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ADP BULLETIN

Title

Requirements for Unexpended Alcohol and Other Drug Program Funds and the Interest Earned From These Funds

Deputy Director Approval

(signed by)

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Program Operations Division

Function:
[ ]Information Management
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PURPOSE

This bulletin summarizes state and federal requirements for expending and reporting unexpended funds that were appropriated and allocated for the provision of alcohol and other drug (AOD) prevention, treatment, and recovery services. Because counties deposit state and federal funds into interest-bearing accounts, this discussion will also include expenditure and reporting requirements for the interest earned on these funds.

DISCUSSION

The requirements for unexpended funds vary by funding source. Any interest earned on these funds is subject to the same expenditure and reporting requirements as the original fund amount. Funds allocated by the Department of Alcohol and Drug Programs (ADP) include State General Fund (SGF), SGF Drug Medi-Cal (DMC), and federal funds from the Substance Abuse Prevention and Treatment (SAPT) block grant and Safe and Drug Free Schools and Communities (SDFSC) funds prior to Fiscal Year 2002-03. Substance Abuse and Crime Prevention Act (SACPA) funds are allocated outside the Net Negotiated Amount (NNA) contract process and are subject to the expenditure and reporting requirements outlined in Title 9, California Code of Regulations, Division 4, Chapter 2.5.

SGF

Counties may retain unexpended SGF for use in subsequent fiscal years or return it to ADP. Under the NNA contract, carryover SGF is subject to the original expenditure requirements. Retained SGF may only be spent on identifiable drug and alcohol services in accordance with this contract and shall be included on the identified lines of the budget summary for the subsequent fiscal year (NNA Contract, Exhibit C, Article III-Fiscal Provisions, Section H- Cost Efficiencies, Sub-Section 2). For example, unexpended SGF allocated for perinatal services must be used to provide perinatal services. This applies to Regular Ongoing SGF and Perinatal SGF (including Women and Children's Residential Treatment Services), and SGF allocated for Adult Treatment Services Gap, and Youth Treatment programs.

Interest earned on unexpended SGF is subject to all original expenditure requirements as well. The NNA contract specifies that any savings redirected from the current fiscal year to the next fiscal year plus any accrued interest is to be identified in the budget summary for the next or subsequent fiscal year contract (NNA Contract, Exhibit C, Article III-Fiscal Provisions, Section H-Cost Efficiencies, Sub-Section 2[b]).

SGF DMC

Unexpended SGF match allocated for the provision of DMC (regular or perinatal) services cannot be carried over. Upon completion of the fiscal year, the unencumbered balance of DMC appropriations reverts to the fund from which the appropriation was made. The NNA-DMC contract provides for the handling of unexpended DMC funds. SGF paid to the county for the provision of DMC services, but not expended by the county after having fulfilled all obligations under the contract, must be returned to the State (NNA-DMC Contract, Exhibit D, Article IV-Fiscal Provisions, Section B-Return of Unexpended Funds).

Federal Funds

Unexpended federal funds are also subject to the expenditure limitations contained in the NNA contract. Counties must return federal funds not spent within the permitted expenditure period. This includes SAPT funds, and SDFSC funds. Additionally, counties may not retain more than $100 in interest earned on federal funds per year as indicated in Title 45, Code of Federal Regulations, 92.21 (I). Interest earned in excess of $100 must be returned to the federal government via the State (NNA Contract, Exhibit C, Article III-Fiscal Provisions, Section C-Accrual of Interest).

Counties, with the exception of direct contract providers, are liable for any penalties or other consequences resulting from the inappropriate use of funds allocated for AOD prevention, treatment, and recovery services. State and federal funds not expended in accordance with the requirements set forth in federal block grant law, federal or state regulations pertaining to alcohol or drug abuse services, and the conditions set forth in any contract or interagency agreement, are to be repaid to ADP (Health and Safety Code Section 11817.8 [c]).

REFERENCES

- Title 9, California Code of Regulations, Division 4, Chapter 2.5
- NNA Contract, Exhibit C, Article III-Fiscal Provisions, Section H-Cost Efficiencies, Sub-Section 2
- NNA-DMC Contract Exhibit D, Article IV-Fiscal Provisions, Section B-Return of Unexpended Funds
- Title 45, Code of Federal Regulations, 92.21 (I)
- NNA Contract, Exhibit C, Article III-Fiscal Provisions, Section C-Accrual of Interest
- Health and Safety Code Section 11817.8 (c)

BACKGROUND

The NNA and NNA-DMC contracts outline the expenditure and reporting requirements. Bulletins describing reporting requirements for unexpended SGF, unexpended SGF DMC, and unexpended federal funds are:

ADP Bulletin 02-3

ADP Bulletin 02-14

ADP Bulletin 02-15

ADP Bulletin 02-16

ADP Bulletin 02-21

QUESTIONS/MAINTENANCE

If you have any questions concerning the handling of unexpended funds and the interest earned on them, please contact your assigned county analyst in the Fiscal Management and Accountability Branch at (916) 323-2043. Questions regarding SACPA funds should be directed to the Office of Criminal Justice Collaboration at (916) 445-7456.

EXHIBITS

None

DISTRIBUTION

County Alcohol and Drug Program Administrators
County Fiscal Contacts
Wagerman Associates, Inc.
Director's Advisory Council