

## FINANCIAL PROVISIONS

*DRAFT*

### A. FUNDING

1. The case management model developed by AHCCCS shall be used to determine the annual budget for the Tribal Contractor. The case management model takes into account the number of case managers and other staff assisting or overseeing case management work, salaries, time spent performing duties, caseload ratios, vehicle costs, ERE, and other indirect costs. The model will be updated yearly as new information becomes available. Based on the annual budget, AHCCCS shall make monthly payments to the Tribal Contractor in compliance with A.R.S. Titles 35 and 36. Payments are conditioned upon the rights and obligations of this Agreement and the availability to AHCCCS of funds authorized and appropriated by the State legislature for expenditure in the manner and for the purposes stated in this Agreement. AHCCCS or the State shall not be liable for any purchase(s) entered into by the Tribal Contractor in anticipation of such funding.

2. Payments made by AHCCCS to the Tribal Contractor are conditioned upon receipt by AHCCCS of applicable timely, accurate and complete reports, documentation and any other information due from the Tribal Contractor, unless written approval waiving such requirement(s) is obtained from the AHCCCS Director or designee. If the Tribal Contractor is in any matter in default in the performance of any material obligation under the Agreement, or if financial, compliance or performance audit exceptions are identified, AHCCCS may, at its option and in addition to other available remedies, either adjust the amount of payment or withhold payment until satisfactory resolution of the default or exception. The Tribal Contractor shall have the right to 30 days written notice of AHCCCS' action in adjusting the amount of payment or withholding payment. Under no circumstances shall AHCCCS authorize payments that exceed an amount specified in this Agreement without an approved written amendment to the Agreement. AHCCCS may, at its option, withhold final payment to the Tribal Contractor until all final reports and deliverables are received.

3. The practices, procedures and standards specified in and required by the *State Accounting Manual* and any Uniform Financial Reporting Requirements shall be used by the Tribal Contractor in the management, recording and reporting of Agreement funds received from AHCCCS and in producing audited financial statements.

4. Funding received through this contract shall be retained by the Tribal Contractor to be used for providing case management services. All funding received under this contract must be maintained in a separate fund (account). The Tribal Contractor shall provide AHCCCS with a quarterly report detailing all activities in this fund (account). Any funds remaining subsequent to the contractor's fiscal year end shall be used in accordance with this contract within 90 days. For funds not expended within 90 days after fiscal year end, the Tribal Contractor shall present a plan for AHCCCS' approval describing its plan to utilize remaining funds within 180 days of fiscal year end. The following year's revenue may be adjusted if the Tribal Contractor does not provide a reasonable plan to spend remaining funds.

5. The Tribal Contractor shall reimburse AHCCCS upon request, or AHCCCS may deduct from future payments to the Tribal Contractor, any amounts determined by AHCCCS to represent:

- a. Costs related to case management services which have been inaccurately reported;
- b. Costs related to case management services which have not been provided;
- c. Costs of case management services for which the Tribal Contractor's books, records, and other documents are not sufficient to clearly confirm were used by the Tribal Contractor to provide case management services;
- d. Costs of case management services sustained as a financial audit exception; or

e. Costs of case management services which have not been provided in accordance with applicable regulations, laws, policies and this Agreement, to include services which AHCCCS has determined to be not necessary.

## **B. FINANCIAL REPORTING AND RECONCILIATION**

1. The Tribal Contractor shall have a system to produce complete, timely, reliable and accurate financial records in accordance with the following requirements for financial reporting:

a. The Tribal Contractor shall design and implement its financial operations system to ensure compliance with Generally Accepted Accounting Principles.

b. The Tribal Contractor shall submit a quarterly report by the 60<sup>th</sup> calendar day following the end of each quarter detailing the Title XIX Revenues and Expenditures to the ALTCS Finance Administrator. The quarterly report will be used by AHCCCS to reconcile the monthly payments made during the quarter to the Tribal Contractor. If there is an overpayment or underpayment, AHCCCS will adjust future payments to the Tribal Contractor accordingly to make the account whole. Failure of the Tribal Contractor to submit timely quarterly financial reports shall result in payment delays to the Tribal Contractor.

c. The Tribal Contractor shall submit Quarterly Certification Statement as outlined in the attachment to this contract that actual costs are in accordance with OMB Circular A-87.

d. The Tribal Contractor is required to submit annual audited Financial Statements prepared in accordance with OMB Circular A-133 within 9 months after the Tribal Contractor's fiscal year end.

e. All costs allocable to Title XIX that have been treated as indirect costs have not been claimed as direct costs.

2. Requests for extension of reporting deadlines shall be submitted in writing and must be received by AHCCCS prior to the report due date. Approvals for extension are valid only if issued in writing by AHCCCS.

3. Health Insurance Portability and Accountability Act (HIPAA):

The Tribal Contractor shall comply with the Administrative Simplification requirements of Subpart F of the HIPAA of 1996 (Public Law 107-191,110 Statutes 1936) and all Federal regulations implementing the Subparts that are applicable to the operations of the Tribal Contractor by the dates required by Federal regulations.