

CAPITAL AREA HUMAN SERVICES DISTRICT  
LOUISIANA DEPARTMENT OF HEALTH  
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES  
PROCEDURAL REPORT  
ISSUED JUNE 26, 2019

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# Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Capital Area Human Services District  
Louisiana Department of Health

June 2019

Audit Control # 80190043

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## Introduction

The primary purpose of our procedures at the Capital Area Human Services District (CAHSD) was to evaluate certain controls CAHSD uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and to provide accountability over public funds.

The service area for CAHSD includes seven parishes: Ascension, East Baton Rouge, East Feliciana, Iberville, Pointe Coupee, West Baton Rouge, and West Feliciana.

## Results of Our Procedures

We evaluated CAHSD'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 CAHSD'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 revenue billings and collections, accounts receivables, federal grant revenues and expenditures, payroll and personnel, professional services contracts, movable property, and information systems access.

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## Revenue Billings and Collections

CAHSD uses ICANotes, an electronic health record system, to bill for services provided to clients and to maintain medical records for services rendered and amounts owed. We obtained an understanding of CAHSD's controls over revenue billings and collections, including the reconciliation process of billings to collections. We performed procedures to determine if CAHSD was reconciling amounts billed to amounts collected and that patient accounts reflected payments received. We selected deposits from the June 2018 and December 2018 bank statements and traced to the electronic claims submission/receipt report and to cash logs for customer deposits. In addition, we traced payments received to patient accounts in ICANotes. Based on the results of our procedures, CAHSD had supporting documentation for reconciliations and adequate controls were in place to ensure that revenue billings and collections were properly recorded.

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## **Accounts Receivables**

Amounts billed for services but not yet collected are accounts receivable. CAHSD monitors/tracks outstanding claims using the ICANotes system. A quarterly accounts receivable report is submitted to the Louisiana Department of Health detailing current receivables, long-term receivables, and write-offs. We obtained an understanding of CAHSD's controls over accounts receivables. We obtained support for the October 2018 – December 2018, quarterly receivables report. We agreed the quarterly additions to ICANotes claims support adjusted for allowable amounts and agreed collections to bank statement deposits. Based on the results of our procedures, CAHSD had adequate controls in place to ensure that amounts reported as receivables were supported and properly recorded.

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## **Federal Grant Revenues and Expenditures**

CAHSD receives federal funds from the Louisiana Department of Health, Office of Behavioral Health as interagency transfers on an expenditure reimbursement basis. For the period under review, approximately 76% in fiscal year 2018 and 78% in fiscal year 2019 of CAHSD's federal grant expenditures consisted of the Substance Abuse Prevention and Treatment Block Grant (SAPT). We obtained an understanding of CAHSD's controls over federal grant revenues and tested expenditure transactions for the fiscal years 2018 and 2019 SAPT grant. We agreed the expenditure per the general ledger to supporting invoices to ensure amounts charged to the grant were appropriate for SAPT reimbursement and in accordance with the grant agreement. Based on the results of our procedures, CAHSD had adequate controls in place to ensure that grant revenues were supported by expenditures and were properly recorded.

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## **Payroll and Personnel**

Salaries and related benefits comprise approximately 78% of CAHSD's expenditures in fiscal years 2018 and 2019. We obtained an understanding of CAHSD's controls over the time and attendance function and reviewed selected employee time statements and leave records. Based on the results of our procedures, CAHSD had adequate controls in place to ensure timely review and approval of employee time statements and leave requests, employees were paid the amounts authorized, and leave taken was properly accounted for.

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## **Professional Services Contracts**

CAHSD's professional services contracts in effect during the period under review totaled approximately \$2.1 million and \$916,000 for fiscal years 2018 and 2019, respectively. We obtained an understanding of CAHSD's controls over professional services contracts and related payments. We examined selected contracts, invoices, and payments for compliance with state laws and contract terms, as well as to ensure there was sufficient monitoring of the agreements. Based on the results of our procedures, CAHSD had adequate controls in place to ensure that

contracts were properly approved, expenditures were in accordance with the terms of the contracts, and the contracts were sufficiently monitored.

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## **Movable Property**

CAHSD owned approximately 600 items of movable property throughout its clinics and administrative offices with original costs of \$1.3 million for fiscal years 2018 and 2019. We obtained and reviewed the Certifications of Annual Property Inventory to determine if there was an excessive amount of unlocated property. Our procedures determined that CAHSD complied with state property regulations related to annual property certifications and unlocated property was less than 1% of total inventory.

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## **Information Systems Access**

CAHSD uses ICANotes to bill and collect self-generated revenues, Integrated Statewide Information System (ISIS) for general ledger data and financial statement preparation, and the LaGov system for purchasing and contracts. We performed procedures to determine whether information technology access was restricted based on business-need and access was adequately segregated. Based on the results of our procedures, CAHSD had adequate controls in place to ensure access was properly restricted and segregated in the ICANotes, ISIS, and LaGov systems.

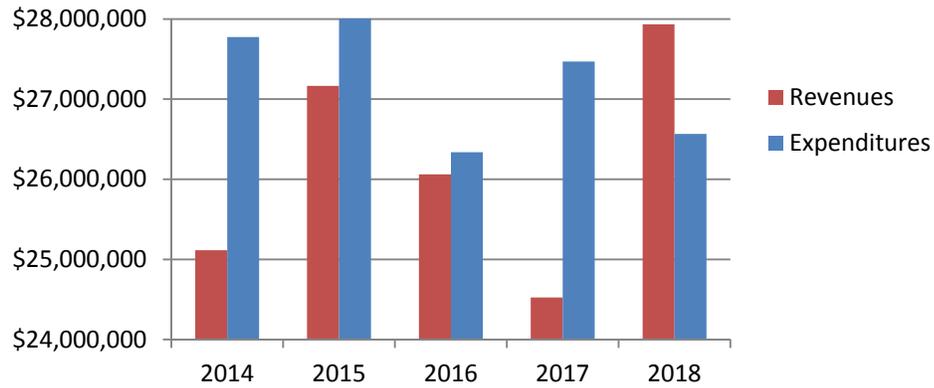
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## **Trend Analysis**

We compared the most current and prior-year financial activity using CAHSD's Annual Fiscal Reports and system-generated reports and obtained explanations from CAHSD's management for any significant variances. We also prepared an analysis of the five fiscal year trend for revenues and expenditures.

CAHSD is funded with state general fund appropriations, federal funds, interagency transfers, and self-generated revenues. Due to decreases in state general fund appropriations over the past five fiscal years, the fund balance of self-generated revenues was used to pay for expenditures over revenues for fiscal years 2014 through 2017, as illustrated in the chart on the following page.

**Five-Year Trend – Revenues and Expenditures**



**Source:** Fiscal Year 2014-2018 Annual Fiscal Reports

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

Respectfully submitted,

Daryl G. Purpera, CPA, CFE  
Legislative Auditor

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CAHSD 2019

## APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at the Capital Area Human Services District (CAHSD) for the period from July 1, 2017, through June 13, 2019. Our objective was to evaluate certain controls CAHSD 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 is 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 CAHSD's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. The CAHSD accounts are an integral part of the state of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated CAHSD'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 CAHSD.
- Based on the documentation of CAHSD'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 revenue billings and collections, accounts receivables, federal grant revenues and expenditures, payroll and personnel, professional services contracts, movable property, and information systems access.
- We compared the most current and prior-year financial activity using CAHSD's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from CAHSD'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 CAHSD and not to provide an opinion on the effectiveness of CAHSD'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.