

Per Audit of a Private Provider  
Example 1

**Audit Line items**

<b>Cost Center/Department Expenses</b>						
	Outpatient Treatment	Residential Treatment	Judicial Services	Prevention/ Intervention Education Services	Administration	Total Expenses
Salaries	1,367,003	1,118,380	688,876	335,973	400,930	3,911,162
Employee health & retirement benefits	140,309	94,885	72,890	45,477	38,379	391,940
Payroll taxes	128,903	100,841	65,867	31,730	33,771	361,112
Professional fees & contract services	102,284	170,495	4,030	0	72,561	349,370
Educational & treatment costs	49,582	29,637	5,656	0	0	84,875
Office Supplies	39,366	15,906	19,581	13,480	24,096	112,429
Food & Supplies	3,676	87,719	281	2,456	96	94,228
Medical Supplies	28,970	39,775	230	0	50	69,025
Rental of facilities & equipment	176,206	28,456	43,577	10,082	(924)	257,397
Training & conferences	10,570	2,374	3,503	1,994	1,148	19,589
Repairs & maintenance	13,383	41,410	4,137	2,324	420	61,674
Telephone	6,300	17,636	11,896	2,639	3,860	42,331
Postage	856	13,910	2,002	0	(22)	16,746
Utilities	13,213	70,414	148	3,034	0	86,809
Insurance	71,520	0	0	6,660	18,879	97,059
Dues & subscriptions	2,563	1,950	175	200	1,357	6,245
Travel	2,914	167	15,272	1,576	2,186	22,115
Fund raising	0	0	0	0	0	0
Miscellaneous	52,757	16,013	16,009	5,872	72,489	163,140
Depreciation	38,536	32,253	16,634	8,081	13,216	108,720
<b>Total Expenses</b>	<b>2,248,911</b>	<b>1,882,221</b>	<b>970,764</b>	<b>471,578</b>	<b>682,492</b>	<b>6,255,966</b>

These would be the totals shown on the Cost Center Expense screen on the Total Expenditures box

	Outpatient Treatment	1xx	2xx	3xx	4xx	5xx	6xx	8xx	
Salaries	1,367,003	1,367,003							
Employee health & retirement benefits	140,309	140,309							
Payroll taxes	128,903	128,903							
Professional fees & contract services	102,284						102,284		
Educational & treatment costs	49,582		49,582						
Office Supplies	39,366		39,366						
Food & Supplies	3,676		3,676						
Medical Supplies	28,970		28,970						
Rental of facilities & equipment	176,206				176,206				
Training & conferences	10,570			10,570					
Repairs & maintenance	13,383			13,383					
Telephone	6,300			6,300					
Postage	856			856					
Utilities	13,213			13,213					
Insurance	71,520				71,520				
Dues & subscriptions	2,563				2,563				
Travel	2,914			2,914					
Fund raising	0								
Miscellaneous	52,757			52,757					
Depreciation	38,536				38,536				
<b>Total Expenses</b>	2,248,911	1,636,215	121,594	99,993	288,825	0	102,284	0	2,248,911

These should match the numbers keyed into the Cost Center Expenses screen for the 1XX through 8XX boxes on the left and match the Expense Center List report.

Per Audit of a Private Provider  
Example 2

<b>Audit Line items</b>	<b>Total Expenses</b>
Salaries	3,911,162
Employee health & retirement benefits	391,940
Payroll taxes	361,112
Professional fees & contract services	349,370
Educational & treatment costs	84,875
Office Supplies	112,429
Food & Supplies	94,228
Medical Supplies	69,025
Rental of facilities & equipment	257,397
Training & conferences	19,589
Repairs & maintenance	61,674
Telephone	42,331
Postage	16,746
Utilities	86,809
Insurance	97,059
Dues & subscriptions	6,245
Travel	22,115
Fund raising	0
Miscellaneous	163,140
Depreciation	108,720
<b>Total Expenses</b>	<b>6,255,966</b>

<b>Cost Center in the Cost Report</b>				
<b>Audit Line items</b>	Outpatient Treatment	Residential Treatment	Administration	Total Expenses
Salaries	2,391,852	1,118,380	400,930	3,911,162
Employee health & retirement benefits	258,676	94,885	38,379	391,940
Payroll taxes	226,500	100,841	33,771	361,112
Professional fees & contract services	106,314	170,495	72,561	349,370
Educational & treatment costs	55,238	29,637	0	84,875
Office Supplies	72,427	15,906	24,096	112,429
Food & Supplies	6,413	87,719	96	94,228
Medical Supplies	29,200	39,775	50	69,025
Rental of facilities & equipment	229,865	28,456	(924)	257,397
Training & conferences	16,067	2,374	1,148	19,589
Repairs & maintenance	19,844	41,410	420	61,674
Telephone	20,835	17,636	3,860	42,331
Postage	2,858	13,910	(22)	16,746
Utilities	16,395	70,414	0	86,809
Insurance	78,180	0	18,879	97,059
Dues & subscriptions	2,938	1,950	1,357	6,245
Travel	19,762	167	2,186	22,115
Fund raising	0	0	0	0
Miscellaneous	74,638	16,013	72,489	163,140
Depreciation	63,251	32,253	13,216	108,720
<b>Total Expenses</b>	<b>3,691,253</b>	<b>1,882,221</b>	<b>682,492</b>	<b>6,255,966</b>

Per Schedule C of IRS 1040 of a Private Provider

**Part I - Income**

Line 7 - Gross Income 56,338

**Part II - Expenses**

Line 8 - Advertising 122  
 Line 9 - Car & Truck Expenses 10,485  
 Line 10 - Commissions & Fees  
 Line 11 - Contract Labor 2,481  
 Line 12 - Depletion  
 Line 13 - Depecciation 429  
 Line 14 - Employee Benefits programs  
 Line 15 - Insurance (other than health) 156  
 Line 16 - Interest  
     a. Mortgage  
     b. Other 307  
 Line 17 - Legal & professional services 1,200  
 Line 18 - Office Expenses  
 Line 19 - Pension & profit-sharing plans  
 Line 20 - Rent or lease  
     a. Vehicles, mashinery & equip  
     b. Other business property 856  
 Line 21 - Repairs & maintenance 281  
 Line 22 - Supplies 1,840  
 Line 23 - Taxes & licenses 14  
 Line 24 - Travel, Meals & entertainment  
     a. Travel 403  
     b. Deductible means & entertainment 200  
 Line 25 - Utilities 3,250  
 Line 26 - Wages  
 Line 27 - Other Expenses 1,954  
 Line 28 Total Expenses 23,978  
  
 Line 29 - Tentative profit (loss) 32,360  
 Line 30 - Expenses for business use of your home 1,352  
 Line 31 - Net Profit or (loss) 31,008

	Totals	Administrati	Services
Personnel - 1xx	31,008	4,651	26,357
Supplies & Materials - 2xx	12,447	12,447	
Current Obligations & Services - 3xx	7,755	7,755	
Fixed Charges & Others - 4xx	2,648	2,648	
Capital Outlay - 5xx	0	0	
Contracts, Grants & Subs - 6xx	2,481	2,481	
Transfers, Etc. - 8xx	0		
<b>Total Expenses</b>	<b>56,338</b>	<b>29,981</b>	<b>26,357</b>

56,338

For the Personnel-1xx expense I made some assumptions:

- 1) Got the 1xx amount from the 31,008 net profit per the 1040 Schedule C. This is what the provider made/paid them self.
- 2) This provider worked full time for the whole year or 40hrs a week, 52 weeks a year or 2080.
- 3) I assumed that 15% of their time was spent doing Administrative duties.

Like paying bills, getting supplies, sending info to Mr Blakeman to bill services, balance business checkbook, etc.

- 4) I assumed that 85% of their time was spent providing services.

This time would include the billable time as well as unbillable time.

Unbillable time may include documentation time, travel time to or from a clients home to provide a service, doing case management work

Not shown in this example but could included supervison or training time too.

**Note: it is best to put the time and expense as close to the service provided as possible.**

**For the Personnel Screen assumptions**

- 1) assume 5% of time is spent providing CPT service 90801
- 2) assume 5% of time is spent providing H0004 HR
- 3) assume 5% of time is spent providing H0004 HQ
- 4) assume 25% of time is spent providing H0031
- 5) assume 45% of time is spent providing H0004
- 6) assume 15% of time is administrative

85% of the providers time is divided up between the services they provided.

2080*.05=	104 hrs
2080*.05=	104 hrs
2080*.05=	104 hrs
2080*.25=	520 hrs
2080*.45=	936 hrs
2080*.15=	312 hrs
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	2080