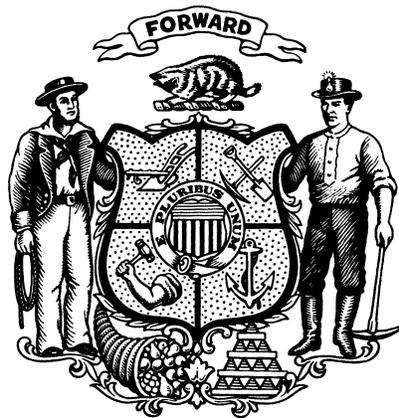


Department of Health Services Audit Guide

**A Guide to Performing Audits and
Special Investigations for Funding from the
Department of Health Services**



2014 Revision

Department of Health Services Audit Guide

A Guide to Performing Audits and Special Investigations for Funding from the Department of Health Services

2014 Revision

Table of Contents

Contents	i
URL's for resources cited in the DHS Audit Guide	iii

Section 1 - Applies to all auditees
--

	Introduction	1
1.1	Main Document of the State Single Audit Guidelines	1
<i>Ill. 1.1</i>	<i>Applicability of the Main Document of State Single Audit Guidelines for audits in accordance with the DHS Audit Guide Illustration</i>	2
1.2	Types of audits involving DHS funds	6
1.2.1	<i>Grants and purchases of care and services</i>	6
1.2.2	<i>Additional requirements for single audits</i>	8
1.2.3	<i>Managed Care Organizations for Family Care, Family Care Partnership, and PACE</i>	10
1.3	Information about programs – DHS direct funded agencies	11
1.3.1	<i>Programs paid through DHS's Community Aids Reporting System</i>	11
1.3.2	<i>Audit confirmations for DHS programs</i>	11
1.4	Elements of the Audit Reporting Package	11
<i>Ill. 1.4</i>	<i>Elements of the Audit Reporting Package Illustration</i>	12
1.5	Confidential client information encountered during audit	14
1.6	AU-C Section 530 on Audit Sampling	16
1.7	<i>American Recovery and Reinvestment Act</i>	16
1.7.1	<i>Expenditures of ARRA Awards</i>	16
1.7.2	<i>Close-out reports for ARRA programs</i>	17
1.7.3	<i>Selection of ARRA programs for major program testing</i>	17
<i>Ill. 1.7.3</i>	<i>ARRA programs in the audit report Illustration</i>	18
1.8	Peer review	19
1.9	Effective date for the 2014 update to the DHS Audit Guide	19
1.10	Due date for audit reports	19
1.11	Sending audit reports to funding agencies	20
1.12	Contact information	20

Section 2 – Applies to all auditees
--

	General requirements	1
2	General requirements	1
2.1	Segregation of duties	1
2.2	Activities allowed or unallowed	3
2.3	Allowable costs	4
2.3.1	<i>Allowable costs, generally</i>	4
2.3.2	<i>Related party transactions</i>	5

2.3.3	<i>Additional supplemental schedule(s) required by funding agency</i>	6
2.3.4	<i>Settlement of DHS Cost Reimbursement Award</i>	6
III.2.3.4	<i>Settlement of DHS Cost Reimbursement Award Illustration</i>	7
2.3.5	<i>Reserve Supplemental Schedule</i>	9
III. 2.3.5	<i>Reserve Supplemental Schedule Illustration</i>	11
2.3.6	<i>Allowable Profit Supplemental Schedule</i>	14
III. 2.3.6	<i>Allowable Profit Supplemental Schedule Illustration</i>	15
2.4	Eligibility	16
2.5	Matching, level of effort, and earmarking	16
2.6	Reporting	17
2.6.1	<i>Reporting, generally</i>	17
2.6.2	<i>Reporting allowable costs for reimbursement through invoices and Community Aids Reporting System (CARS)</i>	18
2.6.3	<i>Reporting through the Human Services Reporting System (HSRS)</i>	19
2.6.4	<i>Additional considerations for reporting for Medicaid waiver programs</i>	19
III. 2.6.4	<i>What is reported and what is paid on HSRS and CARS Illustration</i>	21
2.7	Information technology (IT) security provision in state/county contract	21
2.8	Procurement and suspension and debarment	23
2.8.1	<i>Procurement and suspension and debarment, generally</i>	23
2.8.2	<i>Purchase of Care and Services</i>	24
2.9	Client rights and client funds	27
2.10	Illegal Acts and other misconduct	28

Section 3 - Each section is a separate document. These provisions apply only to funding that DHS paid directly to the auditee – see respective sections for additional information on applicability
--

3.1	Community Options Program (COP)
3.2	Community Integration Program I
3.3	Aging and Disability Resource Centers
3.4	Case Management Agency Providers
3.5	Community Integration Program II/Community Options Program Waiver (CIP II/COP-W)
3.6	Wisconsin Medicaid Cost Reporting
3.7	Medicaid Personal Care Program
3.8	Basic County Allocation
3.9	Community Recovery Services
3.10	Tribal Relief Block Grant Program
3.11	Income Maintenance Consortia
3.12	Guidance for auditing a major program which does not have a compliance supplement
3.13	Not used (Public Health Program Cluster removed)
3.14	Not used
3.15	School Based Services Benefit
3.16	Not used (Comprehensive Community Services removed, may add back for 2014)
3.17	Not used
3.18	Children’s Long Term Support Waiver

Section 4 – Applies to any agency with DHS funding

4	Special Investigations of Illegal Acts and Other Misconduct
----------	--

URL's for resources cited in the DHS Audit Guide

~~~~~  
**Federal resources**  
~~~~~

Government Auditing Standards - <http://www.gao.gov/govaud/ybk01.htm>

Single Audit Act Amendments of 1996 -
http://www.whitehouse.gov/sites/default/files/omb/assets/about_omb/104-156.pdf

OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations" -
http://www.whitehouse.gov/sites/default/files/omb/assets/a133/a133_revised_2007.pdf

OMB Compliance Supplement- http://www.whitehouse.gov/omb/circulars_default/

Federal Audit Clearinghouse - <http://harvester.census.gov/sac/>

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal -
Awards - <https://www.federalregister.gov/articles/2013/12/26/2013-30465/uniform-administrative-requirements-cost-principles-and-audit-requirements-for-federal-awards>

American Recovery and Reinvestment Act - http://www.recovery.gov/About/Pages/The_Act.aspx

Code of Federal Regulations -
<http://www.gpo.gov/fdsys/browse/collectionCfr.action?collectionCode=CFR>

~~~~~  
**State resources**  
~~~~~

Wisconsin Statutes - <http://legis.wisconsin.gov/rsb/stats.html>

Wisconsin Administrative Code - <http://legis.wisconsin.gov/rsb/code.htm>

State of Wisconsin licensing standards -
<http://ww2.wisconsin.gov/state/license/app?COMMAND=gov.wi.state.cpp.license.command.LoadLicenseHome> .

Wisconsin Department of Administration for ARRA information -
<http://www.recovery.wisconsin.gov/>

~~~~~  
**DHS resources**  
~~~~~

Financial Management Manual (FMM) -
<http://dhs.wisconsin.gov/Grants/Administration/FMM/FMMTOC.htm>

Allowable Cost Policy Manual (ACPM) -

<http://www.dhs.wisconsin.gov/Grants/Administration/AllowableCost/ACPM.htm>

Department of Health Services Audit Guide (DHS Audit Guide) and the Main Document, both of which are parts of the State Single Audit Guidelines – www.ssag.state.wi.us

Audit guidance for contracts for Managed Care Organizations with Family Care, Family Care Partnership, and PACE contracts - <http://www.dhs.wisconsin.gov/lc/Pace/ProgramOps/Fiscal>.

State/County Contract - <http://dhs.wisconsin.gov/sca>

ADRC Center Contract - <http://dhfs.wisconsin.gov/LTCare/StateFedRegs/FC-RC-CMO-Contracts.htm>

Community Aids Reporting System (CARS) - <http://www.dhs.wisconsin.gov/bfs/CARS/>

Department of Health Services (DHS) Forms – <http://dhs.wisconsin.gov/forms/index.htm>

Community Options Program (COP) Guidelines - http://www.dhs.wisconsin.gov/lc_cop/COP_Guidelines/index.HTM

Wisconsin Medicaid Handbook - <https://www.forwardhealth.wi.gov/WIPortal/Default.aspx>

Medicaid Home and Community-Based Services Waivers Manual - <http://dhs.wisconsin.gov/bdds/waivermanual/index.htm>

Human Services Reporting System (HSRS) Handbook - <http://www.dhs.wisconsin.gov/hsrs/>

Division of Long Term Care (DLTC) Memo Series - http://dhs.wisconsin.gov/dsl_info/Index.htm

~~~~~  
**Other resources**  
~~~~~

American Institute of Certified Public Accountants - <http://www.aicpa.org/Pages/Default.aspx>

Association of Government Accountants guide “[The State Purchase Card: Uses, Policies and Best Practices](http://www.agacgfm.org/Research---Publications/Thought-Leadership-Library/Research-Publications/Research-Series-Reports.aspx?page=3)” - <http://www.agacgfm.org/Research---Publications/Thought-Leadership-Library/Research-Publications/Research-Series-Reports.aspx?page=3> (registration required)