



**Corrective Action Plan Monitoring**  
**Nawrocki Smith, LLP - Internal Audit Recommendations**  
**Based on November 2017 Risk Assessment Update**

#	Area	Internal Audit Observation	Internal Audit Recommendation	District's Corrective Action Plan	Planned Implementation Date
1	<b>Revenue &amp; Cash Management</b>	We analyzed the District's bank statements and bank reconciliation reports and noted a significant number of outstanding checks within the District that are unclaimed since 2010. The District has made numerous attempts to contact the vendors for the applicable outstanding checks. At the moment, these outstanding checks remain at the District's office as unclaimed property. We have verified that the District's reconciliation reports disclose such unclaimed properties.	The District should consider remitting old unclaimed funds to New York State. Unclaimed property subject to Article V of the Abandoned Property Law includes amounts and securities due on an organization's own debt and equity issues, municipal debt, and mutual funds. Section 1315 requires Organizations to report outstanding checks issued for goods or services and unclaimed amounts issued for services not rendered or goods not delivered. This covers unclaimed accounts payable and account receivable credits, underfunded overcharges, as well as gift cards. Section 1315 maintains a three-year dormancy period.	The District has a policy in place to write off unpaid items after three years. The District and the Finance Department is currently reviewing the current practice and will determine the best NYS program for this process.	Ongoing
2	<b>Revenue &amp; Cash Management</b>	Cash receipts at the building level are not recorded in a safe deposit log nor forwarded to the Finance Department for deposit in a consistent manner.	Accountability over cash receipts at the building level is enhanced when cash is recorded in a safe deposit log as soon as practicable from the date cash is received. The longer receipts go without being entered into the safe deposit log, the greater the risk. The safe deposit log should be reconciled to the amount of cash on hand and submitted to the Finance Department. This will assist in uncovering discrepancies between actual cash collected and recorded amounts in a timely manner.	The District is currently working on procedures to handle the cash receipts at the building level.	Ongoing
3	<b>Food Service</b>	The District is in need of an improved control process in the area of building level snack sales from class events and extraclassroom activity clubs that take place during school hours.	The District should consider having its Internal Auditors assess and document the controls over the snack sales generated from the building level fundraising events and its impact to the school lunch sales. This will allow the District to assess the current status of the school lunch sales and at the same time identify solutions for the school lunch program's overall performance and self-sustainability.	District will request Internal Auditors to assess and document the controls over the snack sales generated from buildings. In addition, the District is in conversation with the Wellness Committee to analyze snack sales and fundraisings.	Ongoing
4	<b>Extraclassroom Activity Fund</b>	Although the Central Treasurers prepare monthly bank reconciliation reports, the Business Office presents a Treasurer's report for the High School and Middle School Extraclassroom Activity Clubs to the Board of Education at year end and not quarterly.	In accordance with Part 172.3(b) of the Regulations of the Commissioner of Education, The Extraclassroom Activity Fund Central Treasurers should submit to the Board of Education a financial report indicating the receipts, expenditures, and related balances in their custody on a quarterly basis, at a minimum.	The District and City of Yonkers - Finance Department will work on adding the Extra Classroom procedures as a District Policy.	Ongoing
5	<b>Information Technology</b>	The District's servers are not plugged into an uninterrupted power supply (UPS) or other backup power source which creates a risk of interruption in operational continuity.	The District should consider installing uninterrupted power supplies (UPS) to provide the District's servers with a backup source of power when normal utilities are not available and enable the servers to continue to be utilized and/or to be properly shut down.	The District has purchased three UPS' for use in the Data Center for the hardware not currently connected to a UPS. We anticipate having the UPS' in service by the end of September 2018.	September 2018
6	<b>Information Technology</b>	It was indicated that the Information Technology Department does not store backups at a secured off-District premises location.	The Information Technology Department should develop a plan for off-site storage to allow for a restoration of data even if the original data or worksite is destroyed.	We fully expect to have our offsite storage plan in place prior to the beginning of the school year.	September 2018
7	<b>Information Technology</b>	Although the Information Technology Department has successfully restore backups of files requested by District employees, the Information Technology Department has not assessed the restoration of a full backup of the District's servers.	The Information Technology Department should conduct at a minimum annual restoration of a full backup of the District's servers to ensure the restoration process works as intended and that the District is able to recover data if needed. All restoration tests should be performed in a way and at a time that will not disrupt regular business operations and will truly mimic actual restoration procedures.	We will work on restoration tests once the off site storage plan is in place and the data and server snapshots reside in both the Data Center and YMA.	Ongoing
8	<b>Medicaid School Supportive Health Services (SSHS) Program</b>	During the course of our audit we noted that the District's Medicaid team is comprised of two (2) individuals whose time equals to 1.4 FTE to fully adhere to the District's Medicaid compliance program and monitor its Medicaid reimbursement claims. Currently the District employs a part-time (0.4 FTE) Medicaid Compliance Officer who develops policies and procedures, establishes communication lines of non-compliance, and provides training. Furthermore, the Finance Department employs a full-time Account Clerk who works on the District's Medicaid reimbursement claims process. Due to limited availability and resources, validation or service exceptions reported in Medicaid Direct are not monitored or forwarded to the applicable service providers for review and re-submission.	The District should consider conducting an analysis of employee duties, current and projected, and determine the feasibility of adding resources to meet the District's Medicaid billing initiative to include nursing and psychological assessment and counseling services. The role of the Medicaid Compliance Officer in monitoring the District's Medicaid compliance program should be considered for enhancement to address key functions generated by a scaled up billing program. Similarly, the adequacy of only one Finance Clerk in managing the Medicaid reimbursement claims and correction and re-submission of any rejections, should be determined. This analysis should assess how the additional staff can assist the District in optimizing the District's process and controls surrounding the submission of the required documents to support the services rendered and in creating efficiencies in monitoring claims that are not submitted to Medicaid due to the exceptions in data.	After a review of Medicaid duties and responsibilities, the District is in the process of hiring a full time Medicaid Compliance Officer.	Position is currently posted. Search committee created. Expected hire date by October, 2018.



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9	<b>Medicaid School Supportive Health Services (SSHS) Program</b>	1. During the course of our audit, we noted that the majority of the claims that were not submitted to Medicaid for reimbursement were attributed to the lack of documentation that is required to support the services rendered by occupational and speech therapists. The Medicaid Direct application has automated validations that will not allow incomplete claims to be processed for reimbursement. The Medicaid Compliance Officer and the Legal Department provide training to employees and providers regarding Medicaid compliance issues, the compliance program operation, and the procedures to be followed by any person who suspects non-compliance. The Finance Department provides training regarding Medicaid billing and reimbursement requirements, and the Special Education Department provides training regarding the documentation, frequency, timing, and quality of provider session notes. However, therapists generally are not fully complying with the Medicaid reimbursement requirements of maintaining related service log data in the IEP Direct application, including but not limited to session notes, provider or supervisor signatures, and evaluations during the required billing window.	According to the District's Policy 6685 – Medicaid Compliance Program, all employees, contractors, or vendors involved with providing or obtaining reimbursement for medical services, supplies, or equipment from or on behalf of the District are responsible for submitting honest and accurate bills to Medicaid. The District should consider conducting an analysis by building to identify employees not participating in the compliance program. In the event the analysis identifies an employee not following policy, the District should consider following disciplinary procedures pursuant to the policy, if legally defensible. As an alternative to the above recommendation, the District should consider adopting an additional policy to address the disciplinary response of non-compliance.	Occupational and Speech therapists will receive a stipend to ensure all necessary documentation is submitted at billing time.	February, 2018
10	<b>Medicaid School Supportive Health Services (SSHS) Program</b>	It was represented that twice a month, two (2) Finance Account Clerks were responsible to forward validation and service "error" reports generated by Frontline Medicaid Direct to the applicable service providers indicating the reasons their claims were rejected by Medicaid (e.g. missing consent form, scripts, signatures, notes, etc.). Currently there is one (1) Speech Liaison within the Special Education Department that forwards these reports to the service providers for review and re-submission.	The District with the assistance from the vendor support group Frontline IEP should consider exploring the system capabilities in developing dashboards or exception reports specific to each service provider indicating the Medicaid and IEP compliance status of their student related services rendered prior to submitting a claim for Medicaid reimbursement. The Medicaid Compliance Committee should designate an individual to monitor the daily compliance reports and perform follow up procedures of any Medicaid non-compliance issues. The individual from the Special Education Department should communicate to the provider's Supervisor or Department Head any repeated non-compliance issues and develop a corrective action plan. The review results and corrective action plans should be reported monthly to the Medicaid Compliance Committee for monitoring purposes. The active monitoring of the Frontline Medicaid Direct Validation "error" reports will strengthen the District's controls over accountability and compliance with the Medicaid documentation requirements.	The District is in conversation with Frontline to tailor our reporting needs. We are also exploring other vendors who could satisfy our reporting and IEP data recording.	Ongoing
11	<b>Medicaid School Supportive Health Services (SSHS) Program</b>	The District has formed a Medicaid Compliance Committee which is comprised of the Medicaid Compliance Officer, Assistant Superintendent for Special Education, Director of Accounting, Finance Clerk, Legal Department, Human Resource Department, and Manager of Administration. The Medicaid Compliance Committee meets quarterly to discuss Medicaid updates on regulations and issues that prevent District from submitting claims.	Based on state regulations and guidelines, the District should develop its own documented guidelines for each department regarding their roles, duties, and reporting requirements in respect to the District's Medicaid compliance.	The District agrees with this comment and the Compliance Officer will be charged with augmenting the current Compliance Program.	Ongoing



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12	<b>Medicaid School Supportive Health Services (SSHS) Program</b>	The Finance Clerk and the Medicaid Compliance Officer provide status reports to the Medicaid Compliance Committee regarding the District's Medicaid compliance program and reimbursement claims status.	The District and the City of Yonkers should consider consolidating these Medicaid compliance and reimbursement claims status reports and presenting them quarterly, at a minimum, to the Medicaid Compliance Committee, Board of Education, and City of Yonkers Commissioner of Finance. Furthermore, these status reports should include statistical information that derive from Medicaid Direct including but not limited to the following: a) Medicaid Reimbursement Status Reports. These reports will assist in tracking reimbursement projections and progress by school year, and optimizing claims for services provided within the billing window. b) Validation and Service "Error" Reports. These reports will assist in reviewing validation "errors" for services within the billing window to determine if corrections are possible. c) Denied / Rejected Detail Reports. These reports will assist in reviewing rejected / denied claims within the billing window to determine which claims may be resubmitted. The active monitoring of the above reports by an assigned individual to be determined by the Medicaid Compliance Committee will strengthen the District's controls over accountability and compliance with the Medicaid documentation requirements.	The District is in the process of adopting Internal Audit Recommendations. a. Agreed - Finance will provide a status of revenue and claims information on the interval needed by the District. b. Agreed - Finance currently generates reports that pertain to validation errors of the providers and gives them to the Speech Liaison to review. If a correction is made by the provider, claims are then submitted for reimbursement. c. Agreed - Finance currently reviews all rejected/denied claims once the file gets processed by eMEDNY and gets uploaded into Frontline. If changes are made to the claim to correct it, it is resubmitted for payment.	November 2018
13	<b>Transportation</b>	The District is in need of a documented control process in the area of monitoring budgetary and actual transportation expenditures and in the area of making requests and approving additions or changes to student transportation services.	The District's Internal Auditors are in the process of assessing the District's budget planning procedures and will continue with the surrounding controls in respect to overall financial and operational processes.	Waiting for assessment completion	Ongoing