

PINECREST SUPPORTS AND SERVICES CENTER  
OFFICE FOR CITIZENS WITH  
DEVELOPMENTAL DISABILITIES

LOUISIANA DEPARTMENT OF HEALTH  
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES  
PROCEDURAL REPORT  
ISSUED MAY 30, 2018

**LOUISIANA LEGISLATIVE AUDITOR  
1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
BATON ROUGE, LOUISIANA 70804-9397**

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# Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE

**Pinecrest Supports and Services Center**  
**Louisiana Department of Health**



May 2018

*Audit Control # 80180035*

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## Introduction

The primary purpose of our procedures at the Pinecrest Supports and Services Center (Center) was to evaluate certain controls the Center uses to ensure accurate financial reporting and transparency, compliance with applicable laws and regulations, and to provide overall accountability over public funds.

The Center is a part of the Office for Citizens with Developmental Disabilities, Louisiana Department of Health (LDH).

## 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, 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, movable property, LaCarte purchasing card and controlled billed account expenses, contract expenses, FuelTrac card expenses, Medicaid billing, payroll expenses, and residents' accounts disbursements.

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## Current-year Findings

### Failure to Accurately Collect Medicaid Funds

The Center failed to collect \$48,364 in Medicaid funds billed during the months of May 2016 through February 2018 for services provided to 67 residents who were discharged.

Auditors found two instances of discharged residents for which Medicaid payments received were short by one census day of the amount billed. The Center performed further analysis that identified an additional 65 discharged residents with the same problem for the months May 2016 through February 2018. Management resubmitted the billings with revised census date ranges and has collected \$8,592 for 12 of 67 discharged residents as of April 10, 2018.

Updates were not properly made to the Center's HSys Electronic Billing Software (HSys), which caused amounts to be short by one census day for discharged residents. In addition, Center employees failed to review and compare the monthly billing data entered in HSys to the payment data from the Molina System to ensure accuracy of amounts received. Good business practices require a reconciliation of billing data to payment data for accuracy and completeness.

Center management should strengthen controls over its billing and monitoring processes to ensure the Center receives the proper amount billed to Medicaid. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, pages 1-2).

### **Failure to Report Misappropriations**

During the 2016 and 2017 fiscal years, the Center failed to notify the Louisiana Legislative Auditor (LLA) and the Rapides Parish District Attorney (DA), as required by state law and its own policy, about its knowledge of misappropriations involving two employees who were improperly paid \$5,138. The misappropriations were identified through in-house investigations, and both employees resigned. The Center recouped \$2,126 and submitted \$3,012 to the Office of Debt Recovery for collection.

Neither the Center's administrator nor members of his management team considered these instances to be the type of misappropriation that would require submitting written notice to the LLA and DA. As a result, the Center did not comply with state law or adhere to its own policy. Center management should update its policies and procedures and communicate such to employees to ensure that there is a clear line of responsibility for the timely reporting of all misappropriations of public funds or assets to the LLA and DA. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, pages 3-4).

### **Unnecessary Credit Card Charges Incurred**

The Center incurred \$1,743 in unnecessary charges on its private company gas credit card, consisting of \$1,622 in late fees and \$121 in interest charges during the months July 2016 through January 2018. While LDH is responsible for making payments to the credit card company by the due date, the Center requested payment for only the current month's charges and not for balances outstanding from previous months' credit card statements.

Management failed to ensure outstanding balances were paid and requests for payment were made timely. Management represented that payments became delinquent due to miscommunication between LDH and the Center about what documents were needed for LDH to make payment, and some requests for payments were submitted to LDH after the due date. Good business practices require that sufficient payment is made on outstanding balances owed on credit cards to avoid any late or interest charges being incurred.

Management should develop and implement written policies and procedures to ensure requests for monthly credit card payments are submitted timely to LDH with the appropriate supporting documents. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, pages 5-6).

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## Cash

The Center maintains the following local bank accounts:

- Imprest fund account - consisting of incidental revenues and expenses of the Center, including funding for petty cash balances;
- Residents' accounts - consisting of Social Security benefits and other receipts for benefit of individual residents; and
- Extra benefits checking account - consisting of donations, funds from closed state agencies that are now privatized, and other incidental receipts used for general benefit of the residents.

We obtained an understanding of the Center'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, the Center 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.

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## Movable Property

We reviewed the latest annual inventory property certification as of December 1, 2017. The Center owned approximately 1,590 items of movable property with original costs of approximately \$5,951,034. We observed security operations on the grounds and tested the timeliness of new additions for the two-year period ending June 30, 2018, as of April 5, 2018. Based on the results of our procedures, no exceptions were noted.

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## LaCarte Purchasing Card and Controlled Billed Account Expenses

The Center participates in the State of Louisiana's LaCarte Purchasing Card Program for small dollar purchases and the Controlled Billed Account (CBA) program for hotel lodging, rental cars, and conference registration expenses. We obtained an understanding of the Center's controls over access to and use of the purchasing cards and the CBA account.

We analyzed LaCarte card transaction listings for the period July 1, 2016, through January 23, 2018, and the CBA account transactions from July 1, 2016, through November 15, 2017, and reviewed 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.

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## **Contract Expenses**

We obtained an understanding of the Center's policies and procedures relating to contract expenses. For contracts in effect for the two-year period ending June 30, 2018, as of January 31, 2018, for neurology, dental, psychology, and social services, we examined contracts, performance evaluations, and invoice payments made for the months of August 2016, November 2016, May 2017, June 2017, October 2017, November 2017, and January 2018. Based on the results of our procedures, no exceptions were identified.

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## **FuelTrac Card Expenses**

The Center participates in the State of Louisiana's FuelTrac Card program and uses the FuelTrac cards to make gas and auto maintenance and repair purchases. We obtained an understanding of the Center's policies and procedures relating to fuel card activities. We analyzed a listing of transactions for the period July 1, 2016, through March 18, 2018. We selected and examined documents, such as receipts, logs, billing statements, and payment vouchers for fuel card purchases made in August 2016, September 2016, December 2016, February 2017, April 2017, July 2017, August 2017, and October 2017. We identified no exceptions to the card purchases. We also reviewed fuel card access of each driver who terminated their employment at the hospital and made suggestions for improvement in regards to access.

The Center also uses a private company gas credit card for emergency situations and when its FuelTrac cards are inoperable at a gas station. We reviewed the credit card statements for the months July 2016 to January 2018 and found the Center incurred \$1,743 of unnecessary credit card charges (See Current-year Findings section).

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## **Medicaid Billing**

The Center submits monthly electronic billings through the Molina system for Medicaid funds, which are received and directly deposited into the State Treasury by LDH for the Center's use. The billings are to be based on the number of residents and days housed during each month and established Medicaid per diem rates entered in the HSys Electronic Billing Software for Medicaid and fed to the Molina system. We inquired of Center personnel and examined supporting documents for October 2016, February 2017, August 2017, and October 2017 billings. Based on the results of our procedures, we found the Center failed to collect \$48,364 of Medicaid funds billed for services provided to 67 residents who were discharged (See Current-year Findings section).

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## **Payroll Expenses**

Salaries and related benefits comprise approximately 77% of the Center's expenses in fiscal years 2016 and 2017. We obtained an understanding of the Center's controls over the time and

attendance function and reviewed selected employee time statements and leave records. Based on the results of our procedures, except as noted in the Current-year Findings section, the Center had adequate controls in place to ensure timely review and approval of employee time statements and leave requests, overtime payments were authorized, and leave taken was properly accounted for.

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## **Residents' Accounts Disbursements**

We inquired of the Center's personnel and reviewed listings of residents' accounts disbursements for fiscal years 2017 and 2018, as of February 28, 2018. We selected and examined supporting documents for disbursements made in September 2016, December 2016, March 2017, June 2017, December 2017, and February 2018 to determine whether disbursements were properly authorized, valid for the benefit of the resident, properly supported, and recorded. Based on the results of our procedures, no exceptions were identified.

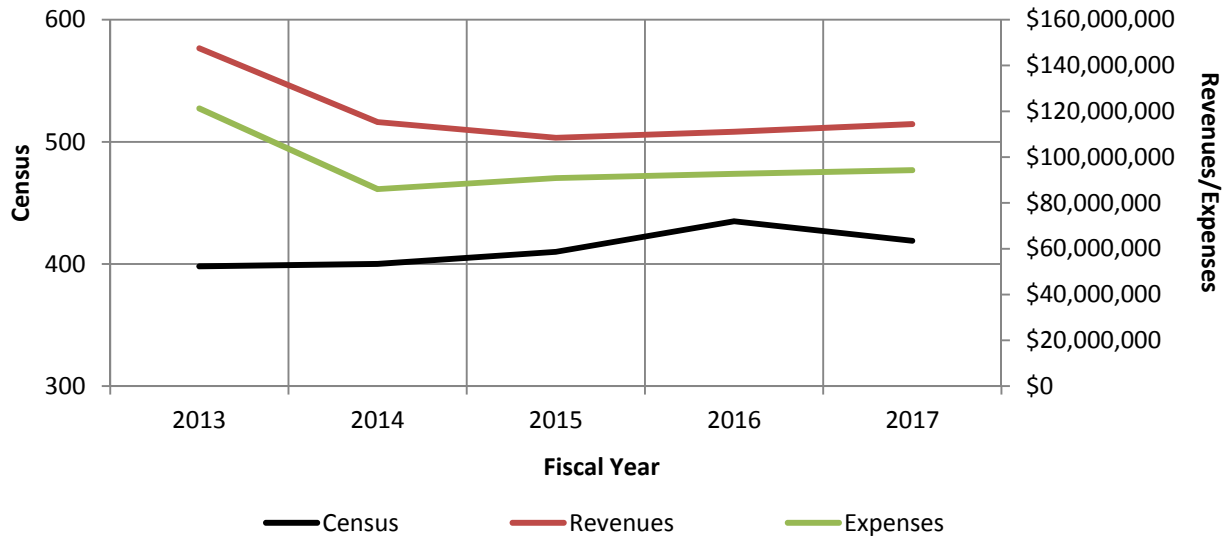
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## **Trend Analysis**

We compared the most current and prior-year financial activity using the Center's system-generated reports and obtained explanations from the Center's management for any significant variances. We also prepared an analysis of the Center's revenues, expenses, and census data; and census data by population groups over the past five fiscal years to identify trends, as shown in Exhibits 1 and 2 on the following pages.

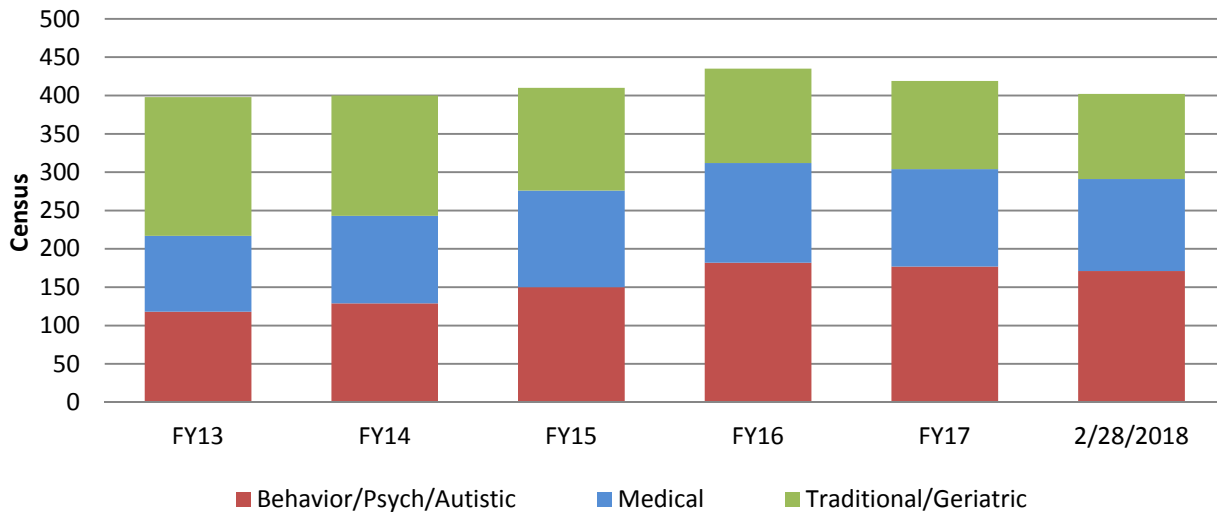
In the past five fiscal years, Medicaid revenues made up approximately 97% of the Center's revenues. There was a decline in revenues and expenses in fiscal year (FY) 2014 because state appropriation funds were eliminated; thereafter, the Center's revenues and expenses have remained fairly consistent. The slight fluctuations in revenues were due to a decrease in the Medicaid per diem rate in FY 2015 and changes in the census count. The Center's census count had remained steady until it began to increase in FY 2015 and FY 2016, as more behavioral and psychiatric residents were admitted from court orders due to the lack of availability of other placement options. However, during FY 2017 the census count decreased due a decrease in admissions and increased efforts to transition more residents out into the community or other private facilities.

**Exhibit 1  
Fiscal/Census Trends**



**Sources:** Integrated State-wide Information System Reports and Screen Printouts;  
Business Objects Reports; Health Standards Reports

**Exhibit 2  
Census Distribution by Population Group Per Fiscal Year**



**Source:** Office of Citizens with Developmental Disabilities System Health Standards Reports



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

Respectfully submitted,



Thomas H. Cole, CPA  
First Assistant Legislative Auditor

KWB:BAC:BH:EFS:aa

PSSC2018



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





# State of Louisiana

Louisiana Department of Health  
Office for Citizens with Developmental Disabilities  
Pinecrest Supports and Services Center

May 8, 2018

Mr. Daryl G. Purpera, CPA, CFE  
Legislative Auditor  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

Dear Mr. Purpera:

This letter constitutes Pinecrest Supports and Services Center's official response to the reportable audit finding referenced as "Failure to Accurately Collect Medicaid Funds" in an attachment to your letter dated April 26, 2018.

The Appointing Authority concurs with the finding in that the facility failed to bill for the final billable day for discharged residents on 67 occasions. The Appointing Authority further concurs with the Louisiana Legislative Auditor's recommendation to strengthen controls over its billing and monitoring process to prevent recurrence of similar issues in the future.

The Appointing Authority has implemented the following corrective action measures to prevent recurrence of similar issues in the future:

1. Verification of Billing Prior to Electronic Submission for Payment
  - a. Monica Bryant, Chief Financial Officer is the responsible person for this corrective action.
  - b. The Accounting Specialist Supervisor for Clients' Accounts verifies all billing prior to submitting electronically for payment, initials and dates once reviewed for accuracy.
  - c. Completed April 30, 2018.
2. Verification of Remittances Received
  - a. Monica Bryant, Chief Financial Officer is the responsible person for this corrective action.
  - b. The Accounting Specialist Supervisor for Clients' Accounts verifies all remittances received, initials and dates once reviewed for accuracy.
  - c. Completed April 30, 2018.
3. Resubmit Billings with Revised Census Date Ranges (Collect Medicaid Funds)
  - a. Monica Bryant, Chief Financial Officer is the responsible person for this corrective action.

- b. The facility has submitted claims for the 67 billable days not previously billed to Medicaid. As of May 8, 2018, 45 claims have been paid for a total of \$32,483.25 and 22 claims are pending payment.
- c. Anticipated Completion Date: June 30, 2018.

Thank you for the opportunity to respond to this reportable audit finding. If you have any questions or concerns regarding this response, please contact me at (318) 641-2022 or via email at [Amanda.Pittman@la.gov](mailto:Amanda.Pittman@la.gov).

Sincerely,

A handwritten signature in black ink that reads "Amanda Pittman". The signature is fluid and cursive, with the first name "Amanda" being larger and more prominent than the last name "Pittman".

Amanda Pittman  
MR/DD Regional Associate  
Administrator—Pinecrest

cc: Shannon Thorn, MR/DD Regional Administrator—Pinecrest  
Monica Bryant, Chief Financial Officer, Pinecrest  
Greg Andrus, Director of LDH State Facilities  
Mark A. Thomas, Assistant Secretary, OCDD



# State of Louisiana

Louisiana Department of Health  
Office for Citizens with Developmental Disabilities  
Pinecrest Supports and Services Center

May 8, 2018

Mr. Daryl G. Purpera, CPA, CFE  
Legislative Auditor  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

Dear Mr. Purpera:

This letter constitutes Pinecrest Supports and Services Center's official response to the reportable audit finding referenced as "Failure to Report Misappropriations" in an attachment to your letter dated April 26, 2018.

The Appointing Authority concurs with the finding in that the facility failed to notify the Louisiana Legislative Auditor and the Rapides Parish District Attorney of two employee-specific misappropriations. The Appointing Authority further concurs with the Louisiana Legislative Auditor's recommendation to update facility policies and procedures to prevent recurrence of similar issues in the future.

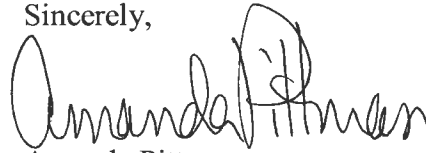
The Appointing Authority has implemented the following corrective action measures to prevent recurrence of similar issues in the future:

1. Revision of Overtime Documentation and Approval Process for 24-hour Operations.
  - a. Amanda Pittman, MR/DD Regional Associate Administrator—Pinecrest was responsible person for this corrective action.
  - b. Overtime form for 24-hour Operations departments was issued in July 2016 and requires verification of Overtime by a supervisor on-site during the time overtime was worked.
  - c. Completed July 2016.
2. Time and Attendance Documentation Audits
  - a. Kevin Tullos, MR/DD Regional Associate Administrator 4 was responsible person for this corrective action.
  - b. Residential Services Managers compared Residential Services staff timesheets and overtime forms with placement charts to verify match between time and attendance documentation and placement/staffing documentation.
  - c. Completed November 2016.
3. Policy Issuance re: Internal Investigations for Non-Client Issues

- a. Shannon Thorn, MR/DD Regional Administrator—Pinecrest was responsible person for this corrective action.
- b. New facility policy issued, III.B.13 Investigation Protocols for Non Client-Related Incidents. This policy addresses investigation of several non client-related incident types including fraud, lack of stewardship of facility resources, and failure to protect assets and includes issuance of formal CEO Findings with corrective action assignments and a protocol for monitoring to ensure completion of corrective actions. Reporting findings to appropriate parties per statute, regulation, etc. will be one of the assigned corrective actions for cases where external reporting is required by law and/or regulation. The policy has been issued and standard protocols are being implemented to train facility staff on the policy.
- c. Policy issued on April 20, 2018. Anticipated completion date for training staff on policy is May 14, 2018.

Thank you for the opportunity to respond to this reportable audit finding. If you have any questions or concerns regarding this response, please contact me at (318) 641-2022 or via email at [Amanda.Pittman@la.gov](mailto:Amanda.Pittman@la.gov).

Sincerely,

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Amanda Pittman  
MR/DD Regional Associate  
Administrator—Pinecrest

cc: Shannon Thorn, MR/DD Regional Administrator—Pinecrest  
Monica Bryant, Chief Financial Officer, Pinecrest  
Greg Andrus, Director of LDH State Facilities  
Mark A. Thomas, Assistant Secretary, OCDD





# State of Louisiana

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Office for Citizens with Developmental Disabilities  
Pinecrest Supports and Services Center

May 8, 2018

Mr. Daryl G. Purpera, CPA, CFE  
Legislative Auditor  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

Dear Mr. Purpera:

This letter constitutes Pinecrest Supports and Services Center's official response to the reportable audit finding referenced as "Unnecessary Credit Card Charges Incurred" in an attachment to your letter dated April 26, 2018.

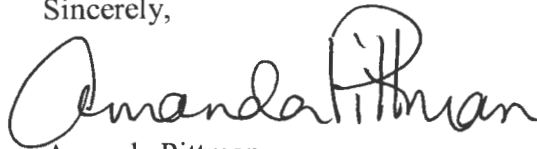
The Appointing Authority concurs with the finding in that the facility did incur \$1,743 of unnecessary charges on its private company gas credit card over an 18 month period. The Appointing Authority further concurs with the Louisiana Legislative Auditor's recommendation to develop and implement written policies and procedures to ensure requests for monthly credit cards payments are submitted timely to LDH with the appropriate supporting documents to prevent recurrence of similar issues in the future.

The Appointing Authority is implementing the following corrective action measures to prevent recurrence of similar issues in the future:

1. Procedure Issuance re: Submission of Documentation to LDH for Bill Payment
  - a. Monica Bryant, Chief Financial Officer is the responsible person for this corrective action.
  - b. New Fiscal Services Procedure issued addressing protocols for ensuring that requests for monthly bill payments are submitted to LDH for payment with the appropriate supporting documents within 10 business days of Pinecrest's receipt of the bill.
  - c. Completed May 8, 2018.

Thank you for the opportunity to respond to this reportable audit finding. If you have any questions or concerns regarding this response, please contact me at (318) 641-2022 or via email at [Amanda.Pittman@la.gov](mailto:Amanda.Pittman@la.gov).

Sincerely,

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cc: Shannon Thorn, MR/DD Regional Administrator—Pinecrest  
Monica Bryant, Chief Financial Officer, Pinecrest  
Greg Andrus, Director of LDH State Facilities  
Mark A. Thomas, Assistant Secretary, OCDD

## APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the Pinecrest Supports and Services Center (Center) for the period from July 1, 2016, through May 16, 2018. Our objective was to evaluate certain controls the Center 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 are 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 financial information and/or system generated reports, and accordingly, we do not express an opinion on those reports. The Center's accounts, under the Office of Behavior Health, 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 the 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 the Center's controls and our understanding of related laws and regulations, we performed procedures on selected controls and transactions relating to cash, movable property, LaCarte purchasing card and controlled billed account expenses, contract expenses, FuelTrac card expenses, Medicaid billing, payroll expenses, and residents' accounts disbursements.
- We compared the most current and prior-year financial activity using the Center's financial information and/or system-generated reports to identify trends and obtained explanations from the 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 the 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.