

Audit Report

Gogebic-Ontonagon Intermediate School District Medicaid School Based Services Program

July 1, 2010 – June 30, 2011



Office of Audit
December 2014



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GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF COMMUNITY HEALTH
OFFICE OF AUDIT
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NICK LYON
DIRECTOR

December 23, 2014

Mr. Jim Oliver
Ms. Ashley Nevins
Gogebic-Ontonagon Intermediate School District
202 Elm Street
Bergland, Michigan 49910

Dear Mr. Oliver and Ms. Nevins:

Enclosed is our final report for the Michigan Department of Community Health Medicaid School Based Services Program audit of the Gogebic-Ontonagon Intermediate School District for the period July 1, 2010 – June 30, 2011.

The final report contains the following: Description of Agency; Background; Funding Methodology; Purpose and Objectives; Scope and Methodology; Conclusions, Findings and Recommendations; and Corrective Action Plans. The Corrective Action Plans include the agency's response to the Preliminary Analysis.

Thank you for the cooperation extended throughout this audit process.

Sincerely,

Scott Werner, Manager
Special Audits Section
Office of Audit

Enclosure

cc: Pam Myers, Director, Office of Audit
John Lambert, Auditor, Office of Audit
Cindy Linn, Manager, Medicaid Program Policy Division
Kevin Bauer, Specialist, Medicaid Program Policy Division
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DESCRIPTION OF AGENCY

The Gogebic-Ontonagon Intermediate School District (Gogebic-Ontonagon ISD), one of 57 intermediate school districts (ISDs) in Michigan, was established in 1962. ISDs are regional service agencies that offer support services to school personnel that are best delivered regionally. Gogebic-Ontonagon ISD is a publicly funded school district regulated by the state and federal government.

The Gogebic-Ontonagon ISD administrative offices are located in Bergland, Michigan, serving the 6 public school districts primarily in Gogebic and Ontonagon. The Gogebic-Ontonagon ISD Board of Education consists of eight members.

BACKGROUND

Effective July 1, 2008, the Center for Medicare & Medicaid Services (CMS) made changes to the Medicaid School Based Services (SBS) Program. Under the new SBS Program, the Michigan Department of Community Health (MDCH) provides SBS reimbursement to school districts that provide Medicaid covered health and health-related services. There are two components of the SBS program that include:

- Direct Medical Services (includes specialized transportation, personal care services, and targeted case management services)
- Medicaid Administrative Outreach (AOP)

Those beneficiaries who are served by the SBS program are individuals with physical and/or behavioral disabilities, ages 0-21, who meet the eligibility requirements of the Federal Individuals with Disabilities Education Act (IDEA) Statute and the Michigan Board of Education Administrative Rule for Special Education. Medicaid covers some medical services included in an Individualized Education Program (IEP) or Individualized Family Service Plan (IFSP) for Medicaid eligible students including:

- Medically necessary services included in a Medicaid covered category
- Services that are included in the Medicaid State Plan

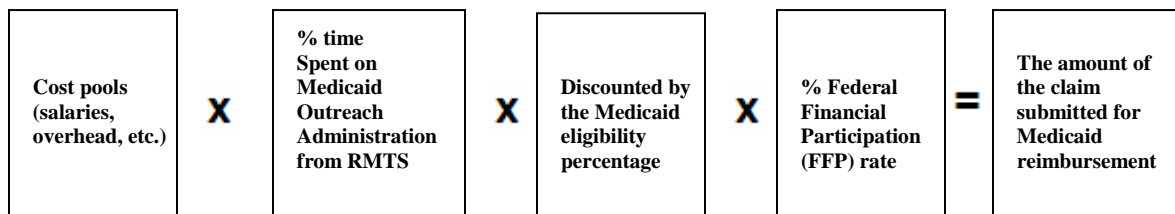
For an enrolled school district to receive reimbursement, the services provided must meet all Federal and State Medicaid regulations and provisions, including those for provider qualifications, comparability of services, and the amount, duration, and scope of services.

FUNDING METHODOLOGY

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

AOP

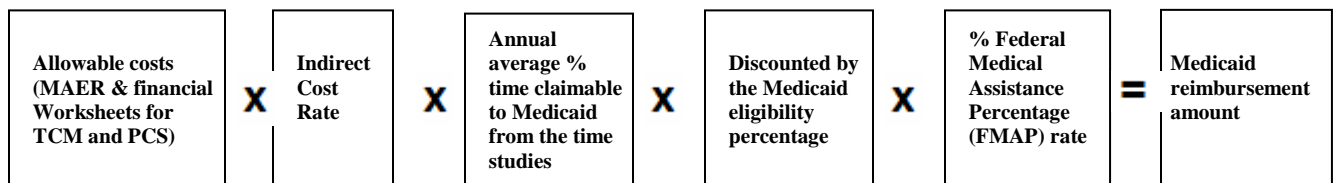
Staff salaries and related costs are reported directly to a hired contractor, the Public Consulting Group (PCG), by each of the LEAs. PCG combines the costs, applies various allocation percentages and submits the AOP claim directly to MDCH for review, processing and payment each fiscal quarter. Claim development is based on a “pool” of costs, primarily salaries, incurred by the school districts for individuals that engage in Medicaid-type activities on a regular basis. The percentage of effort actually spent on Medicaid-type activities is identified by a Random Moment Time Study (RMTS) that is also conducted by PCG. Reallocation of administrative activities found in the RMTS and certain other allocation percentages are applied to the Medicaid activities where appropriate. For most activities, the final amount claimed for Medicaid reimbursement is equal to:



Direct Medical Services

SBS providers are required to submit Direct Medical Services claims for all Medicaid covered allowable services. These claims do not generate a payment, but are required by CMS in order to monitor the services provided, the eligibility of the recipient, and provide an audit trail. These claims are submitted and processed through the Community Health Automated Medicaid Processing System (CHAMPS); however, the procedure code fee screens are set to pay zero.

SBS providers receive their funding from the interim monthly payments that are based on prior year actual costs and that are reconciled on an annual basis to the current year costs. Cost reporting and reconciliation are based on the school fiscal year which is July 1 through June 30 of each year. The final amount claimed for Medicaid reimbursement is equal to:



The cost settlement is accomplished by comparing the interim payments to the annual Medicaid allowable costs. Any over/under settlement payments are made. Specialized transportation costs are the costs associated with the special education buses used for the specific purpose of transporting special education students only. On an annual basis, the cost per trip is calculated by dividing the total reimbursable cost by the total ISD-reported special education one-way transportation trips. The Medicaid reimbursable amount is obtained by multiplying the number of “allowable” one-way trips paid by the Medicaid Invoice Processing system per ISD. An “allowable” one-way trip is provided to a Medicaid-eligible beneficiary and fulfills all of the following requirements:

- Documentation of ridership is on file;
- The need for the specialized transportation service is identified in the IEP or IFSP; and
- A Medicaid-covered service is provided on the same date of the trip

The cost settlement is accomplished by comparing the interim payments to the annual Medicaid allowable specialized transportation costs. Any over/under settlement payments are made. This settlement amount will be included with the Direct Medical Services cost settlement payment/recovery.

PURPOSE AND OBJECTIVES

The purpose of our audit was to review that School Based Service costs reported by the ISD and its LEAs were in compliance with Federal and State laws and regulations and that internal controls for the Direct Medical Services and the Administrative Outreach Program were effectively established and implemented. Our work is summarized by the following objectives:

- 1.) To assess whether the Gogebic-Ontonagon Intermediate School District and its LEAs effectively established and implemented internal controls over the development of School Based Service Medicaid claims.
- 2.) To assess whether the School Based Service costs and services reported by the Gogebic-Ontonagon Intermediate School District and its LEAs that were used to develop the Medicaid claim were reasonable, allocable and allowable under Federal and State laws and regulations.

SCOPE AND METHODOLOGY

Within the limitations described below, our audit included reviews of the claims development process and the costs claimed by Gogebic-Ontonagon ISD and its LEAs for the year ended June 30, 2011.

The scope of our review of the claims development process was limited to the parts of the process that were not monitored by others. The RMTS and the assignment of sampled moments to activities are monitored by PCG and were excluded from the scope of this audit. We also accepted the federally approved indirect cost rate without review; but verified that the approved

rate was used in claim calculations and applied only to costs in the specified base. We did not audit the procedures used to calculate the percentage of Medicaid eligible students in Gogebic-Ontonagon ISD since these procedures apply to all ISDs and were reviewed and approved by CMS. School districts are subject to Federal Single Audit requirements and the independent auditors' report on internal controls was used to identify weaknesses that might affect our review; none were reported for Gogebic-Ontonagon ISD and its LEAs selected for testing.

The scope of our audit was generally limited to determining whether the costs reported by the Gogebic-Ontonagon ISD and its LEAs were reasonable, allocable and allowable under Federal and State laws and regulations and that proper internal controls were in place to develop Medicaid claims under the SBS program. This included reviewing payroll documentation at the Gogebic-Ontonagon ISD and its LEAs, as well as reviewing IEP/IFSPs and all required supporting documentation for a sample of Direct Medical Services claims to ensure compliance with applicable Federal and State laws and regulations. Our audit included site visits to the Gogebic-Ontonagon Intermediate School District and to two of six LEAs including Ironwood Area Schools and Ontonagon Area Schools.

We verified that costs were directly related to individuals included in the RMTS, incurred during the sample period, did not contain duplicate costs, were not claimed as costs of other Federal projects and were otherwise allowable under the federal regulations in Office of Management and Budget (OMB) Circular A-87 (located at 2 CFR Part 225). Fieldwork was performed from January to April 2014.

CONCLUSIONS, FINDINGS, AND RECOMMENDATIONS

INTERNAL CONTROLS

Objective: To assess whether the Gogebic-Ontonagon Intermediate School District and its LEAs effectively established and implemented internal controls over the development of School Based Service Medicaid claims.

Conclusion: The Gogebic-Ontonagon Intermediate School District and its LEAs were only moderately effective in establishing and implementing internal controls over the development of School Based Service Medicaid claims. We did identify a material weaknesses related to internal controls over Validity of Direct Medical Claims (Finding 1). In addition, we also identified reportable deficiencies regarding the Quality Assurance Plan (Finding 2).

Finding

1. Validity of Direct Medical Claims

The internal controls of Gogebic-Ontonagon ISD did not ensure compliance with the Medicaid Provider Manual regarding the validity of Direct Medical Services claims.

The Medicaid Provider Manual, School Based Services, Section 6.1.A states:

Claim documentation must be sufficient to identify the patient clearly, justify the diagnosis and treatment, and document the results accurately. Documentation must be adequate enough to demonstrate that the service was provided and that the service followed the "approved plan of treatment" (for school-based services, the service must be identified in the child's IEP/IFSP).

Our testing identified 10 (20%) invalid claims in the 50 sampled claims we reviewed including:

- Three claims were invalid because the services were not supported with appropriate referrals.
- Three claims were invalid because the services were not supported with attendance records or transportation logs.
- Three claims were invalid because the student was absent on the date of service.
- One claims was invalid because the IEP was not complete and did not contain anticipated frequency and duration of treatment required to meet the time-related goals.

Noncompliance with the Medicaid Provider Manual could result in adjustments, disallowances, and/or future reductions of Medicaid funding.

Recommendation

We recommend that Gogebic-Ontonagon ISD improve internal controls to ensure compliance with the Medicaid Provider Manual regarding the validity of Direct Medical Services claims.

Finding

2. Quality Assurance Plan

The internal controls of Gogebic-Ontonagon ISD did not ensure compliance with the Medicaid Provider Manual regarding the Quality Assurance Plan.

The Medicaid Provider Manual, School Based Services, Section 3.1 states:

SBS providers must have a written quality assurance plan on file...The purpose of the quality assurance plan is to establish and maintain a process for monitoring and evaluating the quality and documentation of covered services, and the impact of Medicaid enrollment on the school environment.

Our review of Gogebic-Ontonagon's Quality Assurance Plan indicated:

- Only the duties performed by the contracted biller for Gogebic-Ontonagon. Although, many of the controls and duties performed by the contracted biller are important, nothing in the provided quality assurance plan indicated the monitoring and evaluating processes performed by the intermediate school district.
- The standard of established coordination and collaboration exists to develop plans of care with other providers was not addressed in the provided Quality Assurance Plan.

Noncompliance with the Medicaid Provider Manual could result in adjustments, disallowances, and/or future reductions of Medicaid funding.

Recommendation

We recommend that Gogebic-Ontonagon ISD improve internal controls to ensure compliance with the Medicaid Provider Manual regarding the Quality Assurance Plan.

FINANCIAL REPORTING

Objective: To assess whether the School Based Service costs and services reported by the Gogebic-Ontonagon Intermediate School District and its LEAs that were used to develop the Medicaid claim were reasonable, allocable and allowable under Federal and State laws and regulations.

Conclusion: We determined that the Gogebic-Ontonagon Intermediate School District and its LEAs were only moderately effective in reporting costs that were reasonable, allocable, and allowable under Federal and State laws and regulations. We identified instances of material findings related to the SBS Medicaid Encounter Reporting (Finding 3) and the MAER Medical Staff Cost Report (Finding 4). In addition, we also identified reportable deficiencies regarding Federal Funds (Finding 5), Use of Estimates in Eligible Cost/Cost Pool Summary Reports (Finding 6), Lack of Oversight of Financial Data Reported (Finding 7).

Finding

3. SBS Medicaid Encounter Reporting

An analysis of the SBS Medicaid claim population suggests that Gogebic-Ontonagon ISD did not report all SBS Medicaid claims through the CHAMPS system as required.

The Medicaid Provider Manual, School Based Services, Section 6.1 includes:

The Centers for Medicare & Medicaid (CMS) requires Michigan SBS providers to submit procedure specific fee for service claims for all Medicaid allowable services. These claims do not generate a payment but are required

by CMS in order to monitor services provided, the eligibility of the recipient, and provide an audit trail.

Our review of SBS Medicaid encounters reported in CHAMPS for 39 sampled Gogebic-Ontonagon ISD students disclosed that:

- Students requiring Physical Therapy treatment did not have their monthly Medicaid Treatment Plan expectations met 75% of the time based on reported encounters in CHAMPS. Nearly 63% of these instances included months in which the student did not have a session reported in CHAMPS with a Physical Therapist.
- Students requiring Occupational Therapy treatment did not have their monthly Medicaid Treatment Plan requirements met 57% of the time based on reported encounters in CHAMPS. Nearly 31% of these instances included months in which the student did not have a session reported in CHAMPS with an Occupational Therapist.
- Students requiring Speech Therapy treatment did not have their monthly Medicaid Treatment Plan requirements met 45% of the time based on reported encounters in CHAMPS. Nearly 32% of these instances included months in which the student did not have a session reported in CHAMPS with a Speech Therapist.

In reference to the above findings, the Gogebic-Ontonagon ISD contends that medical services were appropriately provided, but just did not meet criteria to be reported in CHAMPS. We did not verify this through any testing as the encounters were not reported in CHAMPS.

Recommendation

We recommend that the Gogebic-Ontonagon ISD appropriately report all SBS Medicaid encounters through the CHAMPS system as required.

Finding

4. MAER Medical Staff Cost Report

Gogebic-Ontonagon Intermediate School District did not comply with the Medicaid Provider Manual regarding the accuracy of financial data reported on the MAER Medical Staff Cost Report. The error resulted in an overstatement of reported expenditures by \$106,594.

The Medicaid Provider Manual, School Based Services, Section 2 outlines the Medicaid covered services that can be billed by the ISD. This section includes a definition of the allowable covered service as well as procedure codes that may be billed for the services. For the specific reporting of expenditures related to Direct Medical Services and Special Education Transportation, the Medicaid Provider Manual, School Based Services, Section 5.1 states:

The financial data reported for the Direct Medical Services (salaries, benefits, supplies, etc.) must be based on actual detailed expenditure reports obtained directly from the participating ISD's financial accounting system.

Our review of payroll costs disclosed Gogebic-Ontonagon Intermediate School District reported salaries, benefits, and purchased services expenditures for Psychologists not in the Staff Pool Listing in the MAER Medical Staff Cost Report. These Staff Pool Listing errors resulted in an overstatement of these reported expenditures by \$86,620.

Gogebic-Ontonagon Intermediate School District also reported unallowable purchased services expenditures for Speech Therapists, Occupational Therapists and Social Workers in the MAER Medical Staff Cost Report. Inclusion of unallowable expenditures resulted in an overstatement of these reported expenditures by \$19,974.

Noncompliance with the Medicaid Provider Manual could result in adjustments, disallowances, and/or future reductions of Medicaid funding.

Recommendation

We recommend that Gogebic-Ontonagon Intermediate School District report future costs in compliance with the Medicaid Provider Manual to ensure accuracy of financial data reported on the MAER Medical Staff Cost Report.

Finding

5. Federal Funds

Gogebic-Ontonagon Intermediate School District did not comply with the Medicaid Provider Manual regarding the inclusion of federal funds to expenditures pertaining to staff salaries and benefits. The error resulted in an overstatement of reported expenditures of \$50,064.

Medicaid Provider Manual, School Based Services, Section 5.2 states:

Providers are not allowed to report any costs that are federal funds, State flow-through funds, or non-federal funds that have been committed as local match for other federal or State funds or programs.

Claims for approved Medicaid School Based Service functions may not include expenditures of:

- *Federal funds received by the district directly*
- *Federal funds that have been passed through a State or local agency*
- *Non-Federal funds that have been committed as local match for other Federal or State funds or programs*

Our review of sampled employees in the payroll costs disclosed Gogebic-Ontonagon Intermediate School District allowed federal funds to be included in the Eligible Cost/Cost

Pool Summary Reports. One employee had federal funds of \$50,064 included in their salary and benefits.

Noncompliance with the Medicaid Provider Manual could result in sanctions, disallowances, and/or future reductions of Medicaid awards

Recommendation

We recommend that Gogebic-Ontonagon Intermediate School District report future costs in compliance with the Medicaid Provider Manual regarding the inclusion of federal funds to expenditures pertaining to staff salaries and benefits.

Finding

6. Use of Estimates in Eligible Cost/Cost Pool Summary Reports

Gogebic-Ontonagon Intermediate School District did not ensure compliance with the Medicaid Provider Manual regarding the use of estimates in determining financial data reported. The error resulted in an overstatement of reported expenditures of \$27,607.

For the reporting of expenditures related to Administrative Outreach Program, the Medicaid Provider Manual, SBS Administrative Outreach Program Section 2.4 states:

The financial data reported (salaries, benefits, supplies, etc.) must be based on actual detailed expenditure reports obtained directly from the participating ISDs' financial accounting system.

Our review of payroll costs disclosed Gogebic-Ontonagon Intermediate School District reported salaries and benefits in the Eligible Cost/Cost Pool Summary Reports. The costs reported for salaries and benefits during 2010 Q3A and 2010 Q3B contained estimates resulting in misstatements. In addition, an additional payment was accidentally included in 2010 Q3B resulting in an overstatement. The combined errors resulted in an overstatement of reported expenditures by \$27,607.

Noncompliance with the Medicaid Provider Manual could result in sanctions, disallowances, and/or future reductions of Medicaid awards

Recommendation

We recommend that Gogebic-Ontonagon Intermediate School District report future costs in compliance with the Medicaid Provider Manual to ensure accuracy of financial data reported on the Eligible Cost/Cost Pool Summary Reports.

Finding

7. Lack of Oversight of Financial Data Reported

Gogebic-Ontonagon Intermediate School District, Ontonagon Area Schools, and Ironwood Area Schools did not comply with the Medicaid Provider Manual regarding the accuracy of financial data reported on the Eligible Cost/Cost Pool Summary Reports. The errors resulted in an understatement of reported expenditures of (\$60,705).

The Medicaid Provider Manual, School Based Services, Section 2 outlines the Medicaid covered services that can be billed by the ISD. This section includes a definition of the allowable covered service as well as procedure codes that may be billed for the services. For the reporting of expenditures related to Administrative Outreach Program, the Medicaid Provider Manual, SBS Administrative Outreach Program Section 2.4 states:

The financial data reported (salaries, benefits, supplies, etc.) must be based on actual detailed expenditure reports obtained directly from the participating ISDs' financial accounting system.

Our review of payroll costs disclosed:

- Gogebic-Ontonagon Intermediate School District reported contracted staff in the Eligible Cost/Cost Pool Summary Reports. The costs reported for contracted staff were greater than the actual expenditures in the financial accounting system and resulted in an overstatement of reported expenditures by \$8,677.

Gogebic-Ontonagon Intermediate School District also reported salaries and benefits in the Eligible Cost/Cost Pool Summary Reports. The costs reported for salaries and benefits were greater than the actual expenditures in the financial accounting system and resulted in an overstatement of reported expenditures by \$1,304.

Gogebic-Ontonagon Intermediate School District also reported materials and supplies in the Eligible Cost/Cost Pool Summary Reports. The costs reported for materials and supplies were greater than the actual expenditures in the financial accounting system and resulted in an overstatement of reported expenditures by \$260.

Gogebic-Ontonagon Intermediate School District also reported travel and training in the Eligible Cost/Cost Pool Summary Reports. The costs reported for travel and training were less than the actual expenditures in the financial accounting system and resulted in an understatement of reported expenditures by (\$97).

- Ontonagon Area Schools reported materials and supplies in the Eligible Cost/Cost Pool Summary Reports. The costs reported for materials and supplies were less than the actual expenditures in the financial accounting system and resulted in an understatement of reported expenditures by (\$137).

Ontonagon Area Schools also reported salaries and benefits in the Eligible Cost/Cost Pool Summary Reports. The costs reported for salaries and benefits were less than the actual expenditures in the financial accounting system and resulted in an understatement of reported expenditures by (\$3,765).

- Ironwood Area Schools reported salaries and benefits in the Eligible Cost/Cost Pool Summary Reports. The costs reported for salaries and benefits were less than the actual expenditures in the financial accounting system and resulted in an understatement of reported expenditures by (\$66,947).

Noncompliance with the Medicaid Provider Manual could result in adjustments, disallowances, and/or future reductions of Medicaid funding.

Recommendation

We recommend that Gogebic-Ontonagon Intermediate School District, Ontonagon Area Schools, and Ironwood Area Schools report future costs in compliance with the Medicaid Provider Manual to ensure accuracy of financial data reported on the Eligible Cost/Cost Pool Summary Reports.

Corrective Action Plan

Finding Number: 1

Page Reference: 4

Finding: Validity of Direct Medical Claims

Recommendation: We recommend that Gogebic-Ontonagon ISD improve internal controls to ensure compliance with the Medicaid Provider Manual regarding the validity of Direct Medical Services claims.

Gogebic-Ontonagon ISD

Comments: Gogebic-Ontonagon ISD agrees with the finding and recommendation.

Corrective Action: Public Consulting Group's EdPlan software has provided the ability to verify that a referral/script has been obtained, assist with compliance for documentation of provider notes, and documentation of provider supervision prior to billing being submitted.

PowerSchool software was implemented in year 2012-2013 which has assisted with compliance for verification of student attendance.

GOISD has developed professional development and internal monitoring to ensure service providers' understand requirements for annual goals, IEP completion, and adequate documentation. In addition, a new electronic filing system of Medicaid related documentation will now be maintained for easy access. A filing system for transportation logs has also been implemented.

Anticipated

Completion Date: This action has been completed.

Corrective Action Plan

Finding Number: 2

Page Reference: 5

Finding: Quality Assurance Plan

Recommendation: We recommend that Gogebic-Ontonagon ISD improve internal controls to ensure compliance with the Medicaid Provider Manual regarding the Quality Assurance Plan.

Gogebic-Ontonagon ISD

Comments: Gogebic-Ontonagon ISD agrees with the finding and recommendation.

Corrective Action: The Gogebic-Ontonagon ISD will continue to implement the quality assurance plan on file with the contracted biller. In addition, the GOISD will develop a quality assurance plan that indicates the monitoring and evaluating processes performed by the ISD.

Anticipated

Completion Date: In development with anticipated completion by June 30, 2015.

Corrective Action Plan

Finding Number: 3

Page Reference: 6

Finding: **SBS Medicaid Encounter Reporting**

Recommendation: We recommend that the Gogebic-Ontonagon ISD appropriately report all SBS Medicaid encounters through the CHAMPS system as required.

Gogebic-Ontonagon ISD

Comments: Gogebic-Ontonagon ISD agrees with the finding and recommendation.

Corrective Action: The Gogebic Ontonagon ISD will notify staff that all SBS Medicaid encounters will need to be appropriately reported. The Medicaid Billing Coordinator will begin monitoring to ensure that all SBS Medicaid encounters are appropriately reported.

Anticipated

Completion Date: Staff will be notified and monitoring will begin immediately.

Corrective Action Plan

Finding Number: 4

Page Reference: 7

Finding: **MAER Medical Staff Cost Report**

Recommendation: We recommend that Gogebic-Ontonagon Intermediate School District report future costs in compliance with the Medicaid Provider Manual to ensure accuracy of financial data reported on the MAER Medical Staff Cost Report.

Gogebic-Ontonagon ISD

Comments: Gogebic-Ontonagon ISD agrees with the finding and recommendation.

Corrective Action: The Gogebic-Ontonagon ISD has reviewed the Medicaid Provider Manual sections that define allowable covered services as well as procedure codes that may be billed for services. The GOISD has developed a review committee for the MAER cost report that includes the GOISD Director of Business and Finance, Director of Special Education, Medicaid Billing Coordinator, and PCG representative.

Anticipated

Completion Date: These procedures are in place and will be ongoing.

Corrective Action Plan

Finding Number: 5

Page Reference: 8

Finding: Federal Funds

Recommendation: We recommend that Gogebic-Ontonagon Intermediate School District report future costs in compliance with the Medicaid Provider Manual regarding the inclusion of federal funds to expenditures pertaining to staff salaries and benefits.

Gogebic-Ontonagon ISD

Comments: Gogebic-Ontonagon ISD agrees with the finding and recommendation.

Corrective Action: The GOISD will require a second review prior to submission to ensure that no federal funds are included in the wages reported for each employee.

Anticipated

Completion Date: These procedures are in place and will be ongoing.

Corrective Action Plan

Finding Number: 6

Page Reference: 9

Finding: Use of Estimates in Eligible Cost/Cost Pool Summary Reports

Recommendation: We recommend that Gogebic-Ontonagon Intermediate School District report future costs in compliance with the Medicaid Provider Manual to ensure accuracy of financial data reported on the Eligible Cost/Cost Pool Summary Reports.

Gogebic-Ontonagon ISD

Comments: Gogebic-Ontonagon ISD agrees with the finding and recommendation.

Corrective Action: The Gogebic-Ontonagon ISD now requires that all expenditures reported are supported by general ledger reports. The GOISD has developed a review committee for the cost report that includes the GOISD Director of Business and Finance, Director of Special Education, Medicaid Billing Coordinator, and PCG representative.

Anticipated

Completion Date: These procedures are in place and will be ongoing.

Corrective Action Plan

Finding Number: 7

Page Reference: 10

Finding: **Lack of Oversight of Financial Data Reported**

Recommendation: We recommend that Gogebic-Ontonagon Intermediate School District, Ontonagon Area Schools, and Ironwood Area Schools report future costs in compliance with the Medicaid Provider Manual to ensure accuracy of financial data reported on the Eligible Cost/Cost Pool Summary Reports.

Gogebic-Ontonagon ISD

Comments: Gogebic-Ontonagon ISD, Ontonagon Area Schools and Ironwood Area Schools agree with the finding and recommendation.

Corrective Action: The Gogebic-Ontonagon ISD will provide training for all districts participating in the program to ensure that LEAs understand program policies that are in effect before completion of the quarterly AOP submission.

The Gogebic-Ontonagon ISD and its LEAs will review the Medicaid Provider Manual to ensure proper reporting in the future. The GOISD has developed a review committee for the cost reporting that includes the GOISD Director of Business and Finance, Director of Special Education, Medicaid Billing Coordinator, and PCG representative.

Anticipated

Completion Date: In development with anticipated completion by June 30, 2015.