

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

In attendance: Robin Blackwood, Chair; Garl Lemel; Barry Malphrus; Ed Miller; Stephanie Rawlinson; Mary Poole; Pat Maley; Chris Clark; Kevin Yacobi; Brian Nanney

August 6, 2020

3:00 p.m.

1. Call to Order *Robin Blackwood, Committee Chair*
2. Statement of Announcement *Robin Blackwood, Committee Chair*
3. Adoption of the Agenda

Brief Summary: Agenda was presented.

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

Committee Vote(s) (if any): Approved as presented with modification to add committee to title of item

5.

4. Review Minutes of the July 10, 2020 Meeting

Brief Summary: Minutes of prior meeting were presented.

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

Committee Vote(s) (if any): Approved as presented

5. Discussion of Internal Audit Committee Charter *Kevin Yacobi*

Brief Summary: A lengthy conversation was held to discuss whether each member had received this information or not. Kevin indicated each committee member was sent the information in advance of the meeting. Questions were asked related to development of the annual audit plan and what involvement the State Director should have.

Committee Member(s) Guidance (if any): The Committee made a motion to table this topic until a future date to provide ample time for all to review the information presented.

Committee Vote(s) (if any): Voted to table topic until future meeting.

6. Directive 275-05-DD “General Duties of Internal Audit Division” *Kevin Yacobi*
Review

Brief Summary: The Committee members had the same question regarding this document and as to whether they had received it or not. Kevin was able to identify then the information was sent to committee members prior to the meeting.

Committee Member(s) Guidance (if any): The Committee made a motion to table this topic until a future date to provide ample time for all to review the information presented.

Committee Vote(s) (if any): Voted to table topic until future meeting.

7. Directive 103-01-DD “Federal Grant Application and Change Policy” Discussion *Chris Clark*

Brief Summary: Chris presented to the Committee that this policy was referred to them as a committee and requested committee member guidance on how they wanted to handle policies referred to them. Chris discussed potentially eliminating this directive since it is so basic and mentioned including it in the Executive Limitations Policy.

Committee Member(s) Guidance (if any): Committee recommended that staff suggest edits and provide to members in advance of the meeting for review. The committee would then take it up as new business and consider whether to pass on to the full commission.

Committee Vote(s) (if any): None

8. Directive 200-14-DD “Community Capital Funding Applications Discussion” *Chris Clark*

Brief Summary: Chris mentioned that this policy had been referred to the committee. Again, he asked for guidance on how to handle this directive. This directive will require much more effort and has proposed content edits.

Committee Member(s) Guidance (if any): Committee recommended that staff suggest edits and provide to members in advance of the meeting for review. The committee would then take it up as new business and consider whether to pass on to the full commission.

Committee Vote(s) (if any): None

9. Other Directives on Slate for FY 2021 Review Discussion *Chris Clark*

Brief Summary: Chris mentioned that there are 7 finance related, 4 facility and fleet related, and 7 IT related directives that have been identified for review this fiscal year. The Committee was asked how they wanted to handle these as many of these directives fall under the CFO but are not fiscal related.

Committee Member(s) Guidance (if any): The Committee indicated that they would like to review only the fiscal related policies and that the other policies can go through only the Policy committee.

Committee Vote(s) (if any): None

10. FY 2020 Final Cash Position

Chris Clark

Brief Summary: Chris reported on DDSNs final cash position and explained in detail why the cash projection of \$20 million was off by \$8 million from the actual ending cash position. The final cash position was closer to \$12 million.

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

Committee Vote(s) (if any): None

11. PPP, EIDL, Provider Relief Funds, etc. Matters of Consideration
(Potential Action Item)

Chris Clark

Brief Summary: Chris explained the variety of funds available to providers and the variety of concerns they pose to SCDDSN when it comes to proper audit and cost reporting for the Agency. Options were discussed with the Committee as to staff recommendation on how to handle this area. Chris recommended an audit supplement be created to require a separate schedule of relief funds received and expended and he recommended that DDSN engage an independent auditor to audit these funds on our behalf.

Committee Member(s) Guidance (if any): The Committee accepted the recommendations and moved to proceed in this fashion. The Committee recommended that we provide the supplement to HHS and SBA for their feedback.

Committee Vote(s) (if any): Recommended that we share the guidelines with the Committee and seek outside regulator feedback on the information requested.

12. CARES Act Coronavirus Relief Fund (CRF)

Chris Clark

Brief Summary: Chris discussed DDSN's consideration of applying for Provider Relief Funds. We have verified the different types of expenses that are allowable under the program. We are concerned related to potential claiming of expenses inappropriately at the state level as well as the provider level. We need to be sure that we are only receiving funds for eligible expenses and any others need to be returned to the federal government.

Committee Member(s) Guidance (if any): Committee supports applying for funds as long as we are eligible for them and can return the funds if we should not have received them.

Committee Vote(s) (if any): Approved applying for the funds.

13. Capital Projects Funding/Strategy Discussion

Chris Clark

Brief Summary: Chris discussed the overall concerns he has in relation to meeting our capital budget needs. Operational cash flows are limited and he recommended that we look at options to leverage these purchases so that we can begin to address the deferred maintenance issues with our facility and fleet. Chris recommended that we use the State Master Lease program as a means to increase our ability to dig out of our deferred maintenance backlog.

Committee Member(s) Guidance (if any): Committee requested that Mary seek legislative feedback on the support for us utilizing the State Master Lease Program. Commissioner Malphrus is opposed to borrowing money; he would like to table this discussion for six months. Commissioner Rawlinson spoke to the Governor about this last week and he is not opposed to borrowing money for the lease program.

Committee Vote(s) (if any): Mary proposed that the finance team put together a few bullet points for the members of the Commission to discuss with legislators. Commissioner Blackwood made a motion to table this discussion for two months while the committee members do their due diligence with the legislators, seconded by Commissioner Miller and unanimously approved. None – awaiting feedback from legislators.

14. Chief Financial Officer Report

Chris Clark

Brief Summary: Chris reported on the cost report training that is coming up. He also reported on how we ended the year end.

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

Committee Vote(s) (if any): None

15. Director of Internal Audit Report

Kevin Yacobi

Brief Summary: None – Kevin excused himself after his two topics on the Audit Committee and on the General Duties of the Internal Audit Division directive.

Committee Member(s) Guidance (if any):

Committee Vote(s) (if any):