

LOUISIANA SPECIAL EDUCATION CENTER

DEPARTMENT OF EDUCATION
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
PROCEDURAL REPORT
ISSUED JUNE 19, 2019

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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Louisiana Special Education Center

June 2019

Audit Control # 80190013

Introduction

The primary purpose of our procedures at the Louisiana Special Education 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.

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 billings, purchasing card and controlled billed account expenditures, Fueltrac card expenditures, contract expenditures, residents' accounts activity, and payroll expenditures.

Current-report Finding

Human Rights Committee Not In Compliance with Federal Regulations

The Center's Human Rights Committee (committee) did not comply with federal regulations or the Medicaid Interpretive Guidelines that govern the committee's functions. The committee is made up of Center employees, parents, residents, and external community persons and meets at least quarterly.

Based on the results of our procedures, we identified the following issues:

- There is no clear evidence that the parents and external community persons on the committee received annual training on the rights of clients as required by federal regulations and Medicaid guidelines. Support for annual training is only maintained for the Center's employees on the committee.
- For 12 (71%) of 17 medication or equipment changes approved during the months November 2017 through January 2019, verbal approvals were documented as

received from a parent or guardian without later obtaining written approvals, which is required within 30 days per federal regulations and Medicaid guidelines.

Lack of ensuring that all committee members are trained and that proper consent is obtained from parents or guardians increases the risk of noncompliance with federal regulations and improper treatment of clients.

The Center's management should update its Human Rights Committee policies and procedures and closely monitor the activities of the committee to ensure adherence to applicable federal regulations and Medicaid guidelines. Management concurred with the finding and outlined a plan of corrective action (See Appendix A).

Medicaid Billings

The Center consists of a residential school with a 75-bed capacity and a group home with a 15-bed capacity. The Center submits monthly electronic billings to Molina Medicaid Solutions for Medicaid funds, which are received and directly deposited into the State Treasury by the Louisiana Department of Health for the Center's use. The billings are based on the number of residents the Center houses during a month and the billing rates for Medicaid. The school and the group home are billed separately because billing rates differ for the two residential facilities. We verified current bed usage and reviewed monthly billings for November and December 2017 and November and December 2018 to determine whether the Center billed based on accurate census data and authorized reimbursement rates, and whether the billing transactions were properly recorded. Based on the results of our procedures, no exceptions were identified.

Purchasing Card and Controlled Billed Account (CBA) Expenditures

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

We reviewed LaCarte card and CBA transaction listings for the months of September 2017, April 2018, May 2018, August 2018, September 2018, and October 2018, and examined support for selected transactions. Based on the results of our procedures, the Center had adequate controls to ensure that purchases and CBA transactions were approved and made for proper business purposes; sufficient documentation was maintained to support purchases; and purchases were properly reconciled to invoices and receipts.

Fueltrac Card Expenditures

The Center participates in the state of Louisiana's Fueltrac Card program and uses Fueltrac cards to purchase fuel and auto maintenance for its fleet of 11 vehicles. We inquired of staff and obtained an understanding of the Center's policies and procedures relating to fuel card activities. We selected and examined documents including receipts, trip logs, credit card statements, and payment vouchers for fuel card purchases made between November 2017 and January 2019. Based on the results of our procedures, no exceptions were identified.

Contract Expenditures

We obtained an understanding of the Center's policies and procedures relating to contract expenditures. We reviewed a listing of contracts in effect for the two-year period ending June 30, 2019, as of January 17, 2019, for medical, dental, and other professional services. Contract expenditures totaled \$306,604 for fiscal 2018 and \$113,193 for fiscal year 2019 as of January 17, 2019. We selected 10 contracts and examined the contracts, performance evaluations, and invoice payments made in December 2018 and January 2019 to determine whether the expenditures complied with established policies and state rules and regulations. Based on the results of our procedures, no exceptions were identified.

Residents' Accounts Activity

We inquired of the Center's personnel and reviewed residents' account balances and transactions for the fiscal years ending June 30, 2018, and June 30, 2019 as of December 31, 2018, to gain an understanding of controls over resident accounts. We examined support for deficits in three residents' accounts totaling \$66,652, which the Center is working with a Molina representative to resolve a total of \$11,458 deducted in error from a resident's monthly billings; is accepting regular payments from a parent to pay off a resident's \$9,590 unpaid liability balance; and has submitted \$45,604 to the Attorney General's office for further collections.

We also agreed the detail resident account balances as of December 31, 2018, to the summary general ledger account balances, and tested receipts received in August 2017, December 2017, August 2018, and November 2018 to determine whether the amounts were properly recorded. In addition, we selected and examined supporting documents for disbursements made in November 2017, May 2018, August 2018, and November 2018 to determine whether disbursements were properly authorized, valid for the benefit of the resident, supported, and accurately recorded. Based on the results of our procedures, no exceptions were identified.

Payroll Expenditures

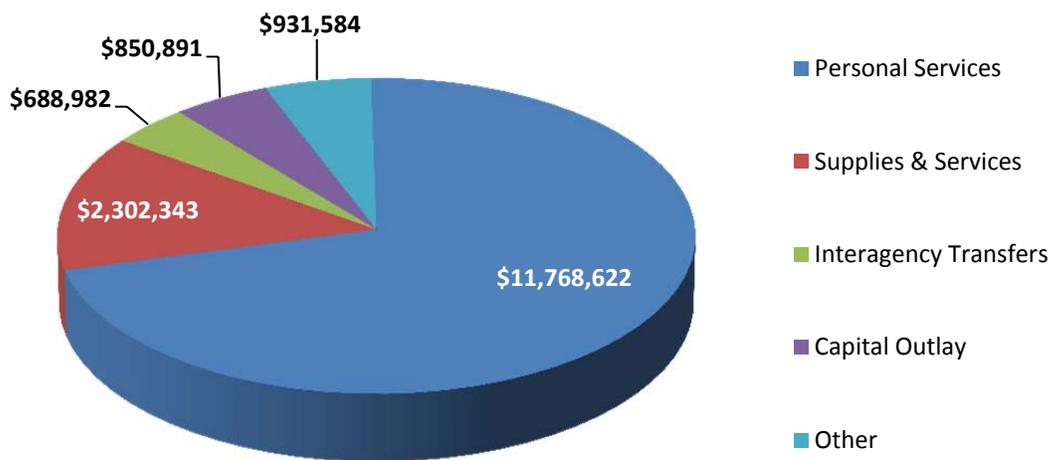
The Center has approximately 200 employees, and salaries and related benefits comprised of approximately 67% expenditures in fiscal year 2018. We obtained an understanding of the Center's controls over hiring practices, time and salary approval, and overtime earned during out-of-town trips with patients. We reviewed listings of employees' salaries and examined selected employees' personnel files, salary authorization, time records, and out-of-town trip documents. We also obtained and reviewed listings of employees who terminated their employment during the two fiscal years ending June 30, 2019, as of February 13, 2019, and compared the dates access was removed in the LaGov system to the dates employees terminated their employment from the Center. 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 Annual Fiscal Reports and/or system-generated reports and obtained explanations from the Center's management for any significant variances.

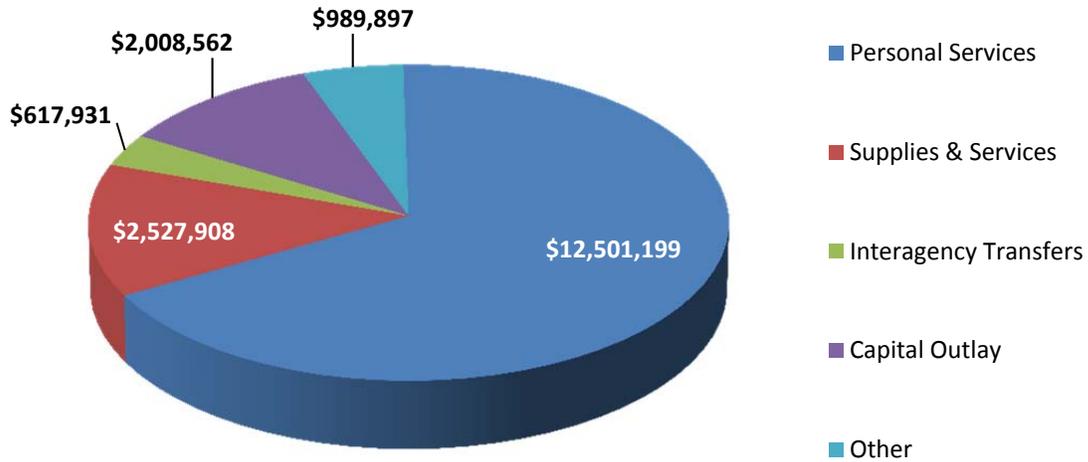
Revenues for fiscal year 2017 and 2018 totaled \$16,542,422 and \$18,645,496, respectively. Of these amounts, \$16,620,517 in fiscal year 2017 and \$18,554,870 in 2018 were Interagency Revenues from Medicaid billings. We also prepared an analysis of the Center's expenditures for the fiscal years 2017 and 2018 for informational purposes (see Exhibits 1 and 2).

Exhibit 1
Fiscal Year 2017 Expenditures
Total: \$16,542,422



Source: ISIS Report ID 2G15, Appropriation Report by Agency

Exhibit 2
Fiscal Year 2018 Expenditures
Total: \$18,645,497



Source: ISIS Report ID 2G15, Appropriation Report by Agency

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

KWB:BAC:BH:EFS:aa

LSEC2019

APPENDIX A: MANAGEMENT'S RESPONSE

LOUISIANA SPECIAL EDUCATION CENTER

Kristy Flynn
Director

Telephone
318-487-5484

6/5/19

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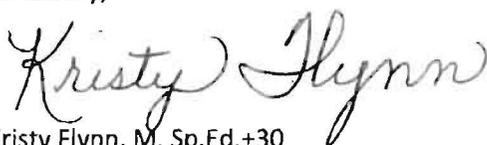
Dear Daryl G. Purpera,

This letter serves as an official response relating to the reportable audit finding for the Louisiana Special Education Center (LSEC) issued on May 22, 2019. The audit states that the LSEC Human Rights Committee is not in compliance with federal regulations and identified a lack of ensuring all committee members are trained and that proper consent is obtained from parents or guardians increases the risk of noncompliance with federal regulations and improper treatment of clients.

Louisiana Special Education Center concurs with the findings and recommendations and submits a plan of correction for both Human Rights and Consent for Medication and Equipment Changes.

Thank you for your time and consideration in this matter.

Sincerely,



Kristy Flynn, M. Sp.Ed.+30

Director

Louisiana Special Education Center



LOUISIANA SPECIAL EDUCATION CENTER PLAN OF CORRECTION- 5/23/19

This plan of correction constitutes the LSEC Human Rights Committee acknowledge that documentation of formal training of parent and external community members were not kept on file. However, the LSEC HRC wishes to point out and emphasize there has been an ongoing process of training of all committee members (including parents and external community persons). This ongoing training has included the rights of clients, as well as the duties and responsibilities of a sitting member of the Human Rights Committee. This ongoing training and teaching occurs at each HRC meeting to ensure team members understand their duty to protect client's rights.

The LSEC Human Rights Committee agrees that written documentation of formal annual training on the rights of clients of all HRC members (including parents and external members) be completed and kept on file.

However, submission of this plan of correction is not an admission that a deficiency exists. This plan of correction is submitted to meet requirements established by state and federal law.

Purpose: Documentation of training of all HRC members (including parents and external community members) be kept on file.

I. What corrective action(s) will be taken:

All HRC members (including parents and external community members) will be trained on the rights of clients. This training will be documented and kept on file.

Training was conducted at the HRC meeting on 05/09/19. Documentation of training is recorded in the HRC minutes.

The HRC members who were not present for the 05/09/19 HRC meeting, will be mailed the training material with instructions. Follow up training with these members will be completed by 06/23/19. These members will sign off they received the required training, and their signature sheets will be kept on file.

2. What measures will be put into place or what systemic changes will be made to ensure that the deficient practice does not recur:

A Standard Operating Procedure has been created outlining that HRC members will be trained on an annual basis on the rights of clients. The training will be documented and kept on file.

Plan of Correction-5/23/19

3. How will the facility plan to monitor its performance to ensure that solutions are sustained:

Standard Operating Procedure for Annual Training of Human Rights Committee Members.

4. When will the corrective action be completed:

Date by which all corrective actions are complete: **6/23/19.**

LOUISIANA SPECIAL EDUCATION CENTER PLAN OF CORRECTION- 5/23/19

This plan of correction constitutes our written allegation of compliance for the deficiencies cited. However, submission of this plan of correction is not an admission that a deficiency exists or that one was cited correctly. This plan of correction is submitted to meet requirements established by state and federal law.

Purpose: Consent for medication and equipment changes.

The Louisiana Special Education Center (LSEC) requires that all psychotropic medications and their subsequent changes in dosage have both verbal and written consent. Verbal consent must be obtained prior to the initiation of such medication. According to federal and Medicaid guidelines, written consent must be obtained within 30 days of obtaining verbal consent.

I. What corrective action(s) will be taken for the client found to have been affected by the deficient practice

- Verbal as well as written consents will be obtained as outlined in the Standard Operating Procedure (SOP).

2. How are other clients with the potential to be affected by the same deficient practice will be identified:

- All clients' medical records in which psychotropic medications are prescribed, will be subject to quality assurance checks on a monthly basis. This is to ensure deficiencies are not still currently ongoing.

3. What measures will be put into place or what systemic changes will be made to ensure that the deficient practice does not recur:

- A Standard Operating Procedure has been created outlining the proper methods for obtaining both verbal and written consent.
- Log or Binder will be created to maintain records of consents and serve as a quality assurance tool on a monthly basis.

4. How will the facility plan to monitor its performance to ensure that solutions are sustained:

a. In-service training of nursing staff:

1. Review of Consent for Medication Administration and Acknowledgement of Receipt of Information.

2. Standard Operating Procedure for Psychotropic Medication Administration Consent Procedure.

5. When will the corrective action be completed:

Kim Crooks, RN Supervisor and Blake Borrel, RN Supervisor will monitor and perform quality assurance checks monthly, address concerns, and identify patterns that may need further training or revisions.

Date by which all corrective actions are complete: **6/23/19.**

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the Louisiana Special Education Center (Center) for the period from July 1, 2017, through June 11, 2019. 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 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 Center's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. The Center's accounts 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 the results of our analytical procedures, we performed procedures on selected controls and transactions relating to Medicaid billings, purchasing card and controlled billed account expenditures, Fueltrac card expenditures, contract expenditures, residents' accounts activity, and payroll expenditures.
- We compared the most current and prior-year financial activity using the Center's Annual Fiscal Reports 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.