

Independent Accountant’s Report on Applying Agreed-Upon Procedures

To the Board of Directors

\_\_\_\_\_ (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 (DDSN Directive 275-04-DD: Procedures for Implementation of DDSN Provider Audit Policy for DSN Boards) for the period ended \_\_\_\_\_ related to tests of controls and procedures for Medicaid billings. We have also performed the procedures enumerated in the compliance section below solely to assist the specified parties in evaluating the \_\_\_\_\_ (DSN Board’s name) in compliance with applicable DDSN Contracts and Directives. These procedures were agreed to by the management of \_\_\_\_\_ (DSN Board’s name) for the period ended \_\_\_\_\_ (DSN Board’s year-end or initial alternative period). \_\_\_\_\_’s (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 \_\_\_\_\_ persons (unduplicated) for whom Medicaid services were billed for the period tested.

Total Population Served			
#	Program/Service	#	Program/Service
	<u>ICF/ID</u>		Supported Employment
	<u>CRCF</u>		Board Billed Waiver Services
	<u>CTH-II</u>		Early Intervention
	<u>CTH-I/Specialized Family Homes</u>		Case Management
	<u>SLP-II/SLP-III</u>		Adult Day
	<u>CIRS (Cloud Program)</u>		Other (Specify)
	<u>SLP-I</u>		Other (Specify)

2. We selected a sample of \_\_\_\_\_ persons from the total number of persons for which the DSN Board is receiving payments for Medicaid billable services. We ensured that our sample represented Medicaid billings from all programs. The programs covered and number of persons selected for our procedures are identified below:

Sample Selected			
#	Program/Service	#	Program/Service
	ICF/ID		Supported Employment
	CRCF		Board Billed Waiver Services
	CTH-II		Adult Day
	CTH-I/Specialized Family Homes		CIRS (Cloud)
	SLP-II/SLP-III		Case Management
	SLP-I		Early Intervention
	Other (Specify)		Other (Specify)
	Other (Specify)		Other (Specify)

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

3. For the persons selected, we tested Medicaid billings for the period of \_\_\_\_\_ to determine the following:
- a. For the persons selected, we tested Medicaid billings and determined if there was sufficient documentation on file to provide reasonable assurance the billing was complete, accurate, and the service was performed, which is reflected in the below table:

Medicaid Billing Testing & Results				
# Individuals Sampled	Program/Service	# of individual billings tested	# of individual billings supported by documentation	# of individual billings <b>NOT</b> supported by documentation
	ICF/ID			
	CRCF			
	CTH-II			
	CTH-I/Specialized Family Homes			
	SLP-II/SLP-III			
	SLP-I			
	Supported Employment			
	Board Billed Waiver Services			
	Adult Day			
	CIRS (Cloud)			
	Case Management			
	Early Intervention			
	Other (Specify)			
	Other (Specify)			
	TOTAL			

Results/Finding:

- b. Gained an understanding of the monitorship procedures (review of service notes, phone contacts with family members and/or employers, visits to family members' homes and/or persons' job sites, etc.) established by the DSN Board to monitor each program. We tested 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.

Results/Finding:

**Compliance Section**

1. Persons' Personal Funds and Property:

We gained an understanding of the controls over persons' personal funds and personal property managed by DSN Board staff through our discussions and inquiries with management. In documenting our understanding, we also learned that the DSN Board served a total of \_\_\_\_\_ persons (unduplicated) for whom Medicaid services were billed for the period tested. In order to gain a more accurate understanding of the nature and treatment of persons' personal funds and personal property, 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 and 604-01-DD: Individual Clothing and Personal Property.

We selected a sample of \_\_\_\_\_ persons from the total number of persons for which the DSN Board is managing personal funds and personal property. The programs covered and number of persons selected for our procedures are identified below:

Total Population Served			
#	Program/Service	#	Program/Service
	<u>ICF/ID</u>		<u>SLP-I</u>
	<u>CRCF</u>		<u>CIRS (Cloud)</u>
	<u>CTH-II</u>		<u>Other (Specify)</u>
	<u>CTH-I/Specialized Family Homes</u>		<u>Other (Specify)</u>
	<u>SLP-II/SLP-III</u>		<u>Other (Specify)</u>

Sample Selected			
#	Program/Service	#	Program/Service
	<u>ICF/ID</u>		<u>SLP 1</u>
	<u>CRCF</u>		<u>CIRS (Cloud)</u>
	<u>CTH-II</u>		<u>Other (Specify)</u>
	<u>CTH-I/Specialized Family Homes</u>		<u>Other (Specify)</u>
	<u>SLP-II/SLP-III</u>		<u>Other (Specify)</u>

For the persons selected, we tested personal funds to determine the following:

- a. Persons' personal funds were 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:

- b. Persons' checking and/or savings accounts were established in the persons' names and social security numbers, or they indicated that the accounts were for the benefit of the persons (fiduciary relationship).

Results/Finding:

- c. Bank signature cards were updated timely for changes in personnel and a copy of the signature card is maintained.

Results/Finding:

- d. Bank reconciliations for persons' 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.

Results/Finding:

- e. Through a representative sample of persons' purchases, determined that receipts are on hand to support purchases made from the persons' personal funds.

Results/Finding:

- f. Determined that the amounts paid for by the persons were properly charged to their personal funds. Considered if amounts should have been paid by the Waiver program, from residential program funds, or if items/services purchased were proper for the persons expending the funds.

Results/Finding:

- g. For any item purchased that is required to be inventoried, verified that the persons' personal property record was properly updated, and determined procedures are in place to ensure the item is properly marked in accordance with the directive.

Results/Finding:

- h. Determined if checks written to persons caused them to exceed their cash on hand limit.

Results/Finding:

- i. Determined that actual counts of the persons' cash held by residential staff, and agreement of the counts to the records, were completed monthly by someone who does not have authority to receive or disburse cash. Verified the count and agreement to the records was documented.

Results/Finding:

- j. Review the controls over cash on hand to ensure that the provider has adequate controls to identify and safeguard cash held by the provider and cash held by the person.

Results/Finding:

- k. Determined that the persons' total countable resources did not exceed the established limits mandated by Medicaid (generally: \$2,000).

Results/Finding:

- l. Determined 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 Palmetto ABLE Savings 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.

Results/Finding:

- m. For collective accounts, determined that the account is being managed in accordance with the Social Security Organizational Representative Payee guide.

Results/Finding:

2. Direct Care Staff Minimum Hourly Wage:

We gained an understanding of the requirements of paying all direct care staff in accordance with the DSN Board's contract with DDSN.

- a. We selected at least two (2) pay periods or used an alternative selection process to test proper application of the pay rate.

Results/Finding:

- b. If there was a direct care staff pay increase during the year raising DDSN's minimum hourly wage, 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. Any retroactivity was tested to ensure it was completed properly.

Results/Finding:

- c. For any direct care staff paid less than \$13 per hour, we verified that they met the requirements 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.

Results/Finding:

### 3. Room and Board Policy:

We gained an understanding of the policies and controls over room and board charges.

- a. We determined that the DSN Board established a room and board policy for persons' fees that was reviewed and approved by the Board of Directors.

Results/Finding:

- b. We obtained the DDSN approved room and board rates utilized during the fiscal year.

Results/Finding:

- c. We reviewed the actual charges made to persons to ensure that they complied with the policy, including consideration of timing of application of rate changes, and that they did not exceed the approved room and board rates.

Results/Finding:

- d. We sampled person move-ins and move-outs and ensured that room and board charges were properly prorated.

Results/Finding:

### 4. Indirect Cost Allocations and Cost Allocation Plan

We gained an understanding of the DSN Board's direct and indirect costs incurred. We obtained the cost allocation plan prepared and submitted to DDSN. Through discussions with fiscal staff, we determined application of the cost plan to the actual accounting procedures of the DSN Board.

- a. The CPA must determine if the cost allocation plan being used had been submitted and approved by DDSN.

Results/Findings:

- b. The CPA must determine if the approved cost allocation plan is implemented as designed and note any material exceptions.

Results/Finding:

## 5. Procurement

We gained an understanding of the policies and controls over procurement.

- a. We determined that the DSN Board has established a procurement policy that was reviewed and approved by the Board of Directors.

Results/Finding:

- b. We performed tests to determine if the DSN Board's procurement policies and procedures are in compliance with the DDSN Directive.

Results/Finding:

- c. We determined if standards of conduct are included that require the members of the Board of Directors, Executive Director, President/CEO, persons working in the finance department, procurement staff, and staff directly 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.

Results/Finding:

- d. We determined that these statements were provided and on file.

Results/Finding:

- e. We sampled purchase transactions to test compliance with the DSN Board's procurement policy.

Results/Finding:

## 6. Key Staff Spending

We selected 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.). We determined if transactions were proper and any tax reporting was properly reported.

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 compliance with the specified requirements. 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.

[Practitioner's Signature]  
[Practitioner's City and State]  
[Date]