

FAIRVIEW TREATMENT CENTER

St. Mary Parish, Louisiana

Financial Report

Year Ended June 30, 2020

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KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITOR'S REPORT

Fairview Treatment Center
c/o St. Mary Parish Government
St. Mary Parish, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Fairview Treatment Center (hereinafter "Center"), a governmental fund of the St. Mary Parish Council, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Center's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2020, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the budgetary comparison information on pages 14-16 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Center has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2020 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
December 3, 2020

FUND FINANCIAL STATEMENTS

FAIRVIEW TREATMENT CENTER
St. Mary Parish, Louisiana

Balance Sheet
Governmental Fund
June 30, 2020

ASSETS

Assets:

Receivables, net	\$ 4,380
Due from other governments, net	249,501
Prepaid expenditures	<u>45,688</u>
Total assets	<u>\$ 299,569</u>

LIABILITIES, DEFERRED INFLOWS
OF RESOURCES AND FUND BALANCE

Liabilities:

Due to parish government	\$ 135,342
Accounts payable	89,800
Accrued liabilities	<u>40,544</u>
Total liabilities	<u>265,686</u>

Deferred inflows of resources:

Unavailable revenues	<u>19,478</u>
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Fund balance:

Nonspendable	45,688
Unassigned	<u>(31,283)</u>
Total fund balance	<u>14,405</u>

Total liabilities, deferred inflows of resources and fund balance	<u>\$ 299,569</u>
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The accompanying notes are an integral part of the financial statements.

FAIRVIEW TREATMENT CENTER
St. Mary Parish, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
Year Ended June 30, 2020

Revenues:	
Intergovernmental	\$ 1,782,125
Patient fees	<u>10,612</u>
Total revenues	<u>1,792,737</u>
Expenditures:	
Current-	
General government	
Bad debts	50,397
Facility fees	338,768
Laboratory fees	2,872
Personal services	1,315,373
Professional fees	394,372
Supplies	80,083
Travel	1,540
Capital outlay	<u>1,079</u>
Total expenditures	<u>2,184,484</u>
Net change in fund balance	(391,747)
Fund balance, beginning	<u>406,152</u>
Fund balance, ending	<u>\$ 14,405</u>

The accompanying notes are an integral part of the financial statements.

FAIRVIEW TREATMENT CENTER
St. Mary Parish, Louisiana

Notes to Financial Statements

INTRODUCTION

In October of 1989, the St. Mary Parish Council passed a resolution agreeing to participate in the operation of an alcohol and drug abuse, inpatient treatment facility for the residents of Louisiana. The operations began in November 1989 when they entered into an agreement with the State of Louisiana, Department of Health and Hospitals to operate the Fairview Treatment Center (hereinafter "Center").

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity

The Governmental Accounting Standards Board (GASB) establishes criteria for determining which organizations should be included in a governmental financial reporting entity. As the governing authority of the Center, for reporting purposes, the St. Mary Parish Council (Council) is the financial reporting entity. The financial reporting entity consists of the primary government (Council), organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Center is a governmental fund of the St. Mary Parish Council (primary government) and, as such, these financial statements should be included in the basic financial statements of the Council for the year ending December 31, 2020. The Center has followed GASB guidance to determine whether there are any other organizations that should be combined with its statements to form a financial reporting entity. These financial statements include only the operations of the Center.

B. Basis of Presentation

The accompanying financial statements of the Center have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Fund Financial Statements

The Center uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Center functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The fund of the Center is classified as a governmental fund and is used to account for all financial resources of the center.

FAIRVIEW TREATMENT CENTER
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded with the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

The governmental fund utilizes a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on its balance sheet. Their operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of a period.

Basis of Accounting

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Center considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting.

D. Assets, Liabilities, Deferred Inflows of Resources and Equity

Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds of the St. Mary Parish Council for goods provided or services rendered. These receivables and payables are classified as due from the parish government or due to the parish government on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. All receivables are shown net of an allowance account, as applicable.

Prepays

Prepays record payments to vendors that benefit future reporting periods and are also reported on the consumption basis.

FAIRVIEW TREATMENT CENTER
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow from resources (revenue) until that time. The Center reports deferred inflows arising from unavailable revenues. Unavailable revenue occurs under a modified accrual basis of accounting.

Fund Equity

Governmental fund equity is classified as fund balance. Fund balance for the Center's governmental fund is displayed depicting the relative strength of the spending constraints placed on the purposes for which resources can be used. In the governmental fund financial statements, fund balance is classified as follows:

1. Nonspendable - amounts that cannot be spent either because they are in nonspendable form (such as prepaid expenditures) or because they are legally or contractually required to be maintained intact.
2. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. Committed - amounts that can be used only for specific purposes determined by a formal action of the St. Mary Parish Council. The Parish Council is the highest level of decision-making authority for the Center. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Parish Council.
4. Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Parish Government's adopted policy, the Administrator of the Center may assign amounts for specific purposes.
5. Unassigned - all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Center considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Center considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Parish Council or the Center's Administrator have provided otherwise in their commitment or assignment actions.

E. Revenues and Expenditures

Revenues

Revenues and fees, charges, and commissions for services are recorded when the Center is entitled to the funds.

FAIRVIEW TREATMENT CENTER
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

Expenditures

Expenditures are recorded when the underlying liability is incurred and are classified by character.

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

G. Compensated Absences

Employees earn vacation and sick leave annually at varying rates depending upon length of service. These compensated absences are allowed to accumulate from period to period if not used. The maximum amount of vacation days that can be carried over is ten work days but only upon written approval from the Administrator and must be taken by the employee within forty-five days. Sick leave shall be earned at the rate of one day per month up to twelve days per year. An employee cannot accrue more than 120 days of sick leave. Upon termination an employee is compensated for accumulated vacation time. Employees are not compensated for sick time unless termination is due to normal retirement at which point sick time is considered vested. Normal retirement is when the employee meets the required qualifications to retire from the Parochial Retirement System.

(2) Receivables and Due from Other Governments

At June 30, 2020, the Center has receivables totaling \$253,881 as follows:

Receivable Class	Fund Activities
Accounts	
Patient receivables	\$ 4,380
Intergovernmental:	
U.S. Dept. of Health & Human Services	43,237
State of Louisiana- SCLHSA	34,985
State of Louisiana- Medicaid	173,251
Allowance for doubtful accounts	(1,972)
	249,501
	\$ 253,881

FAIRVIEW TREATMENT CENTER
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

(3) Accrued Liabilities

The accrued liabilities consisted of the following at June 30, 2020:

	Governmental Activities
Accrued salaries	\$ 21,980
Compensated absences	18,564
Total	<u>\$ 40,544</u>

(4) Retirement Commitments

Eligible employees of the Center participate in Parochial Employees' Retirement System. This retirement system is controlled and administered by a separate board of trustees and provides retirement, disability and death benefits to plan members and their beneficiaries.

For the fiscal year ended June 30, 2020, plan members were required to contribute 9.5 percent of their annual covered salary to the system while the Center was required to contribute the statutory rate of 11.5 percent for July 2019 to December 2019 and 12.25 percent for January 2020 to June 2020 of the total annual covered salary. The Center's contributions to the system for the years ended June 30, 2020, 2019, and 2018 were \$100,506, \$104,619, and \$108,757, respectively, equal to the required contribution for each year.

The St. Mary Parish Council makes contributions to the retirement system for the Center's employees. Therefore, the disclosure of pension liabilities, deferred outflows of resources, and deferred inflows of resources required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, is included within the Council's financial report. The Council's publicly available financial report may be obtained by writing to the St. Mary Parish Council, 500 Main Street, Franklin, LA 70538.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Parochial Employees' Retirement System, P.O. Box 14619, Baton Rouge, Louisiana 70898-4619.

(5) Contingencies

As of June 30, 2020, the employees of the Center accumulated \$51,312 in non-vested sick pay, which is not reflected in the fund financial statements. The contingent liability will be recognized if and when the employees meet the normal vesting requirements.

FAIRVIEW TREATMENT CENTER
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

Risk Management

The Center is exposed to various risks of loss related to torts; errors and omission, injuries and natural disasters. The Center has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss.

The Center is insured up to policy limits for each of the above risks. There were no significant changes in coverage, retentions, or limits during the year ended June 30, 2020. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

(6) Related Parties

The Center's operations are housed in a building owned by the St. Mary Parish Council. The Center is a fund of the St. Mary Parish Council. The Center paid the Parish rent in the amount of \$158,736 for the year ended June 30, 2020. This rental agreement is year-to-year on an annual basis, unless either party gives written notice to the other party of its intent not to renew beyond the then current annual term. This agreement shall be subject to termination if the Council shall cease to operate the Center or if the funds to continue its operations are not provided by the State of Louisiana.

The St. Mary Parish Council provided accounting services for a monthly fee of \$1,650 or \$19,800 for the year ended June 30, 2020. The St. Mary Parish Council also provided personnel services for a monthly fee of \$850 or \$10,200 for the year ended June 30, 2020.

(7) Concentrations

Substantially all of the Center's revenues are for services provided to Medicaid patients. For the year ended June 30, 2020, Medicaid-related revenue accounted for approximately 87% of the Center's total revenues.

(8) Summary of Funding Sources

The Center recognized revenue and deferred inflows related to federal grants and/or programs during the year ended June 30, 2020 as follows:

Funding Source	CFDA Number	Recognized Revenues	Deferred Inflows
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through South Central Louisiana Human Services Authority	93.959	\$ 171,282	\$ 1,733
COVID-19 - Provider Relief Fund	93.498	43,237	-
Medicaid	N/A	<u>1,567,606</u>	<u>17,745</u>
Total		<u>\$ 1,782,125</u>	<u>\$ 19,478</u>

FAIRVIEW TREATMENT CENTER
St. Mary Parish, Louisiana

Notes to Financial Statements (continued)

(9) Compensation and Other Payments to Administrator

Act 706 of the 2014 Legislative Session amended R.S. 24:513(A) requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. Expenses paid to Carla Pellerin, Program Administrator, for the year ended June 30, 2020, are as follows:

Annual Salary	\$ 64,579
Benefits-Insurance	14,557
Benefits-Retirement	7,672
Expense Reimbursements	<u>962</u>
Total	<u>\$ 87,770</u>

REQUIRED SUPPLEMENTARY INFORMATION

FAIRVIEW TREATMENT CENTER
St. Mary Parish, Louisiana

Budgetary Comparison Schedule
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP Basis)	Positive (Negative)
Revenues:				
Intergovernmental	\$ 2,308,517	\$ 1,777,595	\$ 1,774,341	\$ (3,254)
Patient fees	<u>2,000</u>	<u>11,918</u>	<u>4,152</u>	<u>(7,766)</u>
Total revenues	<u>2,310,517</u>	<u>1,789,513</u>	<u>1,778,493</u>	<u>(11,020)</u>
Expenditures:				
Current-				
General government				
Facility fees	377,035	344,020	341,534	2,486
Laboratory fees	5,500	2,872	2,872	-
Personal services	1,405,060	1,311,993	1,311,982	11
Professional fees	419,500	394,354	397,047	(2,693)
Supplies	58,700	55,257	71,783	(16,526)
Travel	7,000	1,540	1,540	-
Capital outlay	<u>35,722</u>	<u>25,379</u>	<u>-</u>	<u>25,379</u>
Total expenditures	<u>2,308,517</u>	<u>2,135,415</u>	<u>2,126,758</u>	<u>8,657</u>
Net change in fund balance	2,000	(345,902)	(348,265)	(2,363)
Fund balance, beginning	<u>406,153</u>	<u>406,153</u>	<u>491,547</u>	<u>85,394</u>
Fund balance, ending	<u>\$ 408,153</u>	<u>\$ 60,251</u>	<u>\$ 143,282</u>	<u>\$ 83,031</u>

FAIRVIEW TREATMENT CENTER
St. Mary Parish, Louisiana

Notes to Budgetary Comparison Schedule

(1) Basis of Accounting

The budget is not adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the St. Mary Parish Council (Council).

(2) Budgeting and Budgetary Accounting

The Center follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A proposed budget is prepared and submitted to the Parish Council for the fiscal year prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published, and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten (10) days after publication of the call for the hearing.
4. After the holding of the public hearing, if required, and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.

FAIRVIEW TREATMENT CENTER
St. Mary Parish, Louisiana

Notes to Budgetary Comparison Schedule (continued)

(3) Non-GAAP Reporting Reconciliation

Budgetary amounts are adopted by the Council on the cash basis.

Actual amounts are reconciled on a non-GAAP basis for comparison to budget as follows:

	As Reported	Adjustment to Budgetary Basis	Non-GAAP Basis
Revenues:			
Intergovernmental	\$ 1,782,125	\$ (7,784)	\$ 1,774,341
Patient fees	10,612	(6,460)	4,152
Total	1,792,737	(14,244)	1,778,493
Expenditures:			
General government			
Bad debts	50,397	(50,397)	-
Facility fees	338,768	2,766	341,534
Laboratory fees	2,872	-	2,872
Personal services	1,315,373	(3,391)	1,311,982
Professional fees	394,372	2,675	397,047
Supplies	80,083	(8,300)	71,783
Travel	1,540	-	1,540
Capital Outlay	1,079	(1,079)	-
Total	\$ 2,184,484	\$ (57,726)	\$ 2,126,758

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Victor R. Slaven, CPA* - retired 2020

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Fairview Treatment Center
c/o St. Mary Parish Government
St. Mary Parish, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Fairview Treatment Center (hereinafter "Center"), a governmental fund of the St. Mary Parish Council, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated December 3, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Center's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified a deficiency in internal control that we consider to be a material weakness and as described in the accompanying schedule of audit results and findings as item 2020-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Center's Response to Findings

The Center's response to the finding identified in our audit is described in the accompanying corrective action plan for current audit findings. We did not audit the Center's response and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
December 3, 2020

FAIRVIEW TREATMENT CENTER
St. Mary Parish, Louisiana

Schedule of Audit Results and Findings
Year Ended June 30, 2020

Part I. Summary of Auditor's Results

1. Type of auditor's report issued on financial statements:

<u>Opinion Unit</u> General Fund	<u>Type of Opinion</u> Unmodified
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2. Internal control over financial reporting:

Material weakness(es) identified?	<input checked="" type="checkbox"/> <u> </u> yes	<input type="checkbox"/> <u> </u> no
Significant deficiency(ies) identified?	<input type="checkbox"/> <u> </u> yes	<input checked="" type="checkbox"/> <u> </u> none reported

3. Noncompliance material to the financial statements?

<input type="checkbox"/> <u> </u> yes	<input checked="" type="checkbox"/> <u> </u> no
--	--

Other

4. Management letter issued?

<input type="checkbox"/> <u> </u> yes	<input checked="" type="checkbox"/> <u> </u> no
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FAIRVIEW TREATMENT CENTER
St. Mary Parish, Louisiana

Schedule of Audit Results and Findings (continued)
Year Ended June 30, 2020

Part II. Findings required to be reported in accordance with *Government Auditing Standards*

A. Internal Control Findings--

2020-001 Patient Fee Reimbursement

Year Initially Occurring: 2020

CONDITION: The Center did not obtain required authorization and/or failed to submit request for reimbursement with proper documentation in a timely manner.

CRITERIA: Internal control is a process – affected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives regarding reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The Center’s internal control over financial reporting includes those policies and procedures that pertain to the Center’s ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

CAUSE: Failure to implement established policies and procedures and/or monitor such policies and procedures for effectiveness.

EFFECT: The Center incurred a loss in fees for failing to request authorization for certain admits and was not reimbursed for potentially reimbursable costs for failing to timely remit reimbursement requests.

RECOMMENDATION: The Center should evaluate established policies and procedures, and implementation of such, to ensure required authorization is obtained prior to admittance and all requests for reimbursable expenses are submitted in a timely manner. These policies should be monitored for effectiveness.

B. Compliance Findings--

No findings are reported under this section.

Part III. Findings and questioned costs reported in accordance with the Uniform Guidance

No findings are reported under this section.

FAIRVIEW TREATMENT CENTER
St. Mary Parish, Louisiana

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

A. Internal Control Findings--

No findings were reported under this section.

B. Compliance Findings--

2019-001 Local Government Budget Act

CONDITION: Budget variance in excess of 5% was incurred in the governmental fund.

RECOMMENDATION: We recommend that the Center implement the appropriate budgetary monitoring practices.

CURRENT STATUS: The condition did not reoccur.

C. Uniform Guidance--

Not applicable in prior period.

D. Management Letter--

Not issued in prior period.

CORRECTION ACTION PLAN FOR CURRENT AUDIT FINDINGS

APPENDIX A



FAIRVIEW TREATMENT CENTER

1101 SOUTHEAST BLVD. BAYOU VISTA, LA 70380
PHONE: 985-395-6750 ~ FAX: 985-395-6794

Date: December 3, 2020

Kolder, Slaven & Company, LLC
1201 David Drive
Morgan City, LA 70380

The following is in response to the finding resulting from the Fairview Treatment Center audit for the fiscal year that ended June 30, 2020:

2020-001 Patient Fee Reimbursement

Failure to implement established policies and procedures and/or monitor such policies and procedures for effectiveness.

Management's Response

Corrective Action Plan: In order to avoid further audit concerns, Fairview Treatment Center has updated the policy and procedure for *service authorization/reimbursement* to reflect changes that have occurred since the policy was introduced in 2017. This policy shall be reviewed annually at the beginning of every calendar year for relevance and to assess compliance. Minutes from such meetings shall be maintained.

Name of contact person responsible for corrective action: Carla B. Pellerin, Hospital Administrator

Anticipated completion date for the corrective action: January 31, 2021

Sincerely,

Carla B. Pellerin, MHA
Administrator

Cc: Henry C. "Bo" LaGrange, CAO, SMPG
Paul Governale, CPA, Finance Director, SMPG

1 Enclosure



FAIRVIEW TREATMENT CENTER

1101 SOUTHEAST BLVD. BAYOU VISTA, LA 70380
 PHONE: 985-395-6750 ~ FAX: 985-395-6794

POLICY: Service Authorization / Reimbursement	POLICY NUMBER:
PURPOSE: To assure that FTC is reimbursed for services rendered to all clients.	APPLIES TO: All Staff
CURRENT DATE: 07/01/2017	REVISION DATE: 10/25/2020

Policy:

Fairview Treatment Center is a major participant in the Louisiana Medicaid managed care program whereby clients that utilize treatment center services are covered by one of five Medicaid plans. For clients without Medicaid, reimbursement may be recovered by the SAPT grant contract in accordance with contract guidelines. Fairview Treatment Center billing, counseling, case management and nursing staff are involved in this process. Each staff member is expected to be diligent in following up with all third party carriers to be certain that no reimbursements are missed or negated due to our own negligence. Failure to adhere to this policy may result in disciplinary actions in accordance with St. Mary Parish Government policies and procedures.

Procedure:

- 1) For each client that is admitted with Medicaid, a service authorization is secured in order to properly bill for Medicaid services rendered. Detox Clients: Service authorizations are secured by the nurse on duty. Rehab Clients: Service authorizations are secured by the assigned counselor or case manager on duty. All service authorizations must be secured within 24 hours of the client's arrival. Staff (Nurses and Counselors) must coordinate their efforts so that all information necessary to call in the authorization request is at hand. If a staff member establishes a pattern (2 or more episodes) of failing to call in the authorization timely, disciplinary action will be taken in accordance with SMPG personnel policies.
- 2) For non-Medicaid clients who are approved by the SAPT grant, a Medicaid daily run is generated and filed. On the day that the client picks up Medicaid, the case management or front office staff will make certain that the assigned Medicaid carrier is contacted for a service authorization if possible from the day the client picked up Medicaid. Should the Medicaid carrier fail to cooperate in making coverage retroactive, any communication held is documented so that grant coverage may continue at the discretion of SCHLSA until Medicaid coverage is provided.
- 3) Monthly account audits on each client admitted are conducted to determine if the bed days were authorized by the appropriate 3rd party.

- 4) Account reconciliation reports are generated to delineate discrepancies and document a corrective action plan. If the account cannot be corrected, the charges are written off with proper documentation to show what happened to the account.
- 5) Billing meetings are held on a monthly basis minimally to make certain that the proper procedures are followed, and to determine if additional procedures are needed to assure all bases are covered regarding securing reimbursement for all services rendered.

CBP/2020