



BATAVIA CITY SCHOOLS

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Scott C. Rozanski, Business Administrator

July 28, 2011

Minutes of Audit Committee Meeting (July 25, 2011)

Audit Committee Members attending: Amy Barone, Gary Stich, Wayne Guenther, Jim Mungillo, Phil Ricci

District Employees attending: Margaret Puzio (Superintendent), Scott C. Rozanski (Business Administrator), Sally Sanford (Treasurer), Pam Buresch (Medicaid Compliance Officer)

Others Present: Nancy Mitchell (claims auditor)

Introductions: Ms. Amy Barone and Nancy Mitchell were introduced and introductions of all present were made.

Claims Auditor: Training for the claims auditor will be on Thursday July 28, 2011 by Dave Rizzari from Raymond F. Wager CPA PC, our internal auditors. Nancy will meeting with the audit committee as needed and initially contact over questions will be directed to Mr. Stich and Mr. Rozanski.

Medicaid Update: Pam Buresch reviewed her most recent Medicaid audit and informed the committee on her findings. She tested 10 of the 35 eligible students or 28% of the population. Additional testing was performed if there were findings. Our initial billing for 2010-11 Medicaid claims resulted in \$44,000 in revenue. Additional billings have been completed and are pending payment. The audit revealed that there were some minor errors in billing of approximately \$600 that will need to be refunded back to Medicaid. A conservative approach has been taken to the initial billing to avoid errors that might raise some red flags with Medicaid. A full copy of Ms. Buresch's report is included with the minutes.

Minutes: The minutes of the May 24, 2011 audit committee were approved after a few minor corrections were made to the draft minutes.

Insurance Review: Mr. Rozanski and Mr. Jacobs met with Kathy Jasinski from Genesee County to discuss our current claims and will be looking at ways to review claims and data frequently to enhance our risk management. Mr. Jacobs will take the lead on performing the risk management on worker's compensation. The audit committee decided to contract with NYS School Board Association for a complete review and full RFP for insurance.

Troy and Bank utility Audit: The tentative findings were presented to the audit committee. For electric and gas, there are no findings but 1 item is still in question. For telephone expenditures, there were some findings which resulted in district savings. The cost of the audit was based on actual findings and was negotiated between both the District and Troy and Banks. Future costs were limited and defined. The costs will be accounted for in the 2010-11 fiscal year.

SAS Update: SAS has filed another claim against the district for 2010-11. The district has responded to the claim.

Tax Cap/Reserves: The district is now faced with budgets that will be limited to a maximum of 2% or the CPI. More information is needed from NYSED concerning the tax cap and a couple of options were presented to the audit committee concerning the districts capital reserve and Debt Service Fund. Tax cap discussion and district long term strategies will be on future audit committee agenda.

Next Meeting: The next meeting is tentatively set for late September/early October 2011.

Respectfully Submitted,

Scott C. Rozanski,
Business Administrator/Board of Education Clerk

Medicaid Compliance Officer self audit:

Batavia City School District

June-July 2011 Medicaid Self-Audit Notes and Findings

The following are the results of the district initiated self-audit to determine compliance related to:

1. Medicaid service provider eligibility (credentials)
2. Verification of students for whose services Medicaid may be billed (file testing)
3. Remittance testing – testing of student services provided against remittance (for services billed and paid 7/12/11)

Scope and Method

1. Eligibility of Medicaid Service providers

Credentials of all district employees who are Medicaid service providers were verified online using the following websites:

- New York State Education Department teacher certification
<http://eservices.nysed.gov/teach/certhelp/CpPersonSearchExternal.jsp?trgAction=INQUIRY>
- New York State Education Department – Office of Professions
<http://www.op.nysed.gov/opsearches.htm>

- New York State Office of the Medicaid Inspector General- for censured, restricted/excluded providers, or terminated providers:
http://www.omig.ny.gov/data/component/option.com_physiciandirectory/
<http://www.omig.ny.gov/data/content/view/244/53/>
<http://www.omig.ny.gov/data/content/view/227/53/>
- US Office of the Inspector General, Department of Health and Human Services for excluded individuals & entities
<http://exclusions.oig.hhs.gov/>
- Excluded Parties List System (ELPS)
<https://www.epls.gov/eplsearch.do>

Result

All services providers found to be properly licensed/certified. Our controls are operating as designed. No further recommendations or actions necessary.

2. Verification of students for whose services Medicaid may be billed (file testing)

Student eligibility was tested via sampling 10 students (28%) from the district's list of 35 eligible students. Determination of eligibility was made through:

- A search of Medicaid Web Reports/ Eligibility Report at www.cnyric.org
- Examination of required documentation for Medicaid eligible students to support billing for Medicaid (parent consent to bill, IEP/services, prescriptions, session notes, bus logs, eligible service dates, OT/PT/Speech evaluations,)
- Selected 10 students not getting services (from MedWeb) to determine if ineligible students were being imported into Clear Track for billing

Result

- MedWeb - all sampled students were found to be eligible for Medicaid billing in 2010-11.
- Ineligible students (from MedWeb) were not receiving services; did not get imported into Clear Track. The system is correctly picking out eligible students.
- Medicaid was billed for one student, beyond the initial sampling, who was ineligible. There was no signed parent consent to bill Medicaid on file. Even though Clear Track showed no consent, should have prevented billing from occurring. Funds paid to the district, \$249.41, need to be returned to OMIG for incorrect billing.
- Examination of bus logs showed that they were incorrectly completed for September – October 2010 - did not include pick up or drop off times. The district could not bill for student transportation during this period of time.

- Students who receive special transportation need a reason to support this in IEP. The district was not able to bill for transport for a few students as there was no reason for special transport in IEP.
- When documentation was insufficient, billing did not occur.

3. Remittance Testing:

Tested selected students, using dates of absence in 10-11, documentation of sessions provided, transportation logs, dates of services to be provided per the student's IEP against remittance report.

Result

- Attendance matched dates of service, transportation, IEP, and eligibility dates. Billing was submitted incorrectly for two students' transportation in September – October 2010 due to incorrect bus logs. Pending Medicaid payment of \$183.09 and \$173.20 need to be reported, explained and returned to OMIG when received

Recommendations and Follow Up Plan

- Report, explain and repay overpayments to OMIG promptly.
- In order to maximize billing, student files need to be reviewed for complete and proper documentation before start of school year. Checklist recommended indicating items received, and sign off of receiver and date.
- Need a procedural narrative. Since Medicaid billing is new, roles and functions need to be clarified, defined, and understood.
- Review of claims before final submission. Need a control in place to review claims to prevent potentially incorrect billings.
- Session notes from ODP providers have been found to be incomplete, missing session dates, times, locations. Some have been sent back for incompleteness. Amending past notes is in process; and is still appropriate. Communication with ODP providers is needed regarding our expectation for accuracy and completion.
- ODP service providers need to be responsive to the needs of the contracting district. Quarterly attendance logs needed, proper documentation of sessions (start and end times, setting, group/individual), handwritten or electronic session notes need to be provided for review.
- Need a process to check claims against remittance and rejected claims more frequently and timely than quarterly self-audits (include in procedural narrative)
- Work with Regional Information Center to determine why system allowed billing for a student without a parental consent to bill or at a time when sessions were provided when student was not Medicaid eligible. Should not have gone through.