

Arizona Department of Health Services Office for Children with Special Health Care Needs Children's Rehabilitative Services Administration	<b>Effective Date: 03/02/2009</b> <b>Last Review Effective Date:</b> <b>02/11/2009</b>
SUBJECT: Financial Management	SECTION: FM 1.1

**SUBTITLE: CRS Contractor Annual Financial Statement Review**

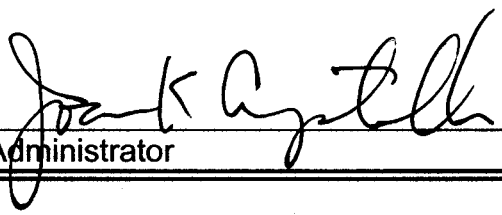
POLICY:

It is the policy of the Children's Rehabilitative Services Administration (CRSA) to perform a consistent and timely review of all Children's Rehabilitative Services (CRS) Contractor Annual Audited Financial Reports. The purpose of this policy is to monitor CRS Contractor performance in accordance with contract requirements. All reports will be reviewed within fifteen (15) days of receipt to determine the timeliness, accuracy, and completeness of the filing as well as to determine compliance with the financial viability standards and performance guidelines.

PROCEDURES:

- 1) The CRSA Office of Financial Review will review the following documents:
  - a) Annual audited financial statements submitted by the CRS Contractor.
  - b) Annual Audited and Plan Year to Date Reconciliation Documents.
  - c) CRSA Financial Disclosure Statements.
  
- 2) Review:
  - a) The CRSA Office of Financial Review will review the documents in Section 1(a)-(c) of this policy to ensure that the documents reconcile with each other and to the most recent fourth quarter financial statement. The CRSA Office of Financial Review will note any deficiencies.
  - b) If there are notable deficiencies, the CRSA Office of Financial Review will contact the CRS Contractor and request clarification or correction.
  - c) The Office of Financial Review will forward the Annual Audited Financial Statement packages to the Arizona Health Care Cost Containment System (AHCCCS) Finance Manager no later than the date allowed in the CRSA/AHCCCS Inter-Governmental Agreement.
  
- 3) Follow-up:  
If the CRS Contractor shows significant submission problems, the CRSA Office of Financial Review will meet with the CRS Contractor to discuss the issue.
  
- 4) Failure to Comply:  
CRSA has the authority through contract to take action if the CRS Contractor fails to comply with financial reporting requirements or fails to meet capitalization and/or viability standards.

- a) If a CRS Contractor fails to submit accurate, timely, and complete financial statements and related deliverables, the result may be sanctions or withholding of capitation payment;
- b) If a CRS Contractor fails to meet financial viability standards, the result may be CRSA requiring the submission of monthly financial statements along with the quarterly and annual required reporting;
- c) CRSA may require that the amount of the surety be increased to offset insufficient equity;
- d) In addition to monthly reporting, if a CRS Contractor fails to meet the financial viability standards, the CRS Contractor may be required to submit a fiscal corrective action plan that outlines the steps that will be taken to return to profitability and financial stability; or
- e) If the above remedies are ineffective and/or the CRS Contractor is unable to fund an audited accumulated fund deficit as required in contract, CRSA may commence contract termination.

Approved:  CRSA Administrator	Date: 3/5/09
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