



State of Connecticut
Department of Developmental Services

DDS

Ned Lamont
Governor

Jordan A. Scheff
Commissioner

Peter Mason
Deputy Commissioner

DDS PROVIDER FISCAL REPORTING GUIDANCE
August 2021

DDS agency providers are required to submit applicable financial reports for any expenditure of state-awarded funds. For provider agencies that received more than \$300,000 in state funds this includes:

- Annual report of Residential and Day Services
- Cost report and performance reporting
- Audited Financial Statements
- Management Letter
- Auditors Opinion letter

The following is a supplement to DDS Provider Fiscal Reporting outlined in the POS Contract and referenced in the DDS Website/Provider Gateway. The guidance focuses on State Single Audits (SSA); Audited Financial Statements; Management Letters; and Auditors Opinion Letter.

NON-PROFIT AGENCIES

Non-profit agencies are subject to the federal/state single audit standards. An SSA must be filed with the Office of Policy and Management (OPM) on an annual basis through the Electronic Audit Report System (EARs). The SSA is due 6 months after the provider's fiscal year-end.

SSA filing extensions **must be** approved by OPM.

The SSA includes reporting the Schedule of State Financial Assistance for all programs. State agencies are responsible for ensuring that grants are properly reported. This is accomplished by verifying reported SSA grants to DDS records.

Grant expenditures are the funds received by each provider agency. Challenges with SSA grant expenditure reporting include the DDS cost settlement process and a variety of revenue classifications.

SSA Grant Expenditure Reporting

There are two options for grant expenditure reporting:

- Program Revenue as reported on DDS Payment Letters; or
- Actual Expenditures (Program Costs) as reported on Annual Report Program Tabs

Program Revenue: Adjustments **may be** made for estimated cost settlement. Cost settlement amounts should be referenced in the notes to financial statements.

Actual Expenditures (Program Cost): Use this option for net operating **surpluses only**. Program Revenue reporting must be used for net operating losses.

Adjustments **should not** be made for timing differences when services are provided in one fiscal year and paid in the next.

Program Revenue or Actual Expenditures **must be** reported for a 12-month period.

Fiscal Intermediary (FI)

FI revenue received **should not** be included in the grant expenditure as the provider did not receive state funds directly from DDS.

Start-Up

Start-up revenue **should** be included in residential program for grant expenditures. Adjustments **may** be made for unspent startup provided amounts are referenced in the notes to the schedule of state financial assistance.

Fundraising

Fundraising revenue **should not** be included in grant expenditures.

Revised Payment Letters

Unless there are material or significant changes to payment letters, it is **not necessary** to change grant expenditures if the SSA had already been submitted to OPM.

Annual Reconciliations **NEW**

Starting with FY21, provider agencies will be required to prepare a reconciliation of SSA grant expenditures to DDS records. The DDS form **must be** forwarded to DDS Operations via upload to Meyers & Stauffer when the SSA is due to OPM.

FOR PROFIT AGENCIES

For profit agencies are not subject to the federal/state single audit standards. They are required to submit an Annual Report, certified by an independent public accountant and prepared in accordance with generally accepted accounting principles and audited in accordance with generally accepted auditing standards. Audited financial statements and management letters and auditor opinions must also be submitted to DDS. Financial statements are due six months after the provider's fiscal year end.

Financial Statement filing extensions **must be** approved by DDS Operations.

Annual Reports, Audited Financial Statements **must be submitted** to DDS through Meyers and Stauffer.

MANAGEMENT LETTERS NON-PROFIT AND FOR PROFIT AGENCIES

Management Letters, if issued, **must be submitted** via email to DDS.OperationsCenter@ct.gov. Provider's should notify their Provider Specialist a management letter was not prepared by their CPA firm.

Providers should document and retain recommendation responses and provide to DDS upon request.

Additional questions regarding SSA Grant Expenditure Reporting or should be forwarded to DDS.OperationsCenter@ct.gov.