

1999 DRAFTING REQUEST

Bill

Received: 07/20/1999

Received By: kenneda

Wanted: As time permits

Identical to LRB:

For: Robert Welch (608) 266-0751

By/Representing: Kevin Lewis

This file may be shown to any legislator: NO

Drafter: kenneda

May Contact:

Alt. Drafters:

Subject: **Health - miscellaneous
Public Assistance - misc**

Extra Copies: **TAY**

Pre Topic:

No specific pre topic given

Topic:

Audit requirements for agencies that receive DHFS funds

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	kenneda 07/20/1999	chanaman 07/21/1999		_____			S&L
/1			mclark 07/22/1999	_____	lwilliam 07/22/1999		S&L
/2	kenneda 08/02/1999	chanaman 08/02/1999	martykr 08/02/1999	_____	lrb_docadmin 08/02/1999	lrb_docadmin 08/17/1999	

FE Sent For:

G 09-28-99

<END>

1999 DRAFTING REQUEST

Bill

Received: **07/20/1999**

Received By: **kenneda**

Wanted: **As time permits**

Identical to LRB:

For: **Robert Welch (608) 266-0751**

By/Representing: **Kevin Lewis**

This file may be shown to any legislator: **NO**

Drafter: **kenneda**

May Contact:

Alt. Drafters:

Subject: **Health - miscellaneous
Public Assistance - misc**

Extra Copies: **TAY**

Pre Topic:

No specific pre topic given

Topic:

Audit requirements for agencies that receive DHFS funds

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	kenneda 07/20/1999	chanaman 07/21/1999		_____			S&L
/1			mclark 07/22/1999	_____	lwilliam 07/22/1999		S&L
/2	kenneda 08/02/1999	chanaman 08/02/1999	martykr 08/02/1999	_____	lrb_docadmin 08/02/1999		

FE Sent For:

<END>

1999 DRAFTING REQUEST

Bill

Received: 07/20/99

Received By: kenneda

Wanted: As time permits

Identical to LRB:

For: Robert Welch (608) 266-0751

By/Representing: Kevin Lewis

This file may be shown to any legislator: NO

Drafter: kenneda

May Contact:

Alt. Drafters:

Subject: Health - miscellaneous
Public Assistance - misc

Extra Copies: TAY

Pre Topic:

No specific pre topic given

Topic:

Audit requirements for agencies that receive DHFS funds

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	kenneda 07/20/99	chanaman 07/21/99		_____			S&L
/1		cm H 8/2	mclark 07/22/99 m 8/2	_____	lwilliam 07/22/99		
FE Sent For:		h		_____			

<END>

1999 DRAFTING REQUEST

Bill

Received: 07/20/99

Received By: kenneda

Wanted: As time permits

Identical to LRB:

For: Robert Welch (608) 266-0751

By/Representing: Kevin Lewis

This file may be shown to any legislator: NO

Drafter: kenneda

May Contact:

Alt. Drafters:

Subject: Health - miscellaneous
Public Assistance - misc

Extra Copies: TAY

Pre Topic:

No specific pre topic given

Topic:

Audit requirements for agencies that receive DHFS funds

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	kenneda	cmw h 7/21	MRC 6/22	MRC/JF 6/22			

FE Sent For:

<END>



State of Wisconsin
Department of Health and Family Services

Tommy G. Thompson, Governor
Joe Lecaan, Secretary

HEALTH AND FAMILY SERVICES

Audit Threshold

Motion:

Raise the current statutorily set threshold that triggers audit requirements for agencies receiving DHFS funds from \$25,000 to \$50,000. Further specify that providers above this new audit threshold are required to submit audited reports on an annual basis as is current practice and delete references to federal law which are inconsistent with state practice.

Note:

Please see attached for greater detail.

July 14, 1989

To: Debra Kennedy, LRB

From: Kevin Lewis

RE: Separate legislation on the topic named above, Raising the Audit Threshold

Sen. Welch's office contacted me yesterday to inform me that Sen. Welch wants to sponsor this change to the audit threshold in statutes. The Senator has authorized me to work with you (respond to any of your questions) in drafting a bill that will effect this change.

The attached document is probably more than you require to draft this. Please let me know what else I can provide you.

Thank you!

DHFS

Department of Health and Family Services
1999-2001 Biennial Budget Statutory Language Request
November 6, 1998

Title: Audit Requirements for Agencies Receiving DHFS Funds

Current Language

Chapter 46.036(4)(c) states the following: "Unless waived by the department, biennially, or annually if required under federal law, provide the purchaser with a certified financial and compliance audit report if the care and services purchased exceed \$25,000. The audit shall follow the standards that the department prescribes."

The Administrative or Substantive Problem with the Current Statutes

This requirement has become outdated and results in requiring costly audits when they are not needed. The current audit threshold is too low at \$25,000, which requires some smaller agencies to have audits that cost more than any benefits received from conducting the audits. This also adds to purchaser costs in obtaining and reviewing unneeded audits. Audit requirements also require a "financial and compliance audit," when less costly audits of a more targeted focus could readily serve a purchaser's need for audit coverage.

Moreover, statutes require less audit coverage in some situations where more audit coverage may be needed to adequately monitor a provider's use of DHFS funds. A recent change in federal law effectively eliminated a federal audit requirement for dozens of providers. Under current law, these providers now only need biennial audits – a reduction in audit coverage – even though some providers could be receiving hundreds of thousands annually in GPR or other state revenues.

The Specific Statutory Change Requested

Chapter 46.036(4)(c) would state: "Unless waived by the department, ~~biennially, or annually if required under federal law,~~ provide the purchaser with a certified ~~financial and compliance~~ audit report if the care and services purchased *is equal to* or exceed ~~\$25,000~~ \$50,000. The audit shall follow the standards that the department prescribes. *A purchaser may require an audit when the care and services purchased was less than \$50,000 if the purchaser has not previously contracted with the provider, the purchaser has evidence that the provider has previously experienced significant financial management problems, or an audit is needed by the department to claim federal funds.*" (Italics are added words.)

300 N - In edit 7/20

1999 - 2000 LEGISLATURE

D-NOTE

330311
LRB-095341

DAK:cmh:jf

~~PRELIMINARY DRAFT NOT READY FOR INTRODUCTION~~

-refer
cost.

1 AN ACT to amend 46.036 (4) (c) of the statutes; relating to: changing
 2 requirements for provision of an audit report by providers of care and services
 3 purchased by the department of health and family services or county
 4 departments ~~(suggested as remedial legislation by the department of health~~
 5 ~~and family services)~~

(DHFS)

Analysis by the Legislative Reference Bureau

Currently, contracts for the purchase of care and services by the department of health and family services (DHFS) or by a county department of social services, human services, developmental disabilities services or community programs are subject to certain standard requirements. One of these requirements is that each provider of care and services that exceed \$25,000 supply the purchaser with a certified financial compliance audit report biennially, or annually if required under federal law. DHFS may waive this requirement, as may a purchaser for services for a family-operated group home.

This bill changes requirements for provision of audit reports by providers of care and services to require that audits be provided annually and to apply the requirement to purchased care and services that equal or exceed \$50,000, except that an audit for care and services of less than \$50,000 is required if the purchaser so requests and if circumstances specified in the bill occur. The bill eliminates the requirement that the certified audit report be for a financial and compliance audit.

For further information, see the ~~NOTES~~ provided by the law revision committee of the joint legislative council.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

LAW REVISION COMMITTEE PREFATORY NOTE: This bill is a remedial legislation proposal, requested by the department of health and family services and introduced by the law revision committee under s. 13.83 (1) (c) ~~z.~~, stats. After careful consideration of the various provisions of the bill, the law revision committee has determined that this bill makes minor substantive changes in the statutes, and that these changes are desirable as a matter of public policy.

1 **SECTION 1.** 46.036 (4) (c) of the statutes is amended to read:
2 46.036 (4) (c) Unless waived by the department, ~~biennially, or annually if~~
3 ~~required under federal law,~~ provide the purchaser with a certified ~~financial and~~
4 ~~compliance~~ audit report if the care and services purchased are equal to or exceed
5 \$25,000. The \$50,000. A provider shall provide the purchaser with a certified audit
6 report for purchased care and services of less than \$50,000 if the purchaser so
7 requests and if the purchaser has not previously contracted with the provider, the
8 purchaser has evidence that the provider has previously experienced significant
9 financial management problems or an audit is necessary for the department to claim
10 federal moneys. An audit under this paragraph shall follow standards that the
11 department prescribes. A purchaser may waive the requirements of this paragraph
12 for any family-operated group home, as defined under par. (a), from which it
13 purchases services.

14

(END)

D-NOTE

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

3303151 du
LRB-0958/P1dr
DAK:cmh:jf

March 2, 1999

To ~~Laura Rosen~~ Senator Welch:

DHFS

The ~~department's~~ proposed language for this bill does not mention the last sentence in s. 46.036 (4) (c), stats. I have assumed that it was the department's intent not to affect that sentence. If that ~~is~~ assumption is incorrect, please let me know.

Debra A. Kennedy
Managing Attorney
Phone: (608) 266-0137

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-3303/1dn
DAK:cmh:mrc

July 22, 1999

To Senator Welch:

The DHFS proposed language for this bill does not mention the last sentence in s. 46.036 (4) (c), stats. I have assumed that it was the department's intent not to affect that sentence. If that assumption is incorrect, please let me know.

Debra A. Kennedy
Managing Attorney
Phone: (608) 266-0137

2000 - Lu edit 8/2

1999 - 2000 LEGISLATURE

LRB-3303/2

DAK:cmh:mee

D-NOTE

1999 BILL

negotiated

1 AN ACT to amend 46.036 (4) (c) of the statutes; relating to: changing
 2 requirements for provision of an audit report by providers of care and services
 3 purchased by the department of health and family services or county
 4 departments.

Analysis by the Legislative Reference Bureau

Currently, contracts for the purchase of care and services by the department of health and family services (DHFS) or by a county department of social services, human services, developmental disabilities services or community programs are subject to certain standard requirements. One of these requirements is that each provider of care and services that exceed \$25,000 supply the purchaser ~~(DHFS)~~ with a certified financial compliance audit report biennially, or annually if required under federal law. DHFS may waive this requirement, as may a purchaser for services for a family-operated group home.

This bill changes requirements for provision of audit reports by providers of care and services to require that audits be provided annually and to apply the requirement to purchased care and services that equal or exceed \$50,000, except that an audit for care and services of less than \$50,000 is required if the purchaser so requests and if circumstances specified in the bill occur. The bill eliminates the requirement that the certified audit report be for a financial and compliance audit.

BILL

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 SECTION 1. 46.036 (4) (c) of the statutes is amended to read:
 2 46.036 (4) (c) Unless waived by the department, ~~biennially, or~~ annually if
 3 ~~required under federal law,~~ provide the purchaser with a certified ~~financial and~~
 4 ~~compliance~~ audit report if the care and services purchased are equal to or exceed
 5 \$25,000. The \$50,000. A provider shall provide the purchaser with a certified audit
 6 report for purchased care and services of less than \$50,000 if the purchaser so
 7 requests and if the purchaser has not previously contracted with the provider, the
 8 purchaser has evidence that the provider has previously experienced significant
 9 financial management problems or an audit is necessary for the department to claim
 10 federal moneys. An audit under this paragraph shall follow standards that the
 11 department prescribes. A purchaser may waive the requirements of this paragraph
 12 for any family-operated group home, as defined under par. (a), from which it
 13 purchases services.

(END)

D-NOTE

D-NOTE

DAK / CMH

To Senator Welch:

This redraft corrects the analysis.

DAK

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-3303/2dn
DAK:cmh:km

August 2, 1999

To Senator Welch:

This redraft corrects the analysis.

Debra A. Kennedy
Managing Attorney
Phone: (608) 266-0137

**SUBMITTAL
FORM**

LEGISLATIVE REFERENCE BUREAU
Legal Section Telephone: 266-3561
5th Floor, 100 N. Hamilton Street

The attached draft is submitted for your inspection. Please check each part carefully, proofread each word, and sign on the appropriate line(s) below.

Date: 08/02/1999

To: Senator Welch

Relating to LRB drafting number: LRB-3303

Topic

Audit requirements for agencies that receive DHFS funds

Subject(s)

Health - miscellaneous, Public Assistance - misc

1. **JACKET** the draft for introduction _____

in the **Senate** or the **Assembly** _____ (check only one). Only the requester under whose name the drafting request is entered in the LRB's drafting records may authorize the draft to be submitted. Please allow one day for the preparation of the required copies.

2. **REDRAFT.** See the changes indicated or attached _____.

A revised draft will be submitted for your approval with changes incorporated.

3. Obtain **FISCAL ESTIMATE NOW**, prior to introduction _____.

If the analysis indicates that a fiscal estimate is required because the proposal makes an appropriation or increases or decreases existing appropriations or state or general local government fiscal liability or revenues, you have the option to request the fiscal estimate prior to introduction. If you choose to introduce the proposal without the fiscal estimate, the fiscal estimate will be requested automatically upon introduction. It takes about 10 days to obtain a fiscal estimate. Requesting the fiscal estimate prior to introduction retains your flexibility for possible redrafting of the proposal.

If you have any questions regarding the above procedures, please call 266-3561. If you have any questions relating to the attached draft, please feel free to call me.

Debora A. Kennedy, Managing Attorney
Telephone: (608) 266-0137