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November 12, 2014


To the Board of Directors
Shore Educational Collaborative
Chelsea, Massachusetts

In planning and performing our audit of the financial statements of Shore Educational Collaborative ("the Collaborative") as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Collaborative's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Collaborative's internal control. Accordingly, we do not express an opinion on the effectiveness of the Collaborative's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. (We previously reported on the Collaborative's internal control in our report dated November 12, 2014.) This letter does not affect our report dated November 12, 2014, on the financial statements of the Collaborative.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Collaborative personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Very truly yours,


Livingston & Haynes, P.C.

Medicaid Billing

We noted that the Collaborative completes Medicaid billing for some of its member districts and other educational entities. During the current year's testing, we noted an overbilling that had occurred as part of this Medicaid billing. A student from one of the districts received three 30 minute sessions for which the Collaborative was asked to bill Medicaid for on behalf of the district. When the Collaborative employee billed for the services, she thought that this type of billing code required the billing to be done in 15 minute increments. Thus, the employee billed for six 15 minute sessions. However, the billing code is actually for 30 minute increments and thus, she overbilled by 90 minutes. When the error was pointed out during our testing, the Collaborative voided the transactions that they could and repaid the district any remaining funds that they should have received if the error had not occurred.

We recommend that better controls be put in place for the Medicaid billing process to make sure that this type of error does not occur again.

Billing and Attendance in the Adult Day Program

We noted one client in the adult day program that was listed as present on the billing for the adult day program but was in fact absent on that particular day. The client had been listed as present on a morning attendance report but absent on an afternoon attendance report. On further investigation, it was determined that he was incorrectly listed on the morning report as being present and that he was in fact absent for the day. Usually only the morning attendance reports are used for billing purposes and thus when the A/R clerk billed for the day, she did not have the afternoon billing report to see the discrepancy and question whether he was actually absent or present.

Overall, there were other clients in the adult day program that had not been billed for certain days since they had run out of their allotted billable days. Therefore, this client's day could have been used by those clients and, consequently, there was no overbilling that occurred in the adult day program.

We recommend that better controls be instituted to make sure the afternoon and morning attendance reports are consistent and properly reflect whether a client is present or absent on a particular day. We also recommend that the A/R clerk also obtain the afternoon attendance reports to determine if there are any discrepancies with the morning attendance report.