for Monitoring Federal Subawards,” by Thompson Publishing Group. Sub-grantees who receive Shelter Plus Care funding can refer to the OMH Program Manual, *The Continuum of Care Rental Assistance Program Manual*, to be revised and published June 2015.

**C.** The cost of audit services is an eligible expenditure under a successor agreement, if any, or will be an includable cost under this agreement if no successor agreement is contemplated. However, the Federal government will not reimburse recipients/subrecipients for the cost of an A-133 Single Audit if total agency expenditures of Federal grant funds do not equal or exceed $750,000 (as of January 1, 2015). However, they will fund Item B-3 listed above (an agreed upon procedures report).

**D.** The required auditing services consist of three major areas.

1. **A-133 Single Audits of Federal Grant Funds Received and Expended** - An audit shall be conducted, field work documented, and audit report(s) prepared in such a way that all requirements included in Federal legislation, regulations and guidelines applicable to the auditing of revenues and expenditures on the subrecipient level are followed to the satisfaction of the OMH and the administering Federal agency. All applicable current Federal requirements, as well as those additional requirements which may be issued and go into effect prior to or during the conduct of the audit, must be followed by the auditors. Applicable requirements include, but are not limited to the following:

   (a) All material terms and conditions of the Federal grant regulations and guidelines;

   (b) GAO Auditing Standards (1994 revision of "Yellow Book"); and

   (c) The provisions of OMB Circular A-133 for local and State governments and non-LGUs.
Note: The Federal government has rescinded OMB Circular A-128 and extended the provisions of OMB Circular A-133 to State and local governments. The revised OMB Circular A-133 is in effect for not-for-profits, as well as the counties and New York City (NYC) for fiscal years beginning July 1, 1996 and later.

2. **Issuance of Audit Report(s)** - A Single Audit report, accompanied by financial statements, shall be issued in a format that will meet all applicable Federal standards and regulations which apply to audit reports in general and block grant audits in particular.

3. **Performance of All Necessary Follow-Up Work** - Upon review of the Single Audit report(s), either OMH or the administering Federal agency may determine that the audit work performed and/or the report(s) issued are deficient in meeting one or more of the Federal requirements governing the auditing of Federal grant funds. If such deficiencies exist, they shall be brought to the attention of the recipient/subrecipient who is responsible for correcting the deficiencies to ensure compliance with Federal requirements which the original audit work failed to satisfy. The additional audit work required shall be undertaken and accomplished by the auditor in such a way that all applicable Federal requirements are followed to the satisfaction of the OMH and the administering Federal agency.

Based upon independent audit reports required under OMB Circular A-133, or referrals from State or other government entities, the OMH will recover any Federal funds that were paid to a Local Governmental Unit and/or subcontract agencies through a State Aid approval letter, or to a provider and/or subcontract agencies through a direct OMH contract, resulting from an A-133 Single Audit Report finding including, but not limited to unused or misused funds.

**Questions?**
For questions regarding the Federal fiscal audit and monitoring requirements, please call the Bureau of Audit at (518) 474-7653.

**Federal Certification and Assurances Requirements**

To ensure that Federal prohibitions have not been violated, the OMH requires the receipt of original signed *Federal Certification and Non-Federal Assurances Construction Programs* forms from any LGU or direct contract agency whose programs are funded with Federal grant funds (excluding Federal entitlement grants such as Medicaid and Medicare). *This is an annual requirement.* For direct contract agencies, the Federal Certification and Non-Federal Assurances Construction Program forms should be submitted with the direct contract documents and subsequent amendments to the direct contract. In addition, LGUs and direct contract agencies may not enter into a subcontract without first obtaining a fully executed Federal Certification from the other party. The Federal Certification covers the following:

- Prohibited Uses of Federal Funds
- Subcontract Agency Certifications
- Debarment and Suspension
- Drug-Free Workplace
- Lobbying
- Program Fraud Civil Remedies Act
- Environmental Tobacco Smoke
At the bottom of the certification and assurances forms, the LGU or direct contract agency must identify the covered Federal grant funds by placing an "X" in the boxes that apply.

In the event a recipient agency engages in Federal lobbying activities, the recipient shall submit a fully executed Disclosure of Lobbying Activities form (Form SF-LLL) to the OMH, as more particularly described in these Guidelines. The recipient shall file a disclosure by the end of each calendar quarter within which an event occurs requiring disclosure or which materially affects the accuracy of disclosures previously made. An event that materially affects the accuracy of information reported includes:

- a cumulative increase of $25,000 or more of the amount paid or expected to be paid for influencing or attempting to influence a covered Federal action, i.e. lobbying; or
- a change in the person(s) or individual(s) influencing or attempting to influence a covered Federal action; or
- a change in the officer(s), employee(s), or Member(s) contacted to influence or attempt to influence a covered Federal action.

This requirement applies to any subcontract agency using funds provided for under the State aid approval letter or OMH direct contract. The recipient shall obtain the originals of the appropriate subcontract agency executed disclosure and forward them to the OMH. This requirement, and the Disclosure of Lobbying Activities form, are covered in the Federal Register, Volume 54, Number 243 (December 20, 1989): Part VII, Office of Management and Budget, “Government wide Guidance for New Restrictions on Lobbying; Interim Final Guidance,” Pages 52306 to 52332. LGUs and OMH direct contract agencies should distribute the form to their subcontract agencies (where applicable). Disclosure forms must be submitted by any recipient whose aggregate Federal award exceeds $100,000.

The disclosure form and instructions may be found at:
http://www.whitehouse.gov/omb/grants_forms/  

Completed disclosure forms must be submitted by the subcontract agency to the LGU or direct OMH contract agency, and from the LGU or direct OMH contract agency to the OMH. A copy of the disclosure form must be retained by the subcontract agency, the LGU and the OMH for review and audit purposes. The original signed certification and assurances forms should be submitted to:

Community Budget and Financial Management
Office of Mental Health
44 Holland Avenue
Albany, New York 12229

**Federal Funding Accountability and Transparency Act (FFATA) Requirements**

Effective October 1, 2010, all Federal grant recipients must meet the terms and conditions of the FFATA of 2006 and the new requirements established by the OMB. Subrecipients (those receiving the Federal funds from OMH) are required, according to FAR 4.11, to register in the Central Contractor Registration System (CCR) and can do so at https://www.uscontractorregistration.com. In order to register, the subrecipient must have a Data Universal Numbering System (DUNS) number. The DUNS number is assigned by Dun &
Bradstreet, Inc. (D&B) to identify unique business entities. A DUNS number may be requested at http://fedgov.dnb.com/webform. As the grant recipient, OMH will be required to meet specific reporting requirements for all Federal grants, including Continuum of Care Homeless Assistance grant programs. In some limited circumstances, subrecipients will also be required to provide information regarding the total compensation for the five highest paid executives of their agency, if not already public information. For questions related to the Federal Funding Accountability and Transparency Act Subaward Reporting System, please visit the Federal Service Desk at https://gsafsd.service-now.com/fsd-gov/home.do.

Summary

LGUs and direct OMH contract agencies that receive Federal grant funds from the OMH are advised of the following:

- They will not receive Federal grant funds unless fully executed Federal Certifications (and disclosure form, if required) and Federal Assurances - Non-Construction Programs forms are submitted to OMH Community Budget and Financial Management.

- They may not enter into a subcontract agreement with another party without first obtaining fully executed Federal Certifications and Federal Assurances - Non-Construction Programs forms from the other party, and retain the copies for review or audit.

- All disclosure forms shall be forwarded from tier to tier, i.e. from subcontract agency → LGU or OMH direct contract agency → OMH Community Budget and Financial Management → administering Federal agency. LGUs, direct contract agencies, and subcontract agencies must keep the disclosure form on file and make it available for review and audit. The LGU and direct contract agency must submit any disclosure forms received to the OMH within 10 business days of its receipt by a subcontract agency so that the form can be submitted to the Federal administering agency.