

SOUTH CENTRAL LOUISIANA HUMAN
SERVICES AUTHORITY

LOUISIANA DEPARTMENT OF HEALTH
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
PROCEDURAL REPORT
ISSUED JULY 10, 2019

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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



South Central Louisiana Human Services Authority
Louisiana Department of Health

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Introduction

The primary purpose of our procedures at the South Central Louisiana Human Services Authority (SCLHSA) was to evaluate certain controls SCLHSA uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and to provide accountability over public funds.

Results of Our Procedures

We evaluated SCLHSA'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 SCLHSA'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, accounts receivable, revenue collection and reporting, inventory, travel expenses, fuel card expenses, purchasing card expenses, public assistance expenses, payroll and personnel, and professional services contracts.

The service area for SCLHSA includes seven parishes: Assumption, Lafourche, St. Charles, St. James, St. John, St. Mary, and Terrebonne.

Cash

SCLHSA maintains four bank accounts. The cash balance at June 30, 2018, per SCLHSA's Annual Fiscal Report (AFR) was \$3,924,431. We obtained an understanding of SCLHSA's controls over the bank accounts, evaluated the segregation of duties, and reviewed bank statements, bank reconciliations, and selected disbursements. Based on the results of our procedures, SCLHSA had adequate controls in place to ensure timely preparation, review, and approval of bank reconciliations; and that disbursements were properly authorized, made for proper business purposes, accurately recorded, and adequately supported.

Accounts Receivable

SCLHSA's accounts receivable consists of amounts billed for patient services rendered but not yet collected. A quarterly accounts receivable report is submitted to the Office of Statewide

Reporting and Accounting Policy detailing current receivables, long-term receivables, and write-offs. SCLHSA monitors and tracks outstanding claims that result in receivables using its electronic health record system. We obtained an understanding of SCLHSA's policies and procedures over billing processes and patient accounts receivable. We reviewed the reasonableness of SCLHSA's billing schedule and the methodology for determining the accounts receivable balance reported on the agency's 2018 AFR. Based on the results of our procedures, SCLHSA had adequate controls in place to monitor, track, and report accounts receivable.

Revenue Collection and Reporting

SCLHSA's revenues totaled \$8,323,667 in fiscal year 2018 and consisted of self-generated funding for patient billings and interagency transfers. The interagency transfers were from the Office of Behavioral Health for the reimbursement of expenses incurred by SCLHSA to operate various state and federal programs. We agreed the revenue collected per the state's accounting software to SCLHSA's revenue classification spreadsheets and bank statements to ensure the appropriate amounts were reported in the AFR. Based on the results of our procedures, SCLHSA had adequate controls in place to ensure that revenue collections were deposited timely and properly recorded.

Inventory

SCLHSA's inventory consists of medications stored in its pharmacy. We obtained an understanding of SCLHSA's controls over the pharmacy operations and performed an inventory count on March 28, 2019. Based on the results of our procedures, SCLHSA had adequate controls in place to ensure that purchases, disbursements, and disposals were accurately recorded within the pharmacy software; all medications were appropriately stored and safeguarded; and all applicable laws and regulations were followed.

Travel Expenses

SCLHSA participates in the state of Louisiana's Controlled Billed Account (CBA) program for hotel lodging, rental cars, and conference registration expenses. We obtained an understanding of SCLHSA's controls over access to and use of the CBA and controls over travel reimbursements. We analyzed travel expenses for the period July 1, 2017, through January 5, 2019, and reviewed selected transactions. Based on the results of our procedures, SCLHSA had adequate controls in place to ensure travel expenses were approved and made for proper business purposes; sufficient documentation was maintained to support travel expenses; and travel expenses were properly reconciled to invoices and receipts.

Fuel Card Expenses

SCLHSA participates in the state of Louisiana's Fueltrac Card program for purchases of fuel and auto maintenance for its fleet of 12 vehicles. We obtained an understanding of SCLHSA's controls over access to and use of these cards.

We analyzed fuel card transaction listings for the period of July 1, 2017, through February 12, 2019, and reviewed selected transactions and supporting documents, including receipts, logs, and credit card statements. Based on the results of our procedures, SCLHSA had adequate controls to ensure that purchases were approved and were for proper business purposes; sufficient documentation was maintained to support purchases; and purchases were properly reconciled to receipts and vehicle logs.

Purchasing Card Expenses

SCLHSA participates in the state of Louisiana's LaCarte purchasing card program for general office supplies, administrative expenses, and public assistance expenses. We obtained an understanding of SCLHSA's controls over access to and use of these cards.

We analyzed LaCarte card transaction listings for the period July 1, 2017, through January 5, 2019, and reviewed selected transactions. Based on the results of our procedures, SCLHSA 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. In addition, all public assistance LaCarte card purchases were for eligible participants; had appropriate program-specific support on file; and were for eligible goods or services.

Public Assistance Expenses

SCLHSA administers the Office of Citizens with Developmental Disabilities' (OCDD) Flexible Family Fund (FFF), Individual and Family Support (IFS) program, and the Office of Behavioral Health's (OBH) Individual and Family Support/Consumer Care Resources (IFSCCR) programs that are funded by state appropriations and federal interagency transfers from OBH. The OCDD FFF program provides a set stipend to families of eligible children with severe disabilities. The OCDD IFS and OBH IFSCCR programs provide support to eligible individuals with either a developmental disability or mental illness for a variety of eligible expenses only when SCLHSA is the payer of last resort.

We obtained an understanding of SCLHSA's policies and procedures over these programs and reviewed selected transactions for the period July 1, 2017, through January 31, 2019. Based on the results of our procedures, SCLHSA had adequate controls in place to ensure payments were reasonable and authorized; were made to eligible individuals or families, and were for eligible program-related purposes.

Payroll and Personnel

Salaries and related benefits comprise approximately 63% of SCLHSA's expenses in fiscal year 2018. We obtained an understanding of SCLHSA's controls over the time and attendance function and reviewed selected employee time statements and leave records. In addition, we reviewed selected overtime payouts and structural pay adjustments to determine if Civil Service rules were being followed. Based on the results of our procedures, SCLHSA had adequate controls in place to ensure timely review and approval of employee time statements and leave requests; employees were paid the amounts authorized; leave taken was properly accounted for; and overtime payouts and structural pay adjustments were properly made.

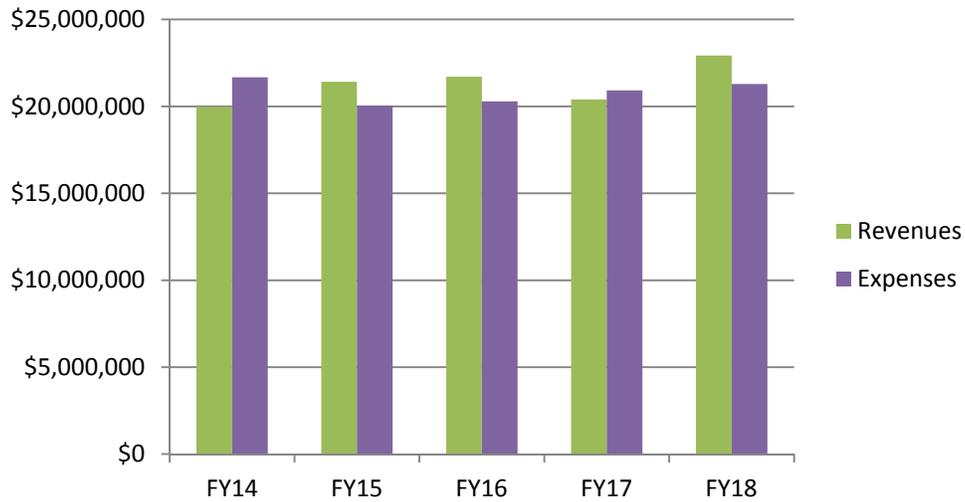
Professional Services Contracts

We obtained an understanding of SCLHSA's procedures over the awarding, payment, and monitoring of professional services contracts. Based on the results of our procedures, SCLHSA had adequate controls in place to ensure that professional services contracts were properly approved, expenses were in accordance with the terms of the contracts, and contracts were properly monitored.

Trend Analysis

We compared the most current and prior-year financial activity using SCLHSA's Annual Fiscal Reports and obtained explanations from SCLHSA's management for any significant variances. We also prepared an analysis of SCLHSA's revenues and expenses by fiscal year. As shown in Exhibit 1, revenues increased slightly in fiscal year 2018 primarily due to Medicaid expansion, and expenses have remained fairly consistent from fiscal year 2014 through fiscal year 2018. The fund balance of self-generated revenues was used to pay for expenses over revenues in fiscal years 2014 and 2017.

**Exhibit 1
Revenues and Expenses,
by Fiscal Year (FY)**



Source: Annual Financial Reports

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

Respectfully submitted,

 Daryl G. Purpera, CPA, CFE
 Legislative Auditor

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SCLHSA2019

APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at the South Central Louisiana Human Services Authority (SCLHSA) for the period from July 1, 2017, through June 26, 2019. Our objective was to evaluate certain controls SCLHSA uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and to provide accountability over public funds. The scope of our procedures, which is summarized below, was significantly less than an audit conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit or review SCLHSA's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. SCLHSA's accounts are an integral part of the state of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated SCLHSA'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 SCLHSA.
- Based on the documentation of SCLHSA'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, accounts receivable, revenue collection and reporting, inventory, travel expenses, fuel card expenses, purchasing card expenses, public assistance expenses, payroll and personnel, and professional services contracts.
- We compared the most current and prior-year financial activity using SCLHSA's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from SCLHSA'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 SCLHSA and not to provide an opinion on the effectiveness of SCLHSA'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.