

## Independent Accountant’s Report on Applying Agreed-Upon Procedures

To the Board of Directors/Management

\_\_\_\_\_ (Provider’s Name)  
 \_\_\_\_\_ (City/State/Zip Code)

We have performed the procedures enumerated below based upon the requirements outlined in the South Carolina Department of Disabilities and Special Needs (DDSN) Provider Audit Policy (Directive 275-06-DD) for the period ended \_\_\_\_\_ related to tests of controls and procedures for Medicaid billings. [If you provide residential services insert – “We have also performed the procedures enumerated in the compliance section below solely to assist the specified parties in evaluating the \_\_\_\_\_’s (QPL’s name) compliance with applicable DDSN Contracts and Directives.”] These procedures were agreed to by the management of \_\_\_\_\_(QPL’s name) for the period ended \_\_\_\_\_(QPL’s year-end or initial year alternative period). \_\_\_\_\_’s (QPL’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 contracted service provider 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 \_\_\_\_\_ people from the total number of people for which the QPL 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 people selected, we tested Medicaid billings for the period of \_\_\_\_\_ determine the following:

- a. For the persons selected, we performed tests to determine 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 QPL 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 QPL 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. People's Personal Funds and Property [note this only applies to residential service providers]:

We gained an understanding of the controls over persons' personal funds and personal property managed by QPL staff through our discussions and inquiries with management. In order to gain a more accurate understanding of the nature and treatment of people's personal funds and personal property, we consulted with the residential program staff since these employees are directly responsible for compliance with DDSN Directives 200-12-DD: Management of Funds for Individuals Participating in Community Residential Programs and 604-01-DD: Individual Clothing and Personal Property. In documenting our understanding, we also learned that the contracted service provider served a total of \_\_\_\_\_ persons for whom the provider managed personal funds for the period tested.

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

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

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

For the persons selected, we tested personal funds for a minimum of two months to determine the following:

- a. People's personal funds are not borrowed, loaned, or co-mingled by the QPL or any other person or entity for any purpose or combined or co-mingled in any way with the QPL's operating funds.

Results/Finding:

- b. People's checking and/or savings accounts are established in the persons' names and social security numbers or they have indicated that the accounts are 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 people's 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 people's purchases, determined that receipts are on hand to support purchases made from people's personal funds.

Results/Finding:

- f. Determined that the amounts paid by people were properly charged to their personal funds. Determined 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 items 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 items are 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. Reviewed 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 QPL has a process in which to identify those with recurring excess resources and a plan is established 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.

Results/Finding:

- m. For collective accounts, determined that the account has been managed in accordance with the Social Security Organizational Representative Payee guide.
2. Direct Care Staff Minimum Hourly Wage – [note this only applies to residential service providers]:

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

- a. We selected at least two (2) randomly selected 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 was 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 there is a written exception approved by DDSN.

Results/Finding:

3. Room and Board Policy – [note this only applies to residential service providers]:

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

- a. We determined that the QPL established a room and board policy for individuals' 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 the people to ensure the provider 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 move-ins and move-outs and ensured that room and board charges were properly prorated.

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 (QPL'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]