



Little River Band of Ottawa Indians

375 River Street
Manistee, MI 49660
(231) 723-8288

Resolution # 04-1013-406

*Ratification of Little River Band of Ottawa Indians Internal Audit Report # 2004-05
Health Department Audit*

WHEREAS, the status of the *Gaá Čhíng Ziibi Daáwaa Aníshinaábek* (Little River Band of Ottawa Indians) as a sovereign and Treaty-making power is confirmed in numerous treaties, from agreements with the initial colonial powers on this land, to various treaties with the United States; and

WHEREAS, the Little River Band of Ottawa Indians (Tribe) is descended from, and is the political successor to, the Grand River Ottawa Bands, signatories of the 1836 Treaty of Washington (7 Stat. 491) with the United States, as reaffirmed by federal law in P.L. 103-324, enacted in 1994; and

WHEREAS, the Tribe adopted a new Constitution, pursuant to a vote of the membership on May 27, 1998, which Constitution became effective upon its approval by the Assistant Secretary-Indian Affairs on July 10, 1998; and

WHEREAS, the Tribe adopted amendments to the Constitution on April 26, 2004, which became effective upon approval by the Assistant Secretary-Indian Affairs on May 13, 2004; and

WHEREAS, the Tribal Council is authorized under Article IV, Section 7(a) to provide for the public health, peace, morals, education and general welfare of the Little River Band and its members; and

WHEREAS, the Tribal Council adopted, in accordance with Article IV, Section 7(a) of the Constitution, the Audit Ordinance which identifies how audits are conducted and reported by the Tribe; and

WHEREAS, the Tribe conducts audits of its activities for the purpose of compliance with federal laws and agreements with external entities; and

WHEREAS, the Tribe has caused to be conducted an internal audit of Little River Band of Ottawa Indians Health Department; and


WHEREAS, the Tribal Council, under section 6.01 of the Audit Ordinance, is required to receive and ratify all audits prior to submission to an external agency or departments; and

WHEREAS, the Comptroller General has prepared the audit report and the proposed Corrective Action Plan developed by the appropriate representative and has presented such audit and plan to the Tribal Council;

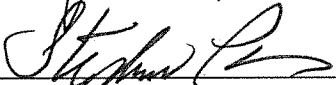
NOW THEREFORE IT IS RESOLVED THAT the Tribal Council of the Little River Band of Ottawa Indians hereby accepts and ratifies the *Little River Band of Ottawa Indians Internal Audit Report 2004-05 Health Department Audit* and Corrective Action Plan and authorizes their submission to individuals as listed in the report distribution listing and others as deemed appropriate by the Comptroller General.

CERTIFICATE OF ADOPTION

I do hereby certify that the foregoing resolution was duly presented and adopted by the Tribal Council with 7 FOR, 0 AGAINST, 0 ABSTAINING, and 2 ABSENT, at a Regular Closed Session of the Little River Band of Ottawa Indians Tribal Council held on October 13, 2004, at the Little River Band's Conference Room in Manistee, Michigan, with a quorum being present for such vote.



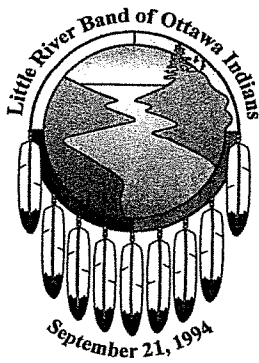
Janine M. Sam, Council Recorder



Stephen Parsons, Council Speaker

Attest:

Distribution: Council Records
Tribal Ogema
Tribal Court



Gaa Ching Ziibi Daawaa Anishinaabek

Little River Band of Ottawa Indians

375 River Street
Manistee, MI 49660

Comptroller General
Phone # (231) 398-6844
Fax # (231) 398-0674

Internal Audit Report

Health Department Audit

August 5, 2004

Audit # 2004-05



Gaa Ching Ziibi Daawaa Anishinaabek

Little River Band of Ottawa Indians

375 River Street
Manistee, MI 49660

Comptroller General
Phone # (231) 398-6844
Fax # (231) 398-0674

**Internal Audit Report
Table of Contents**

Table of Contents.....	1
Opinion Letter.....	2
Department Description.....	3
Scope of Audit.....	4
Comments and Recommendations.....	5
Corrective Action Plan.....	9
Report Distribution Listing.....	13



Gaa Ching Ziibi Daawaa Anishinaabek

Little River Band of Ottawa Indians

375 River Street
Manistee, MI 49660

Comptroller General
Phone # (231) 398-6844
Fax # (231) 398-0674

Internal Audit Report

August 5, 2004

Tribal Council
Little River Band of Ottawa Indians

The Little River Band of Ottawa Indians Office of the Comptroller General has conducted an audit of The Little River Band of Ottawa Indians Health Department. The attached report is the responsibility of the Ogema and management. The responsibility of the Comptroller General is to express an opinion on internal controls utilized and provide assistance in designing effective controls to improve operations, protect assets, and ensure operations are running in a cost effective manner.

Our audit was conducted in accordance with standards published by the Institute of Internal Auditors and the American Institute of Certified Public Accountants. These standards require that we plan, document, and test, on a sample basis, to obtain reasonable assurance about the opinions formed. We believe that the audit procedures utilized provides a reasonable basis for this opinion.

Outlined in the accompanying report are comments and recommendations that when implemented would enhance the level of internal control and is considered integral to the opinion formed.

In our opinion, based on our audit, the Little River Band of Ottawa Indians Health Department has adequate controls for the administration of the health programs provided by the Tribe.

Jason A. Verheek, C.P.A.
Comptroller General
Little River Band of Ottawa Indians

Little River Band of Ottawa Indians
Audit Report 2004-05
Department Description

The Little River Band of Ottawa Indians Health Department was established in 1996 when the Tribe first received grant funding from the Federal Government through Indian Health Services. In 1998, the Tribe opened a clinic for its members to provide basic medical services to its members and other members of Federally recognized Tribes. The Health Department is currently structured into three different functions being Health Clinic, Contract Health Services, and Behavior Health Services. The funding for the health programs offered is from combined Federal and Tribal sources.

The Health Clinic offers basic medical services. These services include basic wellness, referral, and other general practitioner services. Also included are the services from the Community Health Representatives, which provide services such as transportation for medical appointments and wellness assessments for Tribal Members. Patients are seen on an appointment or walk-in basis. The Health Clinic currently employs a physician, director of clinic services, two nurses, support staff and the Community Health Representatives. The Health Clinic served approximately 4000 patients in 2003 and expects to serve additional patients during the 2004 year.

Contract Health Services are provided to Tribal Members residing in the nine county service area, defined by the Federal Government, through grant funding provided by the Federal Government through Indian Health Services. Contract Health will pay for all medical bills incurred by a Tribal Member when all other sources for payment have been exhausted. To serve all Tribal Members, the program has been expanded to Tribal Members residing outside the nine county service area and is funded annually by the Tribe. Contract Health Services currently employs a supervisor and five representatives. During 2003, Contract Health Services provided assistance to approximately 850 Tribal Members.

Behavior Health Services are broken into two specific areas of treatment being chemical dependency and mental health. Behavior Health Services also performs various other community services such as youth drug and alcohol prevention and referrals. Currently employed by the Behavior Health Services are a supervisor, two counselors, a youth prevention coordinator, and support staff. During 2003, there were approximately 60 active cases per month and a waiting list to utilize the services provided.

Little River Band of Ottawa Indians
Audit Report 2004-05
Scope of Audit Work

- Review a sample of procedures from the Health Department Procedure Manual for each of the functional areas and determine that they are followed as written.
- Review the financial records of the Health Department and determine that adequate processes and procedures are in place for continued financial stability.
- Review all Federal Grants for compliance with Office of Management and Budget Circular A-133 and other grant provisions as appropriate.
- Review that all licensed staff are in compliance with trainings required for the continued issuance of their license and that staff are receiving annual trainings as required under grant agreements.
- Review that the Health Department is in compliance with various provisions of Federal law that relate to patient privacy.

Little River Band of Ottawa Indians
Audit Report 2004-05
Comments and Recommendations

Comment 2004-01

For several years the Health Department has had to ask for a supplemental appropriation of budgeted funds to provide services to Tribal Members at the end of the year. This supplemental funding is necessary if services are to remain at a constant level throughout the year. Due to the supplemental funding each year, several other departments within the Tribal Government are required to reduce and reallocate their budgets for the year. While in the past this reallocation and reduction of other program budgets has not had an effect on the services to members, in the future it may require that other programs be suspended to meet the medical needs of the Membership.

Recommendation 2004-01

The Health Department should draft a proposal to restrict an amount of the fund balance that could be used for supplemental funding, if necessary, for contract health and extended health payments only. The amount should be sufficient to pay for all unforeseen payments that were not budgeted for in a year. The proposal should also contain a provision that the restricted fund is funded to a minimal balance in a future period to provide for future unforeseen funding needs.

Comment 2004-02

Third party billing is contracted through the Rehmann Group. Currently, the Health Department provides the information necessary to bill third parties on a monthly basis. All the information provided to the Rehmann Group is done manually and requires additional time by current staff to complete. By billing third parties on a monthly basis, there is an additional amount of waiting time that is necessary for the Health Department to realize revenues from the billings. Further, any rejected billings by the insurance companies (there is a high frequency of this in medical billing due to insurance company questioning) require that additional information be provided to them prior to the issuance of payment. This is a frequent occurrence that requires substantial staff time to comply with.

Recommendation 2004-02

The Health Department should seek to hire a full time medical billing employee. This would allow for medical billings to be done on daily or weekly basis rather than monthly. A portion of the funding necessary for this position could be realized from the approximately \$ 26,500.00, which is the estimated payment to the Rehmann Group for one year of billing activity. Further, the individual in this position would have sufficient time to devote to resolution of rejected billings and ensure that all resources available for payment have been properly billed.

Comment 2004-03

The Health Department operating procedures have not been updated since 1998 when they were first established. It was documented through the audit that various procedures are obsolete or are unable to be complied with due to staffing limitations or limitation of the procedure itself due to changes in law. Through review of the procedures it was also noted that there are sections of the procedure manual that are hard to interpret or do not relate directly to the care and treatment of a patient.

Recommendation 2004-03

The Health Department management should review the procedure manual and update it as appropriate for the current operations and changes in law. In doing this, it would be more effective to break the current operating procedure manual into four separate manuals according to functional area being clinic, behavior health, contract health, and administration. This would allow for an effective reference depending on the circumstances necessitating the research of a specific procedure.

Comment 2004-04

During the review of the detail general ledger it was noted that several contract health payments contained the name of the Tribal Member receiving services in the description line of checks made out to medical providers. In doing this, a user of the detailed general ledger could assume a medical condition for the Tribal Member based on whom the check was made out to. An example would be if the check was made out to a cardiology specialist, it could be assumed the patient has a heart condition. According to the Health Insurance Portability and Accountability Act of 1996 (HIPAA) as amended, there needs to be adequate protection of the patient's individually identifiable health information. Being that various users of the detailed general ledger are not restricted by HIPAA, it is possible this could be considered a third party disclosure. All third party disclosures need the permission of the patient before they are made.

Recommendation 2004-04

The Health Department should develop procedures that would allow for the entry of payments into the accounting system without using the Tribal Members name, except direct reimbursements, in the description column. The use of a purchase order number or other sufficient system of tracking who the payment was made for would be acceptable. This would allow for the protection the Tribal Members individually identifiable health information. It would also control access to the information to within the Health Department.

Comment 2004-05

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) as amended requires that health practitioners provide patients with a notice of privacy practices and obtain acknowledgement which contains at a minimal the following:

- Patient's rights and the health provider's legal duties.
- Be made available to patient in print.
- Be displayed at the sight of service.

During the audit it was noted that the Health Department is not making the disclosures necessary listed to patients or obtaining the acknowledgement of receipt from the patient. This area of the HIPAA regulation would qualify for self-correction if there were a review by an external agency for compliance.

Recommendation 2004-05

The Health Department should adopt appropriate forms for the disclosure of patient's rights under HIPAA. This should be implemented as soon as possible to prevent any further noncompliance with the HIPAA regulations. Further, there needs to be an update to the policy and procedure manual to address the presentation of the form to new patients when admitted for services and obtain and store the patient acknowledgement.

Comment 2004-06

During the review of policies and procedures for the Health Department it was noted that there were procedures that refer to a Health Board. It was further noted that the Health Board has not been meeting for a number of years and is currently in the stages of reforming. Given the absence of the Health Board, all procedures that related could not be complied with by the Health Department.

Recommendation 2004-06

Through research it has been determined that the only legal requirement for a Health Board is for the appeal process when contract health claims have been denied. The first option to fulfill this requirement is to have the Ogema appoint a committee as needed. The other option is for the Tribal Council to formalize the Health Board and assign formal duties through an ordinance. If formalized, the Health Board could aide in certain functions of oversight and review of programs administered by the Health Department. The board could also aide in the planning of future programs that are to be developed.

Comment 2004-07

The current contract for the physician provides for 40 days of personal time per year. During time that the physician is away from the clinic, there are no plans in place to provide care for patients coming into the clinic. These patients are currently sent to the emergency room for services that are needed immediately or given an appointment and must return to the clinic at a later date.

Recommendation 2004-07

The Health Department should find a temporary physician that could come to the clinic when the physician is away on personal time. This would allow for uninterrupted services to patients during the year while the physician is away.

Little River Band of Ottawa Indians
Audit Report 2004-05
Corrective Action Plan

The following corrective action plan addresses each of the Comments individually as prepared by the Health Department Management and reviewed by the Comptroller General for appropriateness:

Corrective Action for Comment 2004-01

Anticipated Completion: November 30, 2004

Responsible Party: Health Director

Corrective Action:

The Health Department, at every fiscal year budget request, will examine the previous year's expenditures in contact health and extended health assistance, and consider this level to be the base budget request for the coming fiscal year. The Health Department will examine the growth trends in the previous three-year budget cycle, and provide additional supporting justifications for any request beyond the base budget amount. The Health Department will consider the rate of inflation in the calculation of additional revenue request beyond the base budget amount. The Health Department will make annual recommendations in the budget for an additional contingency set aside allocation for unforeseen contract health and extended health payments to the beyond an amount that could be predicted through the revised budget process above.

Corrective Action for Comment 2004-02

Anticipated Completion: October 31, 2004

Responsible Party: Health Director

Corrective Action:

The Health Department will request the posting of two-full time budgeted billing employees before the conclusion of the fiscal year 2004. The funds for the positions were budgeted and appropriated in the 2004 budget salary line item, but the appropriate narrative justification was not included, therefore the positions were not approved for posting at various approval levels within the Government. A correction to the budget has been made, and a request to post the positions will be forwarded for consideration.

Corrective Action for Comment 2004-03

Anticipated Completion: March 31, 2005

Responsible Parties: Health Director, Health Board, and Health Department Supervisors

Corrective Action:

The Health Department will review the existing operations manual for the clinic and community services, contract and extended health programs, behavioral health and community health programs and revise the format of the existing policies/procedures. The policy/procedure review will be consistent with the Indian Health Service guidance for each program activity, accepted practices and Tribal, Federal and State laws where applicable. Each department will have a separate manual defining the organizational structure, mission, goals/objectives, and long term strategic plan and appropriate policies/procedures. The appropriate authorizing body will review the manuals and make the necessary approving and/or recommendations for approval per existing governing law.

Corrective Action for Comment 2004-04

Anticipated Completion: November 15, 2004

Responsible Parties: Health Director, Contract Health Services Supervisor, Health Board, and appropriate accounting staff

The Health Department, in consultation with the appropriate accounting staff, will discuss the methods available to protect confidential client information in the accounts payable process. The Health Department will recommend that the accounts payable ledger identify client payments utilizing a numerical system tied to the first four letters of the payee's last name. The system could also be utilized to establish vendor identification numbers for all accounts related to health services with this system, with specific information provided only in the address of the vendor on the check face. Any identifiable patient specific information would be assigned by the last name/numerical identifier, and this would be made available only to those persons manipulating the accounts payable ledger. In the event that vendors (physicians, dentists, pharmacies) would require more detailed information regarding accounts, this would be added after the generation of the payment by the appropriate CHS/EHAP staff prior to sending the payment.

Corrective Action for Comment 2004-05

Anticipated Completion: Immediately

Responsible Party: Health Director, Health Department Supervisors, and Health Board

Corrective Action:

The Health Department will implement immediately the federally mandated language under the HIPAA of 1996, and make the appropriate disclosures regarding patient privacy. The Health Department will post the appropriate general rule language, provide written materials in plain language and the necessary forms for patient's to make an informed decision regarding the use of their personal health information. Due to the need of immediate compliance, the Health Board will need to approve the format of the disclosures / forms after they are already in use. Changes will be made and appropriate updates done after the approval of the forms takes place.

Corrective Action for Comment 2004-06

Anticipated Completion: March 31, 2005

Responsible Parties: Health Director, Tribal Council, Legal Counsel, and Ogema

Corrective Action:

The Health Department will provide recommendations to the Tribal Ogema and the Tribal Council regarding the possible responsibilities of a Little River Band Health Services Board, as the activity of the board would relate to the current operational mandates of health services rendered via PL. 93-638 DHHS/IHS contract programs, functions, services and activities and Certified Addiction Rehabilitation Facility licensure and accrediting requirements. The Health Department will review draft legislation when prepared and provide input as to the considerations of federal program regulations, appropriate state licensure considerations and current requirements under the accepted scopes of work in the approved contract language.

Corrective Action for Comment 2004-07

Anticipated Completion: November 30, 2004

Responsible Parties: Health Director, Clinic Physician, and Health Department Supervisors

Corrective Action:

The Health Department, through the coordination of the purchasing department, will seek to secure three bids from temporary providers/provider services through an RFP process, and contract for those services with the provider/service that meets the appropriate cost consideration of the Little River Band of Ottawa Indians. This process will need prior approval at appropriate managerial levels and governing bodies.

**Little River Band of Ottawa Indians
Audit Report 2004-05
Report Distribution Listing**

The following are the intended users of this report and distribution will be limited to:

All Tribal Council Members

Lee Sprague, Ogema

Jessica Burger, Health Department Director

June Mamagona Fletcher, Tribal Manager

Jo Anne House, General Counsel

Jason Verheek, Comptroller General

Other parties identified by the Comptroller General that need access to the report during the corrective action process.