

Rule Summary and Fiscal Analysis

Part A - General Questions

Rule Number: 5122:1-5-01

Rule Type: Amendment

Rule Title/Tagline: Annual budget, financial reporting and independent financial audit requirements.

Agency Name: Department of Mental Health and Addiction Services

Division:

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I. Rule Summary

1. **Is this a five year rule review?** Yes
 - A. **What is the rule's five year review date?** 11/15/2017
2. **Is this rule the result of recent legislation?** No
3. **What statute is this rule being promulgated under?** 119.03
4. **What statute(s) grant rule writing authority?** 5119.22
5. **What statute(s) does the rule implement or amplify?** 5119.22
6. **What are the reasons for proposing the rule?**

ORC 5119.22 requires the Department to review and evaluate the effectiveness and efficiency of the services provided with state and federal funds. As part of that duty the Department is authorized to gather financial information regarding the expenditure of state, local, and federal funds.

7. **Summarize the rule's content, and if this is an amended rule, also summarize the rule's changes.**

This rule requires certified providers of mental health and addiction services have an annual budget that is reviewed and approved by the provider's board of directors; and that the provider have prepared financial statements that reflect the financial position of the provider. Any provider that receives funds that originate from or pass through an ADAMHS board or the Department must report to the Department the findings of annual independent financial audit. All others must have an annual audit conducted.

8. **Does the rule incorporate material by reference? No**
9. **If the rule incorporates material by reference and the agency claims the material is exempt pursuant to R.C. 121.71 to 121.76, please explain the basis for the exemption and how an individual can find the referenced material.**

Not Applicable

10. **If revising or re-filing the rule, please indicate the changes made in the revised or re-filed version of the rule.**

Not Applicable

II. Fiscal Analysis

11. **As a result of this proposed rule, please estimate the increase / decrease in revenues or expenditures affecting this agency, or the state generally, in the current biennium or future years. If the proposed rule is likely to have a different fiscal effect in future years, please describe the expected difference and operation.**

This will have no impact on revenues or expenditures.

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There is no impact to Department revenues.

12. **What are the estimated costs of compliance for all persons and/or organizations directly affected by the rule?**

The preparation of budgets and financial statements are regular business practices and should not be extra expenses. The rule does not require any unusual or special preparations for these instruments. The annual audit is also routine business expense that most businesses will incur. Audit firms usually charge between \$50-\$100 an hour depending on the type of work being performed and who from the firm is doing the

work. Total costs will vary from provider to provider depending on the total size of the business.

13. **Does the rule increase local government costs? (If yes, you must complete an RSFA Part B).** No
14. **Does the rule regulate environmental protection? (If yes, you must complete an RSFA Part C).** No

III. Common Sense Initiative (CSI) Questions

15. **Was this rule filed with the Common Sense Initiative Office?** Yes
16. **Does this rule have an adverse impact on business?** Yes
 - A. **Does this rule require a license, permit, or any other prior authorization to engage in or operate a line of business?** No
 - B. **Does this rule impose a criminal penalty, a civil penalty, or another sanction, or create a cause of action, for failure to comply with its terms?** No
 - C. **Does this rule require specific expenditures or the report of information as a condition of compliance?** Yes

This rule requires audit reporting of providers who receive funds from the Department or from ADAMHS boards.