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November 2, 2016

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, 2016, 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 communicated to you about the Collaborative's internal control in our report dated November 2, 2016.) This letter does not affect our report dated November 2, 2016, 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.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Collaborative, and is not intended to be, and should not be, used by anyone other than those specified parties.

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 one 60-minute session for which the Collaborative was asked to bill Medicaid 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 30-minute increments. Thus, the employee billed for two 30-minute sessions. However, the billing code is actually for 60-minute increments and thus, she overbilled by 60-minutes. The error was found when this billing had been selected for the audit testing. Immediately, the Collaborative voided the transaction.

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.

Over Reimbursement of Expenses

During our testing, we noted that a member of management was over reimbursed for cell phone expenses that had not been incurred during the second half of the fiscal year ended June 30, 2016. The total amount of the over-reimbursed expenses was \$131. Upon discovery of the over-reimbursement, the amount was immediately reimbursed to the Collaborative by the member of management. We recommend better oversight on the recalculation of expense reimbursements.