

LOUISIANA DEPARTMENT OF HEALTH

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES  
MANAGEMENT LETTER  
ISSUED MARCH 14, 2018

**LOUISIANA LEGISLATIVE AUDITOR  
1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
BATON ROUGE, LOUISIANA 70804-9397**

**LEGISLATIVE AUDITOR**  
DARYL G. PURPERA, CPA, CFE

**ASSISTANT LEGISLATIVE AUDITOR**  
**FOR STATE AUDIT SERVICES**  
NICOLE B. EDMONSON, CIA, CGAP, MPA

**DIRECTOR OF FINANCIAL AUDIT**  
ERNEST F. SUMMERVILLE, JR., CPA

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# Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Louisiana Department of Health

March 2018

Audit Control # 80170109

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## Introduction

As a part of our audit of the State of Louisiana's Comprehensive Annual Financial Report (CAFR) and the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2017, we performed procedures at the Louisiana Department of Health (LDH), including the Office of Public Health (OPH), to provide assurances on financial information that is significant to the State's CAFR; evaluate the effectiveness of LDH's internal controls over financial reporting and compliance; and determine whether LDH complied with applicable laws and regulations. In addition, we determined whether management has taken actions to correct findings reported in the prior year.

LDH is the largest department in Louisiana state government and administers an array of health programs to Louisiana residents. The mission of LDH is to protect and promote health and to ensure access to medical, preventive, and rehabilitative services for all citizens of the State of Louisiana.

## Results of Our Procedures

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### Follow-up on Prior-year Findings

Our auditors reviewed the status of the prior-year findings reported in a management letter dated January 25, 2017. We determined that management has resolved the prior-year findings related to Noncompliance with Third Party Liability Requirements, Inadequate Internal Audit Function, Inadequate Controls over Reporting of Subrecipients, and Noncompliance with Vendor Monitoring and Cost Containment Requirements. The findings relating to Inadequate Controls over Quarterly Federal Expenditure Reporting, Improper Payments to Waiver Services Providers, and Noncompliance with Subrecipient Monitoring Requirements have not been resolved and are addressed again in this letter.

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## Current-year Findings

### Inadequate Controls over Quarterly Federal Expenditure Reporting

For the third consecutive year, LDH failed to accurately complete the required quarterly reports of Federal expenditures, including an error resulting in a \$23.3 million overstatement of the Children's Health Insurance Program (LaCHIP) and \$14.8 million understatement of the Medical Assistance Program (Medicaid). The Federal expenditures reported in the quarterly reports are used to reconcile the draws of Federal funds. Uncorrected errors in the quarterly expenditures reports increase the risk that Federal funds will be overdrawn or underdrawn and place LDH in noncompliance with Federal regulations. Errors also limit the usefulness of the reports.

Our review of the four quarterly expenditure reports applicable to State fiscal year 2017 noted the following errors:

- For the quarters ending December 2016 through June 2017, LDH did not properly complete the drug rebates receivables schedule, including invoices and adjustments for the Medicaid expansion population. The error caused the schedule ending balance to be misstated by \$87 million. LDH made corrections to the June 2017 report schedule in November 2017.
- For the quarter ending June 2017, LDH failed to reverse a manual adjustment to LaCHIP and Medicaid expenditures reported in the quarter ending March 2017. The manual adjustment for lump sum managed care premium payments should have been reversed when LDH recouped the lump sum payout in April 2017. The uncorrected adjustment resulted in a \$23.3 million overstatement to LaCHIP and a \$14.8 million understatement to Medicaid for the quarter ending June 2017. An error in LDH's quarterly reconciliation of Federal expenditures to Federal revenues caused LDH to miss the uncorrected adjustment.
- As a result of the Federal reporting error, LDH's Schedule of Federal Awards (SEFA) at June 30, 2017, was misstated by \$8.5 million (net). The auditor proposed and LDH accepted audit adjustments to the SEFA in October 2017. LDH made a correction for LaCHIP expenditures in November 2017 by revising the quarter ending June 2017 report. A correction for Medicaid expenditures was made in November 2017 by making a prior period adjustment to the quarter ending September 2017 report.

The Medicaid and LaCHIP programs require quarterly reporting to the Centers for Medicare and Medicaid Services (CMS) detailing expenditures by category of service for which states are entitled to Federal reimbursement. CMS requires accurate reporting of Medicaid and LaCHIP expenditures. While LDH has implemented some controls over preparation and review of the quarterly expenditure reports, an error in the quarterly reconciliation caused LDH to miss the uncorrected adjustment.

LDH should continue to strengthen controls over preparation and review of the quarterly expenditure reports, including quarterly reconciliations, to ensure Federal expenditures are accurately reported. Management concurred with the finding and provided a corrective action plan (see Appendix A, pages 1-2).

### **Improper Payments to Waiver Services Providers**

For the sixth consecutive year, LDH paid New Opportunities Waiver (NOW) claims under Medicaid totaling \$12,101 (\$7,536 in Federal funds and \$4,565 in State funds) for waiver services that were not documented in accordance with established policies, which we consider to be questioned costs. NOW is administered by the LDH Office for Citizens with Developmental Disabilities. NOW services are accessed through support coordinators who assist with development and monitoring of the recipient's plan of care (POC). The POC documents the recipient's assessed needs, types and quantity of services to address those needs, and costs related to services. Improper payments for waiver services have been reported in 15 of the last 18 audits totaling \$621,109.

In a test including 60 claims totaling \$46,209 paid to two providers for eight recipients, we noted 13 (22%) claims with instances of undocumented deviations from the approved POC for two recipients.

- For one recipient, the hours of care provided were less than the hours approved in the POC. The provider indicated the recipient's family requested more hours of service at the beginning of the quarter, causing a shortage of billable hours at the end of the quarter. Support coordination notes indicate that the recipient's direct care worker went out of state on vacation with the family without notifying the provider or the support coordination agency. Additionally, the out-of-state trip did not have prior approval and was not included in the approved POC. Our testing noted 10 incidents of deviations from the POC without the required documentation.
- For the second recipient, undocumented deviations were mainly related to daily units approved in the POC. Our testing noted three incidents of deviations from the POC without the required documentation.

According to the NOW manual, an occasional or temporary deviation from a recipient's scheduled services is acceptable as long as the services being altered are recipient-driven, person-centered, and occur within the prior authorization. When a recipient's schedule is altered on a consistent basis, a revision to the approved POC is required indicating the reason for the change. For the errors noted, the deviations lacked documentation to substantiate that the deviations were recipient-driven and person-centered and appear to be consistent. No approved POC revisions were provided for the time period tested.

The NOW provider manual also states that the manual is intended to give a provider the information needed to fulfill its vendor agreement with the State of Louisiana, and is the basis for Federal and State reviews of the program. Full implementation of these regulations is necessary for a provider to remain in compliance with Federal and State laws and LDH rules.

Claims paid to the providers noted in the finding are considered questioned costs because the providers were in noncompliance with policies set forth in the respective manuals, and, as a result, in violation of their provider agreements.

This condition occurred because LDH failed to ensure NOW providers follow LDH policy, which includes providing services in accordance with approved POCs and ensuring that revisions to POCs occur when service hours do not align with the needs of the recipient. According to LDH's Request for Service Registry, there were 15,559 individuals waiting for NOW services as of October 31, 2017. If recipients are underutilizing the allocated service hours, the POC should be revised, possibly allowing other individuals on the waiting list into the program. If a recipient is in need of additional service hours, the POC should be revised to better address the need. Proper allocation of resources could allow LDH the opportunity to provide waiver services to more individuals from the waiting lists.

LDH management should ensure all departmental policies and Federal regulations for waiver services are enforced. Management should also ensure that POCs accurately reflect the need of the recipient, are accurately followed, and are revised in a timely manner when necessary. Management concurred with the finding and provided a corrective action plan (see Appendix A, page 3).

### **Noncompliance with Subrecipient Monitoring Requirements**

For the third consecutive year, OPH did not adequately monitor Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) program subrecipients. Failure to properly monitor subrecipients could result in noncompliance with program requirements and increases the likelihood of Federal disallowed costs that the State may have to return to the Federal grantor. OPH provided approximately \$6 million to WIC subrecipients during State fiscal year ended June 30, 2017.

Our audit procedures identified that OPH determined whether WIC subrecipients required an audit in accordance with Federal regulations when appropriate, but did not maintain documentation as evidence that it obtained and reviewed the audit reports for findings pertaining to the WIC program. As a result, we could not determine if there were findings that OPH was required to issue a management decision on.

OPH is required to verify that appropriate audits are completed for WIC subrecipients when it is expected that the subrecipient meets the expenditure threshold requiring an audit. In addition, OPH is required to issue a management decision on audit findings pertaining to the awarded WIC funds within six months of acceptance of the audit report by the Federal Audit Clearinghouse. This noncompliance occurred because OPH personnel did not follow established policies related to audit requirements for contracts and a lack of enforcement of the policies by OPH management.

Management should ensure that established subrecipient monitoring policies are followed, subrecipient audit reports are obtained and reviewed, management decisions are issued timely,

and evidence of the review is maintained. Management concurred with the finding and provided a plan of corrective action (see Appendix A, page 4).

### **Noncompliance with Third-Party Liability Assignment**

LDH failed to maintain evidence of third-party liability (TPL) notification as required for eligibility in the Medical Assistance Program (Medicaid – CFDA 93.778) and the Children’s Health Insurance Program (LaCHIP – CFDA 93.767). Per Federal regulations, Medicaid is the payer of last resort. As a condition of eligibility, each applicant/enrollee must assign to the State their individual rights to medical support and other third-party payments, and such rights of any other eligible individuals under their legal authority. By State law, TPL assignment is automatic but notification must be provided to the applicant/enrollee.

We tested TPL assignment notifications as part of a test of eligibility for 60 recipients and a test of allowable costs for an additional 60 recipients. Our test results noted the following:

- In the eligibility test for non-modified adjusted gross income-based eligibility determinations, LDH did not provide evidence of notification for three (5%) of 60 recipients.
- In the allowable cost test for all eligibility determinations, LDH did not provide evidence of notification for nine (15%) of 60 recipients.

LDH provided notification to an applicant/enrollee by including assignment language on Medicaid and LaCHIP applications. LDH utilized both paper and online applications. The errors noted included instances of paper applications that did not contain the TPL assignment notification and online application summary printouts that did not contain the TPL assignment notification. LDH post-eligibility reviews did not detect the omissions.

Third parties are legally-liable individuals, institutions, corporations (including insurers), and public or private agencies who are or who may be legally responsible for paying medical claims. Without the assignment of TPL rights, the Medicaid program and the State may be at risk for payments that should be the legal obligation of another party.

LDH should ensure notification of TPL assignment is included in each recipient case record as part of required documentation to support the eligibility decision. Management concurred with the finding and provided a corrective action plan (see Appendix A, pages 5-6).

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## **Comprehensive Annual Financial Report (CAFR) - State of Louisiana**

As a part of our audit of the State of Louisiana’s CAFR for the year ended June 30, 2017, we considered internal control over financial reporting and examined evidence supporting LDH’s Medical Vendor Payments (Agency 306) non-payroll expenditures, Federal revenue, Medicaid current and non-current accruals, and critical information systems and related user controls.

Based on the results of our procedures, we did not report any internal control deficiencies or noncompliance with laws or regulations. In addition, the account balances and classes of transactions tested, as adjusted, are materially correct.

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## **Federal Compliance - Single Audit of the State of Louisiana**

As a part of the Single Audit for the year ended June 30, 2017, we performed internal control and compliance testing as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) on LDH's major Federal programs, as follows:

- Medicaid Cluster (CFDA 93.775, 93.777, 93.778)
- Children's Health Insurance Program (CFDA 93.767)
- Maternal and Child Health Services Block Grant to the States (CFDA 93.994)
- Maternal, Infant, and Early Childhood Home Visiting Cluster (CFDA 93.505, 93.870)

Those tests included evaluating the effectiveness of LDH's internal controls designed to prevent or detect material noncompliance with program requirements and tests to determine whether LDH complied with applicable program requirements. In addition, we performed procedures on information submitted by LDH to the Division of Administration's Office of Statewide Reporting and Accounting Policy for the preparation of the State's SEFA and on the status of prior-year findings for the State's Summary Schedule of Prior Audit Findings, as required by Uniform Guidance.

Based on the results of these Single Audit procedures, we reported findings related to Inadequate Controls over Quarterly Federal Expenditure Reporting, Improper Payments to Waiver Services Providers, and Noncompliance with Third-Party Liability Assignment that will also be included in the Single Audit for the year ended June 30, 2017. In addition, LDH's information submitted for the preparation of the State's SEFA and the State's Summary Schedule of Prior Audit Findings, as adjusted, are materially correct.

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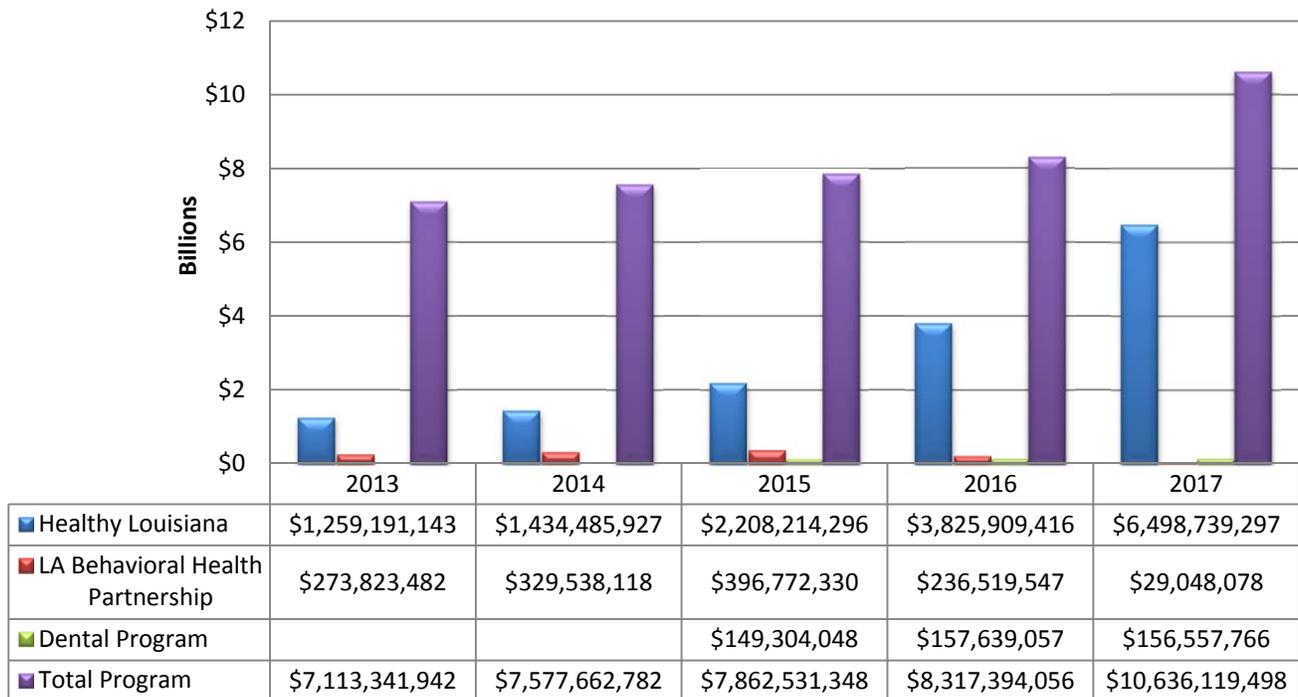
## **Other Reports**

The Louisiana Legislative Auditor created a Medicaid Audit Unit (MAU) to focus audit efforts on fraud, waste, and abuse in Louisiana Medicaid, particularly in managed care. MAU reports are available in the Audit Report Library on the Legislative Auditor's website at [www.lla.la.gov](http://www.lla.la.gov).

## Trend Analysis

We compared the most current and prior-year financial activity using LDH's annual fiscal reports and/or system-generated reports and obtained explanations from LDH management for any significant variances. Exhibit 1 provides a trend analysis of Medicaid managed care expenditures and total program expenditures for the past five fiscal years.

**Exhibit 1**  
**Medicaid Managed Care Expenditures Compared to Total Program Expenditures,**  
**Five-Year Trend**



**Sources:** Statewide Accounting System Report and LDH Year-end Financial Report for FYE 2017

Total program expenditures increased by \$2.3 billion dollars from fiscal year 2016 to fiscal year 2017, with Healthy Louisiana accounting for 61% of Medicaid program expenditures. The increase in total program expenditures and Healthy Louisiana is largely attributed to the implementation of Medicaid expansion beginning July 2016.

The recommendations in this letter represent, in our judgment, those most likely to bring about beneficial improvements to the operations of LDH. The nature of the recommendations, their implementation costs, and their potential impact on the operations of LDH should be considered in reaching decisions on courses of action. The findings relating to LDH's compliance with applicable laws and regulations should be addressed immediately by management.

Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

A handwritten signature in blue ink that reads "Daryl G. Purpera". The signature is written in a cursive style with a large initial 'D'.

Daryl G. Purpera, CPA, CFE  
Legislative Auditor

KW:AHC:WDG:EFS:aa

LDH 2017

## **APPENDIX A: MANAGEMENT'S RESPONSES**





# State of Louisiana

Louisiana Department of Health  
Office of Management and Finance

December 11, 2017

Daryl G. Purpera, CPA, CFE  
Legislative Auditor  
1600 North Third Street  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

RE: Inadequate Controls over Quarterly Federal Expenditure Reporting

Dear Mr. Purpera:

We have carefully reviewed the above referenced reportable audit finding and provide the following response to the recommendation documented in the report.

**Recommendation:**

LDH should continue to strengthen controls over preparation and review of the quarterly expenditure reports, including quarterly reconciliations, to ensure federal expenditures are accurately reported.

**Response:**

The LDH Division of Fiscal Management concurs that, for the quarters ending December 2016 through June 2017, LDH did not properly complete the drug rebates receivables schedule including invoices and adjustments for the Medicaid expansion population. Although the error did not cause any change in the calculation of the Federal reimbursement amount, it did cause the receivables reported to be misstated. December 2016 was the first quarter ending that included drug rebates for Medicaid expansion. In November 2017, LDH Fiscal corrected the June 2017 report to reflect the correct drug rebates receivables amount. Effective November 29, 2017, LDH Fiscal updated procedures for reporting drug rebates on the CMS-64.9R to ensure all pharmacy worksheets are included and to reconcile the drug rebates receivables amount.

The LDH Division of Fiscal Management also concurs that, for quarter ending June 2017, LDH failed to reverse the manual adjustment to CHIP and Medicaid expenditures reported in the quarter ending March 2017. The methodology for reviewing the quarterly revenue reconciliation was flawed and resulted in the uncorrected adjustment remaining undetected. This oversight caused the Schedule of Expenditures of Federal Awards (SEFA) at June 30, 2017 to be misstated by \$8.5 million (net). In November 2017, LDH Fiscal corrected the LaCHIP expenditures by revising the quarter ending June 2017 CMS-64 report and the Medicaid expenditures by making a prior period adjustment to

Daryl G. Purpera  
December 7, 2017  
Page 2

the quarter ending September 2017 CMS-64 report. Effective November 29, 2017, LDH Fiscal added to its CMS-64 quarterly check list an item requiring that all reversals of paper entries from the current quarter be entered into the next quarter adjustment worksheet and made part of the final review.

Although this is the third consecutive year for the Quarterly Federal Expenditure Reporting finding, for each of the three years, the errors that caused the findings are not the same specifically. All were different errors within the same general audit finding category. The LDH Division of Fiscal Management has made advances in correcting many deficiencies in the procedures and processes for preparing the quarterly report and continues to strengthen its controls over preparation and review of the reports. For example, the Federal Medicaid Reporting unit within Fiscal has continued to strengthen its communications with LDH Medicaid program staff to gain a more thorough understanding of the types of expenditures being coded. Staff within the unit attend Medical Vendor Logic meetings and assist with setting up coding to capture expenses for enhanced federal rates. During the past year, the unit has implemented a check list for CMS-64 work papers, as well as a quarterly calendar to organize responsibilities for work paper production and review and to set deadlines for tasks necessary to complete the CMS-64 timely.

From fiscal year 2016 to date, LDH Fiscal has faced significant difficulties with recruiting and retaining qualified staff. These challenges are attributable to non-competitive wage rates for staff in the Accounting series which has caused extremely high turnover rates in all Fiscal sections. The Federal Medicaid Reporting unit experienced a 100% turnover rate for accounting managers and a 75% turnover rate for accounting staff during this period. The impact of this unstable work force within Fiscal has led to a majority of staff being inexperienced and heavier workloads for experienced staff. Also, during this timeframe, the complexity of the work has increased. LDH is currently in the process of contracting with a consultant to assist with preparation of the CMS-64, identify efficiency improvements in procedures and processes, and train staff.

Please contact me at (225) 342-6726 or via email at [Jeff.Reynolds@la.gov](mailto:Jeff.Reynolds@la.gov) if you have any questions.

Sincerely,



W. Jeff Reynolds  
Undersecretary

c: Cindy Rives  
Angel Cavaretta



**State of Louisiana**  
Louisiana Department of Health  
Office of Management and Finance

December 19, 2017

Daryl G. Purpera, CPA, CFE  
Legislative Auditor  
1600 North Third Street  
Baton Rouge, LA 70804-9397

RE: Improper Payments to Waiver Services Providers

Dear Mr. Purpera:

The Office for Citizens with Developmental Disabilities (OCDD) concurs with the finding of the **Improper Payments to Waiver Services Providers** by the Louisiana Legislative Auditor (LLA). The report states that LDH paid New Opportunities Waiver (NOW) claims for waiver services that were not documented in accordance with established policies.

The audit cites that the hours of care were less than what is approved in the Plan of Care for one participant. OCDD does not mandate that an individual utilize all of the hours that are prior approved. There are circumstances where paid hours are substituted by community and natural supports as well as events in the community. While there was documentation lacking for the reason of the unused hours, there was no payment to the service provider.

For the second participant, we agree that the schedule worked was consistently different from the typical schedule. However, the new schedule was followed and did not exceed the weekly budget.

OCDD will review current NOW policies to ensure that proper payments are made and flexibility is maintained as it improves the individual's quality of life.

You may contact Paul Rhorer, OCDD Waiver Director by email at [Paul.Rhorer@la.gov](mailto:Paul.Rhorer@la.gov) or by telephone, at 225-342-8804 should you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "W. Jeff Reynolds", written over a circular scribble.

W. Jeff Reynolds  
Undersecretary



**State of Louisiana**  
Louisiana Department of Health  
Office of Public Health

January 8, 2018

Mr. Daryl G. Purpera, CPA, CFE  
Louisiana Legislative Auditor  
Post Office Box 94397  
Baton Rouge, LA 70804-9397

Mr. Purpera:

The Louisiana Department of Health (LDH) Office of Public Health (OPH) concurs with the Legislative Auditor's finding in that OPH recognizes the need for more detailed and substantive documentation demonstrating the subrecipient monitoring processes and procedures enacted in response to prior audit findings.

Although the findings arise from audits related to subrecipient monitoring and are titled *Noncompliance with Subrecipient Monitoring Requirements*, the prior year findings were based on a lack of any procedures in place to adequately monitor subrecipients. Since the first finding related to subrecipient monitoring, OPH has been working in conjunction with the Louisiana Department of Health's Office of Management and Finance to ensure the implementation of subrecipient monitoring procedures. The current finding acknowledges that procedures have been put in place in accordance with federal regulations, but better documentation is needed.

OPH recognizes the need to provide appropriate documentation as evidence that adequate procedures have been implemented and are being followed to ensure that subrecipients are receiving and responding to audits. As such, OPH is working to identify deficiencies in current audit monitoring and tracking subrecipients. Additionally, OPH will implement revisions to its process to ensure that program staff are compliant with monitoring procedures, obtaining and reviewing required subrecipient audit reports, issuing timely management decision letters when required, and maintaining appropriate documentation. LDH's Office of Management and Finance will maintain an audit tracking system that includes all data needed to substantiate that the policy is being followed.

If additional information is required or further corrective action recommended, please do not hesitate to contact me at 225-342-6188.

Sincerely,

A handwritten signature in blue ink, appearing to read "Parham Jaber, MD, MPH".

Parham Jaber, MD, MPH  
Assistant Secretary



## State of Louisiana

Louisiana Department of Health  
Office of Management and Finance

February 1, 2018

Daryl G. Purpera, CPA, CFE  
Legislative Auditor  
P.O. Box 94397  
Baton Rouge, Louisiana 70804-9397

Re: Noncompliance with Third-Party Liability Assignment as a Condition of Eligibility

Dear Mr. Purpera,

Thank you for the opportunity to respond to the findings of your Medicaid Audit Unit on noncompliance with third-party liability (TPL) assignment for Medicaid recipients. The Management of the Bureau of Health Services Financing (BHSF), which is responsible for the Medicaid program in Louisiana, is committed to ensuring that all Medicaid recipients have assigned to the Louisiana Department of Health (LDH) their rights to any third-party payments for medical care.

I have provided a response to the Louisiana Legislative Auditor's recommendation below.

**Recommendation:** LDH should ensure notification of TPL assignment is included in each recipient case record as part of required documentation to support the eligibility decision.

**LDH Response:** LDH concurs with this finding.

As corrective action for paper applications, staff will ensure current versions contain the assignment notification language. In addition, the chapter of the BHSF Eligibility Administrative Procedures Manual covering application processing will be revised to include instructions for staff to confirm the assignment notification is contained on paper applications received for processing. If not, a notification of the assignment must be sent to the applicant if found eligible for Medicaid with the appropriate documentation added to the case record. The corrective action is expected to be completed by March 31, 2018.

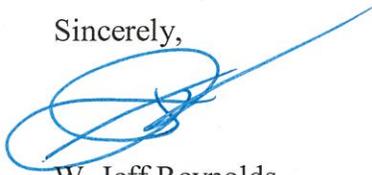
Corrective action is already in progress for the online application. In conjunction with implementing a new eligibility system, changes are being made to the online application process. The revised application summary that will be uploaded to the case record will

Daryl G. Purpera  
February 1, 2018  
Page 2

contain the assignment notification. The scheduled release for the new eligibility system and online application is July 30, 2018.

You may contact Rhett Decoteau, Deputy Director, at (225) 342-2300 or via e-mail at [Rhett.Decoteau@la.gov](mailto:Rhett.Decoteau@la.gov) with any questions about this matter.

Sincerely,



W. Jeff Reynolds  
Undersecretary

## APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the Louisiana Department of Health (LDH), including the Office of Public Health, for the period from July 1, 2016, through June 30, 2017, to provide assurances on financial information significant to the State of Louisiana's Comprehensive Annual Financial Report (CAFR), and to evaluate relevant systems of internal control in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. The procedures included inquiry, observation, review of policies and procedures, and a review of relevant laws and regulations. Our procedures, summarized below, are a part of the audit of the CAFR and the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2017.

- We evaluated LDH's operations and system of internal controls through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to LDH.
- Based on the documentation of LDH's controls and our understanding of related laws and regulations, we performed procedures to provide assurances on LDH's account balances and classes of transactions to support the opinion on CAFR.
- We performed procedures on the Medicaid Cluster; the Children's Health Insurance Program (LaChip); Maternal and Child Health Services Block Grant to the States, and Maternal, Infant, and Early Childhood Home Visiting Cluster for the year ended June 30, 2017, to support the 2017 Single Audit.
- We performed procedures on information for the preparation of the State's Schedule of Expenditures of Federal Awards and on the status of prior-year findings for the preparation of the State's Summary Schedule of Prior Audit Findings for the year ended June 30, 2017, as required by Uniform Guidance.
- We compared the most current and prior-year financial activity using LDH's annual fiscal reports and/or system-generated reports to identify trends and obtained explanations from LDH management for significant variances.

The purpose of this report is solely to describe the scope of our work at LDH and not to provide an opinion on the effectiveness of LDH's internal control over financial reporting or on compliance. Accordingly, this report is not intended to be, and should not be, used for any other purposes.

We did not audit or review LDH's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. LDH's accounts are an integral part of the State of Louisiana's CAFR, upon which the Louisiana Legislative Auditor expresses opinions.