



Department of
**Mental Health &
Substance Abuse Services**



FY 2020 Grantee Manual

Information and Instruction for Subrecipient Provider Agencies

Tennessee Department of Mental Health & Substance Abuse Services

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Introduction

This manual is designed to help you better understand the responsibilities and duties that come with being a contracted community services provider of the Tennessee Department of Mental Health and Substance Abuse Services (TDMHSAS). This information is provided for use by all agencies or individuals receiving grant funds administered by TDMHSAS through a grant contract. We hope that this information provides you guidance and clarity regarding our Department's expectations surrounding the use of grant funds.

Please note there are also a variety of different resources also available to your agency as listed on page 37 of this document, and we are always available to offer support. Please feel free to reach out directly to our Department and discuss any concerns or questions you may have related to the subjects discussed herein.

✓ **Pre-Award Requirements and Process**

Notification of Grant Opportunities

The TDMHSAS routinely announces application opportunities for grant funding. These announcements of funding opportunities can be found on our website under Department Funding Opportunities webpage at: <https://www.tn.gov/behavioral-health/department-funding-opportunities.html>. These announcements of funding opportunities may occur throughout the year and may entail the use of both state and federal dollars. Additionally, these funding opportunities will be posted on the Department's social media pages and emailed to potentially interested parties, such as the State Policy and Planning Committee. Any TDMHSAS Announcement of Funding will include information related to the application requirements, selection process, and a draft version of the applicable state grant contract, which must be agreed to if an agency is chosen to contract with the State.

General Eligibility Requirements:

Each announcement of funding opportunity will include the eligibility requirements that any proposed applicant must satisfy prior to being selected. These eligibility requirements may be pre-determined by the federal or state government or the funding mechanism associated with the funding opportunity. Additionally, TDMHSAS may determine certain eligibility requirements based upon need and desired outcomes sought by the Department. Types of eligibility requirements may include, but are not limited to:

- Licensure by our Department
- Ability to serve a particular geographic location or TDMHSAS planning region
- Ability to serve a particular population
- Non-profit status or 501(c)(3) designation
- No previous overdue/ unresolved monitoring findings from prior contracts

Prior to applying for any funding opportunity, an applicant should ensure they meet the eligibility requirements specified in the application. Additionally, if selected for the funding opportunity, the selected applicant must ensure that they maintain satisfaction of these requirements throughout the duration of their contract with TDMHSAS. Failure to do so may result in the termination of a contract between TDMHSAS and the selected applicant and/or the return of any money provided to the selected applicant by TDMHSAS while the selected applicant was non-compliant with these eligibility requirements.

Generally, any application submitted will be reviewed in accordance with the Announcement of Funding by State employees and other key stakeholders. Funding opportunities will be awarded in accordance with the standards and terms set in the corresponding Announcement of Funding. Any selected applicant will receive written notification of their selection by TDMHSAS.

This written notification is non-binding and remains so until a grant contract is fully executed between the State and the selected applicant. Once selected, the agency and TDMHSAS program staff will then work together to determine project details and corresponding program budget. However, the State and TDMHSAS will have no obligation for goods or services provided by the agency prior to the contract being fully executed (as described on p. 6-7) between the State and the agency and/ or prior to the grant contract's effective date, whichever is later.

Registration Requirements:

Any agency chosen to contract with TDMHSAS must satisfy the following registration requirements and must provide TDMHSAS supporting documentation, when requested, of the following prior to TDMHSAS entering into a contract with the agency. Additionally, these registration requirements **must be kept up to date** for all providers contracting with TDMHSAS **throughout the contract period:**

- State Requirements
 1. Be registered with the Tennessee Secretary of State, with a status of "active." **To check agency's status, please visit: <https://tnbear.tn.gov/Ecommerce/FilingSearch.aspx>. To form or register your agency for the first time, please visit: <https://tnbear.tn.gov/Ecommerce/RegistrationInstr.aspx>**
 2. If a non-profit agency soliciting contributions directly or indirectly from or within Tennessee, be registered and renewed annually with the Tennessee Secretary of State, Charitable Contributions Division, unless otherwise exempt from this requirement. An agency is exempt if a charitable organization does not intend to solicit and does not actually raise or receive gross contributions in excess of \$50,000. **For more information, please visit: <https://sos.tn.gov/charitable/charitable-organizations>**
 3. Be registered with the TN Department of Revenue for Sales/Use Tax or be deemed exempt from collecting sales tax on goods or services sold by the organization. **For the Application for Registration Sales and Use Tax Exempt Entities, please visit: <http://pnts.org/new/wp-content/uploads/2014/12/TN-sales-tax-exemption-f1306901.pdf>**
 4. Be registered with the State of Tennessee through Edison as a vendor. **For more information about how to register through Edison, please visit: [https://upk.edison.tn.gov/esupplier/Supplier Registration Instructions.pdf](https://upk.edison.tn.gov/esupplier/Supplier%20Registration%20Instructions.pdf)**

- Federal Requirements
 1. Be registered with the Internal Revenue Service, with an Employer Identification Number (EIN). **For more information, please visit:** <https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>
 2. If receiving federal funds, be registered with Dun & Bradstreet and receive a DUNS number. **For more information, please visit:** <https://www.dnb.com/duns-number/get-a-duns.html>.
 3. Have or create current SAM.gov account. **For more information, please visit:** <https://www.sam.gov/SAM/>.

✓ **State of Tennessee Grant Contracts**

Grant Contract Execution

The TDMHSAS, Office of General Counsel, Director of Contracts and/or Contract Specialists will email you a copy of your grant contract from MHSAS.Contracts@tn.gov prior to the start of the state or federal fiscal year. Additionally, some contracts may be multi-year contracts that run across multiple state or federal fiscal years. This email will include a copy of the grant contract and directions for signing and returning necessary information. The signed contract's signature page and all other necessary information must be returned by the agency to TDMHSAS within **7 business days** of receipt. Specifically, the following information must be provided and returned, as provided below:

1. The contract's corresponding signature page, hand signed by the agency's authorized official¹;
2. The cover sheet of each contract containing a box where "business ownership classification" must be denoted. This box must be marked to most accurately represent the organization;
3. Attachments "Parent Child Information" and "Notice of Audit report" must be filed out and sent directly to the State's Central Procurement Office at cpo.auditnotice@tn.gov.
4. If required, Attachments such as a "Grant Note" or "Restrictive Covenant" must also be signed and filed as required on the document.

¹ The authorized official is the individual who is authorized to enter into binding commitments on behalf of the agency. For state and local government agencies, this will be mayors, city managers, county executives/mayors, district attorneys, or state commissioners. For non-profit agencies, this will be the agency's chief executive officer, president, or chairperson of the board of directors. A grantee must notify the State whenever there is a change in Authorized Official, Project Director, or Financial Director for a project and/or their corresponding contact information.

Agencies may return the above information by emailing MHSAS.Contracts@tn.gov a scanned copy of the signature page and attachments or by mailing the signature page and attachments to the following address (via USPS):

Tennessee Department of Mental Health and Substance Abuse Services
Division of General Counsel, Office of Contracts
Program **(INSERT PROGRAM NAME)**
Andrew Jackson Building, 5th Floor
500 Deaderick Street
Nashville, TN 37243-0675

The grant contract is *not* executed until it is approved by all appropriate state officials in accordance with applicable laws and regulations. Most contracts executed between TDMHSAS and a provider must be approved by the Department of General Services' Central Procurement Office, the Department of Finance and Administration, and the Comptroller of the Treasury's Office prior to execution. These other state agencies generally require that contracts requiring their approval must be submitted by TDMHSAS thirty (30) days prior to the contract's commencement period. TDMHSAS appreciates your cooperation in expediently returning contract signature and corresponding attachments to help TDMHSAS comply with State timeline requirements.

An agency will be notified that the contract is executed by the Director of Contracts and/or Contracts Specialists via an email from MHSAS.Contracts@tn.gov. This email will contain a copy of the executed contract and it will be sent to the e-mail address provided in contract section D.8 of the grant contract. An agency should not undertake performance under a contract until the agency receives notice that the contract is executed as stated above *and* the contract period has commenced. TDMHSAS is not liable and will not pay for any performance undertaken by an agency prior to the contract execution or prior to the grant period commencement.

Please note that the signature of the authorizing agency official on the contract indicates that the agency agrees to comply with *all* requirements outlined in the grant contract.

The original copy of the contract is retained by TDMHSAS.

Grant Contract Overview

Each grant contract ensures that an agency and the State comply with both federal and state law. Each grant contract is generally broken down into five (5) sections². Each section outlines different responsibilities and legal requirements that a grantee must satisfy:

1. **Section A** outlines the “Scope of Service and Deliverables” that the grantee must perform under the grant contract. Section A. of a grant contract will be specific to the program that the grantee is contracted to perform and outlines what TDMHSAS is paying the grantee to do.
2. **Section B** outlines the “Term of the Grant Contract.” This is the time period that the grant contract is considered to be in effect, and corresponding considerations.
3. **Section C** outlines “Payment, Terms, and Conditions.” This section specifies financial requirements under the grant contract. This section includes terms relating to the contract’s maximum liability and corresponding program budget, how the grantee should submit invoices and what these invoices must contain, and limits on reimbursement.
4. **Section D** provides “Standard Terms and Conditions.” This section provides wide-varying terms that protect the State’s interest and ensures that the grantee is complying with state and federal law. Additionally, this section includes terms related to contract amendment and contract termination.
5. **Section E** provides “Special Terms and Conditions.” This section provides terms and conditions that will vary per grant contract depending upon the program for which the State is contracting. Special terms may include terms related to grantee insurance, indemnification of the State, and other terms as deemed necessitated under federal or state law.
6. **Attachments** will include budget information such as the contract’s line-item budget, corresponding budget detail sheet, and/or rate sheet; maps outlining the proposed service areas under the contract; and other documents such as the “Parent Child Information,” “Notice of Audit Report,” “Grant Note,” and/ or “Restrictive Covenant.”

Prior to signing a grant contract, a grantee should read the entire grant contract, understand all of their obligations under the grant contract, and ensure that they can meet such obligations. Failure to meet the obligations under the contract may result in contract termination and/or reimbursement to the State for funds disbursed to the grantee.

² Some TDMHSAS programs utilize “terms and conditions” in lieu of a grant contract. These “terms and conditions” are binding agreements and feature many of the same requirements as a standard grant contract, although the “terms and conditions” may otherwise be formatted differently.

Contract Amendments

Any proposed changes to the contract must be submitted in writing to TDMHSAS for approval. TDMHSAS will review the proposed changes, determine if they are allowable and/or appropriate, and decide if a contract amendment is necessary. If a contract amendment is necessary, TDMHSAS program staff will initiate the contract amendment process. The execution of a contract amendment is a formal process like the execution of the underlying contract, and will mirror the procedure outlined under "Grant Contract Execution." Generally, contract amendments must be executed at least 60 to 75 days before a contract's end date.

A formal contract amendment will be required for changes to a contract's scope of service, an increase or decrease in the total contract maximum liability, or a change to a grantee's legal name, as registered under the "Registration Requirements" outlined on page 5. A request to change a grantee's legal name on a contract must be submitted in writing to the program director and director of contracts, along with copies of official documentation supporting the legal action including the documentation of the satisfaction of all registration requirements listed on page 5. All grantees must ensure that their agency remains in compliance with the registration requirements outlined on page 5 and any licensure requirements while transitioning their legal name.

Key Contract Provisions

Although not a complete list, the below list highlights key provisions within a State grant contract. As stated above, a grantee should be familiar with the entirety of a grant contract; however, this list may be used for reference to provide information related to requirements a grantee must generally abide by. Additionally, fiscal monitoring will review and check for contract compliance by an agency and may specifically look to see whether a provider is following the below provisions:

Contract Provision	General Explanation
C.3. <u>Payment Methodology</u> . The Grantee shall be reimbursed for actual, reasonable, and necessary costs based upon the Grant Budget, not to exceed the Maximum Liability established in Section C.1. Upon progress toward the completion of the Scope, as described in Section A of this Grant Contract, the	This provision requires that a grantee only seek reimbursement from the State for <i>actual, reasonable, and necessary</i> costs. The State will not reimburse costs unless it is an expenditure that the grantee actually incurred. To this end, the grantee must ensure that they have and can provide documentation and proof that a service was provided or a good was purchased prior to

<p>Grantee shall submit invoices prior to any reimbursement of allowable costs. ³</p>	<p>invoicing the State. Please also see Grant Contract Section C.5.b.</p>
<p>C.4. <u>Travel Compensation.</u> Reimbursement to the Grantee for travel, meals, or lodging shall be subject to amounts and limitations specified in the "State Comprehensive Travel Regulations," as they are amended from time to time, and shall be contingent upon and limited by the Grant Budget funding for said reimbursement.</p>	<p>This provision requires that the grantee only seek reimbursement for travel, meals, or lodging in accordance with the "State Comprehensive Travel Regulations." If a grantee does not follow the "State Comprehensive Travel Regulations" when invoicing the State, the State will seek reimbursement from the grantee for such payment. Please also see Grant Contract Section C.5.a.(11).</p> <p>The State Comprehensive Travel Regulations can be located on the Department of Finance and Administration's website: https://www.tn.gov/finance/rd-doa/fa-travel/fa-travel-regulations.html</p>
<p>C.6. <u>Budget Line-item:</u> Expenditures, reimbursements, and payments under this Grant Contract shall adhere to the Grant Budget. The Grantee may request revisions of Grant Budget line-items by letter, giving full details supporting such request, provided that such revisions do not increase total Grant Budget amount. Grant Budget line-item revisions may not be made without prior, written approval of the State in which the terms of the approved revisions are explicitly set forth. Any increase in the total Grant Budget amount shall require a Grant Contract amendment.</p>	<p>Budget line-item revision requests must be made in writing. Budget line-item revisions do not require a full contract amendment, so long as the maximum amount of the total grant budget does not change.</p>
<p>C.8. <u>Indirect Cost.</u> Should the Grantee request reimbursement for indirect costs, the Grantee must submit to the State a copy of the indirect cost rate approved by the cognizant federal agency or the cognizant state agency, as applicable. The Grantee will be reimbursed for indirect costs in accordance with the approved indirect cost rate and amounts and limitations</p>	<p>Provision C.8 requires that if a grantee is seeking reimbursement for allocable direct costs or indirect costs, the grantee must provide proof of their approved indirect cost rate by their cognizant federal agency or cognizant state agency as applicable. Additionally, if a grantee elects a cost to be considered direct or indirect, it must apply that treatment consistently and may not change whether the cost is considered direct or indirect during the term of the contract.</p>

³ Please note some contracts may have a different payment methodology section other than the one listed herein. Please review your agency's contract to determine your agency's specific requirements.

<p>specified in the attached Grant Budget. Once the Grantee makes an election and treats a given cost as direct or indirect, it must apply that treatment consistently and may not change during the Term. Any changes in the approved indirect cost rate must have prior approval of the cognizant federal agency or the cognizant state agency, as applicable. If the indirect cost rate is provisional during the Term, once the rate becomes final, the Grantee agrees to remit any overpayment of funds to the State, and subject to the availability of funds the State agrees to remit any underpayment to the Grantee.</p> <p>C.9. <u>Cost Allocation.</u> If any part of the costs to be reimbursed under this Grant Contract are joint costs involving allocation to more than one program or activity, such costs shall be allocated and reported in accordance with the provisions of Department of Finance and Administration Policy Statement 03 or any amendments or revisions made to this policy statement during the Term.</p>	<p>Provision C.9 requires that a grantee comply with the provisions of Department and Finance Administration Policy Statement 03 and Department of General Services' Central Procurement Office's Policy 2013-007.</p> <p>Please find links to the policies on page 37 of this manual.</p>
<p>C.11. <u>Non-allowable Costs.</u> Any amounts payable to the Grantee shall be subject to reduction for amounts included in any invoice or payment that are determined by the State, on the basis of audits or monitoring conducted in accordance with the terms of this Grant Contract, to constitute non-allowable costs.</p> <p>C.12. <u>State's Right to Set Off.</u> The State reserves the right to deduct from amounts that are or shall become due and payable to the Grantee under this Grant Contract or any other contract between the Grantee and the State of Tennessee under which the Grantee has a right to receive payment from the State.</p>	<p>At any time, if the State discovers through subrecipient monitoring or otherwise that a grantee has been paid or seeks to be paid by the State for non-allowable costs, the State may refuse to pay such Non-allowable Costs, and/or may deduct such amounts from future payment, and/or request re-payment from the grantee.</p> <p>Please see the Department's Grants Management webpage for more information: https://www.tn.gov/behavioral-health/providers/grants-management.html</p> <p>Please see the Department of Finance and Administration's Subrecipient Resources webpage for more information: https://www.tn.gov/finance/grants-information-sharing/grants-information-sharing/subrecipient-resources.html</p>
<p>D.3. <u>Termination for Convenience.</u> The State may terminate this Grant Contract without cause for any reason. A termination for convenience shall not be a breach of this Grant Contract by the</p>	<p>These sections provide that the State may terminate a grant contract for both convenience and for cause. If the State is seeking to terminate a grant contract for convenience, the State shall give the grantee at least thirty (30) days' notice. If</p>

<p>State. The State shall give the Grantee at least thirty (30) days written notice before the effective termination date. The Grantee shall be entitled to compensation for authorized expenditures and satisfactory services completed as of the termination date, but in no event shall the State be liable to the Grantee for compensation for any service that has not been rendered. The final decision as to the amount for which the State is liable shall be determined by the State. The Grantee shall not have any right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount for the State's exercise of its right to terminate for convenience.</p> <p>D.4. <u>Termination for Cause.</u> If the Grantee fails to properly perform its obligations under this Grant Contract in a timely or proper manner, or if the Grantee violates any terms of this Grant Contract ("Breach Condition"), the State shall have the right to immediately terminate the Grant Contract and withhold payments in excess of compensation for completed services or provided goods. Notwithstanding the above, the Grantee shall not be relieved of liability to the State for damages sustained by virtue of any Breach Condition and the State may seek other remedies allowed at law or in equity for breach of this Grant Contract.</p>	<p>a State is seeking to terminate a grant contract for cause (whereby the grantee fails to properly perform its obligations under the Grant contract in a timely or proper manner), then State can immediately terminate the Grant contract.</p>
<p>D.5. <u>Subcontracting.</u> The Grantee shall not assign this Grant Contract or enter into a subcontract for any of the services performed under this Grant Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, each shall contain, at a minimum, sections of this Grant Contract pertaining to "Conflicts of Interest," "Lobbying," "Nondiscrimination," "Public Accountability," "Public Notice," and "Records" (as identified by the section headings). Notwithstanding any use of approved subcontractors, the Grantee shall remain responsible for all work</p>	<p>These sections provide that if a grantee is subcontracting with a third party to provide any of the goods or services that the State has contracted with the grantee to perform, the grantee must obtain <i>written approval</i> from the State prior to entering into such subcontract with the third party. Additionally, the subcontract must contain certain provisions found within the Grant Contract, and the State must approve any subcontract entered into by the grantee.</p> <p>To this end, TDMHSAS provides a template Word document which contains the required subcontracting sections which grantees may utilize to copy and paste into any of their subcontract documents. Please reach out to your</p>

<p>performed.</p> <p>E.#. <u>Additional Subcontracting Requirements.</u> If subcontracts are approved by the State, they shall contain, in addition to those sections identified in D.5., sections on "Licensure", "Environmental Tobacco Smoke", "Confidentiality of Records", "HIPAA Compliance", and "Rule 2 Compliance" (as identified by the section headings). Notwithstanding any use of approved subcontractors, the Grantee shall be the prime contractor and shall be responsible for all work performed.</p>	<p>program director if your agency needs a copy of this document.</p>
<p>D.6. <u>Conflicts of Interest.</u> The Grantee warrants that no part of the total Grant Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Grantee in connection with any work contemplated or performed relative to this Grant Contract.</p> <p>The Grantee acknowledges, understands, and agrees that this Grant Contract shall be null and void if the Grantee is, or within the past six months has been, an employee of the State of Tennessee or if the Grantee is an entity in which a controlling interest is held by an individual who is, or within the past six months has been, an employee of the State of Tennessee.</p>	<p>A grantee should ensure that any employee, position, or subcontractor that is paid in any amount through a grant contract is not also an employee or official of the State of Tennessee.</p> <p>Additionally, a grantee cannot be an individual who is or within the past 6 months has been an employee of the State of Tennessee. If the grantee is an entity, an individual who is or within the past 6 months has been an employee of the State of Tennessee cannot hold a controlling interest in such entity.</p>
<p>D.7. <u>Lobbying.</u> The Grantee certifies, to the best of its knowledge and belief, that:</p> <p>a. No federally appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of</p>	<p>This provision ensures that the State and any subrecipient of state dollars complies with 2 C.F.R. § 200.450 which prohibits federal funds from being used by any subrecipient at any tier, either directly or indirectly, to support or oppose the enactment, repeal, modification, or adoption of any law, regulation, or policy at any level of government.</p>

<p>Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.</p> <p>b. If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this contract, grant, loan, or cooperative agreement, the Grantee shall complete and submit Standard Form-LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.</p> <p>c. The Grantee shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.</p> <p>This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into and is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. § 1352.</p>	
<p>D.10. <u>Nondiscrimination</u>. The Grantee agrees that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Grant Contract or in the employment practices</p>	<p>A grantee must abide by both state and federal nondiscrimination laws in the performance of the grant contract.</p>

<p>of the Grantee on the grounds of handicap or disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Grantee shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.</p> <p>OR if grantee is a religious organization:</p> <p>D.10. <u>Nondiscrimination</u>. The Grantee agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Grant Contract or in the employment practices of the Grantee on the basis of any classification protected by Federal, Tennessee State constitutional, or statutory law. The Grantee shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.</p>	
<p>D.11. <u>HIPAA Compliance</u>. The State and the Grantee shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), Health Information Technology for Economic and Clinical Health (“HITECH”) Act and any other relevant laws and regulations regarding privacy (collectively the “Privacy Rules”). The obligations set forth in this Section shall survive the termination of this Grant Contract.</p> <p>a. The Grantee warrants to the State that it is familiar with the requirements of the Privacy Rules, and will comply with all applicable requirements in the course of this Grant Contract.</p> <p>b. The Grantee warrants that it will cooperate with the State, including cooperation and</p>	<p>This provision requires that any grantee that is considered a covered entity as defined in 45 CFR §160.103 and is subject to the federal regulations found in 45 CFR Part 160 through Part 164 complies with the administrative, security and privacy requirements contained therein.</p> <p>This provision additionally requires a grantee to enter into a separate business associate agreement (BAA) if required by the State as necessary under HIPAA. If required, the BAA will be a separate agreement that is made an attachment to the contract.</p>

<p>coordination with State privacy officials and other compliance officers required by the Privacy Rules, in the course of performance of this Grant Contract so that both parties will be in compliance with the Privacy Rules.</p> <p>c. The State and the Grantee will sign documents, including but not limited to business associate agreements, as required by the Privacy Rules and that are reasonably necessary to keep the State and the Grantee in compliance with the Privacy Rules. This provision shall not apply if information received or delivered by the parties under this Grant Contract is NOT “protected health information” as defined by the Privacy Rules, or if the Privacy Rules permit the parties to receive or deliver the information without entering into a business associate agreement or signing another document.</p> <p>d. The Grantee will indemnify the State and hold it harmless for any violation by the Grantee or its subcontractors of the Privacy Rules. This includes the costs of responding to a breach of protected health information, the costs of responding to a government enforcement action related to the breach, and any fines, penalties, or damages paid by the State because of the violation.</p>	
<p>D.12. <u>Public Accountability.</u> If the Grantee is subject to Tenn. Code Ann. § 8-4-401 <i>et seq.</i>, or if this Grant Contract involves the provision of services to citizens by the Grantee on behalf of the State, the Grantee agrees to establish a system through which recipients of services may present grievances about the operation</p>	<p>This provision requires that the grantee establish a grievance procedure through which service recipients may present their concerns. Additionally, this provision requires that a grantee place a sign regarding the Comptroller of the Treasury’s fraud, waste, and abuse hotline. TDMHSAS can provide copies of this sign for your agency’s use upon request.</p>

<p>of the service program. The Grantee shall also display in a prominent place, located near the passageway through which the public enters in order to receive Grant supported services, a sign at least eleven inches (11") in height and seventeen inches (17") in width stating: NOTICE: THIS AGENCY IS A RECIPIENT OF TAXPAYER FUNDING. IF YOU OBSERVE AN AGENCY DIRECTOR OR EMPLOYEE ENGAGING IN ANY ACTIVITY WHICH YOU CONSIDER TO BE ILLEGAL, IMPROPER, OR WASTEFUL, PLEASE CALL THE STATE COMPTROLLER'S TOLL-FREE HOTLINE: 1-800-232-5454.</p> <p>The sign shall be on the form prescribed by the Comptroller of the Treasury. The Grantor State Agency shall obtain copies of the sign from the Comptroller of the Treasury, and upon request from the Grantee, provide Grantee with any necessary signs.</p>	
<p>D.13. <u>Public Notice.</u> All notices, informational pamphlets, press releases, research reports, signs, and similar public notices prepared and released by the Grantee in relation to this Grant Contract shall include the statement, "This project is funded under a Grant Contract with the State of Tennessee, Department of Mental Health and Substance Abuse Services." All notices by the Grantee in relation to this Grant Contract shall be approved by the State.</p>	<p>This provision requires that all public notices and other informational pamphlets provide the statement that "This project is funded under a Grant Contract with the State of Tennessee, Department of Mental Health and Substance Abuse Services."</p> <p>Please also note that some federal discretionary grant awards may also have additional language which is required for any public notices prepared in relation to the Grant Contract.</p>
<p>D.14. <u>Licensure.</u> The Grantee and its employees and all sub-grantees shall be licensed pursuant to all applicable federal, state, and local laws, ordinances, rules, and regulations and shall upon request provide proof of all licenses.</p>	<p>This provision ensures that a grantee is complying with state and federal law by satisfying any licensure requirements including both facility licensure requirements and professional licensure requirements.</p> <p>Please see our Department's licensure website for the rules associated with facilities our Department licenses: https://www.tn.gov/behavioral-health/substance-abuse-services/treatment---recovery/treatment--recovery/licensure-rules.html</p> <p>Please see the Department of Health's Website for any requirements associated with facilities and professions licensed by the Department of</p>

	<p>Health: https://www.tn.gov/health/health-professionals.html</p>
<p>D.15. <u>Records</u>. The Grantee and any approved subcontractor shall maintain documentation for all charges under this Grant Contract. The books, records, and documents of the Grantee and any approved subcontractor, insofar as they relate to work performed or money received under this Grant Contract, shall be maintained for a period of five (5) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the Grantor State Agency, the Comptroller of the Treasury, or their duly appointed representatives.</p> <p>The records shall be maintained in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification, Public Company Accounting Oversight Board (PCAOB) Accounting Standards Codification, or Governmental Accounting Standards Board (GASB) Accounting Standards Codification, as applicable, and any related AICPA Industry Audit and Accounting guides.</p> <p>In addition, documentation of grant applications, budgets, reports, awards, and expenditures will be maintained in accordance with U.S. Office of Management and Budget's <i>Uniform Administrative Requirements, Audit Requirements, and Cost Principles for Federal Awards</i>.</p> <p>The Grantee shall also comply with any recordkeeping and reporting requirements prescribed by the Tennessee Comptroller of the Treasury.</p> <p>The Grantee shall establish a system of internal controls that utilize the COSO Internal Control - Integrated Framework model as the basic foundation for the internal control system.</p> <p>The Grantee shall incorporate any</p>	<p>All grantees must keep any books, records, and documents (including banking records, bills, invoices, subcontracts, employee records) that relate to services rendered or goods provided under a grant contract for <i>a minimum</i> of 5 years from the date of the final payment under the grant contract.</p> <p>Grantees must ensure that records are maintained in accordance with the provisions outlined below.</p> <p>Failure to maintain proper records and documentation according to this provision may result in any costs associated with such records being disallowed.</p>

<p>additional Comptroller of the Treasury directives into its internal control system. Any other required records or reports which are not contemplated in the above standards shall follow the format designated by the head of the Grantor State Agency, the Central Procurement Office, or the Commissioner of Finance and Administration of the State of Tennessee.</p>	
<p>D.16. <u>Monitoring</u>. The Grantee's activities conducted and records maintained pursuant to this Grant Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.</p>	<p>All grantees are subject to subrecipient monitoring. Please see section on "Subrecipient Monitoring" for more information.</p>
<p>D.17. <u>Progress Reports</u>. The Grantee shall submit brief, periodic, progress reports to the State as requested.</p> <p>D.18. <u>Annual and Final Reports</u>. The Grantee shall submit, within three (3) months of the conclusion of each year of the Term, an annual report. For grant contracts with a term of less than one (1) year, the Grantee shall submit a final report within three (3) months of the conclusion of the Term. For grant contracts with multiyear terms, the final report will take the place of the annual report for the final year of the Term. The Grantee shall submit annual and final reports to the Grantor State Agency and the Department of Finance and Administration ("F&A"). Send electronic copies of annual and final reports to F&A at fa.audit@tn.gov. At minimum, annual and final reports shall include: (a) the Grantee's name; (b) the Grant Contract's Edison identification number, Term, and total amount; (c) a narrative section that describes the program's goals, outcomes, successes and setbacks, whether the Grantee used benchmarks or indicators to determine progress, and whether any proposed activities were not completed; and (d) other relevant details requested by the Grantor State Agency. Annual and final report documents to be completed by</p>	<p>These provisions outline general reporting requirements for the grantee. Such requirements include the filing of progress reports, the filing of annual and final reports, and the filing of an annual audit report if required. Please see pages 25-26 for more information.</p>

the Grantee shall appear on the Grantor State Agency's website or as an attachment to the Grant Contract.

D.19. Audit Report. For purposes of this Section, pass-through entity means a non-federal entity that provides a subaward to a subrecipient to carry out part of a federal program. The Grantee shall provide audited financial statements to the Tennessee Comptroller of the Treasury ("Comptroller") if during the Grantee's fiscal year, the Grantee: (1) expends seven hundred fifty thousand dollars (\$750,000) or more in direct and indirect federal financial assistance and the State is a pass-through entity; (2) expends seven hundred fifty thousand dollars (\$750,000) or more in state funds from the State; or (3) expends seven hundred fifty thousand dollars (\$750,000) or more in federal financial assistance and state funds from the State, and the State is a pass-through entity. At least ninety (90) days before the end of its fiscal year, the Grantee shall complete Attachment [reference the Notice of Audit Report document] to notify the State whether or not Grantee is subject to an audit. The Grantee should submit only one, completed document during the Grantee's fiscal year. Any Grantee that is subject to an audit and so indicates on Attachment [reference the Notice of Audit Report document] shall complete Attachment [reference the Parent Child Information document]. If the Grantee is subject to an audit, Grantee shall obtain the Comptroller's approval before engaging a licensed, independent public accountant to perform the audit. The Grantee may contact the Comptroller for assistance identifying auditors. All audits shall be performed in accordance with the Comptroller's requirements, as posted on its web site. When a federal single audit is required, the audit shall be performed in accordance with U.S. Office of Management and Budget's *Uniform*

<p><i>Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.</i></p> <p>A copy of the audit report shall be provided to the Comptroller by the licensed, independent public accountant. Audit reports shall be made available to the public.</p> <p>The audit contract between the Grantee and the Auditor shall be on a contract form prescribed by the Comptroller.</p> <p>The Grantee shall be responsible for payment of fees for an audit prepared by a licensed, independent public accountant. Payment of the audit fees by the Grantee shall be subject to the provision relating to such fees contained within this Grant Contract. The Grantee shall be responsible for reimbursing the Comptroller for any costs of an audit prepared by the Comptroller.</p>	
<p>D.22. <u>Independent Contractor</u>. The parties shall not act as employees, partners, joint venturers, or associates of one another in the performance of this Grant Contract. The parties acknowledge that they are independent contracting entities and that nothing in this Grant Contract shall be construed to create a principal/agent relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.</p> <p>The Grantee, being an independent contractor and not an employee of the State, agrees to carry adequate public liability and other appropriate forms of insurance, including adequate public liability and other appropriate forms of insurance on the Grantee's employees, and to pay all applicable taxes incident to this Grant Contract.</p>	<p>This provision requires that a grantee carry adequate public liability insurance and other appropriate forms of insurance, and to pay all applicable taxes incident to the grant contract.</p>
<p>E.# <u>Suspension of Payment.</u></p> <p>a. The State may suspend payment under</p>	<p>This provision provides that the State may suspend payment to a grantee if the grantee fails to meet the requirements of the scope of</p>

<p>this Grant Contract on the following grounds:</p> <ul style="list-style-type: none"> i. Grantee's failure to comply with the terms of Section A of this Grant Contract. ii. More than one instance, after written notice, of Grantee's failure to address reportable findings in a Monitoring Report issued by the State. iii. Grantee's failure to comply with any terms of this Grant Contract, which the State determines is detrimental to the welfare or best interests of Grantee's service recipients. <p>b. The State will provide written notice to Grantee for the suspension of payments under this Grant Contract. The State may suspend payment pending resolution of an investigation or until Grantee corrects a finding of non-compliance with the terms of this Grant Contract. Suspension of payments shall not exceed two hundred and forty (240) days. Failure to comply with the terms of this Grant Contract or correct the State's finding of non-compliance within two hundred and forty (240) days entitles the State to exercise any right at law or in equity, including without limitation, termination of this Grant Contract.</p>	<p>services, fails to address reportable findings in a Monitoring Report issued by the State, or otherwise fails to comply with terms of the Grant contract in a manner that is detrimental to the welfare or best interests of the Grantee's subrecipients.</p>
<p>E.#. <u>Professional Practice</u>. The Grantee shall assure that there is a code of conduct in place and applicable to all employees that covers, at minimum, business practices, clinical practices, and service recipient/staff interaction/fraternization. Further, Grantee's personnel shall conduct their practice in conformity with all applicable statutes, rules and regulations, and recognized ethical standards of their profession. Procedures for reporting violations of the ethical standards shall be developed and communicated to staff upon hire and annually thereafter, which shall include a non-reprisal approach for persons reporting suspected violations, as well as</p>	<p>This provision requires that a grantee has an employee code of conduct policy in place, and such policy must provide for reporting violations of any ethical standards. Additionally, each grantee must provide annual training as related to the conduct of conduct and ethics training.</p>

<p>a description of possible sanctions for violating the standards. Failure to implement a code of conduct in accordance with this section and to adequately address suspected violations of the code of conduct may be cause for termination of this Grant Contract.</p>	
<p>E.#. <u>Title VI Compliance.</u> Grantee shall comply with requirements of Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000d-1, pursuant to the guidelines established by the Tennessee Human Rights Commission’s Title VI Compliance Office, by completing <u>all</u> of the following items:</p> <ul style="list-style-type: none"> a. Provide name and contact information of Grantee’s Title VI Coordinator to State. b. Ensure Policies and Procedures Manual contains a Title VI section with information on: (a) Filing a complaint; (b) Investigations; (c) Report of findings; (d) Hearings and appeals; (e) Description of Title VI Training Program; (f) Limited English Proficiency (LEP) procedure; and (g) Retaliation. c. Train all staff (regular, contract, volunteer) on Title VI upon employment and annually thereafter. Training documentation shall be made available upon request of State, and include: 1) dates and duration of each training; and 2) list of staff completing training on each date. d. Annually complete and submit a Title VI self-survey as supplied by State. e. Implement a process and provide documentation to ensure service recipients are informed of Title VI and how to file a discrimination complaint. 	<p>This provision requires that a grantee comply with Title VI by having a Title VI coordinator, ensuring any policy and procedure manual has a Title VI section, provide staff training on Title VI, and inform a service recipient of Title VI and document such in the service recipient’s file.</p>

Additional Title VI resources may be found at: https://www.tn.gov/behavioral-health/for-providers/training/crisis-services-and-suicide-prevention-training/title-vi-.html	
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✓ **Post-Award Requirements**

General Operational Considerations

The expectation for accepting an award from TDMHSAS is that the provider will have in place a system that is adequate for carrying out the administrative, financial, and programmatic aspects of the grant contract. The list below outlines some of the general responsibilities that a provider must understand and agree to:

- Fiscal Responsibilities:
 - The provider must establish and maintain fiscal controls and procedures that ensure that funds available under the program are only utilized to support the program in accordance with the program’s activities discussed in the contract’s scope of service, any corresponding project narrative, and the program budget attached to the contract. This includes utilizing proper internal controls to ensure the integrity of financial information and prevent fraud.
 - The provider must utilize an accounting or financial management system that:
 1. Maintains an adequate system of accounting and internal controls.
 2. Classifies a received receipt by the source of funding (including program name and contract number) to which the cost will be charged.
 3. Classifies expenditures by corresponding budget categories as listed in the budget attached to the contract.
 4. Ensures that each program funded by the State is accounted for separately and no single expenditure is billed to two separate programs, or that funds specifically budgeted and/or received for one project may not be used to support another.
 5. Provides adequate information as necessary for the prompt and proper submission by the provider to the State of required financial reports. Please see Section “Reporting Requirements” below for more information.
 - The provider must ensure that any expenditure invoiced to the State represents real and actual costs incurred by the provider, unless otherwise established in the contract. Percentage and estimates utilized for initial budgeting purposes are

not an acceptable basis for invoicing, unless the provider actually incurred the expense invoiced to the State.

- The provider must establish, document, and maintain programmatic and fiscal records for a time period of at least five (5) years from the date of final payment. This is the minimum time-period allowed, as the provider may be required to keep such documents longer pursuant to state and federal law or as otherwise notified. These records should demonstrate and document all activities completed by the provider that are related to the contract and must show that all costs invoiced to the State were real and actual. Such documentation may include client files, employee time-sheets, and any other supporting documentation as necessary.
- Program Responsibilities:
 - Providers are responsible for adhering to the contract scope of services for the programs which they are funded. The program goals, service recipients, structure, process, capacity and effectiveness measures are detailed in the scope of services.
 - Providers are responsible for appropriately staffing the program to provide services and deliverables as outlined in the scope of services. Programs may require staff have specific qualifications, educational requirements and/or professional credentials/licenses. Programs are also likely to have specific ongoing continuing education, training, and supervision requirements for staff and volunteers working to support the program goals. Documentation of personnel records are to be kept up to date and ready for review as needed for monitoring contract compliance with services and activities delivery. Changes in staffing should be communicated with the TDMHSAS staff providing oversight for the program within two weeks of the change.
 - A program may require specific Policies and Procedures be developed to outline and ensure quality of services delivery. Additionally, many TDMHSAS programs have manuals, policy and procedures, minimum standards of care, minimum program requirements (licensure), evidence based practices, fidelity models, guidelines, best practices, etc. that govern the work performed by the provider for the program. These types of documents are referenced within the scope of services. It is the responsibility of the provider to adhere to any such document(s) that help govern the services and deliverables of a program. If a program is licensed by TDMHSAS, the provider is responsible for complying with

all licensure requirements that may apply to the facility, program operation, and personnel.

- Providers are responsible for submitting data to TDMHSAS regarding the program. The frequency and type of data to be submitted is unique to each program and detailed in the scope of services. Documentation of services is required to be maintained by the provider and should be reported timely at the intervals referenced in the scope of services.
- Reporting Requirements:
 - **Line-Item Budget Contract Invoicing:** The provider must regularly invoice the State at least quarterly, but no more than monthly (unless otherwise instructed), in accordance with the contract. All invoices may be submitted electronically to MHSAS.Fiscal.Invoices@tn.gov and must utilize the appropriate state fiscal year or federal fiscal year template provided on the Department's Grant Management Webpage here: <https://www.tn.gov/behavioral-health/for-providers/grants-management.html>. All submitted invoices should be signed, and corresponding email should provide invoice date, program code, program name, and dollar amount for each invoice submitted.
 1. Please note the State has certain procedures to close out the State's fiscal year ending on June 30th of each year. Prior to this date, a provider will receive a letter from the Department's Commissioner outlining when agencies must submit all invoices for cost-reimbursement to the State in order to receive payment. If an agency does not timely submit invoices by this deadline, the Department assumes that the agency does not have any additional expenses to claim against the closing fiscal year's contract.
 2. Any funds not obligated by a provider by the end of the budget period *revert back to the State*. This includes any funds provided to an agency via a single-year contract, or multi-year contract which extends through multiple fiscal years. Although a contract may be for multiple fiscal-years, the corresponding budget will be determined on an annual basis and divided by fiscal year. All funds must be utilized during the corresponding budget period/fiscal year, or such funds will otherwise revert back to the State. An agency may not "carry-forward" any budgeted funds across fiscal years.
 - **Unit Rate Budget Contract Reimbursement:** Unit rate programs that utilize TNWITS, the Behavioral Health Safety Net, and Forensic Services programs must submit claims in an electronic format on a monthly basis as required by the program director. Unit rate programs will reimburse providers up to the amount

of the annual contract maximum liability for all eligible unit-rate services provided, as delineated in the contract scope and the contract's unit rate service attachment sheet.

- **Department of F&A Policy 03:** The provider must comply with Policy 03— Uniform Reporting Requirements and Cost Allocation Plan for Subrecipients of Federal and State Grant Money which requires that grantees submit the following reports: Program Expense Report (Schedule A), the Program Revenue Report (Schedule B), and the Final Program Expense Summary Page (Schedule C). Schedule A is used for submitted detailed and total expense budgets and for detailed and total expense reports. Schedule B is used for submitted revenue budgets and for revenue reports by source with reconciliation between total expense and reimbursable expenses. Schedule C is intended to recap all direct expenses in one column, as well as determine a grant total of all expenses. Policy 03 Quarterly Expense and Revenue Reports are due no later than thirty (30) calendar days following the end of the quarter for which the report is completed. These reports must be submitted electronically to TDMHSAS.Policy03@tn.gov, and should include in the email subject line "Policy 03" and the provider's name.
- **Audit and Other Report Requirements:**
 1. Audit Requirement: Pursuant to Tenn. Code Ann. § 4-3-304(8) all persons, corporations, or other nongovernmental⁴ entities receiving grants from or through the State shall cause a timely audit to be performed in accordance with the auditing standards prescribed by the Comptroller of the Treasury. The Comptroller has herby prescribed that any nongovernmental entity receiving \$750,000 or more from grant contracts (whether state or federal dollars) during a year is required to have an audit conducted in accordance with *Government Auditing Standards (Yellow Book)*⁵. This requirement applies regardless of the amount of federal funds received from all sources such as directly from the federal government.

⁴ An audit is required to be conducted and due no later than 9 months after the close of each fiscal year for state government and local governments (counties, judicial districts, cities, towns, and quasi-governments) regardless of whether the federal or state funds are involved or the dollar amount expended.

⁵ Please note that if an entity expends more than \$750,000 in federal funds, then the audit must be conducted in accordance with 2 C.F.R. § 200, Subpart F-Audit Requirements, and the audit cost is an allowable expenditure under the federal grant.

Any nongovernmental entity that expends \$750,000 or more under a state contract regardless of whether federal or state funds are involved, during that entity's fiscal year, is required to have an audit conducted. The completed audit and reporting is due to the Tennessee Comptroller of the Treasury within thirty (30) calendar days after the entity's recipient of the auditor's report of nine (9) months after the end of the audit period, whichever is sooner.

Agencies submitting to the Comptroller of the Treasury must comply with and submit to <https://apps.cot.tn.gov/CARS/>.

Agencies that are also required to submit an auditor's report to the federal government must do so utilizing the Federal Audit Clearinghouse here: <https://harvester.census.gov/facdissem/Main.aspx> to do so.

2. Any programmatic reporting as required by Section A of the Grant Contract Scope of Services and Deliverables

✓ **Considerations for Line-Item Budget Contracts**

Line-Item Budget

Line-items in a budget should reflect the activities discussed in Section A of the Grant Contract. Each Line-item in a budget is for a particular cost and appropriate costs should be deducted only from the corresponding line-item. Each budget line-item has particular guidelines associated within that line-item and grantees and program directors must budget and invoice costs according to these guidelines, as specified below. Please note that the line number listed here does not refer to the actual, exact line on the current state budget template, but instead refers to the lines utilized in the prior state budget template. Additionally, on the current state budget template, certain lines are now collapsed and no longer visible, but these line numbers have been listed below as collapsed for clarity. Finally, in the current state budget template, certain lines are combined into one line. Lines that are combined in the state budget template are included together below.

Please note that the information provided below is also listed on second page of the current, state budget template, and the Department of Finance and Administration Policy 03.

Line 1, Salaries	Compensation, fees, salaries, and wages paid to directors, trustees, and employees. Any costs associated with contractors (or someone who is not an employee of the organization)
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Line 5, Supplies	Organization's expenses for office supplies, housekeeping supplies, food and beverages, and other supplies. Sensitive minor equipment under \$5,000 goes on Line 5.
Line 6, Telephone	Organization's expenses for telephone, cellular phones, beepers, telegram, FAX, E-mail, telephone equipment maintenance, and other related expenses.
Line 7, Postage and Shipping	Organization's expenses for postage, messenger services, overnight delivery, outside mailing service fees, freight and trucking, and maintenance of delivery and shipping vehicles. Corresponding vehicle insurance may be listed here or Line 14.
Line 8, Occupancy	Organization's expenses for use of office space and other facilities, heat, light, power, other utilities, outside janitorial services, mortgage interest, real estate tax, and other similar expenses. Corresponding property insurance may be listed here or Line 14. Organization's expenses for renting and maintaining computers, copiers, postage meters, other office equipment, and other equipment (excluding telephone, truck, and automobile expenses, reportable on lines 6, 7, and 11 respectively).
Line 9, Equipment Rental & Maintenance	Organization's expenses for renting and maintaining computers, copiers, postage meters, other office equipment, and other equipment (excluding telephone, truck, and automobile expenses, reportable on lines 6,7, and 11 respectively).
Line 10, Printing & Publications	Organization's expenses for producing printed materials, purchasing books and publications, and buying subscriptions to publications.
Line 11, Travel	Organization's expenses for travel, including

Line 12, Conferences & Meetings	<p>transportation, meals and lodging, and per diem payments. Include gas and oil, repairs, licenses and permits, and leasing costs for company vehicles. Include travel expenses for meetings and conferences. Include vehicle insurance here or on line 14. All expenses invoiced to the State related to travel must be done in accordance with the State Comprehensive Travel Regulations.</p> <p>Organization's expenses for conducting or attending meetings, conferences, and conventions. Include rental of facilities, speakers' fees and expenses, printed materials, and registration fees (but not travel).</p>
Line 13, Interest	<p>Organization's interest expense for loans and capital leases on equipment, trucks, and automobiles, and other notes and loans. Do not include mortgage interest reportable on Line 8.</p>
Line 14, Insurance	<p>Organization's expenses for liability insurance, fidelity bonds, and other insurance. Do not include employee-related insurance reportable on Line 2. Do not include property and vehicle insurance if reported on Lines 7, 8, or 11.</p>
Line 16, Specific Assistance to Individuals	<p>Organization's direct payment of expenses of clients, patients, and individual beneficiaries. Includes such expenses as medicines, medicinal and dental fees, children's board, food and homemaker services, clothing, transportation, insurance coverage, and wage supplements.</p> <p>No direct monetary funds may be given to a client as a result of funding under this line.</p>
Line 17, Depreciation	<p>Organization's records for depreciation of equipment, buildings, leasehold improvements, and other depreciable fixed assets.</p> <p>A separate schedule must be submitted for depreciation to be considered. This schedule must include: description of asset, acquisition</p>

	cost, source of funds used to purchase asset, estimated useful life, salvage or residual value, method of depreciation (not accelerated), and computation of depreciation charges. Charges for depreciation are not allowable on items purchased and paid for with grant funds.
Line 18, Other Nonpersonnel Expenses	<p>Organization's <i>allowable</i>⁶ expenses for advertising, bad debts, contingency provisions, fines and penalties, independent research and development, organization, page charges in professional journals, rearrangement and alteration, recruiting, and taxes. Organization's other expenses under this line may include organization and employee's membership dues in associations and professional societies, organization's licenses, permits, registrations, etc.</p> <p>NOTE: expenses that are reportable on Lines 1 through 17 should be reported on those appropriate lines and not reported in an additional expense category on Line 18. A description should be attached for each additional category entered on Line 18.</p>
<i>Line 19 Collapsed</i>	
Line 20, Reimbursable Capital Purchases	<p>Organization's fixed assets, including land, equipment, buildings, leasehold improvements, and other non-expendable equipment. Non-expendable equipment is tangible property having a useful life of more than one year and a cost more than \$5,000.</p> <p>Please note all capital purchases must be approved by TDMHSAS staff.</p>
<i>Line 21 Collapsed</i>	
Line 22, Administrative Expenses	Organization's administrative expenses as

⁶ Allowable costs are those costs that are allowable under federal and state law, and the funding mechanism. Please see the "allowable vs. non-allowable cost section below and under our grants management website (<https://www.tn.gov/behavioral-health/for-providers/grants-management.html>) for more information on allowable vs. unallowable costs.

	allocated in accordance with the cost allocation plan approved by the cognizant state agency. Please see section “Cost-Allocation” on page 31 for more information.
<i>Line 23 Collapsed</i>	
Line 24, In-Kind Expenses	Report the value of contributed resources applied to the program if cost share is required by the grant program.
Line 25, Total Expenses	

Allowable vs. Non-allowable Costs

Allowable costs are those costs that are *allowed* under the contract, state, and/or federal law. Non-allowable costs are those costs that are *not allowable* under the contract, state, and/or federal law.

The State has adopted the cost principles identified in the Office of Management and Budget’s Federal Uniform Administrative, Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 C.F.R. §200 through 500 (previously OMB Circular A-87 for State and Local Government, OMB Circular A-122 for Non-Profits, OMB Circular A-110 for Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations) so regardless of a contract’s funding source, a grantee must abide by these requirements to determine whether a cost is allowable or not. Please see the Department’s Grants Management Webpage here: <https://www.tn.gov/behavioral-health/for-providers/grants-management.html> under “allowable vs. unallowable costs” and the Department of Finance and Administration’s Subrecipient Resources Webpage here: <https://www.tn.gov/finance/grants-information-sharing/grants-information-sharing/subrecipient-resources.html> under “subrecipient grant tools” for more specific information. Additionally, please note that the grant contract may include sections that speak to allowable and unallowable costs under the program based upon the program’s funding source.

Cost Allocation

Costs pursuant to a grant contract may be considered direct, indirect (a.k.a administrative), or allocable. Direct costs are those costs which can be identified to benefit a specific program only such as the salary of a person who work only on one program, or supplies which are utilized for one program. Indirect costs or administrative costs are costs that benefit the operations of an entire agency but cannot be identified to a specific program such as an executive director’s salary, or supplies used by administrative employees. Allocable direct costs are costs which benefit more than one program but do not fall under the criteria of administrative costs such as the occupancy cost of a program, or supplies utilized by more than one program. Please see

the Department of General Services' Central Procurement Office Policy 2013-007 (<https://www.tn.gov/generalservices/procurement/central-procurement-office--cpo-/library-.html>) and the Department of Finance and Administration Policy 03 (https://www.tn.gov/content/dam/tn/finance/documents/fa_policies/policy3.pdf) for more information.

As discussed earlier, grantees must follow Department of General Services' Central Procurement Office Policy 2013-007 and Department of Finance and Administration Policy 03. These policies require that an agency receiving money from the State under different contracts, different programs, or different grant sources must file a Cost Allocation Plan with their agency's Cognizant State Agency for approval. The Cognizant State Agency is the State agency whose funds comprise the greatest percentage of State grant funds received by the provider, as determined by the Department of General Services' Central Procurement Office. The Department of Mental Health and Substance Abuse Services will either be the Cognizant State Agency for an agency and must approve of the agency's Cost Allocation Plan or will otherwise request a copy of an agency's Cost Allocation Plan that has been approved by another state department or the federal government.

A Cost Allocation Plan must comply with the applicable financial standards for an agency, either Financial Accounting Standards Board ("FASB") or Governmental Accounting Standards Board ("GASB"). In sum, a Cost Allocation Plan is simply a means of distributing to various programs the costs which benefit more than one program and are not directly assigned to a specific program. A Cost Allocation Plan should include allocation of allocable direct costs as well as indirect costs. All grantees must prepare a narrative describing in detail the methods used to allocate costs to the various programs in their Cost Allocation Plan. The plan should include an organizational chart and documents and schedules to support the allocation methods.

An allocation method is the method a grantee utilizes to allocate costs per program or per grant which are not directly assignable to that program or grant. Any allocation method utilized should allocate to a program or grant its fair share of any indirect cost. Requirements for developing and submitting indirect cost rate proposals and Cost Allocation Plans are contained in Appendices III-VII of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

If your agency does not have a current Cost Allocation Plan, please reach out to the Department's Division of Fiscal Services for assistance.

✓ **Considerations for Unit-Rate Budget Contracts**

Unit Rate Contracts are contracts in which the Department agrees to pay a specific rate amount for each service unit provided, as outlined in the grant contract and corresponding attachments. Under a unit rate contract, the grantee may bill the Department for providing a certain number of services during a particular time period. Each grantee should be certain to bill the Department for the appropriate unit of service that was provided. Section A of these grant contracts provides a definition for each unit rate. A grantee should only bill a unit of service under the appropriate service provided, and each grantee should ensure the service that they provide is matching the definition as specified by TDMHSAS. Additionally, each grantee should only bill the Department for actual services provided and should ensure that the grantee maintains the appropriate documentation to support their billing including documenting start and end times of services provided, the number of participants if applicable, and other information corresponding to a service unit's definition.

If a grantee has both line-item grant contracts and unit rate grant contracts, the grantee must ensure they are complying with the special considerations under each type of these contracts.

✓ **Subrecipient Monitoring**

Pursuant to both state and federal requirements, each grantee who is a subrecipient of either state or federal funds must be monitored at least once every three (3) years, and monitored more frequently if the grantee is determined to be "high-risk," per Department of General Services' Central Procurement Office Policy 2013-007. A grantee may be determined to be "high-risk" based upon a variety of factors including: the grantee's risk of noncompliance with federal statutes, regulations, and an award's terms; the level of programmatic or financial risk to the State; whether the grantee has been monitored in the past three (3) years; and whether the grantee has had prior findings indicating serious deficiencies.

The subrecipient monitoring process involves a review of both fiscal and programmatic components and is designed to determine a grantee's compliance with requirements of state and/or federal program, applicable laws and regulations, and stated results and outcomes, as well as a review of a grantee's financial management and accounting system to determine if such management and system is adequate to account for program funds in accordance with state and/or federal requirements. The subrecipient monitoring process also allows for the Department to provide guidance, education, and technical assistance to grantees who demonstrate a need for such guidance throughout the monitoring process.

The Process

1. At least once every three (3) years, a grantee will receive notice from TDMHSAS to schedule fiscal and programmatic monitoring visits. Monitoring visits will include visits from fiscal monitors and program monitors,
2. Monitors will communicate in advance the expectations and required documents necessary for review. Monitors will provide a list of documents needed from the grantee both prior to the site visit and during the site visit. If a grantee is unsure what the monitor means when requesting particular documents, the grantee should reach out to the monitor to ask for more information.
3. During a site visit, fiscal and program monitors will review a physical location, program records, and individual service recipient files to determine compliance, as well as insure that other requirements of the grant contract are being adhered to. Please note, reviews may be conducted on-site or conducted as a desk review at TDMHSAS discretion.
4. Each site visit will begin with an entrance conference and end with an exit conference.
5. After both fiscal and program monitoring is complete, the Department will send one, final monitoring report outlining any findings of non-compliance by the agency. This report will be sent within thirty (30) business days of the final monitoring visit or completion of all monitoring activities. This report will be issued to the grantee, TDMHSAS management, and the Comptroller of the Treasury, Division of Audit. The monitoring report will also provide information about how a grantee can correct any findings of non-compliance.
6. Within thirty (30) business days from receipt of the final monitoring report, the grantee must file a Corrective Action Plan with the Department addressing the findings documented in the Department's monitoring report. All Corrective Action Plans should include all necessary information to ensure a finding will not occur in the future including the individual responsible for implementing the any corrective actions, and should be signed by an agency's President, Executive Director, or CEO.
7. Within thirty (30) business days from receipt of the Corrective Action Plan, the Department will either approve, reject, or request additional information and/or revisions to the Corrective Action Plan.
8. Once an approved Corrective Action Plan is approved, a grantee must ensure compliance with this plan and both program and fiscal monitors will schedule a follow-up assistance within sixty (60) business days (including a site review if necessary) to determine compliance.
9. As needed, the Department will provide technical assistance to a grantee, including both programmatic and fiscal assistance, to help a grantee correct any findings.

Expectations

1. The Department expects that all agencies scheduled for a monitoring visit will be prepared and have the necessary information and documentation available for review.

2. The Department expects that all agencies will work with fiscal and program monitoring in scheduling a site visit at the requested time.
3. The Department expects that all agencies scheduled for a monitoring visit will have the appropriate people present for the site visit to be conducted.
4. The Department expects that all grantees will timely implement any measures outlined in a Corrective Action Plan.

✓ **Sanctions and Termination of Funding**

If at any time, either during a grant contract or after the expiration of a grant contract, the Department determines that a grantee has failed to comply with the terms and conditions of the grant contract or fails to comply with the monitoring process and expectations (including providing documentation of corrective actions), the Department may take one or more of the following actions:

1. Temporarily withhold cash payments pending correction of the deficiency by the grantee;
2. Disallow all or part of the cost of the activity for non-compliance;
3. Wholly or partially suspend or terminate the contract; and/or
4. Withhold further contracts for the project or program.

✓ **Other Available Resources**

If you have questions or concerns about any of the items listed within this manual, please feel free to contact our Department directly. Please also be aware of the following resources:

- Department of General Services' Central Procurement Office Policy 2013-007:
<https://www.tn.gov/generalservices/procurement/central-procurement-office--cpo-/library-.html>
- Department of Finance and Administration's Policy 03:
https://www.tn.gov/content/dam/tn/finance/documents/fa_policies/policy3.pdf
- Department of Finance and Administration Policy 08 Comprehensive Travel Regulations:
https://www.tn.gov/content/dam/tn/finance/documents/fa_policies/policy8.pdf
- Department of Finance and Administration Subrecipient Resources:
<https://www.tn.gov/finance/grants-information-sharing/grants-information-sharing/subrecipient-resources.html>
- Department of Mental Health and Substance Abuse Services Grants Management Webpage: <https://www.tn.gov/behavioral-health/for-providers/grants-management.html>