

PINECREST SUPPORTS AND SERVICES CENTER
OFFICE FOR CITIZENS WITH
DEVELOPMENTAL DISABILITIES

LOUISIANA DEPARTMENT OF HEALTH
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
PROCEDURAL REPORT
ISSUED APRIL 1, 2020

**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

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report is available for public inspection at the Baton Rouge office of the Louisiana Legislative Auditor and online at www.lla.la.gov.

This document is produced by the Louisiana Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. One copy of this public document was produced at an approximate cost of \$0.20. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's website at www.lla.la.gov. When contacting the office, you may refer to Agency ID No. 3543 or Report ID No. 80200021 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Elizabeth Coxe, Chief Administrative Officer, at 225-339-3800.

Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Pinecrest Supports and Services Center

April 2020

Audit Control # 80200021

Introduction

The primary purpose of our procedures at the Pinecrest Supports and Services Center (Center) was to evaluate certain controls the Center uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and to provide accountability over public funds. In addition, we determined whether management has taken actions to correct the findings reported in the prior report.

The Center is a part of the Office for Citizens with Developmental Disabilities, Louisiana Department of Health (LDH).

Results of Our Procedures

We evaluated the Center's operations and system of internal control through inquiry, observation, and review of its policies and procedures, including a review of the applicable laws and regulations. Based on the documentation of the Center's controls and our understanding of related laws and regulations, and the results of our analytical procedures, we performed procedures on selected controls and transactions relating to Medicaid billing, purchasing card expenses, residents' account disbursements, payroll and personnel, contract expenses, and fuel card expenses.

Follow-up on Prior-report Findings

We reviewed the status of the prior-report findings in the Center's procedural report dated May 30, 2018. We determined that management has resolved the prior-report findings related to Failure to Accurately Collect Medicaid Funds, Failure to Report Misappropriations, and Unnecessary Credit Card Charges Incurred.

Medicaid Billing

The Center submits monthly electronic billings through the DXC Technology system for Medicaid funds, which are received and directly deposited into the State Treasury by LDH for the Center's use. The billings are to be based on the number of residents and days housed during each month and established Medicaid per diem rates are entered in the HSys Electronic Billing

Software for Medicaid and uploaded to the DXC Technology system. We inquired of Center personnel and examined supporting documents for March 2019, June 2019, October 2019, and December 2019 billings. Based on the results of our procedures, no exceptions were identified.

Purchasing Card Expenses

The Center participates in the state of Louisiana's LaCarte purchasing card program for general office supplies and administrative expenses. We obtained an understanding of the Center's controls over access to and use of these cards.

We analyzed LaCarte card transaction listings for the period July 1, 2018, through December 31, 2019, and reviewed selected transactions. Based on the results of our procedures, the Center had adequate controls to ensure that purchases were approved and made for proper business purposes; sufficient documentation was maintained to support purchases; and purchases were properly reconciled to invoices and receipts.

Residents' Account Disbursements

We inquired of the Center's personnel and reviewed listings of residents' account disbursements for fiscal years 2019 and 2020, as of January 15, 2020. We selected and examined supporting documents for disbursements made in September 2018, October 2018, December 2018, April 2019, June 2019, August 2019, September 2019, and December 2019 to determine whether disbursements were properly reviewed and authorized, valid for the benefit of the resident, properly supported, and recorded. Based on the results of our procedures, no exceptions were identified.

Payroll and Personnel

Salaries and related benefits comprised approximately 78% of the Center's expenses in fiscal years 2019 and 2018. We obtained an understanding of the Center's controls over the time and attendance function and reviewed selected employee time statements and leave records for pay periods during the two-year period ending June 30, 2020, as of December 31, 2019.

We also obtained and reviewed listings of employees who terminated their employment during the two fiscal years ending June 30, 2020, as of February 20, 2020, and compared the dates access was removed in the LaGov system to the employees' termination dates from the Center.

Based on the results of our procedures, the Center had adequate controls in place to ensure timely review and approval of employee time statements and leave requests, employees were paid the amounts authorized, leave taken was properly accounted for, and access was timely removed.

Contract Expenses

We obtained an understanding of the Center's policies and procedures relating to contract expenses. For contracts in effect for the two-year period ending June 30, 2020, as of January 31, 2020, for neurology, dental, psychiatry, and direct care social services, we examined contracts, performance evaluations, and selected invoice payments made during the months of January 2019, April 2019, June 2019, September 2019, November 2019, and January 2020. Based on the results of our procedures, no exceptions were identified.

Fuel Card Expenses

The Center participates in the state of Louisiana's FuelTrac card program and uses the fuel cards to make gas and auto maintenance and repair purchases. We obtained an understanding of the Center's policies and procedures relating to fuel card activities. We analyzed a listing of transactions for the period July 1, 2018, through December 31, 2019. We selected and examined documents such as receipts, logs, billing statements, and payment vouchers for fuel card purchases made in August 2018, September 2018, October 2018, November 2018, February 2019, March 2019, August 2019, November 2019, and December 2019.

The Center also maintains fuel tanks on its grounds to fuel lawn mowers, off-road maintenance vehicles, and other equipment such as generators. We made observations, inquired of Center personnel, and reviewed fuel log sheets and inventory records as of February 21, 2020.

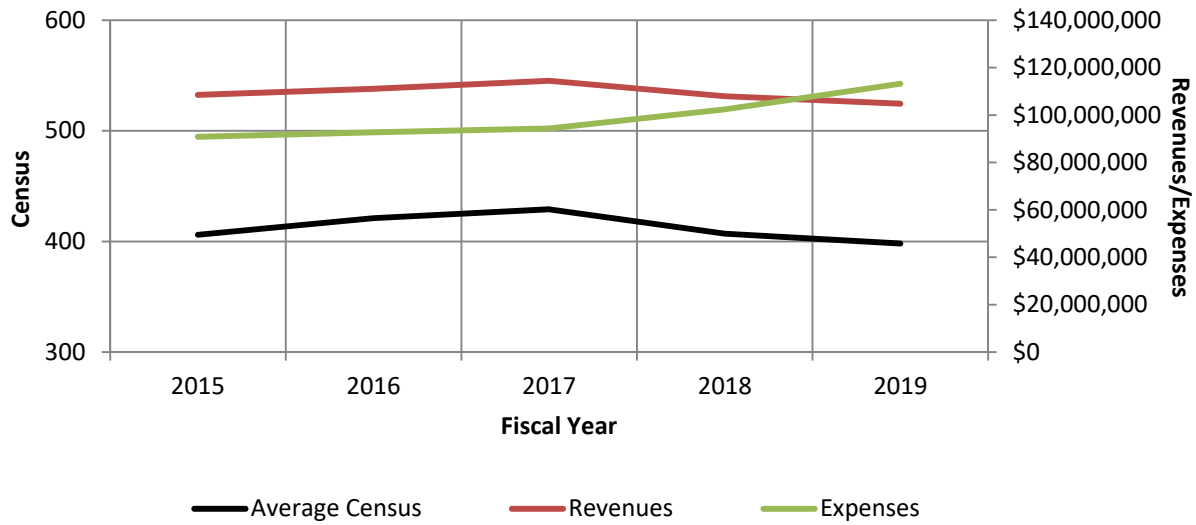
Based on the results of our procedures, no exceptions were identified.

Trend Analysis

We compared the most current and prior-year financial activity using the Center's system-generated reports and obtained explanations from the Center's management for any significant variances. We also prepared an analysis of the Center's revenues, expenses, and census data; and census data by population groups over the past five fiscal years to identify trends, as shown in Exhibits 1 and 2 on the following pages.

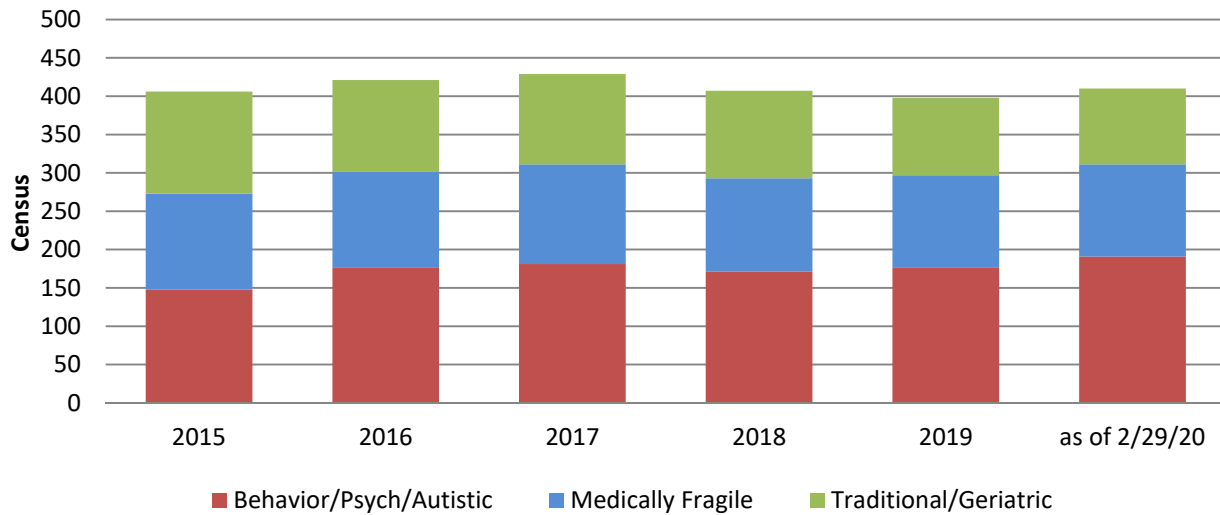
In the past five fiscal years, revenues and expenses remained fairly consistent until fiscal year (FY) 2017. The average monthly census count increased in FY 2016 and FY 2017 due to more behavioral and psychiatric residents being admitted from court orders due to the lack of availability of other placement options; and gradually decreased in FY 2018 and FY 2019 due to a decrease in admissions and increased efforts to transition more residents out into the community or other private facilities. In response, revenues decreased in FY 2018 and continued to decrease in FY 2019, while expenses increased in FY 2018 and exceeded revenues in FY 2019 to meet a new requirement by Medicaid requiring increases in the number of direct staff employees to care for the residents.

Exhibit 1 Fiscal/Census Trends



Sources: Integrated State-wide Information System Reports and Screen Printouts; Business Objects Reports; Health Standards Reports

Exhibit 2 Census Distribution by Population Group Per Fiscal Year



Source: Office of Citizens with Developmental Disabilities System Health Standards Reports

Under Louisiana Revised Statute 24:513, this report 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

KWB:BAC:BH:EFS:aa

PSSC2020

APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at the Pinecrest Supports and Services Center (Center) for the period from July 1, 2018, through March 16, 2020. Our objective was to evaluate certain controls the Center uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and to provide accountability over public funds. The scope of our procedures, which are summarized below, was significantly less than an audit conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit or review the Center's financial information, and accordingly, we do not express an opinion on that information. The Center's accounts, under the Office for Citizens with Developmental Disabilities, Louisiana Department of Health are an integral part of the state of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated the Center'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 the Center.
- Based on the documentation of the Center's controls and our understanding of related laws and regulations, and results of our analytical procedures, we performed procedures on selected controls and transactions relating to Medicaid billing, purchasing card expenses, residents' account disbursements, payroll and personnel, contract expenses, and fuel card expenses.
- We compared the most current and prior-year financial activity using the Center's financial information and/or system-generated reports to identify trends and obtained explanations from the Center's management for any significant variances that could potentially indicate areas of risk.

The purpose of this report is solely to describe the scope of our work at the Center and not to provide an opinion on the effectiveness of the Center'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 purpose.