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16.05.02 - RULES GOVERNING AUDITS OF PROVIDERS

000. LEGAL AUTHORITY.

The Idaho Legislature has granted to the Department of Health and Welfare and the Board of Health and Welfare the power to adopt rules under the provisions of Sections 56-135, 56-202(b), 39-105(1), and 67-2501, et seq., Idaho Code. (4-28-89)

001. TITLE AND SCOPE.

These rules contain the official requirements governing the audits of providers by the Idaho Department of Health and Welfare and are to be cited in full as Idaho Department of Health and Welfare Rules, Title 05, Chapter 02, "Rules Governing Audits of Providers." (4-28-89)

002. POLICY.

It is the policy of the Department, through agreement with the provider, to reserve the right to audit the financial and other records of the provider and, where warranted, of related subproviders. The purposes of the audit can be any or all of the following: (4-28-89)

01. Verification. To verify the actual costs of providing the goods and/or service; and/or (1-16-80)
02. Evaluation. (1-16-80)
 - a. To evaluate the provider's compliance with the terms of the provider agreement and any applicable laws and regulations; and/or (4-28-89)
 - b. To evaluate the economy and efficiency with which the service is being provided; and/or (1-16-80)
03. Determination of Effectiveness. To determine whether the desired results or benefits of the service are being achieved. (1-16-80)

003. DEFINITIONS.

For the purpose of the rules contained in this chapter, the following terms are used, as defined herein: (12-31-91)

01. Audit. An examination of facility records, meeting certain standards on the basis of which an independent opinion is expressed representing the fairness of the presentation of the financial statements. (4-28-89)
02. Auditor. The individual, representing the Department, in charge of conducting the audit of a non-chain owned facility. (4-28-89)
03. Audit Supervisor. The supervisor of the Office of Audit or that agency's successor. (4-28-89)
04. Chain Organization. A proprietorship, partnership or corporation that provides services to two (2) or more leased, managed and/or owned facilities. (4-28-89)
05. Department. The Idaho Department of Health and Welfare, as created by Section 39-104, Idaho Code. (4-28-89)
06. Draft Audit Report. A preliminary report of audit findings sent to the provider for the provider's review and comment. (4-28-89)
07. Final Audit Report. The final written report from the funding entity. (4-28-89)
08. Funding Entity. The unit within the Department responsible for initiating payments to and monitoring service from the provider. (4-28-89)

09. Interim Final Audit Report. The written report from the Office of Audit, or successor agency, containing the results, findings and recommendations, if any, of the audit of the provider. (4-28-89)

10. Office of Audit. The unit within the Department, or successor agency, responsible for conducting the audit of the provider. (4-28-89)

11. Provider. Any proprietorship, partnership, corporation, or other entity providing goods and/or services to the Department under the terms of a provider agreement. (4-28-89)

12. Related Subprovider. Any proprietorship, partnership, corporation, or other entity related to the provider through common ownership, control or a leasehold relationship which supplies goods or services to the provider and, as a consequence, is compensated by the Department, either directly or indirectly, under the contract between the Department and the provider. (4-28-89)

13. Senior Auditor. The individual representing the Department in charge of conducting the audit of a chain organization. (4-28-89)

004. -- 099. (RESERVED).

100. PROVIDER'S RESPONSIBILITY TO MAINTAIN RECORDS.

The provider must maintain financial and other records in sufficient detail as to allow the Department to meet the audit purposes described in Section 002. (12-31-91)

01. Documentation. Documentation of expenditures must include the amount, date, purpose, payee, and the invoice or other verifiable evidence supporting the expenditure. Cost allocations, including but not limited to depreciation or amortization of assets and the distribution of indirect expenses are subject to those standards for the original expenditure, and, in addition, must be supported by documentation of the basis of the allocation. Sufficient documentation of expenditures should be available for review at the time of the audit field work. The provider shall be given the opportunity to provide documentation before the interim final audit report is issued (see Subsection 200.02). The provider shall not be allowed to submit additional documentation in support of cost items after the issuance of the interim final audit report. (12-31-91)

02. Documentation of Revenues. Documentation of revenues must include the amount, date, purpose, and source of the revenue. (1-16-80)

03. Availability of Records. Records must be available for, and subject to, audit by the Office of Audit with or without prior notice during any working day between the hours of 8:00 a.m. and 5:00 p.m. at the provider's principal place of business in the state of Idaho or at a place approved by the Office of Audit. (4-28-89)

a. If the facility records are maintained at an out-of-state location, the provider must pay for the transportation, meals (at the state of Idaho allowable per diem) and lodging necessary to complete the audit, or bring the records to a location within the state of Idaho. (4-28-89)

b. If a home office audit is required, the provider must pay for the transportation, meals (at the state of Idaho allowable per diem) and lodging necessary to complete the audit, or bring the records to a location within the state of Idaho. (4-28-89)

04. Retention of Records. Records required under Subsections 100.01 and 100.02 must be retained by the provider for a period of five (5) years from the date of the final payment under the provider agreement. Failure to retain records for the required period constitutes insufficient documentation and can void the Department's obligation to make payment for the goods and/or services. (12-31-91)

101. -- 199. (RESERVED).

200. DRAFT AUDIT REPORT.

Following completion of the audit field work and before issuing the interim final audit report to the funding entity, the Office of Audit will issue a draft audit report and forward a copy to the provider for review and comment. (4-28-89)

01. Review Period. The provider will have a period of sixty (60) days, beginning with the date of transmittal to review and provide additional comments and/or evidence to the Office of Audit relative to the draft audit report. The review period may exceed the sixty (60) days when the provider: (3-28-90)

a. Requests an extension prior to the expiration of the original review period; and (3-28-90)

b. Clearly demonstrates the need for additional time to properly respond. (3-28-90)

02. Evaluation of Provider's Response. The Office of Audit will evaluate the provider's response to the draft audit report and will delete, modify, or reaffirm the original findings, as deemed appropriate, in preparing the interim final audit report. (4-28-89)

201. -- 299. (RESERVED).

300. ISSUANCE OF THE INTERIM FINAL AUDIT REPORT.

The Office of Audit shall provide the funding entity with the interim final audit report. This report shall identify all decisions of the Office of Audit regarding the findings of the report. The provider's response and an analysis of the response shall be incorporated into the report as appendices. The funding entity shall issue a final audit report and a notice of program reimbursement which sets forth settlement amounts due the state or the provider. The notice of program reimbursement shall take into account the findings made in the interim final audit report, the response of the provider to the draft audit report (see Idaho Department of Health and Welfare Rules, Title 03, Chapter 10, Section 358, "Rules Governing Medicaid Provider Reimbursement in Idaho"). (12-31-91)

301. -- 995. (RESERVED).

996. ADMINISTRATIVE PROVISIONS.

Contested case appeals shall be governed by Idaho Department of Health and Welfare Rules, Title 05, Chapter 03, Section 300, et seq., "Rules Governing Contested Cases and Declaratory Rulings." (12-31-91)

997. CONFIDENTIALITY OF RECORDS.

The disclosure by the Department of any records related to audits of providers must comply with Idaho Department of Health and Welfare Rules, Title 05, Chapter 01, "Rules Governing Protection and Disclosure of Department Records." (4-28-89)

998. INCLUSIVE GENDER AND NUMBER.

As used in these rules, the masculine, feminine, or neuter gender, and the singular or plural number, will each be deemed to include the others whenever the context so requires. (4-28-89)

999. SEVERABILITY.

Idaho Department of Health and Welfare Rules, Title 05, Chapter 02 are severable. If any rule, or part thereof, or the application of such rule to any person or circumstance, is declared invalid, that invalidity does not affect validity of any remaining portion of this Chapter. (4-28-89)