

**HEALTH AND COMMUNITY SUPPORTS CONTRACT
CONTRACT INTERPRETATION BULLETIN for CY 2000 CONTRACT**

CIB #2000-2: Financial Statements

June 2, 2000

CONTRACT SECTIONS AFFECTED

HCS Contract Section VII. I. CMO Functions: Administration: Annual Audit

HCS Contract Section X. B. 3. Reports and Data: Reports: Regular Interval: Financial Report

HCS Contract Addendum III. Solvency Protection Requirements: Risk Sharing Arrangement

AUTHORITY FOR CONTRACT PROVISIONS

The HCS contract provisions addressed in this Contract Interpretation Bulletin are required pursuant to Wisconsin Statutes as follows:

HCS Section VII. I. Requires a financial audit of each CMO pursuant to sec. 46.284(4)(L) Wis. Stats. which states, "Annually submit to the department an independent financial audit that meets federal requirements."

HCS Section X.B.3. requires regular submission of financial reports pursuant of sec. 46.284(4)(h) Wis Stats. which states "Submit to the Department reports and data required by the department.

STATEMENT OF POLICY

The CMO is required to submit cumulative quarterly fiscal reports to the Department, but there is no requirement for a Year End Financial Statement to be submitted. However, a Year End Financial Statement will be necessary for the annual audit, which is required by the contract. The savings or loss subject to sharing with the Department will be determined by the results of the independent financial audit.

CONTRACT INTERPRETATION

HCS Contract Section X .B.3. and Section X. C. The CMO shall submit quarterly fiscal reports as specified in the contract. The CMO is not required to submit a separate Year End Financial Statement to the Department

HCS Contract Section VII. I. The CMO shall prepare a Year End Financial Statement, which will be reviewed as part of the annual audit, which is sent to the Department.