

## FINANCE AND AUDIT COMMITTEE AGENDA

Commission of the South Carolina Department of Disabilities and Special Needs  
3440 Harden Street Extension  
Conference Room 251 (SKYPE)  
Columbia, South Carolina

January 4, 2021

3:00 p.m.

In attendance: Robin Blackwood, Chair; Barry Malphrus; Ed Miller; Stephanie Rawlinson; Gary Lemel; Mary Poole; Pat Maley; Chris Clark; Kevin Yacobi; and Debbie Wilson

1. Call to Order *Robin Blackwood, Committee Chair*

The meeting was called to order at 3:02pm.

2. Statement of Announcement *Robin Blackwood, Committee Chair*

Commissioner Blackwood 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.

3. Adoption of the Agenda

Brief Summary: Agenda was presented.

Committee Member(s) Guidance (if any): None

Committee Vote(s) (if any): Commissioner Miller made a motion to accept the agenda as presented, seconded by Commissioner Malphrus and unanimously approved by the committee.

4. Review Minutes of the December 7, 2020 Meeting

Brief Summary: The December 7, 2020 minutes were presented to the committee for approval.

Committee Member(s) Guidance (if any): None

Committee Vote(s) (if any): On a motion by Commissioner Miller, seconded by Commissioner Malphrus, the committee unanimously approved the November minutes as written.

5. Band B and I Implementation *Chris Clark*

Brief Summary: This is a standing topic that will appear on the agenda until the Fee for Service (FFS) implementation is completed. Mr. Clark explained that he is working on contract language, another training for this month, as well as revising directive 250-10-DD Funding for Services. Director Poole announced that she is working on 37 band swaps and have received information from five (5) agencies. Mr. Clark will meet with General Counsel, Constance Holloway, regarding the loan process and work on a promissory note with providers.

Committee Member(s) Guidance (if any): None.

Committee Vote(s) (if any): None.

6. **Audit Directives Revisions Collaboration**

*Chris Clark*

Brief Summary: Mr. Clark and Mr. Yacobi agreed to work on getting the audit directive revisions to the full Commission in March. The directives will be open for public comment. The main issue to address potential revisions related to mandatory auditor rotation that was brought up last year by the Finance and Audit Committee. We decided to table that revision until this year so that the overall changes expected were manageable. The concept of and considerations related to mandatory auditor rotation was discussed in detail. Before this meeting, all Commission members should have received an email attaching the Public Company Accounting Oversight Board (PCAOB) and the Government Accountability Office (GAO) mandatory audit rotation guideline and study. Members should review these documents to gain an understanding of the pros and cons of mandatory auditor rotation.

Committee Member(s) Guidance (if any): Mr. Malphrus noted that we should not assume that there will be a limited number of firms interested in providing audit services to our providers. Mr. Clark mentioned that potential pitfalls must be considered when implementing changes such as these and that his concern related to capacity issues by firms and whether there will be enough interest and capacity to handle all of the audits being solicited.

Committee Vote(s) (if any): None.

7. **Cost Reports Monthly Update**

*Chris Clark*

Brief Summary: Mr. Clark noted that this update will be a standing topic that will appear on the agenda until the committee members are at a comfort level with cost reports. Due to the holidays, several meetings were canceled with the CPA firm preparing the 2013-2015 cost reports. We are working hard on 2018 and 2019 internally. After speaking with the Department of Health and Human Services (DHHS) this morning, we are shifting gears to focus on 2020 Cost Reports so that we will can get the most current cost data to be used to develop rates.

Committee Member(s) Guidance (if any): None.

Committee Vote(s) (if any): None.

8. **200-01-DD Personal Funds Maintained at Residential Level**

*Chris Clark*

Brief Summary: This directive was deferred to this committee from the Policy Committee. Once approved, it will then be placed on the agency's website for public comment and then to the full Commission for final approval. The main substantive change to this directive addresses concerns related to violation of privacy of the people we serve. Language was changed to address the prior definition of cash on hand such that providers are not required to search people's rooms, wallets, etc. to locate cash they might be holding. The definition of cash on hand was changed to reflect just those funds held by agency representatives. This helps address CMS Final Rule concerns as well.

ADDENDUM: Pursuant to the approval of Directive 800-07-CP DSN Commission Committee Procedures by the full Commission on January 21, 2021, Directive 200-01-DD – Personal Funds Maintained at Residential Level, will have to be brought back to the Finance & Audit Committee for approval prior to presenting at the full Commission.

Committee Member(s) Guidance (if any): None.

Committee Vote(s) (if any): Commissioner Miller made a motion to accept the revisions of directive 200-01-DD as presented, seconded by Commissioner Malphrus and unanimously approved by the committee.

9. 200-09-DD Fees for Residential Services in ICF/IID Facilities *Chris Clark*

Brief Summary: Mr. Clark noted that this directive encompasses how the agency bills Medicaid as well as determine who should pay for placement. It also explains how to handle non-Medicaid eligible residents.

Committee Member(s) Guidance (if any): Commissioner Blackwood asked that SC ABLE be changed to their new name, Palmetto ABLE Savings Program.

Committee Vote(s) (if any): Commissioner Miller made a motion to accept revisions to directive 200-09-DD with the correction of Palmetto ABLE Savings Program's name, seconded by Commissioner Malphrus and unanimously approved by the committee.

ADDENDUM: Pursuant to the approval of Directive 800-07-CP DSN Commission Committee Procedures by the full Commission on January 21, 2021, Directive 200-09-DD – Fees for Residential Services in ICF/IID Facilities, will have to be brought back to the Finance & Audit Committee for approval prior to presenting at the full Commission.

10. CARES Act Funding *Chris Clark*

Brief Summary: Mr. Clark thanked all staff members by calling their names individually who were involved in the submission of CARES Act Funding documentation for Phases I and II. The agency was approved for a total of \$525,584.18 Phase I funding and also approved for \$552,371.65 Phase II funding for a total of \$1,077,955.83. Mr. Clark also announced that the agency could receive an additional \$1,218,073.60 in pending funds awaiting approval.

Committee Member(s) Guidance (if any): None.

Committee Vote(s) (if any): None.

11. Capital Projects Funding Needed – February Planned Projects *Chris Clark*

Brief Summary: Mr. Clark reminded the committee of the capital projects funding approved for this year as it relates to agency vehicles. Currently, the agency is looking at replacing at least 15-20 vehicles in this first Phase, which would cost about \$600,000. In February, Mr. Clark will discuss utilizing capital reserves vs using the state's Master lease program.

Additionally, our agency along with DHHS has been selected to be a pilot agency for the VDI Software which a large portion of the cost will be paid by the Department of Administration. Over the next five (5) years, this will save the agency at least \$487,000 primarily related to the hardware and up front implementation costs.

Committee Member(s) Guidance (if any): None.

Committee Vote(s) (if any): None.

12. Chief Financial Officer Report

*Chris Clark*

Brief Summary: The House Budget Hearing is on January 18, 2021. A one-page summary is due tomorrow and a summary booklet is due on January 12<sup>th</sup>. Discussion was held involving the discrepancy of nursing rate utilization amounts. The agency is closely monitoring the utilization rate for nursing. Mr. Clark would like for the committee to allow the agency to revise the narrative of the budget that was presented. The agency is focusing on training in the finance area. With the assistance of the trainer hired last year, the agency will conduct at least three additional two-hour training sessions with providers and commission members if they choose to attend the virtual trainings. Mr. Clark also informed the committee of the February 10<sup>th</sup> quarterly basic finance training

Committee Member(s) Guidance (if any): Committee members stated that no votes needed to be taken in order to amend the budget narrative stating that there will be close monitoring of nursing rate utilization.

Committee Vote(s) (if any): None.

13. Director of Internal Audit Report

*Kevin Yacobi*

Brief Summary: Mr. Yacobi announced that the Internal Audits (IA) division has just completed the Procurement Audit (to include P-Cards) for the Agency and the Corrective Action Plan is due by January 11, 2021; after which, he will try to get it to the Commission by the next full meeting. IA will now begin reviewing Interpreter Services and auditors will continue the audit of the Client Banking Systems.

Committee Member(s) Guidance (if any): None.

Committee Vote(s) (if any): None.

14. Executive Session

At 4:24 p.m., Commissioner Miller made a motion to enter into executive session, seconded by Commissioner Malphrus and unanimously approved by the committee.

At 5:22 p.m., Commissioner Malphrus made a motion to rise out of executive session, seconded by Commissioner Miller and unanimously approved by the committee. Commissioner Blackwood noted that there were no decisions made and that the information presented will be discussed at a later date.

15. Adjournment

On a motion by Commissioner Miller and seconded by Commissioner Malphrus at 5:23 p.m., the meeting was adjourned.