

# **NORTHEAST DELTA HUMAN SERVICES AUTHORITY**

LOUISIANA DEPARTMENT OF HEALTH

STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

**Procedural Report**  
**Issued August 16, 2023**

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# Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA

Northeast Delta Human Services Authority



August 2023

Audit Control # 80230048

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## Introduction

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The primary purpose of our procedures at the Northeast Delta Human Services Authority (NEDHSA) was to evaluate certain controls NEDHSA 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

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We evaluated NEDHSA'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 NEDHSA's controls and our understanding of related laws and regulations, and the results of our analytical procedures, we performed procedures relating to cash, Office of Debt Recovery collections agreement, movable property, purchasing card expenses, revenue billings, payroll and personnel, and information technology access.

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### Follow-up on Prior-report Findings

We reviewed the status of the prior-report findings in NEDHSA's procedural report dated June 9, 2021. We determined that management has resolved the prior-report findings related to Failure to Comply with Office of Debt Recovery Collections Agreement and Prior Authorizations Not Obtained for Client Services Provided.

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### Cash

NEDHSA maintains five local bank accounts for its clinics located in Bastrop, Columbia, Winnsboro, Monroe, Tallulah, and Ruston; and another local bank account for Lincoln and Union Parish police jury funds restricted for use in those parishes. The cash balance at June 30, 2022, per the NEDHSA's Annual Fiscal Report, was \$23,918. We obtained an understanding of NEDHSA's controls over the bank accounts, evaluated the segregation of duties, and reviewed bank reconciliations and

monthly remittances of collections to the State Treasury, for the months of January 2022, February 2022, July 2022, and August 2022. Based on the results of our procedures, NEDHSA had adequate controls in place to ensure appropriate segregation of employees' duties, bank reconciliations are prepared and reviewed timely, and collections are remitted timely.

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### **Office of Debt Recovery Collections Agreement**

NEDHSA has a contract in place with Office of Debt Recovery (ODR) for the collection of outstanding debt that was signed in November 2018. We performed procedures to address the prior-report finding titled Failure to Comply with Office of Debt Recovery Collections Agreement by reviewing the contract and performing procedures to evaluate NEDHSA's compliance with the contract. Based on the results of our procedures, NEDHSA has adequate controls in place to ensure the timely submission of delinquent account balances owed to ODR. As a result, the prior-report finding has been resolved.

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### **Movable Property**

NEDHSA uses the property management module in the state's LaGov system to record the purchase and disposal of movable property. We reviewed purchases of moveable property for the period July 1, 2021, through April 30, 2023, to ensure property was accurately recorded in the property management system within 60 calendar days after receipt of the item as required by the Louisiana Administrative Code, and that information entered was properly supported. We also reviewed the Certification of Annual Property Inventory submitted by NEDHSA in July 2022, which noted 659 items, all of which were located, with an original acquisition cost of \$1,423,531. Based on the results of our procedures, NEDHSA had adequate controls in place over movable property.

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### **Purchasing Card Expenses**

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

We analyzed LaCarte card transaction listings for the period July 1, 2021, through March 31, 2023, and reviewed selected transactions. Based on the results of our procedures, NEDHSA 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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## Revenue Billings

NEDHSA uses the CT One electronic health record system to bill for services provided to its clients and to maintain medical records for services rendered and billing amounts owed. We obtained an understanding of NEDHSA's controls over revenue billings. We reviewed system reports of charges billed, payments, adjustments, and write-offs made to clients' accounts for the two fiscal years ending June 30, 2023, as of March 27, 2023. We selected and examined supporting documentation for twenty-one charges to nineteen clients. Based on the results of our procedures, NEDHSA is billing timely and at the allowable cost for services provided to clients.

We also performed procedures to address the prior-report finding titled Prior Authorizations Not Obtained for Client Services Provided by reviewing data related to write-offs due to the absence of prior authorization of services. Based on the results of our procedures, NEDHSA has resolved the prior-report finding.

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## Payroll and Personnel

Salaries and related benefits comprise approximately 65% and 68% of NEDHSA's expenses for fiscal year 2022 and 2023, respectively. We obtained an understanding of NEDHSA's controls over the time and attendance function and reviewed selected employee time statements, leave records, and pay rate change authorizations. Based on the results of our procedures, NEDHSA had adequate controls in place to ensure timely review and approval of employee time statements and leave requests, employees were paid the amounts authorized, and leave taken was properly accounted for.

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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. NEDHSA uses CT One 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 access is restricted for business need and adequately segregated.

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## Trend Analysis

We compared the most current and prior-year financial activity using NEDHSA's Annual Fiscal Reports and system-generated reports and obtained explanations from NEDHSA'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

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NEDHSA2023

## APPENDIX A: SCOPE AND METHODOLOGY

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We performed certain procedures at the Northeast Delta Human Services Authority (NEDHSA) for the period from July 1, 2021, through June 30, 2023. Our objective was to evaluate certain controls NEDHSA 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 NEDHSA's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. NEDHSA's accounts are an integral part of the state of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated NEDHSA'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 NEDHSA.
- Based on the documentation of NEDHSA's controls and our understanding of related laws and regulations, and results of our analytical procedures, we performed procedures relating to cash, Office of Debt Recovery collections agreement, movable property, purchasing card expenses, revenue billings, payroll and personnel, and information technology access.
- We compared the most current and prior-year financial activity using NEDHSA's Annual Fiscal Reports and system-generated reports to identify trends and obtained explanations from NEDHSA'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 NEDHSA, and not to provide an opinion on the effectiveness of NEDHSA'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.