



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 – 2009-03**

October 20, 2008

To: All Qualified Providers

From: Joe Drexler, Director, Operations Center

CC: Peter O'Meara, Commissioner, Kathryn du Pree, Deputy Commissioner, Jim Welsh, Director of Legal and Government Affairs, Kristin Pender, Audit Services Director, Regional Directors, Assistant Regional Directors, Resource Administrators, Resource Manager, CCPA, CAN, ARC/CT

Re: New Auditing Requirements For Fee For Service Providers

The Department of Developmental Services (DDS) developed a Fee for Service reimbursement system in 2005 to enable consumers and/or their family to self-direct the funding assigned to them based on their individual level of need. Rates were established to either individually hire staff or to contract with provider based supports. Billing and payment services are handled through a Fiscal Intermediary.

After careful review and discussions, it has been determined that there is a direct relationship between providers, the fiscal intermediaries and the State under the Fee for Service reimbursement system. Since DDS is ultimately responsible for overseeing provider spending of state money in a legal and appropriate manner, this direct relationship mandates that all qualified providers must submit audited financial statements, conform to the requirements of the State Single Audit Act (Sections 4-230 through 4-236 of the Connecticut General Statutes) and adhere to the Office of Policy and Management Cost Standards. A copy of the standards can be found at [http://www.ct.gov/opm/cwp/view.asp?a=2981&Q=382994&opmNav\\_GID=1806](http://www.ct.gov/opm/cwp/view.asp?a=2981&Q=382994&opmNav_GID=1806).

The State Single Audit Act states: "Pursuant to Sections 4-230 through 4-236 of the Connecticut General Statutes, each municipality, audited agency, tourism district and not-for-profit organization that expends state financial assistance equal to or in excess of one hundred thousand dollars in any fiscal year of the entity, shall have a single audit made for such fiscal year in accordance with the provisions of the above-referenced General Statutes. If total state financial assistance expended for

the fiscal year is for a single state program, a program-specific audit may be conducted in lieu of a single audit.”

Effective for the 2009 fiscal year, all providers who receive more than \$ 100,000 in total funding from all state agencies including DDS will be required to submit by December 31<sup>st</sup> of each year audited financial statements and adhere to the Office of Policy and Management Cost Standards. In addition, all non-profit organizations who receive more than \$ 100,000 must comply with the State Single Audit Act and submit a Single Audit Compliance Supplement.

Any questions regarding this new requirement can be directed to Peter Mason at [peter.mason@ct.gov](mailto:peter.mason@ct.gov).

Sincerely,

Joseph W. Drexler  
Director of the Operations Center