

Cost Report Desk Review Procedures for the Consolidated and P/FDS Waiver Programs

Commonwealth of Pennsylvania
Office of Developmental Programs

Year 3 Desk Review Procedures for Cost Reports ending June 30, 2010

MPI #:	Provider Name:
Cost Report #	of
Name of person completing desk review procedures:	Date:
AE:	Date:

Overview

Once the provider has successfully submitted its Cost Report(s), the Cost Report enters the desk review phase. In Year 3 (historical reporting period July 1, 2009 – June 30, 2010), the Administrative Entity (AE) will be responsible for performing the desk review of the traditional Cost Report submissions. ODP Regional Fiscal Office staff will provide oversight for the desk review process. ODP has requested that Mercer also conduct a peer review of the desk reviews performed on a pre-identified subset of Cost Reports to support greater consistency across all desk reviews.

If all Cost Reports submitted by a provider pass the desk review conducted on each Cost Report submitted, the AE will indicate the acceptance in the Desk Review website and will notify ODP Regional Fiscal Office staff. ODP will then notify the provider its Cost Report submission has been approved. The provider's Cost Report data will be sent to the rate-setting database and will serve as the basis for the development of the provider's Year 3 rates. In the event that all Cost Reports submitted by a provider do not pass the desk review, the Cost Report submission package for that provider will not be approved or used in rate setting.

If the Cost Report submission fails any of the desk review procedures, the AEs will notify providers of the items that need to be corrected and will request a Cost Report resubmission. Providers with Cost Reports identified for resubmission will need to start at the beginning of the process (i.e., the Cost Report resubmission must first make it through the real-time edits). The Desk Review website will maintain documentation on the status of each Cost Report, allowing users to determine how many Cost Reports have passed the desk review and how many have failed the desk review and are pending resubmission.

To facilitate the desk review process, ODP will issue a mapping of AEs to providers (via Master Provider Index [MPI]) to identify the MPIs that each AE is responsible for reviewing. Each AE will be provided with one user name and password to access the Desk Review website. The AE can share this information internally with all fiscal staff performing desk reviews. Using this information, the AE will be able to log in to the Desk Review website and download the Cost Reports and supporting financial documents specific to their assigned MPIs. For security purposes, AEs will only have access to Cost Report data for their assigned MPIs. AEs can begin monitoring the website in early October and start performing desk reviews of any uploaded Cost Reports. Please note, some providers will be testing the upload submission process so AEs will want to ensure submissions are finalized if beginning the desk review before October 17, 2010. Any Cost Reports that do not pass the real-time edits will not be uploaded.

ODP anticipates a very high volume of Cost Report uploads will occur during the first two weeks of October 2010. Therefore, prior to the Cost Report submission deadline of October 17, 2010, AEs are encouraged to log in to the Desk Review website on a daily basis to check the files that have been uploaded for their assigned MPIs. After October 17, 2010, AEs will begin receiving e-mail notifications each time one of their assigned MPIs uploads a file. This system feature will alert AEs when resubmissions have been submitted and assist AEs in watching for audited financial statement submissions through March 2011.

Upon downloading the Cost Report(s) and supplemental schedules, the AEs will perform a standardized set of Year 3 desk review procedures, which are included in subsequent sections of this document.

Documentation

Comprehensive and readily accessible documentation records are crucial to support ODP in responding to provider inquiries. To that end, ODP will require the AE staff to maintain detailed documentation records of all e-mail and telephone communications with providers. To

facilitate the documentation process, ODP has established a Connect website that AEs and ODP staff can access. The Connect website will allow each AE to access a folder and upload documentation for each of their assigned MPIs. Items AEs must maintain include the completed desk review procedures, all e-mail correspondence between the AE and provider and documentation of any telephone conversations using ODP's standard telephone documentation template.

In addition to the documentation the AE will maintain on the Connect website, ODP will also require the AE to update the status of each MPI's desk review results on the Desk Review website. The Desk Review website will provide five status options:

- Failed hard edits
- Passed hard edits, pending desk review
- Desk review performed, failed desk review
- Desk review performed, passed desk review
- Does not require pass/fail decision

While the automated system will automatically assign the status associated with the first two bullets described above, the AE will be responsible for updating the status upon completion of the desk review (i.e., choosing the third or fourth status option to acknowledge pass or fail). For Cost Reports that do not require a Desk Review (e.g., provider test submission), the AE is responsible for updating the status using the fifth status option above. This function will enable system users to run reports by MPI to understand how the Cost Report submission and desk review phases are progressing.

General Instructions for Completing the Desk Review Procedures

A desk review needs to be completed for each Cost Report received. The desk review procedures provide necessary documentation of why the provider's Cost Report has been approved or rejected.

For each item on the desk review procedure, enter an "X" in the appropriate column:

- **Yes – Compliant** – If the provider has completed the item correctly
- **No – Not Compliant [Action Required]** – If the information is incorrect and the provider must correct or the provider indicates supporting information or explanation is not available (e.g., if the provider indicates that "waiver hours" are not available for Schedule D, this is considered not compliant)
- **No – Not Compliant [NO Action Needed – not material]** – If the information is incorrect, but the item is not material enough to necessitate a correction by the provider
- **N/A** – If the item does not apply to this provider

The **Comments Column** must be completed if you have placed an "X" in either of the "No – Not Compliant" columns. If [NO Action Needed – not material] is selected, the comment entered by the desk reviewer must identify the error and explain why it is immaterial. If [Action Required] is selected, the comment entered by the desk reviewer should identify the error **and** how to correct it.

Approved Cost Reports

If the Cost Report submission is approved, the “Memorandum – Approval” should be completed and sent to ODP Regional Fiscal Office staff for formal notification to be sent to the provider. Enter the provider’s MPI number, Cost Report number, e-mail address (as indicated on the Certification Page) and the date the memorandum is completed. The ODP Regional Fiscal Office staff will only send the “Memorandum – Approval” to the provider (as opposed to the entire desk review procedures). Please note this memorandum will only be completed if **all** Cost Reports submitted by the provider have been approved. The AE is responsible for ensuring a copy of the desk review procedures, as well as the completed “Memorandum – Approval,” are saved in the MPI-specific folder on the Connect site and that the disposition is updated on the ODP Desk Review website.

Resubmission of Cost Reports Required

If the Cost Report is not approved, the “Memorandum – Resubmission Required” should be completed and sent to the provider (copying ODP Regional Fiscal Office staff and the Connect site) along with the completed desk review procedures. Enter the provider’s MPI number, Cost Report Number, e-mail address (as indicated on the Certification Page) and the date the memorandum is completed. If all of the Cost Reports are being returned to the provider for the same reason, you may enter “ALL” as the Cost Report number. Enter the desk review procedures reference number of all items that need to be corrected. For example, if findings are identified related to the desk review procedures questions 5, 12 and 17, indicate those in the “Memorandum – Resubmission Required” so that the provider knows which items need to be corrected. The comment for each of the unacceptable reference numbers in the desk review procedures should contain enough information for the provider to know how to correct the problem. The “Memorandum – Resubmission Required” and the entire desk review procedures need to be sent to the provider.

ODP requires that all initial desk reviews be completed and documented **on or before November 12, 2010**. All Cost Report resubmissions are due from providers by **November 30, 2010**. ODP requires that all resubmission desk reviews be completed on or before December 17, 2010.

If the resubmission fails the desk review, ODP Central Office will communicate that the Cost Report has failed the desk review process.

Memorandum – Resubmission Required

Commonwealth of Pennsylvania
Office of Developmental Programs
Year 3 Cost Report Review
Memorandum – Resubmission Required

RE: Cost Report Submission MPI #: _____
Cost Report Number from Certification Page Line 12b: Cost Report _____ of _____
Provider E-mail Address indicated on Certification Page Line 3b: _____; Line 4b: _____
Date memorandum completed: _____
CC: [AE]@connectmail.mercer.com and Provider User Account Email and ODP Regional Fiscal Office staff

Dear Provider,

Thank you for your submission of the Year 3 Cost Report covering the historical reporting period July 1, 2009 – June 30, 2010. The document referenced above has been received and reviewed. Findings were noted in the submitted document, as listed below. You must correct these findings and resubmit your Cost Report within **seven** business days of the date of the e-mail to which this memorandum was attached.

A copy of the desk review findings, identifying the errors contained in your Cost Report, is attached. The numeric references correspond to each desk review procedure identified in the document that requires review or resolution. If the procedure is not identified below, you do not need to address it in your resubmission.

The following desk review procedure reference number(s) require review and resolution: _____

Please review these findings carefully and correct them as appropriate. Upload the revised Cost Report within **seven** business days of the date of the e-mail to which this memorandum was attached. Please note that the number of initial Cost Report submissions may not change during the resubmission process (e.g., collapsing service locations or procedure codes from multiple failed Cost Reports into one revised Cost Report.) If this occurs, AEs will reject the collapsed Cost Report resubmission during the desk review.

As a reminder, if you have not included your audited financial statement (AFS) and audited cost allocation plan (Section 16 of Cost Report Instructions) with your Cost Report submission, please submit it to the website when available (but no later than 9 months from the end of the reporting period). To the extent your AFS requires an adjustment to your Cost Report submission, the desk review procedures will need to be performed on any restated Cost Reports.

Thank you for your prompt attention to this matter. If you have any questions, please contact your assigned AE at: _____.

General Procedures

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
1	<p>Does it appear that all tabs have been completed and all appropriate fields completed?</p> <p><i>Note: This is a quick check to verify all the required schedules have been completed.</i></p>					
2	<p>Confirm that there are no comments included on the Provider Use tab that are relevant to the desk review.</p> <p><i>Note: Providers were instructed that the Provider Use tab is ONLY for the provider's use, and will not be reviewed by the desk reviewer. However, we noted in Year 2 that providers still used this tab on occasion. If comments that are relevant to the desk review are included here, the provider must resubmit their Cost Report and place those comments on the comments tab.</i></p>					

Certification Page

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
3	<p>Are any comments noted for this schedule on the Comments Page or on supplemental schedules?</p> <p><i>Review any documents/notes prior to starting the desk review procedures.</i></p> <p><i>Note: If there are no comments recorded on the Comments Page and there are no supplemental schedules submitted, this item should be answered N/A.</i></p>					
4	<p>Does the “Number of Cost Reports Submitted” (Line 12a) agree with the actual number of Cost Reports uploaded by the provider and indicated in the file naming convention (see pages 114-115 of the CRI)?</p> <p><i>For example, if the provider indicates it is submitting 3 Cost Reports, have 3 Cost Reports (1 of 3, 2 of 3, 3 of 3) been received? Also, have they appropriately named these files (e.g., 123456789_CR_2010_01of03.xls, 123456789_CR_2010_02of03.xls, 123456789_CR_2010_03of03.xls)?</i></p>					
5	<p>For each Cost Report submitted, is the count of service locations for each MPI reported on this Cost Report (Line 11d) equal to the count of service locations on the Certification Page – Provider Service Location schedule for that MPI (Column B)?</p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
6	<p>If the provider indicated an audit has been uploaded (Line 10), have the audit and reconciliation that correspond to the FY 09/10 time period been uploaded to the Cost Report website?</p> <p><i>See Audited Financial Statement Desk Review Tool for procedures to be performed on audited financial statements. If the audit is not yet available, or not applicable, check N/A.</i></p>					

Certification Page – Provider Service Locations

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
7	<p>Are any comments noted for this schedule on the Comments Page or on supplemental schedules?</p> <p><i>Review any documents/notes prior to starting the desk review procedures.</i></p> <p><i>Note: If there are no comments recorded on the Comments Page and there are no supplemental schedules submitted, this item should be answered N/A.</i></p>					
8	<p>Check that the MPI-service location code combinations are not duplicated within a Cost Report or across Cost Report(s) for Column B. If any MPI-service location code combinations are duplicated, the Cost Report(s) are not compliant and action is needed.</p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					
9	<p>Are the begin dates of service in Column E between 7/1/09 and 6/30/10?</p>					
10	<p>If end date of service is populated in Column F, is the date between 7/1/09 and 6/30/10?</p>					
11	<p>Are all MPIs and Service Location Codes valid (i.e., there are no alpha characters in the MPI or Service Location Code columns)?</p>					
12	<p>Is the sum of the Waiver Census and Vacancies (Columns H and I) less than or equal to the size of the home indicated by the procedure code in Column G?</p>					

Certification Page – Service Selection

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
13	<p>Are any comments noted for this schedule on the Comments Page or on supplemental schedules?</p> <p><i>Review any documents/notes prior to starting the desk review procedures.</i></p> <p><i>Note: If there are no comments recorded on the Comments Page and there are no supplemental schedules submitted, this item should be answered N/A.</i></p>					
14	<p>If residential procedure codes have been selected, have Columns G through J been completed on the Certification Page – Provider Service Locations schedule for at least one service location?</p>					
15	<p>Has at least one procedure code been selected/checked?</p>					
16	<p>If Line 154 Fee Schedule Services/Outcomes-based Services is checked, are expenses reported in Schedule A, Column D?</p>					

Schedule A: Expense Report

Schedule A, Column F is auto populated by the supplemental schedules in the Cost Report. Schedule A is a critical component of the Cost Report as the data reflected in Schedule A will be used directly in the development of provider-specific rates for the services and locations included in the Cost Report.

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
17	<p>Are any comments noted for this schedule on the Comments Page or on supplemental schedules?</p> <p><i>Review any documents/notes prior to starting the desk review procedures.</i></p> <p><i>Note: If there are no comments recorded on the Comments Page and there are no supplemental schedules submitted, this item should be answered N/A.</i></p>					
18	<p>If a provider submitted multiple Cost Reports, is Schedule A, Column A (Total Provider Expenses – line items and totals) the same for each Cost Report submitted by the provider?</p> <p>If the provider submitted only one Cost Report, select N/A.</p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
19	<p>If there are no dollars in Excluded Non-allowable Waiver Expenses (Schedule A, Column E), has the provider confirmed this with a statement on the Comments Page? If there are no dollars in Excluded Non-allowable Waiver Expenses and no statement was made, follow-up with the provider is required.</p> <p><i>Per the guidance set forth in the CRI, if the provider determined that none of their expenses met the definition of “non-allowable”, then they were required to confirm with a statement on the Comments Page.</i></p> <p><i>Examples of non-allowable Waiver expenses include, but are not limited to, items such as bad debt, fines and penalties, fundraising expenses and entertainment/recreation expenses for participants and provider staff.</i></p> <p><i>Please note that excess compensation expenses are also considered non-allowable Waiver expenses and are tested as part of the Schedule D, D-1, D-2 and D-3 procedures through use of Appendix B in this document.</i></p> <p><i>A more comprehensive list of non-allowable Waiver expenses is located in Section 8 of the CRI.</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
20	<p>Are the calculated unit costs in Lines 22 (Non-residential), 23 (Residential – Eligible) and 25 (Residential – Ineligible) reasonable for the service?</p> <p><i>Note: Please see Appendix A of this document for reasonable ranges by procedure code. If the unit cost for a given procedure code falls outside the range shown in Appendix A, request the provider confirm their expenses and units are reported correctly and have them provide support for the driving factors behind the low or high unit cost value (e.g., one individual in the home has very high needs). If the service for which you are checking reasonableness does not appear in the table in Appendix A, this question can be skipped and marked N/A.</i></p>					
21	<p>If there are multiple residential services provided, does the relationship between the unit costs and the home-size make sense?</p> <p><i>For example, an eligible and ineligible rate for a two-individual home should generally be higher than the eligible and ineligible rate for a three-individual home for a similar service. If not, has the provider included a comment on the Comments Page to explain the relationship? If not, ask for an explanation why the reported relationship is correct. If the relationship is not correct, the provider may need to re-allocate costs more appropriately or correct the units.</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
22	<p>If there are multiple levels of the same non-residential services provided, does the relationship between the unit costs and the staffing ratio make sense?</p> <p><i>For example, a unit cost for Basic Staff Support should be lower than a unit cost for Level 1 Staff Support. If not, has the provider included a comment on the Comments Page? If not, ask for an explanation or the provider may need to re-allocate costs more appropriately.</i></p>					
23	<p>For residential ineligible codes, are the units reported in Lines 19 and 21 equal to the sum of the units for the corresponding eligible codes?</p> <p><i>For example, if W7025 (Community Residential ineligible code) shows 2,190 units available, does the sum of W7024 (Community Residential eligible code) and W7024TD (Community Residential with a nursing modifier eligible code) also show 2,190 units available?</i></p>					

Schedule B: Income Statement

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
24	<p>Are any comments noted for this schedule on the Comments Page or on supplemental schedules?</p> <p><i>Review any documents/notes prior to starting the desk review procedures.</i></p> <p><i>Note: If there are no comments recorded on the Comments Page and there are no supplemental schedules submitted, this item should be answered N/A.</i></p>					
25	<p>For providers that submitted multiple Cost Reports, is the revenue reported in Columns A and B the same for each Cost Report submitted? If only one Cost Report is submitted, mark N/A.</p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					
26	<p>Is the revenue reported for the Commonwealth of Pennsylvania appropriately reported in Lines 1a, 1b, 1c and 1d for Column A and Lines 1a, 1b and 1c for Column C?</p> <p><i>For example, if the provider indicated in the Service Selection tab that fee schedule and/or outcomes based services were delivered at service locations included on this Cost Report, is revenue reported in Column C, Line 1c? Similarly, if the provider allocated expenses to ineligible codes in Schedule A, is revenue reported in Line 1b?</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
27	<p>Is the amount reported in Line 8 Other income less than 5% of Total Revenue reported in Line 12 for each column? If not, has a supplemental schedule been submitted and are the revenues in the supplemental schedule reasonable?</p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					
28	<p>If Investment Income is entered in Column A, Line 7, is a portion allocated to Column B, Line 7 for Waiver?</p> <p><i>If no portion of investment income is allocated to Column B, Line 7 and investment income is entered in Column A, Line 7, then an explanation must be requested from the provider as to why no investment income has been allocated to the Waiver program.</i></p>					
29	<p>If Non-Restricted/Appropriated contributions are entered in Column A, Line 9a or Lines 10a through 10c, has the provider allocated contribution revenue to the Waiver in Columns B or C?</p> <p><i>If no allocation to the Waiver has been made, an explanation must be requested from the provider as to why no allocations to the Waiver were made.</i></p> <p><i>Please note that this procedure does <u>not</u> apply to Restricted/Appropriated contributions.</i></p>					
30	<p>If Government Grants are entered in Column A, Lines 11a through 11c, has the provider allocated grant revenue to the Waiver in Columns B or C?</p> <p><i>If no allocation to the Waiver has been made, an explanation must be requested from the provider as to why no allocations to the Waiver were made.</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
31	<p>For providers with a single Cost Report, if Non-Restricted/Appropriated contributions have been allocated to the Waiver in Column B in Line 9a or Lines 10a through 10c, does the amount(s) in Column B equal the amount(s) reported in Column C? If not, a request must be made to the provider for an explanation.</p> <p><i>For providers with multiple Cost Reports, if Non-Restricted/Appropriated contributions have been allocated to the Waiver in Column B in Line 9a or Lines 10a through 10c, does the amount(s) in Column B reconcile to the amount(s) reported in Column C across all of the provider's Cost Reports? If not, a request must be made to the provider for an explanation.</i></p>					
32	<p>Is Column C, Line 1a comparable (within 10%) to the expense for eligible services in Schedule A, Column F, Line 16?</p> <p><i>If not, the Cost Report is not compliant. A large variance (i.e., 10% or greater, whether it's a circumstance of revenues exceeding expenses by 10% or expenses exceeding revenues by 10%) between revenues and expenses indicates a possible reporting issue. In these cases, request that the provider confirm the reported expenses and revenues and ask them to provide an explanation for the large variance (e.g., experienced large loss).</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
33	<p>Is the sum of Column C, Line 1b and Column C, Line 6 comparable (within 10%) to Schedule A, Column F, Line 24?</p> <p><i>If not, the Cost Report is not compliant. A large variance (i.e., 10% or greater, whether it's a circumstance of revenues exceeding expenses by 10% or expenses exceeding revenues by 10%) between revenues and expenses indicates a possible reporting issue. In these cases, request that the provider confirm the reported expenses and revenues and ask them to provide an explanation for the large variance (e.g., experienced large loss).</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					
34	<p>Are all line item values in Column B less than or equal to the corresponding line item value in Column A?</p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					
35	<p>Are all line item values in Column C less than or equal to the corresponding line item value in Column B?</p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
36	<p>If there are negative revenues reported, is there sufficient documentation (either in the comments tab or supplemental schedules) for the reviewer to understand the reason? If not, clarification should be requested.</p> <p><i>Revenue/contribution amounts should generally be entered as a positive number. In certain situations, the amount may be a negative value. For example, the Other Revenue line of Schedule B, Line 8 may be negative if it represents a significant loss on the sale of a fixed asset.</i></p>					

Schedule D: Program Direct Care Staff Expenses

Prior to allocation of expenses to Waiver allowable, the total compensation (i.e., salary and ERE) for each staff position (executive and non-executive, direct care, other program, contracted and administrative staff) should not exceed the limits on the compensation grid in Appendix B of this document (also located in Appendix E of the CRI). Staff compensation in excess of allowable limits is the responsibility of the provider and should be reported in the non-allowable expense column (Column E) of Schedule A. This is a change from the FY 2008/2009 reporting period when the compensation limits only applied to the CEO.

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
37	<p>Are any comments noted for this schedule on the Comments Page or on supplemental schedules?</p> <p><i>Review any documents/notes prior to starting the desk review procedures.</i></p> <p><i>Note: If there are no comments recorded on the Comments Page and there are no supplemental schedules submitted, this item should be answered N/A.</i></p>					
38	<p>Have all columns been completed for each position entered?</p> <p><i>Note: Lines 1 through 3 of the Cost Report template contained pre-populated examples of credentials for the provider to use if applicable. These credentials were to be overwritten as necessary. The credentials field may be left blank if the position does not require credentials, licensure or a degree.</i></p>					
39	<p>For program direct care staff, do the descriptions provide enough information for the reviewer to understand the nature of the position?</p> <p><i>Note: If the provider indicates “Other” as a position description, with no other identifying information, this is not acceptable. All positions should have a description. It is acceptable to combine like positions on one row.</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
40	<p>Based on the type of provider and the type of services rendered, are appropriate and reasonable staff positions reported on this schedule?</p> <p><i>For example, do the positions listed by the provider appear to be direct staff type positions (e.g., habilitation worker, job coach, etc.)?</i></p>					
41	<p>Columns B and C:</p> <p>For each position listed, does the proportion of Waiver Employee-Related Expenses (Column C) to Waiver Salary and Wages (Column B) seem reasonable?</p> <p><i>A reasonable range of ERE as a percent of total compensation expenses (Column B plus Column C) is 15% to 35%.</i></p> <p><i>If no ERE is reported, this is acceptable as not all providers include ERE. However, if ERE is reported, the provider must address ERE outside of the range of 15% to 35%.</i></p> <p><i>Note: If the proportion of Waiver Employee-Related Expenses falls out of the reasonable range of 15% to 35%, the schedule is not compliant and the provider must provide an explanation. This applies to both individual positions and where applicable, the total compensation expenses from any supporting schedules containing compensation expenses for multiple positions. If a reasonable explanation is provided for ERE that falls outside the range of 15% to 35%, then the schedule is compliant for this procedure.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
42	<p>Columns B and C:</p> <p>Do the expenses in these columns only reflect the portion of compensation that is allowable and net of any adjustments to remove non-allowable compensation expenses?</p> <p><i>Reviewer should reference Lines 1 and 2 in Schedule A, Column E for the presence of Excluded Non-Allowable Waiver Expenses.</i></p> <p><i>Appendix B of this document has been provided to assist the reviewer in determining if allowable staff compensation limits have been exceeded and thus, identifying a circumstance where non-allowable compensation expenses were not removed.</i></p> <p><i>If any of the individual estimated hourly compensation amounts in Column E exceed the limits set forth in Appendix B of this document based on the provider's total expenses and service type, this schedule is not compliant and explanation should be requested of the provider.</i></p> <p><i>Note: Please reference Appendix B of this document for this check.</i></p> <p><i>Note: Refer to Section 8 of the CRI for more detail regarding Program Direct Care Staff Salary/Wages and Program Direct Care Staff ERE. Also refer to Appendix E of the CRI for details and an example regarding allowable staff compensation limits.</i></p>					
43	<p>Column E:</p> <p>Does the Estimated Hourly Compensation seem reasonable for the staffing positions?</p> <p><i>For example, are the hourly wages higher for more skilled positions such as those with credentials or higher education degrees?</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
44	Column E: Do hourly amounts for all positions meet or exceed minimum wage (\$7.25/hour)?					

Schedule D-1: Other Program Staff Expenses

Prior to allocation of expenses to Waiver allowable, the total compensation (i.e., salary and ERE) for each staff position (executive and non-executive, direct care, other program, contracted and administrative staff) should not exceed the limits on the compensation grid in Appendix B of this document (also located in Appendix E of the CRI). Staff compensation in excess of allowable limits is the responsibility of the provider and should be reported in the non-allowable expense column (Column E) of Schedule A. This is a change from the FY 2008/2009 reporting period when the compensation limits only applied to the CEO.

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
45	<p>Are any comments noted for this schedule on the Comments Page or on supplemental schedules?</p> <p><i>Review any documents/notes prior to starting the desk review procedures.</i></p> <p><i>Note: If there are no comments recorded on the Comments Page and there are no supplemental schedules submitted, this item should be answered N/A.</i></p>					
46	<p>Have all columns been completed for each position entered?</p> <p><i>Note: Lines 1 through 4 of the Cost Report template contained pre-populated examples of positions and credentials for the provider to use if applicable. These descriptions were to be overwritten as necessary. The fields in Column A may be left blank if the position does not require credentials, licensure or a degree.</i></p>					
47	<p>For other program staff, do the descriptions provide enough information for the reviewer to understand the nature of the position?</p> <p><i>Note: If the provider indicates “Other” as a position description, with no other identifying information, this is not acceptable. All positions should have a description. It is acceptable to combine like positions on one row.</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
48	<p>Based on the type of provider and the type of services rendered, are appropriate and reasonable staff positions reported on this schedule?</p> <p><i>For example, do the positions listed by the provider appear to be other program staff type positions (e.g., program coordinator, program specialist, etc.)?</i></p>					
49	<p>Columns B and C: For each position listed, does the proportion of Waiver Employee-Related Expenses (Column C) to Waiver Salary and Wages (Column B) seem reasonable?</p> <p><i>A reasonable range of ERE as a percent of total compensation expenses (Column B plus Column C) is 15% to 35%.</i></p> <p><i>If no ERE is reported, this is acceptable as not all providers include ERE. However, if ERE is reported, the provider must address ERE outside of the range of 15% to 35%.</i></p> <p><i>Note: If the proportion of Waiver Employee-Related Expenses falls out of the reasonable range of 15% to 35%, the schedule is not compliant and the provider must provide an explanation. This applies to both individual positions and where applicable, the total compensation expenses from any supporting schedules containing compensation expenses for multiple positions. If a reasonable explanation is provided for ERE that falls outside the range of 15% to 35%, then the schedule is compliant for this procedure.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
50	<p>Columns B and C: Do the expenses in these columns only reflect the portion of compensation that is allowable and net of any adjustments to remove non-allowable compensation expenses? <i>Reviewer should reference Lines 3 and 4 in Schedule A, Column E for the presence of Excluded Non-Allowable Waiver Expenses. Appendix B of this document has been provided to assist the reviewer in determining if allowable staff compensation limits have been exceeded and thus, identifying a circumstance where non-allowable compensation expenses were not removed.</i></p> <p><i>If any of the individual estimated hourly compensation amounts in Column E exceed the limits set forth in Appendix B of this document based on the provider's total expenses and service type, this schedule is not compliant and explanation should be requested of the provider.</i></p> <p><i>Note: Please reference Appendix B of this document for this check.</i></p> <p><i>Note: Refer to Section 8 of the CRI for more detail regarding Other Program Staff expenses. Also refer to Appendix E of the CRI for details and an example regarding allowable staff compensation limits.</i></p>					
51	<p>Column E: Does the Estimated Hourly Compensation seem reasonable for the staffing positions? <i>For example, are the hourly wages higher for more skilled positions such as a program director?</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
52	Column E: Do hourly amounts for all positions meet or exceed minimum wage (\$7.25/hour)?					

Schedule D-2: Contracted Staff Expenses

Prior to allocation of expenses to Waiver allowable, the total compensation (i.e., salary and ERE) for each staff position (executive and non-executive, direct care, other program, contracted and administrative staff) should not exceed the limits on the compensation grid in Appendix B of this document (also located in Appendix E of the CRI). Staff compensation in excess of allowable limits is the responsibility of the provider and should be reported in the non allowable expense column (Column E) of Schedule A. This is a change from the FY 2008/2009 reporting period when the compensation limits only applied to the CEO.

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
53	<p>Are any comments noted for this schedule on the Comments Page or on supplemental schedules?</p> <p><i>Review any documents/notes prior to starting the desk review procedures.</i></p> <p><i>Note: If there are no comments recorded on the Comments Page and there are no supplemental schedules submitted, this item should be answered N/A.</i></p>					
54	<p>Have all columns been completed for each position entered?</p> <p><i>Note: The fields in Column A may be left blank if the position does not require credentials, licensure or a degree.</i></p>					
55	<p>For contracted staff, do the descriptions provide enough information for the reviewer to understand the nature of the position?</p> <p><i>Note: If the provider indicates “Other” as a position description, with no other identifying information, this is not acceptable. All positions should have a description. It is acceptable to combine like positions on one row.</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
56	<p>Based on the type of provider and the type of services rendered, are appropriate and reasonable staff positions reported on this schedule?</p> <p><i>For example, do the positions listed by the provider appear to be contracted staff type positions (e.g., habilitation worker)?</i></p>					
57	<p>Column B:</p> <p>Do the expenses in this column only reflect the portion of compensation that is allowable and net of any adjustments to remove non-allowable compensation expenses?</p> <p><i>Reviewer should reference Line 5 in Schedule A, Column E for the presence of Excluded Non-Allowable Waiver Expenses.</i></p> <p><i>Appendix B of this document has been provided to assist the reviewer in determining if allowable staff compensation limits have been exceeded and thus, identifying a circumstance where non-allowable compensation expenses were not removed.</i></p> <p><i>If any of the individual estimated hourly compensation amounts in Column D exceed the limits set forth in Appendix B of this document based on the provider's total expenses and service type, this schedule is not compliant and explanation should be requested of the provider.</i></p> <p><i>Note: Please reference Appendix B of this document for this check.</i></p> <p><i>Note: Refer to Sections 8 and 11 of the CRI for more detail regarding Contracted Staff expenses. Also refer to Appendix E of the CRI for details and an example regarding allowable staff compensation limits.</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
58	<p>Column D: Does the Estimated Hourly Compensation seem reasonable for the staffing positions? <i>For example, are the hourly wages higher for more skilled positions such as a nurse or social worker?</i> <i>Where comparisons are possible, does the hourly compensation for contracted staff vary greatly from direct care or other program staff of similar credentials or qualifications?</i></p>					
59	<p>Column D: Do hourly amounts for all positions meet or exceed minimum wage (\$7.25/hour)?</p>					
60	<p>Family Living Home (FLH) Stipends: If costs are reported in Columns E and F, have the costs from Column E been allocated to only Eligible Family Living Home procedure codes in Schedule A, Line 5? Have the costs from Column F been allocated to only Ineligible Family Living Home procedure codes in Line 24? <i>Note: Per the CRI, more than one FLH arrangement may be reported on the same line if they represent similar arrangements (e.g., all adult one-individual homes on the same line, all child one-individual homes on a different line, etc.). It is not necessary for the provider to list each FLH arrangement separately.</i> <i>Note: Refer to Section 8 of the CRI for more detail regarding FLH stipends.</i></p>					

Schedule D-3: Administrative Staff Expenses

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
61	<p>Are any comments noted for this schedule on the Comments Page or on supplemental schedules?</p> <p><i>Review any documents/notes prior to starting the desk review procedures.</i></p> <p><i>Note: If there are no comments recorded on the Comments Page and there are no supplemental schedules submitted, this item should be answered N/A.</i></p>					
62	<p>Have all columns been completed for each position entered?</p>					
63	<p>For administrative staff, do the descriptions provide enough information for the reviewer to understand the nature of the position?</p> <p><i>Note: If the provider indicates “Other” as a position description, with no other identifying information, this is not acceptable. All positions should have a description. It is acceptable to combine like positions on one row.</i></p>					
64	<p>Based on the type of provider and the type of services rendered, are appropriate and reasonable staff positions reported on this schedule?</p> <p><i>For example, do the positions listed by the provider appear to be administrative staff type positions (e.g., CEO, CFO, accountant, fiscal officer, desk clerk, etc.)?</i></p> <p><i>As another example – a provider that only renders residential services and has a Waiver census of 1 would not be expected to need a CEO, CFO and accountant.</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
65	<p>Columns A and B: For each position listed, does the proportion of Waiver Employee-Related Expenses (Column B) to Waiver Salary and Wages (Column A) seem reasonable?</p> <p><i>A reasonable range of ERE as a percent of total compensation expenses (Column A plus Column B) is 15% to 35%.</i></p> <p><i>If no ERE is reported, this is acceptable as not all providers include ERE. However, if ERE is reported, the provider must address ERE outside of the range of 15% to 35%.</i></p> <p><i>Note: If the proportion of Waiver Employee-Related Expenses falls out of the reasonable range of 15% to 35%, the schedule is not compliant and the provider must provide an explanation. This applies to both individual positions and where applicable, the total compensation expenses from any supporting schedules containing compensation expenses for multiple positions. If a reasonable explanation is provided for ERE that falls outside the range of 15% to 35%, then the schedule is compliant for this procedure.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
66	<p>Columns A and B: Do the expenses in these columns only reflect the portion of compensation that is allowable and net of any adjustments to remove non-allowable compensation expenses? <i>Reviewer should reference Lines 6 and 7 in Schedule A, Column E for the presence of Excluded Non-Allowable Waiver Expenses. Appendix B of this document has been provided to assist the reviewer in determining if allowable staff compensation limits have been exceeded and thus, identifying a circumstance where non-allowable compensation expenses were not removed.</i> <i>If any of the individual estimated hourly compensation amounts in Column E exceed the limits set forth in Appendix B of this document based on the provider's total expenses and service type, this schedule is not compliant and explanation should be requested of the provider.</i> <i>Note: Please reference Appendix B of this document for this check.</i> <i>Note: Refer to Appendix E of the CRI for details and an example regarding allowable staff compensation limits.</i></p>					
67	<p>Column D: Does the Estimated Hourly Compensation seem reasonable for the staffing positions? <i>For example, are the hourly wages higher for more skilled positions such as a CEO, CFO or accountant?</i></p>					
68	<p>Column D: Do hourly amounts for all positions meet or exceed minimum wage (\$7.25/hour)?</p>					

Schedule E: Depreciation and Amortization – Buildings

Prior to completing the desk review of the depreciation schedules, the AE should review the CRI, Section 12. There are three methods that will be tested throughout the depreciation schedules:

- Straight-line (SL) – In this method, the same amount is charged each month/year over the estimated useful life of the asset. Estimated useful lives will vary depending upon the asset, and may also vary depending upon whether the asset was acquired as new or used. The reviewer should be able to recalculate current year depreciation (Column F) by taking the original expense (Column B) and multiplying by the annual rate (Column E). There are exceptions for assets acquired during the year. See below for more detail.
- Grandfathered (GF) – This method applies to non-residential buildings purchased prior to July 1, 2009 and allows the provider to continue to claim the principal and interest over the life of the loan. This method is also used to indicate that a residential building's loan is being amortized over the life of the loan. The reviewer will not be able to recalculate GF amounts since the loan terms (e.g., interest rate, etc.) are not in the Cost Report.
- Use Allowance/Participation Allowance (UA) – The term “use” and “participation” are used interchangeably. The participation allowance allows for an annual allowance of 2% of the original acquisition cost for fully depreciated buildings and 6 2/3% for fully depreciated fixed assets to be expensed in the Cost Report. Use allowances can only be taken for as long as the asset is in use. The reviewer should be able to recalculate current year use allowance (Column F) by taking the original expense (Column B) and multiplying by the annual rate (Column E).

Other items to note include:

- It is likely that assets will be acquired throughout the year. Depreciation shall be prorated by month. For example, if an asset is acquired 6 months into the year, one half, or 6 months of the annualized depreciation shall be recorded in the Cost Report. Alternatively, if a provider maintains a policy that is acceptable to their auditors and allows for depreciation by quarter, or annually, even if acquired later during the year, it is acceptable to continue that approach, provided such approach is applied consistently each year. The provider should note such policy in the Comments Page.
- Assets \$5,000 and above should be capitalized. Assets below \$5,000 should be expensed; however, if the reviewer notes assets below \$5,000 that are being depreciated in their Cost Report, this is acceptable as long as the asset was not acquired during the current year. Providers were told that if they were already depreciating an asset valued at less than \$5,000, they could continue to do so.
- Assets may convert from one method (e.g., SL to UA) to another during the reporting period, but two methods cannot be used at the same time for the same asset. For example, an asset may become fully depreciated 6 months into the year. So the provider would list the asset on a line and recognize depreciation for 6 months. Assuming the asset is still in use, the provider would then list the same asset on another line, but indicate UA for the second 6 months.
- For assets with GF selected in Column D, Column C will represent the principal and interest payments. This means that for GF only, Column C may exceed Column B, which is acceptable. The reviewer cannot recalculate previous year payments.
- See CRI, Section 12 for additional scenarios that may occur, such as use allowances for down payments for residential facilities, etc.

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
69	<p>Are any comments noted for this schedule on the Comments Page or on supplemental schedules?</p> <p><i>Review any documents/notes prior to starting the desk review procedures.</i></p> <p><i>Note: If there are no comments recorded on the Comments Page and there are no supplemental schedules submitted, this item should be answered N/A.</i></p>					
70	<p>All Columns – General:</p> <p>For each asset listed, does data exist in each column (Columns A through G)?</p> <p><i>Note: For each asset listed, if the depreciation method listed in Column D is UA, it is not required that expenses be present in Column C.</i></p>					
71	<p>If the provider has attached a supplemental schedule, are all columns in Schedule E on the supplemental schedule and do the amounts in the supplemental schedule tie to Schedule E?</p> <p><i>Note: If a provider has a significant number of capital assets, the reviewer could consider “spot checking” the supporting detail for the steps that follow. That is, recalculate every 5th item for example, rather than recalculating every line. If errors are noted, the reviewer should indicate which asset the error was noted on so that the provider can address it. If errors are noted, the reviewer should do a more comprehensive recalculation of depreciation.</i></p>					
72	<p>Column A:</p> <p>Are all acquisition dates prior to July 1, 2010?</p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
73	<p>Column C (SL selected in Column D): Multiply the original expense in Column B by the annual rate in Column E. Multiply the result by the number of years that have occurred from the acquisition date through June 30, 2009. For any asset purchased during the year, determine the portion of the year for which the calculated depreciation would apply. For example, if the asset was purchased in January, this would represent .5 (or half a year) of depreciation. Is the calculated depreciation within 2% of the amount reported in Column C for depreciation, prior years? If so, the reported depreciation is compliant.</p> <p><i>Perform this step for each line in the Cost Report. If a supplemental schedule was submitted, perform this step for every few lines. If GF or UA is selected in Column D, skip this step and enter N/A.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					
74	<p>Column C (SL selected in Column D): Is the amount in Column C less than or equal to the amount in Column B?</p> <p><i>If GF or UA is selected in Column D, skip this step and enter N/A.</i></p>					
75	<p>Column D: (Non-residential) If GF selected, is the month and year acquired prior to July 1, 2009?</p> <p><i>If SL or UA is selected in Column D, skip this step and enter N/A.</i></p>					
76	<p>Column E: If GF selected, is Column E equal to 6.67% or less (e.g., 15 year loan or longer)?</p> <p><i>If SL or UA is selected in Column D, skip this step and enter N/A.</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
77	<p>Column E: If SL selected, do annual rates seem reasonable? <i>If GF or UA is selected in Column D, skip this step and enter N/A.</i></p> <p><i>Note: Annual rates represent the estimated useful life of an asset. As an example, an annual rate of 10% represents an estimated useful life of 10 years. An annual rate of 3.33% represents an estimated useful life of 30 years. Estimated useful lives for most buildings are 30-40 years. Estimated useful lives for improvements generally range from 5-10 years. Leasehold improvements are generally depreciated over the life of the lease.</i></p> <p><i>Note: Please reference Appendix C of this document for this check. Appendix C contains a rate conversion table.</i></p>					
78	<p>Column E: (Non-residential) If UA selected, are annual rates 2% or less? <i>If SL or GF is selected in Column D, skip this step and enter N/A.</i></p>					
79	<p>Column E: (Residential) If UA selected, is the annual rate 8% or less? <i>If SL or GF is selected in Column D, skip this step and enter N/A.</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
80	<p>Column F (SL selected in Column D): Take the original expense in Column B and multiply by the annual rate in Column E. If the asset was purchased during the year, account for this as well. For example, if the asset was purchased in January, this would represent .5 (or half a year) of depreciation. Is the result of this calculation within 2% of the amount reported in Column F?</p> <p><i>Perform this step for each line or every few lines, if a supplemental schedule.</i></p> <p><i>If GF or UA is selected in Column D, skip this step and enter N/A.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					
81	<p>Column F (UA selected in Column D): Take the original expense in Column B and multiply by the annual rate in Column E. If the asset was purchased during the year, account for this as well. For example, if the asset was purchased in January, this would represent .5 (or half a year) of use allowance. Is the result of this calculation within 2% of the amount reported in Column F?</p> <p><i>Perform this step for each line or every few lines, if a supplemental schedule.</i></p> <p><i>If GF or SL is selected in Column D, skip this step and enter N/A.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
82	<p>Column G: Do the amounts allocated to the Waiver appear to be reasonable?</p> <p><i>For residential buildings, it may be reasonable that 100% of the costs are allocated to the Waiver if the residential facility is occupied only by Waiver-funded individuals. If the Certification Page – Provider Service Locations indicates a Waiver census that is less than the capacity and/or Base expenses are recorded in Schedule A, Column C, Line 24, at least some depreciation for the residential facilities should not be allocated to the Waiver.</i></p> <p><i>For reference, the reviewer should note how the provider described allocations of depreciation in Schedule H.</i></p> <p><i>It would also be expected that if the provider has lines of business other than Waiver, that at least some of the depreciation for administrative buildings would be allocated to non-Waiver programs.</i></p>					
83	<p>For any capital improvements, additions or renovations with an acquisition cost greater than \$75,000, did the provider indicate they received approval from ODP in the comments tab or on a supporting schedule?</p> <p><i>The provider must confirm that they received approval and must also provide evidence of the approval. If this information has not been provided, this schedule is not compliant and a request should be made to the provider to submit the supporting information related to the proper approval.</i></p>					

Schedule E-1: Depreciation – Motor Vehicles

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
84	<p>Are any comments noted for this schedule on the Comments Page or on supplemental schedules?</p> <p><i>Review any documents/notes prior to starting the desk review procedures.</i></p> <p><i>Note: If there are no comments recorded on the Comments Page and there are no supplemental schedules submitted, this item should be answered N/A.</i></p>					
85	<p>All Columns – General:</p> <p>For each asset listed, does data exist in each column (Columns A through G)?</p> <p><i>Note: For each asset listed, if the depreciation method listed in Column D is UA, it is not required that expenses be present in Column C.</i></p> <p><i>Note that providers have been instructed that if the same vehicle is used for participant transportation and non-participant transportation, the vehicle should be “split” between the two sections in Schedule E-1. For example, if 50% of the vehicle’s usage is related to transporting participants, and 50% to staff transportation, 1/2 the cost of the vehicle (and corresponding depreciation or use allowance) should be reported in Lines 1 through 4, and 1/2 should be reported in Lines 6 through 8.</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
86	<p>If the provider has attached a supplemental schedule, are all columns in Schedule E-1 on the supplemental schedule and do the amounts in the supplemental schedule tie to Schedule E-1?</p> <p><i>Note: If a provider has a significant number of fixed assets, the reviewer could consider “spot checking” the supporting detail for the steps that follow. That is, recalculate every 5th item for example, rather than recalculating every line. If errors are noted, the reviewer should indicate which asset the error was noted on so that the provider can address. If errors are noted, the reviewer should do a more comprehensive recalculation of depreciation.</i></p>					
87	<p>Column A: Are all acquisition dates prior to July 1, 2010?</p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
88	<p>Column C (SL selected in Column D): Multiply the original expense in Column B by the annual rate in Column E. Multiply the result by the number of years that have occurred from the acquisition date through June 30, 2009. For any asset purchased during the year, determine the portion of the year for which the calculated depreciation would apply. For example, if the asset was purchased in January, this would represent .5 (or half a year) of depreciation. Is the calculated depreciation within 2% of the amount reported in Column C for depreciation, prior years? If so, the reported depreciation is compliant.</p> <p><i>Perform this step for each line or every few lines, if a supplemental schedule.</i></p> <p><i>If UA is selected in Column D, skip this step and enter N/A.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					
89	<p>Column C (SL selected in Column D): Is the amount in Column C less than or equal to the amount in Column B?</p> <p><i>If UA is selected in Column D, skip this step and enter N/A.</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
90	<p>Column E: If SL selected, do annual rates seem reasonable?</p> <p><i>Note: Annual rates represent the estimated useful life of an asset. As an example, an annual rate of 20% represents an estimated useful life of 5 years. Estimated useful lives for most motor vehicles are 3-7 (or 14%-33% annual rate) years.</i></p> <p><i>If UA is selected in Column D, skip this step and enter N/A.</i></p> <p><i>Note: Please reference Appendix C of this document for this check. Appendix C contains a rate conversion table.</i></p>					
91	<p>Column E: If UA selected, is the annual rate 6.67% or less?</p> <p><i>If SL is selected in Column D, skip this step and enter N/A.</i></p>					
92	<p>Column F (SL selected in Column D): Take the original expense in Column B, and multiply by the annual rate in Column E. If the asset was purchased during the year, account for this as well. For example, if the asset was purchased in January, this would represent .5 (or half a year) of depreciation. Is the result of this calculation within 2% of the amount reported in Column F?</p> <p><i>Perform this step for each line or every few lines, if a supplemental schedule.</i></p> <p><i>If UA is selected in Column D, skip this step and enter N/A.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
93	<p>Column F (UA selected in Column D): Take the original expense in Column B, and multiply by the annual rate in Column E. If the asset was purchased during the year, account for this as well. For example, if the asset was purchased in January, this would represent .5 (or half a year) of use allowance. Is the result of this calculation within 2% of the amount reported in Column F? <i>Perform this step for each line or every few lines, if a supplemental schedule.</i> <i>If SL selected in Column D, skip this step and enter N/A.</i> <i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					
94	<p>Column G: Do the amounts allocated to the Waiver appear to be reasonable? <i>The reviewer should note how the provider described allocations of depreciation in Schedule H.</i></p>					

Schedule E-2: Depreciation – Fixed Assets/Equipment

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed]	N/A	Comments
95	<p>Are any comments noted for this schedule on the Comments Page or on supplemental schedules?</p> <p><i>Review any documents/notes prior to starting the desk review procedures.</i></p> <p><i>Note: If there are no comments recorded on the Comments Page and there are no supplemental schedules submitted, this item should be answered N/A.</i></p>					
96	<p>All Columns – General:</p> <p>For each asset listed, does data exist in each column (Columns A through G)?</p> <p><i>Note: For each asset listed, if the depreciation method listed in Column D is UA, it is not required that expenses be present in Column C.</i></p>					
97	<p>If the provider has attached a supplemental schedule, are all columns in Schedule E-2 on the supplemental schedule and do the amounts in the supplemental schedule tie to Schedule E-2?</p> <p><i>Note: If a provider has a significant number of fixed assets, the reviewer could consider “spot checking” the supporting detail for the steps that follow. That is, recalculate every 5th item for example, rather than recalculating every line. If errors are noted, the reviewer should indicate which asset the error was noted on so that the provider can address. If errors are noted, the reviewer should do a more comprehensive recalculation of depreciation.</i></p>					
98	<p>Column A:</p> <p>Are all acquisition dates prior to July 1, 2010?</p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed]	N/A	Comments
99	<p>Column C (SL selected in Column D): Multiply the original expense in Column B by the annual rate in Column E. Multiply the result by the number of years that have occurred from the acquisition date through June 30, 2009. For any asset purchased during the year, determine the portion of the year for which the calculated depreciation would apply. For example, if the asset was purchased in January, this would represent .5 (or half a year) of depreciation. Is the calculated depreciation within 2% of the amount reported in Column C for depreciation, prior years? If so, the reported depreciation is compliant.</p> <p><i>Perform this step for each line or every few lines, if a supplemental schedule.</i></p> <p><i>If UA is selected in Column D, skip this step and enter N/A.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					
100	<p>Column C (SL selected in Column D): Is the amount in Column C less than or equal to the amount in Column B?</p> <p><i>If UA is selected in Column D, skip this step and enter N/A.</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed]	N/A	Comments
101	<p>Column E: If SL selected, do annual rates seem reasonable?</p> <p><i>Note: Annual rates represent the estimated useful life of an asset. As an example, an annual rate of 10% represents an estimated useful life of 10 years. Estimated useful lives will vary for fixed assets. Estimated lives of 5-10 years should be representative of most equipment and fixed assets, but there may be instances that are above or below that range. If UA is selected in Column D, skip this step and enter N/A.</i></p> <p><i>Note: Please reference Appendix C of this document for this check. Appendix C contains a rate conversion table.</i></p>					
102	<p>Column E: If UA selected, are annual rates 6.67% or less? <i>If SL is selected in Column D, skip this step and enter N/A.</i></p>					
103	<p>Column F (SL selected in Column D): Multiply the original expense in Column B by the annual rate in Column E. For any asset purchased during the year, determine the portion of the year for which the calculated depreciation would apply. For example, if the asset was purchased in January, this would represent .5 (or half a year) of depreciation. Is the calculated depreciation within 2% of the amount reported in Column F for depreciation? If so, the reported depreciation is compliant. <i>Perform this step for each line or every few lines, if a supplemental schedule.</i> <i>If UA selected in Column D, skip this step and enter N/A.</i> <i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed]	N/A	Comments
104	<p>Column F (UA selected in Column D): Multiply the original expense in Column B by the annual rate in Column E. For any asset purchased during the year, determine the portion of the year for which the calculated depreciation would apply. For example, if the asset was purchased in January, this would represent .5 (or half a year) of depreciation. Is the calculated depreciation within 2% of the amount reported in Column F for depreciation? If so, the reported depreciation is compliant. <i>Perform this step for each line or every few lines, if a supplemental schedule.</i> <i>If SL selected in Column D, skip this step and enter N/A.</i> <i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					
105	<p>Column G: Do the amounts allocated to the Waiver appear to be reasonable? <i>The reviewer should evaluate how the provider described allocations of depreciation in Schedule H.</i></p>					

Schedule F: Other Program Expenses

Other program expenses are those expenses that are necessary to support the provider's operation but are not directly related to the provision of services. Section 13 of the Cost Report Instructions should be referenced as part of the review of this section as it contains examples of the type of expenses for each category.

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
106	<p>Are any comments noted for this schedule on the Comments Page or on supplemental schedules?</p> <p><i>Review any documents/notes prior to starting the desk review procedures.</i></p> <p><i>Note: If there are no comments recorded on the Comments Page and there are no supplemental schedules submitted, this item should be answered N/A.</i></p>					
107	<p>If expenses for Management Fees (Line 1) exceed either \$10,000 or 5% of Total Other Program Expenses (Line 15), was the required supplemental schedule that details what is included in the management fee expense submitted by the provider?</p> <p><i>If Management Fees are less than \$10,000 and less than 5% of Total Other Program Expenses, skip this step and enter N/A.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
108	<p>If Management Fees are greater than \$10,000 or 5% of Total Other Program Expenses (Line 15), review the detail of Management Fees. If any expenses noted appear to duplicate expenses in Lines 2 through 14 of Schedule F, or if any expenses listed appear to be non-allowable, this schedule is not compliant and a request should be made to the provider to submit an explanation.</p> <p><i>If Management Fees are less than \$10,000 and less than 5% of Total Other Program Expenses, skip this step and enter N/A.</i></p> <p><i>The reviewer should recall from the CRI that any expenses identified as non-allowable per the CRI are also non-allowable as Management Fees. See Section 8 of the CRI for a list of non-allowable expenses. For example, if staff compensation has been allocated to the Waiver program through Management Fees, those salaries and benefits must also comply with the compensation limits discussed in Appendix E. Documentation to confirm the instructions are required to be provided. If this documentation was not received, it should be requested from the provider.</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
109	<p>If expenses for Professional Services (Line 2) exceed either \$10,000 or 5% of Total Other Program Expenses (Line 15), has the provider submitted supporting information detailing the types of services included in this amount?</p> <p><i>If supporting information has not been provided, the schedule is not compliant and the reviewer should request additional detail from the provider in the form of a supplemental schedule that details what is included in the Professional Services. The requested supporting detail should contain enough information to allow the reviewer to understand the nature of the services and cost for each type of service if multiple services were provided.</i></p> <p><i>If expenses for Professional Services are less than \$10,000 and less than 5% of Total Other Program Expenses, skip this step and enter N/A.</i></p> <p><i>Please note that the CRI did not require the provider to submit a supplemental schedule if the Professional Services expenses exceeded these thresholds. However, it should be requested through the desk review procedures. If the provider provided an explanation on the Comments Page, this may be sufficient if such explanation enables the reviewer to understand what is included in Professional Services.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
110	<p>If Professional Services are greater than \$10,000 or 5% of Total Other Program Expenses, review the detail. If any expenses noted appear to duplicate expenses in Lines 1 through 14 of Schedule F, or appear to be duplicative of expenses reported in Schedule D-2 – Contracted Staff, or if any expenses listed appear to be non-allowable, this schedule is not compliant and a request should be made to the provider to submit an explanation.</p> <p><i>If expenses for Professional Services are less than \$10,000 and less than 5% of Total Other Program Expenses, skip this step and enter N/A.</i></p> <p><i>Note: Any expenses identified as non-allowable per the CRI are also non-allowable as Professional Services. See Section 8 of the CRI for a list of non-allowable expenses.</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
111	<p>Advertising (Line 3): Based on services rendered by the provider, do the advertising expenses seem reasonable (less than 5% of Total Other Program Expenses, Line 15)?</p> <p><i>Recall from the CRI that expenses incurred in staff recruitment activities, such as help-wanted advertising or recruitment services rendered by an employment agency, are allowable. Providers may also include expenses associated with individual outreach activities, including:</i></p> <ul style="list-style-type: none"> – Informational mailings to existing individuals – Informational mailings to prospective individuals, upon request by individual/family – Health/supports-related fairs – Websites providing information – Responses to consumer and family inquiries – Consumer satisfaction surveys – Market research <p><i>Other types of marketing and public relations expenses are not allowable and must be reported in Schedule A, Column E.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					
112	<p>Has a classified loan schedule been provided to support expenses submitted in Line 6 for expenses of \$5,000 or more?</p> <p><i>If less than \$5,000, no supplemental schedule is necessary, and the reviewer should indicate N/A.</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
113	<p>Legal Fees (Line 7): Do the expenses seem reasonable (less than 5% of Total Other Program Expenses, Line 15)? If not, have expenses been reported in Schedule A, Column E (Excluded Non-Allowable), Line 10?</p> <p><i>If expenses exceed 5% of Total Other Program Expenses, request that the provider submit a supporting schedule detailing the legal fees.</i></p> <p><i>Recall from the CRI that the following expenses are not allowable and must be excluded from the amount reported in Line 7:</i></p> <ul style="list-style-type: none"> <i>– Legal expenses for prosecution of claims against the Commonwealth</i> <i>– Expenses incurred for claims against ODP or any other Commonwealth Agency</i> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					
114	<p>If Other (Line 14) is greater than either \$10,000 or 5% of the Total Other Program Expenses (Line 15), has a supplemental schedule been submitted?</p> <p><i>If expenses for Other are less than \$10,000 and less than 5% of Total Other Program Expenses, skip this step and enter N/A.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
115	<p>If a supplemental schedule was submitted for Line 14, are the expenses in the supplemental schedule reasonable (e.g., no non-allowable expenses appear to be listed and expenses listed in Other do not appear to duplicate expenses listed in Lines 1 through 13)?</p> <p><i>If there appears to be duplication, this schedule is not compliant and a request should be made to the provider to submit an explanation.</i></p>					
116	<p>If items and expenses have been identified in the Program Supplies section, do the expenses and types of supplies appear reasonable based on the types of services rendered by the providers?</p> <p><i>For example, acceptable items would include individual care-related supplies such as latex gloves, adult diapers and over-the-counter medications. This line should not include expenses for residential supplies, maintenance supplies, housekeeping supplies, or any other building-related supply.</i></p>					

Schedule F-1: Other Occupancy Expenses

The purpose of Schedule F-1 – Other Occupancy Expenses: Administrative/Program Buildings is to identify non-depreciation and non-amortization expenses for building space that supports administrative and non-residential program functions.

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
117	<p>Are any comments noted for this schedule on the Comments Page or on supplemental schedules?</p> <p><i>Review any documents/notes prior to starting the desk review procedures.</i></p> <p><i>Note: If there are no comments recorded on the Comments Page and there are no supplemental schedules submitted, this item should be answered N/A.</i></p>					
118	<p>Has a classified loan schedule been provided to support expenses reported in Line 3 if expenses reported on this line are greater than \$5,000?</p> <p><i>If less than \$5,000, no supplemental schedule is necessary, and the reviewer should indicate N/A.</i></p>					
119	<p>Other Occupancy (Line 5):</p> <p>If expenses exceed either \$10,000 or 5% of the Total Other Occupancy, Line 6, has a supplemental schedule been submitted?</p> <p><i>If expenses for Other Occupancy are less than \$10,000 and 5% of Total Other Occupancy, skip this step and enter N/A.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
120	<p>If a supplemental schedule for Line 5 Other Occupancy has been submitted, are the expenses in the supplemental schedule reasonable (they do not appear to duplicate other expenses or include non-allowable expenses)?</p> <p><i>If expenses for Other Occupancy are less than \$10,000 and 5% of Total Other Occupancy, skip this step and enter N/A.</i></p>					
121	<p>Interest Expense – Buildings (Line 3): Based on any non-residential buildings identified in Schedule E, do the expenses reported in this line seem reasonable?</p> <p><i>Note: For non-residential buildings listed in Schedule E using the GF depreciation method, the interest expenses should be included in Schedule E and expenses would not be expected in this schedule.</i></p>					

Schedule G: Related Party Transactions

This schedule identifies expenses associated with related parties and describes the financial terms of related party transactions. All related party transactions must be at arms length and represent terms that would be similar to that of an unrelated party. For cost reporting purposes, allowable costs are limited to the lesser of the actual cost of the goods or services incurred by the related party or the amount paid to the related party by the provider.

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
122	<p>Are any comments noted for this schedule on the Comments Page or on supplemental schedules?</p> <p><i>Review any documents/notes prior to starting the desk review procedures.</i></p> <p><i>Note: If there are no comments recorded on the Comments Page and there are no supplemental schedules submitted, this item should be answered N/A.</i></p>					
123	<p>If property is leased from a related party (the answer to question 1a is “Yes”), has the actual cost of the property been included as a component of total expense reported in Schedule A, Column F, Line 13?</p> <p><i>The provider should acknowledge in the Comments Page that the lesser of the cost of the property or the rent amount has been included in the Cost Report. If no such affirmation has been made, mark “No-Not Compliant, Action Needed” and request an explanation.</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
124	<p>If the provider has more than one property that is leased from a related party, has the provider submitted a supplemental schedule, listing each property separately?</p> <p><i>Section 15 of the Cost Report Instructions requires for each property on the supplemental schedule, that the provider indicate the actual expense of the property, as well as the rental charge.</i></p>					
125	<p>If related party transactions have been identified in Line 2a, has a sufficient explanation been provided in Line 2b such that the reviewer is able to understand the financial terms of the related party transaction? Are the terms reasonable?</p> <p><i>For example, the provider sought several bids to ensure the contract terms were competitive.</i></p>					

Schedule H: Expense Allocation Procedures

Expense allocations are needed for program expenses that cannot be directly assigned to a specific program or procedure code. This schedule contains questions about methods the provider used to allocate expenses to different expense categories, programs or procedure codes. The provider should be able to support the basis used in allocating these expenses.

It is likely that supplemental schedules should have been uploaded to fully disclose how expenses are being allocated between the different programs and services. Supplemental documentation should include sufficient detail to enable a reviewer to understand and confirm the expenses included in the Cost Report. However, it is not expected that the reviewer recalculate supporting cost allocation schedules. The review should be limited to reviewing the supplemental schedules for consistency with what has been described in Schedule H.

Providers subject to audit are requested to upload, as a supplemental schedule, a copy of their cost allocation plan with the auditor's opinion. It is likely however that the cost allocation plan will not be available until the audit is submitted so no specific procedures are included here for the cost allocation plan.

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed]	N/A	Comments
126	<p>Are any comments noted for this schedule on the Comments Page or on supplemental schedules?</p> <p><i>Review any documents/notes prior to starting the desk review procedures.</i></p> <p><i>Note: If there are no comments recorded on the Comments Page and there are no supplemental schedules submitted, this item should be answered N/A.</i></p>					
127	<p>If the provider selected “Allocated” from the drop down menu in Column B on question 1, does the basis for allocation selected from the drop down menu in Column C seem reasonable and logical for each expense category (e.g., for the transportation expenses categories, a methodology based on a “mileage log” would likely be more appropriate than a methodology based on a “time study”)?</p> <p><i>See Section 16 of the CRI for examples of acceptable allocation methods for the various expense categories.</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed]	N/A	Comments
128	<p>If “Other” is selected as the basis for allocation in question 1, Column C, has an explanation and justification of the methodology been detailed in question 2?</p> <p><i>Note: Per the CRI, the providers are to use the Comments Page or supplemental schedules if there is not enough room on question 2. If the information provided in question 2 appears incomplete, check for the information in these documents.</i></p>					
129	<p>Do the expenses in Schedule A appear to have been fairly and consistently distributed across expense categories?</p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check. The Excel tool can only be used for this check if “Proportional to direct care expenses” has been selected as the basis of allocation in Column C.</i></p> <p><i>Note: For any expense allocation flagged by the Excel Tool, review the Comments Page to see if the provider included sufficient explanation/details to explain significant differences and/or note the allocation approach described in question 1. Confirm the explanations are reasonable in light of the expense allocations noted in Schedule A.</i></p>					
130	<p>Question 3: Did the provider enter detail describing the methodology used to allocate expenses across categories (other LOBs, base, fee schedule/outcomes-based, excluded non-allowable, Waiver) in Schedule A, Columns B through F, and if so, is it reasonable?</p>					
131	<p>Question 3: Did the provider include a description as to how the method results in fair and equitable distribution of expenses across LOBs?</p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed]	N/A	Comments
132	<p>Question 4: If “Yes” was selected by the provider in the drop down menu, did the provider upload supplemental schedules that sufficiently disclose how expenses are being allocated between the different programs and services (i.e., did the supplemental documentation include sufficient detail to enable the reviewer to understand and confirm the expenses included in the Cost Report noting that recalculation is not necessary)?</p> <p><i>If “No” was selected, skip this question and enter N/A.</i></p>					
133	<p>Question 4: Providers subject to audit are requested to upload, as a supplemental schedule, a copy of their cost allocation plan with the auditor’s opinion. If the provider is subject to an audit and the schedule was included with the Cost Report, check “Yes”. If not included, check N/A.</p>					
134	<p>Question 4: If “No” was selected, is there sufficient information in questions 1, 2 and 3 and/or the Comments Page such that supporting documentation wasn’t necessary? If not, provider should be requested to provide supporting allocation schedule.</p> <p><i>Note: If the provider only has expenses for the Waiver LOB, it is likely a supporting allocation schedule isn’t necessary. In addition, if the previous steps are performed satisfactorily, a supplemental schedule may not be necessary.</i></p>					
135	<p>Question 5: If "No" was selected from the drop down menu, did the provider provide an explanation on the Comments tab?</p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed]	N/A	Comments
136	Question 6: If “No” is selected from the drop down menu, did the provider provide an explanation on the Comments tab?					

Schedule I: Participant Transportation Expenses

The transportation expenses reported on this schedule are for transportation expenses that are part of the normal service delivery for Waiver participants only and are not billed discretely.

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
137	<p>Are any comments noted for this schedule on the Comments Page or on supplemental schedules?</p> <p><i>Review any documents/notes prior to starting the desk review procedures.</i></p> <p><i>Note: If there are no comments recorded on the Comments Page and there are no supplemental schedules submitted, this item should be answered N/A.</i></p>					
138	<p>Other (Line 7):</p> <p>If expenses exceed either \$10,000 or 5% of the Total Participant Transportation Expense, Line 8, has a supplemental schedule been submitted?</p> <p><i>If expenses for Other are less than \$10,000 and 5% of the Total Participant Transportation Expense, skip this step and enter N/A.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool for this check.</i></p>					

Schedule J: Residential Occupancy

This schedule should only be completed by residential providers. Expenses reported on this schedule should not be reported on any other schedule, with the exception of the auto populated depreciation lines.

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
139	<p>Are any comments noted for this schedule on the Comments Page or on supplemental schedules?</p> <p><i>Review any documents/notes prior to starting the desk review procedures.</i></p> <p><i>Note: If there are no comments recorded on the Comments Page and there are no supplemental schedules submitted, this item should be answered N/A.</i></p>					
140	<p>If the provider selected residential procedure codes on the Service Selection tab, is this schedule completed?</p> <p>If residential procedure codes were not selected on the Service Selection tab, indicate “N/A”.</p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
141	<p>Other Personnel Costs</p> <p>If expenses in Line 6 exceed 5% of the Total Personnel Expenses, the sum of Lines 1 through 6, has a supplemental schedule or explanation been submitted?</p> <p><i>If expenses for Other Personnel Costs are less than 5% of Total Personnel Expenses, skip this step and enter N/A.</i></p> <p><i>Expenses for staff, including contracted staff, who perform program functions should <u>not</u> be included here.</i></p> <p><i>If some of the administrative staff time is related to residential occupancy, then that time should be allocated to Line 6 of this schedule. The reviewer needs to ensure time isn't captured elsewhere on the provider Cost Report.</i></p> <p><i>If Other Personnel Costs (Line 6) exceeds 5% of the Total Other Personnel Expenses (Lines 1 through 6), are there any supporting data/details in the Comments Page or supporting information on other schedules to support the amounts? If not, please request from provider.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool as part of this check.</i></p>					

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
142	<p>Operating Expenses – Other (Line 29): If the “Other” expense category exceeds either \$10,000 or 5% of Total Operating Expenses (Line 31), are there any supporting data/details in the Comments Page or supporting information on other schedules to support the amounts? If not, please request from provider.</p> <p><i>If the “Other” expense category is less than \$10,000 and 5% of Total Operating Expenses, skip this step and enter N/A.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool as part of this check.</i></p>					

General Procedures – Final

#	Procedure	Yes – Compliant	No – Not Compliant [Action Needed]	No – Not Compliant [NO Action Needed – not material]	N/A	Comments
143	<p>Do all reported expenses and descriptions appear consistent with the Cost Report instructions and reasonable?</p> <p><i>Note: This step should be considered a general procedure that applies to all schedules. Examples of items noted from Year 2 desk reviews that may not have been addressed in the previous procedures include: inclusion of expenses for retained earnings, recording large amounts for auto repairs when only 1 or 2 vehicles are owned or leased, reporting large amounts of utilities and maintenance for one building, etc.</i></p>					
144	<p>Validation of PROMISe billing and CR submission procedure codes:</p> <p>Do procedure codes billed through PROMISe for the period July 1, 2009 – June 30, 2010, match what the provider has selected for procedure codes on the Certification Page -Service Selection and reported on Schedule A?</p> <p>If no, provider to review procedure codes selected on the cost report to confirm provider has selected correct procedure codes.</p> <p><i>Procedure codes selected should represent services the provider delivered during FY2009/2010.</i></p> <p><i>Note: Please use the Desk Review Procedures Excel Tool as part of this check. You will also need to use the PROMISe data file posted to your Connect site.</i></p>					

Appendix A – Unit cost ranges

Service	Service Description	Minimum Unit Cost below the "Average - 2 Standard Deviations"	Maximum Unit Cost below the "Average + 2 Standard Deviations"
W6090	Licensed One-Individual Home - Community Homes - Eligible	\$224.12	\$869.47
W6091	Licensed One-Individual Home - Community Homes - Ineligible	\$9.10	\$147.64
W6092	Licensed Two-Individual Home - Community Homes - Eligible	\$127.34	\$606.16
W6093	Licensed Two-Individual Home - Community Homes - Ineligible	\$20.53	\$90.27
W6094	Licensed Three-Individual Home - Community Homes - Eligible	\$74.16	\$468.29
W6095	Licensed Three-Individual Home - Community Homes - Ineligible	\$16.55	\$66.47
W6096	Licensed Four-Individual Home - Community Homes - Eligible	\$82.10	\$370.09
W6097	Licensed Four-Individual Home - Community Homes - Ineligible	\$12.75	\$59.47
W6098	Licensed Five-to-Ten-Individual Home - Community Homes - Eligible	\$87.67	\$277.92
W6099	Licensed Five-to-Ten-Individual Home - Community Homes - Ineligible	\$12.80	\$52.92
W7037	Unlicensed Family Living Home - One Individual - Eligible	\$35.13	\$149.67
W7038	Unlicensed Family Living Home - One Individual - Ineligible	\$0.00	\$21.97
W7057	Unlicensed Home and Community Habilitation - Basic Staff Support	\$1.26	\$10.84
W7058	Unlicensed Home and Community Habilitation - Level 1	\$2.78	\$7.03
W7059	Unlicensed Home and Community Habilitation - Level 2	\$2.09	\$13.33
W7060	Unlicensed Home and Community Habilitation - Level 3	\$2.10	\$13.97
W7061	Unlicensed Home and Community Habilitation - Level 3 Enhanced	\$4.44	\$25.32
W7072	Licensed Day - Adult Training Facilities - Basic Staff Support	\$1.20	\$4.72
W7073	Licensed Day - Adult Training Facilities - Level 1	\$1.48	\$5.40
W7074	Licensed Day - Adult Training Facilities - Level 2	\$2.41	\$6.73
W7075	Licensed Day - Adult Training Facilities - Level 3	\$2.46	\$14.20
W7078	Unlicensed Residential One-Individual Home - Eligible	\$11.85	\$220.97
W7079	Unlicensed Residential One-Individual Home - Ineligible	\$3.26	\$68.49
W7080	Unlicensed Residential Two-Individual Home - Eligible	\$43.16	\$212.04
W7081	Unlicensed Residential Two-Individual Home - Ineligible	\$7.91	\$36.14
W7087	Prevocational Services - Basic Staff Support	\$0.78	\$3.37
W7088	Prevocational Services - Level 1	\$1.13	\$4.08
W7089	Prevocational Services - Level 2	\$1.72	\$5.97
W7090	Prevocational Services - Level 3	\$4.12	\$11.50
W7235	Supported Employment	\$1.79	\$32.48

Service	Service Description	Minimum Unit Cost below the "Average - 2 Standard Deviations"	Maximum Unit Cost below the "Average + 2 Standard Deviations"
W7237	Transitional Work Services - Basic Staff Support	\$1.01	\$7.83
W7250	In-Home Respite: 24 Hours - Level 2	\$65.00	\$502.04
W7258	In-Home Respite: 15 Minutes - Level 2	\$3.16	\$9.89
W7291	Licensed Adult Family Living Home - One Individual - Eligible	\$23.28	\$196.65
W7292	Licensed Adult Family Living Home - One Individual - Ineligible	\$0.00	\$39.73
W7293	Licensed Adult Family Living Home - Two Individual - Eligible	\$36.19	\$153.56
W7294	Licensed Adult Family Living Home - Two Individual - Ineligible	\$0.00	\$20.83

For use with procedure number 20

Appendix B – Compensation Limits – Average hourly rate limits (an expansion of Appendix E in CRI)

Total compensation expense for any staff member in excess of the applicable limits is the responsibility of the provider and shall be reported as an excluded non-allowable expense in Column E of Schedule A. This is a change from the FY 2008/2009 reporting period, when the compensation limits only applied to the CEO.

To determine the total expenditures of the provider, the reviewer should look at Schedule A, Column A, Line 26. It is possible that the provider has operations beyond what is reported in Schedule A, Column A, but unless the provider has provided a comment in the comments tab, the reviewer should use Column A, Line 26 to determine the maximum allowable salary and benefits. To determine multiple service versus single service provider, the reviewer should look at Schedule A, Column B. If there are no other LOBs reported, they are likely a single service provider. There may not be sufficient information in the Cost Report to know whether the provider is a single or multiple service provider. If there is not, consider the provider a single service provider for purposes of determining the maximum compensation. If the provider fails this desk review procedure because it appears they have exceeded the maximum allowable salary and benefits, request the provider to confirm if there are other LOBs and the size of the overall organization and to recheck their compensation related to the limits. If the provider provides additional information in their resubmission that indicates higher limits should apply because of other LOBs, the higher limits can be used but the provider must provide some sort of financial statement or documentation indicating that there are other LOBs and the overall size (expenditures) of those other lines of business. These can be attached as supporting schedules.

Staff Compensation Grid

Allowable Reimbursement Maximums, effective July 1, 2008

Pay Range	Salary and Benefits	Salary and Benefits Hourly Compensation Limits	Total Expenditures of Multiple Service Provider	Total Expenditures of Single Service Provider
	\$297,564	\$143.06	\$60,000,000	
	\$284,567	\$136.81		\$60,000,000
	\$273,751	\$131.61	\$50,000,000	
	\$249,432	\$119.92		\$50,000,000
	\$243,693	\$117.16	\$37,500,000	
	\$227,931	\$109.58		\$37,500,000
	\$220,191	\$105.86	\$27,500,000	
	\$210,358	\$101.13		\$27,500,000
	\$194,436	\$93.48	\$17,500,000	
	\$185,752	\$89.30		\$17,500,000
	\$185,752	\$89.30	\$12,500,000	
	\$176,221	\$84.72		\$12,500,000
54	\$176,221	\$84.72	\$7,000,000	
53	\$168,624	\$81.07		\$7,000,000
52	\$168,624	\$81.07	\$5,000,000	
51	\$151,111	\$72.65		\$5,000,000
50	\$151,111	\$72.65	\$3,000,000	
49	\$132,340	\$63.63		\$3,000,000
48	\$132,340	\$63.63	\$1,000,000	
47	\$132,340	\$63.63		\$1,000,000
46	\$115,945	\$55.74	\$500,000	
45	\$115,945	\$55.74		\$500,000
44	\$115,945	\$55.74	\$300,000	
43	\$101,532	\$48.81		\$300,000
42	\$101,532	\$48.81	\$200,000	
41	\$101,532	\$48.81		\$100,000

For use with procedure numbers 19, 42, 50, 57 and 66

Appendix C

Term and Rate Table

Term Years	Annual % Rate
1	100.00%
2	50.00%
3	33.33%
4	25.00%
5	20.00%
6	16.67%
7	14.29%
8	12.50%
9	11.11%
10	10.00%
11	9.09%
12	8.33%
13	7.69%
14	7.14%
15	6.67%
16	6.25%
17	5.88%
18	5.56%
19	5.26%
20	5.00%
21	4.76%
22	4.55%
23	4.35%
24	4.17%
25	4.00%
26	3.85%
27	3.70%
28	3.57%
29	3.45%
30	3.33%
31	3.23%
32	3.13%
33	3.03%
34	2.94%
35	2.86%
36	2.78%
37	2.70%
38	2.63%
39	2.56%
40	2.50%
41	2.44%
42	2.38%
43	2.33%
44	2.27%
45	2.22%
46	2.17%
47	2.13%
48	2.08%
49	2.04%
50	2.00%

For use with procedure numbers 77, 90 and 101