

CENTRAL LOUISIANA HUMAN SERVICES DISTRICT

LOUISIANA DEPARTMENT OF HEALTH  
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES  
PROCEDURAL REPORT  
ISSUED AUGUST 8, 2022

**LOUISIANA LEGISLATIVE AUDITOR  
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MICHAEL J. "MIKE" WAGUESPACK, CPA

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# Louisiana Legislative Auditor

Michael J. “Mike” Waguespack, CPA

Central Louisiana Human Services District



August 2022

*Audit Control # 80220030*

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## 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 accountability over public funds. In addition, we determined whether management has taken action to correct the findings reported 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 relating to payroll and personnel, revenue billing adjustments, accounts receivable, and information technology access.

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## Follow-up on Prior-report Findings

We reviewed the status of the prior-report findings in CLHSD’s procedural report dated June 3, 2020. We determined that management has resolved the prior-report findings related to Inappropriate System Access and Contract Documents Lack Required Identifying Information. The prior-report finding related to Not Billing in Accordance with Insurers’ Contract Terms has not been resolved and is addressed again in this report.

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## Current-report Findings

### Not Billing in Accordance with Insurers’ Contract Terms

For the third consecutive engagement, CLHSD did not bill Medicare and Medicaid in accordance with insurers’ contract terms. Based on our analysis and explanations provided by management, CLHSD failed to collect \$160,802 of self-generated revenues billed during the two fiscal years ending June 30, 2022, as of May 13, 2022, consisting of the following:

- \$151,870 for services provided by licensed, registered, and certified addiction counselors not meeting Medicare and third-party insurers' specific requirements; and
- \$8,932 for services provided to patients having insurers that did not have contracts with CLHSD.

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.

Management should continue to strengthen controls over its billing process to ensure insurer contracts are obtained and to ensure all claims submitted for payment to insurers for services provided to patients adhere to contract terms. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, pages 1-2).

### **Failure to Certify and Approve Time and Attendance Records Timely**

CLHSD lacked adequate internal controls to ensure that its employees certified and supervisors approved time and attendance records in a timely manner. Lack of adequate controls over payroll increases the risk that fraud and/or errors could occur and not be detected in a timely manner.

CLHSD utilizes electronic timesheets in the Cross-Application Time Sheet system. For the period July 1, 2020, to May 1, 2022, we analyzed time certification data covering 4,673 timesheets and noted the following:

- 305 (6.5%) timesheets were not certified by the employee or were certified between one and 288 (or an average of 17 days) after the payroll posting date.
- 833 (18%) timesheets were not approved by the employee's supervisor or were approved by the employees' supervisor between one and 120 days (or an average of 14 days) after the payroll posting date.

CLHSD does not have a formal written policy that contains specific deadlines to ensure that employees' time and attendance records are certified by the employee and approved by the employee's supervisor before the employee's paycheck is issued. Good internal control requires that employee certification of time and attendance records and review and approval by the appropriate supervisor are obtained prior to disbursing payroll.

Management should establish time and attendance policies that clearly define when employees must certify and supervisors must approve time and attendance records. Management should also establish monitoring procedures to ensure that timesheets are certified and approved prior to the disbursement of payroll. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, page 3).

### **Failure to Comply with Office of Debt Recovery Agreement**

CLHSD failed to comply with its agreement with the Office of Debt Recovery (ODR) for the collection of delinquent debt. Failure to submit delinquent account balances owed for collection increases the risk that the accounts will become uncollectible.

CLHSD entered into an Agency Participation Agreement with ODR in January 2020, but failed to implement the responsibilities as outlined in the agreement, which include:

- To authenticate all delinquent debt, including the amount of the delinquent debt, the debtor's liability and the debtor's identifying information.
- Send out billing statements requesting payment from clients for services provided.
- Sending delinquent account balances to ODR for collection once the account balances have been delinquent for 60 days.

Management should implement written policies and procedures directed at complying with all terms of its agreement with ODR to ensure sufficient efforts are made to collect delinquent account balances in a timely manner. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, page 4).

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### **Payroll and Personnel**

Salaries and related benefits comprise approximately 59% and 52% of CLHSD's expenses in fiscal years 2021 and 2022, respectively. We obtained an understanding of CLHSD's controls over the time and attendance function, analyzed time certification data, and reviewed selected employee time statements and leave records. As noted in the Current-report Findings section, our procedures revealed employee certifications and supervisors' approvals were not performed or were not performed timely.

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### **Revenue Billing Adjustments**

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 reviewed system reports provided during the period July 1, 2020, to May 13, 2022. We found adjustments totaling \$160,802 made due to CLHSD not having adequate controls and procedures (see Current-report Findings section).

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## Accounts Receivable

CLHSD has a contract in place with Office of Debt Recovery (ODR) for the collection of outstanding debt that was signed in January 2020. We reviewed the contract and performed procedures to evaluate CLHSD's compliance with the contract. Based on the results of our procedures, CLHSD has not followed the terms of the contract as no debt has been turned over to ODR (see Current-report Findings section).

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## Information Technology Access

We performed procedures to determine whether information technology access was restricted to business-need only and access was adequately segregated. CLHSD uses ICANotes to bill and collect self-generated revenues, and the LaGov Enterprise Resource Planning system for general ledger data and financial statement preparation. Based on the results of our procedures, we noted that CLHSD has resolved the prior finding as noted above in the Follow-up on Prior-report Findings section.

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## Trend Analysis

We compared the most current and prior-year financial activity using CLHSD's Annual Fiscal Reports and/or system-generated reports and obtained explanations from CLHSD's management for any significant variances.

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

KVL:JPT:BH:EFS:aa

CLHSD2022

## **APPENDIX A: MANAGEMENT'S RESPONSES**



**John Bel Edwards**  
Governor



**Rebecca Craig**  
Executive Director

**State of Louisiana**  
**Central Louisiana Human Services District**  
(A political subdivision of the State of Louisiana)

July 26, 2022

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

Dear Mr. Waguespack:

This letter is in response to the Single Audit of Louisiana finding that Central Louisiana Human Services District (CLHSD) did not bill in accordance with insurers' contracted terms. CLHSD concurs with this finding, although respectfully asserts that in order to provide behavioral health services to persons with Medicare, the finding will occur in the future. Our inability to recruit and retain persons with the necessary qualifications (i.e., Licensed Clinical Social Workers and psychiatrists) in the Central Louisiana area is the main reason for the one-hundred fifty-one thousand, eight-hundred and seventy dollars finding. From a licensure standpoint, Licensed Professional Counselors, Medical Psychologists, and licensed, registered, and certified addictions counselors can provide needed behavioral health treatment. Because Medicare does not credential these professionals, those services are not paid. CLHSD makes every effort to have credentialed staff provide services to Medicare clients, and CLHSD made some procedural changes to eliminate Medicare clients receiving services from un-credentialed staff. However, the advent of COVID and significant hurricane responses during this audit period impacted the availability of Medicare credentialed providers that we had available. In response to the eight-thousand nine-hundred and thirty-two dollars of services provided to patients having insurers CLHSD did not have contracts with, this was due to our delay in successfully becoming providers with Molina Medicaid. We are now successfully enrolled.

**Corrective Action Plan:** With the decline in the effects of the pandemic, CLHSD will further revise policy and procedures to minimize any adverse effects to self-generated revenue. Persons with Medicare will be assigned to an appropriate provider types, and this will be reflected in CLHSD policy and procedure. In regards to enrollment with Molina Medicaid, we are successfully enrolled and receiving payment.

**Responsibility for the Corrective Action Plan:** Deputy Director of Behavioral Health Services and Executive Director.

Anticipated completion date: 90 days from the date of this letter.

Sincerely,

A handwritten signature in blue ink that reads "Rebecca Craig". The signature is fluid and cursive, with the first name "Rebecca" and the last name "Craig" clearly distinguishable.

Rebecca Craig  
Executive Director

John Bel Edwards  
Governor



Rebecca Craig  
Executive Director

**State of Louisiana**  
**Central Louisiana Human Services District**  
(A political subdivision of the State of Louisiana)

July 26, 2022

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

Dear Mr. Waguespack:

This letter is in response to the Single Audit of Louisiana finding that Central Louisiana Human Services District (CLHSD) failed to certify and approve time and attendance records timely. CLHSD concurs with this finding.

CLHSD utilizes the Cross-Application Time Sheet (CATS) system to certify and approve time sheets. At times there are mitigating circumstances that delay certification or approval of a time-sheet (i.e., medical leave, A leave, etc). However, this finding has pointed out an inefficiency in our current process.

Corrective Action Plan: CLHSD will implement policies and procedures that ensure internal controls regarding the required deadlines for certifying and approving time statements. These timelines will follow all applicable Civil Service and LDH Human Resources guidelines for the necessity of approval before payroll disbursement.

Responsibility for the Corrective Action Plan: Human Resources, CFO, and Executive Director.

Anticipated completion date: 90 days from the date of this letter.

Sincerely,

A handwritten signature in blue ink that reads "Rebecca Craig".

Rebecca Craig  
Executive Director

John Bel Edwards  
Governor



Rebecca Craig  
Executive Director

**State of Louisiana**  
**Central Louisiana Human Services District**  
(A political subdivision of the State of Louisiana)

July 26, 2022

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

Dear Mr. Waguespack:

This letter is in response to the Single Audit of Louisiana finding that Central Louisiana Human Services District (CLHSD) failed to comply with its agreement with the Office of Debt Recovery. CLHSD concurs with this finding. CLHSD entered into an agreement with the Office of Debt Recovery (ODR) in 2020. Although effort has been made to bill clients for services rendered, this has been sporadic and has not followed the ODR guidelines. In an effort to have staff able to focus on older, outstanding debt, CLHSD outsourced its billing services in May of 2022.

Corrective Action Plan: CLHSD will fully implement its Agency Participation Agreement with ODR. Written policies will be implemented to ensure that debts are authenticated, appropriate billing statements and letters are sent to debtor's according to the ODR policy, and delinquent debt over 60 days is turned over the ODR.

Responsibility for the Corrective Action Plan: Billing Supervisor and Executive Director.

Anticipated completion date: 90 days from the date of this letter.

Sincerely,

A handwritten signature in blue ink that reads "Rebecca Craig".

Rebecca Craig  
Executive Director

## APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the Central Louisiana Human Services District (CLHSD) for the period from July 1, 2020, through June 30, 2022. Our objective was to evaluate certain controls CLHSD 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 CLHSD's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. 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, and results of our analytical procedures, we performed procedures relating to payroll and personnel, revenue billing adjustments, accounts receivable, and information technology access.
- We compared the most current and prior-year financial activity using CLHSD's Annual Fiscal Reports and/or 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.