PINECREST SUPPORTS AND SERVICES CENTER

OFFICE OF INTELLECTUAL AND DEVELOPMENTAL DISABILITY SUPPORTS

LOUISIANA DEPARTMENT OF HEALTH
STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

Procedural Report
Issued August 5, 2026

LOUISIANA LEGISLATIVE AUDITOR

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Louisiana Legislative Auditor
Michael J. "Mike" Waguespack, CPA

Pinecrest Supports and Services Center

August 2026

Audit Control # 80260028

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, 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.

The Center is part of the Office of Intellectual and Developmental Disability Supports, 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 relating to Medicaid billing, purchasing card expenditures, residents' accounts disbursements, professional and social services contracts, and payroll expenditures.

Based on the results of these procedures, we reported a finding related to *Inadequate Controls over Resident Accounts*, as described in the Current-Report Finding section of the report.

Follow-up on Prior-report Findings

We reviewed the status of the prior-report findings in the Center's procedural report dated July 24, 2024. We determined that management has resolved the prior-report finding related to *Weaknesses in Controls over Payroll*. The prior-report finding related to *Inadequate Controls over Resident Accounts* has not been resolved and is addressed again in this report.

Current-report Finding

Inadequate Controls over Resident Accounts

For the second consecutive engagement, the Center did not have adequate controls in place to ensure disbursements from the Center's resident accounts were disbursed in accordance with the Center's written policies and procedures. In a review of 30 resident cash account disbursements that occurred between July 1, 2024, and February 28, 2026, we noted the following:

- 11 (37%) disbursements were issued as checks to cash.
- 13 (43%) disbursements did not have documentation of the required approvals for the disbursements.
- 12 (40%) disbursements were not transacted timely in accordance with the Center's policy. For these 12 disbursements examined, the days between the date checks were issued and receipts and unspent funds were provided and returned to the residents' accounts ranged from 7 to 89 days. During these periods, funds were held by the employees making the purchases for the residents.

The Center's *Request for Expenditure of Personal Funds* policy over resident accounts states that to initiate a disbursement from a resident account the *Request for Expenditure* Form will be completed with all necessary approvals and include the necessary documentation that pertains to the purchase. The policy also states that no checks from the resident's funds shall be written to cash and sets a limit of two business days between receiving a disbursement from Fiscal Services and returning receipts and/or change totaling the amount of the disbursement.

Lack of adequate controls over resident accounts increases the risk that fraud and /or errors could occur and not be detected. Relying on employees for the safeguarding of resident cash over long periods of time increases the risk of theft or loss. The Center should strengthen its controls and procedures over resident accounts to ensure the Center's written policies are followed and not violated. Management concurred with the finding and provided a corrective action plan (see Appendix A).

Trend Analysis

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

Other Report

On March 19, 2026, a report was issued by Louisiana Legislative Auditor’s Investigative Audit Services. This report details possible violations of state law and noncompliance with the Center’s payroll policies that led to the resignation of the Center’s Police Captain. This report is available on the LLA website.

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

QM:NM:JPT:BQD:aa

PSSC2026

APPENDIX A: MANAGEMENT'S RESPONSE

Jeff Landry
GOVERNOR

Bruce D. Greenstein
SECRETARY

State of Louisiana

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

July 28, 2026

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

Dear Mr. Waguespack,

Please accept this letter as formal response to the Legislative Audit response letter dated July 17, 2026.

Pinecrest Supports and Services Center (PSSC) acknowledges the following finding outlined in your report:

- **Inadequate Controls over Resident Accounts**

  Pinecrest concurs with the findings below regarding lack of controls in place over resident accounts. Lack of controls is directly related to change in accounting staff during the cited time period.

  A. Disbursements were issued as checks to cash.

  1. Corrective Action plan initiated July 24, 2026.

     a. No disbursements will be issued as checks to cash without obtaining written consent from Facility Administrator.

     b. PSSC Clients Accounts Supervisor will audit disbursements quarterly to identify any deficient practices and be re-educated on PSSC Policy II.B.07-02A Request for Expenditure of Personal Funds.

     c. Monitoring of the corrective action plan will be ongoing.

  2. Disbursements did not have documentation of the required approvals for the disbursements.

     a. Disbursements will not be issued without proper approval for disbursements. Clients Accounts and Active Treatment employees will be re-educated regarding disbursement approval requirements.

     b. PSSC Clients Accounts Supervisor will audit disbursements quarterly to identify any deficient practices and to provide re-education on PSSC Policy II.B.07-02A Request for Expenditure of Personal Funds.

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c. Monitoring of corrective action plan will be ongoing.

3. Disbursements were not transacted timely.
   a. Receipts and/or unused funds will be returned to client's accounts within two (2) business days.

   b. If by 6th business day it is not received, facility administrator will be notified to consider disciplinary action. Client's Accounts Supervisor will audit quarterly, any deficiencies identified employees will be re-educated on PSSC Policy II.B.07-02A Request for Expenditure of Personal Funds.

Thank you for allowing us the opportunity to address these issues. We are committed to strengthening our processes to ensure proper documentation, approval and reconciliation of client funds.

Sincerely,

Nancy Brown

Nancy Brown, CEO
Pinecrest Supports and Services Center

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at Pinecrest Supports and Services Center (Center) for the period from July 1, 2024, through June 30, 2026. 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 opinions on those reports. The Center's accounts 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, and results of our analytical procedures, we performed procedures relating to Medicaid billing, purchasing card expenditures, residents' accounts disbursements, professional and social services contracts, and payroll expenditures.

- We compared the most current and prior-year financial activity using the Center's Annual Fiscal Reports 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.