

**California School-Based SMAA Manual**  
**SECTION 7**  
***SMAA Audit File***

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## **Record Keeping and Retention**

### **Overview**

The foundation of SMAA claiming is the time survey sampling. Federal regulations require that all records in support of allowable SMAA activities must be retained for a minimum of five fiscal years after the date of payment for that claim. This documentation includes time survey documentation, secondary documentation, and direct charge certification. Similarly, those documents that support the construction of a SMAA claim must also be kept for five fiscal years after the date of payment for that claim. These documents include the documentation that supports the Medi-Cal percentage, the basis of the cost pools, and job descriptions/duty statements for all staff performing SMAA. All records retained must be stored ready-to-review in an Audit File/Operational Plan (OP). The time survey documentation and OP must be kept at the claiming unit that is easily accessible.

If an audit is in progress, or is identified as forthcoming, all records relevant to the audit must be retained throughout the audit's duration, or the final resolution of all audit exceptions, deferrals, and/or disallowances whichever is later. These records must be available to State and federal reviewers and auditors upon request in accordance with record retention requirements set forth under Title 42 of the Code of Federal Regulations (CFR), Section 433.32.

### **Building and Maintaining an Audit File/Operational Plan**

Each claiming unit must develop an Audit File/Operational Plan beginning the first quarter in which a time survey is conducted. A checklist, found in Page 7-2, has been developed to assist the claiming unit in this task. Documentation is necessary to respond to audit inquiries, especially in the absence of the specific staff that were responsible for the time survey or the SMAA claim.

### **Documents to Include in the Audit File/Operational Plan**

This section provides information on how to prepare and assemble the required documentation for each claiming unit's Audit File/Operational Plan. The term "operational plan" replaces the term "claiming plan" and includes the audit documents in support of each invoice.

Pursuant to 2 CFR Part 200 et seq., each claiming unit must develop and maintain an audit file of comprehensive documents in support of the invoice prior to its submission to DHCS. The OP components are subject to review by the LEC/LGA, DHCS, and/or CMS upon submission of the invoice. The OP becomes the audit file and must include but is not limited to:

- Copies of the annual Roster Report and associated quarterly updates.
- Job Descriptions/Duty Statements that match the job classifications identified on the Roster Report.
- Medi-Cal Percentage documentation used in the discounted codes.

- Contracts/MOUs for SMAA services provided by personnel who are included on the Roster Report and/or whose costs will be included in the invoice, all Vendor contracts, and the LEC/LGA SMAA contract.
- Invoice Documents to support all claims on the invoice, including paid time off (PTO).
- Organization Charts that show the relationships of TSPs, as entered in the invoice.
- Resource Directories used to help participants access Medi-Cal services.
- DHCS approved outreach material and a copy of the DHCS approval letter.

### **Audit File/Operational Plan Checklist**

The checklist provides a guide to determine what to include in the audit file when claiming SMAA. The list is general in nature and is not intended to be all-inclusive.

|                              |                                                                                                                                                                                                        |
|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| LEC/LGA                      | Evidence of SMAA training for SMAA Coordinators including training materials and attendance sheets                                                                                                     |
| LEC/LGA                      | Evidence of annual training for Central Coders indicating the date, location, and trainers                                                                                                             |
| LEA                          | Copy of online tutorial for RMTS participants                                                                                                                                                          |
| <b>RMTS Time Survey Data</b> |                                                                                                                                                                                                        |
| LEC/LEA                      | Participant list, by job class, included in the RMTS and time survey cost pool of the invoice (i.e., sample universe of employees)                                                                     |
| LEC                          | List of centralized coders used in the RMTS                                                                                                                                                            |
| LEC                          | RMTS master list identifying each moment by participant name and job class                                                                                                                             |
| LEA                          | Documentation of completed random moments                                                                                                                                                              |
| LEC                          | Documentation for shift/work hours for participants                                                                                                                                                    |
| LEC                          | RMTS results data                                                                                                                                                                                      |
| LEC                          | Quarterly report on quality assurance review of 10% sample                                                                                                                                             |
| LEA/LEC/LGA                  | Documentation of verified TSP paid time or unpaid time off if moment coded to 16/17                                                                                                                    |
| LEA/LEC/LGA                  | Documentation of coded moments appealed, or corrected changes.                                                                                                                                         |
| LEA                          | Document of coded moments appealed and outcome.                                                                                                                                                        |
| <b>Duty Statements</b>       |                                                                                                                                                                                                        |
| LEA                          | A duty statement describing the current duties and responsibilities for each job class in the RMTS sample universe that describes their approved scope of work, including SMAA and non-SMAA activities |
| <b>Invoice Documents</b>     |                                                                                                                                                                                                        |
| All                          | SMAA Summary Invoice and detailed invoice including the following:                                                                                                                                     |
| All                          | Activities Percentages and Medi-Cal Eligibility Rate Worksheet                                                                                                                                         |
| All                          | Time Survey Summary Report                                                                                                                                                                             |
| All                          | Copy of the Indirect Cost Rate from the CDE website                                                                                                                                                    |
| All                          | Direct Charges Worksheet                                                                                                                                                                               |
| All                          | Documentation of direct charges                                                                                                                                                                        |
| All                          | Payroll Data Collection Worksheet                                                                                                                                                                      |
| All                          | Payroll Data Collection & Other Summary Sheet (maintain actual staff ledger reports)                                                                                                                   |

|                             |                                                                                                                                                                                            |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| All                         | Costs and Revenues Worksheet                                                                                                                                                               |
| All                         | Supporting documentation                                                                                                                                                                   |
| All                         | Roster Report                                                                                                                                                                              |
| All                         | Data match calculations                                                                                                                                                                    |
| <b>Contracts</b>            |                                                                                                                                                                                            |
| All                         | Contract or Memorandum of Understanding (MOU) between the LEA and the LEC/LGA for SMAA participation                                                                                       |
| All                         | Contract or MOUs with contracting agencies and providers, including personal service contracts                                                                                             |
| <b>Agency Documents</b>     |                                                                                                                                                                                            |
| LEA                         | Organizational charts that show the supervision responsibility of staff in SMAA claiming down to the level of the clerical staff whose costs are included in the invoice                   |
| All                         | School calendar(s)                                                                                                                                                                         |
| <b>Resource Directories</b> |                                                                                                                                                                                            |
| All                         | Documents used to promote Medi-Cal that directly relate to surveyed time for such activities. Should include DHCS approved flyers, announcements & other materials pertaining to Medi-Cal. |

### **Quality Control**

The Claiming Unit Coordinator and/or LEA coordinator is the first level of review to ensure that the OP is complete and accurate. This includes ensuring the completeness and accuracy of the invoices, and thorough documentation to support the OP.

The LEC/LGA SMAA Coordinator is the second level of review. Review at this level should include continuous training, site visits, desk reviews, and review of the claiming unit OP to ensure accuracy, reasonableness, and completeness. The LEC/LGA SMAA Coordinator is also responsible for receiving all invoices in his or her region/county, checking to ensure accuracy, reasonableness, completeness, and submitting them to DHCS.

DHCS is the third level of review and will monitor and review various components of the SMAA program operating in the state. The areas of review include, but are not limited to:

- TSP Universe List – ensure only eligible cost pools of staff are reported on the TSP Universe list based on the approved RMTS cost pools in the implementation plan.
- RMTS Time Survey – sampling methodology, the sample, and time study results.
- RMTS Central Coding – review at a minimum a 10% sample per quarter of the completed coding.
- Training – Compliance with training requirements: program contact, central coder and claiming unit staff.
- Financial Reporting – Costs are only reported for eligible cost categories and meet reporting requirements.
- Documentation compliance.

## **Frequency**

DHCS will have real-time read only access to all RMTS software.

LECs/LGAs will be monitored at least once every three (3) years. This monitoring will consist of either an on-site, desk, or combination review. For this monitoring process, two or more claiming units and invoices for two fiscal years will be selected for in-depth review. Participating LECs/LGAs will be required to fully cooperate in providing information and access to necessary staff in a timely manner to facilitate these efforts.

For all quarters, trends will be examined (e.g. total costs in the claim, time study results, and reimbursement levels).

- Desk reviews will be conducted periodically. These may include any combination of the following, and the backup documentation to support it:
  - Training Materials
  - Time Survey Materials
  - The Roster Report(s)
  - Job Descriptions
  - Medi-Cal Eligibility Rate
  - Contracts/MOUs
  - Backup Documentation to the selected invoices
  - Organization Charts
  - Resource Directories

Site reviews may be scheduled as a result of findings from desk reviews.

- Site reviews will be conducted on a rotational basis. DHCS will perform a site review in a minimum of three LECs and three LGAs annually. These will be extensive, and will include, OP reviews, Roster Report(s) reviews, and invoice reviews. DHCS will review documentation that supports the invoice – which may include, but is not limited to, all of the items on the Audit File/Operational Plan Checklist.

If a review results in an invoice overpayment, DHCS will require a recoupment from the claiming unit in the amount of the overpayment. Additional steps may be required, such as additional training, procedure changes, and internal audits.

**California School-Based SMAA Manual**  
**SECTION 8**  
***SMAA Contracts***

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## **Contract Requirements**

For a LEC/LGA to claim reimbursement for SMAA, Welfare and Institutions Code 14132.47(b) requires that the LEC/LGA have a contract with DHCS, the single state agency for administering the Medicaid program. This document is called the SMAA Contract. The contract will include the following:

### **1. Amounts Payable**

- A. Reimbursement shall be made for allowable expenses up to the amount annually encumbered commensurate with the state fiscal year in which services are performed and/or goods are received.

### **2. Participation in Medi-Cal Administrative Claiming Process**

- A. As a condition of participation in the Medi-Cal Administrative Claiming process, and in recognition of revenue generated in the Medi-Cal Administrative Claiming process, the Contractor shall pay an annual participation fee through a mechanism agreed to by the State and Contractors, or, if no agreement is reached by August 1 of each year, directly to the State.
- B. The participation fee shall be used to cover the cost of administering the Medi-Cal Administrative Claiming process, including, but not limited to, claims processing, technical assistance, and monitoring. The State shall determine and report staffing requirements upon which projected costs will be based.
- C. The amount of the participation fee shall be based upon the anticipated State salaries, benefits, operating expenses and equipment, necessary to administer the Medi-Cal Administrative Claiming process and other costs related to that process.

### **Lateral Agreements/Memorandums of Understanding**

The SMAA contract is designed so the LEC/LGA may act on behalf of claiming units claiming reimbursement for SMAA. Claiming unit's intending to seek reimbursement through SMAA must have a similar agreement or contract with the LEC/LGA that holds the DHCS contract. Its language mirrors the DHCS contract so that other participating agencies may be held to the same terms and conditions set forth in the contract between DHCS and the LEC/LGA. A claiming unit may only contract with the regional LEC or LGA. A cohort/offsite program of a community college must bill through the region in which its fiscal agent is located.

### Administrative Fees Charged to Claiming Units

LECs and LGAs participating in the SMAA program must monitor invoices to ensure that administrative fees they charged to their claiming units are not reported by both the LEC/LGA and claiming unit. The cost of activities included on the SMAA invoice may only be claimed by one entity if they are on the LEC/LGA invoice; they must not be claimed on other invoices, such as the claiming unit or subcontractor claiming unit invoices. If they are claimed on the individual claiming unit or subcontractor invoices, they must not also be claimed on the LEC/LGA invoice. Allowable administrative costs are described in section 5 of this manual, under Code 15 Medi-Cal Claims Administration, Coordination, and Training section (Code 15).

Including such fees or activities in more than one entity's invoice would result in duplication of claims for federal financial participation. The scenario below reflects an example of sound oversight to safeguard against duplication would be:

1. A LEC/LGA conducts SMAA Coordination and Claims Administration and contracts with claiming units/subcontractors that conduct SMAA.
2. The LEC/LGA charges the claiming units/subcontractors an administrative fee for the SMAA costs of its own staff that are associated with the coordination. These costs are claimed on the LEC/LGA invoice.
3. While reviewing the claiming unit/subcontractor invoices, the LEC/LGA notices that the claiming unit/subcontractors include the administrative fee as SMAA Coordination Costs on the Direct Charges Worksheet, Line 31(d) (SMAA invoice) or as Other Costs in Cost Pool 6, Line H (SMAA invoice).
4. The LEC/LGA had already identified and included the costs of the activities associated with these administrative fees in its own SMAA invoice.
5. The LEC/LGA returns the SMAA invoice to the claiming unit/subcontractor for correction to delete the administrative fee cost. The administrative fee expense cannot be reported as an expense on the claiming unit/subcontractor invoice.

Alternatively, if the LEC/LGA allows its claiming units/subcontractors to include in their SMAA invoices the cost of administrative fees charged by the LEC/LGA, then the LEC/LGA must not include in its own SMAA invoice the cost of activities associated with these administrative fees. This scenario reflects an example of sound oversight to safeguard against duplication would be:

1. The LEC/LGA conducts SMAA Coordination and Claims Administration and contracts with claiming unit/subcontractors that conduct SMAA.
2. The LEC/LGA charges the claiming unit/subcontractors an administrative fee for the SMAA costs of its own staff that are associated with the coordination.
3. While reviewing the claiming unit/subcontractor invoices, the LEC/LGA notices that the claiming unit/subcontractors include the administrative fee as SMAA Coordination Costs on Direct Charges Worksheet, Line 31(d) (School-Based SMAA invoice).
4. The LEC/LGA does not include in its own SMAA invoice the costs of the activities associated with these administrative fees.



### Contract Agencies

LEC/LGAs and claiming units may deliver their services through contract providers, or community based organizations (CBOs). The contract language must reflect the intent of the contract agency to perform some or all of the allowable SMAA activities. Local matching funds that support claims for reimbursement of the cost of providing SMAA must constitute Certified Public Expenditures (CPE); that is, they must come from county or city governments, schools or any other public entities and must be expended before reimbursement can be requested. They may not come from CBOs that are non- governmental or private agencies. To qualify as a federally reimbursable SMAA expense, the LEC/LGA or claiming unit must have made a CPE in support of SMAA being claimed. CPE can be generally defined as an expenditure of non-federal public funds (defined in federal regulation 42 CFR §433.51) that support the provision of SMAA activities within the claiming unit.

### Host Entity: DHCS Contract

The Host Entity, if applicable, is the designated administrative and fiscal intermediary for all LEC/LGA contracts with DHCS to perform administrative activities. DHCS determines each year the staffing requirements upon which the DHCS-projected costs are based. The projected costs include the anticipated salaries, benefits, overhead, operating expenses, and equipment necessary to administer the SMAA program.

The contract requires the host entity to submit invoices to and collect from each LEC/LGA, its portion of the payment for the DHCS-projected administrative costs for which each participating LEC/LGA is liable. Funds are disbursed to DHCS to reimburse the costs incurred by DHCS for the performance of administrative activities. The payments are remitted to the department within 60 days of receipt of the DHCS invoice to the host entity.

### Host Entity: LEC/LGA Contract

The Host Entity, if applicable, contracts with the participating LEC/LGA and invoices the LEC/LGA for the annual participating fee. The contract specifies the responsibility of the Host Entity contractors.

### Personal Services Contracts

Personal Services Contracts are agreements/contracts for an entity (non-employee) whose contract language does not specify performing SMAA. These staff are treated like district-employed staff and must be included in the time-survey if applicable. Their job classifications must be identified on the Roster Report(s) and must include a separate duty statement if it differs from those of other claiming staff on the Roster Report(s).

### Subcontractor Contracts

Subcontractor contracts are agreements/contracts for entities (non-employees) who conduct specific SMAA on behalf of the claiming unit. The contract must specify the SMAA being conducted and the projected amount of time and cost to perform such activities. When such language exists, staff does not need to time-survey and services can be direct-charged. All subcontractor contracts must include the Catalog of Federal Domestic Assistance (CFDA) number 93.778.

### Consultant(s)/Consulting Firms/Vendor(s) Contracts

All costs associated with consultants/consulting firms/vendor(s) being claimed for reimbursement must be directly attributable to School-Based Medi-Cal Administrative Activities (SMAA).

### Contract Amendments

Contracts with DHCS to provide SMAA may be amended. If an amendment is needed the SMAA Coordinator must contact their SMAA analyst to complete the amendment.

**California School-Based SMAA Manual**  
**SECTION 9**  
***Determining the Medi-Cal Eligibility Rate for SMAA***

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### **Definition of the Medi-Cal Eligibility Rate**

The Medi-Cal Eligibility Rate (MER) is the fraction of a total population that consists of Medi-Cal beneficiaries, as identified on the DHCS Data Match. The numerator is the number of students that are Medi-Cal beneficiaries, and the denominator is the total number of students in the district.

The only approved methodology is the actual client count (as determined by the DHCS Data Match). This methodology is described below. The Medi-Cal Eligibility Rate must be calculated **at least** twice per year, once in the 1<sup>st</sup> and 3<sup>rd</sup> quarters or once in the 2<sup>nd</sup> and 4<sup>th</sup> quarters; this percentage must be reflected in the invoices for those quarters.

**NOTE: All claiming units that obtain the Medi-Cal Eligibility Rate on a monthly basis should average the MERs within the respective quarters. However, the MER used in the invoice must only be calculated twice per year, either in the 1<sup>st</sup> and 3<sup>rd</sup> quarter or the 2<sup>nd</sup> and 4<sup>th</sup> quarter.**

### **Actual Client Count/DHCS Data Match**

The actual client count obtained through the DHCS Data Match) is determined by dividing the total number of Medi-Cal beneficiaries by the total number of all individuals served by the claiming unit. The total number of all individuals served by the claiming unit is defined in the operational plan as the target population. The Medi-Cal Eligibility Rate is the fraction of a claiming unit's target population that consists of Medi-Cal beneficiaries. To use this methodology, the claiming unit must define the population "served" and identify the Medi-Cal eligibility status of each person.

### **Overview of the Approved Methodology**

The portion of costs that can be claimed as allowable for some SMAA is based on the Medi-Cal Eligibility Rate. Costs are reduced or "discounted" by the Medi-Cal Eligibility Rate when the activity benefits or involves both Medi-Cal and non-Medi-Cal populations.

The following SMAA codes require discounting by the Medi-Cal Eligibility Rate:

- CODE 8 Referral, Coordination, and Monitoring of Medi-Cal Covered Services
- CODE 10 Transportation-Related Activities in Support of Medi-Cal Covered Services
- CODE 12 Translation-Related to Medi-Cal Covered Services
- CODE 14 Program Planning and Policy Development, and Interagency Coordination (PPPD&IC) Related to Medi-Cal Services

$$\text{Medicaid Costs} = \left[ \frac{\text{Total Number of Medi - Cal Students}}{\text{Total Number of Students}} \right] X \text{ Costs to be Allocated}$$