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

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Last Review Date: March 19, 2020

Date of Last Revision: March 19, 2020 **(REVISED)**

Applicability: DSN Boards

GENERAL PROVISIONS

DSN Boards and entities grandfathered in as DSN Boards that fall into one of the following categories must obtain an audit of financial statements and a report on applying agreed-upon procedures (RoAAP) in accordance with this policy.

1. Those 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.
2. Those that receive DDSN funds and makes a sub-grant to another organization with the funds, then the sub-grantee would also be considered a recipient of DDSN funds. The sub-grantee must obtain an audit in accordance with this directive if the amount received exceeds \$250,000 during the State fiscal year ended June 30.

The audit is to be performed in accordance with generally accepted governmental auditing standards (GAGAS or "Yellow Book") by an independent Certified Public Accountant (CPA). If the entity expended \$750,000 or more in federal awards during the fiscal year it 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 (“Uniform Guidance”). Please note that Medicaid funds received are not considered Federal awards.

DSN Boards are required to engage an independent CPA to complete the agreed-upon procedures outlined in this directive and to submit a report on their results of applying the agreed-upon procedures.

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 requires the DSN Board to submit a RoAAP prepared by an independent CPA.

DDSN requires that all audit firms attend one two (2) hour training session. While attendance is not mandatory, it is strongly recommended. Attendance at the training session will be considered when DDSN is completing its internal desk reviews. Firms not attending will be subject to heightened scrutiny by DDSN. The representative from the audit firm must be at least a senior level staff, but preferably an in-charge on the audit engagement. Training will be offered at least two (2) times per year and will be offered via Skype. Notification of training sessions will be provided to all DSN Boards who will then coordinate with their auditor.

AUDIT REPORT AND PROCEDURES

The following applies:

1. The financial statements must be prepared in conformity with generally accepted accounting principles (GAAP). Effective implementation dates for recently issued and adopted accounting pronouncements must be followed. Early implementation of any standard must be approved by DDSN in advance of adoption. Requests for consideration of early implementation must be submitted in writing to the DDSN CFO by July 31 of the applicable year. A written response will be provided to the requestor within 30 days of receipt of the request.
2. The Management Discussion and Analysis (MD&A) must be written by the DSN Board’s staff.
3. The financial information outlined in this directive for the DDSN funding year ended June 30 must be included in the audit report. Failure to do so will make the report unacceptable.
4. The auditor must 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.
5. DDSN required supplementary financial information:
 - a) Schedules of Revenues and Expenses
 - i) These schedules must be presented on the full accrual, economic resources basis and not on the modified accrual, current financial resources basis.

- ii) These schedules must be developed using the same line item detail as illustrated on Attachment A. Use of additional line items not shown in the attachment are not permitted without written approval from the CFO.
 - iii) Schedules must be prepared for the following, if applicable:
 - (1) General fund;
 - (2) Capitated programs (utilizing the capitated services contract);
 - (3) Non-capitated programs (utilizing the non-capitated services contract);
 - (4) Special grant programs (utilizing special grant contracts);
 - (5) Intermediate cost centers; and
 - (6) Other programs.
 - iv) The auditor must present the revenues and expenses separately by program. Expenses for residential programs must also be presented in detail for each residence within the program. Additionally, residential programs must be clearly distinguished as being HUD or non-HUD home(s).
- b) Room and Board Computation
- Utilizing DDSN Directive 250-09-DD: Calculation of Room and Board for Non-ICF/ID Programs and Attachment C, prepare a computation of room and board utilizing the final audited trial balance. The auditor is not required to provide any additional assurance related to the contents of specific trial balance accounts comprising the room and board computation.
- c) Schedule of Special Grant Revenues and Expenses
- Utilizing Attachment D, prepare a schedule of special grants for all special grant revenues received and/or expended during the fiscal year.
- d) Reconciliation of audited financial statements to Medicaid Cost Reports and Cost Statements.
- When the audited financial statements and the cost reports/cost statements are both presented on the full accrual basis, but the program costs for Medicaid funded programs per the audited financial statements (AFS) do not equal the AFS program costs per the cost reports, the auditor must provide a reconciliation to explain the differences between the two documents.
- e) Audit Directive Compliance Statement
- The DSN Board must 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. The statement must indicate the revision date of the audit policy that was followed.

f) Supplementary Schedule of Questioned Costs

In performing the audit, the auditor must consider whether expenses 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. A schedule of questioned costs must be provided by the auditor. See Attachment E for an example schedule.

6) Combining or Consolidation Schedules

If the audit report includes blended component units or subsidiaries, then combining or consolidation schedules must be provided to support the basic financial statements. For GASB presentations, combining schedules are only required for the Statement of Net Position and the Statement of Activities.

REPORT ON APPLYING AGREED-UPON PROCEDURES (RoAAP):

DSN Boards will need to contract with an independent CPA to apply RoAAP for the procedures listed below. **During the initial year ended June 30, 2020, the DSN Board can make a one-time election to use a different agreed-upon-procedure (AUP) testing period other than its fiscal year.** The election to use other than the fiscal year ended June 30, 2020 must be approved by the CFO of DDSN. A written request to utilize a different year end must be submitted in writing, on letterhead, and signed by the Executive Director/CEO/President. The election must be submitted by July 31, 2020 and must outline the anticipated initial period of testing not to exceed 18 months. The procedures must be completed and the report must be filed with DDSN within three (3) months of the closing month utilized for testing. For example, the DSN Board may desire to complete its agreed-upon procedures on a calendar year basis. This initial period of testing would cover the period of July 1, 2019 to December 31, 2020. Thereafter, the DSN Board must continue completion of these procedures using the 12 month period ending December 31st. The final report would be due to DDSN by March 31st of each year in this example.

A sample template of the required report on applying RoAAP can be found in Attachment B. CPAs must follow this template. The template will be provided in Word format if requested.

The CPA must follow AU-C 530 "Audit Sampling" in its sampling selection process and determination of the population and sample sizes required.

The procedures below are required to be completed by and the results reported on by the CPA.

1. Test the DSN Board's Control and Procedures for Medicaid Billings

a) Background Information

People may receive services provided either by the Board or a third-party vendor under the Medicaid program. Services must be authorized by the case 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 persons from either DDSN or the SC Department of Health and Human Services (DHHS). Medicaid billable programs include, but are not limited to, all Residential Habilitation Programs (ICF/ID, CRCF, CTH-1, CTH-2, SLP, SFH), Adult Day Programs, Supported Employment, Home and Community Based Waiver Services (enhanced board and direct billed services), Head and Spinal Cord Injury Services Waiver (enhanced board and direct billed services), Community Supports Waiver (enhanced board and direct billed services), Case Management, and Early Intervention. The auditor should reference DDSN standards and chapter 10 of the Finance Manual located on DDSN's website for guidance related to these services and DDSN's billing and reporting procedures.

b) Procedures

- i) The CPA must gain an understanding of the Medicaid billing process and controls over Medicaid billable services (enhanced board and direct billed services). In order to gain an accurate understanding of this process, the CPA should consult with the program staff and supervisors as these employees are directly responsible for Medicaid compliance and should be familiar with how Medicaid is billed. The CPA must perform sufficient work to determine if the DSN Board's policies and procedures are adequate to provide reasonable assurance that Medicaid billable services are properly supported.
- ii) The CPA must select a representative sample from all persons 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 or DHHS. For the sample selected, the CPA must perform sufficient work to determine the following:

- Tests must be performed to determine that the supporting documentation provides reasonable assurance that billings are supported by complete and accurate information.
- Gain an understanding of the monitorship (review of service notes, phone contacts with family members and/or employers, visits to

family members' homes and/or persons' job sites, etc.) procedures established by the DSN Board to monitor each program. Test that monitorship is being provided and documented by supervisory staff on an on-going basis so as to provide reasonable assurance to the DSN Board that the billable services are being provided to the persons and/or families as indicated by the documentation on file.

2. Test the DSN Board's management of the persons' personal funds and personal property for compliance with DDSN Directive 200-12-DD: Management of Funds for Individuals Participating in Community Residential Programs and 604-01-DD: Individual Clothing and Personal Property.

- a) Background Information

DDSN Directives 200-12-DD: Management of Funds for Individuals Participating in Community Residential Programs and 604-01-DD: Individual Clothing and Personal Property, outline regulations related to DSN Board management of a persons' personal funds and property. CPAs should familiarize themselves with these directives. Procedures may vary by residential program and will also vary based on whether funds are retained in individual checking accounts, savings accounts, burial accounts, Achieving a Better Life Experience (ABLE) accounts, or collective accounts. Care must be taken to gain an understanding of the unique characteristics of each and to ensure procedures are developed accordingly.

- b) Procedures

The CPA must perform sufficient work to determine if the DSN Board's policies and procedures are adequate to safeguard the persons' personal funds and property and are in compliance with DDSN Directives. The CPA must select a representative sample of accounts and transactions to ensure proper coverage.

- i) Determine that the persons' 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.
- ii) Determine that the person's accounts are established in the person's name and social security number, and that they indicate that the accounts are for the benefit of the person (fiduciary relationship).
- iii) Determine that bank signature cards are updated timely for changes in personnel and that a copy of the signature card is maintained.

- iv) Determine that bank reconciliations 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 on the account.
- v) Determine, through a representative sample of all purchases, that receipts are on hand to support purchases made from the persons' personal funds.
- vi) Determine that the amount paid for by the person is properly charged to their personal funds. Consider if amounts should have been paid by the Waiver program, from residential program funds, or if items/services purchased are proper.
- vii) For any item purchased that is required to be inventoried, verify that the persons' personal property record is properly updated. Procedures used by the Provider should be reviewed to ensure they are adequate to ensure the item is properly marked in accordance with the directive. Actual observation of the items is not required, but may be deemed necessary by the CPA to test the procedures used by the Provider.
- viii) Determine if checks written to the person cause them to exceed their cash on hand limit. Funds written payable to the person and cashed are considered cash on hand until expended and should be considered in conjunction with other cash held by the person or by program staff.
- ix) Determine that actual counts of the persons' cash held by residential staff, and agreement of the counts to the records, are completed monthly by someone who does not have authority to receive or disburse cash. The count and agreement to the records must be documented. The CPA is only expected to test the procedures used by the Provider.
- x) Determine that the persons' total countable resources do not exceed the established limits mandated by Medicaid (generally: \$2,000).
- xi) Determine that the DSN Board has a process established to identify those with recurring excess resources and have established a plan to eliminate risk of loss of benefits – for example, participation in the ABLE program, participation in a special needs trust (individual or pooled), spend down of resources, establishment of burial savings accounts, establishment of prepaid burial arrangements, etc.

If the CPA becomes aware of a misappropriation involving DSN Board or persons' funds and/or any falsification of Medicaid billable services, then the CPA must promptly report that information to the DSN Board Executive Director, with a follow-up to DDSN Internal Audit.

3. Determine if the DSN Board is paying ALL direct care staff the established minimum hourly wage in accordance with the DDSN contract.

- a) Background Information

DDSN is appropriated funds from the State to establish a minimum pay rate for direct care staff. These funds are passed to DSN Board through an increase in rates and contract amounts. Direct support professionals are defined as people that are in a regular shift rotation and are directly involved in the care of persons' in residential or day program settings. Supervisors, House Managers, and other similar positions would qualify if they meet the criteria above. Job classifications vary by service provider and the same job classification at different service providers may or may not involve the same level of hands on care. As a result, DDSN did not take a prescriptive approach. Each DSN Board will have the responsibility of determining which employees qualify based on their unique circumstances. The minimum pay rate for direct support professionals will be \$13 per hour. DSN Boards are permitted to pay new hires a rate less than \$13 for staff training hours and for any on the job training hours where the direct support professional is not permitted to work alone. If a staff is able to/is cleared to work alone, but does not work alone due to staffing patterns in the home, then they must be paid \$13 per hour. In no case should a new hire direct support professional make less than \$13 per hour for a period to exceed 90 calendar days.

- b) Procedures

The CPA must 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.

- i) The CPA must test the minimum pay rate used by the Provider. A variety of testing procedures may be used. One such procedure could be selecting two (2) pay periods to test proper application of the pay rate.
- ii) The timing of the pay rate increase must be determined to ensure the increase was paid on the first pay date in July. Retroactivity of the pay rate is permitted, but the CPA must perform sufficient work to ensure it was completed properly. If there was a retroactive payment to the employee, then the CPA is only expected to verify the process used appears to be completed correctly to ensure compliance.
- iii) If direct care staff are paid less than \$13 per hour, then verify that they meet the requirements above that permit a lower rate be paid for a period not to exceed 90 days or that there is a written exception approved by DDSN.

4. Determine that the DSN Board has adopted a Board of Director approved room and board policy. Test that they have properly and timely implemented the DDSN approved room and board, in accordance with their policy.

a) Background Information

DSN Boards are required to adopt a fee for services policy in accordance with DDSN Directive 250-09-DD: Calculation of Room and Board for Non-ICF/IID Programs. Additionally, they are to obtain DDSN approval at least annually of the room and board fee to be charged to persons' in residential programs.

b) Procedures

- i) The CPA must determine that the DSN Board has established a room and board policy for persons' fees that has been reviewed and approved by.
- ii) The CPA must obtain the DDSN approved room and board rates utilized during the fiscal year.
- iii) The CPA must familiarize themselves with the policy and the approved rates.
- iv) Review actual charges made to persons to ensure that they comply with the policy and do not exceed the approved room and board rates.
- v) Sample persons' move-ins and move-outs and verify that room and board charges were properly applied. The CPA is testing the proper proration of the room and board charge.

5. Determine that the DSN Board has adopted a cost allocation plan and that costs charged to intermediate cost centers are in accordance with DDSN Directives.

a) Background Information

All DSN Boards are required to submit cost allocation plans to DDSN. The cost allocation plan submitted by the DSN Board must be appropriate and comply with DDSN Directive 250-05-DD: Cost Principles for Grants and Contracts with Community DSN Boards. DSN Boards are to ensure that costs are properly accumulated and allocated to final cost centers.

b) Procedures

- i) The CPA must determine if the cost allocation plan submitted to and approved by DDSN has been properly implemented.

- ii) The CPA must review the cost allocation plan being used by the Provider to determine if a revised plan needs to be submitted to DDSN for approval due to any changes to the basis used to allocate costs or for the addition or deletion of intermediate cost pools.
 - iii) The CPA must review the DSN Board's general ledger to determine that the costs charged to the intermediate cost centers do not include program costs. The CPA is only expected to review transactions that are significant to the cost pool being reviewed. A review of salary and fringe benefit allocations to intermediate cost pools should be completed.
 - iv) The CPA must review the existing intermediate cost pools being used to ensure they permit the DSN Board to properly allocate costs. For example, intermediate cost pools such as maintenance, transportation, shared facility, residential administration, nursing, quality assurance, etc should be considered.
6. Determine if DSN Board complies with DDSN Directive 250-08-DD: Procurement Requirements for Local DSN Boards.
- a) Background Information

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.
 - b) Procedures
 - i) The CPA must determine that the DSN Board has established a procurement policy that has been reviewed and approved by the Board of Directors.
 - ii) The CPA must perform tests to determine if the DSN Board's procurement policies and procedures are in compliance with the Directive.
 - iii) The CPA must determine if standards of conduct are included that require the members of the Board of Directors, Executive Director, President/CEO, people working in the finance department, procurement staff, and staff reporting to the Executive Director/President/CEO to provide signed statements to disclose potential conflicts of interest and to acknowledge/prevent potential conflicts of interest.
 - iv) The CPA must also determine that these statements have been provided and are on file.

- v) A sample of purchase transactions must be selected to test compliance with the DSN Board's procurement policy.
7. The CPA must select a representative sample of financial transactions made by or on behalf of the Executive Director and top administrative staff (i.e., travel, credit cards, personal use of agency owned vehicles, etc.). Determine if transactions are proper and any tax reporting is properly reported.

AUDIT REPORT DUE DATE AND EXTENSION

The audit report is to be filed with DDSN by October 31st of each year for the fiscal year ended June 30th according to the Distribution section listed below. If the due date falls on a weekend, then the due date is the following workday.

A request for an extension of time to file the audit report 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 received by DDSN Internal Audit by October 10th of the applicable year. 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 the audit report is not received within five (5) business days of the due date, including approved extensions, then a contract reduction of \$100 per calendar 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 reduction will be deducted from a subsequent contract payment.

AMENDMENTS TO AUDIT REPORTS

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

CORRECTIVE ACTION PLANS (CAP) AND EXTENSIONS

When the auditor's report, separate letter to management (if issued), or the RoAAP identify material weaknesses, significant deficiencies, deficiencies, findings or questioned costs, then the DSN Board must submit a CAP to address and resolve the problem identified by the auditor/CPA, or submit a statement of reasons why no corrective action is necessary. The CAP must be prepared on DSN Board's letterhead stationery and signed by the Executive Director. The CAP must be submitted to DDSN Internal Audit within 20 business days after issuance of the audit report or RoAAP. If the CAP is not received within 20 business days of the issuance date, then a contract reduction of \$100 per day will be assessed until the CAP is received by DDSN or a maximum of \$2,500 has been assessed. The total amount of the contract reductions will be deducted from a subsequent contract payment. It is recommended that the CAP be submitted with or be included as part of the audit report and RoAAP when issued. The CAP must include the specific dates when deficiencies will be corrected. Copies of documents that

clarify the resolution of deficiencies must be included with the CAP; including, found missing receipts, relevant Service Error Correction Forms, logs, etc.

A request for an extension of time to file a CAP 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 CAP.** 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.

ADDRESSEE

The audit reports and RoAAP are to be addressed to the governing boards.

DISTRIBUTION

Audit report copies, management letters, and internal control reports shall be filed as follows:

1. Executive Director of the DSN Board.
2. Chairperson of the DSN Board's governing board.
3. Hard copy to:

DDSN Internal Audit 3440 Harden Street Extension (29203) P.O. Box 4706 Columbia, S.C. 29240	DDSN Director of Cost Analysis 3440 Harden Street Extension (29203) P.O. Box 4706 Columbia, S.C. 29240
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4. Electronic pdf copy to financial.reports@DDSN.sc.gov.

RoAAP report copies shall be filed as follows:

1. Executive Director of the DSN Board.
2. Chairperson of the DSN Board's governing board.
3. Hard copy to:

DDSN Internal Audit 3440 Harden Street Extension (29203) P.O. Box 4706 Columbia, SC 29240
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The audit firm must present 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 documents to DDSN, the auditor must ensure that management is aware of the contents of the final report, management letter comments, the RoAAP, and deficiencies noted.

DISCLOSURE OF THREATS TO INDEPENDENCE

When the audit reports are filed with DDSN, DSN Boards must also submit a statement on letterhead stationery and signed by the Executive Director disclosing all identified threats to independence. The letter must outline the type and extent of all attestation, consulting, bookkeeping, and/or other services performed under contract or agreement with the audit firm. Examples that must be considered include: maintenance of the depreciation schedule, preparation of the financial statements, preparation of the SEFA, completion of the Federal Audit Clearinghouse Data Collection Form, preparation of the MD&A, preparation of income tax returns, preparation of Medicaid Cost Reports/Cost Statements, individual or aggregate material adjustments, payroll services, bookkeeping services, budget preparation, software selection or implementation, etc.

Reference must be made to the Government Auditing Standards 2018 Revision for those services that present threats to independence. The DSN Board is responsible for being aware of independence threats and ensuring they are addressed by the auditor to ensure they remain independent.

INSPECTION/ACCEPTANCE

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

Failure to meet these audit requirements may result in further withholding of subsequent payments and/or suspension of funding.

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 discovered, 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. Audit firms may also be suspended from future audit engagements until remedial action is taken satisfactory to DDSN.

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.

Audit firms that receive a peer review report of other than pass must notify the DSN Board client and DDSN Internal Audit of the peer review results.

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 personnel.

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. Additionally, in-charge auditor rotation, as well as, audit engagement team member rotation is highly recommended.

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.

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. Requests for confirmations must be emailed to confirmations@DDSN.sc.gov. If electronic responses are desired, then please indicate such in the request along with the email address or other method of remitting the information. The

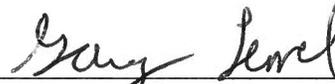
auditor must reconcile DDSN payments per the confirmation with revenue per the DSN Board's books. Questions concerning confirmations should be addressed to DDSN's Accounting Manager at (803) 898-9682 or by email at confirmations@DDSN.sc.gov.

AMENDMENTS TO AUDIT POLICY

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



Robin Blackwood
Vice-Chairman



Gary Lemel
Chairman

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

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|---------------|---|
| Attachment A: | Sample - Financial Statements |
| Attachment B: | Sample - Independent Accountant's Report on Applying Agreed-Upon Procedures |
| Attachment C: | Sample - Supplementary Room and Board Computation |
| Attachment D: | Sample - Supplementary Schedule of Special Grants |
| Attachment E: | Sample - Supplementary Schedule of Questioned Costs |