



State of Connecticut
Department of Developmental Services

DDS

M. Jodi Rell
Governor

Peter H. O'Meara
Commissioner

Operations Center
Memo 2010-02

Kathryn du Pree
Deputy Commissioner

TO: Private Providers of Residential and Day Services

FROM: Peter Mason, Operations Manager

CC: Peter O'Meara, Commissioner, Kathryn duPree, Deputy Commissioner, Regional Directors, Assistant Regional Directors, Resource Administrators, Joe Drexler, Vince O'Connell, CCPA, CAN, ARC/CT

DATE: August 14, 2009

SUBJECT: 2009 Annual Report of Residential and Day Services Software and User's Guide

Annual Report for Residential and Day Services Requirements:

An agency with a Purchase of Service contract that exceeds \$100,000 is required to file the 2009 Annual Report of Residential and Day Services for the fiscal year ended June 30, 2009. The report must be filed no later than 4:00 p.m. on October 15, 2009 to the office of:

Craig J. Lubitski Consulting, LLC
Founders Plaza
225 Pitkin Street
East Hartford, Connecticut 06108

- For-Profit providers are required to submit an Annual Report that has been audited.
- Non-profit providers are required to submit the Reconciliation of Financial Statements to Annual Report of Residential and Day Services. The Reconciliation of Financial Statements to Annual Report of Residential and Day Services form is included in the 2009 Annual Report software. The reconciliation assures the State of Connecticut that the expenses reported in the Annual Report are based on the audited costs reported in the Financial Statements.
- If the Annual Report is filed late, Regulation Sec. 17-313b-4 notes that for each day that the ACOR (Annual Report of Residential and Day Services) is not filed, a penalty shall be assessed. The Commissioner may approve a request for an extension to the filing date only if he deems that extraordinary circumstances will prevent the timely filing of the Cost Report. The request for an extension should be sent to the attention of Commissioner O'Meara in writing and prior to October 15, 2009. DDS will make every effort to review all extension requests in a

timely manner but makes no assurance that a request will be reviewed before the submission deadline. It is recommended that the request be submitted as soon as the extraordinary circumstances are identified.

Financial Audit Requirements

- Providers are required to submit Audited Financial Statements along with a management letter and audit recommendations to the Operations Center at DDS Central Office no later than December 31, 2009.
- Non-profit corporations with a total financial reimbursement in excess of \$100,000 by a fiscal intermediary or through a purchase of service contract for supports authorized by the Department of Developmental Services with an annual Purchase of Service contract are subject to the Single Audit Act. The State Single Audit Reports are due to the Office of Policy and Management (OPM), who is the cognizant agency for DDS. A copy must be submitted to the Operations Center at DDS Central Office by December 31, 2009 for the fiscal year ended June 30, 2009, unless an exemption or extension was granted by OPM.

Items of Note for the FY2009 Annual Report for Residential and Day Services

- The depreciation schedules, fair rent and rates included on the CD are subject to change based on the final review and issuance of 2009 – 2010 rates by DSS.
- For purposes of reporting the Heating Assistance Grant to DDS and DSS, the entire expense associated with heat should be included in the appropriate line on the cost report for each cost center. For reporting the Heating Assistance Grant for DDS programs, the amount of heating assistance used for the cost center should be reported as offsetting revenue. The amount of heating assistance distributed to a cost center should not exceed the heating costs. The provider must have a documented reasonable basis for the allocation of heating costs that are part of rental costs or electricity bills. The revenue should be reported under Grant Revenue. For reporting the Heating Assistance Grant for DSS programs, the only reporting requirement is to include the amount of heating assistance revenue used to offset Room and Board expenses as Room and Board for Community Living Arrangements on the Revenue Page.

The table below lists the appropriate lines for reporting the revenue.

Heating Assistance Grant for DDS programs	
Report	Offsetting Revenue Line in FY 09 Report
Heating Assistance for Day Services Cost Centers	Page 22 - #14 Less Operating and Non-Operating Revenue
Heating Assistance for SL Services Cost Centers	Page 18 - #13 Less Other Operating and Non-Operating Revenue
Heating Assistance for CTH Cost Centers	Page 20 - #13 Less Other Operating and Non-Operating Revenue
Heating Assistance for Fee for Service Cost Centers	Page 24 - #8 Less Operating and Non-Operating Revenue
Heating Assistance for ICF and B-3	Page 23 - #9 Less Operating and Non-Operating Revenue
Heating Assistance for Administrative & General	Page 14 - #7 Other Operating and Non-Operating Revenue (Expense Recoveries that are directly related to this cost center.)
Statement of Revenue	Page 28 - #2a Grant Revenues

Heating Assistance Grant for DDS programs	
Report	Offsetting Revenue Line in FY 09 Report
Statement of Revenue	Page 28 - #1k Room and Board for Community Living Arrangements

- For reporting purposes only, a new category has been added for Start-Up expenses for opening a new Community Living Arrangement. On the CLA Summary Page (Page 16), all expenses associated with start-up should be reported under Start-Up Costs for Opening a New CLA (Line 7d #2). This number will automatically be offset as an unallowable expense (Line 12b) since start-up has a separate cost settlement process. The Start-Up revenue received from DDS should be reported as Start-Up Funding for Opening Up a New CLA (Page 28 Summary of Revenue Line 1.f).
- Room and Board for Children (Page 28 Summary of Revenue Line 1.L) has been added for those providers being reimbursed for Room and Board costs for individuals under the age of 18 years old.
- PA No. 07-238, Sec. 7 (Exec. Director Salary Cap) was signed by the Governor on July 11, 2007. The Public Act increases the maximum reimbursable amount for the salary of the Executive Director to \$ 100,000.00 effective for fiscal year 2008 and may be indexed with future Cost of Living Allowances. The salary cap for the FY2009 is \$ 100,000.00.
- Related Party Disclosure: The provider shall comply with the related party disclosure and reporting requirements established by the department. "Related Parties" means persons or organizations related through marriage, ability to control, ownership, family or business association. Past exercise or influence or control need not be shown, only the potential or ability to directly or indirectly exercise influence or control. Whenever costs are incurred between related parties, allowable costs shall be defined as and limited to the cost to the related party. The related party principle applies to any transaction between a provider and a related party, including but not limited to one time or multiple transactions involving services or supplies and one time sales or lease of the facility itself. Related party transactions must be identified as such in the Annual Report or the Attachment D and the unallowable portion excluded in the appropriate section of the cost report. All Related Party transactions must be approved by the DDS Ethic Committee on a yearly basis. Transactions over \$ 2,500.00 must receive approval from the Ethics Committee before the cost is incurred.