



FAIRBANKS LLC

**Commonwealth of Kentucky
Cost Report**

**Monitoring and Oversight
2014**

Agenda

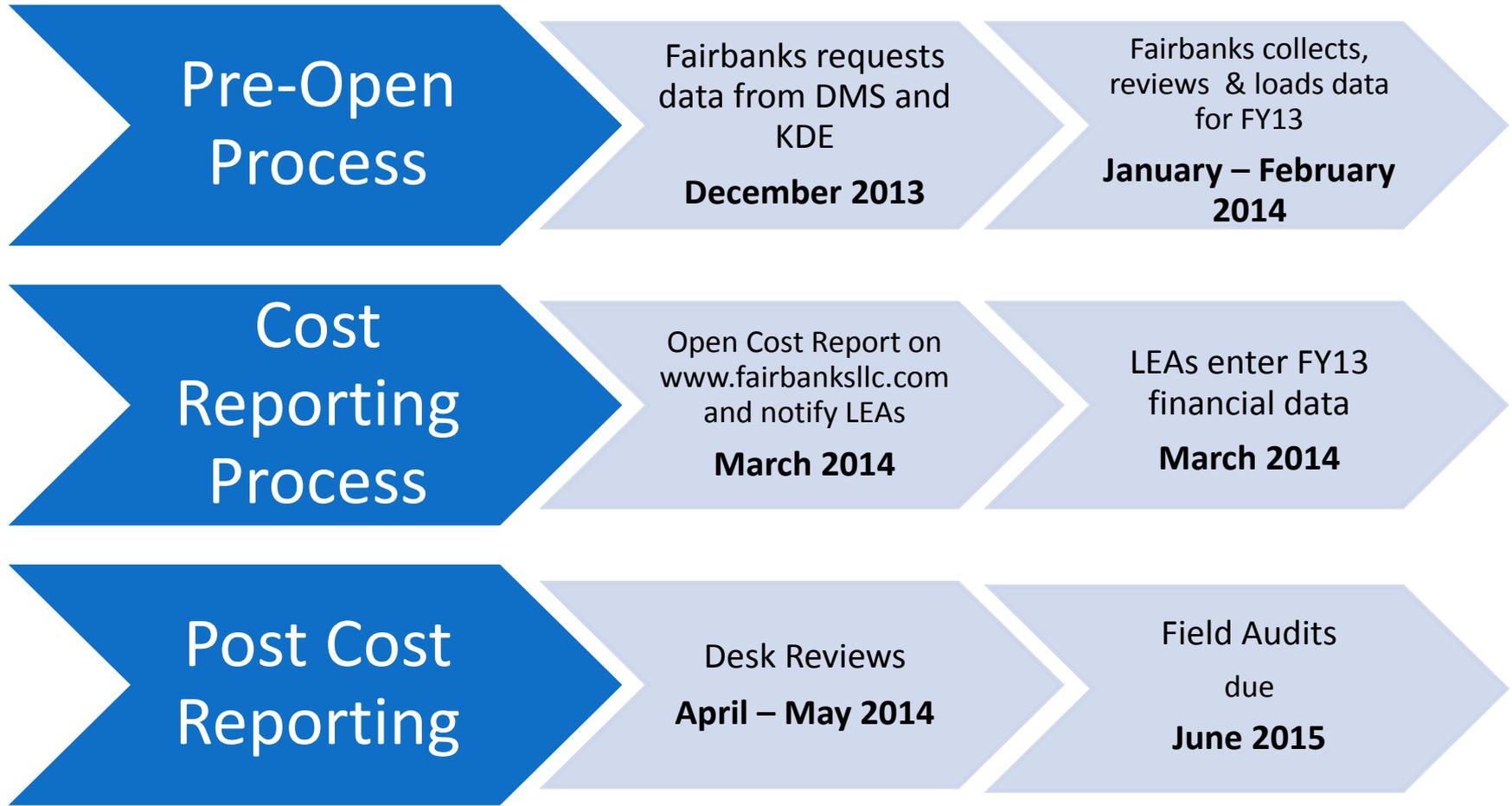
1	Program Overview
2	Desk Reviews and Field Audits
3	Audit Documentation – Direct Services Personnel
4	Audit Documentation – Transportation
5	Common Errors & Questions

Medicaid School Based Services

There are two distinct Medicaid reimbursement programs that school systems may participate in:

Medicaid School Based Services	
Medicaid Administrative Claiming (SBAC in KY)	Fee For Service (FFS)
<p>Federal Medicaid Reimbursement for administrative activities such as:</p> <ul style="list-style-type: none">• Coordination of medical and mental health related services covered by Medicaid• Linking students to Medicaid services• Monitoring the delivery of medical and mental health services performed in the school system	<p>Federal Medicaid Reimbursement for direct medical services such as:</p> <ul style="list-style-type: none">• Speech Therapy• Physical Therapy• Occupational Therapy• Nursing• Mental Health• Audiology• Specialized Transportation

Timeline from collection to completion - FY13



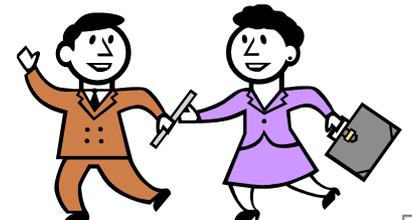
March 2014



June 2016

It is critical to maintain proper Cost Report documentation because the process spans over 2 years!

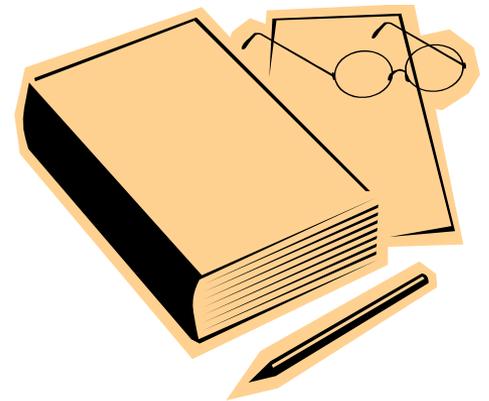
This becomes especially important when staffing changes occur within these overlapping Cost Reporting years!!



100% Fairbanks LLC Desk Review

-146 participating LEAs in FY13

-146 LEAS reviewed in FY13



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What is the desk review process?

- The desk review involves a high level, thorough analysis of all participating LEAs. The analysis begins with raw data which was comprised of each data field as entered by the LEA into the Cost Report.
- The data is run through a number of different calculations to measure its relation to other LEAs, as well as its own data from previous periods.
- Some examples of calculations used to determine a ratio per category per LEA would include Benefits/Salary Ratio, Materials & Supplies/Gross Expenditures Ratio, etc.
- Further analysis is performed if an LEA is identified to be “outside the norm”.
- If an explanation cannot be determined through this further analysis, the LEA is contacted directly for clarification.

Why might your LEA be contacted?

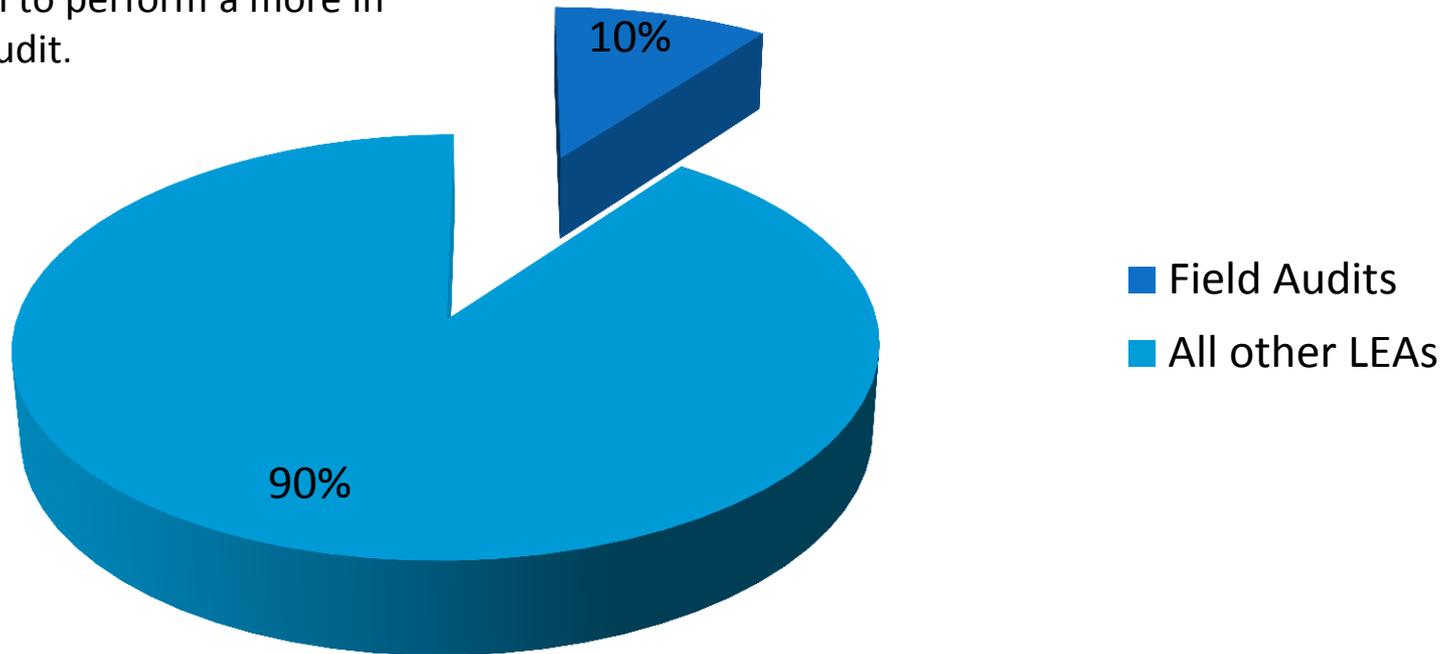
One or more of the following categories might be measurably higher than your peers and/or measurably higher than your own reported in the previous Fiscal Year:

- Salaries
- Benefits
- Contracted Costs
- Materials & Supplies



Fairbanks LLC Field Audits

Fairbanks randomly selects 10% (approximately 17 LEAs) each Fiscal Year on which to perform a more in depth Field Audit.



Field Audits – what is it?

The Field Audit is a much more in depth review and analysis of an LEA's Cost Reporting methods and supporting documentation. It may include but not be limited to the following:

- Interviews with LEA staff that have worked directly or indirectly in the development of the Cost Report. (financial contact, special education staff, etc.)
- A review of the supporting documentation that was used to develop the annual Cost Report and the logic used by LEA staff to reconcile to the annual cost report
- A variety of data that your staff used to develop the annual Cost Report is being requested, see Checklist.

What will you be asked to provide?

Direct Medical Services Data – Step 3

Documentation to support:

- a. Provider Category, Job Title and Employment Type for Personnel Detail
- b. Employee or Contractor Hours
- c. Employee Annual Gross Salary or Annual Contractor Costs
- d. Annual Employee Benefits (specify which items are included in these numbers, i.e. retirement, Social Security, etc.)
- e. Materials and Supplies (may apply to a category)
- f. Travel and Training (must be tied to the specific employee)
- g. any Federal Funds reported (includes ARRA and SFSF funds)
- h. any contracted personnel (if applicable)



What will you be asked to provide?

Transportation Data – Step 4

Documentation to support:

- a. the Eligible T5 Student Count (be sure NOT to include any IEPs)
- b. the Total Count of Student in District Receiving Transportation
- c. Total Number of Vehicles (general and special education)
- d. Salaries and/or Contractor Payments for General and Special Education Personnel entered (Bus drivers and substitutes, Mechanics)
- e. Benefits for General and Special Education Personnel entered (Bus drivers and substitutes, Mechanics)
- f. General & Special Education Transportation Non-Personnel Costs (Fuel, Repairs & Maintenance, Rentals and Contract Use Costs)
- g. Depreciation (i.e. historical costs, vehicle age, etc)



Required documentation for Direct Service Personnel

- Payroll and/or MUNIS reports tied directly to the employee, detailing salary and benefits (including an explanation of what benefits are included)
- Job description and/or copy of licensure, where applicable
- For contracted employees a copy of the employment contract
- If Federal Funds are involved, indicate on payroll or MUNIS the codes used for these funds (i.e. payroll code 200)



Items NOT adequate for supporting documentation

- Hand written calculations and/or calculator tape without the source documents
- Excel spreadsheets in which the numbers entered have no supporting documentation



Other Eligible Expenses for Direct Service Personnel



1. Materials & Supplies



2. Travel & Training



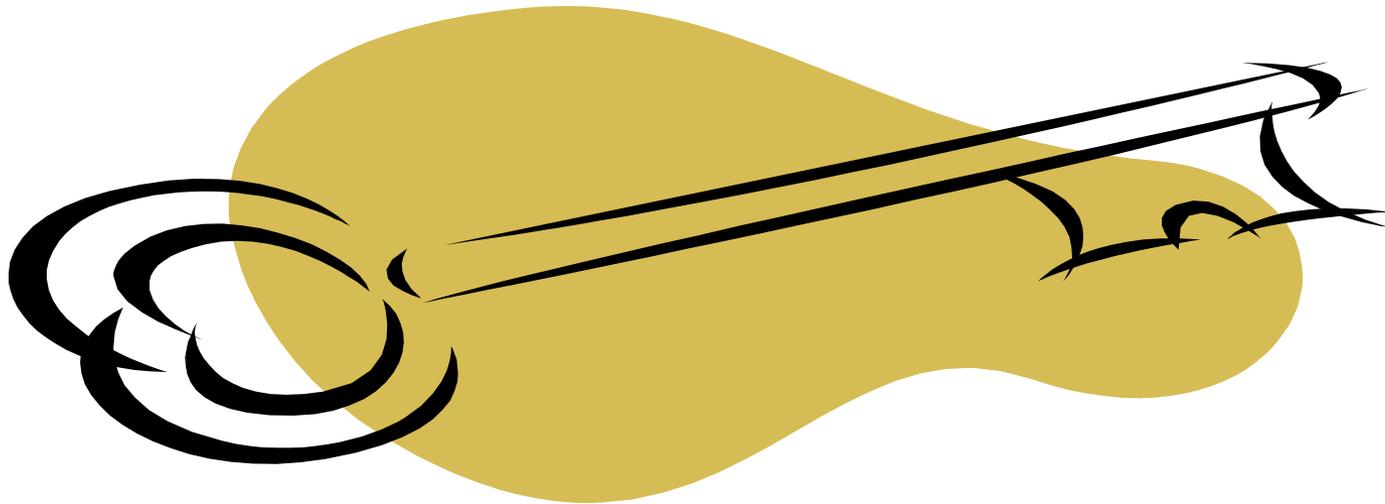
3. Due & Fees

Documentation for Other Eligible Expenses

- Receipts/invoices for Materials and Supplies tied to a eligible Direct Service approved category with visible date of purchase
- Travel and Training receipts, itineraries, etc tied directly to a Direct Service Provider on the Cost Report with visible dates
- Dues and Fees' receipts/invoices tied directly to a Direct Service Provider on the Cost Report with visible dates

Keys to documenting Other Eligible Expenses

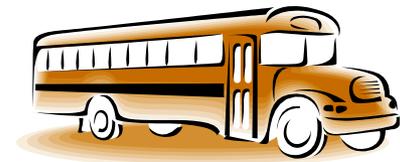
1. They must be tied to an individual employee or for Materials & Supplies tied to a category.



2. They must have visible dates on the receipts that coincide with Cost Report Fiscal Year

Documentation for Transportation

- Run MUNIS or ad hoc report from Transportation Department illustrating T5 student count
- Run MUNIS or ad hoc report from Transportation Department illustrating total count of students receiving transportation
- Run MUNIS or ad hoc report from Transportation Department demonstrating total count of all buses in operation (general and special education)

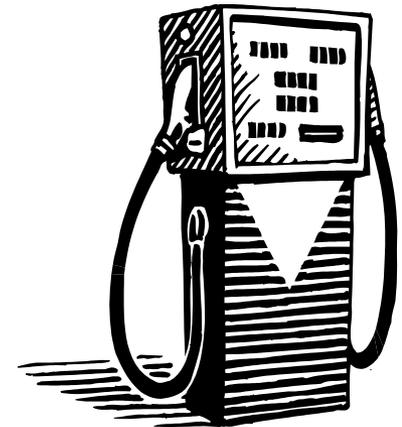


Documentation for Transportation Personnel

- Payroll and/or MUNIS reports from Transportation Department detailing salary and benefits
- For contracted employees a copy of the employment contract
- If Federal Funds are involved, indicate on payroll or MUNIS coding for these funds

Documentation for Transportation Non-Personnel

- Invoice and/or MUNIS reports from Transportation Department detailing:
 - Fuel
 - Repairs & Maintenance
 - Rentals
 - Contract Use Costs
- If Federal Funds are involved, indicate on payroll or MUNIS the codes used for these funds (i.e. payroll code 200)



Documentation for Vehicle Depreciation

(Specially Equipped Vehicle Only)

Run MUNIS or ad hoc report from
Transportation Department detailing:

- VIN
- Vehicle Cost
- Model Year for all Specialized Transportation Vehicle

Common Errors

- Failure to remove Federal Funds
- Student Transportation Counts not accurate
- Reporting total benefits without defining which benefit categories are included, i.e. FICA, employer paid health insurance, etc
- Minor discrepancies in salary and benefits reported



Solutions

- Develop a system of compiling and filing the documents gathered which support your Cost Report, each and every year
- Enlist others in your LEA to provide the documentation needed, i.e. Transportation Department or Accounting /Payroll
- Be sure you are reporting accurate data that can be clearly documented

