



# An Audit Perspective To SBS – Quarterly Financials & MAER

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# Topics of Discussion

- Audit Process
  - From Selection to Final Report
- Common Errors among Quarterly Financials
  - Federal Funds
  - Athletics
- Common Errors among MAER
  - Federal Funds
  - Early Retirement Incentives
- Questions



# Role of SBS Audit

- The State of Michigan SBS Audit section is responsible for conducting external compliance audits of Intermediate School Districts funded by MDCH.
- Our work is summarized by the following objectives:
  - To assess whether the ISD and its LEAs effectively established and implemented internal controls over the development of School Based Service Medicaid claims.
  - To assess whether the School Based Service costs and services reported by the ISD and its LEAs were in compliance with Federal and State laws and regulations.



# Audit Process

- Planning Phase

- Sets the foundation for the entire audit process

- Audit Fieldwork Phase

- Marks the beginning of the formal audit activities.

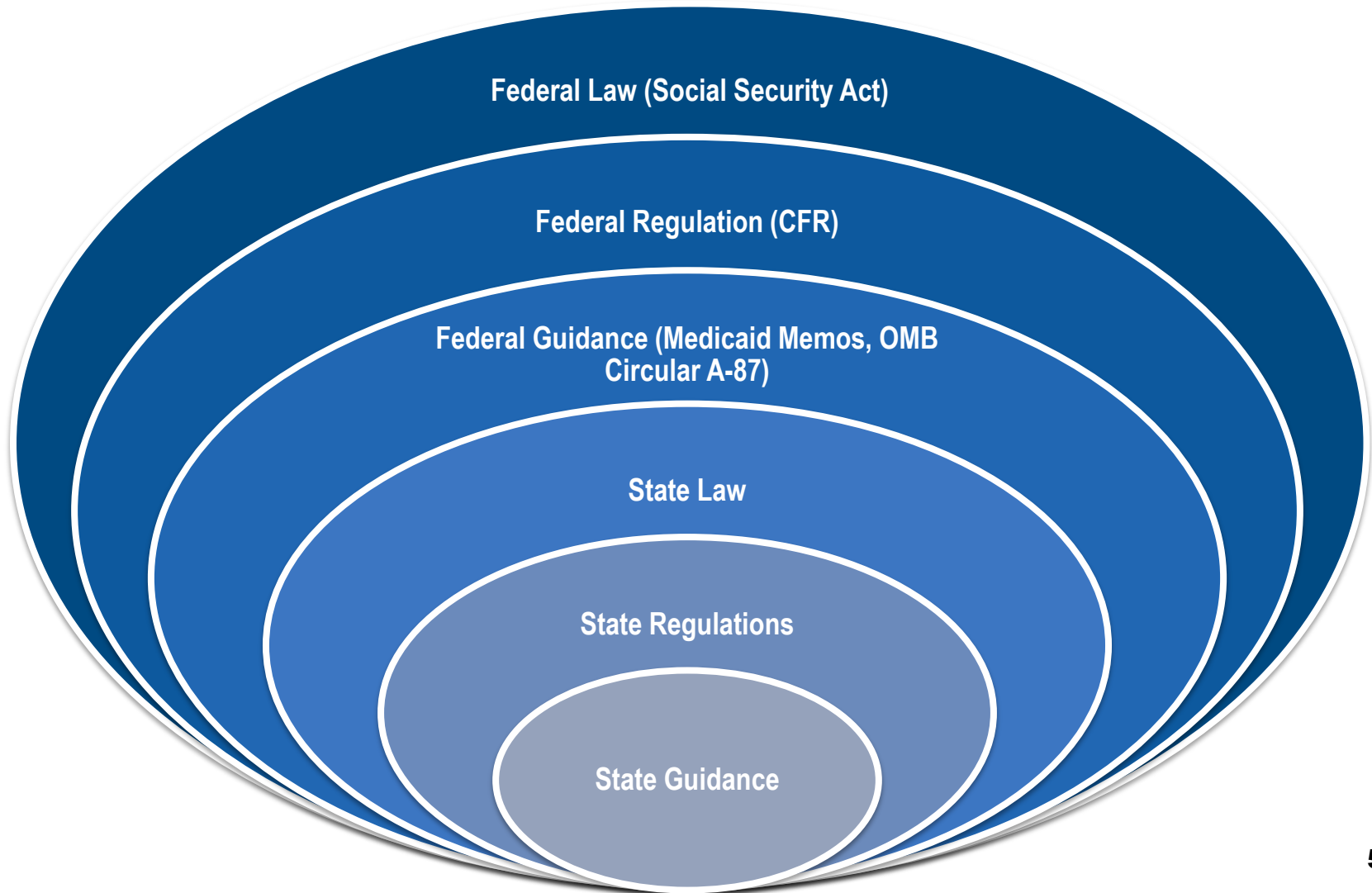
- Driven by scope and objectives and other agreements set forth in the planning phase.

- Report Preparation Phase

- Final formal stage of the audit.

# Reference Materials for Audit

(CMS Policy on Medicaid in Schools – September 2010)





# Planning Phase

- Typical activities include:
  - ☐ Conduct the audit entrance meeting
  - ☐ Develop scope and objectives
  - ☐ Develop audit plan
  - ☐ Perform risk assessment
  - ☐ Select items to be audited



# ISD Selection Process

## Examples –

- ☐ Amount of money received
- ☐ Cost variances from year-to-year
- ☐ MDCH Settlement Issues (suspended payments?)
- ☐ Single Audit findings
- ☐ Other Relevant Information



# Audit Fieldwork Phase

- Typical activities include:
  - ☐ Obtain data
  - ☐ Analyze data
  - ☐ Identify exceptions
  - ☐ Conduct periodic agency update meetings
  - ☐ Issue audit memorandums (preliminary findings)
  - ☐ Analyze auditee reaction and additional evidence
  - ☐ Conduct field closeout meeting to discuss preliminary findings





# Report Preparation Phase

- Typical activities include:
  - Submit preliminary report
  - Conduct internal quality assurance process
  - Obtain preliminary response
    - Agree/Disagree, Corrective Action, Comments
  - Conduct exit meeting
  - Finalize report



# Sampling & Requested Info

- Quarterly Financials
  - Random Sample of Employees
- MAER (Medical Staff/Transportation)
  - Support Documentation for Everything
- Requested Documentation
  - Support Documentation (General Ledger, Payroll)



# Michigan Public School Accounting Manual

- The Michigan School Accounting Manual (Bulletin 1022) serves as a mandatory guide to the uniform classification and recording of accounting transactions for Michigan public school districts.
- The general classification of objects and expenditures are those which are found in Bulletin 1022, the Accounting Manual for school districts.

# Function Code Example

## Appendix – Definitions of Account Codes – Expenditure Function Codes

Function Code	Allowable Funds	Account Name/Description
200		<b>Supporting Services</b> - Supporting Services are those services which provide administrative, technical (such as guidance and health), and logistical support to facilitate and enhance instruction and to a lesser degree, community services. Supporting Services exist as adjuncts for the fulfillment of the objectives of instruction.
210		<b>Support Services-Pupil</b> - Consist of those activities that are designed to assess and improve the well being of pupils and to supplement the teaching process.
211	11, 22, 23, 26, 27, 7x	Truancy/Absenteeism Services - Consist of those activities that have as their purpose the improvement of pupil attendance.
212	11, 22, 23, 26, 27, 7x	Guidance Services - Consist of those activities of counseling with pupils and parents, providing consultation with other staff members on learning problems, evaluating the abilities of pupils, assisting pupils to make their own educational and career plans and choices, assisting pupils in personal and social development, providing referral assistance, and working with other staff members in planning and conducting guidance programs for pupils.
213	11, 21, 22, 23, 26, 27, 7x	Health Services – Consist of physical and mental health services. Included are activities involved with providing pupils with appropriate medical, dental, nursing occupational therapy, or other health services.
214	11, 22, 26, 27, 7x	Psychological Services - Consist of those activities of administering psychological tests, interpreting the results of psychological tests, working with other staff members in planning school programs to meet the special needs of pupils as indicated by psychological tests, and planning and managing a program of psychological services including psychological counseling for the school or school system.
215	11, 22, 23, 26, 27, 7x	Speech Pathology and Audiology Services - Consist of those activities which have as their purpose the identification, assessment, and treatment of children with impairments in speech, hearing and language.
216	11, 22, 23, 26, 27, 7x	Social Work Services - Consist of those activities that have as their purpose the performance of school social work activities dealing with the problems of pupils that involve the home, school, and community.
217	11, 22, 26, 27, 7x	Visual Aid Services - Consist of those activities that have as their purpose the identification, assessment, and treatment of children with sight impairments.
218	11, 22, 23, 26, 27, 7x	Teacher Consultant - Consists of those activities for special education programs and services. See MDE Administrative Rules 340.1755 and R340.1749 for the appropriate use of special education teacher consultants.
219	11, 22, 23, 25, 26, 27, 7x	Other Pupil Support Services - This function is assigned to expenditures involving monitoring activities, such as, lunchroom monitors, hall monitors, playground monitors and crossing guards. Bus monitors are assigned to the transportation function, 271.

# Object Code Example

## Appendix – Definitions of Account Codes –Expenditure Object/Activity Codes

Object Code	Allowable Functions	Object Name/Description
<b>2000</b>		<b>Employee Benefits</b> - Amounts paid by the school system on behalf of employees; these amounts are not included in the gross salary but are over and above. Such payments are not usually paid directly to employees, nevertheless are part of the cost of salaries and benefits. Examples are: (a) various types of employee insurance, (b) special leave payments in the nature of sabbatical leave payments and terminal leave payment, (c) special allowance for tuition, (d) the various mandatory coverage including retirement reimbursed from federal funds as well as non-federal contributions, and (e) special professional services.
<b>2100</b>		<b>Employee Insurance</b>
2110	1xx-3xx, 45x	Group Life
2120	1xx-3xx, 45x	Group Disability
2130	1xx-3xx, 45x	Group Health and Accident
2140	1xx-3xx, 45x	Dental Health Care
2150	1xx-3xx, 45x	Vision Care
2190	1xx-3xx, 45x	Other
<b>2200</b>		<b>Special Leave Payments</b>
2210	1xx-3xx, 45x	Early Retirement Incentives
2290	1xx-3xx, 45x	Other Special Leave Payments
<b>2300</b>		<b>Special Allowances</b>
2310	1xx-3xx, 45x	Tuition
2390	1xx-3xx, 45x	Other Special Allowances
<b>2400</b>		<b>Professional Services</b>
2410	1xx-3xx, 45x	Reimbursement for Employee Physicals and Other Health Related Services on Behalf of Employees
2490	1xx-3xx, 45x	Other Professional Services Paid on Behalf of Employees
<b>2800</b>		<b>Mandatory Coverage</b>
2820	1xx-3xx, 45x	Contribution to Retirement Funds
2830	1xx-3xx, 45x	Employer Social Security
2840	1xx-3xx, 45x	Workman's Compensation
2850	1xx-3xx, 45x	Unemployment Compensation
<b>2900</b>		<b>Other Employee Benefits</b>
2920	1xx-3xx, 45x	Cash in Lieu of Benefits
2990	1xx-3xx, 45x	Other Benefits (Example Service Credits paid on behalf of employees and personal use of company owned vehicles.)

# Support Documentation

ACCOUNT	DESCRIPTION	BUDGET	MTD EXP	YTD EXP	BALANCE	B&E%
22-1-216+	WAGES					
1440-560-0000-00000	SOCIAL WORKER SALARY	48,200.00	.00	48,404.00	204.00	100%
22-1-216+	EMPLOYEE BENEFITS					
2110-560-0000-00000	LIFE INSURANCE	30.00	.00	28.80	1.20	96%
2130-560-0000-00000	HEALTH INSURANCE	7,825.00	.00	7,287.12	537.88	93%
2140-560-0000-00000	DENTAL INSURANCE	760.00	.00	762.00	2.00	100%
2150-560-0000-00000	VISION INSURANCE	330.00	.00	320.64	9.36	97%
2820-560-0000-00000	RETIREMENT	9,950.00	.00	9,816.01	133.99	98%
2830-560-0000-00000	F.I.C.A.	3,700.00	.00	3,702.70	2.70	100%
2840-560-0000-00000	WORKERS COMPENSATION	400.00	.00	.00	400.00	0%
2850-560-0000-00000	UNEMPLOYMENT	.00	.00	.00	.00	0%
2920-560-0000-00000	T.D.A.	.00	.00	.00	.00	0%
22-1-216+	PURCHASED SERVICES					
3110-560-0000-00000	CONTRACTED SERVICES SSW	.00	.00	.00	.00	0%
3210-560-0000-00000	TRAVEL	.00	.00	.00	.00	0%
22-1-216+	SUPPLIES					
5110-560-0000-00000	INSTRUCTIONAL SUPPLIES	.00	.00	.00	.00	0%
22-1-216+	CAPITAL OUTLAY					
6410-560-0000-00000	EQUIPMENT NEW	.00	.00	.00	.00	0%
	216 FUNCTION TOTAL	71,195.00	.00	70,321.27	873.73	98%
	TOTAL WAGES	71,195.00	.00	70,321.27	873.73	98%
	FUND EXPENSE TOTALS	71,195.00	.00	70,321.27	873.73	98%

# Support Documentation – Cont.

		Category: N	Building: High School			Dept: Administration					
CC0002	11-1-241-1150-000-0000-04499-0000	Administration Principals Sala	01/14/2011	1240	2,812.93	50.00%	80.000	80.000	0.00	2,812.93	
CC0002	11-1-241-1150-000-0000-04499-0000	Administration Principals Sala	01/28/2011	1240	2,812.93	50.00%	80.000	80.000	0.00	2,812.93	
CC0002	11-1-241-1150-000-0000-04499-0000	Administration Principals Sala	02/11/2011	1240	2,812.93	50.00%	80.000	80.000	0.00	2,812.93	
CC0002	11-1-241-1150-000-0000-04499-0000	Administration Principals Sala	02/25/2011	1240	2,812.93	50.00%	80.000	80.000	0.00	2,812.93	
CC0002	11-1-241-1150-000-0000-04499-0000	Administration Principals Sala	03/11/2011	1240	2,812.93	50.00%	80.000	80.000	0.00	2,812.93	
CC0002	11-1-241-1150-000-0000-04499-0000	Administration Principals Sala	03/25/2011	1240	2,812.93	50.00%	80.000	80.000	0.00	2,812.93	
Contract Pay Totals:									0.00	16,877.58	
MM005	11-1-293-1560-000-0000-04499-0000	VARSITY BOYS BASKETBALL COACH	03/25/2011	1560	5,851.00		0.000	209.000	0.00	5,851.00	
Misc. Pay Totals:									0.00	5,851.00	
Employee Totals:									689.000	0.00	22,728.58

		Category: N	Building: Middle School			Dept: Teacher					
C002	11-1-122-1240-194-0000-04498-0000	Teacher's Salary	01/14/2011	1240	1,790.12	56.00%	59.000	41.020	0.00	1,790.12	
C002	11-1-122-1240-194-0000-04498-0000	Teacher's Salary	01/28/2011	1240	1,790.12	56.00%	59.000	41.020	0.00	1,790.12	
C002	11-1-122-1240-194-0000-04498-0000	Teacher's Salary	02/11/2011	1240	1,790.12	56.00%	59.000	41.020	0.00	1,790.12	
C002	11-1-122-1240-194-0000-04498-0000	Teacher's Salary	02/25/2011	1240	1,790.12	56.00%	59.000	41.020	0.00	1,790.12	
C002	11-1-122-1240-194-0000-04498-0000	Teacher's Salary	03/11/2011	1240	1,790.12	56.00%	59.000	41.020	0.00	1,790.12	
C002	11-1-122-1240-194-0000-04498-0000	Teacher's Salary	03/25/2011	1240	1,790.12	56.00%	59.000	41.020	0.00	1,790.12	
C002	11-1-125-1240-000-6371-09161-0000	Teacher's Salary	01/14/2011	1240	767.19		59.000	17.580	0.00	767.19	
C002	11-1-125-1240-000-6371-09161-0000	Teacher's Salary	01/28/2011	1240	767.19		59.000	17.580	0.00	767.19	
C002	11-1-125-1240-000-6371-09161-0000	Teacher's Salary	02/11/2011	1240	767.19		59.000	17.580	0.00	767.19	
C002	11-1-125-1240-000-6371-09161-0000	Teacher's Salary	02/25/2011	1240	767.19		59.000	17.580	0.00	767.19	
C002	11-1-125-1240-000-6371-09161-0000	Teacher's Salary	03/11/2011	1240	767.19		59.000	17.580	0.00	767.19	
C002	11-1-125-1240-000-6371-09161-0000	Teacher's Salary	03/25/2011	1240	767.19		59.000	17.580	0.00	767.19	
Contract Pay Totals:									0.00	15,343.86	
Employee Totals:									351.600	0.00	15,343.86

# ASN Example

Pay Date	Sched	No	V	T	Item	Earn	Pay Units	Serv Unit	Base / Ded	Organ	Amount	ASN	PS	Register Description	Chk./Dep.
01/07/2011	BIWK	1	P	CON1	MM		1.000	73.85	0.00	1150	3,401.46	24125	N	BIWK P/R run	3927
01/21/2011	BIWK	1	P	CON1	MM		1.000	73.85	0.00	1150	3,401.46	24125	N	BIWK P/R run	4054
02/04/2011	BIWK	1	P	CON1	MM		1.000	73.85	0.00	1150	3,401.46	24125	N	BIWK P/R run	4200
02/18/2011	BIWK	1	P	CON1	MM		1.000	73.85	0.00	1150	3,401.46	24125	N	BIWK P/R run	4349
03/04/2011	BIWK	1	P	CON1	MM		1.000	73.85	0.00	1150	3,401.46	24125	N	BIWK P/R run	4497
03/18/2011	BIWK	1	P	CON1	MM		1.000	73.85	0.00	1150	3,401.46	24125	N	BIWK P/R run	4645
-----															
Subtotals - item code: CON1							6.000	443.10	0.00		20,408.76				
-----															
Totals for Earning code : MM							6.000	443.10	0.00		20408.76				

## ■ Chart of Accounts

ASN #	Account Number									Security Code	Account Title	Cash Offst	Lev	Ovr Exp	Ovr Exp	Cur Sup	New Sup	Acc Loc	Pay Acc
24125	112	241	1150	000	0000	01596	0000	0000	0000	SALARIES			2	Y				Y	N
24126	112	241	1150	000	0000	01597	0000	0000	0000	SALARIES			2	Y				Y	N
24127	112	241	1150	000	0000	03566	0000	0000	0000	SALARIES			2	Y				Y	N
24128	112	241	1150	000	0000	08234	0000	0000	0000	SALARIES			2	Y				Y	N
24130	112	241	1620	000	0000	01596	0000	0000	0000	SALARIES			2	Y				Y	N





# Schools & Medicaid

- Under the new SBS Program, the Michigan Department of Community Health (MDCH) provides SBS reimbursement to school districts that provide Medicaid covered health and health-related services. There are two components of the SBS program that include:
  - Direct Medical Services (includes specialized transportation, personal care services, and targeted case management services)
  - Medicaid Administrative Outreach (AOP)



# Schools & Medicaid – Cont.

- The AOP and Direct Medical Services program are companion programs.
- The AOP provides reimbursement for administrative activities required to identify, manage, refer and develop programs for children at risk of academic failure due to an underlying health issue, including mental health.
- The Direct Medical Services program reimburses schools for the cost of providing direct medical services to the special education Medicaid student population.



# Quarterly Financials

- Staff salaries and related costs are reported directly to a state-hired contractor (PCG) by each of the ISDs and LEAs.
- PCG combines the costs, applies various allocation percentages and submits the AOP claim directly to MDCH for review, processing and payment each fiscal quarter.
- Claim development is based on a “pool” of costs, primarily salaries and benefits, incurred by the school districts for individuals that engage in Medicaid-type activities on a regular basis.

# Example – Quarterly Financials

## ■ Case Manager – Cost Pool

Last Name	First Name	Job Category	Cost Pool	Staff Employment Status	District Job Title	District Employee ID	Salaries	Benefits	Contracted Staff Costs	Staff Travel and Training Costs	Staff Professional Dues and Fees	Materials and Supplies	Federal Funds Offset	Other Excluded Costs	Notes	Gross Compensation Expenditures	Net Compensation Expenditures
		Case Manager	Case Manager	Full Time	Case Manager		\$16,237.02	\$9,645.10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$25,882.12	\$25,882.12
		Case Manager	Case Manager	Full Time	Case Manager		\$14,350.98	\$9,645.90	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$23,996.88	\$23,996.88
		Case Manager	Case Manager	Full Time	Case Manager		\$13,577.76	\$9,097.51	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$22,675.27	\$22,675.27
		Case Manager	Case Manager	Full Time	Case Manager		\$15,893.28	\$9,556.43	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$25,449.71	\$25,449.71
		Case Manager	Case Manager	Full Time	Case Manager		\$11,097.50	\$5,737.08	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$16,834.58	\$16,834.58
		Case Manager	Case Manager	Full Time	Case Manager		\$9,468.00	\$3,517.32	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$12,985.32	\$12,985.32
		Case Manager	Case Manager	Full Time	Case Manager		\$10,792.26	\$7,060.28	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$17,852.54	\$17,852.54
		Case Manager	Case Manager	Full Time	Case Manager		\$16,676.28	\$9,801.15	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$26,477.43	\$26,477.43
		Case Manager	Case Manager	Full Time	Case Manager		\$11,149.02	\$3,874.92	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$15,023.94	\$15,023.94
		Case Manager	Case Manager	Full Time	Case Manager		\$16,343.28	\$8,842.71	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$25,185.99	\$25,185.99
		Case Manager	Case Manager	Full Time	Case Manager		\$14,516.52	\$9,122.85	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$23,639.37	\$23,639.37
		Case Manager	Case Manager	Full Time	Case Manager		\$15,348.24	\$9,339.62	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$24,687.86	\$24,687.86
		Case Manager	Case Manager	Full Time	Case Manager		\$12,153.24	\$7,527.55	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$19,680.79	\$19,680.79

## ■ Support Staff – Cost Pool

Last Name	First Name	Staff Employment Status	District Job Title	District Employee ID	Salaries	Benefits	Contracted Staff Costs	Staff Travel and Training Costs	Staff Professional Dues and Fees	Materials and Supplies	Federal Funds Offset	Admin Cost Pool Percentage	Direct Service Cost Pool Percentage	Notes	Gross Compensation Expenditures	Net Compensation Expenditures
		Full Time			\$10,635.74	\$7,589.44	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	100.00%	0.00%		\$18,225.18	\$18,225.18
		Full Time			\$7,569.33	\$7,049.91	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	100.00%	0.00%		\$14,619.24	\$14,619.24
		Full Time			\$7,546.00	\$7,042.42	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	100.00%	0.00%		\$14,588.42	\$14,588.42
		Full Time			\$11,044.99	\$8,575.88	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	100.00%	0.00%		\$19,620.87	\$19,620.87



# Common Errors – Quarterlies

- Federal Funds
- Unallowable Costs
  - Athletic Activities
  - Pupil Activities
  - Other Community Services
- Calculation Errors
  - Use of Estimates
  - Cash In Lieu of Benefits
  - Wrong Line (Travel reported under Materials)



# Federal Funding

(MI Medicaid Provider Manual)

- Claims for approved Medicaid School Based Service functions may not include expenditures of:
  - Federal funds received by the ISD/LEA directly
  - Federal funds that have been passed through a State or local agency
  - Non-Federal funds that have been committed as local match for other Federal or State funds or programs



# Unallowable Costs

- The Office of Management and Budget Circular A-87, Attachment A, section C requires costs charged to a federal award to be **allowable, reasonable, and allocable** to the federal award in accordance with relative benefits received.
  - Athletic Activities, Pupil Activities, Other Community Service



# Use of Estimates

(MI Medicaid Provider Manual)

- The financial data reported (salaries, benefits, supplies, etc.) must be based on **actual detailed expenditure reports** obtained directly from the participating  
ISDs' financial accounting system.
- The financial accounting system data is applied using generally accepted governmental accounting standards and principles or applicable administrative rules.



# Cash In Lieu of Benefits

## ■ Object Code – 2920

SS93		Category: N	Building: Upper Elementary	Dept:	Teacher		
B125	11-1-122-2920-110-0000-09161-0000	Categorical Cash In Lieu-UE	04/08/2011	100.00	N/A	N/A	0.00 100.00
B125	11-1-122-2920-110-0000-09161-0000	Categorical Cash In Lieu-UE	04/22/2011	100.00	N/A	N/A	0.00 100.00
B125	11-1-122-2920-110-0000-09161-0000	Categorical Cash In Lieu-UE	05/06/2011	100.00	N/A	N/A	0.00 100.00
B125	11-1-122-2920-110-0000-09161-0000	Categorical Cash In Lieu-UE	05/20/2011	100.00	N/A	N/A	0.00 100.00
B125	11-1-122-2920-110-0000-09161-0000	Categorical Cash In Lieu-UE	06/03/2011	100.00	N/A	N/A	0.00 100.00
Benefit Pay Totals:						0.00	500.00
C001	11-1-122-1240-110-0000-09161-0110	Upper Elem. Teaching Sal R R	04/08/2011	1240	1,047.09	43.00%	59.000 24.610 0.00 1,047.09
C001	11-1-122-1240-110-0000-09161-0110	Upper Elem. Teaching Sal R R	04/22/2011	1240	1,047.09	43.00%	59.000 24.610 0.00 1,047.09
C001	11-1-122-1240-110-0000-09161-0110	Upper Elem. Teaching Sal R R	05/06/2011	1240	1,047.09	43.00%	59.000 24.610 0.00 1,047.09
C001	11-1-122-1240-110-0000-09161-0110	Upper Elem. Teaching Sal R R	05/20/2011	1240	1,047.09	43.00%	59.000 24.610 0.00 1,047.09
C001	11-1-122-1240-110-0000-09161-0110	Upper Elem. Teaching Sal R R	06/03/2011	1240	1,047.09	43.00%	59.000 24.610 0.00 1,047.09
C001	11-1-122-1240-110-0000-09161-0110	Upper Elem. Teaching Sal R R	06/17/2011	1240	1,047.09	43.00%	59.000 24.610 0.00 1,047.09
C001	11-1-122-1240-194-0000-09161-0000	Upper Elem. Teaching Sal R R	04/08/2011	1240	1,445.99	57.00%	59.000 33.990 0.00 1,445.99
C001	11-1-122-1240-194-0000-09161-0000	Upper Elem. Teaching Sal R R	04/22/2011	1240	1,445.99	57.00%	59.000 33.990 0.00 1,445.99
C001	11-1-122-1240-194-0000-09161-0000	Upper Elem. Teaching Sal R R	05/06/2011	1240	1,445.99	57.00%	59.000 33.990 0.00 1,445.99
C001	11-1-122-1240-194-0000-09161-0000	Upper Elem. Teaching Sal R R	05/20/2011	1240	1,445.99	57.00%	59.000 33.990 0.00 1,445.99
C001	11-1-122-1240-194-0000-09161-0000	Upper Elem. Teaching Sal R R	06/03/2011	1240	1,445.99	57.00%	59.000 33.990 0.00 1,445.99
C001	11-1-122-1240-194-0000-09161-0000	Upper Elem. Teaching Sal R R	06/17/2011	1240	1,445.99	57.00%	59.000 33.990 0.00 1,445.99
Contract Pay Totals:						0.00	14,958.48
Employee Totals:						351.600	0.00 15,458.48




# Relationship Between MAER and Quarterly Financials

- Quarterly Financials cannot be used to complete the MAER
  - Quarterly AOP financials are used to complete Administrative Outreach Program (AOP) claiming on a quarterly basis
  - Quarterly TCM and PCS financials are used to collect salary costs on a quarterly basis
- Quarterly Financials are completed on a cash basis



# Relationship Between MAER and SE-4096 & SE-4094

- The MAER should be a subset of the costs reported on SE-4096/4094 because you are only including allowable participants from Time Study Rosters and allowable medically related costs within certain object codes
- MAER is completed on an accrual basis




# SE-4096

- The SE-4096 covers expenditures for the school year July 1 to June 30
- All Local and Intermediate School Districts (public school academies report as a local school district) that employ or contract special education personnel are required to complete this form to qualify for state special education categorical aid.

# Example – SE-4096

Instruction Line - Function - Category	Professionals	Aides	Salaries	Benefits	Purch Serv Staff	Purch Serv Non Staff	Supplies Materials	Capital Outlay	Other Expend.	TOTAL
1. 122 - LRE Classrm Aides										
2. 122 - Mild Cognit. Imp										
3. 122 - Mod Cognitive Imp										
4. 122 - Sev Cognitive Imp										
5. 122 - Emotional Imp										
6. 122 - Learning Disability										
7. 122 - Hearing Imp										
8. 122 - Visual Impairment										
9. 122 - Physical Imp										
10. 122 - Severe Mult Imp										
11. 122 - Early Child Prog	1.0		63,287	38,865	1,644	409	383			104,588
12. 122 - Severe Lang Imp										
13. 122 - Autistic Imp										
14. 122 - Resource Room	10.0		553,620	333,008	16,040	8,782	17,043			928,493
15. 122 - Section 24										
16. SUBT (Lines 1 - 15)	11.0		616,907	371,873	17,684	9,191	17,426			1,033,081**
** Total does not include the capital outlay costs.										
Instructional Non-Instructional Support										
17. 213 - Health Services	8.6	0.6	446,808	227,248	83,024	14,186	2,905			774,171
18. 214 - Psychological	4.8		256,070	144,668		2,524	901			404,163
19. 215 - Speech & Audio	13.4		716,934	402,748		8,230	10,658			1,138,570
20. 216 - Social Work	5.0		162,710	87,833		2,485	513			253,541
21. 217 - Visual Aid						1,650	888			2,538
22. 218 - TC Mentally Imp										
23. 218 - TC Emot Imp										
24. 218 - TC Learn Disabled										
25. 218 - TC Hearing Imp						4,305	128			4,433
26. 218 - TC Visually Imp						3,245	15,385			18,630
27. 218 - TC POHI										
28. 218 - TC Autistic Imp						644	202			846
29. 218 - Early Child Home	1.8		99,067	43,153		5,363	601			148,184
30. 219 - Physical Educ										
31. 219 - Other Pupil Supp	1.2		32,043	22,886		10,042	9,280			74,251
32. 221 - Improvement Instr	1.0		48,725	17,290		26,808	2,851			95,674
33. 226 - Superv/Direct			93,399	81,803	40,255	22,165				237,622
34. 257 - School Principal			42,549	19,322		5,880				67,751
35. 280 - Supp Serv Cent						6,447				6,447
36. 290 - Supp Serv Other										
37. SUBT (Lines 17 - 36)	35.8	0.6	1,898,305	1,046,951	123,279	113,074	44,312			3,226,821**




# SE-4094

## (Transportation Expenditure Report)

- The SE-4094 covers expenditures for the school year July 1 to June 30
- The objects of expenditures should be assigned to the service activity (i.e.; Regular Education, Special Education-Section 52, etc.) on a direct charge basis wherever possible or by a method of allocation which provides a reasonable distribution of costs.

# Example – SE-4094

Line - Function - Category	Reg/Voc Ed No. Expenditure		Spec Ed - Sec 52 No. Expenditure		Spec Ed - Sec 53 No. Expenditure		TOTAL
1. 1190 - Supervision	0.00	0	1.00	49,318	*		49,318
2. 1610 - Bus Driver	0.00	0	25.00	491,850	0.00	0	491,850
3. 1620 - Secretarial/Clerical	0.00	0	0.44	16,932			16,932
4. 1630 - Aides	0.00	0	16.00	224,328	0.00	0	224,328
5. 16xx - Other Support	0.00	0	1.00	39,469			39,469
<b>6. TOTAL SALARIES</b>	0.00	0	43.44	<b>821,897</b>	0.00	0	<b>821,897</b>
7. 2000 - Employee Benefits		0		328,312		0	328,312
8. 32xx - Local Expenses		0		6,707		0	6,707
9. 34xx - Telephone/Postage		0		453			453
10. 38xx - Other Utilities		0		0			0
11. 31xx - Purch Serv - Staff	0.00	0	0.00	0	0.00	0	0
12. 3xxx - Other NonVeh Purc Srv		0		3,263			3,263
<b>13. TOTAL NON VEH. P/S</b>		0		<b>10,423</b>		0	<b>10,423</b>
14. 3310 - PupTrans Com Carrier	0.00	0	0.00	0	0.00	0	0
15. 3310 - PupTrans C. Carrier b/y	0.00	0	0.00	0	0.00	0	0
16. 3330 - Pup Trans Family Veh	0.00	0	1.00	3,298	0.00	0	3,298
17. 3310 - Pup Trans Taxi Cab	0.00	0	0.00	0	0.00	0	0
18. 3930 - Pup Trans Fleet Insur	0.00	0	29.00	19,404	0.00	0	19,404
19. 4230 - Contracted/Leased Buses	0.00	0	0.00	0	0	0	0
20. 4xxx - Other Veh Rel Costs		0		13,637		0	13,637
<b>21. TOTAL VEHICLE P/S</b>		0		<b>36,339</b>		0	<b>36,339</b>
22. 5710 - Gasoline/Fuel		0		230,119		0	230,119
23. 5710 - Oil/Grease		0		5,830		0	5,830
24. 5720 - Tires/Batteries		0		6,606		0	6,606
25. 57xx - Other Supp/Repair Parts		0		37,060			37,060
26. 5910 - Office Supplies		0		1,778			1,778
<b>27. TOTAL SUPPLIES</b>		0		<b>281,393</b>		0	<b>281,393</b>
28. 7000 - Other Exp/Adjustments		0		3,688		0	3,688
29. - Bus Amortization		0		233,858		0	233,858
<b>30. TOTAL EXPENDITURES</b>		0		<b>1,715,910</b>		0	<b>1,715,910</b>



# SE-4107

## (School Bus Inventory Report)

- Bus Amortization
- The number of vehicles and amount reported on the SE-4094 must agree with the final SE-4107, School Bus Inventory Report
- The total cost of a pupil transportation vehicle includes the base cost, plus the total of , if any, interest expense, plus additional equipment (radios, lifts) less any trade in allowance or the full amount received from previously non-deducted bus sales.



# Example – SE-4107

## School Bus Inventory - FINAL

Ref No	Bus No	Chas	VIN	POY	MOY	Body	Style	Fuel	Equip	Cap	Cost	Stat	AT	Depreciation		
														LastYrTotal	Annual	Total
43829	BUS 1	08	4DRBUAAN78B580307	2007	2007	08	C	01	01	60	80308	2	E	60231	20077	80308
43830	BUS 2	08	4DRBUAAP78B580308	2007	2007	08	C	01	01	60	80351	2	E	60263	20088	80351
43831	BUS 3	08	4DRBUAAP98B580309	2007	2007	08	C	01	01	60	80351	2	E	60263	20088	80351
43832	BUS 4	08	4DRBUAAP58B580310	2007	2007	08	C	01	01	60	80351	T	E	60263	20088	80351
46370	BUS 1A	08	4DRBUAAN7AB192158	2009	2009	08	C	01	01	65	81842	2	E	20460	20461	40921
46371	BUS 2A	08	4DRBUAAN9AB192159	2009	2009	08	C	01	01	65	81842	2	E	20460	20461	40921
47386	bus 5	08	4DRBUAAN58B354774	2010	2010	14	C	01	01	48	88147	2	E	0	22036	22036
47449	bus 6	08	4DRBUAAN78B354775	2010	2010	14	C	01	01	48	88147	2	E	0	22036	22036
47450	bus 7	08	4DRBUAAN98B354776	2010	2010	14	C	01	01	48	88147	2	E	0	22036	22036
47451	bus 8	08	4DRBUAAN08B354777	2010	2010	14	C	01	01	48	88147	2	E	0	22036	22036

Bus Type		District Totals	Total Annual Amortization
2	SPEC ED SECTION 52	9	189319
T	SPEC ED SECTION 52 SPARES	1	20088
Grand Total		10	209407



# MAER – Medical Staff

(Medicaid Allowable Expenditure Report)

- SBS providers receive their funding from the interim monthly payments that are based on prior year actual costs and that are reconciled on an annual basis to the current year costs.
  - Costs are reported for direct medical and specialized transportation services on the MAER and collected via financial worksheets for Personal Care Services and Targeted Case Management.

# Example – MAER Medical

## Medical Staff Costs - [REDACTED]

Hospital and Clinic Reimbursement Division  
Michigan Medicaid Allowable Expenditure Summary Report

Line	Function Code	Title and Object Code	Staff FTE (2)	Salaries (3)	Benefits 2100, 2800 & 2900 (4)	Purchased Services 3130 & 3190 (5)	Other Expend. 7410 (6)	Total Direct Costs (9)	Indirect Cost Rate (10)	Total Indirect Costs (11)
1	213	Physician (1410)	0.00	0	0	0	0	0	11.22%	0.00
2	213	RN/LPN (1450)	5.00	417,137	213,021	0	0	630,158	11.22%	70,703.73
3	213	PT/PTA (1470)	16.42	1,200,773	572,585	0	0	1,773,358	11.22%	198,970.77
4	213	OT/COTA (1480)	36.53	2,811,872	1,361,899	0	0	4,173,771	11.22%	468,297.11
5	214	Psychologist/Psych (1430)	0.00	0	0	0	0	0	11.22%	0.00
6	215	Speech Therapist (1280)	28.08	2,016,903	989,690	0	0	3,006,593	11.22%	337,339.73
7	215	Audiologist (1490)	0.92	74,142	35,503	0	0	109,645	11.22%	12,302.17
8	215	Supervised TSLI's (1240)	0.00	0	0	0	0	0	11.22%	0.00
9	216	Social Worker (1440)	8.13	672,933	303,118	0	0	976,051	11.22%	109,512.92
10	217	O&M Specialist (1290)	0.00	0	0	0	0	0	11.22%	0.00
11		TCM (from PCG financials)						16,124,562	11.22%	1,809,175.86
12		Personal Care (from PCG financials)						8,673,953	11.22%	973,217.53
13		Total	95.08	7,193,760	3,475,816	0	0	35,468,091	11.22%	3,979,520



# Common Findings – MAER (M)

- Staff Pool Listing Errors
- Federal Funds
- Unallowable Costs
  - Early Retirement Incentives, Tuition
- Calculation Errors
  - Wrong Lines and Columns
    - Accidentally placing Speech costs under SW



# Staff Pool Listing Errors

- Staff included on the MAER (Medical) need to be eligible to receive a moment
  - In order to receive a moment, one must be included on the staff pool list
  - As long as the provider meets the requirements to be on the Direct Service Staff Pool and are in fact included on that staff pool list, then that provider and associated costs are allowable on the MAER

# Federal Funds

Special Education 22						
Function	214	Psychological Services				
Account Number	Description		YTD Activity	Budget	Budget Balance	% of Budget
Psychological Services						
21-214-1430	PSYCH- SALARY		55,791.00	58,370.00	2,579.00	125.14
21-214-1430-0000-8010	PSYCH - TEACHER SALARY		60,973.00	58,094.00	(2,879.00)	137.41
21-214-1790	PSYCH - HOSP DEDUCTIBLE		195.00	195.00	0.00	714.87
21-214-2130	PSYCH - HEALTH INSURANCE		8,825.23	7,500.00	(1,325.23)	233.76
21-214-2130-0000-8010	PSYCH - HEALTH INSURANCE		22,361.26	19,365.00	(2,996.26)	115.47
21-214-2310	PSYCH - TUITION		2,058.50	2,100.00	41.50	98.02
21-214-2820	PSYCH - RETIREMENT		12,491.21	10,969.00	(1,522.21)	145.40
21-214-2820-0000-8010	PSYCH - RETIREMENT		12,334.61	11,700.00	(634.61)	138.93
21-214-2830	PSYCH - SOCIAL SECURITY		4,897.40	4,465.00	(432.40)	141.30
21-214-2830-0000-8010	PSYCH - SOCIAL SECURITY		4,664.42	4,700.00	35.58	129.44
21-214-2840	PSYCH - WORKERS COMPENSATION		0.00	0.00	0.00	0.00
21-214-3210	PSYCH - TRAVEL		4,368.69	5,000.00	631.31	107.35
21-214-3220	PSYCH - WORKSHOPS		0.00	0.00	0.00	0.00
21-214-5100	PSYCH - SUPPLIES		1,361.02	2,000.00	638.98	109.53
214	Psychological Services		\$190,321.34	184,458.00	(5,863.34)	134.65



# Unallowable Costs

## ■ Early Retirement Incentive Payments

- These include: (a) lump sum payments, (b) retirement incentive payments spread over the following year, and (c) the purchase of annuities as a retirement.

**These incentives do not qualify for state categorical reimbursement.**

## ■ Tuition Reimbursement

- These costs coded under object code 2310 for employees to return to higher education to complete degree requirements are **not reimbursable as a necessary cost of special education under state school aid.**

# Early Retirement Incentives

## ■ Object Code – 2210

<u>NAME KEY</u>	<u>EMPLOYEE NAME</u>	<u>ACCOUNT NUMBER</u>	<u>CODE</u>	<u>OBJECT</u>	<u>AMOUNT</u>
[REDACTED]	[REDACTED]	22E214 1430 00000 229 0000 0000	CON	CONTRACT	4,769.13
[REDACTED]	[REDACTED]	22E214 1430 00000 229 0000 0000	LONG	LONGEVITY	184.05
[REDACTED]	[REDACTED]	22E214 2130 00000 229 0000 0000	PAKA	PAK A INSURANCE	1,495.12
[REDACTED]	[REDACTED]	22E214 2140 00000 229 0000 0000	DENTL	DENTAL MESSA	126.65
[REDACTED]	[REDACTED]	22E214 2150 00000 229 0000 0000	VISIN	VISION MESSA	22.05
[REDACTED]	[REDACTED]	22E214 2190 00000 229 0000 0000	LIFE	LIFE AD&D MESSA	12.10
[REDACTED]	[REDACTED]	22E214 2190 00000 229 0000 0000	LTD	LTD MESSA	55.36
[REDACTED]	[REDACTED]	22E214 2210 00000 229 0000 0000	RETNB	RETIRED BONUS	30,000.00
[REDACTED]	[REDACTED]	22E214 2820 00000 229 0000 0000	RET	RETIRED DB W/ECC	839.07
[REDACTED]	[REDACTED]	22E214 2830 00000 229 0000 0000	FICA	FICA	2,163.63
[REDACTED]	[REDACTED]	22E214 2835 00000 229 0000 0000	MED	MEDICARE	506.01
[REDACTED]	[REDACTED]	22E214 2840 00000 229 0000 0000	WCPR	WORKER'S COMP	11.22
		Employee Total:			40,184.40
		Grand Total:			40,184.40





# MAER – Transportation

(Medicaid Allowable Expenditure Report)

- Specialized transportation costs are the costs associated with the special education buses used for the specific purpose of transporting special education students only.
  - On an annual basis, the cost per trip is calculated by dividing the total reimbursable cost by the total ISD-reported special education one-way transportation trips.
  - The Medicaid reimbursable amount is obtained by multiplying the number of “allowable” one-way trips paid by the Medicaid Invoice Processing system per ISD.

# Example – MAER Transportation

## Transportation Costs - [REDACTED]

Hospital and Clinic Reimbursement Division  
Michigan Medicaid Allowable Expenditure Summary Report

Line	Object Code	Title	FTE (1)	Expenditure (4)	Expenditure (6)	Total Direct Costs (9)	Indirect Cost Rate (10)	Total Indirect Costs (11)
1	1610	Bus Driver	138.00	3,925,194	0	3,925,194	11.22%	440,406.77
2	1630	Aides	43.00	1,055,134	0	1,055,134	11.22%	118,386.03
3	2000	Employee Benefits		3,563,104	0	3,563,104	11.22%	399,780.27
4	3310	Pupil Trans Common Carrier		0	0	0	11.22%	0.00
4.5	3310	Pupil Trans Common Carrier (black/yellow)		159,748	0	159,748	11.22%	17,923.73
5	3330	Pupil Trans Family Veh Cost		161,697	0	161,697	11.22%	18,142.40
6	3310	Contracted Taxis		0	0	0	11.22%	0.00
7	3930	Pupil Transp. Fleet Insurance		127,341	0	127,341	11.22%	14,287.66
8	4230	Contracted/Leased Buses		0	0	0	11.22%	0.00
9	4000	Other Vehicle Related Costs		36,605	0	36,605	11.22%	4,107.08
10	5710	Gasoline		1,258,920	0	1,258,920	11.22%	141,250.82
11	5710	Oil/Grease		0	0	0	11.22%	0.00
12	5720	Tires/Batteries		59,138	0	59,138	11.22%	6,635.28
13	5700	Other Supplies/Repair Parts		264,604	0	264,604	11.22%	29,688.57
15	7000	Other Expenses/Adjustment		19,333	0	19,333	11.22%	2,169.16
16		Bus Amortization		1,321,349	0	1,321,349	11.22%	148,255.36
17		Total Expenditures		11,952,167	0	11,952,167	11.22%	1,341,033
18		Total Number Of One Way Trips	395,343					
19		Estimated Medicaid Billable Trips	65,650					



# Common Findings – MAER (T)

## ■ Calculation Errors

- ☐ Overstated/Understated Costs
- ☐ Accidentally Omitting Costs
- ☐ Failing to break out costs to appropriate object codes

# Calculation Errors

Line	Object Code	Title	FTE (1)	Expenditure (4)	Expenditure (6)	Total Direct Costs (9)	Indirect Cost Rate (10)	Total Indirect Costs (11)
1	1610	Bus Driver	5.00	111,612	0	111,612	25.00%	27,903.00
2	1630	Aides	4.00	48,748	0	48,748	25.00%	12,187.00
3	2000	Employee Benefits		80,076	0	80,076	25.00%	20,019.00
4	3310	Pupil Trans Common Carrier		0	0	0	25.00%	0.00
4.5	3310	Pupil Trans Common Carrier (black/yellow)		0	0	0	25.00%	0.00
5	3330	Pupil Trans Family Veh Cost		6,595	0	6,595	25.00%	1,648.75
6	3310	Family Vehicle Contract Csts		0	0	0	25.00%	0.00
7	3930	Pupil Transp. Fleet Insurance		6,375	0	6,375	25.00%	1,593.75
8	4230	Contracted/Leased Buses		0	0	0	25.00%	0.00
9	4XXX	Other Vehicle Related Costs		7,673	0	7,673	25.00%	1,918.25
10	5710	Gasoline		35,632	0	35,632	25.00%	8,908.00
11	5710	Oil/Grease		0	0	0	25.00%	0.00
12	5720	Tires/Batteries		3,193	0	3,193	25.00%	798.25
13	5730	Vehicle Repair Parts		0	0	0	25.00%	0.00
14	5790	Other Supplies		0	0	0	25.00%	0.00
15	7000	Other Expenses/Adjustment		0	0	0	25.00%	0.00
16		Bus Amortization		29,491	0	29,491	25.00%	7,372.75
17		Total Expenditures		329,395	0	329,395	25.00%	82,349
18		Total Number Of One Way Trips	24,480					
19		Estimated Medicaid Billable Trips	12,240					

3330-620-0000-00000	CONTRACTED TRANSPORTATION	8,000.00	-00	6,594.85	1,405.15	82%
3510-620-0000-00000	ADS	-00	-00	-00	-00	0%
3930-620-0000-00000	TRANSPORTATION INSURANCE	6,375.00	-00	6,375.00	-00	100%
4130-620-0000-00000	REPAIR TRANSP. VEHICLES	15,000.00	-00	4,772.53	10,227.47	31%
4220-620-0000-00000	RENTAL EQUIPMENT	-00	-00	-00	-00	0%
4910-620-0000-00000	OTHER PURCHASED SERVICES	1,600.00	-00	1,623.26	23.26	101%
5710-620-0000-00000	GAS	35,000.00	-00	36,304.10	1,304.10	103%
5711-620-0000-00000	OIL PURCHASES & OIL CHANGES	2,000.00	-00	671.90	2,671.90	33%
5720-620-0000-00000	TIRES TUBES AND BATTERIES	2,500.00	-00	1,666.89	833.11	66%
5730-620-0000-00000	VEHICLE REPAIR PARTS	2,500.00	-00	1,526.20	973.80	61%
5790-620-0000-00000	MISCELLANEOUS SUPPLIES	2,000.00	-00	2,615.22	615.22	130%
6610-620-0000-00000	NEW SCHOOL BUS PURCHASES	18,000.00	-00	17,915.00	85.00	99%
7910-620-0000-00000	MISCELLANEOUS EXPENSES	3,000.00	-00	2,900.08	99.92	99%

Line	Object Code	Description	MAER Reported	Allowable	Difference	ACCOUNT	DESCRIPTION	YTD EXP	LINE ON MAER
9	4XXX	Other Vehicle Costs	\$ 7,673.00	\$ 4,772.53	\$ 2,900.47	22-1-271-4130-620-0000-00000	REPAIR TRANSP. VEHICLES	\$ 4,772.53	LINE 9
15	7000	Other Expenses	\$ -	\$ 2,900.08	\$ (2,900.08)	22-1-271-7910-620-0000-00000	MISCELLANEOUS EXPENSES	\$ 2,900.08	LINE 15
		Total	\$ 7,673.00	\$ 7,672.61	\$ 0.39		Total	\$ 7,672.61	
Line	Object Code	Description	MAER Reported	Allowable	Difference	ACCOUNT	DESCRIPTION	YTD EXP	LINE ON MAER
12	5720	Tires/Batteries	\$ 3,193.00	\$ 1,666.89	\$ 1,526.11	22-1-271-5720-620-0000-00000	TIRES TUBES AND BATTERIES	\$ 1,666.89	LINE 12
13	5730	Vehicle Repair Parts	\$ -	\$ 1,526.20	\$ (1,526.20)	22-1-271-5730-620-0000-00000	VEHICLE REPAIR PARTS	\$ 1,526.20	LINE 13
		Total	\$ 3,193.00	\$ 3,193.09	\$ (0.09)		Total	\$ 3,193.09	



# Questions?

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