

SOUTH CAROLINA COMMISSION ON DISABILITIES AND SPECIAL NEEDS

MINUTES

April 18, 2019

The South Carolina Commission on Disabilities and Special Needs met on Thursday, April 18, 2019, at 10:00 a.m. at the Department of Disabilities and Special Needs Central Office, 3440 Harden Street Extension, Columbia, South Carolina.

The following were in attendance:

COMMISSION

Present:

Eva Ravenel, Chairman
Gary Lemel – Vice Chairman
Sam Broughton, Ph.D.
Lorri Unumb – Via Skype

Absent:

Vicki Thompson – Secretary

DDSN Administrative Staff

Director Mary Poole; Mr. Pat Maley, Deputy Director; Mr. Rufus Britt, Associate State Director, Operations; Mrs. Susan Beck, Associate State Director, Policy; Tana Vanderbilt, General Counsel, Mr. Robb McBurney, Legislative Liaison; Ms. Sandra Delaney, Administrative Coordinator (For other Administrative Staff see Attachment 1 – Sign In Sheet).

Guests

(See Attachment 1 Sign-In Sheet)

Coastal Regional Center (via videoconference)

Pee Dee Regional Center (via videoconference)

(See Attachment 3 Sign-In Sheet)

Whitten Regional Center (via videoconference)

(See Attachment 4 Sign-In Sheet)

News Release of Meeting

Chairman Ravenel called the meeting to order and Commissioner Lemel read a statement of announcement about the meeting that was distributed to the appropriate media, interested persons, and posted at the Central Office and on the website in accordance with the Freedom of Information Act.

Adoption of the Agenda

On motion of Commissioner Broughton, seconded by Commissioner Lemel, the Commission adopted the April 18, 2019 Meeting Agenda. (Attachment A)

Invocation

Chairman Ravenel gave the invocation.

Approval of the Commission Meeting Minutes

On motion of Commissioner Broughton, seconded by Commissioner Lemel, the Commission unanimously approved the minutes of the March 21, 2019 Commission Meeting.

Public Input

The following individuals spoke during Public Input: Susan John, Deborah McPherson, Patricia Harrison, Kathleen Roberts and Beth Bunge.

Commissioners' Update

Commissioner Lemel spoke about attending the subcommittee at the State House regarding a hearing on H 3824-DDSN Commissioner Qualifications and Training adding the subcommittee members were open to his and Director Poole's feedback.

State Director's Report

Director Poole reported on various topics. (Attachment B)

Finance and Audit Committee Update

Committee Chairman Lemel stated the Committee met earlier this month and made minor changes on Directives 275-04 and 275-06. On behalf of the Committee, Committee Chairman Lemel moved that both policies that were presented be adopted by the Commission. The motion was seconded by Commissioner Broughton and passed. (Attachment C)

Disability Advocacy Day

Ms. Connie Gallman, immediate past-chair of the SC Partnership of Disability Organizations, spoke of the events that took place at the 30th Annual Disability Advocacy Day held at the State House on March 6, 2019.

Legislative Update

Mr. McBurney gave an update of the various Legislative topics relating to the agency. (Attachment D)

Budget Update

Mr. Maley provided an update of the agency's budget process. (Attachment E)

Financial Update

Mr. Maley provided an overview of the agency's financial activity and the agency's current financial position. Commissioner Lemel motioned to accept the financial report as presented. The motion was seconded by Commissioner Broughton and passed. (Attachment F)

DDSN Employee of the Year

Mr. Britt welcomed the employees that were nominated for the 2018 DDSN Employee of the Year. Ms. Lemmond introduced each Employee of the Year for each regional center as follows:

Ms. Angel Shuler was announced as the Coastal Regional Center Employee of the Year. Ms. Becky Hill, Facility Administrator, spoke on her behalf.

Ms. Mary Kelly was announced as the Saleeby Regional Center Employee of the Year. Mr. John Hitchman, Facility Administrator, spoke on her behalf.

Ms. Charlene Speaks was announced as the Whitten Center Employee of the Year. Mr. Randy Davis, Facility Administrator, spoke on her behalf.

Ms. Rachel Sholar was announced as the Midlands Regional Center Employee of the Year. Ms. Angela Wright, Facility Administrator, spoke on her behalf.

Ms. Wilma Epps was announced as the Pee Dee Regional Center Employee of the Year. Mr. John Hitchman, Facility Administrator, spoke on her behalf.

Ms. Lemmond announced Ms. Angel Shuler as the DDSN Employee of the Year 2018. Ms. Becky Hill spoke on her behalf.

All recipients received a certificate along with a monetary award.

Executive Session

An Executive Session was not held.

Next Regular Meeting

May 16, 2019.

Submitted by,



Sandra Delaney

Approved:



Commissioner Vicki
Thompson Secretary

SC COMMISSION ON DISABILITIES AND SPECIAL NEEDS Commission Meeting

April 18, 2019

Guest Registration Sheet

(PLEASE PRINT)

Name and Organization

| | | |
|-----|--------------------------|------------------|
| 21. | Rey Miller | SC DD Council |
| 22. | Thod Warren | Brock Center |
| 23. | P. H. | |
| 24. | Cynthia Moore | PDCA |
| 25. | Claudine Hart | DDSN |
| 27. | Wen & Epps | DDSN |
| 28. | Logan Dickson | DDSN |
| 29. | Elizabeth Lemmond | DDSN |
| 30. | Joyce King | DDSN |
| 31. | Kathleen Lind | Aping with flair |
| 32. | Beth Bunge | Bright Start |
| 33. | for Freda King | BIASC |
| 34. | Terri Todd | Bright Start |
| 35. | Sarah Brewer | SSCIA |
| 36. | Rebecca R. Hill | Coastal Center |
| 37. | Angel Shuler | Coastal Center |
| 38. | Madina Hayes | Coastal Center |
| 39. | Daniel Davis | DDSN |
| 40. | A. Cantor | DDSN |

**SC COMMISSION ON DISABILITIES AND SPECIAL NEEDS
Commission Meeting
April 18, 2019**

Guest Registration Sheet

(PLEASE PRINT) Name and Organization

1. Nancy Hall, DDSN
2. Deborah & Heather McPherson Richland county
3. Susan L. John Henry Co. OSN
4. Charlene Syta DDSN
5. SALLIE JIMMERS SCDDSN WHITTEN CENTER
6. Randy Davis Whitten Center
7. Rachel Sholar Midlands Center
8. Ricky Sholar
9. Mary Ann Kelley Salceby Center
10. Jan Chapman Salceby Center
11. Kathleen Roberts WHITTEN CENTER PARENTS CLUB
12. Dr Hitchcock SCDDSN
13. Connie Gallman Newberry DSNA
14. Cindy Farr NCDSNB + SCPDO
15. Robin Blackwood PDSN
16. Mike Moss Calhoun DSNA
17. SAULTBAKER Family Connections
18. Bob Jones Newberry DSNA
19. Brian Wainey DDSN
20. Angela Wight Midlands Center

SC COMMISSION ON DISABILITIES AND SPECIAL NEEDS
Commission Meeting
April 18, 2019

Guest Registration Sheet

(PLEASE PRINT) Name and Organization

- 1. FAT FAGAN SCDASW
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- 20. _____

SOUTH CAROLINA COMMISSION ON DISABILITIES AND SPECIAL NEEDS

A G E N D A

**South Carolina Department of Disabilities and Special Needs
3440 Harden Street Extension
Conference Room 251
Columbia, South Carolina**

April 18, 2019

10:00 A.M.

1. Call to Order *Chairman Eva Ravenel*
2. Welcome - Notice of Meeting Statement *Commissioner Vicki Thompson*
3. Adoption of Agenda
4. Invocation *Commissioner Eva Ravenel*
5. Introduction of Guests
6. Approval of the Minutes of the March 21, 2019 Commission Meeting
7. Public Input
8. Commissioners' Update *Commissioners*
9. State Director's Report *Director Mary Poole*
10. Finance and Audit Committee Update *Committee Chairman Gary Lemel*
11. Business:
 - A. Disability Advocacy Day *Ms. Margie Williamson
Executive Director, The Arc of SC
President, SC Partnership of Disability Organizations*
 - B. Legislative Updates *Mr. Robb McBurney*
 - C. Budget Update *Mr. Pat Maley*
 - D. Financial Update *Mr. Pat Maley*
 - E. DDSN Employee of the Year *Mr. Rufus Britt
Ms. Liz Lemmond*
12. Executive Session *Chairman Eva Ravenel*
13. Next Regular Meeting (May 16, 2019)
14. Adjournment

1. Waiver Case Management and the Market Rate

- a. The draft waiver case management standards has been distributed to case managers as Ms. John has said and the reason they were sent out is to ensure that the big issues are identified and discussed prior to it going to the Policy Committee and being finalized so we are respectfully requesting a Policy Committee Meeting so we get out to public comment from that group.
- b. The billing rates continue to climb with 60% now the mean. We have been using a three month rolling average which was required due to the up and down swings since May 2018. The pattern has stabilized with those swings stopping in January (51%). February's 19 business days converts to 55% billing efficiency in a typical 21 business day month and March was at 60% (21 business days). We are hopeful that April's numbers will keep the trend moving up and really solidify confidence in this transition.
- c. We think a healthy majority of providers are around or above their break-even point and even more are above their variable cost/cash flow break-even point.
- d. That being said, we still have work with those who are below the 40% mark which is 11 agencies. We will be sending out a letter to these agencies later this afternoon informing them that they will be receiving technical assistance from us over the next 2 weeks. *Read transition information if needed*
- e. Once again, to reiterate a point that has been said many times. The rate we will pay case manager providers as well as the EI providers is the pass through rate – DDSN will be paid for the services related to maintaining and oversight of those services will be paid via an admin contract with DHHS

2. Hurricane Preparedness:

- a. Emergency preparedness meeting in May (22) which is statewide – regional centers and providers
- b. Automatic shutters versus the manual hurricane shutters – we got a preliminary estimate for these shutters and it looks like

the total purchase will be approximately \$100,000. This is based on an initial estimate of one company as we tried to put together a ballpark figure for this project. This automation needs to be done:

- i. The old shutters take many man hours to install.
- ii. They are heavy and the installation is difficult – such that once the shutters have been placed they do not remove them until the end of the hurricane season. The individuals then have to live in these darkened spaces which is difficult.
- iii. Someone is going to get hurt putting these up and taking them down.
- iv. We are putting together a bid packet together now and bring that back to the commission for review.

3. Generator Updates –

- a. All of the generators at the regional centers are on-line and in working order
- b. FEMA is now issuing grants from Hurricane Florence and we are canvassing the providers to see who would want a generator and who would also qualify for the grant. We will be back to the commission in May with the request for match.
- c. I have the list of all the projects if you want to review it.

4. Camera Update:

- a. Training with HRC members and staff has been completed
- b. Installation begins on Monday at Coastal Center.
- c. Facility Administrators at the other centers are working with maintenance to spec out their facilities for installation of surveillance cameras.
- d. Plan is to use Code-Lynks for consistency.

5. Oversight Committee Update

- a. Spoke with the staffer from the House Oversight Committee requesting information about our required update.
- b. She informed me that we should get a letter next week requesting our information in the form of a letter.

- c. We have that information and will send it to her in the required format in the required timeframe.

6. OIG review in SC

- a. The Office of the Investigator General came to South Carolina – last year at HHS They’ve identified 1087 ED visits and are trying to connect claims to them to determine whether they are ANE/Critical related.
- b. I believe there are 7 other states undergoing this type of review at this time. I was just made aware of this today and was concerned that the commission may not have been informed that this review was currently going on.
- c. It is a test of the Incident Management System and how providers are reporting – and if they are properly reporting everything that is required to be reported

Just in case points:

We are unraveling years of management decisions – many years – by asking probing questions we are trying to get down to the root of those decisions so the unraveling can begin. This is not a quick process - if done properly. We have spent months zero budgeting departments to ensure we have the right number of people, completing the tasks that need to be done. During that process of discover, we are reviewing processes and procedures to streamline where we can and to clarify them – which we must. We are at the beginning of a “soft” reorganization – which means a trial reorg to test these findings.

We are also questioning each and every non-service contract that is currently on the books to see if they are legitimate. Every contract is being questioned because as we move to the new world of fee for service – for all services as expected by our General Assembly – we need to be able to fund these via state funds. If the contract is inappropriate or does not have a deliverable then we do not need to have that contract.

There is no place for speculation and slandering of people’s reputation because of rumor and conjecture. I cannot say why those decisions were

made because I will not sully a reputation because of rumors or conjecture but I can say today that every department is being zero budgeted, every position evaluated and every non-service contract reviewed.

The new Waiver Case management service was developed with all parties at the table – it was not conjured up by any one business or agency. It is a better way of doing business since so many of our families do not understand their services, which waiver they receive or what is available. Plans are not as person centered as they should be – with monthly contact and the addition of more face to face visits the case manager can better inform the plan with the needs of the individuals – the service will be much more of a true service – it will be an actual resource for the individuals we support and their families.

Reference Number: 275-04-DD

Title of Document: Procedures for Implementation of DDSN Audit Policy for DSN Boards

Date of Issuance: May 11, 1988
Effective Date: May 11, 1988
Last Review Date: April 18, 2019
Date of Last Revision: April 18, 2019 **(REVISED)**

Applicability: DDSN Central Office and DSN Boards

This DDSN Directive, 275-04-DD: “Procedures for Implementation of DDSN Audit Policy for DSN Boards” is **NO LONGER** applicable to DDSN Contracted Service Providers. For information on DDSN’s audit policy for Contracted Service Providers, please see new DDSN Directive 275-06-DD: Procedures for Implementaion of Audit Policy for Contracted Service Providers .

GENERAL PROVISIONS

DSN Boards that fall into one of the following categories must obtain an Audit in accordance with this policy. The Audit is to be performed in accordance with generally accepted auditing standards by an independent Certified Public Accountant (CPA). The financial statements must be prepared in conformity with generally accepted accounting principles. Effective implementation dates for recently issued and adopted accounting pronouncements must be followed.

1. DSN Boards and entities grandfathered in as DSN Boards, that receive financial assistance (program contracts, grants, subgrants, etc.) from the South Carolina Department of Disabilities and Special Needs (DDSN) during the State fiscal year ended

June 30 are required to obtain an annual financial audit performed by an independent CPA.

2. DSN Boards and entities grandfathered in as DSN Boards, that expend **\$750,000.00** or more in federal awards must obtain an audit in accordance with the Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards, under 2 C.F.R., Subtitle A, Chapter II, Part 200 (“2 CFR 200”). Please note that Medicaid funds received by DSN Boards are not considered Federal awards.
3. If a DSN Board, or an entity grandfathered in as a DSN Board, which receives DDSN funds makes a sub-grant to another organization with the funds, then the organization that receives and expends the sub-grant would also be considered a recipient of DDSN funds. The recipient would treat the funds as though the funds were received directly from DDSN and must obtain an Audit in accordance with this policy if the amount received/expended falls into one of the two categories listed *above*.
4. DSN Boards, and entities grandfathered in as DSN Boards, will be required to submit a report on applying agreed-upon procedures (RoAAP) prepared by a CPA for the State fiscal year ended June 30 or for the DSN Boards’ year end. A sample template of the required RoAAP can be found in Attachment B to this Directive. CPAs should follow this template.
5. The Audit Report and RoAAP are to be filed with DDSN within 90 days after the end of the DSN Board’s fiscal year.

If the Audit Report and RoAAP is not received within five (5) business days of the due date, a contract reduction of \$100 per day will be assessed until the Reports are received by DDSN or a maximum of \$2,500 has been assessed. The total amount of the contract reductions will be deducted from the DSN Board’s subsequent payment for the third month following the due date. (For example, reductions assessed for reports due September 30 will be deducted from the December 1 payment.)

6. The CPA should present in person the final Audit Report, any management letter comments, the RoAAP, and all deficiencies noted, at a scheduled meeting of the DSN Board’s Board of Directors. If this is not done prior to the due date for submitting the Audit Report to DDSN, the CPA should ensure that management is aware of the contents of the final report, management letter comments, the RoAAP, and deficiencies noted.
7. A request for an extension of time to file an Audit Report and RoAAP must be submitted to DDSN Internal Audit by the DSN Board in writing on the DSN Board’s letterhead stationery and signed by the Executive Director, and must be approved by DDSN Internal Audit. The request for an extension must be filed at least 15 business days prior to the due date for the Audit Report and RoAAP. Such requests will only be approved in extreme circumstances that are beyond the control of the DSN Board or the Auditor, or when approval would be to the benefit of DDSN.

If a DSN Board is recognized as part of county government, then the county audit, if it meets the requirements of the DDSN audit policy, will be accepted and a separate audit of the DSN Board is not necessary. However, DDSN will require the DSN Board to submit a RoAAP prepared by an independent CPA.

AUDIT REPORT

1. The Management Discussion and Analysis (MD&A) part of the final Audit Report should be written by the DSN Board's staff. The MD&A should be presented to the Board of Directors for approval. Board approval should be reflected in the appropriate meeting minutes.
2. When the supplemental schedules [expenses by program – Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID), Community Training Home (CTH) II, Early Intervention, Case Management, etc.] for Medicaid funded programs are presented on full accrual, the Auditor is no longer required to reconcile adjusted allowable cost in the DSN Board's cost report to total program cost in the Audit Report. If the schedules are not presented on full accrual, the Auditor should reconcile adjusted allowable cost in the DSN Board's cost report to total program cost in the Audit Report. This step should be performed for the DDSN Medicaid contract. The reconciliation should itemize each difference and be included in the Audit Report. If there are no reconciling items, or the Auditor is unable to perform the reconciliation(s) due to the DSN Board's failure to complete the cost reports, then the Auditor should disclose that fact in the Audit Report.

When the audited financial statements and the cost reports are both presented on full accrual, but the program costs for Medicaid funded programs per the audited financial statements do not equal the program costs per the cost reports, the Auditor must provide reconciliation.

NOTE: Funding for all Case Management should be combined and included in the non-capitated contract. Since Case Management is now combined for both financial statement and cost reporting purposes, there is NO need to report it in the three (3) former program areas.

3. All DSN Boards are required to submit cost allocation plans to DDSN. The Auditor should determine if the cost allocation plan submitted by the DSN Board is appropriate and complies with DDSN Directive 250-05-DD: Cost Principles for Grants and Contracts with Community DSN Boards. The Auditor should also review the cost allocation plan to determine that it has been updated for any additions or deletions to the basis used to allocate costs, and that the current year cost allocations are materially correct. The Auditor should review the DSN Board's cost allocation plan to determine that the costs charged to the administrative and general cost center do not include any program costs in accordance with the requirements of DDSN Directive 250-09-DD: Calculation of Room and Board for Non-ICF/IID Programs, in conjunction with the guidance issued by DDSN. The Auditor should review Schedule R, the cost report for

residential habilitation, to determine that administrative costs allocated to room and board are being excluded from Medicaid allowable costs.

4. **Sampling** is a standard audit technique used to test the adequacy of an organization's internal control procedures. The samples selected should be representative of the total population of all consumers served across all programs. **The total population and the sample size must be stated for each program. This requirement applies to sampling associated with the Audit Report and the RoAAP.**
5. DSN Boards are required to establish procurement policies and procedures in accordance with the requirements contained in DDSN Directive 250-08-DD: Procurement Requirements for Local DSN Boards. The policies and procedures can be more, but not less restrictive than the requirements in the directive. The Auditor should perform audit tests to determine if the DSN Board's procurement policies and procedures are in compliance with DDSN Directive 250-08-DD: Procurement Requirements for Local DSN Boards. These tests should also determine if standards of conduct are included that require the members of the Board of Directors, Executive Director, President/CEO, and other key staff to provide signed statements to acknowledge/prevent potential conflicts of interest. The Auditor should also determine that these statements have been provided and are on file.
6. In many cases, the DSN Board handles funds for consumers. Within the fiduciary fund financial statements, a DSN Board fund should be used to report such assets (i.e., collective accounts) that are held in trust for the consumers by the DSN Board with a corresponding liability account to properly disclose the nature of the funds. If the funds are deposited in separate consumers' bank accounts, and the consumers have custody of the funds, then an asset and related liability need not be recognized. In either case, the Auditor should disclose the treatment of consumers' personal funds by program in the Notes to the Financial Statements.

The "Notes to Financial Statements" ["Notes"] addressing consumers' personal funds must describe the type of account(s) (community checking account or regional checking account) and the establishment of the account (i.e., is the account in the name of the consumer and/or the DSN Board). In addition, the Notes should address signature requirements (can the consumer draw on the account with his/her signature alone or is the signature of one or more staff also required?), deposit procedures, and account reconciliation responsibilities, and whether all of these duties are properly segregated.

NOTE: The Notes should disclose this information for each type of program involving consumers' personal funds (i.e., ICF/IID, CRCF, CTH-I, CTH-II, SLP-I, and SLP-II); regardless, of whether or not all programs follow the same account maintenance procedures. A table presentation is recommended.

7. As part of the expenditure test work, the Auditor should include a representative sample of financial transactions made by or on behalf of the Executive Director and top administrative staff of the DSN Board (i.e., travel, credit cards, cellular telephones, etc.).

8. The Auditor must identify findings being repeated from prior year audits.
9. Failure to meet these audit requirements may result in further withholding of subsequent payments and/or suspension of funding.

The following financial information for the DDSN funding year ended June 30 shall be included in the Audit Report. Failure to do so will make the Report unacceptable. For DSN Boards whose fiscal year coincides with the DDSN funding year ending on June 30, this information may be shown in the financial statements or in supplementary schedules in the Audit Report. Supplementary schedules will be necessary if the DSN Board's fiscal year ends on a date other than June 30. For example, if the DSN Board's fiscal year ends on September 30, the Audit Report will present financial statements for the fiscal year ended September 30. Supplementary schedules would then be included to present the required information for the DDSN funding year ended June 30. If the information is presented in supplementary schedules, the Auditor should express an opinion on whether the information in the supplementary schedules is fairly stated in all material respects in relation to the financial statements taken as a whole. As with the financial statements, the supplementary schedules must be prepared in conformity with generally accepted accounting principles.

DDSN required supplementary financial information:

1. Schedule of Revenues (in total for capitated or by program for non-capitated)
 - a) This schedule is to be developed using the same line item revenue detail as illustrated at Attachment A, pages 3 and 4.
 - b) Revenues for all programs covered by the "Contract For Person Centered Services and Supports Funded Through A Capitated Model" should be combined and presented in the aggregate to arrive at a grand total for all revenues received for capitated services. However, expenditures for capitated programs must be presented separately by program area.
 - c) Revenues for non-capitated programs should be presented separately by program.
 - d) In-kind contributions of goods and/or services contributed in support of the program, which are necessary and which would otherwise have to be purchased, must be shown separately. The in-kind contributions should be disclosed as revenue but are not required to be shown separately as expenditures.

2. Schedule of Expenditures by Program

For both capitated and non-capitated services, the Auditor should present the expenditures separately by program using the same line item expenditure detail as illustrated at Attachment A, pages 5 and 6. Expenditures for residential programs should also be presented in detail for each residence within the program. Additionally,

residences should be clearly distinguished as being HUD or non-HUD home(s). The schedule is to include allocation of any administrative expenditure to various programs.

3. Schedule of Administration Revenues and Expenditures

A Schedule of Administration Revenues and Expenditures must be presented using the line item detail as illustrated at Attachment A, pages 1 and 2. The schedule is to indicate the costs allocated to the various individual programs.

4. Schedule of Expenditures of Federal Awards (SEFA)

The CPA should review all contracts to determine which are grants or subgrants. Any grants or subgrants that are funded with federal money should be included on the DSN Board's SEFA. If a grant or subgrant is funded by DDSN with federal money, the grant contract will include the required CFDA number and the DSN Board payment confirmation will show the source for the payment. (**NOTE:** Some payments may be made from federal money but are not grants to the DSN Board.)

If a DSN Board does not receive a Single Audit pursuant to the Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards, under 2 C.F.R., Subtitle A, Chapter II, Part 200 ("2 CFR 200") ("OMB Circular A-133"), it is not necessary to include a SEFA in the Audit Report.

NOTE: As an alternative, the CPA may present a schedule of revenues and expenditures for programs that receive capitated funding as a spreadsheet with separate columns for each program and a summary total of all capitated programs. This format may also be used for programs receiving non-capitated funding. DDSN is considering requiring that the spreadsheet format be used to present the schedule of revenues and expenditures for capitated and non-capitated funded programs. For the present, CPAs are encouraged to use the spreadsheet format.

REPORT ON APPLYING AGREED-UPON PROCEDURES (RoAAP):

DSN Boards will need to contract with an independent CPA to have a report on applying agreed-upon procedures which is to be filed with DDSN within 90 days after the end of the DSN Board's fiscal year. This report will:

- a) Test the DSN Boards' control and procedures for Medicaid billings;
- b) Test the DSN Boards' management of consumers' personal funds for compliance with DDSN Directive 200-12-DD: Management of Funds for Individuals Participating in Community Residential Programs;

- c) Determine if DSN Boards are paying **ALL of the Early Interventionists and** Direct Care staff the established minimum **salary or** hourly wage in accordance with the DDSN contract; and,
- d) Determine that the DSN Board **has have** established and implemented a Room and Board policy for consumers' fees that has been reviewed and approved by DDSN.

1. **Medicaid Billing:**

Medicaid consumers receive services provided either by the Board or a third party vendor under the Medicaid program. If a third party vendor provides the services, it must be authorized by the case management DSN Board, approved by the Financial Manager, and documented in the consumer's plan. The DSN Board or the third party vendor receives payments for the Medicaid billable services rendered to the consumers from either DDSN or the SC Department of Health and Human Services. Although it is an accepted practice for Auditors to rely on the work of other professionals, the required minimum procedures were added to provide reasonable assurance that billings for DDSN services are appropriate and accurate, and must be performed unless a written request for a waiver is submitted to and approved by DDSN Internal Audit. At a minimum, the Auditor's work in the area of Medicaid billable services should include the following procedures:

- a) The Auditor should gain an understanding of the Medicaid billing process and controls over Medicaid billable services (DSN Boards and direct billed). In order to gain an accurate understanding of this process, the Auditor should consult with the program staff **(i.e., Early Intervention Supervisor, Day Program Director, Director of Case Management, etc.) supervisors** as these employees are directly responsible for Medicaid compliance and should be familiar with how Medicaid is billed. The Auditor should perform sufficient work to determine if the DSN Board's policies and procedures are adequate to provide reasonable assurance that Medicaid billable services are correct.

The Auditor should select a representative sample from all consumers from each Medicaid billable service area (i.e., early intervention, residential habilitation, DDSN day services, respite, companion, case management, etc.) for which the DSN Board or a third party vendor is receiving payments for Medicaid billable services **rendered to the consumers through DDSN**. For the sample selected, the Auditor should **perform sufficient work to** determine the following:

- a) Documentation is on file to support the billings. Tests should also be performed to determine that the billings are supported by complete and accurate information.
- b) Services are being provided to the consumers as indicated in the documentation on file. For the program selected, the Auditor should be present and have the supervisor make contact (face-to-face or phone call) with the consumer and/or family member and inquire if the services were provided as indicated in the service notes.

- c) Monitorship (review of service notes, phone contacts with family members and/or employers, visits to family members' homes and/or consumers' job sites, etc.) is being provided by supervisory staff, as evidenced by their signature or initials and date of the review, on an on-going basis so as to provide reasonable assurance to the DSN Board that the billable services are being provided to the consumers and/or families as indicated by the documentation on file. This review should be performed in conjunction with supervisory staff, as monitoring requirements vary by program.

2. **Consumers' Personal Funds:**

The Auditor should perform sufficient work to determine if the DSN Board's policies and procedures are adequate to safeguard the consumers' personal funds and are in compliance with DDSN Directive 200-12-DD: Management of Funds for Individuals Participating in Community Residential Programs, including attachments. At a minimum, the Auditor's work in the consumers' personal funds area should include the following procedures from the requirements given in Directive 200-12-DD, "Section V. Financial Management," and "Section VI. Cash On Hand."

- a) Determine that each member of the DSN Board's staff having access to consumers' personal funds is bonded.
- b) Determine that consumers' personal funds are not borrowed, loaned, or co-mingled by the DSN Board or another person or entity for any purpose; or, combined or co-mingled in any way with the DSN Board's operating funds.
- c) Determine that consumers' checking and/or savings accounts are established in the consumers' names and social security numbers, or that they indicate that the accounts are for the benefit of the consumers (fiduciary relationship).
- d) Determine that withdrawals from consumers' accounts require a co-signature of the facility or program director or his or her designee, unless a waiver is on file.
- e) Determine that copies of the commercial bank signature cards are in the consumers' permanent files.
- f) Determine that items costing \$50 or more are purchased by check from the consumers' accounts.
- g) Determine that all sources of income for the consumers are deposited within five (5) business days of receipt to their accounts.
- h) Determine that bank reconciliations for consumers' accounts are being performed and documented within 20 business days of receipt of the bank statements by a staff member who is not a co-signer for the accounts.

- i) Determine, through a representative sample of all consumers' purchases, that receipts are on hand to support expenditures for non-incidentals purchases made from the consumers' personal funds.
- j) Determine that checks are not written to "Cash."
- k) Determine that consumers' cash on hand (consumers' cash held in the residence by staff plus cash actually held by the consumer) does not exceed \$50.
- l) Determine that actual counts of consumers' cash held by residential staff, and agreement of the counts to the records, are done monthly by someone who does not have authority to receive or disburse cash. The count and agreement to the records must be documented in the cash records.
- m) Determine that consumers' total cash assets do not exceed the established limits mandated by Medicaid (generally: \$2,000).

If the Auditor becomes aware of thefts involving DSN Board or consumers' funds and/or any falsification of Medicaid billable services, the Auditor should promptly report that information to the DSN Board Executive Director, with a follow-up to DDSN Internal Audit.

3. **Minimum Salary/Hourly Wage:**

The Auditor should determine that the DSN Board is paying **ALL of the Early Interventionists and** Direct Care staff the established minimum **salary or** hourly wage in accordance with DDSN requirements, for all hours worked **(i.e., service notes, administrative time, etc.)**.

4. **Room and Board Policy:**

The Auditor should determine that the DSN Board has established and put in place a Room and Board policy for consumers' fees that has been reviewed and approved by DDSN. The Auditor should provide information on the last date of approval by DDSN.

CORRECTIVE ACTION PLANS

- 1. When the Auditor's report, separate letter to management (if issued), and the RoAAP identify material weaknesses, significant deficiencies, deficiencies, findings or questioned costs, the DSN Board must submit a Corrective Action Plan to address and resolve the problem identified in the audit findings, or submit a statement of reasons why no corrective action is necessary. The Corrective Action Plan should be prepared on DSN Board's letterhead stationery and signed by the Executive Director. The Corrective Action Plan must be submitted to DDSN Internal Audit within 20 business days after issuance of the Audit Report and RoAAP. If the Corrective Action Plan is not received within 20 business days of the issuance date, a contract reduction of \$100 per day will be

assessed until the Corrective Action Plan is received by DDSN or a maximum of \$2,500 has been assessed. The total amount of the contract reductions will be deducted from the DSN Board's subsequent payment for the third month following the due date (i.e., reductions assessed for reports due September 30 will be deducted from the December 1 payment). It is recommended that the Corrective Action Plan be submitted with or included as part of the Audit Report and RoAAP when issued. The Corrective Action Plan should include the specific dates when deficiencies will be corrected. Copies of documents that clarify the resolution of deficiencies must be included with the Corrective Action Plan; including, found missing receipts, relevant Service Error Correction Forms, logs, etc.

2. A request for an extension of time to file a Corrective Action Plan must be submitted to DDSN Internal Audit by the DSN Board in writing on the DSN Board's letterhead stationery and signed by the Executive Director, and must be approved by DDSN Internal Audit. The request for an extension must be filed at least 15 business days prior to the due date for the Corrective Action Plan. Such requests will only be approved in extreme circumstances that are beyond the control of the DSN Board or its Auditor, or when approval would be to the benefit of DDSN.

CONFIRMATIONS - DDSN PAYMENTS

The independent Auditor's confirmation of DDSN payments made to a DSN Board is to be secured from DDSN's Director of Finance (3440 Harden Street Extension, P.O. Box 4706, Columbia, S.C. 29240). Confirmations will show all payments made between July 1 and the following June 30. The Auditor should reconcile DDSN payments per the confirmation with revenue per the DSN Board's books. Questions concerning confirmations should be addressed to DDSN's Accounting Manager at (803) 898-9682.

ADDRESSEE

The reports on examination of DSN Boards are to be addressed to the governing boards.

DISTRIBUTION

Original copies of the Audit Report shall be filed as follows:

1. Executive Director of the DSN Board.
2. Chairperson of the DSN Board's governing board.
3. DDSN District I Director (PO Box 239, Clinton, SC 29325-5328) or District II Director (9995 Miles Jamison Road, Summerville, SC 29485). [Please advise the DSN Board on the appropriate District Director.]
4. DDSN Internal Audit (3440 Harden Street Extension, P.O. Box 4706, Columbia, S.C. 29240).
5. DDSN Director of Cost Analysis (3440 Harden Street Extension, P.O. Box 4706, Columbia, S.C. 29240).

LETTER FROM EXECUTIVE DIRECTOR

When the Audit Reports are filed with DDSN, DSN Boards and entities grandfathered in as DSN Boards, must also submit a statement on letterhead stationery and signed by the Executive Director which states the type and extent of all attestation, consulting, bookkeeping, and/or other services performed under contract or agreement and the name of the CPA or organization that provides such services. This requirement applies even if only one CPA is under contract or agreement to provide services.

INSPECTION/ACCEPTANCE

Final inspection and acceptance of audit documents shall be the responsibility of DDSN Internal Audit.

CONTRACTS

While DSN Boards are not required to obtain bids for audit services, DDSN believes that obtaining such bids is a good practice. DDSN, therefore, encourages DSN Boards to obtain bids for audit services.

OUT-OF-STATE (CPA FIRM) REGISTRATION

CPAs and firms that operate out-of-state must comply with the requirements of the SC Board of Accountancy regarding “mobility” guidelines and/or out-of-state firm registration. Please contact the SC Board of Accountancy for more information. DDSN may verify with the SC Board of Accountancy that mobility guidelines and/or out-of-state firm registration requirements are being met.

WORKING PAPERS

Working papers are to be retained by the audit firm for six (6) years following the end of the fiscal year being audited. Retention of working papers beyond six (6) years is required for audits of DSN Boards where questioned costs and/or practices have not been resolved with DDSN.

Working papers must be available, upon request, for examination by representatives of DDSN or its designee as well as successor Auditors who may perform audits of the DSN Board. Availability of working papers must be provided at no additional cost to the representatives of DDSN, or the successor Auditor.

The Auditor may be required to provide copies of any specific portions of working papers requested by DDSN Internal Audit.

AMENDMENTS TO AUDIT REPORTS

Where additional explanations or corrections are necessary after a Report has been filed, supplements should be prepared by the audit firm for all copies and distributed as in “Distribution” above.

CPA COMPLIANCE STATEMENT/LETTER

The DSN Board should give a copy of this audit policy to the Auditor prior to the start of the audit to ensure that DDSN’s audit requirements are met. The Auditor must include a signed statement with the Audit Report stating that he/she has read and complied with the requirements of the policy. An Auditor must include a statement in the body of the RoAAP that he/she has performed the procedures based on the requirements outlined in this policy and in compliance with DDSN Directive 200-12-DD: Management of Funds for Individuals Participating in Community Residential Programs.

AUDIT QUALITY

To verify that the responsibility of quality audits is accomplished, DDSN Internal Audit will work with other DDSN staff, as well as other state agencies, to:

1. Ensure that all Audit Reports of DSN Boards are received, reviewed and distributed to appropriate DDSN officials.
2. Ensure that if significant inadequacies relating to the professional performance of the audit are disclosed, the DSN Board will be advised and the Auditor will be required to take corrective action. If corrective action is not taken, DDSN shall notify the DSN Board and other state agencies of the facts. Major inadequacies or repetitive substandard performance of Auditors shall be referred to the appropriate professional bodies.
3. Ensure that satisfactory audit coverage is provided in a timely manner in accordance with DDSN audit requirements.
4. Maintain a follow-up system on audit findings and investigative matters.

The State Board of Accountancy may review all or a sample of DSN Board Audit Reports for compliance with professional standards.

QUESTIONED COSTS

In performing the Audit, the Auditor should consider whether expenditures are reasonable and necessary for the program to which they are charged. Limitations on costs for awards are detailed in DDSN Directive 250-05-DD: Cost Principles for Grants and Contracts with Community DSN Boards. Individual negotiations and reviews will occur between the DSN Board and DDSN on all questioned costs pertaining to DDSN programs. Final resolution, use of audit information, and applicability resides with DDSN.

AMENDMENTS TO AUDIT POLICY

This document is subject to alteration or change as needed. Any changes will be made at the discretion of DDSN.

Gary Lemel
Vice-Chairman
(Originator)

Eva Ravenel
Chairman
(Approved)

To access the following attachments, please see the agency website page “Current Directives” at: <https://www.ddsn.sc.gov/providers/directives-and-standards/current-directives>

Attachment A: Sample Financial Statements
Attachment B: Sample - Independent Accountant’s Report on Applying Agreed-Upon Procedures

**DISABILITIES AND SPECIAL NEEDS COUNTY BOARDS
 SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENDITURES
 For the Fiscal Year Ended June 30, 20____**

Revenues

| | |
|-----------------|-------|
| DDSN | _____ |
| Donations | _____ |
| Interest Income | _____ |
| Sale of Assets | _____ |
| Total Revenues | ===== |

Expenditures

| | |
|-----------------|-------|
| Personnel | _____ |
| Salaries | _____ |
| Total Personnel | ===== |

| | |
|------------------------|-------|
| Fringe Benefits | |
| Retirement | _____ |
| Social Security | _____ |
| Workers' Compensation | _____ |
| Health Insurance | _____ |
| Unemployment Insurance | _____ |
| Total Fringe Benefits | ===== |

| | |
|------------------------------|-------|
| Contractual Services | |
| Telephone | _____ |
| Repairs | _____ |
| Heat, Light, Water and Power | _____ |
| Travel | _____ |
| Consultants | _____ |
| Motor Vehicle Maintenance | _____ |
| Grounds Maintenance | _____ |
| Dues and Subscriptions | _____ |
| Other | _____ |
| Total Contractual Services | ===== |

| | |
|-----------------|-------|
| Supplies | |
| Food | _____ |
| Office | _____ |
| Household | _____ |
| Motor Vehicle | _____ |
| Medical | _____ |
| Postage | _____ |
| Minor Equipment | _____ |
| Total Supplies | ===== |

**DISABILITIES AND SPECIAL NEEDS COUNTY BOARDS
 SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENDITURES
 For the Fiscal Year Ended June 30, 20____**

Expenditures (cont'd)

Fixed Charges

| | |
|----------------------|-------|
| Audit Fees | _____ |
| Rent – Real Property | _____ |
| Rent – Equipment | _____ |
| Property Insurance | _____ |
| Tort Insurance | _____ |
| Vehicle Insurance | _____ |
| Total Fixed Charges | ===== |

Capital

| | |
|------------------------------------|-------|
| Equipment (1) | _____ |
| Vehicle (1) | _____ |
| Debt Service (1) | _____ |
| Depreciation (2) | _____ |
| Amortization of Start-up Costs (2) | _____ |
| Interest Expense | _____ |
| Total Capital | ===== |

Allocations

| | |
|-----------------------------|-------|
| Allocated to CTH-II | _____ |
| Allocated to Adult Day | _____ |
| Allocated to ICF Management | _____ |
| Allocated to SLP-II | _____ |
| Total Allocations | ===== |

Total Expenditures =====

Excess of Revenues Over (Under) Expenditures =====

Note: (1) For non-GASB 34 presentations only.
 (2) For GASB 34 presentation only.

COUNTY DISABILITIES AND SPECIAL NEEDS BOARD
SAMPLE – CAPITATED (IN AGGREGATE) or NON-CAPITATED (BY PROGRAM)
SUPPLEMENTAL SCHEDULE OF REVENUES
For the Fiscal Year Ended June 30, 20____

Federal

| | |
|-----------------------------------|-------|
| HUD | _____ |
| DOT (UMTA)* | _____ |
| DOL (JTPA)* | _____ |
| DOE (PL 94-142)* | _____ |
| DOE (PL 99-457)* | _____ |
| DOE (Chapter I)* | _____ |
| CDC (Center for Disease Control)* | _____ |
| Total Federal | ===== |

State

| | |
|------------------------------|-------|
| DDSN: | |
| Program Revenue | _____ |
| Discretionary Funds | _____ |
| Equipment Grant | _____ |
| Capital Improvement Grant | _____ |
| DSS Boarding Home Supplement | _____ |
| General Appropriation | _____ |
| SHIMS Grant | _____ |
| Total State | ===== |

Local

| | |
|------------------------------------------|-------|
| County | _____ |
| Contributions | _____ |
| County ARC | _____ |
| United Way | _____ |
| Donations | _____ |
| Fundraising (Net of direct benefit cost) | _____ |
| Miscellaneous | _____ |
| Total Local | ===== |

In-Kind

| | |
|---------------|-------|
| Rent | _____ |
| Services | _____ |
| Supplies | _____ |
| Total In-Kind | ===== |

* The pass through grantor should be indicated on this schedule, if applicable. Refer to page 7 of this attachment for example.

COUNTY DISABILITIES AND SPECIAL NEEDS BOARD
SAMPLE – CAPITATED (IN AGGREGATE) or NON-CAPITATED (BY PROGRAM)
SUPPLEMENTAL SCHEDULE OF REVENUES
For the Fiscal Year Ended June 30, 20____

Other

| | |
|--------------------------------------------------------|-------|
| Interest | _____ |
| Meals | _____ |
| Vending Machines | _____ |
| Rent | _____ |
| Work Activity | _____ |
| Consumer Fees (SSI, SSA, child care block grant, etc.) | _____ |
| Total Other | ===== |

Total Revenues _____

Note: This supplemental schedule is a sample schedule. The actual schedule should reflect revenues as indicated by the instructions on Page 2, Item 1 of the Audit Policy.

SAMPLE

COUNTY DISABILITIES AND SPECIAL NEEDS BOARD
SAMPLE – CAPITATED (BY PROGRAM) OR NON-CAPITATED (BY PROGRAM)
SUPPLEMENTAL SCHEDULE OF EXPENDITURES
For the Fiscal Year Ended June 30, 20____

| | |
|------------------------------|-------|
| Personnel | |
| Salaries | _____ |
| Total Personnel | ===== |
| Fringe Benefits | |
| Retirement | _____ |
| Social Security | _____ |
| Workers' Compensation | _____ |
| Health Insurance | _____ |
| Unemployment Insurance | _____ |
| Total Fringe Benefits | ===== |
| Contractual Services | |
| Telephone | _____ |
| Repairs | _____ |
| Heat, Light, Water and Power | _____ |
| Travel | _____ |
| Consultants | _____ |
| Buildings and Equipment | _____ |
| Motor Vehicles | _____ |
| Work Activity | _____ |
| Other | _____ |
| Total Contractual Services | ===== |
| Supplies | |
| Food | _____ |
| Office | _____ |
| Household | _____ |
| Educational | _____ |
| Motor Vehicle | _____ |
| Maintenance | _____ |
| Postage | _____ |
| Minor Equipment | _____ |
| Other | _____ |
| Total Supplies | ===== |
| Fixed Charges | |
| Audit Fees | _____ |
| Rent – Real Property | _____ |
| Rent – Equipment | _____ |

COUNTY DISABILITIES AND SPECIAL NEEDS BOARD
SAMPLE – CAPITATED (BY PROGRAM) OR NON-CAPITATED (BY PROGRAM)
SUPPLEMENTAL SCHEDULE OF EXPENDITURES
For the Fiscal Year Ended June 30, 20____

Fixed Charges (cont'd)

| | |
|----------------------|-------|
| Insurance | _____ |
| Individual | _____ |
| Property | _____ |
| Tort Liability | _____ |
| Vehicle Lease | _____ |
| Accounting and Legal | _____ |
| Debt Service (1) | _____ |
| Principal (1) | _____ |
| Interest (1) | _____ |
| Other | _____ |
| Total Fixed Charges | ===== |

Buildings, Equipment, and Start-up Costs (1) or Capital (2)

| | |
|--------------------------------------------------------------------------|-------|
| Office (1) | _____ |
| Household (1) | _____ |
| Motor Vehicle (1) | _____ |
| Educational (1) | _____ |
| Shop (1) | _____ |
| Recreational (1) | _____ |
| Building and Maintenance (1) | _____ |
| Start-up Costs (1) | _____ |
| Depreciation (2) | _____ |
| Interest Expense (2) | _____ |
| Amortization of Start-up Costs (2) | _____ |
| Other | _____ |
| Total Buildings, Equipment, and Start-up Costs (1) <u>or</u> Capital (2) | ===== |

Allocated Costs

| | |
|-----------------------|-------|
| Administration | _____ |
| Transportation | _____ |
| Day Program | _____ |
| Building Maintenance | _____ |
| Total Allocated Costs | ===== |

Total Expenditures

=====

Notes: This supplemental schedule is a sample schedule. The actual schedule should reflect expenditures, by program, as indicated by the instructions on Page 3, Item 2 of the Audit Policy.
(1) For non-GASB 34 presentations only.
(2) For GASB 34 presentations only.

COUNTY DISABILITIES AND SPECIAL NEEDS BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS ⁽¹⁾
For the Fiscal Year Ended June 30, 20_____

| Federal Grantor/ Pass Through Grantor/Program Title | Federal CFDA Number | Pass- Through Entity Identifying Number | Federal Expenditures |
|--------------------------------------------------------------------|------------------------------------|----------------------------------------------------------------|---------------------------------|
| HUD Loan to Construct Home | | | |
| UMTA Vehicle Grant | | | |
| DOE Passed through the DDSN Chapter I Grant Funds | 84.010 | 94110029 | _____ |
| Total Expenditures of Federal Awards | | | ===== |

⁽¹⁾ Medicaid, adult social services, child care block grant funds, and vendor payments are not considered Federal Awards to the provider for purposes of the Single Audit Act.

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board/President/Management

_____(Provider's Name)

_____(City/State/Zip Code)

We have performed the procedures enumerated below based upon the requirements outlined in the Department of Disabilities and Special Needs (DDSN) Provider Audit Policy (275-04-DD) for the State fiscal year ended June 30, _____related to Medicaid billings and/or the DSN Board's management of Consumers' Personal Funds for compliance with DDSN Directive 200-12-DD: Management of Funds for People Participating in Community Residential Programs, which were agreed to by the management of _____(DSN Board's name) for the year ended _____(DSN Board's year-end). _____(DSN Board's name) management is responsible for establishing policies and procedures, and for the maintenance of records and supporting documentation. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of our testing are as follows:

Medicaid Billing

1. We obtained an understanding of the Medicaid billing process and controls over Medicaid billable services through discussions with management and consultations with program staff. In documenting our understanding, we also learned that the DSN Board served a total of _____consumers for whom Medicaid services were billed for the period tested.
2. We selected a sample of _____consumers from the total number of consumers for which the DSN Board is receiving payments for Medicaid billable services. For the consumers selected, we tested Medicaid billings for _____month(s) to determine the following:
 - A. Documentation is on file to support the billings. In addition, we performed tests to determine that the supporting documentation provides reasonable assurance that the billings are supported by complete and accurate information.

Results/Finding:

- B. Services are being provided to the consumers as indicated in the documentation on file. For the consumers selected for testing, the Auditor should be present and have the supervisor make contact (face-to-face or phone call) with the consumer

and/or family member and inquire if the services were provided as indicated in the service notes.

Results/Finding:

- C. Monitorship is being provided by supervisory staff, as evidenced by their signature or initials and date of review, on an on-going basis so as to provide reasonable assurance to the DSN Board that the billable services are being provided to the consumers and/or families as indicated by the documentation on file.

Results/Finding:

3. Consumers' Personal Funds

We gained an understanding of the controls over consumers' personal funds managed by DSN Board staff through our discussions and inquiries with management. In order to gain a more accurate understanding of the nature and treatment of consumers' personal funds, we consulted with the residential program staff since these employees are directly responsible for compliance with DDSN Directive 200-12-DD: Management of Funds for People Participating in Community Residential Programs.

In documenting our understanding, we learned that the DSN Board manages personal funds for a total of ____ consumers. From this total, we selected a sample of ____ consumers and reviewed their account activity for ____ month(s) to determine the following:

- A. Each member of the DSN Board staff having access to consumers' personal funds is bonded.

Results/Finding:

- B. Consumers' personal funds are not borrowed, loaned, or co-mingled by the DSN Board or another person or entity for any purpose, or combined or co-mingled in any way with the DSN Board's operating funds.

Results/Finding:

- C. Consumers' checking and/or savings accounts are established in the consumers' names and social security numbers, or that they indicate that the accounts are for the benefit of the consumers (fiduciary relationship).

Results/Finding:

- D. Withdrawals from consumers' accounts require a co-signature of the facility or program director or his or her designee, unless a waiver is on file.

Results/Finding:

- E. A copy of the commercial bank signature card is on file in the consumers' permanent files.

Results/Finding:

- F. Items costing \$50 or more are purchased by check from the consumers' accounts.

Results/Finding:

- G. All sources of income for the consumers are deposited within five (5) business days of receipt to their accounts.

Results/Finding:

- H. Bank reconciliations for consumers' accounts are being performed within 20 business days of receipt of the bank statements by a staff member who is not a co-signer for the accounts.

Results/Finding:

- I. Through a representative sample of consumers' purchases, determine that receipts are on hand to support expenditures for non-incidentals purchases made from the consumers' personal funds. (Purchases should be selected from the consumers' accounts in the sample for the month(s) chosen for review.)

Results/Finding:

- J. Checks are not written to "Cash."

Results/Finding:

- K. Consumers' cash on hand (consumers' cash held in the residence by staff plus cash actually held by the consumer) does not exceed \$50.

Results/Finding:

- L. Actual counts of consumers' cash held by residential staff, and agreement of the counts to the records, are done monthly by someone who does not have authority to receive or disburse cash. The count and agreement to the records must be documented in the cash records.

Results/Finding:

- M. Determine that consumers' total cash assets do not exceed the established limits mandated by Medicaid (generally: \$2,000)

Results/Finding:

4. Minimum Salary/Hourly Wage:

We gained an understanding of the requirements of paying **Early Interventionists and** Direct Care Staff in accordance with the DSN Board's contract with DDSN.

We determined whether or not the DSN Board was paying ALL **of the Early Interventionists, and** Direct Care Staff the established minimum **salary or** hourly wage in accordance with the DDSN contract.

Results/Finding:

5. Room and Board Policy:

We gained an understanding of the status of the DDSN Room and Board Policy through our discussions and inquiries with management. Part of our understanding the status of DDSN Room and Board Policy was to confirm the last date DDSN approved the Room and Board Policy.

We determined whether or not the provider has established and implemented a Room and Board Policy for consumers' fees that has been reviewed and approved by DDSN. We determined the last date DDSN approved the Room and Board policy.

Results/Finding:

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the DSN Board's policies and procedures over Medicaid billings and the management of consumers' personal funds and compliance with applicable laws and regulations. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of (DSN Board's name) and DDSN and is not intended to be or should not be used by anyone other than these specified parties.

[Signature]

[Date]

Reference Number: 275-06-DD

Title of Document: Procedures for Implementation of DDSN Audit Policy for Contracted Service Providers

Date of Issuance: April 5, 2017
Effective Date: April 5, 2017
Last Review Date: April 18, 2019
Date of Last Revision: April 18, 2019

Applicability: Contracted Service Providers (REVISED)

NOTE: CSPs that **DO NOT PROVIDE ANY RESIDENTIAL HABILITATION SERVICES** will not be required to obtain and submit an Audit of Financial Statements.

REPORTING REQUIREMENTS

Effective for fiscal year 2019, Contracted Service Providers (QPLs) that receive \$250,000 or more in financial assistance (program contracts, grants, sub-grants, etc.) from the Department of Disabilities and Special Needs (DDSN) during the contracted service provider's fiscal year and perform any DDSN Medicaid billable services and **PROVIDE ANY RESIDENTIAL HABILITATION SERVICES** will be required to obtain and submit:

1. An Audit performed by an independent Certified Public Accountant (CPA) in accordance with generally accepted auditing standards in the United States of America and/or the standards of the Public Company Accounting Oversight Board (United States).
2. A report on applying agreed-upon procedures (RoAAP) [AUP] prepared by a CPA for the contracted service provider's year end.

Effective for fiscal year 2019, Contracted Service Providers (QPLs) that receive \$250,000 or more in financial assistance (program contracts, grants, sub-grants, etc.) from DDSN during the contracted service provider's fiscal year and perform any DDSN Medicaid billable services and **DO NOT PROVIDE ANY RESIDENTIAL HABILITATION SERVICES** will be required to obtain and submit:

- A report on applying agreed-upon procedures (RoAAP) [AUP] prepared by a CPA for the contracted service provider's year end.

GENERAL PROVISIONS

1. The Audit Report and/or RoAAP are to be filed with DDSN within 90 days after the end of the contracted service provider's fiscal year.
2. If the Audit Report and/or RoAAP are not received within five (5) business days of the due date, a contract reduction of \$100 per day will be assessed until the Reports are received by DDSN or a maximum of \$2,500 has been assessed. The total amount of the contract reductions will be deducted from the contracted service provider's subsequent payment for the third month following the due date. (For example, reductions assessed for reports due September 30 will be deducted from the December 1 payment.)
3. A request for an extension of time to file an Audit Report and/or RoAAP must be submitted to DDSN Internal Audit by the contracted service provider in writing on the contracted service provider's letterhead stationery and signed by the Executive Director. Any extensions must be approved by DDSN Internal Audit. The request for an extension must be filed at least 15 business days prior to the due date for the Audit Report and/or RoAAP. Such requests will only be approved in extreme circumstances that are beyond the control of the contracted service provider or its independent Auditor, or when approval would be to the benefit of DDSN.

AUDIT REPORT

1. The (audited) financial statements must be prepared in conformity with accounting principles generally accepted in the United States of America. Effective implementation dates for recently issued and adopted accounting pronouncements must be followed.
2. **Sampling** is a standard audit technique used to test the adequacy of an organization's internal control procedures. The samples selected should be representative of the total population of all consumers served across **all** programs. **The total population and the sample size must be stated for each program. This requirement applies to sampling associated with the Audit Report and the RoAAP.**
3. The Auditor must identify findings being repeated from prior year audits.
4. Failure to meet these audit requirements may result in further withholding of subsequent payments and/or suspension of funding.

REPORT ON AGREED-UPON PROCEDURES (RoAAP):

All contracted service providers will need to contract with an independent CPA to have a report on applying agreed-upon procedures which is to be filed with DDSN within 90 days after the end of the contracted service provider's fiscal year. This report will:

- a) Test the contracted service provider's control and procedures for Medicaid billings;
- b) Test the contracted service provider's management of consumers' personal funds for compliance with DDSN Directive 200-12-DD: Management of Funds for Individuals Participating in Community Residential Programs;
- c) Determine if contracted service providers are paying **ALL of the Early Interventionists and** Direct Care staff the established minimum **salary or** hourly wage in accordance with the DDSN contract; and,
- d) Determine that the contracted service provider has established and implemented a Room and Board policy for consumers' fees that has been reviewed and approved by DDSN.

A sample template of the required RoAAP can be found in the Attachment to this Directive. CPAs should follow this template.

1. **Medicaid Billing:**

Medicaid consumers receive services provided by a contracted service provider, or a third party vendor under the Medicaid program. If a third party vendor provides the services, it must be authorized by the case management contracted service provider, approved by the Financial Manager, and documented in the consumer's plan. The contracted service provider, or the third party vendor receives payments for the Medicaid billable services rendered to the consumers from either DDSN or the SC Department of Health and Human Services (DHHS). Although it is an accepted practice for Auditors to rely on the work of other professionals, the required minimum procedures were added to provide reasonable assurance that billings **for DDSN services** are appropriate and accurate, and must be performed unless a written request for a waiver is submitted to and approved by DDSN Internal Audit. At a minimum, the Auditor's work in the area of Medicaid billable services should include the following procedures:

- a) The Auditor should gain an understanding of the Medicaid billing process and controls over Medicaid billable services (contracted service providers and direct billed). In order to gain an accurate understanding of this process, the Auditor should consult with the program staff **(i.e., Early Intervention Supervisor, Day Program Director, Director of Case Management, etc.) supervisors** as these employees are directly responsible for Medicaid compliance and should be familiar with how Medicaid is billed. The Auditor should perform sufficient work to determine if the contracted service provider's policies and procedures are adequate to provide reasonable assurance that Medicaid billable services are correct.

The Auditor should select a representative sample from all consumers from each Medicaid billable service area *(i.e., early intervention, residential habilitation, DDSN day services, respite, companion, case management, etc.)* for which the contracted service provider is receiving payments for Medicaid billable services *rendered to the consumers through DDSN*. For the sample selected, the Auditor should determine the following:

- a) Documentation is on file to support the billings. Tests should also be performed to determine that the supporting documentation provides reasonable assurance that the billings are supported by complete and accurate information.
- b) Services are being provided to the consumers as indicated in the documentation on file. For the program selected, the Auditor should be present and have the supervisor make contact (face-to-face or phone call) with the consumer and/or family member and inquire if the services were provided as indicated in the service notes.
- c) Monitorship (review of service notes, phone contacts with family members and/or employers, visits to family members' homes and/or consumers' job sites, etc.) is being provided by supervisory staff, as evidenced by their signature or initials and date of the review, on an on-going basis so as to provide reasonable assurance to the contracted service provider that the billable services are being provided to the consumers and/or families as indicated by the documentation on file. This review should be performed in conjunction with supervisory staff, as monitoring requirements vary by program.

3. **Consumers' Personal Funds:**

The Auditor should perform sufficient work to determine if the contracted service provider's policies and procedures are adequate to safeguard the consumers' personal funds and are in compliance with DDSN Directive 200-12-DD: Management of Funds for Individuals Participating in Community Residential Programs, including attachments. At a minimum, the Auditor's work in the consumers' personal funds area should include the following procedures from the requirements given in Directive 200-12-DD: Management of Funds for Individuals Participating in Community Residential Programs, "Section V. Financial Management," and "Section VI. Cash On Hand."

- a) Determine that each member of the contracted service provider's staff having access to consumers' personal funds is bonded.
- b) Determine that consumers' personal funds are not borrowed, loaned, or co-mingled by the contracted service provider or another person or entity for any purpose; or, combined or co-mingled in any way with the contracted service provider's operating funds.
- c) Determine that consumers' checking and/or savings accounts are established in the consumers' names and social security numbers, or that they indicate that the accounts are for the benefit of the consumers (fiduciary relationship).
- d) Determine that withdrawals from consumers' accounts require a co-signature of the facility or program director or his or her designee, unless a waiver is on file.

- e) Determine that copies of the commercial bank signature cards are in the consumers' permanent files.
- f) Determine that items costing \$50 or more are purchased by check from the consumers' accounts.
- g) Determine that all sources of income for the consumers are deposited within five (5) business days of receipt to their accounts.
- h) Determine that bank reconciliations for consumers' accounts are being performed and documented within 20 business days of receipt of the bank statements by a staff member who is not a co-signer for the accounts.
- i) Determine, through a representative sample of all consumers' purchases, that receipts are on hand to support expenditures for non-incidentals purchases made from the consumers' personal funds.
- j) Determine that checks are not written to "Cash."
- k) Determine that consumers' cash on hand (consumers' cash held in the residence by staff plus cash actually held by the consumer) does not exceed \$50.
- l) Determine that actual counts of consumers' cash held by residential staff, and agreement of the counts to the records, are done monthly by someone who does not have authority to receive or disburse cash. The count and agreement to the records must be documented in the cash records.
- m) Determine that consumers' total cash assets do not exceed the established limits mandated by Medicaid (currently: \$2,000).

If the Auditor becomes aware of thefts involving contracted service provider or consumers' funds and/or any falsification of Medicaid billable services, the Auditor should promptly report that information to the contracted service provider Executive Director, with a follow-up to DDSN Internal Audit.

4. **Minimum Salary/Hourly Wage:**

The Auditor should determine that the contracted service provider is paying **ALL** *of the Early Interventionists and* Direct Care staff the established minimum *salary or* hourly wage in accordance with DDSN requirements, for all hours worked *(i.e., service notes, administrative time, etc.)*.

5. **Room and Board Policy:**

The Auditor should determine that the contracted service provider has established and put in place a Room and Board policy for consumers' fees that has been reviewed and approved by DDSN. The Auditor should provide information on the last date of approval by DDSN.

CORRECTIVE ACTION PLANS

1. When the Auditor's report, separate letter to management (if issued), and/or the RoAAP identify material weaknesses, significant deficiencies, deficiencies, findings or questioned costs, the contracted service provider must submit a Corrective Action Plan to address and resolve the problem identified in the audit findings, or submit a statement of reasons why no corrective action is necessary. The Corrective Action Plan should be prepared on contracted service provider's letterhead stationery and signed by the Executive Director. The Corrective Action Plan must be submitted to DDSN Internal Audit within 20 business days after issuance of the Audit Report and/or RoAAP. If the Corrective Action Plan is not received within 20 business days of the due date, a contract reduction of \$100 per day will be assessed until the Corrective Action Plan is received by DDSN or a maximum of \$2,500 has been assessed. The total amount of the contract reductions will be deducted from the contracted service provider's subsequent payment for the third month following the due date (i.e., reductions assessed for reports due September 30 will be deducted from the December 1 payment). It is recommended that the Corrective Action Plan be submitted with or included as part of the Audit Report and/or RoAAP when issued. The Corrective Action Plan should include the specific dates when deficiencies will be corrected. Copies of documents that clarify the resolution of deficiencies **should must** be included with the Corrective Action Plan, including found missing receipts, relevant Service Error Correction Forms, logs, etc.
2. A request for an extension of time to file a Corrective Action Plan must be submitted to DDSN Internal Audit by the contracted service provider in writing on the contracted service provider's letterhead stationery and signed by the Executive Director, and must be approved by DDSN Internal Audit. The request for an extension must be filed 15 business days prior to the due date for the Corrective Action Plan. Such requests will only be approved in extreme circumstances that are beyond the control of the contracted service provider or its Auditor, or when approval would be to the benefit of DDSN.

ADDRESSEE

If applicable, the reports on examination of contracted service providers are to be addressed to the governing boards.

DISTRIBUTION

Original copies of the Audit Report shall be filed as follows:

1. Executive Director of the contracted service provider.
2. Chairperson of the contracted service provider's governing board (if applicable).
3. DDSN District I Director (PO Box 239, Clinton, SC 29325-5328) or District II Director (9995 Miles Jamison Road, Summerville, SC 29485). [Please advise the contracted service provider on the appropriate District Director.]

4. DDSN Internal Audit (3440 Harden Street Extension, P.O. Box 4706, Columbia, S.C. 29240).

INSPECTION/ACCEPTANCE

Final inspection and acceptance of audit documents shall be the responsibility of DDSN Internal Audit.

CONTRACTS

While contracted service providers are not required to obtain bids for audit services, DDSN believes that obtaining such bids is a good practice. DDSN, therefore, encourages contracted service providers to obtain bids for audit services.

OUT-OF-STATE (CPA FIRM) REGISTRATION

CPAs and firms that operate out-of-state must comply with the requirements of the SC Board of Accountancy regarding “mobility” guidelines and/or out-of-state firm registration. Please contact the SC Board of Accountancy for more information. DDSN may verify with the SC Board of Accountancy that mobility guidelines and/or out-of-state firm registration requirements are being met.

WORKING PAPERS

Working papers are to be retained by the audit firm for six (6) years following the end of the fiscal year being audited. Retention of working papers beyond six (6) years is required for audits of contracted service providers where questioned costs and/or practices have not been resolved with DDSN.

Working papers must be available, upon request, for examination by representatives of DDSN or its designee as well as successor Auditors who may perform audits of the contracted service provider. Availability of working papers must be provided at no additional cost to the representatives of DDSN, or the successor Auditor.

The Auditor may be required to provide copies of any specific portions of working papers requested by DDSN Internal Audit.

AMENDMENTS TO AUDIT REPORTS

Where additional explanations or corrections are necessary after a report has been filed, supplements should be prepared by the audit firm for all copies and distributed as in “Distribution” above.

CPA COMPLIANCE STATEMENT/LETTER

The DSN Board should give a copy of this audit policy to the Auditor prior to the start of the audit to ensure that DDSN’s audit requirements are met. The Auditor must include a signed statement with the Audit Report stating that he/she has read and complied with the

requirements of the policy. An Auditor must include a statement in the body of the RoAAP that he/she has performed the procedures based on the requirements outlined in this policy and in compliance with DDSN Directive 200-12-DD: Management of Funds for Individuals Participating in Community Residential Programs.

AUDIT QUALITY

To verify that the responsibility of quality audits is accomplished, DDSN Internal Audit will work with other DDSN staff, as well as other state agencies, to:

1. Ensure that Audit Reports of contracted service providers are received, reviewed and distributed to appropriate DDSN officials.
2. Ensure that if significant inadequacies relating to the professional performance of the Audit are disclosed, the contracted service provider will be advised and the Auditor will be required to take corrective action. If corrective action is not taken, DDSN shall notify the contracted service provider and other state agencies of the facts. Major inadequacies or repetitive substandard performance of Auditors shall be referred to the appropriate professional bodies.
3. Ensure that satisfactory audit coverage is provided in a timely manner in accordance with DDSN audit requirements.
4. Maintain a follow-up system on audit findings and investigative matters.

The SC Board of Accountancy may review all or a sample of contracted service provider Audit Reports for compliance with professional standards.

AMENDMENTS TO AUDIT POLICY

This document is subject to alteration or change as needed. Any changes will be made at the discretion of DDSN.

Gary Lemel
Vice-Chairman
(Originator)

Eva Ravenel
Chairman
(Approved)

To access the following attachments, please see the agency website page “Current Directives” at: <https://www.ddsn.sc.gov/providers/directives-and-standards/current-directives>

Attachment: Sample - Independent Accountant’s Report on Applying Agreed-Upon Procedures

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board/President/Management

_____(Provider's Name)

_____(City/State/Zip Code)

We have performed the procedures enumerated below based upon the requirements outlined in the Department of Disabilities and Special Needs (DDSN) Provider Audit Policy (275-06-DD) for the State fiscal year ended June 30, _____ related to Medicaid billings and/or the contracted service provider's management of Consumers' Personal Funds for compliance with DDSN Directive 200-12-DD: Management of Funds for People Participating in Community Residential Programs, which were agreed to by the management of _____ (Provider's name) for the year ended _____ (Provider's year-end). _____ (Provider's name) management is responsible for establishing policies and procedures, and for the maintenance of records and supporting documentation. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of our testing are as follows:

Medicaid Billing

1. We obtained an understanding of the Medicaid billing process and controls over Medicaid billable services through discussions with management and consultations with program staff. In documenting our understanding, we also learned that the contracted service provider served a total of _____ consumers for whom Medicaid services were billed for the period tested.
2. We selected a sample of _____ consumers from the total number of consumers for which the contracted service provider is receiving payments for Medicaid billable services. For the consumers selected, we tested Medicaid billings for _____ month(s) to determine the following:
 - A. Documentation is on file to support the billings. In addition, we performed tests to determine that the supporting documentation provides reasonable assurance that the billings are supported by complete and accurate information.

Results/Finding:

- B. Services are being provided to the consumers as indicated in the documentation on file. For the consumers selected for testing, the Auditor should be present and

have the supervisor make contact (face-to-face or phone call) with the consumer and/or family member and inquire if the services were provided as indicated in the service notes.

Results/Finding:

- C. Monitorship is being provided by supervisory staff, as evidenced by their signature or initials and date of review, on an on-going basis so as to provide reasonable assurance to the provider organization that the billable services are being provided to the consumers and/or families as indicated by the documentation on file

Results/Finding:

3. Consumers' Personal Funds

We gained an understanding of the controls over consumers' personal funds managed by contracted service provider staff through our discussions and inquiries with management. In order to gain a more accurate understanding of the nature and treatment of consumers' personal funds, we consulted with the residential program staff since these employees are directly responsible for compliance with DDSN Directive 200-12-DD: Management of Funds for People Participating in Community Residential Programs.

In documenting our understanding, we learned that the contracted service provider manages personal funds for a total of ____ consumers. From this total, we selected a sample of ____ consumers and reviewed their account activity for ____ month(s) to determine the following:

- A. Each member of the contracted service provider staff having access to consumers' personal funds is bonded.

Results/Finding:

- B. Consumers' personal funds are not borrowed, loaned, or co-mingled by the contracted service provider or another person or entity for any purpose, or combined or co-mingled in any way with the contracted service provider's operating funds.

Results/Finding:

- C. Consumers' checking and/or savings accounts are established in the consumers' names and social security numbers, or that they indicate that the accounts are for the benefit of the consumers (fiduciary relationship).

Results/Finding:

- D. Withdrawals from consumers' accounts require a co-signature of the facility or program director or his or her designee, unless a waiver is on file.

Results/Finding:

- E. A copy of the commercial bank signature card is on file in the consumers' permanent files.

Results/Finding:

- F. Items costing \$50 or more are purchased by check from the consumers' accounts.

Results/Finding:

- G. All sources of income for the consumers are deposited within five (5) business days of receipt to their accounts.

Results/Finding:

- H. Bank reconciliations for consumers' accounts are being performed within 20 business days of receipt of the bank statements by a staff member who is not a co-signer for the accounts.

Results/Finding:

- I. Through a representative sample of consumers' purchases, determine that receipts are on hand to support expenditures for non-incidentals purchases made from the consumers' personal funds. (Purchases should be selected from the consumers' accounts in the sample for the month(s) chosen for review.)

Results/Finding:

- J. Checks are not written to "Cash."

Results/Finding:

- K. Consumers' cash on hand (consumers' cash held in the residence by staff plus cash actually held by the consumer) does not exceed \$50.

Results/Finding:

- L. Actual counts of consumers' cash held by residential staff, and agreement of the counts to the records, are done monthly by someone who does not have authority to receive or disburse cash. The count and agreement to the records must be documented in the cash records.

Results/Finding:

- M. Determine that consumers' total cash assets do not exceed the established limits mandated by Medicaid (generally: \$2,000)

Results/Finding:

4. Minimum Salary/Hourly Wage:

We gained an understanding of the requirements of paying ~~Early Interventionists and~~ Direct Care Staff in accordance with the Provider's contract with DDSN.

We determined whether or not the contracted service provider was paying ~~ALL of the Early Interventionists, and~~ Direct Care Staff the established minimum ~~salary or~~ hourly wage in accordance with the DDSN contract.

Results/Finding:

5. Room and Board Policy:

We gained an understanding of the status of the DDSN Room and Board Policy through our discussions and inquiries with management. Part of our understanding the status of DDSN Room and Board Policy was to confirm the last date DDSN approved the Room and Board Policy.

We determined whether or not the contracted service provider has established and implemented a Room and Board Policy for consumers' fees that has been reviewed and approved by DDSN. We determined the last date DDSN approved the Room and Board policy.

Results/Finding:

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the contracted service provider's policies and procedures over Medicaid billings and the management of consumers' personal funds and compliance with applicable laws and regulations. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of (provider's name) and DDSN and is not intended to be or should not be used by anyone other than these specified parties.

[Signature]

[Date]

Reference Number: 275-04-DD

Title of Document: Procedures for Implementation of DDSN Audit Policy for DSN Boards

Date of Issuance: May 11, 1988
Effective Date: May 11, 1988
Last Review Date: April 18, 2019
Date of Last Revision: April 18, 2019 **(REVISED)**

Applicability: DDSN Central Office and DSN Boards

This DDSN Directive, 275-04-DD: “Procedures for Implementation of DDSN Audit Policy for DSN Boards” is **NO LONGER** applicable to DDSN Contracted Service Providers. For information on DDSN’s audit policy for Contracted Service Providers, please see new DDSN Directive 275-06-DD: Procedures for Implementaion of Audit Policy for Contracted Service Providers .

GENERAL PROVISIONS

DSN Boards that fall into one of the following categories must obtain an Audit in accordance with this policy. The Audit is to be performed in accordance with generally accepted auditing standards by an independent Certified Public Accountant (CPA). The financial statements must be prepared in conformity with generally accepted accounting principles. Effective implementation dates for recently issued and adopted accounting pronouncements must be followed.

1. DSN Boards and entities grandfathered in as DSN Boards, that receive financial assistance (program contracts, grants, subgrants, etc.) from the South Carolina Department of Disabilities and Special Needs (DDSN) during the State fiscal year ended June 30 are required to obtain an annual financial audit performed by an independent CPA.

2. DSN Boards and entities grandfathered in as DSN Boards, that expend **\$750,000.00** or more in federal awards must obtain an audit in accordance with the Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards, under 2 C.F.R., Subtitle A, Chapter II, Part 200 (“2 CFR 200”). Please note that Medicaid funds received by DSN Boards are not considered Federal awards.
3. If a DSN Board, or an entity grandfathered in as a DSN Board, which receives DDSN funds makes a sub-grant to another organization with the funds, then the organization that receives and expends the sub-grant would also be considered a recipient of DDSN funds. The recipient would treat the funds as though the funds were received directly from DDSN and must obtain an Audit in accordance with this policy if the amount received/expended falls into one of the two categories listed *above*.
4. DSN Boards, and entities grandfathered in as DSN Boards, will be required to submit a report on applying agreed-upon procedures (RoAAP) prepared by a CPA for the State fiscal year ended June 30 or for the DSN Boards’ year end. A sample template of the required RoAAP can be found in Attachment B to this Directive. CPAs should follow this template.
5. The Audit Report and RoAAP are to be filed with DDSN within 90 days after the end of the DSN Board’s fiscal year.

If the Audit Report and RoAAP is not received within five (5) business days of the due date, a contract reduction of \$100 per day will be assessed until the Reports are received by DDSN or a maximum of \$2,500 has been assessed. The total amount of the contract reductions will be deducted from the DSN Board’s subsequent payment for the third month following the due date. (For example, reductions assessed for reports due September 30 will be deducted from the December 1 payment.)

6. The CPA should present in person the final Audit Report, any management letter comments, the RoAAP, and all deficiencies noted, at a scheduled meeting of the DSN Board’s Board of Directors. If this is not done prior to the due date for submitting the Audit Report to DDSN, the CPA should ensure that management is aware of the contents of the final report, management letter comments, the RoAAP, and deficiencies noted.
7. A request for an extension of time to file an Audit Report and RoAAP must be submitted to DDSN Internal Audit by the DSN Board in writing on the DSN Board’s letterhead stationery and signed by the Executive Director, and must be approved by DDSN Internal Audit. The request for an extension must be filed at least 15 business days prior to the due date for the Audit Report and RoAAP. Such requests will only be approved in extreme circumstances that are beyond the control of the DSN Board or the Auditor, or when approval would be to the benefit of DDSN.

If a DSN Board is recognized as part of county government, then the county audit, if it meets the requirements of the DDSN audit policy, will be accepted and a separate audit of the DSN Board

is not necessary. However, DDSN will require the DSN Board to submit a RoAAP prepared by an independent CPA.

AUDIT REPORT

1. The Management Discussion and Analysis (MD&A) part of the final Audit Report should be written by the DSN Board's staff. The MD&A should be presented to the Board of Directors for approval. Board approval should be reflected in the appropriate meeting minutes.
2. When the supplemental schedules [expenses by program – Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID), Community Training Home (CTH) II, Early Intervention, Case Management, etc.] for Medicaid funded programs are presented on full accrual, the Auditor is no longer required to reconcile adjusted allowable cost in the DSN Board's cost report to total program cost in the Audit Report. If the schedules are not presented on full accrual, the Auditor should reconcile adjusted allowable cost in the DSN Board's cost report to total program cost in the Audit Report. This step should be performed for the DDSN Medicaid contract. The reconciliation should itemize each difference and be included in the Audit Report. If there are no reconciling items, or the Auditor is unable to perform the reconciliation(s) due to the DSN Board's failure to complete the cost reports, then the Auditor should disclose that fact in the Audit Report.

When the audited financial statements and the cost reports are both presented on full accrual, but the program costs for Medicaid funded programs per the audited financial statements do not equal the program costs per the cost reports, the Auditor must provide reconciliation.

NOTE: Funding for all Case Management should be combined and included in the non-capitated contract. Since Case Management is now combined for both financial statement and cost reporting purposes, there is NO need to report it in the three (3) former program areas.

3. All DSN Boards are required to submit cost allocation plans to DDSN. The Auditor should determine if the cost allocation plan submitted by the DSN Board is appropriate and complies with DDSN Directive 250-05-DD: Cost Principles for Grants and Contracts with Community DSN Boards. The Auditor should also review the cost allocation plan to determine that it has been updated for any additions or deletions to the basis used to allocate costs, and that the current year cost allocations are materially correct. The Auditor should review the DSN Board's cost allocation plan to determine that the costs charged to the administrative and general cost center do not include any program costs in accordance with the requirements of DDSN Directive 250-09-DD: Calculation of Room and Board for Non-ICF/IID Programs, in conjunction with the guidance issued by DDSN. The Auditor should review Schedule R, the cost report for residential habilitation, to determine that administrative costs allocated to room and board are being excluded from Medicaid allowable costs.

4. **Sampling** is a standard audit technique used to test the adequacy of an organization's internal control procedures. The samples selected should be representative of the total population of all consumers served across **all** programs. **The total population and the sample size must be stated for each program. This requirement applies to sampling associated with the Audit Report and the RoAAP.**
5. DSN Boards are required to establish procurement policies and procedures in accordance with the requirements contained in DDSN Directive 250-08-DD: Procurement Requirements for Local DSN Boards. The policies and procedures can be more, but not less restrictive than the requirements in the directive. The Auditor should perform audit tests to determine if the DSN Board's procurement policies and procedures are in compliance with DDSN Directive 250-08-DD: Procurement Requirements for Local DSN Boards. These tests should also determine if standards of conduct are included that require the members of the Board of Directors, Executive Director, President/CEO, and other key staff to provide signed statements to acknowledge/prevent potential conflicts of interest. The Auditor should also determine that these statements have been provided and are on file.
6. In many cases, the DSN Board handles funds for consumers. Within the fiduciary fund financial statements, a DSN Board fund should be used to report such assets (i.e., collective accounts) that are held in trust for the consumers by the DSN Board with a corresponding liability account to properly disclose the nature of the funds. If the funds are deposited in separate consumers' bank accounts, and the consumers have custody of the funds, then an asset and related liability need not be recognized. In either case, the Auditor should disclose the treatment of consumers' personal funds by program in the Notes to the Financial Statements.

The "Notes to Financial Statements" ["Notes"] addressing consumers' personal funds must describe the type of account(s) (community checking account or regional checking account) and the establishment of the account (i.e., is the account in the name of the consumer and/or the DSN Board). In addition, the Notes should address signature requirements (can the consumer draw on the account with his/her signature alone or is the signature of one or more staff also required?), deposit procedures, and account reconciliation responsibilities, and whether all of these duties are properly segregated.

NOTE: The Notes should disclose this information for each type of program involving consumers' personal funds (i.e., ICF/IID, CRCF, CTH-I, CTH-II, SLP-I, and SLP-II); regardless, of whether or not all programs follow the same account maintenance procedures. A table presentation is recommended.

7. As part of the expenditure test work, the Auditor should include a representative sample of financial transactions made by or on behalf of the Executive Director and top administrative staff of the DSN Board (i.e., travel, credit cards, cellular telephones, etc.).
8. The Auditor must identify findings being repeated from prior year audits.
9. Failure to meet these audit requirements may result in further withholding of subsequent payments and/or suspension of funding.

The following financial information for the DDSN funding year ended June 30 shall be included in the Audit Report. Failure to do so will make the Report unacceptable. For DSN Boards whose fiscal year coincides with the DDSN funding year ending on June 30, this information may be shown in the financial statements or in supplementary schedules in the Audit Report. Supplementary schedules will be necessary if the DSN Board's fiscal year ends on a date other than June 30. For example, if the DSN Board's fiscal year ends on September 30, the Audit Report will present financial statements for the fiscal year ended September 30. Supplementary schedules would then be included to present the required information for the DDSN funding year ended June 30. If the information is presented in supplementary schedules, the Auditor should express an opinion on whether the information in the supplementary schedules is fairly stated in all material respects in relation to the financial statements taken as a whole. As with the financial statements, the supplementary schedules must be prepared in conformity with generally accepted accounting principles.

DDSN required supplementary financial information:

1. Schedule of Revenues (in total for capitated or by program for non-capitated)
 - a) This schedule is to be developed using the same line item revenue detail as illustrated at Attachment A, pages 3 and 4.
 - b) Revenues for all programs covered by the "Contract For Person Centered Services and Supports Funded Through A Capitated Model" should be combined and presented in the aggregate to arrive at a grand total for all revenues received for capitated services. However, expenditures for capitated programs must be presented separately by program area.
 - c) Revenues for non-capitated programs should be presented separately by program.
 - d) In-kind contributions of goods and/or services contributed in support of the program, which are necessary and which would otherwise have to be purchased, must be shown separately. The in-kind contributions should be disclosed as revenue but are not required to be shown separately as expenditures.

2. Schedule of Expenditures by Program

For both capitated and non-capitated services, the Auditor should present the expenditures separately by program using the same line item expenditure detail as illustrated at Attachment A, pages 5 and 6. Expenditures for residential programs should also be presented in detail for each residence within the program. Additionally, residences should be clearly distinguished as being HUD or non-HUD home(s). The schedule is to include allocation of any administrative expenditure to various programs.

3. Schedule of Administration Revenues and Expenditures

A Schedule of Administration Revenues and Expenditures must be presented using the line item detail as illustrated at Attachment A, pages 1 and 2. The schedule is to indicate the costs allocated to the various individual programs.

4. Schedule of Expenditures of Federal Awards (SEFA)

The CPA should review all contracts to determine which are grants or subgrants. Any grants or subgrants that are funded with federal money should be included on the DSN Board's SEFA. If a grant or subgrant is funded by DDSN with federal money, the grant contract will include the required CFDA number and the DSN Board payment confirmation will show the source for the payment. (**NOTE:** Some payments may be made from federal money but are not grants to the DSN Board.)

If a DSN Board does not receive a Single Audit pursuant to the Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards, under 2 C.F.R., Subtitle A, Chapter II, Part 200 ("2 CFR 200") ("OMB Circular A-133"), it is not necessary to include a SEFA in the Audit Report.

NOTE: As an alternative, the CPA may present a schedule of revenues and expenditures for programs that receive capitated funding as a spreadsheet with separate columns for each program and a summary total of all capitated programs. This format may also be used for programs receiving non-capitated funding. DDSN is considering requiring that the spreadsheet format be used to present the schedule of revenues and expenditures for capitated and non-capitated funded programs. For the present, CPAs are encouraged to use the spreadsheet format.

REPORT ON APPLYING AGREED-UPON PROCEDURES (RoAAP):

DSN Boards will need to contract with an independent CPA to have a report on applying agreed-upon procedures which is to be filed with DDSN within 90 days after the end of the DSN Board's fiscal year. This report will:

- a) Test the DSN Boards' control and procedures for Medicaid billings;
- b) Test the DSN Boards' management of consumers' personal funds for compliance with DDSN Directive 200-12-DD: Management of Funds for Individuals Participating in Community Residential Programs;
- c) Determine if DSN Boards are paying **ALL** Direct Care staff the established minimum hourly wage in accordance with the DDSN contract; and,
- d) Determine that the DSN Boards established and implemented a Room and Board policy for consumers' fees that has been reviewed and approved by DDSN.

1. **Medicaid Billing:**

Medicaid consumers receive services provided either by the Board or a third party vendor under the Medicaid program. If a third party vendor provides the services, it must be authorized by the case management DSN Board, approved by the Financial Manager, and

documented in the consumer's plan. The DSN Board or the third party vendor receives payments for the Medicaid billable services rendered to the consumers from either DDSN or the SC Department of Health and Human Services. Although it is an accepted practice for Auditors to rely on the work of other professionals, the required minimum procedures were added to provide reasonable assurance that billings for DDSN services are appropriate and accurate, and must be performed unless a written request for a waiver is submitted to and approved by DDSN Internal Audit. At a minimum, the Auditor's work in the area of Medicaid billable services should include the following procedures:

- a) The Auditor should gain an understanding of the Medicaid billing process and controls over Medicaid billable services (DSN Boards and direct billed). In order to gain an accurate understanding of this process, the Auditor should consult with the program staff supervisors as these employees are directly responsible for Medicaid compliance and should be familiar with how Medicaid is billed. The Auditor should perform sufficient work to determine if the DSN Board's policies and procedures are adequate to provide reasonable assurance that Medicaid billable services are correct.

The Auditor should select a representative sample from all consumers from each Medicaid billable service area for which the DSN Board or a third party vendor is receiving payments for Medicaid billable services through DDSN. For the sample selected, the Auditor should perform sufficient work to determine the following:

- a) Documentation is on file to support the billings. Tests should also be performed to determine that the billings are supported by complete and accurate information.
- b) Services are being provided to the consumers as indicated in the documentation on file. For the program selected, the Auditor should be present and have the supervisor make contact (face-to-face or phone call) with the consumer and/or family member and inquire if the services were provided as indicated in the service notes.
- c) Monitorship (review of service notes, phone contacts with family members and/or employers, visits to family members' homes and/or consumers' job sites, etc.) is being provided by supervisory staff, as evidenced by their signature or initials and date of the review, on an on-going basis so as to provide reasonable assurance to the DSN Board that the billable services are being provided to the consumers and/or families as indicated by the documentation on file. This review should be performed in conjunction with supervisory staff, as monitoring requirements vary by program.

2. **Consumers' Personal Funds:**

The Auditor should perform sufficient work to determine if the DSN Board's policies and procedures are adequate to safeguard the consumers' personal funds and are in compliance with DDSN Directive 200-12-DD: Management of Funds for Individuals Participating in Community Residential Programs, including attachments. At a

minimum, the Auditor's work in the consumers' personal funds area should include the following procedures from the requirements given in Directive 200-12-DD, "Section V. Financial Management," and "Section VI. Cash On Hand."

- a) Determine that each member of the DSN Board's staff having access to consumers' personal funds is bonded.
- b) Determine that consumers' personal funds are not borrowed, loaned, or co-mingled by the DSN Board or another person or entity for any purpose; or, combined or co-mingled in any way with the DSN Board's operating funds.
- c) Determine that consumers' checking and/or savings accounts are established in the consumers' names and social security numbers, or that they indicate that the accounts are for the benefit of the consumers (fiduciary relationship).
- d) Determine that withdrawals from consumers' accounts require a co-signature of the facility or program director or his or her designee, unless a waiver is on file.
- e) Determine that copies of the commercial bank signature cards are in the consumers' permanent files.
- f) Determine that items costing \$50 or more are purchased by check from the consumers' accounts.
- g) Determine that all sources of income for the consumers are deposited within five (5) business days of receipt to their accounts.
- h) Determine that bank reconciliations for consumers' accounts are being performed and documented within 20 business days of receipt of the bank statements by a staff member who is not a co-signer for the accounts.
- i) Determine, through a representative sample of all consumers' purchases, that receipts are on hand to support expenditures for non-incidentals purchases made from the consumers' personal funds.
- j) Determine that checks are not written to "Cash."
- k) Determine that consumers' cash on hand (consumers' cash held in the residence by staff plus cash actually held by the consumer) does not exceed \$50.
- l) Determine that actual counts of consumers' cash held by residential staff, and agreement of the counts to the records, are done monthly by someone who does not have authority to receive or disburse cash. The count and agreement to the records must be documented in the cash records.
- m) Determine that consumers' total cash assets do not exceed the established limits mandated by Medicaid (generally: \$2,000).

If the Auditor becomes aware of thefts involving DSN Board or consumers' funds and/or any falsification of Medicaid billable services, the Auditor should promptly report that information to the DSN Board Executive Director, with a follow-up to DDSN Internal Audit.

3. **Minimum Salary/Hourly Wage:**

The Auditor should determine that the DSN Board is paying *ALL* Direct Care staff the established minimum hourly wage in accordance with DDSN requirements, for all hours worked.

4. **Room and Board Policy:**

The Auditor should determine that the DSN Board has established and put in place a Room and Board policy for consumers' fees that has been reviewed and approved by DDSN. The Auditor should provide information on the last date of approval by DDSN.

CORRECTIVE ACTION PLANS

1. When the Auditor's report, separate letter to management (if issued), and the RoAAP identify material weaknesses, significant deficiencies, deficiencies, findings or questioned costs, the DSN Board must submit a Corrective Action Plan to address and resolve the problem identified in the audit findings, or submit a statement of reasons why no corrective action is necessary. The Corrective Action Plan should be prepared on DSN Board's letterhead stationery and signed by the Executive Director. The Corrective Action Plan must be submitted to DDSN Internal Audit within 20 business days after issuance of the Audit Report and RoAAP. If the Corrective Action Plan is not received within 20 business days of the issuance date, a contract reduction of \$100 per day will be assessed until the Corrective Action Plan is received by DDSN or a maximum of \$2,500 has been assessed. The total amount of the contract reductions will be deducted from the DSN Board's subsequent payment for the third month following the due date (i.e., reductions assessed for reports due September 30 will be deducted from the December 1 payment). It is recommended that the Corrective Action Plan be submitted with or included as part of the Audit Report and RoAAP when issued. The Corrective Action Plan should include the specific dates when deficiencies will be corrected. Copies of documents that clarify the resolution of deficiencies must be included with the Corrective Action Plan; including, found missing receipts, relevant Service Error Correction Forms, logs, etc.
2. A request for an extension of time to file a Corrective Action Plan must be submitted to DDSN Internal Audit by the DSN Board in writing on the DSN Board's letterhead stationery and signed by the Executive Director, and must be approved by DDSN Internal Audit. The request for an extension must be filed at least 15 business days prior to the due date for the Corrective Action Plan. Such requests will only be approved in extreme circumstances that are beyond the control of the DSN Board or its Auditor, or when approval would be to the benefit of DDSN.

CONFIRMATIONS - DDSN PAYMENTS

The independent Auditor's confirmation of DDSN payments made to a DSN Board is to be secured from DDSN's Director of Finance (3440 Harden Street Extension, P.O. Box 4706, Columbia, S.C. 29240). Confirmations will show all payments made between July 1 and the following June 30. The Auditor should reconcile DDSN payments per the confirmation with revenue per the DSN Board's books. Questions concerning confirmations should be addressed to DDSN's Accounting Manager at (803) 898-9682.

ADDRESSEE

The reports on examination of DSN Boards are to be addressed to the governing boards.

DISTRIBUTION

Original copies of the Audit Report shall be filed as follows:

1. Executive Director of the DSN Board.
2. Chairperson of the DSN Board's governing board.
3. DDSN District I Director (PO Box 239, Clinton, SC 29325-5328) or District II Director (9995 Miles Jamison Road, Summerville, SC 29485). [Please advise the DSN Board on the appropriate District Director.]
4. DDSN Internal Audit (3440 Harden Street Extension, P.O. Box 4706, Columbia, S.C. 29240).
5. DDSN Director of Cost Analysis (3440 Harden Street Extension, P.O. Box 4706, Columbia, S.C. 29240).

LETTER FROM EXECUTIVE DIRECTOR

When the Audit Reports are filed with DDSN, DSN Boards and entities grandfathered in as DSN Boards, must also submit a statement on letterhead stationery and signed by the Executive Director which states the type and extent of all attestation, consulting, bookkeeping, and/or other services performed under contract or agreement and the name of the CPA or organization that provides such services. This requirement applies even if only one CPA is under contract or agreement to provide services.

INSPECTION/ACCEPTANCE

Final inspection and acceptance of audit documents shall be the responsibility of DDSN Internal Audit.

CONTRACTS

While DSN Boards are not required to obtain bids for audit services, DDSN believes that obtaining such bids is a good practice. DDSN, therefore, encourages DSN Boards to obtain bids for audit services.

OUT-OF-STATE (CPA FIRM) REGISTRATION

CPAs and firms that operate out-of-state must comply with the requirements of the SC Board of Accountancy regarding “mobility” guidelines and/or out-of-state firm registration. Please contact the SC Board of Accountancy for more information. DDSN may verify with the SC Board of Accountancy that mobility guidelines and/or out-of-state firm registration requirements are being met.

WORKING PAPERS

Working papers are to be retained by the audit firm for six (6) years following the end of the fiscal year being audited. Retention of working papers beyond six (6) years is required for audits of DSN Boards where questioned costs and/or practices have not been resolved with DDSN.

Working papers must be available, upon request, for examination by representatives of DDSN or its designee as well as successor Auditors who may perform audits of the DSN Board. Availability of working papers must be provided at no additional cost to the representatives of DDSN, or the successor Auditor.

The Auditor may be required to provide copies of any specific portions of working papers requested by DDSN Internal Audit.

AMENDMENTS TO AUDIT REPORTS

Where additional explanations or corrections are necessary after a Report has been filed, supplements should be prepared by the audit firm for all copies and distributed as in “Distribution” above.

CPA COMPLIANCE STATEMENT/LETTER

The DSN Board should give a copy of this audit policy to the Auditor prior to the start of the audit to ensure that DDSN’s audit requirements are met. The Auditor must include a signed statement with the Audit Report stating that he/she has read and complied with the requirements of the policy. An Auditor must include a statement in the body of the RoAAP that he/she has performed the procedures based on the requirements outlined in this policy and in compliance with DDSN Directive 200-12-DD: Management of Funds for Individuals Participating in Community Residential Programs.

AUDIT QUALITY

To verify that the responsibility of quality audits is accomplished, DDSN Internal Audit will work with other DDSN staff, as well as other state agencies, to:

1. Ensure that all Audit Reports of DSN Boards are received, reviewed and distributed to appropriate DDSN officials.
2. Ensure that if significant inadequacies relating to the professional performance of the audit are disclosed, the DSN Board will be advised and the Auditor will be required to take corrective action. If corrective action is not taken, DDSN shall notify the DSN Board and other state agencies of the facts. Major inadequacies or repetitive substandard performance of Auditors shall be referred to the appropriate professional bodies.
3. Ensure that satisfactory audit coverage is provided in a timely manner in accordance with DDSN audit requirements.
4. Maintain a follow-up system on audit findings and investigative matters.

The State Board of Accountancy may review all or a sample of DSN Board Audit Reports for compliance with professional standards.

QUESTIONED COSTS

In performing the Audit, the Auditor should consider whether expenditures are reasonable and necessary for the program to which they are charged. Limitations on costs for awards are detailed in DDSN Directive 250-05-DD: Cost Principles for Grants and Contracts with Community DSN Boards. Individual negotiations and reviews will occur between the DSN Board and DDSN on all questioned costs pertaining to DDSN programs. Final resolution, use of audit information, and applicability resides with DDSN.

AMENDMENTS TO AUDIT POLICY

This document is subject to alteration or change as needed. Any changes will be made at the discretion of DDSN.

Gary Lemel
Vice-Chairman
(Originator)

Eva Ravenel
Chairman
(Approved)

To access the following attachments, please see the agency website page “Current Directives” at: <https://www.ddsn.sc.gov/providers/directives-and-standards/current-directives>

Attachment A: Sample Financial Statements
Attachment B: Sample - Independent Accountant’s Report on Applying Agreed-Upon Procedures

**DISABILITIES AND SPECIAL NEEDS COUNTY BOARDS
 SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENDITURES
 For the Fiscal Year Ended June 30, 20____**

Revenues

| | |
|-----------------|-------|
| DDSN | _____ |
| Donations | _____ |
| Interest Income | _____ |
| Sale of Assets | _____ |
| Total Revenues | _____ |

Expenditures

| | |
|-----------------|-------|
| Personnel | _____ |
| Salaries | _____ |
| Total Personnel | _____ |

| | |
|------------------------|-------|
| Fringe Benefits | |
| Retirement | _____ |
| Social Security | _____ |
| Workers' Compensation | _____ |
| Health Insurance | _____ |
| Unemployment Insurance | _____ |
| Total Fringe Benefits | _____ |

| | |
|------------------------------|-------|
| Contractual Services | |
| Telephone | _____ |
| Repairs | _____ |
| Heat, Light, Water and Power | _____ |
| Travel | _____ |
| Consultants | _____ |
| Motor Vehicle Maintenance | _____ |
| Grounds Maintenance | _____ |
| Dues and Subscriptions | _____ |
| Other | _____ |
| Total Contractual Services | _____ |

| | |
|-----------------|-------|
| Supplies | |
| Food | _____ |
| Office | _____ |
| Household | _____ |
| Motor Vehicle | _____ |
| Medical | _____ |
| Postage | _____ |
| Minor Equipment | _____ |
| Total Supplies | _____ |

**DISABILITIES AND SPECIAL NEEDS COUNTY BOARDS
 SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENDITURES
 For the Fiscal Year Ended June 30, 20____**

Expenditures (cont'd)

Fixed Charges

| | |
|----------------------|-------|
| Audit Fees | _____ |
| Rent – Real Property | _____ |
| Rent – Equipment | _____ |
| Property Insurance | _____ |
| Tort Insurance | _____ |
| Vehicle Insurance | _____ |
| Total Fixed Charges | ===== |

Capital

| | |
|------------------------------------|-------|
| Equipment (1) | _____ |
| Vehicle (1) | _____ |
| Debt Service (1) | _____ |
| Depreciation (2) | _____ |
| Amortization of Start-up Costs (2) | _____ |
| Interest Expense | _____ |
| Total Capital | ===== |

Allocations

| | |
|-----------------------------|-------|
| Allocated to CTH-II | _____ |
| Allocated to Adult Day | _____ |
| Allocated to ICF Management | _____ |
| Allocated to SLP-II | _____ |
| Total Allocations | ===== |

Total Expenditures =====

Excess of Revenues Over (Under) Expenditures =====

Note: (1) For non-GASB 34 presentations only.
 (2) For GASB 34 presentation only.

COUNTY DISABILITIES AND SPECIAL NEEDS BOARD
SAMPLE – CAPITATED (IN AGGREGATE) or NON-CAPITATED (BY PROGRAM)
SUPPLEMENTAL SCHEDULE OF REVENUES
For the Fiscal Year Ended June 30, 20____

Federal

| | |
|-----------------------------------|-------|
| HUD | _____ |
| DOT (UMTA)* | _____ |
| DOL (JTPA)* | _____ |
| DOE (PL 94-142)* | _____ |
| DOE (PL 99-457)* | _____ |
| DOE (Chapter I)* | _____ |
| CDC (Center for Disease Control)* | _____ |
| Total Federal | ===== |

State

| | |
|------------------------------|-------|
| DDSN: | |
| Program Revenue | _____ |
| Discretionary Funds | _____ |
| Equipment Grant | _____ |
| Capital Improvement Grant | _____ |
| DSS Boarding Home Supplement | _____ |
| General Appropriation | _____ |
| SHIMS Grant | _____ |
| Total State | ===== |

Local

| | |
|------------------------------------------|-------|
| County | _____ |
| Contributions | _____ |
| County ARC | _____ |
| United Way | _____ |
| Donations | _____ |
| Fundraising (Net of direct benefit cost) | _____ |
| Miscellaneous | _____ |
| Total Local | ===== |

In-Kind

| | |
|---------------|-------|
| Rent | _____ |
| Services | _____ |
| Supplies | _____ |
| Total In-Kind | ===== |

* The pass through grantor should be indicated on this schedule, if applicable. Refer to page 7 of this attachment for example.

COUNTY DISABILITIES AND SPECIAL NEEDS BOARD
SAMPLE – CAPITATED (IN AGGREGATE) or NON-CAPITATED (BY PROGRAM)
SUPPLEMENTAL SCHEDULE OF REVENUES
For the Fiscal Year Ended June 30, 20____

Other

| | |
|--------------------------------------------------------|-------|
| Interest | _____ |
| Meals | _____ |
| Vending Machines | _____ |
| Rent | _____ |
| Work Activity | _____ |
| Consumer Fees (SSI, SSA, child care block grant, etc.) | _____ |
| Total Other | ===== |

Total Revenues _____

Note: This supplemental schedule is a sample schedule. The actual schedule should reflect revenues as indicated by the instructions on Page 2, Item 1 of the Audit Policy.

SAMPLE

COUNTY DISABILITIES AND SPECIAL NEEDS BOARD
SAMPLE – CAPITATED (BY PROGRAM) OR NON-CAPITATED (BY PROGRAM)
SUPPLEMENTAL SCHEDULE OF EXPENDITURES
For the Fiscal Year Ended June 30, 20____

| | |
|------------------------------|-------|
| Personnel | |
| Salaries | _____ |
| Total Personnel | ===== |
| Fringe Benefits | |
| Retirement | _____ |
| Social Security | _____ |
| Workers' Compensation | _____ |
| Health Insurance | _____ |
| Unemployment Insurance | _____ |
| Total Fringe Benefits | ===== |
| Contractual Services | |
| Telephone | _____ |
| Repairs | _____ |
| Heat, Light, Water and Power | _____ |
| Travel | _____ |
| Consultants | _____ |
| Buildings and Equipment | _____ |
| Motor Vehicles | _____ |
| Work Activity | _____ |
| Other | _____ |
| Total Contractual Services | ===== |
| Supplies | |
| Food | _____ |
| Office | _____ |
| Household | _____ |
| Educational | _____ |
| Motor Vehicle | _____ |
| Maintenance | _____ |
| Postage | _____ |
| Minor Equipment | _____ |
| Other | _____ |
| Total Supplies | ===== |
| Fixed Charges | |
| Audit Fees | _____ |
| Rent – Real Property | _____ |
| Rent – Equipment | _____ |

COUNTY DISABILITIES AND SPECIAL NEEDS BOARD
SAMPLE – CAPITATED (BY PROGRAM) OR NON-CAPITATED (BY PROGRAM)
SUPPLEMENTAL SCHEDULE OF EXPENDITURES
For the Fiscal Year Ended June 30, 20____

Fixed Charges (cont'd)

| | |
|----------------------|-------|
| Insurance | _____ |
| Individual | _____ |
| Property | _____ |
| Tort Liability | _____ |
| Vehicle Lease | _____ |
| Accounting and Legal | _____ |
| Debt Service (1) | _____ |
| Principal (1) | _____ |
| Interest (1) | _____ |
| Other | _____ |
| Total Fixed Charges | ===== |

Buildings, Equipment, and Start-up Costs (1) or Capital (2)

| | |
|--------------------------------------------------------------------------|-------|
| Office (1) | _____ |
| Household (1) | _____ |
| Motor Vehicle (1) | _____ |
| Educational (1) | _____ |
| Shop (1) | _____ |
| Recreational (1) | _____ |
| Building and Maintenance (1) | _____ |
| Start-up Costs (1) | _____ |
| Depreciation (2) | _____ |
| Interest Expense (2) | _____ |
| Amortization of Start-up Costs (2) | _____ |
| Other | _____ |
| Total Buildings, Equipment, and Start-up Costs (1) <u>or</u> Capital (2) | ===== |

Allocated Costs

| | |
|-----------------------|-------|
| Administration | _____ |
| Transportation | _____ |
| Day Program | _____ |
| Building Maintenance | _____ |
| Total Allocated Costs | ===== |

Total Expenditures =====

Notes: This supplemental schedule is a sample schedule. The actual schedule should reflect expenditures, by program, as indicated by the instructions on Page 3, Item 2 of the Audit Policy.
(1) For non-GASB 34 presentations only.
(2) For GASB 34 presentations only.

COUNTY DISABILITIES AND SPECIAL NEEDS BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS ⁽¹⁾
For the Fiscal Year Ended June 30, 20____

| Federal Grantor/ Pass Through Grantor/Program Title | Federal CFDA Number | Pass- Through Entity Identifying Number | Federal Expenditures |
|--------------------------------------------------------------------|------------------------------------|----------------------------------------------------------------|---------------------------------|
| HUD Loan to Construct Home | | | |
| UMTA Vehicle Grant | | | |
| DOE Passed through the DDSN Chapter I Grant Funds | 84.010 | 94110029 | _____ |
| Total Expenditures of Federal Awards | | | ===== |

⁽¹⁾ Medicaid, adult social services, child care block grant funds, and vendor payments are not considered Federal Awards to the provider for purposes of the Single Audit Act.

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board/President/Management

_____(Provider's Name)

_____(City/State/Zip Code)

We have performed the procedures enumerated below based upon the requirements outlined in the Department of Disabilities and Special Needs (DDSN) Provider Audit Policy (275-04-DD) for the State fiscal year ended June 30, _____related to Medicaid billings and/or the DSN Board's management of Consumers' Personal Funds for compliance with DDSN Directive 200-12-DD: Management of Funds for People Participating in Community Residential Programs, which were agreed to by the management of _____(DSN Board's name) for the year ended _____(DSN Board's year-end). _____(DSN Board's name) management is responsible for establishing policies and procedures, and for the maintenance of records and supporting documentation. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of our testing are as follows:

Medicaid Billing

1. We obtained an understanding of the Medicaid billing process and controls over Medicaid billable services through discussions with management and consultations with program staff. In documenting our understanding, we also learned that the DSN Board served a total of _____consumers for whom Medicaid services were billed for the period tested.
2. We selected a sample of _____consumers from the total number of consumers for which the DSN Board is receiving payments for Medicaid billable services. For the consumers selected, we tested Medicaid billings for _____month(s) to determine the following:
 - A. Documentation is on file to support the billings. In addition, we performed tests to determine that the supporting documentation provides reasonable assurance that the billings are supported by complete and accurate information.

Results/Finding:

- B. Services are being provided to the consumers as indicated in the documentation on file. For the consumers selected for testing, the Auditor should be present and have the supervisor make contact (face-to-face or phone call) with the consumer

and/or family member and inquire if the services were provided as indicated in the service notes.

Results/Finding:

- C. Monitorship is being provided by supervisory staff, as evidenced by their signature or initials and date of review, on an on-going basis so as to provide reasonable assurance to the DSN Board that the billable services are being provided to the consumers and/or families as indicated by the documentation on file.

Results/Finding:

3. Consumers' Personal Funds

We gained an understanding of the controls over consumers' personal funds managed by DSN Board staff through our discussions and inquiries with management. In order to gain a more accurate understanding of the nature and treatment of consumers' personal funds, we consulted with the residential program staff since these employees are directly responsible for compliance with DDSN Directive 200-12-DD: Management of Funds for People Participating in Community Residential Programs.

In documenting our understanding, we learned that the DSN Board manages personal funds for a total of ____ consumers. From this total, we selected a sample of ____ consumers and reviewed their account activity for ____ month(s) to determine the following:

- A. Each member of the DSN Board staff having access to consumers' personal funds is bonded.

Results/Finding:

- B. Consumers' personal funds are not borrowed, loaned, or co-mingled by the DSN Board or another person or entity for any purpose, or combined or co-mingled in any way with the DSN Board's operating funds.

Results/Finding:

- C. Consumers' checking and/or savings accounts are established in the consumers' names and social security numbers, or that they indicate that the accounts are for the benefit of the consumers (fiduciary relationship).

Results/Finding:

- D. Withdrawals from consumers' accounts require a co-signature of the facility or program director or his or her designee, unless a waiver is on file.

Results/Finding:

- E. A copy of the commercial bank signature card is on file in the consumers' permanent files.

Results/Finding:

- F. Items costing \$50 or more are purchased by check from the consumers' accounts.

Results/Finding:

- G. All sources of income for the consumers are deposited within five (5) business days of receipt to their accounts.

Results/Finding:

- H. Bank reconciliations for consumers' accounts are being performed within 20 business days of receipt of the bank statements by a staff member who is not a co-signer for the accounts.

Results/Finding:

- I. Through a representative sample of consumers' purchases, determine that receipts are on hand to support expenditures for non-incidentals purchases made from the consumers' personal funds. (Purchases should be selected from the consumers' accounts in the sample for the month(s) chosen for review.)

Results/Finding:

- J. Checks are not written to "Cash."

Results/Finding:

- K. Consumers' cash on hand (consumers' cash held in the residence by staff plus cash actually held by the consumer) does not exceed \$50.

Results/Finding:

- L. Actual counts of consumers' cash held by residential staff, and agreement of the counts to the records, are done monthly by someone who does not have authority to receive or disburse cash. The count and agreement to the records must be documented in the cash records.

Results/Finding:

- M. Determine that consumers' total cash assets do not exceed the established limits mandated by Medicaid (generally: \$2,000)

Results/Finding:

4. Minimum Salary/Hourly Wage:

We gained an understanding of the requirements of paying Direct Care Staff in accordance with the DSN Board's contract with DDSN.

We determined whether or not the DSN Board was paying ALL Direct Care Staff the established minimum hourly wage in accordance with the DDSN contract.

Results/Finding:

5. Room and Board Policy:

We gained an understanding of the status of the DDSN Room and Board Policy through our discussions and inquiries with management. Part of our understanding the status of DDSN Room and Board Policy was to confirm the last date DDSN approved the Room and Board Policy.

We determined whether or not the provider has established and implemented a Room and Board Policy for consumers' fees that has been reviewed and approved by DDSN. We determined the last date DDSN approved the Room and Board policy.

Results/Finding:

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the DSN Board's policies and procedures over Medicaid billings and the management of consumers' personal funds and compliance with applicable laws and regulations. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of (DSN Board's name) and DDSN and is not intended to be or should not be used by anyone other than these specified parties.

[Signature]

[Date]

Reference Number: 275-06-DD

Title of Document: Procedures for Implementation of DDSN Audit Policy for Contracted Service Providers

Date of Issuance: April 5, 2017
Effective Date: April 5, 2017
Last Review Date: April 18, 2019
Date of Last Revision: April 18, 2019

Applicability: Contracted Service Providers (REVISED)

NOTE: CSPs that **DO NOT PROVIDE ANY RESIDENTIAL HABILITATION SERVICES** will not be required to obtain and submit an Audit of Financial Statements.

REPORTING REQUIREMENTS

Effective for fiscal year 2019, Contracted Service Providers (QPLs) that receive \$250,000 or more in financial assistance (program contracts, grants, sub-grants, etc.) from the Department of Disabilities and Special Needs (DDSN) during the contracted service provider's fiscal year and perform any DDSN Medicaid billable services and **PROVIDE ANY RESIDENTIAL HABILITATION SERVICES** will be required to obtain and submit:

1. An Audit performed by an independent Certified Public Accountant (CPA) in accordance with generally accepted auditing standards in the United States of America and/or the standards of the Public Company Accounting Oversight Board (United States).
2. A report on applying agreed-upon procedures (RoAAP) [AUP] prepared by a CPA for the contracted service provider's year end.

Effective for fiscal year 2019, Contracted Service Providers (QPLs) that receive \$250,000 or more in financial assistance (program contracts, grants, sub-grants, etc.) from DDSN during the contracted service provider's fiscal year and perform any DDSN Medicaid billable services and **DO NOT PROVIDE ANY RESIDENTIAL HABILITATION SERVICES** will be required to obtain and submit:

- A report on applying agreed-upon procedures (RoAAP) [AUP] prepared by a CPA for the contracted service provider's year end.

GENERAL PROVISIONS

1. The Audit Report and/or RoAAP are to be filed with DDSN within 90 days after the end of the contracted service provider's fiscal year.
2. If the Audit Report and/or RoAAP are not received within five (5) business days of the due date, a contract reduction of \$100 per day will be assessed until the Reports are received by DDSN or a maximum of \$2,500 has been assessed. The total amount of the contract reductions will be deducted from the contracted service provider's subsequent payment for the third month following the due date. (For example, reductions assessed for reports due September 30 will be deducted from the December 1 payment.)
3. A request for an extension of time to file an Audit Report and/or RoAAP must be submitted to DDSN Internal Audit by the contracted service provider in writing on the contracted service provider's letterhead stationery and signed by the Executive Director. Any extensions must be approved by DDSN Internal Audit. The request for an extension must be filed at least 15 business days prior to the due date for the Audit Report and/or RoAAP. Such requests will only be approved in extreme circumstances that are beyond the control of the contracted service provider or its independent Auditor, or when approval would be to the benefit of DDSN.

AUDIT REPORT

1. The (audited) financial statements must be prepared in conformity with accounting principles generally accepted in the United States of America. Effective implementation dates for recently issued and adopted accounting pronouncements must be followed.
2. **Sampling** is a standard audit technique used to test the adequacy of an organization's internal control procedures. The samples selected should be representative of the total population of all consumers served across **all** programs. **The total population and the sample size must be stated for each program. This requirement applies to sampling associated with the Audit Report and the RoAAP.**
3. The Auditor must identify findings being repeated from prior year audits.
4. Failure to meet these audit requirements may result in further withholding of subsequent payments and/or suspension of funding.

REPORT ON AGREED-UPON PROCEDURES (RoAAP):

All contracted service providers will need to contract with an independent CPA to have a report on applying agreed-upon procedures which is to be filed with DDSN within 90 days after the end of the contracted service provider's fiscal year. This report will:

- a) Test the contracted service provider's control and procedures for Medicaid billings;
- b) Test the contracted service provider's management of consumers' personal funds for compliance with DDSN Directive 200-12-DD: Management of Funds for Individuals Participating in Community Residential Programs;
- c) Determine if contracted service providers are paying **ALL** Direct Care staff the established minimum hourly wage in accordance with the DDSN contract; and,
- d) Determine that the contracted service provider has established and implemented a Room and Board policy for consumers' fees that has been reviewed and approved by DDSN.

A sample template of the required RoAAP can be found in the Attachment to this Directive. CPAs should follow this template.

1. **Medicaid Billing:**

Medicaid consumers receive services provided by a contracted service provider, or a third party vendor under the Medicaid program. If a third party vendor provides the services, it must be authorized by the case management contracted service provider, approved by the Financial Manager, and documented in the consumer's plan. The contracted service provider, or the third party vendor receives payments for the Medicaid billable services rendered to the consumers from either DDSN or the SC Department of Health and Human Services (DHHS). Although it is an accepted practice for Auditors to rely on the work of other professionals, the required minimum procedures were added to provide reasonable assurance that billings **for DDSN services** are appropriate and accurate, and must be performed unless a written request for a waiver is submitted to and approved by DDSN Internal Audit. At a minimum, the Auditor's work in the area of Medicaid billable services should include the following procedures:

- a) The Auditor should gain an understanding of the Medicaid billing process and controls over Medicaid billable services (contracted service providers and direct billed). In order to gain an accurate understanding of this process, the Auditor should consult with the program staff supervisors as these employees are directly responsible for Medicaid compliance and should be familiar with how Medicaid is billed. The Auditor should perform sufficient work to determine if the contracted service provider's policies and procedures are adequate to provide reasonable assurance that Medicaid billable services are correct.

The Auditor should select a representative sample from all consumers from each Medicaid billable service area for which the contracted service provider is receiving payments for

Medicaid billable services through DDSN. For the sample selected, the Auditor should determine the following:

- a) Documentation is on file to support the billings. Tests should also be performed to determine that the supporting documentation provides reasonable assurance that the billings are supported by complete and accurate information.
- b) Services are being provided to the consumers as indicated in the documentation on file. For the program selected, the Auditor should be present and have the supervisor make contact (face-to-face or phone call) with the consumer and/or family member and inquire if the services were provided as indicated in the service notes.
- c) Monitorship (review of service notes, phone contacts with family members and/or employers, visits to family members' homes and/or consumers' job sites, etc.) is being provided by supervisory staff, as evidenced by their signature or initials and date of the review, on an on-going basis so as to provide reasonable assurance to the contracted service provider that the billable services are being provided to the consumers and/or families as indicated by the documentation on file. This review should be performed in conjunction with supervisory staff, as monitoring requirements vary by program.

3. **Consumers' Personal Funds:**

The Auditor should perform sufficient work to determine if the contracted service provider's policies and procedures are adequate to safeguard the consumers' personal funds and are in compliance with DDSN Directive 200-12-DD: Management of Funds for Individuals Participating in Community Residential Programs, including attachments. At a minimum, the Auditor's work in the consumers' personal funds area should include the following procedures from the requirements given in Directive 200-12-DD: Management of Funds for Individuals Participating in Community Residential Programs, "Section V. Financial Management," and "Section VI. Cash On Hand."

- a) Determine that each member of the contracted service provider's staff having access to consumers' personal funds is bonded.
- b) Determine that consumers' personal funds are not borrowed, loaned, or co-mingled by the contracted service provider or another person or entity for any purpose; or, combined or co-mingled in any way with the contracted service provider's operating funds.
- c) Determine that consumers' checking and/or savings accounts are established in the consumers' names and social security numbers, or that they indicate that the accounts are for the benefit of the consumers (fiduciary relationship).
- d) Determine that withdrawals from consumers' accounts require a co-signature of the facility or program director or his or her designee, unless a waiver is on file.

- e) Determine that copies of the commercial bank signature cards are in the consumers' permanent files.
- f) Determine that items costing \$50 or more are purchased by check from the consumers' accounts.
- g) Determine that all sources of income for the consumers are deposited within five (5) business days of receipt to their accounts.
- h) Determine that bank reconciliations for consumers' accounts are being performed and documented within 20 business days of receipt of the bank statements by a staff member who is not a co-signer for the accounts.
- i) Determine, through a representative sample of all consumers' purchases, that receipts are on hand to support expenditures for non-incidentals purchases made from the consumers' personal funds.
- j) Determine that checks are not written to "Cash."
- k) Determine that consumers' cash on hand (consumers' cash held in the residence by staff plus cash actually held by the consumer) does not exceed \$50.
- l) Determine that actual counts of consumers' cash held by residential staff, and agreement of the counts to the records, are done monthly by someone who does not have authority to receive or disburse cash. The count and agreement to the records must be documented in the cash records.
- m) Determine that consumers' total cash assets do not exceed the established limits mandated by Medicaid (currently: \$2,000).

If the Auditor becomes aware of thefts involving contracted service provider or consumers' funds and/or any falsification of Medicaid billable services, the Auditor should promptly report that information to the contracted service provider Executive Director, with a follow-up to DDSN Internal Audit.

4. **Minimum Salary/Hourly Wage:**

The Auditor should determine that the contracted service provider is paying **ALL** Direct Care staff the established minimum hourly wage in accordance with DDSN requirements, for all hours worked.

5. **Room and Board Policy:**

The Auditor should determine that the contracted service provider has established and put in place a Room and Board policy for consumers' fees that has been reviewed and approved by DDSN. The Auditor should provide information on the last date of approval by DDSN.

CORRECTIVE ACTION PLANS

1. When the Auditor's report, separate letter to management (if issued), and/or the RoAAP identify material weaknesses, significant deficiencies, deficiencies, findings or questioned costs, the contracted service provider must submit a Corrective Action Plan to address and resolve the problem identified in the audit findings, or submit a statement of reasons why no corrective action is necessary. The Corrective Action Plan should be prepared on contracted service provider's letterhead stationery and signed by the Executive Director. The Corrective Action Plan must be submitted to DDSN Internal Audit within 20 business days after issuance of the Audit Report and/or RoAAP. If the Corrective Action Plan is not received within 20 business days of the due date, a contract reduction of \$100 per day will be assessed until the Corrective Action Plan is received by DDSN or a maximum of \$2,500 has been assessed. The total amount of the contract reductions will be deducted from the contracted service provider's subsequent payment for the third month following the due date (i.e., reductions assessed for reports due September 30 will be deducted from the December 1 payment). It is recommended that the Corrective Action Plan be submitted with or included as part of the Audit Report and/or RoAAP when issued. The Corrective Action Plan should include the specific dates when deficiencies will be corrected. Copies of documents that clarify the resolution of deficiencies must be included with the Corrective Action Plan, including found missing receipts, relevant Service Error Correction Forms, logs, etc.
2. A request for an extension of time to file a Corrective Action Plan must be submitted to DDSN Internal Audit by the contracted service provider in writing on the contracted service provider's letterhead stationery and signed by the Executive Director, and must be approved by DDSN Internal Audit. The request for an extension must be filed 15 business days prior to the due date for the Corrective Action Plan. Such requests will only be approved in extreme circumstances that are beyond the control of the contracted service provider or its Auditor, or when approval would be to the benefit of DDSN.

ADDRESSEE

If applicable, the reports on examination of contracted service providers are to be addressed to the governing boards.

DISTRIBUTION

Original copies of the Audit Report shall be filed as follows:

1. Executive Director of the contracted service provider.
2. Chairperson of the contracted service provider's governing board (if applicable).
3. DDSN District I Director (PO Box 239, Clinton, SC 29325-5328) or District II Director (9995 Miles Jamison Road, Summerville, SC 29485). [Please advise the contracted service provider on the appropriate District Director.]
4. DDSN Internal Audit (3440 Harden Street Extension, P.O. Box 4706, Columbia, S.C. 29240).

INSPECTION/ACCEPTANCE

Final inspection and acceptance of audit documents shall be the responsibility of DDSN Internal Audit.

CONTRACTS

While contracted service providers are not required to obtain bids for audit services, DDSN believes that obtaining such bids is a good practice. DDSN, therefore, encourages contracted service providers to obtain bids for audit services.

OUT-OF-STATE (CPA FIRM) REGISTRATION

CPAs and firms that operate out-of-state must comply with the requirements of the SC Board of Accountancy regarding “mobility” guidelines and/or out-of-state firm registration. Please contact the SC Board of Accountancy for more information. DDSN may verify with the SC Board of Accountancy that mobility guidelines and/or out-of-state firm registration requirements are being met.

WORKING PAPERS

Working papers are to be retained by the audit firm for six (6) years following the end of the fiscal year being audited. Retention of working papers beyond six (6) years is required for audits of contracted service providers where questioned costs and/or practices have not been resolved with DDSN.

Working papers must be available, upon request, for examination by representatives of DDSN or its designee as well as successor Auditors who may perform audits of the contracted service provider. Availability of working papers must be provided at no additional cost to the representatives of DDSN, or the successor Auditor.

The Auditor may be required to provide copies of any specific portions of working papers requested by DDSN Internal Audit.

AMENDMENTS TO AUDIT REPORTS

Where additional explanations or corrections are necessary after a report has been filed, supplements should be prepared by the audit firm for all copies and distributed as in “Distribution” above.

CPA COMPLIANCE STATEMENT/LETTER

The contracted service provider should give a copy of this audit policy to the Auditor prior to the start of the audit to ensure that DDSN’s audit requirements are met. The Auditor must include a signed statement with the Audit Report stating that he/she has read and complied with the requirements of the policy. An Auditor must include a statement in the body of the RoAAP that

he/she has performed the procedures based on the requirements outlined in this policy and in compliance with DDSN Directive 200-12-DD: Management of Funds for Individuals Participating in Community Residential Programs.

AUDIT QUALITY

To verify that the responsibility of quality audits is accomplished, DDSN Internal Audit will work with other DDSN staff, as well as other state agencies, to:

1. Ensure that Audit Reports of contracted service providers are received, reviewed and distributed to appropriate DDSN officials.
2. Ensure that if significant inadequacies relating to the professional performance of the Audit are disclosed, the contracted service provider will be advised and the Auditor will be required to take corrective action. If corrective action is not taken, DDSN shall notify the contracted service provider and other state agencies of the facts. Major inadequacies or repetitive substandard performance of Auditors shall be referred to the appropriate professional bodies.
3. Ensure that satisfactory audit coverage is provided in a timely manner in accordance with DDSN audit requirements.
4. Maintain a follow-up system on audit findings and investigative matters.

The SC Board of Accountancy may review all or a sample of contracted service provider Audit Reports for compliance with professional standards.

AMENDMENTS TO AUDIT POLICY

This document is subject to alteration or change as needed. Any changes will be made at the discretion of DDSN.

Gary Lemel
Vice-Chairman
(Originator)

Eva Ravenel
Chairman
(Approved)

To access the following attachments, please see the agency website page “Current Directives” at: <https://www.ddsn.sc.gov/providers/directives-and-standards/current-directives>

Attachment: Sample - Independent Accountant’s Report on Applying Agreed-Upon Procedures

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board/President/Management

_____(Provider's Name)

_____(City/State/Zip Code)

We have performed the procedures enumerated below based upon the requirements outlined in the Department of Disabilities and Special Needs (DDSN) Provider Audit Policy (275-06-DD) for the State fiscal year ended June 30, _____ related to Medicaid billings and/or the contracted service provider's management of Consumers' Personal Funds for compliance with DDSN Directive 200-12-DD: Management of Funds for People Participating in Community Residential Programs, which were agreed to by the management of _____ (Provider's name) for the year ended _____ (Provider's year-end). _____ (Provider's name) management is responsible for establishing policies and procedures, and for the maintenance of records and supporting documentation. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results of our testing are as follows:

Medicaid Billing

1. We obtained an understanding of the Medicaid billing process and controls over Medicaid billable services through discussions with management and consultations with program staff. In documenting our understanding, we also learned that the contracted service provider served a total of _____ consumers for whom Medicaid services were billed for the period tested.
2. We selected a sample of _____ consumers from the total number of consumers for which the contracted service provider is receiving payments for Medicaid billable services. For the consumers selected, we tested Medicaid billings for _____ month(s) to determine the following:
 - A. Documentation is on file to support the billings. In addition, we performed tests to determine that the supporting documentation provides reasonable assurance that the billings are supported by complete and accurate information.

Results/Finding:

- B. Services are being provided to the consumers as indicated in the documentation on file. For the consumers selected for testing, the Auditor should be present and

have the supervisor make contact (face-to-face or phone call) with the consumer and/or family member and inquire if the services were provided as indicated in the service notes.

Results/Finding:

- C. Monitorship is being provided by supervisory staff, as evidenced by their signature or initials and date of review, on an on-going basis so as to provide reasonable assurance to the provider organization that the billable services are being provided to the consumers and/or families as indicated by the documentation on file

Results/Finding:

3. Consumers' Personal Funds

We gained an understanding of the controls over consumers' personal funds managed by contracted service provider staff through our discussions and inquiries with management. In order to gain a more accurate understanding of the nature and treatment of consumers' personal funds, we consulted with the residential program staff since these employees are directly responsible for compliance with DDSN Directive 200-12-DD: Management of Funds for People Participating in Community Residential Programs.

In documenting our understanding, we learned that the contracted service provider manages personal funds for a total of ____ consumers. From this total, we selected a sample of ____ consumers and reviewed their account activity for ____ month(s) to determine the following:

- A. Each member of the contracted service provider staff having access to consumers' personal funds is bonded.

Results/Finding:

- B. Consumers' personal funds are not borrowed, loaned, or co-mingled by the contracted service provider or another person or entity for any purpose, or combined or co-mingled in any way with the contracted service provider's operating funds.

Results/Finding:

- C. Consumers' checking and/or savings accounts are established in the consumers' names and social security numbers, or that they indicate that the accounts are for the benefit of the consumers (fiduciary relationship).

Results/Finding:

- D. Withdrawals from consumers' accounts require a co-signature of the facility or program director or his or her designee, unless a waiver is on file.

Results/Finding:

- E. A copy of the commercial bank signature card is on file in the consumers' permanent files.

Results/Finding:

- F. Items costing \$50 or more are purchased by check from the consumers' accounts.

Results/Finding:

- G. All sources of income for the consumers are deposited within five (5) business days of receipt to their accounts.

Results/Finding:

- H. Bank reconciliations for consumers' accounts are being performed within 20 business days of receipt of the bank statements by a staff member who is not a co-signer for the accounts.

Results/Finding:

- I. Through a representative sample of consumers' purchases, determine that receipts are on hand to support expenditures for non-incidentals purchases made from the consumers' personal funds. (Purchases should be selected from the consumers' accounts in the sample for the month(s) chosen for review.)

Results/Finding:

- J. Checks are not written to "Cash."

Results/Finding:

- K. Consumers' cash on hand (consumers' cash held in the residence by staff plus cash actually held by the consumer) does not exceed \$50.

Results/Finding:

- L. Actual counts of consumers' cash held by residential staff, and agreement of the counts to the records, are done monthly by someone who does not have authority to receive or disburse cash. The count and agreement to the records must be documented in the cash records.

Results/Finding:

- M. Determine that consumers' total cash assets do not exceed the established limits mandated by Medicaid (generally: \$2,000)

Results/Finding:

4. Minimum Salary/Hourly Wage:

We gained an understanding of the requirements of paying Direct Care Staff in accordance with the Provider's contract with DDSN.

We determined whether or not the contracted service provider was paying **ALL** Direct Care Staff the established minimum hourly wage in accordance with the DDSN contract.

Results/Finding:

5. Room and Board Policy:

We gained an understanding of the status of the DDSN Room and Board Policy through our discussions and inquiries with management. Part of our understanding the status of DDSN Room and Board Policy was to confirm the last date DDSN approved the Room and Board Policy.

We determined whether or not the contracted service provider has established and implemented a Room and Board Policy for consumers' fees that has been reviewed and approved by DDSN. We determined the last date DDSN approved the Room and Board policy.

Results/Finding:

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the contracted service provider's policies and procedures over Medicaid billings and the management of consumers' personal funds and compliance with applicable laws and regulations. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of (provider's name) and DDSN and is not intended to be or should not be used by anyone other than these specified parties.

[Signature]

[Date]

DDSN Commission Legislative Update ---April 18, 2019

1 Budget, H. 4000- The budget was passed in the House of Representatives on March 13. The House funded 3 of our Legislative priorities, including our number one priority, the 1 dollar and hour increase for Direct Care workers. They also funded our Child Protective Custody Transition program as well as 2 million in non-recurring funds for the Genomic Data Initiative at the Greenwood Genetic Center.

The budget was passed by the Senate Finance Committee on April 10. The Senate Finance Committee kept all of the items that the House put in our budget and added 580,000 dollars for the triage beds that we requested. The budget is currently on the Senate Floor for debate this week.

2. H. 3824 DDSN Commissioner Qualifications and Training-3-M Social Services, Mental Health and Children Sub-Committee

The Sub-Committee met on March 26 and heard testimony from Commissioner Lemel as well as Director Poole on the bill and ways to strengthen the legislation. The Sub-Committee has taken Commissioner Lemel's suggestions regarding flexibility for the Governor in making appointments and Director Poole's suggestions regarding annual ongoing training under advisement. The members are working with the staff on an amendment to present and vote on at the next meeting.

3. H 3825 and S. 529 – Medical decisions under the Adult Healthcare Consent Act. - 3-M Health and Environmental Sub-Committee

We are working with the Sub-Committee staff to get an amendment to the bill drafted that addresses the concerns of those who testified at the hearing.

4. H. 3273-Vulnerable Adult Abuse Registry-Judiciary Special Laws Sub-Committee

The Sub-Committee is continuing to work on the registry bill and to work on identifying the fiscal impact of the registry.

5. S.291 –Creation of a SC Dept of Early Childhood Development and Education-Family and Veterans Services Sub Committee

This bill is an attempt to move all early childhood programs administered by the state under one cabinet level agency. Items affecting DDSN would be the move of First Steps and BabyNet under this new agency.

6. H. 3469 –Family Support Services Program- 3M Committee

This bill would have made changes by adding responsibilities to the Family Support Services Program. Director Poole met with the bill's sponsor, Rep Robinson-Simpson and explained that what she was seeking to add to the relatively small Family Support Services Program is available through other programs. Rep Robinson Simpson has decided to pull the legislation from the 3-M schedule.

**South Carolina Department of Disabilities and Special Needs
 FY 2019-2020 Budget Request Items In Priority Order
 Approved by the Commission on 12/13/2018**

| Program Need – Recurring Funds | | Budget Request for FY 2019-2020 | Senate Finance Committee |
|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| 1 | <p>Safety and Quality of Care/Workforce Needs Workforce issues must be addressed in order to recruit and retain quality staff who provide essential 24/7 care to consumers. This request is the third year of a multiyear request and has two components:</p> <p>(1) Increase the hiring wage for direct care staff and immediate supervisors. Direct care wages are not competitive. An increased hiring wage of at least \$13.00 per hour is needed to be competitive. This request supports moving toward that goal by increasing the hiring wages to \$13.00 per hour, an increase of 8.3 percent from \$12.00 an hour. Potential candidates will not apply if the starting pay is not reasonable. Experience has demonstrated that direct support employees can be hired, but often terminate within the first year to seek employment with large private companies like Walmart and Lowe’s with similar pay and easier jobs than the demands of a direct support caregiver in a 24/7 operation. The current 44% turnover rate in DDSN regional centers is a direct result of erosion of pay, forced overtime and inability to take earned leave days. Flexibility will be requested to give providers some latitude to incentivize new hires, such as \$13/hour starts after a probationary period, but all funds must be only be used for direct care staff.</p> <p>(2) Retain essential staff to maintain service quality. Service quality cannot be reduced and staffing ratios must meet compliance standards and be maintained. Wage compression exists at supervisory and manager levels where longtime quality employees make the same wage as new hires. Loss of longtime quality employees due to wage levels not keeping up with industry benchmarks increases turnover, affects the quality of consumer care, results in higher contract costs and increases the cost of training new staff to perform these vital services.</p> | <p>\$10,400,000</p> <hr style="width: 20%; margin: 10px auto;"/> <p>Increase Hiring Wage \$9.1M</p> <p>Compression & Retention \$1.3M</p> | \$10,400,000 |
| 2 | <p>Community Service Rates: Community service provider rates have not been rebased across the board since 2006. Through survey, interview, and cost analysis, all evidence suggests community service provider rates are not adequate to meet current level of provider costs for services. Mercer Healthcare Consultants, Inc. (Mercer) is currently conducting a payment system review and a community service rate study, to include Community ICFs, due in January 2019 at the earliest. DDSN does not have a validated rate study from which to seek increase appropriations to meet consumer needs. However, given the estimate of receiving the Mercer rate study early in calendar year 2019, DDSN plans, if time available after receiving the rate study, to submit an amended budget request to address this critical funding issue in the DDSN service delivery system. DDSN’s current \$5 million estimate is likely only a partial payment of the anticipated rate increase needs. This \$5 million with its Medicaid match would be a 3.2% increase in community service rates (FY 2018-2019 budget \$543 million). DDSN anticipates a multi-year budget request approach to implement recommendations from the rate study.</p> | \$5,000,000 | |

**South Carolina Department of Disabilities and Special Needs
FY 2019-2020 Budget Request Items In Priority Order
Approved by the Commission on 12/13/2018**

| Program Need – Recurring Funds | | Budget Request for FY 2019-2020 | Senate Finance Committee |
|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| 5 | <p>Increase and Improve Access to Residential Supports: This request will provide necessary residential supports and services to 36 individuals with aggressive, intensely challenging behaviors requiring high management and/or forensic residential beds. These funds will be used to develop eleven homes and day supports in the community, including one-time capital and startup costs associated with the new services, and provide necessary residential and day supports and services for 33 individuals. Additionally, the funds will be used for one home developed and operated directly by DDSN staff to provide immediate residential services to judicially committed consumers suitable for a community setting with intensive supervision. Costs will include one-time capital and startup costs associated with the new services, and provide necessary residential and day supports and services for three (3) individuals.</p> <p>This population can be very difficult to serve as they often are a threat to themselves and/or others. The number of providers willing to serve this population is extremely limited. If rates are not adequate to cover the actual cost of high management services, the state cannot increase the service capacity necessary to address this ongoing need. Each year DDSN receives more court ordered residential placements for individuals with challenging behaviors and the agency must comply with judges' orders.</p> <p>DDSN requests a four bed CTH II for juveniles in the community meeting Medicaid requirements for reimbursement. DDSN's current juvenile residential capacity of 22 beds is full. Eight beds are eligible for Medicaid reimbursement and 14 are state funded due to institutional group home settings. If funded, the new four-bed residence will provide immediate capacity. DDSN will also work on a cost savings plan to self-fund new four-bed residences meeting Medicaid requirements to provide better services at less cost to juveniles suitable for the community currently in state funded group homes.</p> | <p>\$1,533,575</p> <hr style="width: 20%; margin: 10px auto;"/> <p>High Management/ Forensic Residential Beds \$1,440,000</p> <p>4 Bed CTH II – Juveniles \$93,575</p> | |
| 6 | <p>Child Protective Custody Transition: Annually, DDSN avails residential services to DDSN eligible children who are approaching the age of majority in the custody and or care of the South Carolina Department of Social Services (SCDSS). It is the intent of our agency to provide residential habilitation to these individuals in a community training home I or specialized family home setting. This residential model allows children and adults eligible for SCDDSN services and requiring long-term residential care to live in the home of a vetted caregiver offering care, supervision, skills training, and ancillary support based on the individual's needs. The home will require licensure and serve a maximum of two consumers. DDSN is requesting \$140,000 to develop 5 community training home I or specialized family home settings. This initiative will cost effectively serve approximately 10 individuals.</p> | \$140,000 | \$140,000 |
| 7 | <p>Early Intervention: DDSN has absorbed BabyNet and Early Intervention (EI) service increases through internal reallocations for many years without requests for corresponding budget increases. There exists no capacity for increased early intervention services to three through six-year-old children without additional funding to meet increase consumers eligible for EI services.</p> | \$800,000 | |

**South Carolina Department of Disabilities and Special Needs
 FY 2019-2020 Budget Request Items In Priority Order
 Approved by the Commission on 12/13/2018**

| Program Need – Recurring Funds | | Budget Request for FY 2019-2020 | Senate Finance Committee |
|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|-------------------------------------|
| 8 | <p>Increase Access to Post-Acute Rehabilitation that is Specialized for Traumatic Brain or Spinal Cord Injuries: DDSN has a recurring appropriation of \$3.6 million to provide a post-acute rehabilitation program for individuals who experience a traumatic brain or spinal cord injury. During the last three months of the FY 17/18, DDSN only funded one new TBI/SCI inpatient due to a lack of funds. This resulted in an estimate of 12 TBI/SCI uninsured/under-insured citizens not receiving treatment. The lack of funding is estimated at \$500,268 (12 patients x \$41,689 avg. inpatient cost). This request for additional permanent funding of \$500,000 would serve an additional 12 individuals and bridge the funding gap at the estimated number of TBI/SCI consumers in the upcoming FY 19/20.</p> <p>For best outcomes, specialized rehabilitation should begin as soon as possible following medical stabilization or discharge from acute care. Without appropriate rehabilitative treatment and therapies in the first weeks or months after injury, people are not able to achieve optimal neurological recovery and maximum functional improvement. Research shows these results in more substantial levels of permanent disability and limits the ability to work. As a consequence, there are greater needs for long-term care, and other health, mental health and social services. Lack of rehabilitation options causes extended acute care hospital stays following injury for many people. There are also higher rates of subsequent hospitalizations for people who do not receive rehabilitation.</p> | \$500,000 | |
| TOTAL RECURRING FUNDS | | \$20,454,075 | \$11,120,500 |

**South Carolina Department of Disabilities and Special Needs
 FY 2019-2020 Budget Request Items In Priority Order
 Approved by the Commission on 12/13/2018**

| Program Need – Non-Recurring Funds | | Budget Request for FY 2019-2020 | House of Representatives |
|-------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|-------------------------------------|
| 1 | <p>South Carolina Genomic Medicine Initiative: This request will assure statewide access to genetic services for individuals with complex developmental disabilities and their families. It also supports development of a systematic and comprehensive application of new genomic technologies. Despite the success of the collaboration between DDSN and Greenwood Genetics Center (GGC), we are still unable to identify the underlying cause for intellectual disability in approximately 40% of the individuals evaluated. For individuals with autism, we are unable to determine an underlying cause in 80% of those evaluated. The lack of a specific cause is not acceptable to families and physicians, and significantly limits optimum medical management, treatment options and informed reproductive decision making.</p> <p>The GGC is embarking on a major genomic initiative that will have a transformative impact on the GGC, the state, and the provision of personalized medicine for South Carolinians. This South Carolina Genomic Medicine Initiative will combine clinical care, a “multi-omics” technological approach and big data/machine learning to create a powerful and unique resource serving patients, healthcare providers, and state agencies. This bold initiative is being pursued to significantly increase the diagnostic yield for individuals with intellectual disabilities and autism, with the ultimate goal of providing information necessary to provide personalized and precise medical treatment and management for patients with disabilities and autism. In addition, the data accumulated with this initiative will provide precise genomic information that will help develop and guide personalized public health policies.</p> <p>The request of \$2,000,000 non-recurring state funds is in conjunction with funds from the private sector. Anticipated partners include the private sector, such as foundations, Clemson University, other academic partners and individual donors. It is the intention of the GGC to work with SCDHHS to pursue an administrative Medicaid match for this project to demonstrate the impact and value of this approach to CMS.</p> | \$2,000,000 | \$2,000,000 |
| TOTAL NON-RECURRING | | \$2,000,000 | \$2,000,000 |
| TOTAL FUNDS REQUESTED | | \$22,454,075 | \$13,120,500 |

| FY 18/19 Legislative Authorized & Spending Plan Budget VS Actual Expenditures (as of 3/31/2019) | | | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-------------------------|--------------------------|--------------------------|--------------------------|
| Funded Program - Bud | Original Budget | Budget Adjustments | Current Budget | YTD Actual Expense | Balance |
| ADMINISTRATION | \$ 8,256,999.00 | \$ 0.00 | \$ 8,256,999.00 | \$ 4,479,034.81 | \$ 3,777,964.19 |
| PREVENTION PROGRAM | \$ 657,098.00 | \$ 0.00 | \$ 657,098.00 | -\$ 15,495.00 | \$ 672,593.00 |
| GREENWOOD GENETIC CENTER | \$ 13,185,571.00 | \$ 0.00 | \$ 13,185,571.00 | \$ 10,619,300.00 | \$ 2,566,271.00 |
| CHILDREN'S SERVICES | \$ 16,302,094.00 | \$ 18,414,500.00 | \$ 34,716,594.00 | \$ 24,230,914.92 | \$ 10,485,679.08 |
| BABYNET | \$ 5,587,500.00 | -\$ 5,587,500.00 | \$ 0.00 | | \$ 0.00 |
| IN-HOME FAMILY SUPP | \$ 89,589,626.00 | \$ 3,907,236.77 | \$ 93,496,862.77 | \$ 41,755,815.27 | \$ 51,741,047.50 |
| ADULT DEV&SUPP EMPLO | \$ 81,402,958.00 | -\$ 7,473,820.00 | \$ 73,929,138.00 | \$ 62,424,370.47 | \$ 11,504,767.53 |
| SERVICE COORDINATION | \$ 22,656,140.00 | -\$ 1,460,828.00 | \$ 21,195,312.00 | \$ 16,692,616.79 | \$ 4,502,695.21 |
| AUTISM SUPP PRG | \$ 26,355,826.00 | \$ 262,500.00 | \$ 26,618,326.00 | \$ 11,126,063.50 | \$ 15,492,262.50 |
| Pervasive Developmental Disorder (PDD) Program | \$ 0.00 | | \$ 0.00 | \$ 0.00 | \$ 0.00 |
| HD&SPINL CRD INJ COM | \$ 5,040,532.00 | -\$ 95,107.00 | \$ 4,945,425.00 | \$ 3,506,890.49 | \$ 1,438,534.51 |
| REG CTR RESIDENT PGM | \$ 84,032,118.00 | \$ 747,744.00 | \$ 84,779,862.00 | \$ 51,456,193.29 | \$ 33,323,668.71 |
| HD&SPIN CRD INJ FAM | \$ 28,742,377.00 | \$ 2,040,000.00 | \$ 30,782,377.00 | \$ 13,719,795.80 | \$ 17,062,581.20 |
| AUTISM COMM RES PRO | \$ 29,739,084.00 | \$ 0.00 | \$ 29,739,084.00 | \$ 24,846,525.64 | \$ 4,892,558.36 |
| INTELL DISA COMM RES | \$ 317,799,720.00 | \$ 4,191,030.00 | \$ 321,990,750.00 | \$ 246,471,286.86 | \$ 75,519,463.14 |
| STATEWIDE CF APPRO | | \$ 0.00 | \$ 0.00 | | \$ 0.00 |
| STATE EMPLOYER CONTR | \$ 32,745,158.00 | \$ 1,198,348.00 | \$ 33,943,506.00 | \$ 20,109,447.38 | \$ 13,834,058.62 |
| DUAL EMPLOYMENT | | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 |
| Legislative Authorized Total | \$ 762,092,801.00 | \$ 16,144,103.77 | \$ 778,236,904.77 | \$ 531,422,760.22 | \$ 246,814,144.55 |
| Legislative authorization capacity above actual spending plan budget | | | -\$59,703,587.77 | | |
| DDSIN spending plan budget | | | \$ 718,533,317.00 | \$ 531,422,760.22 | \$ 187,110,556.78 |
| Percent of total spending plan budget | | | 100.00% | 73.96% | 26.04% |
| % of FY completed (expenditures) & % of FY remaining (available funds) | | | 100.00% | 75.00% | 25.00% |
| Difference | | | 0.00% | -1.04% | 1.04% |
| Carry Forward + Cash Flow Analysis Indicates Sufficient Cash to Meet FY 19 Estimated Expenditure Commitments: YES <input checked="" type="checkbox"/> ; At-Risk <input type="checkbox"/> ; NO <input type="checkbox"/> | | | | | |
| Expenditures categorized to provide insight into direct service consumers costs vs. non-direct service costs: | | | | | |
| Expenditure | FY 18 - % of total | FY 17 - % of total | | | |
| Central Office Admin & Program | 2.37% | 2.36% | | | |
| Indirect Delivery System Costs | 1.56% | 1.42% | | | |
| Lander University | 0.00% | 0.05% | | | |
| Board & QPL Capital | 0.14% | 0.59% | | | |
| Greenwood Autism Research | 0.03% | 0.10% | | | |
| Direct Service to Consumers | 95.90% | 95.48% | | | |
| Total | 100.00% | 100.00% | | | |
| NOTE: Prior FY data will be calculated and presented to provide assurance as to the consistent pattern of direct service & non-direct service expenditures and explanation for increases/decreases | | | | | |
| Methodology & Report Owner: DDSIN Budget Division | | | | | |

REASONABLE