

## FINANCE AND AUDIT COMMITTEE AGENDA

Commission of the South Carolina Department of Disabilities and Special Needs  
3440 Harden Street Extension  
Conference Room 180  
Columbia, South Carolina

February 5, 2020

3:30 p.m.

**Present – Robin Blackwood, Gary Lemel, Barry Malphrus**

**Staff – Mary Poole, Kevin Yacobi, and Chris Clark**

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

2. Adoption of the Agenda

Brief Summary: Request to committee members present to adopt the agenda.

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

Committee Vote(s) (if any): Committee members present approved agenda as presented.

3. Review minutes of January 9, 2020 meeting

Brief Summary: Committee members reviewed the format and content of the minutes from November.

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

Committee Vote(s) (if any): Committee members present accepted the minutes as presented.

4. Review of recommended audit directive revisions and enhancements

Brief Summary: The directive is in DRAFT right now and members are being asked for input prior to distributing the proposed changes for public comment. After public comments are taken, revisions will be considered and the directive will be brought back before the committee at their March meeting. We propose to present to the full Commission at the March meeting.

Members were made aware of the overarching reason for the changes to the audit directive. Primary concerns center around improving audit quality and making audit firms more accountable for the work they are hired to perform. Also, needing better information to facilitate cost settlements, cost reporting, and room and board determinations. Internal audit is focusing more on internal SCDDSN matters instead of provider matters. As a result, it is imperative for the external auditors to be reliable and more accountable.

Committee Member(s) Guidance (if any): Questions were asked about mandatory auditor rotation. A discussion was held about the topic. A determination was made to consider this for Phase 2 of the audit directive update project for FY 2021 updates.

Committee Vote(s) (if any): Committee unanimously approved releasing the directive for public comment.

## 5. Discussion about 60 state owned properties

Brief Summary: This was for information only to inform the Committee members of a project being worked on to address legislative direction given in oversight reporting. Additionally, this project is needed to ensure equity in the fee for service world. The current structure of DDSN being responsible for a variety of costs results in an uneven playing field when rates are established and paid. It is also unfair in the current system since band payments are identical for those providers that pay for all of the costs now paid for by DDSN for these 60 properties. We are seeking input from the providers on this project. We are also ensuring that there are reversionary clauses built into any contracts, awards, agreements, etc related to the transfer of ownership.

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

Committee Vote(s) (if any): None

## 6. Discussion about Day Program rate setting exercise

Brief Summary: Informed Committee of a project underway to collaborate with providers to build a viable and healthy day program rate. We held our initial meeting with providers on February 4th. Our goal is to build a rate with stakeholder input that can be presented to HHS for consideration. The meeting was well received and well attended.

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

Committee Vote(s) (if any): None

## 7. Chief Financial Officer Report

Brief Summary: CFO gave a report of projects underway primarily focusing on training efforts being made to help our provider network with fiscal topics. An offer was made to members to attend sessions if they would like. Also, updated the Committee on the status of the 2017 cost report and plans to begin preparing 2018 in-house.

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

Committee Vote(s) (if any): Robin indicated she would like to attend some of the sessions.

## 8. Director of Internal Audit Report

Brief Summary: CAE presented, for information only, Recent Activity: Entrances: Charleston- Request by Board Chair and ED- Fiscal Processes; Specialized Family Homes- Request by DDSN Executive Management; Day Program/Behavior Support add on. Exits: Central Office- IT Tracking; Lee County- Fiscal Controls Surrounding Day Program. Trainings: Anderson (Consumer Funds/Property); Burton Center (Consumer Funds/Property); Darlington (Board of Directors). Cases: Cherokee- Breach of Trust; Court anticipated in April. External Audit Reports: All Boards received with exception of one Board; discussed contract reduction for late filings.

Committee Member(s) Guidance (if any): Commissioner Malphrus recommended the Board Training include Section 30-4-90 of the SC FOIA. Upon review of the Board training this section was in fact included in the Board Training when developed.

Committee Vote(s) (if any): None