

Audit Report

Ottawa Area Intermediate School District
Medicaid School Based Services Program

July 1, 2009 – June 30, 2010



Office of Audit
July 2013



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GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF COMMUNITY HEALTH
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July 18, 2013

Mr. Mark King
Ms. Darcie Birkett
Ms. Debi Miller
Ottawa Area Intermediate School District
13565 Port Sheldon Street
Holland, Michigan 49424

Dear Mr. King, Ms. Birkett and Ms. Miller:

Enclosed is our final report for the Michigan Department of Community Health (MDCH) Medicaid School Based Services Program audit of the Ottawa Area Intermediate School District for the period July 1, 2009 – June 30, 2010.

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 Ottawa Area Intermediate School District (Ottawa 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. Ottawa ISD is a publicly funded school district regulated by the state and federal government.

The Ottawa ISD administrative offices are located in Holland, Michigan, serving the 11 public school districts and six public charter schools primarily in Ottawa County and parts of Allegan and Muskegon counties. The Ottawa ISD Board of Education consists of five 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

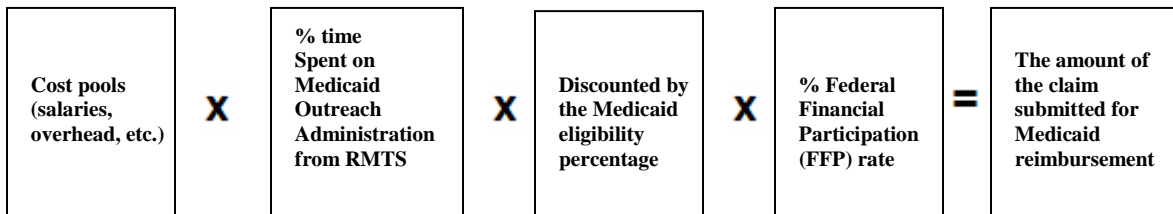
For an enrolled school district to receive reimbursement, the services provided must meet all Federal and State Medicaid regulations and provisions, including those for provider qualifications, comparability of services, and the amount, duration, and scope of services.

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

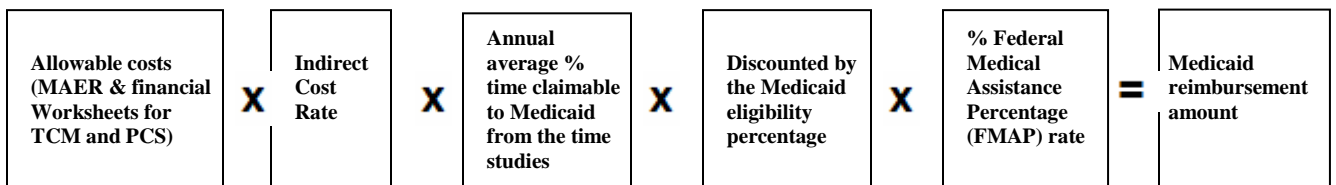
Staff salaries and related costs are reported directly to a hired contractor, the Public Consulting Group (PCG), by each of the LEAs. PCG combines the costs, applies various allocation percentages and submits the AOP claim directly to MDCH for review, processing and payment each fiscal quarter. Claim 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 Ottawa Area 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 reported by the Ottawa Area 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 Ottawa ISD and its LEAs for the year ended June 30, 2010.

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 Ottawa 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 Ottawa ISD and its LEAs selected for testing.

The scope of our audit was generally limited to determining whether the costs reported by the Ottawa 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 Ottawa 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 Ottawa Area Intermediate School District and to six of twelve LEAs including Grand Haven Area Public Schools, Holland City School District, Hudsonville Public School District, Jenison Public Schools, West Ottawa Public School District, and Zeeland Public 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 November to March 2013.

CONCLUSIONS, FINDINGS, AND RECOMMENDATIONS

INTERNAL CONTROLS

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

Conclusion: The Ottawa Area 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)

Finding

1. Validity of Direct Medical Claims

The internal controls of Ottawa 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 33 (22%) invalid claims in the 150 sampled claims we reviewed including:

- Twenty-two claims were invalid because the services were not supported with appropriate prescriptions, referrals, and authorizations.
- Four claims were invalid because the IEP was not complete and did not contain Annual Goals as required.
- Four claims were invalid as the written prescription/referral by a physician/licensed practitioner was not signed.
- Two claims were invalid because the services were not supported with attendance records or transportation logs.
- One claim is invalid because the student was absent of the date of service.

In addition to the above errors, we expanded our analysis to students outside the sample and noted that 132 additional claims were invalid because they were submitted for a day when the school was closed due to a holiday, snow day, weekend, or spring break.

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

Recommendation

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

FINANCIAL REPORTING

Objective: To assess whether the School Based Service costs reported by the Ottawa Area 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 Ottawa Area 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 an instance of a material noncompliance and misstatement related to the MAER Medical Staff Cost Report (Finding 2). In addition, we identified reportable deficiencies regarding Federal Funds (Finding 3), Inclusion of Unallowable Expenditure (Finding 4), Lack of Oversight of Financial Data Reported (Finding 5), and MAER Transportation Cost Report (Finding 6).

Finding

2. MAER Medical Staff Cost Report

Ottawa ISD and six LEAs did not comply with the Medicaid Provider Manual regarding the accuracy of financial data reported on the MAER Medical Staff Cost Report. Calculation errors contributed to the errors noted in the review of payroll costs. The collective errors resulted in an overstatement of reported expenditures of \$2,431,612.

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:

- West Ottawa Public School District reported payroll expenditures for inappropriately licensed Psychologists from the “AOP Staff Pool” in the MAER Medical Staff Cost Report. Expenditures from the “AOP Staff Pool” are not allowed to be reported in the MAER Medical Staff Cost Report. This resulted in an overstatement of reported expenditures by \$569,981.

Staff pool listing errors and calculation errors for Registered Nurses, Physical Therapists, Speech Therapists, and Social Workers also resulted in an overstatement of reported expenditures by \$77,318.

- Grand Haven Area Public Schools reported payroll expenditures for inappropriately licensed Psychologists from the “AOP Staff Pool” in the MAER Medical Staff Cost Report. Expenditures from the “AOP Staff Pool” are not allowed to be reported in the MAER Medical Staff Cost Report. This resulted in an overstatement of reported expenditures by \$545,219.

Grand Haven Area Public Schools also reported purchased services expenditures for Speech Therapists in the MAER Medical Staff Cost Report. Staff pool listing errors resulted in an overstatement of these reported expenditures by \$2,610.

- Hudsonville Public School District reported payroll expenditures for inappropriately licensed Psychologists from the “AOP Staff Pool” in the MAER Medical Staff Cost Report. Expenditures from the “AOP Staff Pool” are not allowed to be reported in the

MAER Medical Staff Cost Report. This resulted in an overstatement of reported expenditures by \$371,885.

Hudsonville Public School District also reported payroll expenditures for Registered Nurses, Physical Therapists, Occupational Therapists, Speech Therapists, and Social Workers in the MAER Medical Staff Cost Report. Inclusion of federal funds and staff pool listing errors resulted in an overstatement of these reported expenditures by \$37,199.

- Jenison Public Schools reported payroll expenditures for inappropriately licensed Psychologists from the “AOP Staff Pool” in the MAER Medical Staff Cost Report. Expenditures from the “AOP Staff Pool” are not allowed to be reported in the MAER Medical Staff Cost Report. This resulted in an overstatement of reported expenditures by \$279,048.

Jenison Public Schools also reported purchased services expenditures for Speech Therapists in the MAER Medical Staff Cost Report. Staff pool listing errors resulted in an overstatement of these reported expenditures by \$12,650.

- Ottawa Area Intermediate School District reported payroll expenditures for inappropriately licensed Psychologists from the “AOP Staff Pool” in the MAER Medical Staff Cost Report. Expenditures from the “AOP Staff Pool” are not allowed to be reported in the MAER Medical Staff Cost Report. This resulted in an overstatement of reported expenditures by \$182,384.

Ottawa Area Intermediate School District also reported payroll expenditures for Registered Nurses, Physical Therapists, Occupational Therapists, Speech Therapists, and Social Workers in the MAER Medical Staff Cost Report. Calculation errors and staff pool listing errors resulted in an overstatement of these reported expenditures by \$100,461.

- Zeeland Public Schools reported payroll expenditures for inappropriately licensed Psychologists from the “AOP Staff Pool” in the MAER Medical Staff Cost Report. Expenditures from the “AOP Staff Pool” are not allowed to be reported in the MAER Medical Staff Cost Report. This resulted in an overstatement of reported expenditures by \$240,312.

Staff pool listing errors for Physicians also resulted in an overstatement of reported expenditures by \$27,526.

- Holland City School District reported payroll expenditures for Speech Therapists were less than the actual expenditures in the financial accounting system and resulted in an understatement of reported expenditures by \$24,089.

Holland City School District also reported payroll expenditures for Registered Nurses, Physical Therapists, Occupational Therapists, Psychologists, and Social Workers in the MAER Medical Staff Cost Report that were greater than the actual expenditures in the

financial accounting system and resulted in an overstatement of reported expenditures by \$9,708.

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

Recommendation

We recommend that Ottawa ISD and the six LEAs 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

3. Federal Funds

Three LEAs did not comply with the Medicaid Provider Manual regarding the inclusion of federal funds to expenditures pertaining to staff salaries and benefits. The collective errors resulted in an overstatement of reported expenditures of \$811,047.

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:

- Zeeland Public Schools allowed federal funds to be included in the Eligible Cost/Cost Pool Summary Reports. Eleven employees had federal funds of \$647,775 included in their salary and benefits.
- West Ottawa Public School District allowed federal funds to be included in the Eligible Cost/Cost Pool Summary Reports. One employee had federal funds of \$99,583 included in their salary and benefits.
- Hudsonville Public School District's allowed federal funds to be included in the Eligible Cost/Cost Pool Summary Reports. Six employees had federal funds of \$63,689 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 the three LEAs 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

4. Inclusion of Unallowable Expenditures

Ottawa ISD did not comply with federal laws and regulations regarding allocable costs pertaining to staff salaries and benefits.

OMB Circular A-87 (located at 2 CFR Part 225), Appendix A, Subsection C requires costs charged to a federal award to be allowable, reasonable, and allocable to the federal award in accordance with relative benefits received. The expenditures noted in this finding are not related to Medicaid services and cannot be included in the state match expenditures. Per our review, the collective errors noted result in an overstatement of reported expenditures of \$101,040.

Our review of sampled employees in the payroll costs disclosed Ottawa ISD allowed Professional & Technical Services costs to be included in the Materials & Supplies section of the Eligible Cost/Cost Pool Summary Report. The costs reported are all unallowable expenditures and resulted in an overstatement of reported expenditures by \$71,768. Vocational Education expenditures were also inappropriately included in the Eligible Cost/Cost Pool Summary Reports. These costs are also unallowable expenditures and resulted in an additional overstatement of reported expenditures by \$29,272.

Noncompliance with federal laws and regulations could result in adjustments, disallowances, and/or future reductions of Medicaid funding.

Recommendation

We recommend that Ottawa ISD report future costs in compliance with federal laws and regulations regarding allocable costs pertaining to staff salaries and benefits.

Finding

5. Lack of Oversight of Financial Data Reported

Ottawa Area ISD and four LEAs did not comply with the Medicaid Provider Manual regarding the accuracy of financial data reported on the Eligible Cost/Cost Pool Summary Reports. The error resulted in an understatement of reported expenditures of \$62,102.

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:

- Holland City School District 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 \$13,348.
- West Ottawa Public School District reported salaries and benefits in the Eligible Cost/Cost Pool Summary Reports. The annual 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 \$3,691.

In addition, West Ottawa discovered that they inadvertently overstated expenditures during the year within one quarter in the Eligible Cost/Cost Pool Summary Reports. Instead of re-submitting a corrected quarterly report, West Ottawa elected to understate the expenditures reported in the subsequent quarter to offset the error. The annual cost error was offset by the subsequent report, but the expenditures within the two quarterly reports themselves were not accurate or based on actual expenditures in the financial accounting system.

- Jenison Public Schools inappropriately reported materials and supplies, travel and training, and dues and fees in the Eligible Cost/Cost Pool Summary Reports. The total costs reported were greater than the actual expenditures in the financial accounting system and resulted in an overstatement of reported expenditures by \$5,610.

Jenison Public 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 \$2,684.

- Ottawa Area ISD 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 \$13,170.

Ottawa Area ISD reported materials and supplies, travel and training, and dues and fees in the Eligible Cost/Cost Pool Summary Reports. The costs also reported were greater than the actual expenditures in the financial accounting system and resulted in an overstatement of reported expenditures by \$2,713.

- Zeeland Public 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 \$71,610.

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

Recommendation

We recommend that the Ottawa Area ISD and the four LEAs 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

6. MAER Transportation Cost Report

Ottawa Area ISD and two LEAs did not comply with the Medicaid Provider Manual regarding the accuracy of financial data reported on the MAER Transportation Cost Report. Calculation errors contributed to the errors noted in the review of transportation costs. The error resulted in an overstatement of reported expenditures by \$61,166.

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 transportation costs disclosed:

- Holland City School District reported transportation costs under the multiple lines of the MAER Transportation Cost Report. The costs reported under the “Aides,” “Benefits,” and “Other Vehicle Costs” lines were greater than the actual expenditures in the financial accounting system and resulted in an overstatement of reported expenditures by \$37,984.

- West Ottawa Public School District reported transportation costs under the multiple lines of the MAER Transportation Cost Report. The costs reported under the “Vehicle Repair Parts” line was greater than the actual expenditures in the financial accounting system and resulted in an overstatement of reported expenditures by \$15,719.
- Ottawa Area ISD reported transportation costs under the “Pupil Trans Common Carrier” line of the MAER Transportation Cost Report. The costs reported were greater than the actual expenditures in the financial accounting system and resulted in an overstatement of reported expenditures by \$7,463.

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

Recommendation

We recommend that Ottawa Area ISD and the two LEAs report future costs in compliance with the Medicaid Provider Manual to ensure accuracy of financial data reported on the MAER Transportation Cost Report.

Corrective Action Plan

Finding Number: 1

Page Reference: 4

Finding: **Validity of Direct Medical Claims**

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

Ottawa ISD

Comments: Ottawa Area ISD agrees with the findings and recommendation.

Corrective Action: The OAISD compliance monitor will implement a periodic review of the Ottawa Area Center and local districts to verify:

- Claims are following IEP requirements and to ensure services are appropriate, effective and delivered in a cost effective manner
- Claims processed have proper prescriptions
- Claims are supported with attendance records
- Students are present when claim is processed
- Staff qualifications meet current license, certification and program requirements

OAISD provides annual procedural training to staff and locals and forwards applicable Medicaid updates as received.

Anticipated

Completion Date: These procedures will commence September 2013 and will be ongoing.

Corrective Action Plan

Finding Number: 2

Page Reference: 6

Finding: **MAER Medical Staff Cost Report**

Recommendation: We recommend that Ottawa ISD and the six LEAs report future costs in compliance with the Medicaid Provider Manual to ensure accuracy of financial data reported on the MAER Medical Staff Cost Report.

Ottawa ISD

Comments: Ottawa Area ISD agrees with the findings and recommendation.

Corrective Action: Ottawa Area ISD has provided and will continue to provide training for all districts participating in the program to assure that LEAs understand program policies regarding completion of the MAER. LEAs will be required to attend an annual training at OAISD in the fall prior to report submission which will include Medicaid Provider Manual updates.

OAISD will require LEAs to participate in a mandatory monitoring review of all MAER reports to ensure accurate completion.

Anticipated

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

Corrective Action Plan

Finding Number: 3

Page Reference: 8

Finding: **Federal Funds**

Recommendation: We recommend that the three LEAs report future costs in compliance with the Medicaid Provider Manual regarding the inclusion of federal funds to expenditures pertaining to staff salaries and benefits.

Ottawa ISD

Comments: Ottawa Area ISD agrees with the findings and recommendation.

Corrective Action: Ottawa Area ISD has provided and will continue to provide training for all districts participating in the program to assure that LEAs understand program policies in affect before completion of the quarterly AOP submissions.

OAISD will require LEAs to participate in a mandatory second review prior to submission to ensure accurate data.

Anticipated

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

Corrective Action Plan

Finding Number: 4

Page Reference: 9

Finding: Inclusion of Unallowable Expenditures

Recommendation: We recommend that Ottawa ISD report future costs in compliance with federal laws and regulations regarding allocable costs pertaining to staff salaries and benefits.

Ottawa ISD

Comments: Ottawa Area ISD agrees with the findings and recommendation.

Corrective Action: Ottawa Area ISD has implemented procedures and internal controls to ensure that all quarterly AOP reported expenditures are allowable and in compliance with federal laws and regulations.

Anticipated

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

Corrective Action Plan

Finding Number: 5

Page Reference: 9

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

Recommendation: We recommend that the Ottawa Area ISD and the four LEAs 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.

Ottawa ISD

Comments: Ottawa Area ISD agrees with the findings and recommendation.

Corrective Action: Ottawa Area ISD has provided and will continue to provide training for all districts participating in the program to assure that LEAs understand program policies in affect before completion of the quarterly AOP submissions.

OAISD will require LEAs to participate in a mandatory second review prior to submission to ensure accurate data.

Anticipated

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

Corrective Action Plan

Finding Number: 6

Page Reference: 11

Finding: **MAER Transportation Cost Report**

Recommendation: We recommend that Ottawa Area ISD and the two LEAs report future costs in compliance with the Medicaid Provider Manual to ensure accuracy of financial data reported on the MAER Transportation Cost Report.

Ottawa ISD

Comments: Ottawa Area ISD agrees with the findings and recommendation.

Corrective Action: Ottawa Area ISD has provided and will continue to provide training for all districts participating in the program to assure that LEAs understand program policies regarding completion of the MAER Transportation Cost Report. LEAs will be required to attend an annual training at OAISD in the fall prior to report submission which will include Medicaid Provider Manual updates.

OAISD will require LEAs to participate in a mandatory monitoring review of all MAER reports to ensure accurate completion.

Anticipated

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