

SOUTH CAROLINA COMMISSION ON DISABILITIES AND SPECIAL NEEDS

MINUTES

March 19, 2020

The South Carolina Commission on Disabilities and Special Needs met on Thursday, March 19, 2020, at 10:00 a.m. at the Department of Disabilities and Special Needs Central Office, 3440 Harden Street Extension, Columbia, South Carolina.

The following were in attendance:

COMMISSION

Present:

Gary Lemel – Chairman

Robin Blackwood – Vice Chairman

Lorri Unumb – Secretary – Via Teleconference

Barry Malphrus

David Thomas

DDSN Administrative Staff

Director Mary Poole; Mr. Pat Maley, Deputy Director; Mr. Chris Clark, CFO; Mr. Rufus Britt, Associate State Director, Operations; Ms. Susan Beck, Associate State Director, Policy; Ms. Constance Holloway, General Counsel, Mr. Robb McBurney, Legislative Liaison; Ms. Sandra Delaney, Administrative Coordinator (For other Administrative Staff and Guests see Attachment 1 – Sign In Sheet).

Guests

(See Attachment 1 Sign-In Sheet)

Notice of Meeting Statement

Chairman Lemel called the meeting to order and read a statement of announcement about the meeting that was distributed to the appropriate media, interested persons, and posted at the Central Office and on the website in accordance with the Freedom of Information Act.

Adoption of the Agenda

Chairman Lemel reported that agenda items 12.A. and 12.B were cancelled at this time in accord with trying to reduce the number of people who are in attendance. On motion of Commissioner Thomas, seconded by Commissioner Malphrus, the Commission unanimously adopted the March 19, 2020 Meeting Agenda as amended. (Attachment A)

Invocation

Commissioner Thomas gave the invocation.

Approval of the Commission Meeting Minutes

On motion of Commissioner Blackwood, seconded by Commissioner Thomas, the Commission unanimously approved the minutes of the February 20, 2020 Commission Meeting.

Public Input

There were no requests for Public Input.

Commissioners' Update

Commissioners Blackwood, Thomas, and Lemel spoke of their participation in events and activities relating to Commission matters.

Finance and Audit Committee Update

Committee Chairman Blackwood gave a report of the March 4, 2020 Finance and Audit Committee Meeting which Mr. Pat Maley provided an update on the contractual compliance issue. DDSN will put together clear directives, for Commission approval, on how to move forward with DHHS on this issue of recoupments.

Directive 275-04 Procedures for Implementation of DDSN Audit Policy for DSN Boards and Directive 275-06 Procedures for Implementation of DDSN Audit Policy for Contracted Service Providers– Committee Chairman Blackwood and Mr. Clark spoke on the directives. Discussion followed. Committee Chairman Blackwood made the motion from the Committee to approve Directives 275-04 and 275-06. With the motion coming out of the Committee, and no further discussion, the motion passed unanimously. (Attachments B and C)

Policy Committee Update

Committee Chairman Malphrus reported the Policy Committee met March 10, 2020 with the following statements. “The committee has two policies that are now on the internet for public review. We have extended that comment period until April 8th due to the virus situation. The first directive has to do with the electronic communication policy. There is very little change to that except for the length of public comment, which we'll get into the reasons for that more later in the next policy committee meeting. The second policy relates to the maintenance policy of the contract houses and a few day programs that DDSN owns. It's about sixty facilities total. The purpose of the consideration of changes for this policy is some people would say is to make things more fair. I

don't like the word fair because I really don't think anything in this world is fair I don't think it's fair that I have a disability. I don't think it's fair that anybody has a disability has nothing to do with truly to me, the word fairness is the wrong word to use. To me, it's much better to use the word impartial and the committee is very concerned about these policies being impartial as much as possible, henceforth, that is the primary reason for changes and the word impartial simply means treating all equally and in this policy we have 55 providers total that are in our network that relate to residential programs. As far as I understand, 27 of them benefit from this policy but the others don't. That is 6.3 percent of the facilities that benefit from this maintenance proposal and the rest don't and that is not impartial in my definition of the word impartial and we need to be impartial not only to all providers but all the clients that we serve. A final draft of the policy will be hopefully and expected to be available for vote at next month's meeting and obviously we will be working on this policy at the next policy meeting, the second Tuesday of the month. The last thing is if we did agree on a list of priorities for the directives and we are working through those as diligently as possible understanding that it could be changes to that list from time to time depending on the severity of need to address a certain issue or another and don't expect all those policies to be done overnight. There's a lot of them and a lot of work to do."

Old Business

A. Case Management Update

Mrs. Manos shared a PowerPoint presentation that provided information on Case Management. Discussion followed. (Attachment D)

B. Early Intervention Update

Mr. Britt reported that the Fairfield County DSN Board is terminating EI services, which currently serves 11 children. Mr. Britt stated that there are enough providers in that area and DDSN will work with the Board in transferring these individuals to those providers.

C. Legislative Budget Update

Mr. Maley provided an update on the budget stating out of the 11 requests, the Governor approved all except the funding for the CTHIs (\$2.8 M). The House Ways and Means Committee and the House added funding for the CTHIs, but did not approve funding for the HACSI Waiver Slot increase (\$1.4 M), the Post-Acute increase (\$500,000), or the Electrical grid for the Coastal Center (\$1.5 M). The budget will go to the Senate Finance Committee in the next two weeks.

New Business

- A. Self-Advocate of the Year Award - Cancelled
- B. Brain Injury Awareness Month - Cancelled
- C. Financial Update

Mr. Clark provided an overview of the agency's financial activity and the agency's current financial position. The document listing the funded programs will be provided each month in the Commission Meeting binders. Mr. Clark spoke of the Families First Coronavirus Response Act that was recently signed by President Trump. The biggest thing that is in the Act that the agency needs to digest for our provider network is paid sick leave and things of that nature. The main issue is they are going to increase the federal match by 6.2 percent nationally. Discussion followed. Mr. Clark stated the agency will look at anything to help our provider network and will bring suggestions to the Commission for approval. Discussion followed as to whether there has been any legal interpretation given to who is a health care provider under this act. Commission Unumb will forward any information she receives. Commissioner Thomas made the motion to accept the financial report as presented. Commissioner Malphrus seconded and the motion passed unanimously. (Attachment E)

- D. Coronavirus (COVID-19) Update

Mr. Maley shared a PowerPoint presentation that provided a situational report of the impact of the COVID-19 on the DDSN delivery system. Discussion followed. Director Poole stated with the Day Programs being our biggest revenue loss right now, and we are encouraging providers to serve the service units in another manner. We are doing this with DHHS' guidance. The Boards continue to receive the band even though they are closed. Typically, in the past they have closed for only a couple of days at a time for weather related issues. Technically, we can recoup for attendance being lower than 80 percent, but we do not want our providers going out of business.

Mr. Britt stated if a consumer at a regional center contracts COVID-19 the protocol is to treat in place. The individual could be isolated/quarantined if needed. The centers have physicians and nurses to provide medical assistance. (Attachment F)

State Director's Report

Director Poole reported on various topics. (Attachment G)

Executive Session

An Executive Session was not held.

Next Regular Meeting

April 16, 2020

Adjournment

On motion of Commissioner Thomas, seconded by Commissioner Malphrus and passed, the meeting was adjourned.

Submitted by,



Sandra J. Delaney

Approved:



Commissioner Lorri Unumb
Secretary

SC COMMISSION ON DISABILITIES AND SPECIAL NEEDS
Commission Meeting - Conference Room 180
March 19, 2020

Guest Registration Sheet

(PLEASE PRINT) Name and Organization

- 1. John Slight ETCALIBUR Youth Services
- 2. Mark East EYS
- 3. _____
- 4. _____
- 5. _____
- 6. _____
- 7. _____
- 8. _____
- 9. _____
- 10. _____
- 11. _____
- 12. _____
- 13. _____
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- 16. _____
- 17. _____
- 18. _____
- 19. _____
- 20. _____

SOUTH CAROLINA COMMISSION ON DISABILITIES AND SPECIAL NEEDS

A G E N D A

**South Carolina Department of Disabilities and Special Needs
3440 Harden Street Extension
Conference Room 251
Columbia, South Carolina**

March 19, 2020

10:00 A.M.

1. Call to Order *Chairman Gary Lemel*
2. Welcome - Notice of Meeting Statement *Commissioner Lorri Unumb*
3. Adoption of Agenda
4. Invocation *Commissioner David Thomas*
5. Introduction of Guests
6. Approval of the Minutes of the February 20, 2020 Commission Meeting
7. Public Input
8. Commissioners' Update *Commissioners*
9. Finance and Audit Committee Update *Committee Chairman Robin Blackwood*
10. Policy Committee Update *Committee Chairman Barry Malphrus*
11. Old Business:
 - A. Case Management Update *Mrs. Lori Manos*
 - B. Early Intervention Update *Mrs. Joyce Kimrey*
 - C. Legislative Budget Update *Mr. Pat Maley*
12. New Business:
 - A. Self-Advocate of the Year Award *Mrs. Margie Williamson, The Arc of SC
Ms. Connie Gallman, Impact SC
Mr. William Farris, SC DD Council*
 - B. Brain Injury Awareness Month *Ms. Melissa Ritter*
 - C. Financial Update *Mr. Chris Clark*
 - D. Coronavirus (COVID-19) Update *Mr. Pat Maley*
13. State Director's Report *Director Mary Poole*
14. Executive Session
15. Next Regular Meeting (April 16, 2020)
16. Adjournment

Reference Number:	275-04-DD	
Title of Document:	Procedures for Implementation of DDSN Audit Policy for DSN Boards	
Date of Issuance:	May 11, 1988	
Effective Date:	May 11, 1988	
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

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

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>

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

**COUNTY DISABILITIES AND SPECIAL NEEDS BOARDS
SUPPLEMENTAL SCHEDULE OF REVENUE AND EXPENSES**

For the Fiscal Year Ended June 30, 20____

Other	
Interest	_____
Vending	_____
Room and Board	_____
Work Activity	_____
Care and Maintenance	_____
Sub-contracted Services	_____
Leased Employees	_____
Miscellaneous	_____
Total Other	_____
Total Program Revenues	=====
Program Expenses	
Personnel	
Employee Salaries	_____
Consumer Wages	_____
Total Personnel	=====
Fringe Benefits	
Health Insurance	_____
Health Insurance – OPEB	_____
Retirement	_____
Retirement – Net Pension Liability	_____
Social Security	_____
Unemployment Insurance	_____
Workers’ Compensation	_____
Other	_____
Total Fringe Benefit	=====
Contractual Services	
Accounting	_____
Cable TV	_____
Consultants	_____
Contracted Third-Party Services	_____
Electric, Gas, Water, and Sewer	_____
Fiscal Agent Respite Care	_____
Fiscal Agent Self-Directed Care	_____
Internet	_____
Legal Fees	_____
Repairs and Maintenance - Building	_____
Repairs and Maintenance - Equipment	_____
Repairs and Maintenance - Motor Vehicle	_____
Telephone - Landline	_____
Telephone - Mobile	_____
Travel	_____
Work Activity	_____
Other	_____
Total Contractual Services	=====

**COUNTY DISABILITIES AND SPECIAL NEEDS BOARDS
SUPPLEMENTAL SCHEDULE OF REVENUE AND EXPENSES**

For the Fiscal Year Ended June 30, 20____

Supplies	
Educational	_____
Food	_____
Household	_____
Maintenance	_____
Medical	_____
Minor Equipment	_____
Motor Vehicle	_____
Office	_____
Other	_____
Total Supplies	=====
Fixed Charges	
Audit Fees	_____
Dues, Subscriptions, and Licenses	_____
Insurance - Individual	_____
Insurance - Real Property	_____
Insurance - Equipment	_____
Insurance - Tort Liability	_____
Insurance - Other	_____
Lease – Real Property	_____
Lease – Equipment	_____
Lease – Motor Vehicle	_____
Other	_____
Total Fixed Charges	=====
Capital	
Amortization	_____
Amortization of lease	_____
Depreciation	_____
Interest	_____
Other	_____
Total Capital	=====
Allocated Costs	
Administration	_____
Building Maintenance	_____
Day Program	_____
Shared Facility	_____
Residential Management	_____
Transportation	_____
Total Allocated Costs	=====
Total Expenses	
Net Program Revenue (Expense)	_____
Non-Program Revenues (Expenses)	_____
Gain (Loss) on Retirement of Capital Assets	_____
Current Year Anticipated Settlements on Contracts	_____
Prior Year Settlements on Contracts	_____
Total Non-Program Revenues (Expenses)	=====
Change in Net Position	_____

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.
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:

#	Program/Service	#	Program/Service
	ICF/ID		Supported Employment
	CRCF		Board Billed Waiver Services
	CTH-II		Direct Billed Waiver Services
	CTH-I/Specialized Family Homes		PCA Under 21
	SLP-II/SLP-III		LPN/RN Direct Billed Services
	SLP-I		Early Intervention
	CIRS (Cloud)		Case Management
	Adult Day Program		Other (Specify)

3. For the persons selected, we tested Medicaid billings for the period of _____ to determine the following:

- a. Determined that documentation was on file to support the billings. In addition, we performed tests to determine that the supporting documentation provides reasonable assurance that the billings are supported by complete and accurate information.

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.

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 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
	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 1
	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 the period of _____ 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. Determined that the persons’ total countable resources did not exceed the established limits mandated by Medicaid (generally: \$2,000).

Results/Finding:

- k. 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 ABLÉ 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:

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

Results/Finding:

- m. Below is a summary of information related to management of personal funds. (a format similar to the one below should be used to disclose this information)

Type of Program	Type of Account (Checking, Savings, ABLÉ, etc.)	Custodian	Deposit Procedure	Signature Requirement	Reconciliations Performed By	Account in the Name Of
ICF/ID						
CRCE						
CTH-II						
CTH-I						
SLP-I						
SLP-II						
SLP-III						
CIRS						
SFH						
Other						

2. Direct Care Staff Minimum-Salary/Hourly Wage:

We gained an understanding of the requirements of paying 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. 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 that there is a written exception approved by DDSN.

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. We determined if the cost allocation plan submitted to and approved by DDSN has been properly implemented.

Results/Finding:

- b. We reviewed the cost allocation plan being used by the Provider to determine if a revised plan need 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.

Results/Finding:

- c. We reviewed the DSN Board's general ledger to determine that the costs charged to the intermediate cost centers do not include direct program costs that were improperly reflected in the intermediate cost center.

Results/Finding:

- d. We reviewed the existing intermediate cost pools being used to ensure they permit the DSN Board to properly allocate costs.

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.

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.

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]

COUNTY DISABILITIES AND SPECIAL NEEDS BOARD
 SUPPLEMENTARY ROOM AND BOARD COMPUTATION
 For the year ended June 30, _____

Non-HUD Homes

Program Type: CTH-II

Object Code #	Expense Description	Name of Home			Total
		Squidward	Spongebob	Patrick	
Directly Charged Room and Board Expenses					
5115	Telephone ¹	\$ 2,100	\$ 2,200	\$ 1,800	\$ 6,100
5116	Cable TV	600	600	600	1,800
5118	Internet	960	960	960	2,880
5130	Sewer and Water	480	540	280	1,300
5135	Electric and Gas	2,400	3,600	3,800	9,800
5160	Pest Control	180	180	180	540
5173	Garbage Service	220	220	-	440
5180	Contracted Facility Maintenance	2,800	1,500	-	4,300
5181	Lawn Maintenance	1,200	1,800	750	3,750
5210	Food ²	6,000	8,000	4,200	18,200
5225	Household Supplies	1,800	780	350	2,930
5240	Minor Equipment ³	285	-	1,100	1,385
5405	Insurance - Building and Contents	485	505	430	1,420
5505	Building and Household Depreciation	5,800	4,500	4,800	15,100
5515	Improvements Depreciation	1,200	130	1,325	2,655
5560	Building Interest	-	-	-	-
Total Direct Room and Board Expenses		26,510	25,515	20,575	72,600
Costs Allocated to Room and Board Expenses					
5900	Administration ⁴	2,121	2,041	1,646	5,808
5950	Facility Maintenance	5,400	5,400	5,400	16,200
Total Allocated Costs for Room and Board		7,521	7,441	7,046	22,008
Total Allowable Room and Board Costs		\$ 34,031	\$ 32,956	\$ 27,621	\$ 94,608
Number of Funded Beds in Facility		4	4	4	12
Average Annual Costs per Bed		\$ 8,508	\$ 8,239	\$ 6,905	\$ 7,884
Average Monthly Costs per Bed		\$ 709	\$ 687	\$ 575	\$ 657

COUNTY DISABILITIES AND SPECIAL NEEDS BOARD
 SUPPLEMENTARY ROOM AND BOARD COMPUTATION - CONTINUED
 For the year ended June 30, _____

HUD Homes

Program Type: CTH-II

Object Code #	Expense Description	Name of Home			
		Mr. Krabs	Gary	Plankton	Total
Directly Charged Room and Board Expenses					
5210	Food ²	\$ 6,000	\$ 8,000	\$ 4,200	\$ 18,200
5225	Household Supplies	1,800	780	350	2,930
Total Direct Room and Board Expenses		7,800	8,780	4,550	21,130
Costs Allocated to Room and Board Expenses					
5900	Administration ⁴	624	702	364	1,690
Total Allocated Costs for Room and Board		624	702	364	1,690
Total Allowable Room and Board Costs		\$ 8,424	\$ 9,482	\$ 4,914	\$ 22,820
Number of Funded Beds in Facility		4	4	3	11
Average Annual Costs per Bed		\$ 2,106	\$ 2,371	\$ 1,638	\$ 2,075
Average Monthly Costs per Bed		\$ 176	\$ 198	\$ 137	\$ 173

Note: The auditor must collaborate with the Organization to identify all allowable room and board general ledger accounts. A separate schedule must be completed for each residential program type that must have an established room and board charge. Schedules must be separated for those programs that are HUD funded and for those that are not, as applicable.

1 - Telephone should not include mobile phones or pagers.

2 - Food costs should be reported gross of SNAP/EBT benefits.

3 - Minor equipment is used to account for non-supply items such as furniture, appliances, and other room and board non-capital items.

4 - Administration costs should be based on the administrative cost percentage used to allocate expenses to each home.

**COUNTY DISABILITIES AND SPECIAL
NEEDS BOARD SUPPLEMENTARY
SCHEDULE OF SPECIAL GRANTS
For the year ended June 30, _____**

Special Grant Number	Special Grant Description	Program Charged		Potential Amount Due to DDSN					
		Revenue	Expense/Capital	Award Amount	Expended	Unexpended *	Unearned at Year End	Potential Amount Due	
SC 2020-199	Start-up Funds	Any Home CTH-II	Any Home CTH-II	\$ 15,350	\$ 14,000	\$ 1,350	\$ -	\$ 1,350	
SG 2020-080	HASCI Residential Placement	Any Home CTH-II	Any Home CTH-II	65,000	68,180	-	-	-	
SG 2019-035	Building Purchase	Any Home CTH-II	Any Home CTH-II	24,750	26,000	-	-	-	
SG 2020-032	Building Purchase	That Home CTH-II	That Home CTH-II	22,180	-	22,180	22,180	-	
				<u>\$ 127,280</u>	<u>\$ 108,180</u>	<u>\$ 23,530</u>	<u>\$ 22,180</u>	1,350	
Total Amount Recorded as Due to DDSN								<u>1,350</u>	
Amount Unrecorded as Due to DDSN								<u>\$ -</u>	

Note: This schedule must contain all Special Grant awards received and/or expended during the fiscal year regardless of award date.

* - Expended amount should include all amounts paid out of grant funds to include any items capitalized.

**COUNTY DISABILITIES AND SPECIAL NEEDS BOARD
SUPPLEMENTARY SCHEDULE OF QUESTIONED COSTS
For the year ended June 30, _____**

Item Number: 2020-01
Program Charged: Administration
Grant/Contract Number: All SCDDSN grants
Amount in Question: \$ 1,250
Description of Charge: Non-consumer meals provided to staff at Christmas party.

Criteria: DDSN Directive 250-05-DD states that non-consumer meals are not allowable costs for award funds. Non-consumer meals are defined as meals consumed by parent, guests, and staff when staff attendance with the consumer is not programmatically mandatory.

Condition: During our testing of costs charged to the administration intermediate cost pool, we identified a charge to a caterer for providing a Christmas meal to certain staff in which no consumers were present.

Cause: Management was not aware of the limitations on allowable meal costs.

Effect: Non-allowable costs were charged to administration and allocated to programs overstating allowable administrative costs allocated.

Recommendation: Ensure that staff understand the allowable cost rules and either charge these costs to local funds or otherwise ensure that costs are not allocated to programs as allowable costs.

Management's Views and Corrective Action Plan: We have local funds that will be used to pay for these types of costs in the future. We will train our accounts payable staff to monitor charges such as this in the future.

**COUNTY DISABILITIES AND SPECIAL NEEDS BOARD
SUPPLEMENTARY SCHEDULE OF QUESTIONED COSTS -
CONTINUED
For the year ended June 30, _____**

Item Number: 2020-02
Program Charged: Any Home CTH-II
Grant/Contract Number: Capitated 2020-00
Amount in Question: \$ 5,200
Description of Charge: Roof replacement charged to program costs.
Criteria: The Board's capitalization policy requires that this item be capitalized, but the Organization did not capitalize as required.
Condition: During our testing of capital asset additions, we detected an amount charged to building repairs that should have been identified by management as a capital asset, but was not.
Cause: Management did not fully understand the capitalization requirements and considered this an expense instead of an asset addition.
Effect: Costs are charged to expense that are not allowable. Costs of the asset are charged to expense instead of a half year of depreciation on this item.
Recommendation: Ensure management and staff understand the nuances of capitalization of repair and maintenance type items. Ensure that all charges to repairs and maintenance in excess of the capitalization limit are closely scrutinized for proper treatment and coding.
Management's Views and Corrective Action Plan: We will ensure our staff are aware of the capitalization policy and requirements of the Organization. The Finance Director will be instructed to review all charges to repairs and maintenance expense in excess of our capitalization limit for proper accounting treatment.

Reference Number:	275-06-DD
Title of Document:	Procedures for Implementation of DDSN Audit Policy for Contracted Service Providers
Date of Issuance:	April 5, 2017
Effective Date:	April 5, 2017
Last Review Date:	March 19, 2020
Date of Last Revision:	March 19, 2020
Applicability:	Contracted Service Providers (REVISED)

GENERAL PROVISIONS

Contracted Service Providers (QPLs) that receive funding, directly or indirectly, (program contracts, grants, sub-grants or payments from DSN Boards, etc.) originating from South Carolina Department of Disabilities and Special Needs (DDSN) contracts, including billings direct to the South Carolina Department of Health and Human Services (DHHS), in excess of \$250,000 during their fiscal year must engage a Certified Public Accountant (CPA) to perform and report on applying agreed-upon procedures (RoAAP) [AUP] in compliance with this directive. DDSN is contractually required by DHHS to ensure billings through BRIDGES are properly documented to support units billed.

Additionally, QPLs that **PROVIDE ANY RESIDENTIAL HABILITATION SERVICE** and meet the dollar threshold for an AUP above, must also engage a CPA to perform an audit in accordance with generally accepted governmental auditing standards (GAGAS or “Yellow Book”) and/or the standards of the Public Company Accounting Oversight Board (PCAOB). The audit requirement is in addition to the requirement to engage a CPA to perform and report on applying agreed-upon procedures (RoAAP) [AUP] in compliance with this directive.

The audit, but not the RoAAP, is to be performed in accordance with GAGAS or “Yellow Book” by an independent 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.

DDSN requires that all audit firms attend one mandatory two (2) hour training session per year. 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 annually and will be offered via Skype. Notification of training sessions will be provided to all QPLs who will then coordinate with their auditor.

AUDIT REPORT AND PROCEDURES

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 within 30 calendar days subsequent to the fiscal year end in which the implementation is to be applied. A written response will be provided to the requestor within 30 days of receipt of the request.
2. The financial information outlined in this directive for the QPLs year-end must be included in the audit report. Failure to do so will make the report unacceptable.
3. 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. As with the financial statements, the supplementary schedules must be prepared in conformity with generally accepted accounting principles.
4. DDSN required supplementary financial information:
 - a) **Room and Board Computation – ONLY QPLs PROVIDING RESIDENTIAL SERVICES**

Utilizing DDSN Directive 250-09-DD: Calculation of Room and Board for Non-ICF/ID Programs and Attachment B, 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.
 - b) **Schedule of Special Grant Revenues and Expenses**

Utilizing Attachment C, prepare a schedule of special grants for all special grants expended during the fiscal year.

c) Audit Directive Compliance Statement

The QPL 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.

REPORT ON APPLYING AGREED-UPON PROCEDURES (RoAAP):

QPLs will need to contract with an independent CPA to apply and report on applying agreed-upon procedures for the procedures listed below. During the initial year-end covered by this Directive, March 2020 and later, the QPL can make a one-time election to use a different agreed-upon procedures (AUP) testing period other than its year it uses for financial and tax reporting purposes. The election to use other than its traditional year-end must be approved by the CFO of DDSN. A written request to utilize a different reporting period must be submitted in writing, on letterhead, and signed by the Executive Director/CEO/President. The election to change your reporting period must be submitted by July 31, 2020, and must outline the anticipated initial period of testing not to exceed 18 months. For example, the QPL may desire to complete its AUP using a different year-end than its financial and tax reporting year-end. This initial period of testing would cover the first day of the current year-end and end on the date chosen by the QPL, not to exceed 18 total months. Thereafter, the QPL will use the rolling 12 month period covering the ending date from the initial reporting period selected. For example, if the QPL uses a calendar year for financial and tax reporting, it may desire to use the year ended March 31st instead. The QPL would submit a request to use the March 31st ending date with an initial reporting period of January 1, 2020 to March 31, 2021. From the initial date forward, the AUP would be performed for the 12 months covering April 1st to March 31st.

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

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

1. Test the QPL's control and procedures for Medicaid billings – ALL QPLs

a) Background Information

People may receive services provided either by the QPL or a third party vendor under the Medicaid program. Services must be authorized by the Case Manager and documented in the person's plan. The QPL 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-II, CTH-I, 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 Services (enhanced board and direct billed services), Case Management, and Early Intervention. The CPA 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 (including 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 QPL's policies and procedures are adequate to provide reasonable assurance that Medicaid billable services are properly supported.
- ii) The auditor must select a representative sample from all persons from each Medicaid billable service area for which the QPL 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 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 QPL 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 QPL that the billable services are being provided to the persons and/or families as indicated by the documentation on file.

2. Test the QPL's management of persons' personal funds for compliance with DDSN Directives - **ONLY QPLs PROVIDING RESIDENTIAL SERVICES**

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 QPL management of person personal funds and property. CPAs must familiarize themselves with these directives. Additionally, CPAs must understand Medicaid eligibility

regulations and resource limits established and vary by eligibility coverage group. Management of person funds 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 Better Life Experiences (ABLE) accounts, or collective accounts. Care should 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 QPL'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 persons' personal funds are not borrowed, loaned, or co-mingled by the QPL or another person or entity for any purpose; or, combined or co-mingled in any way with the QPL's operating funds.
- ii) Determine that persons' 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 person's personal funds.
- vi) Determine that amount paid 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 for the person expending the funds.
- 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 or to "cash" cause them to exceed their cash on hand limit. Funds written payable to the person and

cash 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 QPL 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 Achieving a Better Life Experience (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.
- xii) For collective accounts, the CPA must determine that the account is being managed in accordance with the Social Security Organizational Representative Payee guide that can be found on the Social Security Administration's website.

If the auditor becomes aware of a misappropriation involving QPL or persons' funds and/or any falsification of Medicaid billable services, then the auditor must promptly report that information to the QPL management, with a follow-up to DDSN Internal Audit. Consideration should be given as to deficiencies in internal controls and whether there are any questioned costs to report.

3. Determine if the QPL is paying ALL direct care staff the established minimum hourly wage in accordance with the DDSN contract - **ONLY QPLs PROVIDING RESIDENTIAL SERVICES**

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 QPL through an increase in rates and contract amounts. Direct support professionals are defined as persons 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 QPL 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. QPLs 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 auditor must determine that the QPL 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 QPL has adopted a room and board policy. Test that they have properly and timely implemented the DDSN approved room and board, in accordance with their policy - **ONLY QPLs PROVIDING RESIDENTIAL SERVICES**

a) Background information

QPLs 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 auditor must determine that the QPL has established a room and board policy for persons' fees has been reviewed and approved by the Board of Directors, if the QPL has a Board of Directors.

- ii) The CPA must obtain the DDSN approved room and board rates utilized during the reporting period.
- iii) The CPA should familiarize themselves with the policy and the approved rates.
- iv) The CPA must review actual charges made to persons to ensure that they comply with the policy, including consideration of timing of application of rate changes, and do not exceed the approved room and board rates.
- v) The CPA must sample move-ins and move-outs and ensure that room and board charges were properly applied. The CPA is testing the proper proration of the room and board charge.

AUDIT REPORT DUE DATE AND EXTENSION

The audit report is to be filed with DDSN within 120 calendar days of the year-end audited. If the due date falls on a weekend or holiday, 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 QPL in writing on the **QPL's letterhead and signed by the Executive Director/CEO/President and must be approved by DDSN Internal Audit. The request for an extension must be received by DDSN Internal Audit at least 15 calendar days prior to the due date of the report.** Such requests will only be approved in extreme circumstances that are beyond the control of the QPL 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 QPL 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 the "Distribution" section below.

CORRECTIVE ACTION PLANS (CAP) AND EXTENSIONS

When the auditor's report, separate letter to management (if issued), and/or the RoAAP identify material weaknesses, significant deficiencies, deficiencies, findings or questioned costs, the QPL 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 should be prepared on contracted service provider's letterhead and signed by the Executive Director/CEO/President. The CAP must be submitted to DDSN Internal Audit within 20 business days after issuance of the audit report and/or RoAAP. If the CAP is not received within 20 business days of the due 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 payment. It is recommended that the CAP be submitted with or included as part of the audit report and/or RoAAP when issued. The CAP should 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 QPL in writing on letterhead and signed by the Executive Director/CEO/President, and must be approved by DDSN Internal Audit. The request for an extension must be filed 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 contracted service provider or its auditor, or when approval would be to the benefit of DDSN.

ADDRESSEE

Any reports issued in accordance with this directive are to be addressed to the governing boards or to management if the entity does not have a Board of Directors.

DISTRIBUTION

The audit reports, management letters, and internal control reports shall be filed as follows:

1. Executive Director/*CEO/President* of the *QPL*.
2. Chairperson of the *QPL*'s governing board (if applicable).
3. Hard copy to:

DDSN Internal Audit
3440 Harden Street Extension (29203)
P.O. Box 4706
Columbia, SC 29240

DDSN Director of Cost Analysis
3440 Harden Street Extension 929203)
P.O. Box 4706
Columbia, SC 29240

4. Electronic pdf copy to financial.reports@ddsn.sc.gov.

RoAAP report original copies shall be filed as follows:

1. Executive Director/CEO/President of the QPL.
2. Chairperson of the QPL's governing board (if applicable).
3. Hard copy to:

DDSN Internal Audit
3440 Harden Street Extension (29203)
P.O. Box 4706
Columbia, SC 29240

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 QPL's Board of Directors, if applicable. 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, QPLs must also submit a statement on letterhead and signed by the Executive Director/CEO/President 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, income tax preparation and advisory services, management advisory services, third-party administrator services, preparation of the SEFA, completion of the Federal Audit Clearinghouse Data Collection Form, individual or aggregate, material adjustments made, payroll services, bookkeeping services, budget preparation, etc.

Reference must be made to the Government Auditing Standards 2018 Revision for those services that present threats to independence. The QPL 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 audit reports of QPLs are received, reviewed and distributed to appropriate DDSN officials.
2. Ensure that if significant inadequacies relating to the professional performance of the audit are disclosed, the QPL will be advised and the auditor will be required to take corrective action. If corrective action is not taken, DDSN shall notify the QPL and other state agencies of the facts. Major inadequacies or repetitive substandard performance of auditors shall be referred to the appropriate professional bodies. 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 SC Board of Accountancy may review all or a sample of QPL audit reports for compliance with professional standards.

Audit firms that receive a peer review report of other than pass must timely notify the QPL 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 year audited. Retention of working papers beyond six (6) years is required for audits of QPLs 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 QPL. 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 QPLs are not required to obtain bids for audit services, DDSN believes that obtaining such bids is a good practice. DDSN, therefore, encourages contracted service providers 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 QPL 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 QPL'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>

Attachment A: Sample - Independent Accountant's Report on Applying Agreed-Upon Procedures
Attachment B: Sample – Supplementary Room and Board Calculation
Attachment C: Sample – Supplementary Schedule of Special Grants

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.
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:

#	Program/Service	#	Program/Service
	ICF/ID		Supported Employment
	CRCF		Board Billed Waiver Services
	CTH-II		Direct Billed Waiver Services
	CTH-I/Specialized Family Homes		PCA Under 21
	SLP-II/SLP-III		LPN/RN Direct Billed Services
	SLP-I		Early Intervention
	CIRS (Cloud)		Case Management
	Adult Day Program		Other (Specify)

3. For the people selected, we tested Medicaid billings for the period of _____ to determine the following:
 - a. Determined that documentation was on file to support the billings. In addition, we performed tests to determine that the supporting documentation provides reasonable assurance that the billings are supported by complete and accurate information.

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

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.

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)

#	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 the period of to determine the following:

- a. People's personal funds are not borrowed, loaned, or co-mingled by the QPL or another 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. 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. 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 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 ABLER 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:

- m. Below is a summary of information related to management of people's funds. (a format similar to the one below should be used to disclose this information)

Type of Program	Type of Account (Checking, Savings, ABLER, etc)	Custodian	Deposit Procedure	Signature Requirement	Reconciliations Performed By	Account in the Name Of
ICF/ID						
CRCF						
CTH-II						
CTH-I						
SLP-I						
SLP-II						
SLP-III						
CIRS						
SFH						
Other						

2. Direct Care Staff Minimum Salary/Hourly Wage – [note this only applies to residential service providers]:

We gained an understanding of the requirements of paying direct care staff in accordance with the QPL'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. 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 people's 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 people 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 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]

SAMPLE

QPL NAME
 SUPPLEMENTARY ROOM AND BOARD COMPUTATION
 For the year ended _____

Non-HUD Homes

Program Type: CTH-II

Object Code #	Expense Description	Name of Home			Total
		Squidward	Spongebob	Patrick	
Directly Charged Room and Board Expenses					
5115	Telephone ¹	\$ 2,100	\$ 2,200	\$ 1,800	\$ 6,100
5116	Cable TV	600	600	600	1,800
5118	Internet	960	960	960	2,880
5130	Sewer and Water	480	540	280	1,300
5135	Electric and Gas	2,400	3,600	3,800	9,800
5160	Pest Control	180	180	180	540
5173	Garbage Service	220	220	-	440
5180	Contracted Facility Maintenance	2,800	1,500	-	4,300
5181	Lawn Maintenance	1,200	1,800	750	3,750
5210	Food ²	6,000	8,000	4,200	18,200
5225	Household Supplies	1,800	780	350	2,930
5240	Minor Equipment ³	285	-	1,100	1,385
5405	Insurance - Building and Contents	485	505	430	1,420
5505	Building and Household Depreciation	5,800	4,500	4,800	15,100
5515	Improvements Depreciation	1,200	130	1,325	2,655
5560	Building Interest	-	-	-	-
	Total Direct Room and Board Expenses	26,510	25,515	20,575	72,600
Costs Allocated to Room and Board Expenses					
5900	Administration ⁴	2,121	2,041	1,646	5,808
5950	Facility Maintenance	5,400	5,400	5,400	16,200
	Total Allocated Costs for Room and Board	7,521	7,441	7,046	22,008
	Total Allowable Room and Board Costs	\$ 34,031	\$ 32,956	\$ 27,621	\$ 94,608
	Number of Funded Beds in Facility	4	4	4	12
	Average Annual Costs per Bed	\$ 8,508	\$ 8,239	\$ 6,905	\$ 7,884
	Average Monthly Costs per Bed	\$ 709	\$ 687	\$ 575	\$ 657

QPL NAME
 SUPPLEMENTARY ROOM AND BOARD COMPUTATION - CONTINUED
 For the year ended _____

HUD Homes

Program Type: CTH-II

Object Code #	Expense Description	Name of Home			
		Mr. Krabs	Gary	Plankton	Total
Directly Charged Room and Board Expenses					
5210	Food ²	\$ 6,000	\$ 8,000	\$ 4,200	\$ 18,200
5225	Household Supplies	1,800	780	350	2,930
	Total Direct Room and Board Expenses	7,800	8,780	4,550	21,130
Costs Allocated to Room and Board Expenses					
5900	Administration ⁴	624	702	364	1,690
	Total Allocated Costs for Room and Board	624	702	364	1,690
	Total Allowable Room and Board Costs	\$ 8,424	\$ 9,482	\$ 4,914	\$ 22,820
	Number of Funded Beds in Facility	4	4	3	11
	Average Annual Costs per Bed	\$ 2,106	\$ 2,371	\$ 1,638	\$ 2,075
	Average Monthly Costs per Bed	\$ 176	\$ 198	\$ 137	\$ 173

Note: The auditor must collaborate with the Organization to identify all allowable room and board general ledger accounts. A separate schedule must be completed for each residential program type that must have an established room and board charge. Schedules must be separated for those programs that are HUD funded and for those that are not, as applicable.

- 1 - Telephone should not include mobile phones or pagers.
- 2 - Food costs should be reported gross of SNAP/EBT benefits.
- 3 - Minor equipment is used to account for non-supply items such as furniture, appliances, and other room and board non-capital items.
- 4 - Administration costs should be based on the administrative cost percentage used to allocate expenses to each home.

QPL NAME
SUPPLEMENTARY SCHEDULE OF SPECIAL GRANTS
For the year ended _____

Special Grant Number	Special Grant Description	Program Charged		Potential Amount Due to DDSN				
		Revenue	Expense/Capital	Award Amount	Expended	Unexpended*	Unearned at Year End	Potential Amount Due
SC 2020-199	Start-up Funds	Any Home CTH-II	Any Home CTH-II	\$ 15,350	\$ 14,000	\$ 1,350	\$ -	\$ 1,350
SG 2020-080	HASCI Residential Placement	Any Home CTH-II	Any Home CTH-II	65,000	68,180	-	-	-
SG 2019-035	Building Purchase	Any Home CTH-II	Any Home CTH-II	24,750	26,000	-	-	-
SG 2020-032	Building Purchase	That Home CTH-II	That Home CTH-II	22,180	-	22,180	22,180	-
				<u>\$ 127,280</u>	<u>\$ 108,180</u>	<u>\$ 23,530</u>	<u>\$ 22,180</u>	<u>1,350</u>
Total Amount Recorded as Due to SCDDSN								<u>1,350</u>
Amount Unrecorded as Due to SCDDSN								<u>\$ -</u>


Note: This schedule must contain all Special Grant awards received and/or expended during the fiscal year regardless of award date.

* Expended amount should include all amounts paid out of grant funds to include any items capitalized.



DDSN Executive Memo

**TO: EXECUTIVE DIRECTORS, DSN BOARDS
CEOS, CONTRACTED SERVICE PROVIDERS**

FROM: SUSAN KREH BECK, ED.S., LPES, NCSP, ASSOCIATE STATE DIRECTOR, POLICY 

DATE: MARCH 17, 2020

RE: Market Rate Case Management Issue – February 2020 Billing Report

Attached are the "Case Management Revenue by Provider" report for February 2020 and a graph entitled "Average Provider Market Rate Revenue Overtime." The reports include: (1) the average monthly revenue per waiver individuals, (2) the average revenue per non-waiver individuals (MTCM/SFCM) and (3) a total average revenue per individual. This data allows a provider to evaluate, over time, the average monthly revenue generated per individual so the appropriate number of case managers/supervisors needed based on the total number of cases served by the agency can be determined. The statewide average revenue per individual is outlined in the chart for February.

	WCM	MTCM/SFCM	TOTAL
February	\$ 106.37	\$ 74.99	\$ 101.19

Average Revenue per Individual by Category

As a reminder, a rate increase for WCM was implemented on January 1, 2020. The increase of \$0.22 for WCM with travel and \$.13 for WCM without travel is reflected in the average revenues. Overall, these rates continue to cause a 0.85 % increase in the average monthly revenue per consumer for WCM. The line graph reflecting average market rate revenue for WCM over time has been updated to reflect a data point for old and new rates so that DDSN can continue to track statewide progress

Additionally, of the individuals enrolled in the waiver on February 29th, 419 did not have a reportable note submitted during the month of February despite the WCM requirement to do so. This represents 3.48 % of the waiver individuals in the system. This is a significant decrease from last month when we had a spike in inactivity. Providers need to continue to take action to develop management monitoring and feedback systems for their case managers to meet this monthly contact requirement. Neglecting to take action to meet requirements may lead compliance issues. DDSN will continue reach out to providers who have excessive individuals who did not have a reportable note submitted to assist with identifying strategies to reduce this percentage.

DDSN is closely monitoring providers whose revenue per consumer is less than 60% of the previous monthly payment for Waiver individuals. We will continue communication with those providers to gather information and provide technical assistance.

Invoices

In addition to payment for Medicaid ineligible, there are units not paid this month that can possibly be corrected and resubmitted next month. Please see the memo sent on September 9, 2019 regarding [Invoice Report Analysis Guidance](#) for instructions to take action on the invoice issues. A review of the February 2020 invoices for Medicaid Ineligible and Not Paid are reflected in the charts below:

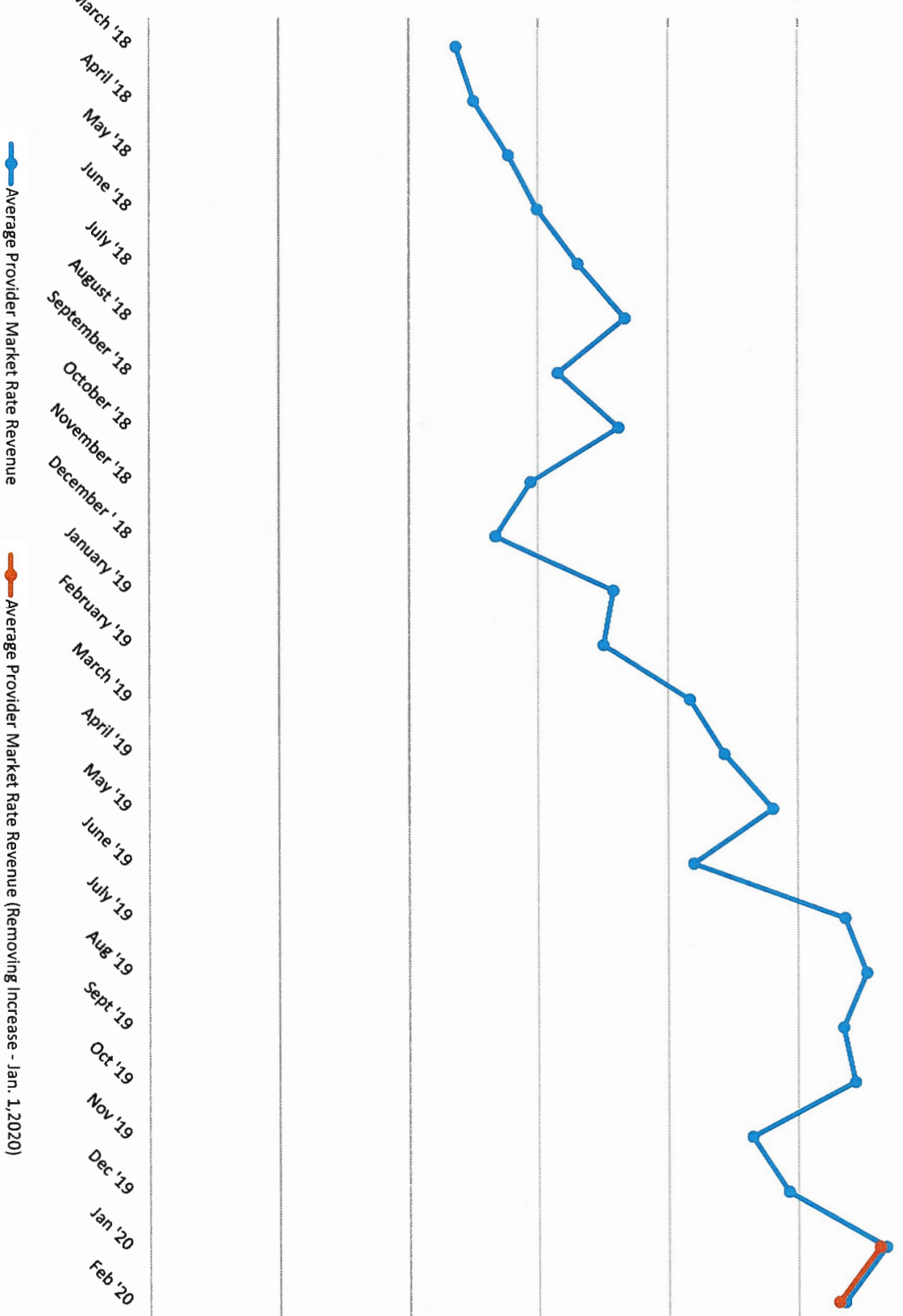
Description	WCM	MTCM
% of units that were paid but Medicaid Ineligible	0.01%	0.02%
% of units not paid due to wrong template	0.24%	7.10%
% of units not paid - other	0.03%	0.00%

If you have questions, please contact Ben Orner at borner@ddsn.sc.gov or (803) 898-3520 or Lori Manos at lmanos@ddsn.sc.gov or (803) 898-9715.

February 2020 Case Management Revenue by Provider					
Provider Name	Provider Size	Average Waiver Revenue per Waiver Individual	Average MTCM/SFCM Revenue per Individual	TOTAL Average Revenue per Individual	25% Quartiles
Provider 13	Very Small	\$ 163.19	\$ 106.92	\$ 154.98	Top Quartile \$115.56- \$154.98
Provider 10	Large	\$ 135.44	\$ 111.37	\$ 131.48	
Provider 8	Small	\$ 128.08	\$ 52.50	\$ 122.29	
Provider 16	Large	\$ 124.61	\$ 75.22	\$ 120.46	
Provider 23	Small	\$ 124.45	\$ 31.11	\$ 119.86	
Provider 3	Medium	\$ 116.08	\$ 110.00	\$ 115.56	Upper Middle Quartile \$104.14- \$114.56
Provider 34	Very Small	\$ 110.94	\$ 202.50	\$ 114.56	
Provider 11	Small	\$ 100.56	\$ 277.11	\$ 114.25	
Provider 18	Medium	\$ 115.48	\$ 101.47	\$ 113.28	
Provider 2	Very Small	\$ 140.15	\$ 43.65	\$ 112.27	
Provider 12	Small	\$ 103.87	\$ 178.75	\$ 109.86	
Provider 4	Medium	\$ 143.39	\$ 58.78	\$ 107.24	
Provider 21	Small	\$ 102.65	\$ 129.17	\$ 105.81	
Provider 31	Very Small	\$ 122.02	\$ 31.00	\$ 105.76	
Provider 1	Large	\$ 119.14	\$ 73.12	\$ 104.17	
Provider 6	Medium	\$ 109.50	\$ 52.81	\$ 102.90	Lower Middle Quartile \$84.96- \$102.90
Provider 29	Small	\$ 97.05	\$ 148.75	\$ 99.60	
Provider 20	Medium	\$ 102.91	\$ 56.18	\$ 99.47	
Provider 35	Very Small	\$ 97.95	\$ 75.00	\$ 97.28	
Provider 38	Small	\$ 102.03	\$ 6.18	\$ 96.76	
Provider 32	Small	\$ 95.58	\$ 88.80	\$ 95.05	
Provider 5	Large	\$ 113.14	\$ 65.50	\$ 94.05	
Provider 26	Very Small	\$ 90.22	\$ 136.25	\$ 92.39	
Provider 33	Small	\$ 90.14	\$ 97.92	\$ 91.71	
Provider 41	Medium	\$ 91.56	\$ 31.91	\$ 86.18	
Provider 19	Large	\$ 86.09	\$ 69.51	\$ 84.96	Bottom Quartile \$11.89 - \$84.48
Provider 46	Very Small	\$ 84.38	\$ 85.83	\$ 84.48	
Provider 15	Very Small	\$ 83.41	\$ 103.33	\$ 83.93	
Provider 42	Small	\$ 88.79	\$ 26.11	\$ 82.91	
Provider 17	Small	\$ 94.85	\$ 25.13	\$ 82.88	
Provider 25	Very Small	\$ 99.65	\$ 35.64	\$ 82.20	
Provider 7	Very Small	\$ 113.03	\$ 39.57	\$ 82.05	
Provider 39	Very Small	\$ 83.70	\$ 45.29	\$ 79.19	
Provider 14	Small	\$ 80.80	\$ 51.92	\$ 79.04	
Provider 24	Medium	\$ 70.98	\$ 120.96	\$ 77.52	
Provider 22	Large	\$ 77.40	\$ 51.37	\$ 74.31	
Provider 36	Very Small	\$ 77.32	\$ 15.00	\$ 72.66	
Provider 44	Very Small	\$ 64.72	\$ 22.50	\$ 63.24	
Provider 40	Small	\$ 64.11	\$ 38.75	\$ 62.17	
Provider 9	Very Small	\$ 77.15	\$ 19.33	\$ 61.67	
Provider 45	Very Small	\$ 54.40	\$ 85.00	\$ 55.84	
Provider 30	Very Small	\$ 51.51	\$ 48.75	\$ 51.44	
Provider 47	Very Small	\$ 30.50	\$ 8.57	\$ 11.89	
Total		\$ 106.37	\$ 74.99	\$ 101.19	

Size	Number
Large	500+
Medium	300-499
Small	150-299
Very Small	0-149

Average Provider Market Rate Revenue Over Time





SOUTH CAROLINA DEPARTMENT OF
Disabilities and Special Needs

Waiver Case Management

Presented to the DSN Commission

March 19, 2020



Waiver Case Management (WCM) Service Implementation

- DDSN continues to provide technical assistance with WCM and the invoicing process as well as correction of errors.
- DDSN continues to have conversations with providers who are consistently below the previous 60 % prospective payment. Program as well as Fiscal staff are actively engaging, analyzing data and offering assistance as these providers continue to evaluate their programs.



Revenue Analysis – February 2020

Statewide Average Revenue Per Individual by Category			
	WCM	MTCM/SFCM	TOTAL
February	\$ 106.37	\$ 74.99	\$ 101.19

- Rate Increase was implemented for WCM on 1/1/20.
- Overall, these rates continue to cause a 0.85 % increase in average monthly revenue per person for WCM.



Revenue Analysis – February 2020

- Billing errors and Medicaid ineligibles continue to be minimal
- 419 consumers who were enrolled in the waiver did not have reportable notes during the month of February 2020. This represents 3.48 % of the waiver individuals in the system.
 - This number is a dramatic decrease from the number we saw in January 2020 (8.24 %).



Challenges during COVID-19

- Reduction in face-to-face visits will result in providers being unable to bill the higher rate for WCM with travel.
- Compliance issues are being addressed using existing policy as well as consultation with SCDHHS on federal approval for relaxation of requirements.



Provider Terminations

- 3 providers have terminated CM contracts, the last one effective 8/31/19.
- All cases were successfully transitioned to new providers.
- While we have no new terminations, we have been in contact with providers who intend to make case management decisions in the next few months.
- The implementation of Conflict Free Case Management will impact providers' decisions related to the provision of case management.



FY 19/20 Legislative Authorized & Spending Plan Budget VS Actual Expenditures (as of 2/29/2020)

Percent Expended - Target %

Funded Program - Bud	Original Budget	Adjustments	Adjusted Budget	YTD Actual Expense	Remaining Budget	66.67%
ADMINISTRATION	\$ 8,256,999	\$ 183,500	\$ 8,440,499	\$ 4,402,601	\$ 4,037,898	52.16%
PREVENTION PROGRAM	\$ 657,098	\$ -	\$ 657,098	\$ 12,500	\$ 644,598	1.90%
GREENWOOD GENETIC CENTER	\$ 15,185,571	\$ -	\$ 15,185,571	\$ 8,150,920	\$ 7,034,651	53.68%
CHILDREN'S SERVICES	\$ 24,889,594	\$ (220,400)	\$ 24,669,194	\$ 6,789,111	\$ 17,880,083	27.52%
IN-HOME FAMILY SUPP	\$ 91,285,431	\$ (805,413)	\$ 90,480,018	\$ 37,215,998	\$ 53,264,020	41.13%
ADULT DEV&SUPP EMPLO	\$ 83,355,338	\$ 3,600	\$ 83,358,938	\$ 60,093,415	\$ 23,265,523	72.09%
SERVICE COORDINATION	\$ 22,656,140	\$ 11,800	\$ 22,667,940	\$ 9,487,462	\$ 13,180,478	41.85%
AUTISM SUPP PRG	\$ 26,355,826	\$ 13,400	\$ 26,369,226	\$ 7,970,960	\$ 18,398,266	30.23%
HD&SPINL CRD INJ COM	\$ 5,040,532	\$ -	\$ 5,040,532	\$ 3,646,691	\$ 1,393,841	72.35%
REG CTR RESIDENT PGM	\$ 89,945,948	\$ 2,524,018	\$ 92,469,966	\$ 52,045,003	\$ 40,424,963	56.28%
HD&SPIN CRD INJ FAM	\$ 29,296,050	\$ 5,000	\$ 29,301,050	\$ 12,355,040	\$ 16,946,010	42.17%
AUTISM COMM RES PRO	\$ 29,739,084	\$ 25,000	\$ 29,764,084	\$ 10,786,673	\$ 18,977,411	36.24%
INTELL DISA COMM RES	\$ 335,315,273	\$ 6,065,907	\$ 341,381,180	\$ 249,700,022	\$ 91,681,158	73.14%
STATEWIDE CF APPRO		\$ -	\$ -		\$ -	
STATEWIDE PAY PLAN		\$ -	\$ -		\$ -	
STATE EMPLOYER CONTR	\$ 35,392,850	\$ 1,135,443	\$ 36,528,293	\$ 20,363,661	\$ 16,164,632	55.75%
SC GENOMIC MED-TGEM		\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ -	100.00%
Legislative Authorized Total	\$ 797,371,734	\$ 10,941,855	\$ 808,313,589	\$ 485,020,057	\$ 323,293,532	60.00%
Legislative authorization capacity above actual spending plan budget			\$ (37,483,346)			
DDSN spending plan budget			\$ 770,830,243	\$ 485,020,057	\$ 285,810,186	62.92%
Percent of total spending plan budget			100.00%	62.92%	37.08%	
% of FY completed (expenditures) & % of FY remaining (available funds)			100.00%	66.67%	33.33%	REASONABLE
Difference			0.00%	-3.74%	3.74%	

Carry Forward + Cash Flow Analysis Indicates Sufficient Cash to Meet FY 20 Estimated Expenditure Commitments: YES X ; At-Risk ; NO

Expenditures categorized to provide insight into direct service consumers costs vs. non-direct service costs:

Expenditure	FY 19 - % of total	FY 18 - % of total
Central Office Admin & Program	2.35%	2.37%
Indirect Delivery System Costs	1.22%	1.56%
Board & QPL Capital	0.07%	0.14%
Greenwood Autism Research	0.03%	0.03%
Direct Service to Consumers	96.33%	95.90%
Total	100.00%	100.00%

NOTE: Prior FY data will be calculated and presented to provide assurance as to the consistent pattern of direct service & non-direct service expenditures and explanation for increases/decreases

FUNDED PROGRAMS	FUNDED PROGRAM NAMES
0100.000000.000	Administration Operational & Personal Services Expenditures of Administration Departments
4000.050100.000	Prevention Prevention Awareness Grants Possible GGC Contracts Over & Above the Special Item Funded Program
4000.050500X000	Prevention-Special Item - Greenwood Genetic Center Contracts for Research and Development, and Counseling
4000.100501.000	Children's Services Child Day Care Centers in Anderson and Charleston Early Intervention Summer Services
4000.101000.000	In-Home Family Support ID/RD & Community Support Waiver Services Respite Services
4000.101500.000	Adult Development Program Services to include Adult Day, Supported Employment, Rehab Support
4000.102000.000	Service Coordination Service Coordination Planning for all consumers
4003.250000.000	Intellectual Disability Comm. Residential Residential Expenditures for Community Training Homes, Intermediate Care Facilities Evaluation and Planning Services
4000.150500.000	Autism Family Support Program Services to include Adult Day, Supported Employment, Family Respite Evaluation and Planning Services Rehab Service Coordination
4002.300000.000	Autism Comm. Residential Residential Expenditures for Community Training Homes
4002.200000.000	Head & Spinal Cord Family Support Program Services to include Post Acute Rehab for HSC/TBI, Adult Day, Supported Employment
4001.350000.000	Head & Spinal Cord Comm. Residential Residential Expenditures for Community Training Homes
4001.400000.000	Regional Centers Operational & Personal Services Expenditures of Daily Regional Center Functions
9500.050000.000	Employee Benefits Personal Services Expenditures of Administration Departments, Residential, and Regional Centers
9814.190000X000	SC Genomic Medicine - TGEM Greenwood Genetic Center Genomic Medicine



SOUTH CAROLINA DEPARTMENT OF
Disabilities and Special Needs

Situation Report – The Impact of the Coronavirus 19 on the DDSN Delivery System

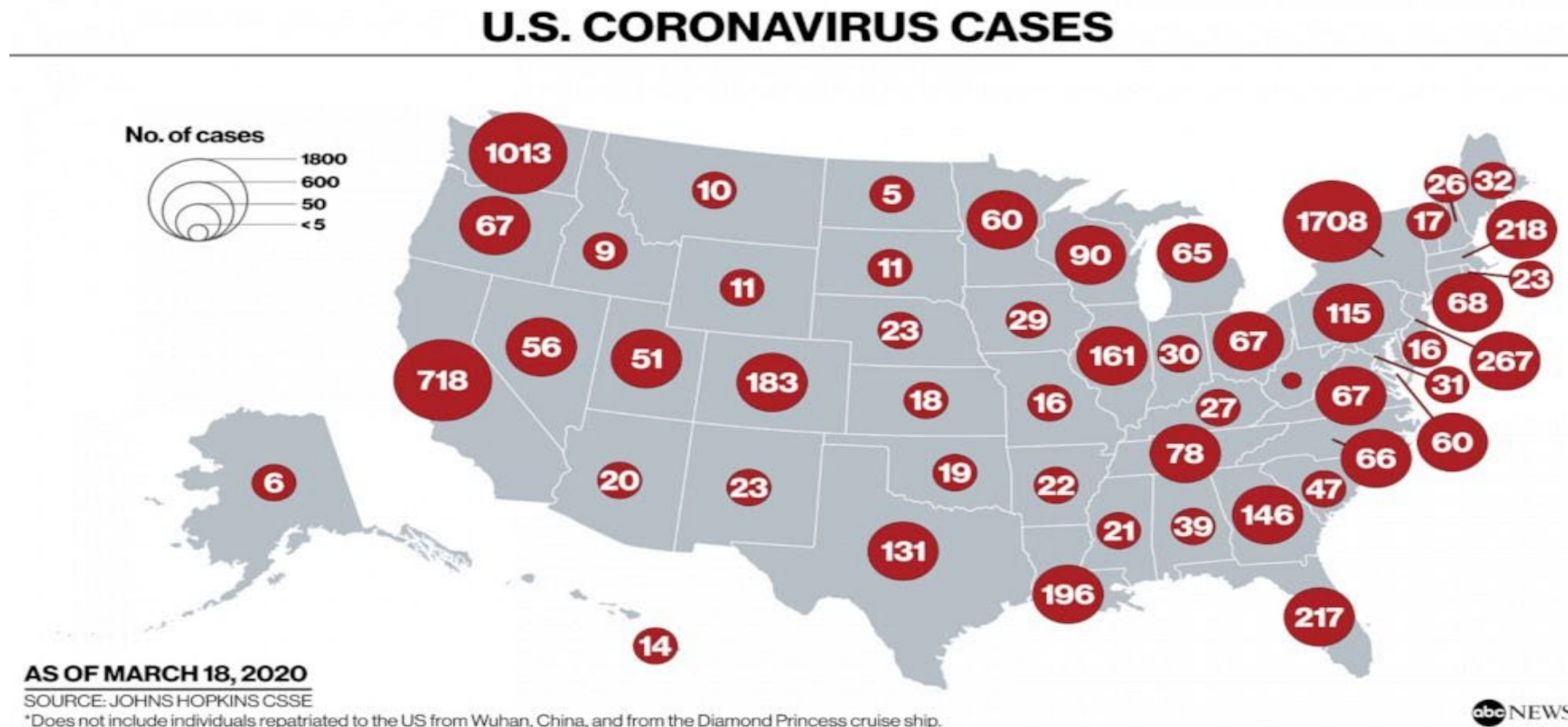
Presented to the DSN Commission

March 19, 2020



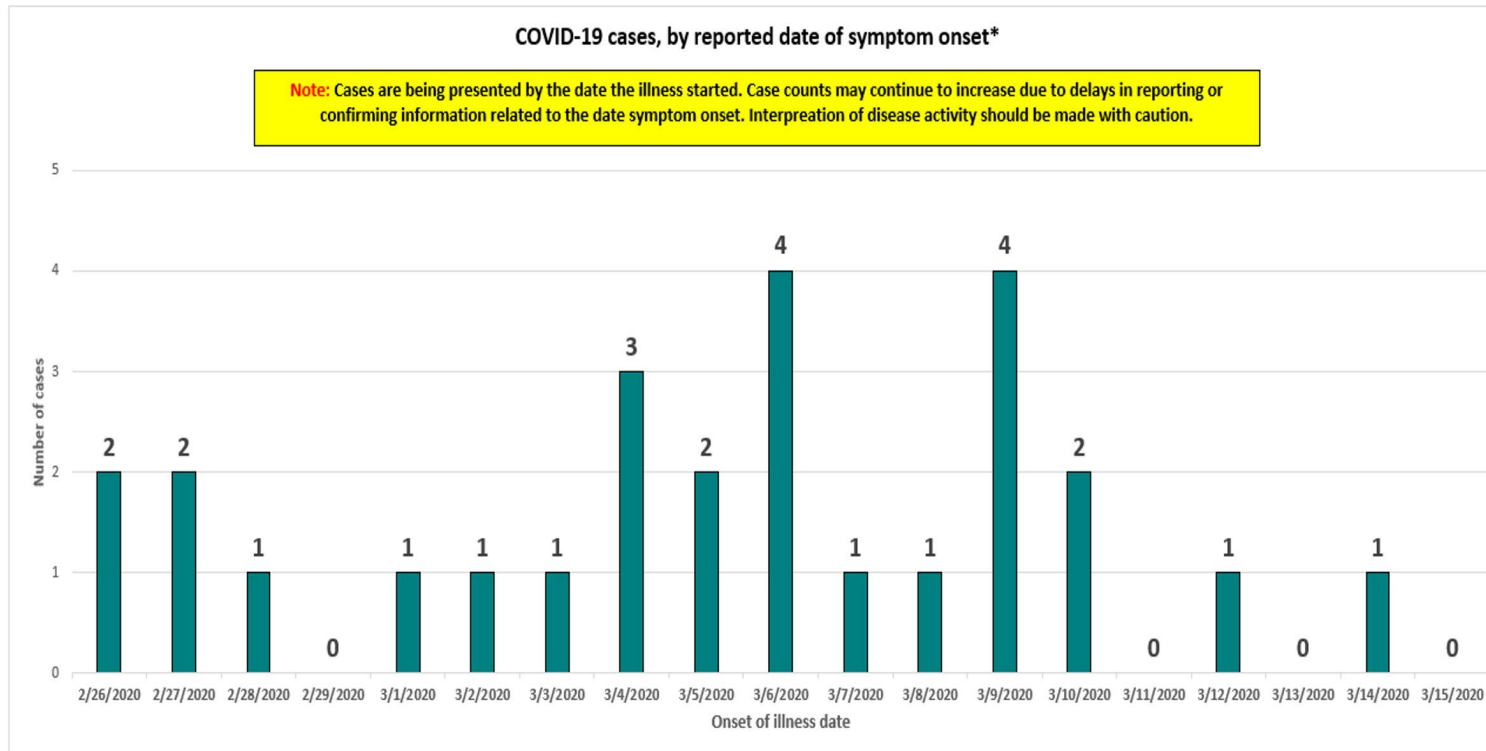
The Impact of the Coronavirus 19 on the DDSN Delivery System

1st US Case of COVID-19 on January 19th; 6510 Cases on March 18th (59 Days)



The Impact of the Coronavirus 19 on the DDSN Delivery System

1st SC Case of COVID-19 on February 26th; 47 Cases on March 16th (19 Days)



* All data are provisional. Data as of 11:49pm 03/16/2020. Symptom onset date are currently under investigation for cases not represented in the above graphic.

COVID-19 Epi Profile, Feb 26 – March 16, 2020

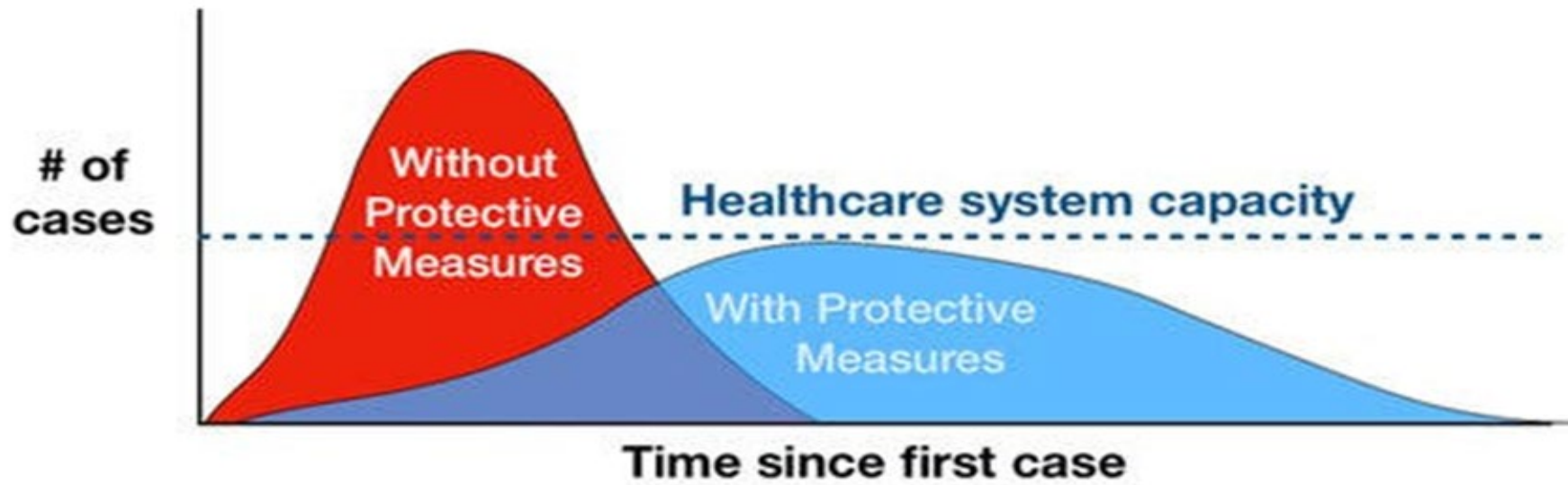
Region	County	Cases	Percent of total reported cases	Rate/100k pop
Lowcountry	Beaufort	4	9%	2.1
Lowcountry	Calhoun	1	2%	6.9
Lowcountry	Charleston	3	6%	0.7
Midlands	Fairfield	1	2%	4.5
Midlands	Kershaw	22	47%	33.5
Midlands	Lancaster	2	4%	2.1
Midlands	Lexington	3	6%	1.0
Midlands	Richland	1	2%	0.2
Midlands	York	1	2%	0.4
Pee Dee	Horry	4	9%	1.2
Upstate	Anderson	2	4%	1.0
Upstate	Greenville	2	4%	0.4
Upstate	Spartanburg	1	2%	0.3
Total		47	100%	0.9

* All data are provisional. Data as of 11:49pm 03/16/2020.

Total SC Cases on 3/19 is 60; up from 47 on 3/16.

The Impact of the Coronavirus 19 on the DDSN Delivery System

“Flattening the Curve”



Adapted from CDC / The Economist



The Impact of the Coronavirus 19 on the DDSN Delivery System

On Friday, March 13, 2020, Governor McMaster issued an Executive Order:

- declared a State of Emergency;
- directed visitation restrictions for nursing homes and assisted living facilities;
- ordered the closure of all public schools in Kershaw and Lancaster counties for 14 days; and
- and state government would remain open.

On Sunday, March 15, 2020, Governor McMaster issues an Executive Order:

- ordered the closure of all public schools in the State; and
- urged public gatherings be cancelled or limited so as not to exceed one hundred (100) people.

On Tuesday, March 17, 2020, Governor McMaster issued an Executive Order:

- ordered all restaurants to suspend on-premises dining; and
- suspended public gatherings of 50 or more people in state facilities.



The Impact of the Coronavirus 19 on the DDSN Delivery System

- On February 28th, DDSN emailed providers links to the CDC website pertaining to COVID-19.
- On March 4th, DDSN initiated internal COVID-19 preparedness meetings, to include assessing inventory of Personal Protective Equipment (PPE), medical supplies, food/liquid nutrition, and other supplies.
- On March 10th, informed parents/guardians with love ones in our care regarding COVID-19 preparedness efforts and deployed a visitor health & well being screening tool prior to entering facilities.
- On March 11th, engaged DHHS and DDSN staff to research what can be gained from the submission of an “Appendix K.” On March 13th, completed 1st DRAFT of Waiver Appendix K, which requests CMS relief by relaxing waiver system requirements during an emergency and possible financial contingencies, was given to DHHS staff and Director in a face to face meeting. Not all ideas were accepted at that time.
- On March 13th, began sending daily situation reports to providers and DDSN staff. [***date of 1st Executive Order***]
- On March 15th, DDSN initiated the Emergency Operations Center. [***date of 2nd Executive Order***]
- On March 15th, DDSN requested any SCDDSN licensed day program with a 100 or more individuals be closed. Providers with less than 100 individuals could make their own determination, but make those decisions with the health and welfare of their program participants and workforce in mind.



The Impact of the Coronavirus 19 on the DDSN Delivery System

- On March 16th, DDSN authorized 17 Central Office staff to telecommute due to existing health conditions placing them at greater risk for COVID-19 complications.
- On March 16th, DDSN notified the residential provider network CRCFs (395 beds) fall under the Governor's executive order restricting visitations to assisted living facilities.
- On March 16th, DDSN notified the residential provider network DHEC recommended their licensed ICFs-IID follow the executive order restricting visitations. On Wednesday, March 16th, DDSN change from a recommendation to a requirement for its ICFS-IDD to follow the executive order restricting visitations to nursing homes.
- On March 16th, DDSN implemented a Central Office telecommuting plan designed to maintain operations and contingencies to support Regional Centers if needed, yet maximizing "social distancing" to reduce the COVID-19 threat.
- On March 16th, held a SKYPE meeting open to all Providers with 170 participants. At this time, the guidance from the CDC said to keep meeting sizes below 50, informed the provider community that even the smaller day programs should be closed. This was made official by the Governor on March 17th.
- On March 18th, implemented a telecommute plan for Central Office. [***morning after 3rd Executive Order***]
- On March 18th, letters mailed to parents/legal representatives/family members with loved ones in our Regional Centers restricting visitation and our efforts to promote contact using technology (i.e., FaceTime, SKYPE) and telephonically.



The Impact of the Coronavirus 19 on the DDSN Delivery System

Financial Impact

- Reduced Day Program Billable Units
- Fee for Service EI & CM Providers Reduced Billable Units
- Other Fee for Service Providers Reduced Billable Units
- Waiver - Appendix K Relief; requests CMS relief by relaxing waiver system requirements during an emergency and possible financial contingencies



The Impact of the Coronavirus 19 on the DDSN Delivery System

Major Risk

Loss of front-line Direct Support Professionals
in Regional Centers & Community Residential
Settings due to infection or self-quarantine.



The Impact of the Coronavirus 19 on the DDSN Delivery System

Any Questions?



Director's Report March 19, 2020

1. **Tracking 5 cases in the community and 1 here - they are not diagnosed as COVID-19 but they are folks who bumped into someone who is under a watch for the virus - but they themselves have not tested positive. We have one staff at a community provider that has tested positive for COVID-19 and is in the hospital.**

2. **Reginal Center**
 - a. Going well so far – I want to say thank you to the staff who are showing up every day and supporting the individuals residing in the centers
 - b. We had been doing screening of visitors but just sent out a visitor restricting letter to families. We are working on securing I pads so families can face time with their loved ones.
 - c. No reported infections of COVID-19

3. **Provider**
 - a. Boards are getting the band payment so they do not lose funding if the day programs are closed. We have a few small private providers of day programs we need to look at.
 - b. CM - can provide their contacts telephonically and bill accordingly. They can only bill for travel when they actually travel. Contacts can continue to be made and they can be billed for.
 - c. Early Intervention Services is my biggest concern at this point in time since it is an in-home service. We are working very closely with HHS to try and develop a service that can be billed and be conducted via a HIPPA compliant video conferencing platform.
 - d. Providers do not have this platform and it will cost approximately \$25,000 a month for 1,200 users. If we are allowed to provide the service that we should look at purchasing on a month to month basis. We are not there yet and I am looking for alternate funding - that is why it is not a motion at this time.

4. **Central Office -**
 - a. We met with staff on Monday to discuss telecommuting for those who are in a category where contracting the virus puts them at a higher risk for complications.
 - b. After the Governor's press conference on the 17th, we began working on a plan to expand on the telecommuting protocols to lessen our physical footprint in the office.

5. **We are now looking at a what our rhythm will be moving forward**
 - a. A quick executive briefing in the morning
 - b. The establishment of a daily to do list
 - c. Provider Network Communication
 - i. Phone calls at a minimum weekly - more often if situation changes occur
 - ii. Situational Reports (written) at a minimum every other day - they may alternate with Q&A on the alternate days
 - iii. Please remember that all of this is still very fluid.
 - d. Commissioner Communication - we are going to send the situational reports -

unless there is something additional that needs to be sent.

- e. Internal Communication -
 - i. daily briefing
 - ii. ad hoc as needed meetings
 - iii. enterprise wide skype meeting next week and every other week after that
 - f. I am on national calls at least twice a week.
6. New members- 2 new members of this commission have been sent to the Senate Medical Affairs Committee for hearings, but we got stopped by a pandemic

I need to say that we must realize that this situation is fluid and changes hour by hour. What we have to say today, very well may change tomorrow.

We have been working very closely with HHS on the Appendix K to provide regulatory relief and increase access to services while we are in this situation.

We will never make every one 100% happy because in times of crisis change is inevitable.

DHHS is issuing bulletins in a prioritized order:

1. They have issued a bulletin on the maintenance of medications, remote monitoring and social distancing
2. The next bulletin will focus on telemedicine for physicians and psychologists
3. The next will be pertain to those in our service delivery system:
 - a. Appendix K
 - b. EI
 - c. IDEA services

We must remember that this is a statewide Appendix K and deals with all the state's waivers not just DDSN

We will get a draft prior to it being sent into CMS - approvals are being done quickly

In the meantime, the boards need to be providing day program services - they can choose to do this in many ways - they can use dayprogram staff in the homes - which they are probably doing anyway or...Just be sure to document in Therap the day program training that is occurring - continue to monitor goals write progress notes etc.

Guidance will be coming out with regards to electronic and verbal signatures.

We are putting all resources online

Information providing links to the State Library on COVID-19 went out to the provider network