

## **Section 3.15 School Based Services Benefit (SBS) – use for audits for fiscal years ending December 31, 2011 or June 30, 2012**

This section is applicable to audits of agencies that receive funding for the School Bases Services Benefit directly from the Department of Health Services.

**Funding:** Medical Assistance, CFDA number 93.778. The federal government has identified Medical Assistance as a program of higher risk. Auditors will need to ensure that they meet the federal requirements for testing a major program within the context of also ensuring they meet the requirements from the Department of Health Services.

### **Background**

The School Based Services (SBS) benefit is designed to provide federal Medicaid funding to Wisconsin schools to help pay for medically-related special education services for children who are eligible for the Medicaid program. Participants in this program include many of Wisconsin's school districts and the Brown County and Walworth County Children with Disabilities Education Boards (CCDEBs).

Wisconsin Medicaid issues interim payments and final cost reconciliation adjustments to Medicaid-certified school-based services providers. Interim payments are based on the specific service provided and the rate associated with that service. In addition, each school-based services provider must complete an annual cost report. Districts may bill for services for up to 365 days following the date of service, and payment adjustments may be made up to two years after the date of service. As a result, during any given period, a school district could receive payments for the current period and the two prior periods.

When presenting findings, identify the program and the specific compliance requirement, for example "SBS A. General Risk Factors."

### **Risk assessment**

The Department of Health Services has designated the School Based Services Benefit to be a Type A program when 1) the auditee has a single audit and 2) it receives \$100,000 or more in funding for this program from the department during the audited period. The department has provided a list of payments made for this program between July 1, 2011 and June 30, 2012 on the *State Single Audit Guidelines* website ([www.ssag.state.wi.us](http://www.ssag.state.wi.us)) to use when determining whether the agency received \$100,000. This information also serves as a confirmation of the departments payments to school districts for the program.

### **SBS A. General risk factors**

- The program has not been audited in at least one of the last two audits.
- The auditor identified significant findings in the most recent audit.
- The auditee has had significant changes in personnel or systems affecting the program.
- The program is new for this auditee or the program requirements have recently changed substantially.
- The program has complex administrative requirements.
- Test the auditee's general compliance in light of Section 2.1 "Segregation of Duties," Section 2.3 "Allowable Costs," Section 2.6 "Reporting," and Section 2.10 "Illegal Acts and Other Misconduct" in the *DHS Audit Guide*, which is the department's Appendix to the *State Single Audit Guidelines*. (<http://www.ssag.state.wi.us>). School Based Services cost reporting places extensive reliance on existing reporting. The SBS cost report was designed to take advantage of existing records that have financial audit and DPI review to assure their accuracy. Any problems with general compliance will call into question the accurate determination of School Based Services allowable costs. Proper use of existing records in completion of the SBS cost report is covered under program specific risk factors.

### **SBS B. Program risk factors**

- The accuracy of the SBS costs should be reviewed in light of any problems found in the financial statement audit, including review of the WUFAR accounts, or the single audit. In particular, the accuracy of SBS costs should be reviewed in light of problems with the classification of cost that is revealed by Special Education and School Age Parents Aide Audit Procedures (Section 3.2 of the *Appendix to the State Single Audit Guidelines for Programs from the Department of Public Instruction*; <http://www.ssag.state.wi.us>). Audit steps for specific parts of the cost report can be found below.

## **Compliance requirements and suggested audit procedures**

When presenting findings, identify the program and the specific compliance requirement, for example "SBS A. Individual Education Program (IEP) and Consent to Bill Wisconsin Medicaid (M-5)."

### **SBS C. Individual Education Program and Consent to Bill Wisconsin Medicaid (M-5)**

#### *Compliance requirement(s)*

In order to be reimbursed by Medicaid, all school-based services must be identified in the Individual Education Program (IEP). The IEP must be updated annually and approved by the parent or guardian annually or whenever significant changes are made. No reimbursement can be made for a Medicaid-coverable service not specified in the student's IEP. For detailed information on this approval please see the SBS Handbook posted on the DHS website ([SBS Handbook - https://www.forwardhealth.wi.gov/WIPortal/Online%20Handbooks/Display/tabid/152/Default.aspx?ia=1&p=1&sa=58&s=2&c=61](https://www.forwardhealth.wi.gov/WIPortal/Online%20Handbooks/Display/tabid/152/Default.aspx?ia=1&p=1&sa=58&s=2&c=61))

and the State Medicaid Updates

(<https://www.forwardhealth.wi.gov/WIPortal/Tab/42/icscontent/Provider/Updates/Index.htm.spag> e).

Following a directive issued by the Department of Public Instruction (DPI) in October 2007, all local education agencies (LEAs) that are Medicaid-certified School-Based Services (SBS) providers are required to have a signed and dated Consent to Bill Wisconsin Medicaid for Medically Related Special Education and Related Services, DPI form M-5 (10/07), from the parent or guardian of a student with an Individualized Education Program (IEP) before claims for BadgerCare Plus services can be submitted. The Consent to Bill Wisconsin Medicaid for Medically Related Special Education and Related Services, DPI form M-5 (10/07), is used in addition to the required parental consent to provide the special education and related services defined in a student's IEP.

Previously, the application for Medicaid enrollment was considered valid parental consent to bill Wisconsin Medicaid for services and to share information. The DPI directive can be accessed at [dpi.wi.gov/sped/bul07-02.html](http://dpi.wi.gov/sped/bul07-02.html). (BadgerCare+ Update, February, 2008, <https://www.forwardhealth.wi.gov/kw/pdf/2008-17.pdf>.)

A signed and dated Consent to Bill Wisconsin Medicaid for Medically Related Special Education and Related Services, DPI form M-5, is required for each new IEP and for each updated IEP. Consent to Bill Wisconsin Medicaid for Medically Related Special Education and Related Services, DPI form M-5, should be kept available in students' records.

*Suggested audit procedure(s)*

- Determine whether IEP's were updated within the last year and were approved by the parent or guardian within the last year or if significant changes were made.
- Determine whether the services billed were authorized in the plans.
- Determine whether the student files contain a current signed and dated Consent to Bill Wisconsin Medicaid for Medically Related Special Education and Related Services, DPI form M-5.

**SBS D. School-Based Services Medical Salaries and Benefits Costs (Part A of Cost Report)**

*Compliance requirement(s)*

Providers should report, on the cost report, medical practitioner costs obtained from the Special Education Fiscal Report (SEFR) and from supporting aide sheets. These costs must be properly reported from the SEFR and supporting aid sheets in accordance with cost report instructions (pages 1-4 of the *School-Based Services Cost Report Instructions* and Department of Public Instruction memo - [http://dpi.wi.gov/sfs/ltrjan12\\_06.html](http://dpi.wi.gov/sfs/ltrjan12_06.html)).

Providers are required to have information requested in the *Compensation Data Worksheet* on hand in the event of an audit (Wisconsin Medicaid Update 2007-38 on the Department's website - <http://dhfs.wisconsin.gov/medicaid/updates/2007/2007-38.htm>). The information reported on the *Compensation Data Worksheet* should be properly transferred to the cost report.

*Suggested audit procedure(s)*

- Trace salaries and fringe benefits on the *Compensation Data Worksheet* back to SEFR and supporting aide sheets.
- Trace the totals from *Compensation Data Worksheet* to the cost report to ensure that salaries and fringe benefits listed on the cost report are supported by the detail included in the *Compensation Data Worksheet* (pages 1-4 of the *School-Based Services Cost Report Instructions*). For example, columns E and F of the *Compensation Data Worksheet* should match up with columns E and F of the cost report in the aggregate by personnel type. Similarly, columns G and H of the *Compensation Data Worksheet* should match up with columns G and H of the cost report. Columns E and F represent salaries and benefits reported in Fund 27 Project 011. Columns G and H represent salaries and benefits reported in funds other than Fund 27 for individuals that have at least some salaries and benefits in Fund 27 Project 011. An example would be Fund 10 salaries and benefits for an individual who works both in special education (Fund 27 Project 011) and regular education (Fund 10).
- Trace the amounts included in Columns I and J on Part A of the cost report back to allocation worksheets provided by the CESAs. The salaries and benefits of employees of CESAs and other school districts should be included in Columns I and J. The school district should obtain these amounts from the CESAs and other school districts from which they hired employees. The CESAs and school districts should have information on how they arrived at the salaries and benefits they provided the school districts with to report in Columns I and J of the cost report.

**SBS E. Medicaid Eligibility Rate for Medical Services (Part A of Cost Report)**

*Compliance requirement(s)*

Providers should have an ongoing program with sufficient internal control to accurately identify total students enrolled in Individual Education Programs (IEP) that receive medical services (pages 1-4 of the *School-Based Services Cost Report*). That system must identify total IEP students receiving medical services each year for each of the following service areas: speech, social work, counseling services, health, psychological services, occupational therapy and physical therapy. The number of IEP students receiving a medical service by service area should be properly reported on the cost report.

*Suggested audit procedure(s)*

- Review the provider's system for identifying the total IEP students receiving medical services by service area.
- Trace the provider's records that identify the total number of IEP students receiving a medical service by service area to the cost report.

**SBS F. Purchased Medical Services and Medical Supplies (Part B of Cost Report)**

*Compliance requirement(s)*

Part B of the SBS cost report allows for the reporting of IEP purchased medical services, employee travel, and medical supplies obtained from the annual report data and school district invoices. Providers may only report, on the cost report, the costs of purchased services

that are IEP medical services and the cost of employee travel and medical supplies that are used for IEP medical services (page 6 of the *School-Based Services Cost Report Instructions*).

*Suggested audit procedure(s)*

- Test the invoices to verify that districts only include costs for IEP medical services, medical supplies used in IEP medical services, and employee travel related to IEP medical services on the cost report.

*Compliance requirement(s)*

Beginning in July 2007 districts must report all IEP purchased medical services, medical supplies, and employee travel costs in separate WUFAR sub-accounts (page 6 of the *School-Based Services Cost Report Instructions*). These WUFAR sub-accounts include:

- Object Code 311: IEP Personal Purchased Medical Services
- Object Code 344: Contracted Service Travel for IEP Medical Services
- Object Code 390: Inter-Governmental Payments for IEP Medical Services
- Object Code 391: Payment to Municipalities for IEP Medical Services
- Object Code 395: Payment to County for IEP Medical Services
- Object Code 399: Payment to WTCS for IEP Medical Services
- Object Code 418: Medical Supplies for IEP Medical Services
- Object Code 346: Employee Travel for IEP Medical Services

*Suggested audit procedure(s)*

- Test the district's General Ledger to verify that districts are using the sub-accounts for IEP medical services listed above in reporting costs incurred during the 2007-08 school year.

**SBS G. School-Based Services Transportation Costs (Part A of Cost Report)**

*Compliance requirement(s)*

Transportation costs that are charged to School Based Services must be supported by the SEFR (pages 5 and 6 of the *School-Based Services Cost Report Instructions*).

*Suggested audit procedure(s)*

- Trace the transportation amounts in SEFR to the amounts included in Part A of the cost report.

**SBS H. Medicaid Eligibility Rate for Transportation (Part A of Cost Report)**

*Compliance requirement(s)*

Providers should have an ongoing program with sufficient internal control to accurately identify total one-way student trips on transportation reported in the SEFR. The number of one-way trips on IEP transportation should be properly reported on the cost report (pages 5 and 6 of the *School-Based Services Cost Report Instructions*).

*Suggested audit procedure(s)*

- Review the provider’s system for identifying the total number of one-way trips on IEP transportation busses, which include any bus whose cost is included on the cost report.
- Trace the provider’s records that identify the total number of one-way trips on IEP transportation busses to the cost report.

**Presentation of School Based Services in the Schedule of Expenditures of Federal Awards**

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At minimum, the department recommends presenting the following information for School Based Services in the Schedule of Expenditures of Federal Awards:

Federal awarding agency:	Department of Health and Human Services
Pass-through agency:	Wisconsin Department of Health Services
Program name:	Medical Assistance Program
CFDA Number:	93.778
Expenditures:	(Amount billed during audit period)

**Sending the audit report to the Department of Health Services**

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If School Based Services Benefit is a Type A program (see Risk Assessment, above), send one copy of the audit report to the department within six months of the end of the fiscal year. The report may be in either electronic pdf format or paper format. Reports in pdf format may be sent to the following email address:

DHSAuditors@Wisconsin.gov

Paper copies may be sent to the following address:

DHS Auditors  
1 West Wilson Street  
P.O. Box 7850  
Madison, WI 53707-7850

**Questions**

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Please send questions by email to [DHSAuditors@Wisconsin.gov](mailto:DHSAuditors@Wisconsin.gov) and include the identifier for the audit procedure (example “SBS A. General Risk Factors” and the name of the auditee in the message.