



**Audit Report of the Nebraska Health and Human Services Systems (HHSS)  
 Regional Centers (Hastings, Norfolk, Lincoln)  
 July 1, 2001 through June 30, 2002**

**Report Highlights**

Issued February 2003

**Comments and Recommendations**

- Certain Medicare and Medicaid services were not being billed.
- Rules & Regulations were improperly amended.
- A billing rate was incorrectly calculated.
- Spending authority was exceeded at all three Regional Centers.
- Member trust account adjustments were not properly reviewed or documented.
- There was an inadequate segregation of duties for member trust funds.
- A perpetual inventory system over pharmacy supplies was not maintained.
- Variances in payroll calculations were not documented and could not be explained.
- Ability to pay redetermination calculations were not done, as required by law.
- There was inadequate documentation to verify contracts had proper legal review.

Our report included ten Comments and Recommendations relating to internal controls, procedures, and compliance with laws. Our recommendations were as follows:

- **Regional Center Billings:** We recommend HHSS take the necessary steps to arrive at a timely decision for Medicare Part B billings, that is, whether to itemize for services rendered or to charge the all-inclusive rate. Once this decision has been made, records, procedures, and systems should be developed to ensure complete, accurate, and timely billings. We recommend the Regional Centers develop procedures and processes to ensure all physician records are adequate to support all legitimate claims.
- **Rules and Regulations Changes:** We recommend HHSS make revisions to its rules and regulations only as statutorily authorized.
- **Billing Rate Incorrectly Calculated:** We recommend a second individual review the calculations to ensure they are accurate and complete. This review should be completed before the amounts are entered into the Advanced Institute Management Software (AIMS) system. We also recommend the calculation process and related supporting documentation be reviewed for the current rates. Finally, we recommend the error we noted be corrected, as well as any other corrections necessary to correct all billings.
- **Spending Authority Exceeded:** We recommend the Regional Centers match fiscal year expenditures with fiscal year appropriations as required by appropriations legislation.
- **Member Account Adjustments:** We recommend all adjustments be reviewed and recalculated to ensure postings are accurate and complete. A separate individual from the person preparing/posting the adjustment should review each adjustment. This review should be documented. We also recommend the Financial Responsibility Officer take a role in reviewing these adjustments. This can be accomplished by having Financial Responsibility staff review adjustments on a test basis to ensure the controls recommended are in place and that all supporting documentation is on file.
- **Member Trust Funds:** We recommend a separate individual from the person entering the transactions review the receipts and disbursements entered on the AIMS system. This review should be completed on a regular basis and should be documented to ensure the records are accurate and complete.
- **Pharmacy Inventory Procedures:** We recommend HHSS implement a perpetual inventory system for the Regional Centers' pharmacy supplies.
- **Payroll Calculations:** We recommend all HHSS payroll staff be made aware of how payroll calculations are made and periodic reviews of the calculations be performed.
- **Ability To Pay Calculations:** We recommend the Hastings Regional Center review current rules and regulations and implement procedures for compliance. The Trust Officer should ensure all patients have an annual redetermination completed if the patient has been treated at the facility for more than one year.
- **Contracts:** We recommend the Lincoln Regional Center (LRC) develop a written policy concerning their legal review of contracts. We further recommend the LRC develop a written policy for guidance on when they must follow the *Procedures for the Procurement of Contractual Services* manual of the Department of Administrative Services (DAS) or when they will need to have an alternate procedure approved. When requesting approval for deviation, the LRC should follow the process set forth by DAS located on their website. Each new contract and each contract renewal should follow this process.

We have detailed our findings and HHSS's responses in the Comments and Recommendations section of the report, which can be found at [www.auditors.state.ne.us](http://www.auditors.state.ne.us).

