



State of Connecticut
Department of Developmental Services

DDS

M. Jodi Rell
Governor

Peter H. O'Meara
Commissioner

Kathryn du Pree
Deputy Commissioner

Operations Center Memo 11-02

TO: Private Providers of Residential, Day and Clinical Services

FROM: Peter Mason, Operations Manager

CC: Peter O'Meara, Commissioner, Kathryn du Pree, Deputy Commissioner, Vincent O'Connell, Fritz Gorst, John Houchin, Mary McKay, Joseph Drexler, Assistant Regional Directors, Resource Administrators, CCPA, CT Nonprofits, ARC/CT

DATE: August 10, 2010

SUBJECT: FY2010 Financial Reporting Requirements

All residential, day and/or clinical support providers that expended financial assistance from the Department of Developmental Services (DDS) and/or other state agencies equal to or in excess of one hundred thousand dollars (\$100,000) during the 2010 fiscal year are subject to financial reporting requirements. The following is a guideline on which reports must be completed and the timeline for submission.

Financial Audit Requirements

Providers with a total financial reimbursement in excess of \$100,000 by a fiscal intermediary and/or through a purchase of service contract for supports authorized by the Department of Developmental Services are required to submit by December 31, 2010 a financial audit for the fiscal year 7/1/2009-6/30/2010.

- Non-Profit providers with a total financial reimbursement in excess of \$300,000 by a fiscal intermediary, a purchase of service contract for supports authorized by the Department of Developmental Services and/or all other revenue funded by state agencies shall submit a single audit for the fiscal year in accordance with the State Single Audit Act (Sections 4-230 through 4-236 of the Connecticut General Statutes). 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, 2010 for the fiscal year ended June 30, 2010, unless an exemption or extension was granted by OPM.
- For-Profit providers must submit a financial audit for the fiscal year 7/1/2009-6/30/2010 along with a management letter and audit recommendations. The audit must be submitted to the Operations Center at DDS Central Office by December 31, 2010.

Annual Report Requirements for Agencies with a Purchase of Service Contract that Exceeds \$100,000

Providers with a Purchase of Service contract that exceeds \$100,000 are required to file the 2010 Annual Report of Residential and Day Services for the fiscal year ended June 30, 2010. The report must be filed no later than 4:00 p.m. on October 15, 2010 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 a 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 is included in the 2010 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. The reconciliation must be submitted to the Operations Center at DDS Central Office no later than December 31, 2010.
- 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 prior to October 15, 2010. It is recommended that the request be submitted as soon as the extraordinary circumstances are identified.

Financial Reporting Requirements For Agencies with a Purchase of Service Contract under \$100,000

An agency with a Purchase of Service contract less than \$100,000 is required to file an Attachment D Report (End of Year Expense Report) to the Regional Office no later than September 30, 2010.

Financial Reporting Requirements For Agencies with a Total Financial Reimbursement of Less Than \$100,000 by a Fiscal Intermediary

None.

Executive Director Maximum Salary Reimbursement

PA No. 07-238, Sec. 7 (Exec. Director Salary Cap) was signed by the Governor on July 11, 2007. The FY2010 maximum allowable salary reimbursement by DDS for the executive director of an agency is \$100,000.

Related Party Disclosure

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 Ethics Committee on a yearly basis. Transactions over \$2,500 must receive approval from the Ethics Committee before the cost is incurred.