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Chief Financial Officer
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Chief Information Officer




3440 Harden Street Extension
Columbia, South Carolina 29203
803/898-9600
Toll Free: 888/DSN-INFO
Home Page: www.ddsn.sc.gov

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TO: Executive Directors, DSN Boards
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FROM: Quincy Swygert, Chief Financial Officer
Quincy.Swygert@ddsn.sc.gov 

DATE: September 26, 2022

SUBJECT: Extension Requests for Audit Reports, Cost Reports

The purpose of this memo is to recap the deadlines shared during today's Monthly Provider meeting. We have received several requests for extensions of time to file audit reports and cost reports with DDSN.

- For DSN Boards, reports are still to be filed with DDSN by **September 30th**, however financial sanction assessments will not occur until after **October 15th**. Financial sanctions for future cost reports will revert back to published policy procedures 275-04-DD and 275-06-DD. Financial sanction assessments for Corrective Action Plans (CAP) and extensions are unaffected by this memo.
- RoAAPs deadline is still **September 30th** and any approved extension requests are unaffected by this memo, however financial sanction assessments will not occur until after **October 31st**. This only applies to DSN Boards and QPL's with a June 30 year end. Financial sanctions for future RoAAPs will revert back to published policy procedures 275-04-DD and 275-06-DD.

COMMON ISSUES with FY2020 & FY2021 DSN BOARD COST REPORTS

I am summarizing the information reviewed today, however, please don't hesitate to submit questions to me or Ed Tustin on the cost reporting team ETustin@ddsn.sc.gov.

- **Net Pension Liabilities adjustment** - The net pension liabilities are not allowable on the cost report; therefore, the Cost Division would have made an adjustment to the provider cost report or sent the cost report back to the Board to make correction depending size of the error.
- **Health Insurance cost for retirees** - This cost is not allowable.
- **Revenue Offsets** - When the provider receives a revenue offset, the provider must apply the revenue offset to all the programs. The Cost Division would go back and spread the revenue offset to all programs applicable to the Board. **Example:** The Board receives \$50,000 in “Interest Revenue”. The interest revenue must be allocated over all programs such as CTH2, Day Programs, Administration and so on.
- **DOT Grants to purchase vehicles** - The Board can only claim depreciation on the internal funds used for the purchase the vehicle and not grant funds. **Example:** Board purchases a vehicle for \$30,000. The Board received a DOT grant for \$20,000 and remaining amount of \$10,000 was paid out of the Board’s funds. The board will only be allowed to depreciate the \$10,000 because the \$20,000 was grant received and it cannot be depreciated.