

CENTRAL LOUISIANA HUMAN
SERVICES DISTRICT

LOUISIANA DEPARTMENT OF HEALTH
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
PROCEDURAL REPORT
ISSUED JULY 5, 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

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.

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 \$0.60. 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.la.la.gov. When contacting the office, you may refer to Agency ID No. 10837 or Report ID No. 80180033 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



Central Louisiana Human Services District

July 2018

Audit Control # 80180033

Introduction

The primary purpose of our procedures at the Central Louisiana Human Services District (CLHSD) was to evaluate certain controls CLHSD uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and to provide overall accountability over public funds. In addition, we determined whether management has taken action to correct transition issues identified in the prior report.

Results of Our Procedures

We evaluated CLHSD'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 CLHSD'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 cash; billings for services provided; reconciliation of Medicaid revenues to accounting and health records; meeting revenue budgets; contract expenditures; and information technology.

Follow-up on Prior Transition Issues

We reviewed the status of the prior transition issues reported in the CLHSD's procedural report dated September 30, 2015. We determined that management has resolved the prior transition issues related to meeting self-generated revenue budgets, and payroll and nonpayroll expenditures. The prior transition issues related to cash receipts for fees; billing for services provided; inappropriate information technology access; and reconciliation of Medicaid revenues to accounting and health records have not been completely resolved and are addressed again in this report.

Current-year Findings

Inadequate Cash Controls

CLHSD did not have adequate controls over cash during the fiscal years ending June 30, 2017, and June 30, 2018, increasing the risk that errors or fraud, as well as noncompliance with state laws, could occur and remain undetected.

Our procedures revealed that CLHSD did not comply with state law or its own policy, nor did it maintain good internal controls over cash as follows:

- CLHSD did not prepare bank reconciliations for its three bank accounts for six months, September 2017 through February 2018. Also, there was no evidence of an independent review of the bank reconciliations prepared for the months July 2016 through August 2017.
- CLHSD's chief fiscal officer has online access to CLHSD's local bank account, has access to blank checks, prepares check disbursements, and reconciles the bank statements.
- CLHSD did not transfer self-generated monies from its local bank account to the Louisiana Department of the Treasury (Treasury) by the end of the month, as required by CLHSD's policy. In fiscal year 2017, deposits totaling \$51,328 to \$120,673 were transferred to the Treasury up to 290 days after the end of the month. In fiscal year 2018, as of April 9, 2018, deposits totaling \$511,870 for the months October 2017 to March 2018 had not been transferred to the Treasury.
- During the period July 2016 through February 2018, CLHSD did not ensure cash balances deposited in its local bank account in excess of the \$250,000 insured by Federal Deposit Insurance Corporation were properly secured as required by state law. Cash balances up to \$271,009 were unsecured for two to six consecutive months during this period.
- There is no evidence that the mail receipts log and pre-numbered receipts are reconciled to the deposits before being made.

CLSHD management should update its policies and procedures and train its employees to ensure duties over its local bank account are properly segregated; bank reconciliations are prepared and independently reviewed timely; support is maintained for all check disbursements; and deposit information is reconciled to support. Management should also establish a method for ensuring that self-generated funds are transferred to the Treasury in accordance with CLHSD policy. In addition, management should monitor its employees to ensure that they comply with existing policies and applicable state laws. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, pages 1-3).

Not Billing in Accordance with Insurers' Contract Terms

CLHSD did not bill Medicare, Medicaid, and private insurance companies in accordance with insurers' contracts. Based on our analysis and explanations provided by management, CLHSD failed to collect \$224,411 of self-generated revenues during the fiscal year 2017 and fiscal year 2018, as of April 23, 2018, as follows:

- \$80,077 for services provided to patients having insurers that CLHSD did not have contracts with.
- \$62,389 for services provided by licensed, registered, and certified addiction counselors not meeting Medicare and third-party insurers' specific requirements.
- \$23,064 for prescriptive services not authorized by providers' plans, such as Medicare, Medicare Advantage plans, and United Healthcare non-medical.
- \$15,111 for outpatient treatment services provided and no pre-authorizations were obtained as required by Medicaid.
- \$43,770 for patient billing claims that expired because CLHSD did not file claims and appeals, or refile billing errors by deadline dates established by insurers.

In addition, CLHSD wrote off \$359,478 from 1,366 patients' accounts receivable balances, without evidence of the Executive Director's approval, as required by CLHSD's policy.

Good business practices require that insurers' contracts be obtained and terms met before providing and billing for services to avoid denied claims and lost revenues. CLHSD did not have adequate controls in place over its billing process or for complying with its policy regarding write-offs.

CLHSD management should strengthen controls over its billing process and better monitor its employees to ensure necessary insurer contracts are obtained and all claims submitted for payment to insurers for services provided to patients adhere to contract terms. Management should also ensure that its write-off policy is adhered to. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, pages 4-8).

Inappropriate System Access

CLHSD granted its employees inappropriate access to the Intuitive Computer Assisted Notes (ICANotes) behavioral health electronic records software system, increasing the risk of error or fraud in a system that billed and collected approximately \$1.2 million in self-generated revenues during fiscal year 2017.

During the period July 1, 2017, through April 6, 2018, five employees at CLHSD were granted access not needed to perform their daily job duties as follows:

- The chief fiscal officer, the deputy director, and two compliance employees had access to create and delete a patient chart.
- A cashier had access to delete a patient chart.

Based on our procedures, no instances were found where the access was used by these five employees for the period examined. CLHSD's controls surrounding the ICANotes system are inadequate to ensure proper access is granted and monitored.

Management should update its policies and procedures to address granting ICANotes system access and periodically monitor employees' access to ensure those accesses are appropriate for their job duties and no employee has the ability to make unauthorized changes to system data. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, pages 9-10).

Subrecipient Determinations Not Made

CLHSD disbursed federal funds to contractors without determining whether each contractor qualified as a subrecipient and failed to clearly identify federal award information to subrecipients at the time of the contract award, as required by federal regulations.

CLHSD is allocated federal funds from the Louisiana Department of Health, Office of Behavioral Health (OBH) as interagency transfers, and CLHSD passes these funds to nonprofit entities via contracts to perform social and professional services. The federal programs involved include Temporary Assistance for Needy Families, Catalog of Federal Domestic Aid (CFDA) 93.558; Block Grants for Prevention and Treatment of Substance Abuse (CFDA 93.959); Projects for Assistance in Transition from Homelessness (CFDA 93.150); and Block Grants for Community Mental Health Services (93.958) having awards totaling \$3,334,639 and \$3,388,820 allocated to CLHSD for fiscal years 2018 and 2017, respectively.

Management represented that its employees were not aware of the federal requirements and followed OBH guidance that all contractors disbursed federal funds provided as interagency transfers are vendors and not subrecipients. Management also indicated that it was instructed by OBH on January 30, 2018, to prepare subrecipient checklists for all contractors.

CLHSD management should provide its personnel with detailed training to appropriately determine whether a contractor is a subrecipient, and strengthen its policies and procedures to ensure that subrecipients' awarding documents include all required federal award information. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, pages 11-12).

Cash

CLHSD maintains three bank accounts as follows:

- Local bank account - used to deposit CLHSD's self-generated monies received in the mail and at individual the clinics located in the cities of Jonesville, Leesville, and Marksville.
- Two state treasury sweep accounts - used to electronically deposit Medicare and Medicaid funds.

CLHSD's cash balances totaled \$521,009 as of February 28, 2018. We obtained an understanding of CLHSD's controls over the bank accounts, evaluated the segregation of duties, reviewed bank statements and bank reconciliations, and selected disbursements. Based on the results of our procedures, CLHSD did not have adequate controls in place over cash (see Current-year Findings section).

Billings for Services Provided

CLHSD uses ICANotes behavioral health electronic records software to bill for services provided to patients and to maintain medical records for services rendered and amounts owed. We selected and tested individual client billings during the two fiscal years ending June 30, 2018, as of February 28, 2018, and found instances where claims were denied because CLHSD did not have contracts with the insurance providers; pre-authorizations were not obtained; and service and billing timelines did not meet contract terms before providing and billing for services. We also performed an analysis of write-off adjustments made by CLHSD during the two fiscal years ending June 30, 2018, as of April 23, 2018; and found that CLHSD did not follow its accounts receivable write-off policy (see Current-year Findings section).

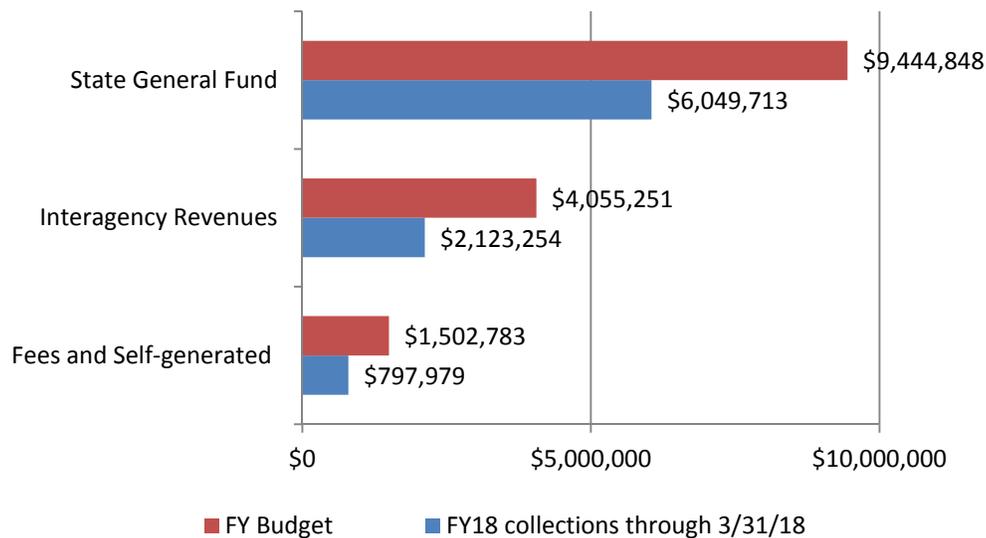
Reconciliation of Medicaid Revenues to Accounting and Health Records

CLHSD uses the Integrated Statewide Information System (ISIS) Financial System to record cash collections for Medicaid revenues. We performed procedures to determine if CLHSD performed reconciliations of claims collections to the accounting records in ISIS and client files per ICANotes. We found that CLHSD Medicaid revenues collections were not reconciled to accounting records for those months that bank reconciliations were not prepared (see Current-year Findings section).

Meeting Revenue Budgets

Since CLHSD’s first year of operation, management expressed concern about CLHSD’s ability to meet its annual self-generated revenue budget. In analyzing the revenues received through March 31, 2018, CLHSD had collected \$797,979, or 53.1% of its \$1.5 million 2018 self-generated revenue budget; and \$1.21 million, or 80.6% of its \$1.5 million 2017 self-generated budget. CLHSD does not set its own budget for self-generated revenue; the budget was determined by the Louisiana Department of Health (LDH). For FY 2017, LDH reduced CLHSD’s self-generated budget from \$2 million to a more attainable amount of \$1.5 million, which was unchanged for FY 2018. CLHSD has received more than 52% of its interagency transfer revenue budget as of March 31, 2018. CLHSD seems to be on track to receive more than 80% of the budgeted amount for self-generated and interagency revenues for fiscal year ending June 30, 2018.

Fiscal Year 2018 Budget to Actual Revenues, as of March 31, 2018



Sources: 2018 Budget and ISIS Transaction Detail

Contract Expenditures

We reviewed a listing of contracts for the two-year period ending June 30, 2018, and selected contracts for residential services, skills training services, and psychiatric clinical services. We examined contract invoices for payments made in October 2017, through February 2018 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.

Information Technology

CLHSD uses ICANotes to bill and collect self-generated revenues, and ISIS for general ledger data and financial statement preparation. We performed procedures to determine whether information technology access was restricted to business-need only and access was adequately segregated. We found that CLHSD did not have adequate controls in place to ensure access was properly restricted and segregated in the ICANotes system (see Current-year Findings section).

Trend Analysis

We compared the most current and prior-year financial activity using CLHSD's financial information and/or system-generated reports and obtained explanations from CLHSD management for any significant variances that could potentially indicate risk.

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

Respectfully submitted,



Thomas H. Cole, CPA
First Assistant Legislative Auditor

PGH:BAC:BH:EFS:aa

CLHSD2018

APPENDIX A: MANAGEMENT'S RESPONSES



State of Louisiana

Central LA Human Services District

April 25, 2018

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

Dear Mr. Purpera:

Thank you for allowing me the opportunity to reply to your recent audit findings. I am very thankful for the work Mrs. Hernandez and Mrs. Clements have done and I concur with their findings. CLHSD will implement policies and procedures to ensure that these findings are corrected and do not recur. In addition, each staff member involved in these procedures will be specifically trained and held accountable by the Executive Director and/or his designee. Each of the bulleted findings is addressed below.

- CLHSD did not prepare bank reconciliations for its three bank accounts for six months, September 2017 to February 2018. Also, there was no evidence of an independent review of the bank reconciliations prepared for the months July 2016 to August 2017.

The bank statements for the three accounts from the period September 2017 to March 2018 have been reconciled. From this date forward, the bank statements for all three bank accounts will be reconciled by the Chief Fiscal Officer (CFO) or her designee, within the first 10 days of the month immediately succeeding the month being reconciled (the time period will allow priority of competing demands placed upon the CFO by the Division of Administration, Louisiana Department of Health, the Legislature, and any other Department/Agency/Division that requires immediate action by the CFO). All reconciliations will be independently reviewed by the Executive Director or his designee by the end of the successive month.

- CLHSD's chief fiscal officer has on-line access to its local bank account, has access to blank checks, prepares check disbursements, and reconciles the bank statements.

The Chief Fiscal Officer will continue to have on-line access to the local bank account and reconcile the bank statements. The blank checks will be secured and maintained by our Corporate Compliance Officer and check disbursements will be prepared by the Deputy Director of

CLHSD Executive Office

401 Rainbow Drive • Unit 35 • Pineville, LA 71360 • P.O. Box 7118 • Alexandria, Louisiana 71306-0118

Phone: 318.487.5191 • Fax: 318.487.5184

"An Equal Opportunity Employer"

Behavioral Health (successor to the Executive Director). All disbursements will have support attached to disbursement receipt.

- CLHSD did not transfer self-generated monies from its local bank account to the Louisiana Department of Treasury (Treasury) by the end of the month, as required by CLHSD's policy. In fiscal year 2017, deposits totaling \$51,328 to \$120,673 were transferred to the Treasury up to 290 days after the end of the month. In fiscal year 2018, as of April 9, 2018, deposits totaling \$511,870 for the months October 2017 to March 2018 had not been transferred to the Treasury.

As of this date, all self-generated funds in the local bank account have been deposited into the state Treasury. From this date forward, self-generated funds in the local bank account will be deposited into the state Treasury by the 10th of the month succeeding the month that the funds were deposited into the local account. This schedule will be implemented using Microsoft Outlook Calendar as a recurring appointment with a 2 day advance reminder. The Executive Director will monitor this process to ensure it is followed.

- During the period July 2016 to February 2018, CLHSD did not ensure cash balances deposited in its local bank account in excess of the \$250,000 insured by Federal Deposit Insurance Corporation were properly secured as required by state law. Cash balances up to \$271,009 were unsecured for two to six consecutive months during this period.

With self-generated funds in the local bank account being deposited into the state Treasury each month, cash balances should not exceed \$250,000, so this should not present as an issue in the future. Deposit totals will be monitored daily by the Executive Administrative Assistant to determine if cumulative cash balance totals will exceed \$250,000 at any time prior to the end of the month, in which case a deposit into the state Treasury will occur prior to the 10th of the month succeeding the month that the funds were deposited into the local account. The regularly scheduled deposit into the state Treasury will also be made for any funds received during the remainder of the month. The Executive Director will monitor this process to ensure it is followed.

- There is no evidence that that the mail receipts log and pre-numbered receipts are reconciled to the deposits before being made.

The mail receipts log (as well as copies of the checks received from insurance companies) will be reconciled with the pre-numbered receipts by the Executive Administrative Assistant prior to deposits being made. Deposit receipts will be attached to the mail receipts log, pre-numbered receipts, along with copies of the checks. The Executive Director will monitor this process to ensure it is followed.

CLHSD Executive Office

401 Rainbow Drive • Unit 35 • Pineville, LA 71360 • P.O. Box 7118 • Alexandria, Louisiana 71306-0118

Phone: 318.487.5191 • Fax: 318.487.5184

“An Equal Opportunity Employer”

Thank you again for all of the work you performed. If you require additional information, please contact me.

Sincerely,

A handwritten signature in black ink that reads "Michael R. DeCaire, Ph.D." with a stylized flourish at the end.

Michael R. DeCaire, Ph.D.
Executive Director

CLHSD Executive Office

401 Rainbow Drive • Unit 35 • Pineville, LA 71360 • P.O. Box 7118 • Alexandria, Louisiana 71306-0118

Phone: 318.487.5191 • Fax: 318.487.5184

“An Equal Opportunity Employer”



State of Louisiana

Central LA Human Services District

May 10, 2018

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

Dear Mr. Purpera:

Thank you for allowing me the opportunity to reply to your recent audit findings. I am very thankful for the work Mrs. Hernandez and Mrs. Clements have done and I concur with their findings, that Central Louisiana Human Services District (CLHSD) did not bill Medicare, Medicaid, and private insurance companies in accordance with insurers' contracts during the fiscal year 2017 and fiscal year 2018. CLHSD will implement policies and procedures to ensure that these findings are corrected and eliminated and/or minimized. In addition, each staff member involved in these procedures will be specifically trained and held accountable by the Executive Director and/or his designee. All clinical and some administrative staff will receive training during the implementation phase of the new electronic health record.

As it relates to the specific examples identified, CLHSD will no longer provide services to clients who have health benefits provided by health plans that we are not credentialed with, to provide their members with services. We will also continue our efforts to align clients with clinicians who have the credentials required by the health plan, which enable CLHSD to be reimbursed for the services provided. However, being in a medical shortage area as well as a mental health shortage area, the probability that we will be able to eliminate this problem is modest at best, as we will likely always have staff that will not have the credentials required by the health plan (e.g. addictions counselors and medical psychologists). In addition, prior-authorizations will be obtained prior to beginning outpatient treatment and clients will be seen at an approved level of care until the authorization is received. Billing challenges have been complicated by our electronic health record, separate billing clearinghouse, and accounts receivable functions, which has led us to acquire a new electronic health record which also functions as the billing clearinghouse and accounts receivable/practice management software and hope to have it implemented by the next fiscal year, which should ameliorate these issues. Lastly, the write-offs were discussed with me by fiscal staff and the reasons for such were explained, which I approved, although it was not done in writing as

CLHSD Executive Office

401 Rainbow Drive • Unit 35 • Pineville, LA 71360 • P.O. Box 7118 • Alexandria, Louisiana 71306-0118

Phone: 318.487.5191 • Fax: 318.487.5184

"An Equal Opportunity Employer"

our policy indicates. From this point forward we will implement a new write-off policy and procedure and adhere to it.

Thank you again for all of the work you performed. If you require additional information, please contact me.

Sincerely,

A handwritten signature in blue ink that reads "Michael R. DeCaire, Ph.D." with a stylized flourish at the end.

Michael R. DeCaire, Ph.D.
Executive Director

CLHSD Executive Office

401 Rainbow Drive • Unit 35 • Pineville, LA 71360 • P.O. Box 7118 • Alexandria, Louisiana 71306-0118

Phone: 318.487.5191 • Fax: 318.487.5184

“An Equal Opportunity Employer”

John Bel Edwards
Governor



Michael R. DeCaire, Ph.D.
Executive Director

State of Louisiana
Central LA Human Services District

May 10, 2018

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

Dear Mr. Purpera:

This correspondence contains the corrective action that will be taken by CLHSD, as it relates to billing Medicaid, Medicare, and private insurance companies.

Corrective Action: Contracting with health plans.

CLHSD will discontinue providing services to clients that are members of health plans that we do have a contract with to provide services. We have identified the specific clients of these plans and are preparing notice advising them of our intention to discontinue providing services to them due to our being out of network and their option to find a new provider, change health plans to an accepted/in-network health plan and continue coming to our clinics, or becoming a self-pay client and continuing to come to our clinics. We will give these clients 90 days to secure a new provider or change health plans. Clients electing to become self-pay can continue coming to the clinic(s), provided that they pay at the time of service. We intend to post notices in our clinics and mail notices to clients by June 30, 2018, to allow for legal review of issues relating to abandonment of a client, to ensure that we meet any necessary requirements. If all goes according to the allotted time for notice, then we should be able to make this effective, given the 90 day period, September 30, 2018. I, Michael R. DeCaire, Ph.D., Executive Director, and/or Rebecca Craig, Deputy Director of Behavioral Health, are the individuals responsible for this corrective action.

Corrective Action: Health plan specific non-credentialed clinicians; Prescriptive Services not authorized.

As stated in the response letter to these findings, we will continue our efforts (meaning the effective date is ongoing) to align clients with clinicians who possess the credentials required by a particular client's health plan. Due to a number of reasons, including caseloads, availability of CLHSD clinician(s) within and across clinics and across parishes, and need type of client (substance abuse vs. mental health) combined with being a designated medical and mental health shortage area, we cannot guarantee that we

CLHSD Executive Office

401 Rainbow Drive • Unit 35 • Pineville, LA 71360 • P.O. Box 7118 • Alexandria, Louisiana 71306-0118

Phone: 318.487.5191 • Fax: 318.487.5184

"An Equal Opportunity Employer"

will always be able to successfully align our clinicians with the clients health plan. However, we will identify which of our clinicians are credentialed with which health plans and implement a policy that clients from certain health plans are to be seen by certain clinicians, if/when available, and if not, then they may be seen by another clinician. We will begin working on this immediately with the intention of having it completed and staff educated and trained by August 13, 2018. I, Michael R. DeCaire, Ph.D., Executive Director, and/or Rebecca Craig, Deputy Director of Behavioral Health, are the individuals responsible for this corrective action.

Corrective Action: Prior-authorization for outpatient treatment not obtained.

Clients were admitted to Intensive Outpatient Treatment (IOP) for substance abuse, to prevent delays and decrease risks of relapse, prior to the prior-authorization being received. On April 26, 2018, we began developing a policy, whereby these clients will be considered being seen at a lower level of care not requiring prior-authorization, until the prior-authorization for IOP is received, at which time they will be transitioned to IOP. The policy should be completed at our next scheduled workgroup meeting, June 28, 2018. Upon final approval of the policy, we will educate and train staff and implement the policy, which should occur by July 2, 2018. I, Michael R. DeCaire, Ph.D., Executive Director, and/or Rebecca Craig, Deputy Director of Behavioral Health, are the individuals responsible for this corrective action.

Corrective Action: Expired claims billing.

As stated in the response letter to these findings, we are in the process of acquiring a new electronic health record (EHR). This EHR also functions as its own billing clearing house and practice management software, which should ameliorate these issues. We are currently in the development phase of the implementation process, whereby custom reports for Louisiana Department of Health are being developed and programmed and migration of existing client data is being determined. It is our hope that these two attributes of the EHR will be completed by July 1, 2018, at which time we will have on-site training and begin with the final implementation by August 1, 2018. I, Michael R. DeCaire, Ph.D., Executive Director, and/or Rebecca Craig, Deputy Director of Behavioral Health, are the individuals responsible for this corrective action.

Corrective Action: Write-off policy.

We have begun drafting a write-off policy that will allow write-offs of necessary/approved (as a matter of policy) claims for contractual, charity, small balance, and prompt payment reasons. These will not require written approval of the Executive Director. The policy will also include provisions for unnecessary write-offs and the accompanying procedure, including Executive Director written approval for timely filing, uncredentialed provider, administrative/management reasons, bad-debt, and collections. The policy should be completed at our next scheduled workgroup meeting, June 28, 2018. Upon final approval of the policy, we will educate and train staff and implement the policy, which should occur by July 2, 2018. I, Michael R. DeCaire, Ph.D., Executive Director, and/or Rebecca Craig, Deputy Director of Behavioral Health, are the individuals responsible for this corrective action.

CLHSD Executive Office

401 Rainbow Drive • Unit 35 • Pineville, LA 71360 • P.O. Box 7118 • Alexandria, Louisiana 71306-0118

Phone: 318.487.5191 • Fax: 318.487.5184

“An Equal Opportunity Employer”

Thank you again for all of the work you performed. If you require additional information, please contact me.

Sincerely,

A handwritten signature in blue ink that reads "Michael R. DeCaire" followed by a stylized flourish.

Michael R. DeCaire, Ph.D.
Executive Director

CLHSD Executive Office

401 Rainbow Drive • Unit 35 • Pineville, LA 71360 • P.O. Box 7118 • Alexandria, Louisiana 71306-0118

Phone: 318.487.5191 • Fax: 318.487.5184

“An Equal Opportunity Employer”

John Bel Edwards
Governor



Michael R. DeCaire, Ph.D.
Executive Director

State of Louisiana
Central LA Human Services District

May 2, 2018

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

Dear Mr. Purpera:

Thank you for allowing me the opportunity to reply to your recent audit findings. I am very thankful for the work Mrs. Hernandez and Mrs. Clements have done and I concur with their findings. CLHSD will implement policies and procedures to ensure that these findings are corrected and do not recur. In addition, each staff member involved in these procedures will be specifically trained and held accountable by the Executive Director and/or his designee. Each of the bulleted findings is addressed below.

During the period July 1, 2017 through April 6, 2018, five employees at CLHSD were granted access not needed to perform their daily job duties as follows:

- The chief fiscal officer, the deputy director, two corporate compliance staff, and a fee assessor had access to create and/or delete a patient chart.

The software permission in ICANotes for these 5 employees has been removed and they are no longer able to create or delete a patient chart.

Thank you again for all of the work you performed. If you require additional information, please contact me.

Sincerely,

A handwritten signature in blue ink that reads "Michael R. DeCaire, Ph.D." with a stylized flourish at the end.

Michael R. DeCaire, Ph.D.
Executive Director

CLHSD Executive Office
401 Rainbow Drive • Unit 35 • Pineville, LA 71360 • P.O. Box 7118 • Alexandria, Louisiana 71306-0118

Phone: 318.487.5191 • Fax: 318.487.5184

"An Equal Opportunity Employer"

John Bel Edwards
Governor



Michael R. DeCaire, Ph.D.
Executive Director

State of Louisiana

Central LA Human Services District

May 2, 2018

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

Dear Mr. Purpera:

This correspondence contains the corrective action taken by CLHSD, as it relates to certain employees having permissions within our electronic health record to create or delete a patient record.

Corrective Action: The permission to delete a patient record was removed for all employees of CLHSD on April 17, 2018, and as such, no further corrective action is required to remedy this issue. The permission to create a patient record was also removed on April 17, for the employee identified during the audit, and as such, no further corrective action is required to remedy this issue. I, Michael R. DeCaire, Ph.D., Executive Director, and/or Rebecca Craig, Deputy Director of Behavioral Health, are the individuals responsible for this corrective action.

Thank you again for all of the work you performed. If you require additional information, please contact me.

Sincerely,

A handwritten signature in blue ink that reads "Michael R. DeCaire, Ph.D." with a stylized flourish at the end.

Michael R. DeCaire, Ph.D.
Executive Director

CLHSD Executive Office

401 Rainbow Drive • Unit 35 • Pineville, LA 71360 • P.O. Box 7118 • Alexandria, Louisiana 71306-0118

Phone: 318.487.5191 • Fax: 318.487.5184

"An Equal Opportunity Employer"



State of Louisiana
Central LA Human Services District

June 11, 2018

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

RE: Sub-recipient Determinations Not Made

Dear Mr. Purpera:

Thank you for allowing me the opportunity to reply to your recent audit findings. I am very thankful for the work Mrs. Hernandez and Mrs. Clements have done and I concur with their findings, that Central Louisiana Human Services District (CLHSD) did not make contractor determinations as to whether each contractor qualified as a sub-recipient or as a vendor, after being advised that we had no sub-recipients and all of our contactors were vendors. Accordingly, we did not identify federal award information to sub-recipients at the time of the contract award, understanding that we did not have any. Now that this has been clarified, we will train our fiscal staff responsible for preparing contracts to appropriately determine whether a contractor is a sub-recipient or a vendor and we will ensure that required information/documentation is included for all federal award information.

Corrective Action: Determination training; Making determinations; Policy and procedure revision.

CLHSD will obtain training for its staff on the requirements of 2 CFR 200.330 – Sub-recipient and Contractor Determination. Specifically, the Executive Director, the Deputy Director of Behavioral Health, the Corporate Compliance Officer, and the Chief Fiscal Officer and designated fiscal staff will complete this training. Upon completion of this training, we will begin assessing each contractor for the designation of sub-recipient or vendor (contractor). We intend to complete the training and determination process within 90 days or by September 10, 2018 (Sub-recipient checklists have already been completed for all contractors). CLHSD policy and procedure will be revised to mirror this process at its next policy workgroup meeting in July 2018. I, Michael R. DeCaire, Ph.D., Executive Director, and/or Rebecca Craig, Deputy Director of Behavioral Health, and/or Karin Shrader, Chief Fiscal Officer, are the individuals responsible for this corrective action.

CLHSD Executive Office

401 Rainbow Drive • Unit 35 • Pineville, LA 71360 • P.O. Box 7118 • Alexandria, Louisiana 71306-0118

Phone: 318.487.5191 • Fax: 318.487.5184

“An Equal Opportunity Employer”

Thank you again for all of the work you performed. If you require additional information, please contact me.

Sincerely,

A handwritten signature in blue ink that reads "Michael R. DeCaire, Ph.D." with a stylized flourish at the end.

Michael R. DeCaire, Ph.D.
Executive Director

CLHSD Executive Office

401 Rainbow Drive • Unit 35 • Pineville, LA 71360 • P.O. Box 7118 • Alexandria, Louisiana 71306-0118

Phone: 318.487.5191 • Fax: 318.487.5184

“An Equal Opportunity Employer”

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the Central Louisiana Human Services District (CLHSD) for the period from July 1, 2016, through June 18, 2018. Our objective was to evaluate certain controls CLHSD 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 CLHSD's Annual Fiscal Report, and accordingly, we do not express an opinion on that report. CLHSD's accounts are an integral part of the Louisiana Department of Health, which is an integral part of the state of Louisiana's financial statements upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated CLHSD'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 CLHSD.
- Based on the documentation of CLHSD's controls and our understanding of related laws and regulations, we performed procedures on selected controls and transactions relating to cash; billings for services provided; reconciliation of Medicaid revenues to accounting and health records; meeting revenue budgets; contract expenditures; and information technology.
- We compared the most current and prior-year financial activity using CLHSD's system-generated reports to identify trends and obtained explanations from CLHSD'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 CLHSD and not to provide an opinion on the effectiveness of CLHSD'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.