



State of Connecticut
Department of Developmental Services



M. Jodi Rell
Governor

Peter H. O'Meara
Commissioner

Operations Center
Memo 2009-02

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 11, 2008

SUBJECT: 2008 Annual Report of Residential and Day Services Software and User's Guide

All providers with a Purchase of Service Contract for residential and/or day supports with the Department of Developmental Services are required to submit a financial report. The following is a guideline on which reports must be completed and the timeline for submission.

An agency with an annual master contract that exceeds \$100,000.00 is required to file the 2008 Annual Report of Residential and Day Services (Cost Report) for the fiscal year ended June 30, 2008. Additionally, the Cost Report for a for-profit organization is required to be audited. The report must be filed no later than 4:00 p.m. on October 15, 2008 to the office of:

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

- 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, 2008. It is recommended that the request be submitted as soon as the extraordinary circumstances are identified.
- An agency with an annual master contract less than \$100,000.00 is required to file an Attachment D Report (End of Year Expense Report) to the Regional Office no later than September 30, 2008.

- All providers are required to submit Audited Financial Statements along with a management letter, audit recommendations and 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 is included in the 2008 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. Submit these to the Operations Center at DDS Central Office no later than December 31, 2008.
- Non-profit corporations with an annual master contract exceeding \$100,000.00 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, 2008 for the fiscal year ended June 30, 2008, unless an exemption or extension was granted by OPM.
- 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 FY2008 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.

In an effort to more clearly identify the direct costs associated with DDS programs and the utilization of services, a number of minor changes have been made to the Annual Report. These include a revised definition of Full Time Equivalents (FTE's), more descriptive titles for contract openings, an added column to adjust the number of openings due to an increase or decrease during the fiscal year that will more accurately determine the utilization of services, and revised definitions of staffing positions and under which category in the report each should be listed. The Department retained as an option for providers to either use the Fee for Service cost center or to allocate costs associated with the Fee for Service program within other DDS funded programs with a revenue offset. Please refer to the Aid for Preparing the 2008 Annual Report included in the 2008 Annual Report software for more information.