

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Pelicanas Forensic Facility
Office of Mental Health
Department of Health and Hospitals
State of Louisiana
Jackson, Louisiana

June 17, 1998



Financial and Compliance Audit Division

*Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor*

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Daniel G. Kyle, Ph.D., CPA, CFE

DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT

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**LOUISIANA FORENSIC FACILITY
OFFICE OF MENTAL HEALTH
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
Jackson, Louisiana**

**Management Letter
Dated May 1, 1998**

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor and at the office of the parish clerk of court.

June 17, 1998



BARRETT A. VILLAS, PRESIDENT
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-0097

100 NORTH THIRD STREET
POST OFFICE BOX 9497
TELEPHONE: (504) 384-6497
FACSIMILE: (504) 384-9070

May 1, 1998

FELICIANA FORENSIC FACILITY
OFFICE OF MENTAL HEALTH
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
Jackson, Louisiana

As part of our audit of the State of Louisiana's financial statements for the year ended June 30, 1998, we conducted certain procedures at Feliciana Forensic Facility. Our procedures included (1) a review of the facility's internal controls; (2) tests of financial transactions for the years ending June 30, 1998, and June 30, 1997; (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities for the years ending June 30, 1998, and June 30, 1997; and (4) a review of compliance with prior report recommendations.

The Annual Fiscal Reports of Feliciana Forensic Facility were not audited or reviewed by us, and, accordingly, we offer no form of assurance on these reports. The facility's accounts are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses an opinion.

Our procedures included interviews with management personnel and other selected facility personnel. We also evaluated selected documents, files, reports, systems, procedures, and policies as we considered necessary. After analyzing the data, we developed a recommendation for improvement. We then discussed our finding and recommendation with appropriate management personnel before submitting this written report.

In our prior report on the facility, we reported findings relating to patient accounts and the on-line data entry system. The finding relating to the on-line data entry system has been resolved by management. The finding relating to patient accounts is addressed again in this report.

Based on the application of the procedures referred to previously, all significant findings are included in this report for management's consideration.

Inadequate Controls Over Patient Accounts

For the second consecutive audit, Feliciana Forensic Facility has not performed a reconciliation of the patient account records to the bank balance. In addition, the facility has not identified and transferred to the Department of Revenue and Taxation any checks written on the patient accounts that remain outstanding for more than one

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year. These unclaimed checks should be transferred to the Department of Revenue and Taxation if the patient is no longer in the facility, or back to the patient if he or she is still in the facility.

Good internal controls require reconciliations of books and bank balances to ensure accountability and accurate reporting. In addition, Louisiana Revised Statute 38:172 requires the facility to identify and transfer to the Department of Revenue and Taxation any checks written on the patient accounts that are outstanding for more than one year that remain unclaimed.

A discrepancy of approximately \$22,000 existed between the books and the bank account during our audit period because no reconciliation had been performed since April 1995. In addition, approximately \$3,200 in outstanding checks over one year old has not been remitted to the Department of Revenue as unclaimed property. Failure to reconcile patient account records increases the risk that errors and/or fraud may occur and not be detected in a timely manner and subjects the facility to noncompliance with state law.

Feliciana Forensic Facility should develop and implement procedures that require a monthly reconciliation of the bank statement to the facility's patient account records. In addition, procedures should be developed to identify and transfer any unclaimed checks that are outstanding for more than one year to the Department of Revenue and Taxation. For those patients still in the facility, their outstanding checks should be voided and those amounts restored to the appropriate patient accounts. In a letter dated April 27, 1998, Mr. Warren T. Price, Jr., Chief Executive Officer, concurred with the finding and recommendation and outlined a plan of corrective action.

The recommendation in this report represents, in our judgment, that most likely to bring about beneficial improvement to the operations of the facility. The nature of the recommendation, its implementation cost, and its potential impact on operations of the facility should be considered in reaching decisions on courses of action. The finding related to the facility's compliance with applicable laws and regulations should be addressed immediately by management.

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By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

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