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Report Highlights

Central Louisiana Human Services District

Louisiana Department of Health

Audit Control # 80180033

Financial Audit Services • July 2018

Why We Conducted This Work

We conducted procedures at the Central Louisiana Human Services District (CLHSD) 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 for the period July 1, 2016, through June 18, 2018.

What We Found

- 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. Weaknesses identified include, but were not limited to, the following:
 - 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 its local bank account, has access to blank checks, prepares check disbursements, and reconciles the bank statements.
 - There is no evidence that the mail receipts log and pre-numbered receipts are reconciled to the deposits before being made.
- 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. 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.
- CLHSD granted its employees inappropriate access to the Intuitive Computer Assisted Notes 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.
- 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.
- 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. Except as noted above, we found controls provided reasonable assurance of accountability over public funds and compliance with applicable laws and regulations for the period examined.

View the full report, including management's responses, at www.la.gov.