

CENTRAL LOUISIANA
SUPPORTS AND SERVICES CENTER

OFFICE FOR CITIZENS WITH
DEVELOPMENTAL DISABILITIES

LOUISIANA DEPARTMENT OF HEALTH

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
PROCEDURAL REPORT
ISSUED JUNE 2, 2021

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Louisiana Legislative Auditor

Michael J. “Mike” Waguespack, CPA

Central Louisiana Supports and Services Center



June 2021

Audit Control # 80210032

Introduction

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

Pursuant to Act 411 of the 2019 Regular Session, the Louisiana Special Education Center (LSEC) and all of its assets and obligations were transferred from the Louisiana Department of Education (LDOE) to the Louisiana Department of Health (LDH). On January 27, 2020, the transfer of LSEC from LDOE to LDH was completed and its name was changed to Central Louisiana Supports and Services Center. The Center is a part of the Office for Citizens with Developmental Disabilities, Louisiana Department of Health.

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 purchasing card expenditures, Medicaid billings, residents’ accounts activity, and payroll expenditures.

Follow-up on Prior-report Finding

We reviewed the status of the prior-report finding in the Center’s procedural report dated June 19, 2019. We determined that management has resolved the prior-report finding related to Human Rights Committee Not In Compliance with Federal Regulations.

Current-report Finding

Failure to Maintain Accurate Annual and Sick Leave Balances

The Center failed to maintain accurate annual and sick leave balances for the director of administration (director) after he retired under the Teachers' Retirement System of Louisiana (TRSL) on January 26, 2020, and was rehired the next day under the Louisiana State Employees' Retirement System (LASERS). Not maintaining accurate leave balances increases the risk of an employee being paid for more leave than earned or the wrong balance being used in retirement calculations.

The Center's human resource personnel did not properly adjust the director's leave balances after he received payment for 300 hours of annual leave and certified his unused sick leave balances to TRSL for service credit. As of pay period ended March 8, 2020, the director's annual and sick leave balances approximately doubled in error and the balances were accumulated through to the pay period ended March 21, 2021, when the matter was brought to management's attention by auditors. The director's annual and sick leave balances were overstated by 253 and 4,799 hours respectively, as of March 24, 2021. The Center has corrected the director's annual and sick leave balances.

Management should provide training to its human resource personnel and develop and implement written policies and procedures to mitigate the risk of errors in the processing of retirements, rehires, and other personnel actions. Management concurred with the finding and outlined a plan of corrective action. (See Appendix A).

Purchasing Card Expenditures

The Center participates in the state of Louisiana's LaCarte purchasing card program for general office supplies and administrative expenditures. We obtained an understanding of the Center's controls over access to and use of these cards, and reviewed the State of Louisiana Corporate Liability P-Card Program Agreement form signed by each cardholder and approver.

We reviewed LaCarte card transaction listings for the period July 1, 2019, through March 11, 2021, and examined supporting documents for selected transactions. Based on the results of our procedures, the Center had adequate controls to ensure that purchases were approved and made for proper business purposes; sufficient documentation was maintained to support purchases; and purchases were properly reconciled to invoices and receipts.

Medicaid Billings

Medicaid billings consist of approximately 99% of the Center's revenues, which totaled \$20.9 million in fiscal year 2020. After the transition to LDH, the Center is comprised of a combined residential school and group home with a 90-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 LDH for the Center's use. The billings are based on the number of residents the Center houses during a month and the billing rate for Medicaid. We verified current bed usage and reviewed monthly billings for January 2020, February 2020, January 2021, and February 2021 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.

Residents' Accounts Activity

We inquired of Center's personnel to gain an understanding of controls over residents' accounts activity. We reviewed listings of resident account balances and transactions for the two fiscal years ending June 30, 2021 as of April 7, 2021, and agreed balances to the general ledger. We selected and examined supporting documents for ten receipts in December 2019, January 2020, February 2020, March 2020, June 2020, July 2020, December 2020, and February 2021; and 15 disbursements in August 2019, November 2019, December 2019, February 2020, April 2020, September 2020, January 2021, and March 2021. Based on the procedures performed, the receipts were reasonable and properly recorded; and the disbursements were properly authorized and supported, valid for the benefit of the resident, and recorded accurately.

Payroll Expenditures

Salaries and related benefits comprised approximately 72% of the Center's expenditures in fiscal year 2020. We obtained an understanding of the Center's controls over time approval, pay rate authorizations, earning overtime, and leave usage. We selected and examined ten employees' time and leave approvals, leave reports, and pay rate authorizations for the pay periods ending January 12, 2020; January 26, 2020; April 5, 2020; April 19, 2020; and January 10, 2021. Based on the results of our procedures, except where inaccurate leave balances were maintained for the administrative director (see Current-report Finding section), the Center had adequate controls in place to ensure timely review and approval of employee time and leave, employees were paid the amounts authorized, overtime earned and paid was proper, and leave taken was properly accounted.

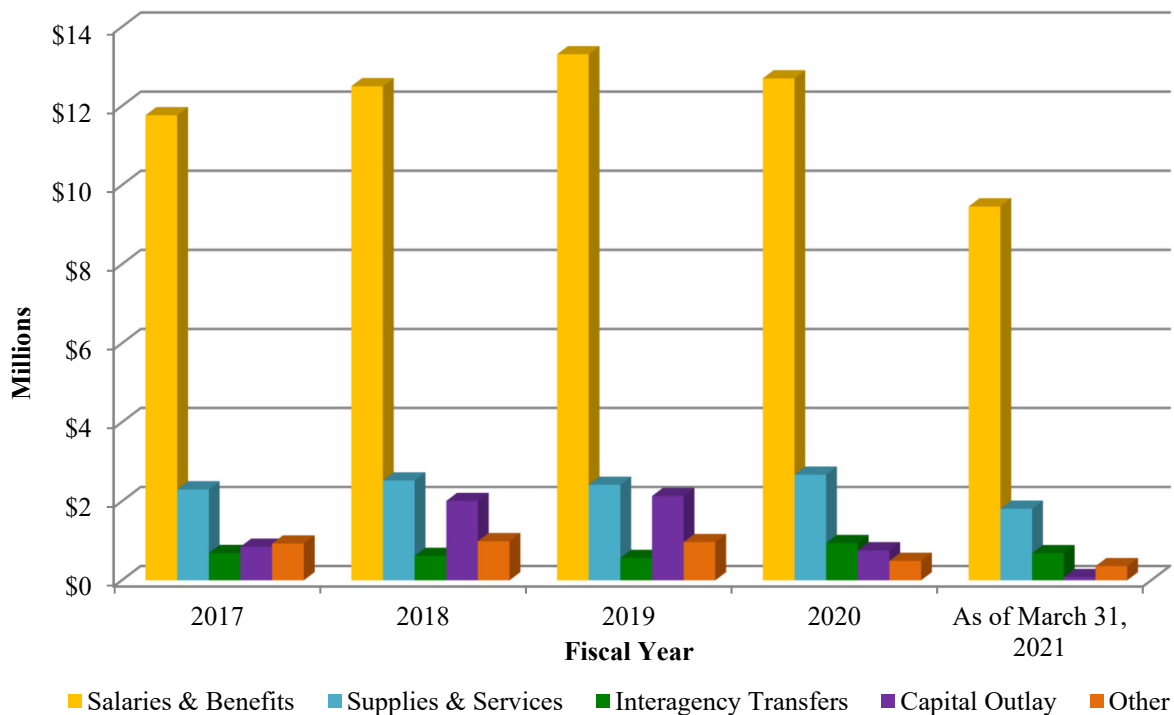
Trend Analysis

We compared the most current and prior-year financial activity using Center's Annual Fiscal Reports and system-generated reports, and obtained explanations from Center's management for any significant variances. We also prepared an analysis of expenditures over the past five fiscal years, as shown in Exhibit 1.

In analyzing the Center's expenditures over the past five fiscal years ending June 30, 2021, as of March 31, 2021, salaries and benefits make up the majority of the expenditures. Salaries and

benefits increased in fiscal years 2018 and 2019, mainly due to merit increases, and decreased in fiscal year (FY) 2020 when instructional staff remained under LDOE and information technology staff moved under the Office of Technology Services after the Center transferred under LDH in January 2020. Capital outlay costs increased in FY18 and FY19 due to a \$2.2 million Global Infrastructure Project approved by state legislation for several small projects, such as building a structure for the security guard, updating the card access entrances, updating the girl’s old dorms, and replacing the roof on the transitional family life center facility.

**Exhibit 1
Five-Year Expenditure Trend**



Source: ISIS Report 2G15

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

Respectfully submitted,

Michael J. "Mike" Waguespack, CPA
Legislative Auditor

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APPENDIX A: MANAGEMENT'S RESPONSE



State of Louisiana

Louisiana Department of Health
Office for Citizens with Developmental Disabilities

May 17, 2021

Michael J "Mike" Waguespack, CPA
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Reference: Failure to Maintain Annual and Sick Leave Balances

Dear Mr. Waguespack,


This letter serves as an official response relating to the reportable audit finding for Central Louisiana Supports and Services Center (CLSSC) issued on May 14, 2021. The audit states that CLSSC Failed to Maintain accurate Annual and Sick Leave Balances. We concur that the findings for the leave balances were overstated. On January 27, 2020, our facility transferred from Department of Education(DOE)/Louisiana Special Education Center (LSEC) to Louisiana Department of Health(LDH)/Central Louisiana Supports and Services Center (CLSSC).

During the transition time our Director of Administration retired from Teacher's Retirement System of Louisiana (TRSL) and was hired back into Louisiana State Employees' Retirement System (LASERS). This could be a contributing factor for the overstating of such leave balances.

The 300 hours was deducted correctly; however, the year of sick leave credit he received in TRSL was not deducted. It was the facility's understanding that TRSL would make the adjustment. This has been corrected and additional training is being provided and will be completed by 5/21/21 to the Human Resources' Staff. We have added the task/duty to our HR Analyst C's job description and reports will be run bi-weekly for accuracy of leave balances.

Mrs. Deana Frederick, HR Director and Kristy Flynn, MR/DD Regional Associate Administrator are the contact persons responsible for the corrective action. The corrective action will be completed by 05/21/2021 and leave reports will be run after the close of each pay period for review.

Thank you in advance for your consideration,


Kristy Flynn, M.Ed+30
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APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the Central Louisiana Supports and Services Center (Center) for the period from July 1, 2019, through May 24, 2021. Our objective was to evaluate certain controls the Center uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and 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, under the Office for Citizens with Developmental Disabilities, Louisiana Department of Health are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated 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 Center's controls and our understanding of related laws and regulations, and results of our analytical procedures, we performed procedures on selected controls and transactions relating to purchasing card expenditures, Medicaid billings, residents' accounts activity, and payroll expenditures.
- We compared the most current and prior-year financial activity using Center's financial information and/or system-generated reports to identify trends and obtained explanations from 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 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.