

ACADIANA AREA HUMAN SERVICES DISTRICT

LOUISIANA DEPARTMENT OF HEALTH

STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

Procedural Report
Issued May 8, 2024

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Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA

Acadiana Area Human Services District



May 2024

Audit Control # 80240005

Introduction

The primary purpose of our procedures at the Acadiana Area Human Services District (AAHSD) was to evaluate certain controls AAHSD 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 AAHSD'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 AAHSD's controls and our understanding of related laws and regulations, and the results of our analytical procedures, we performed procedures relating to the patient billing cycle, payroll and personnel, and non-payroll expenses.

Follow-up on Prior-report Findings

We reviewed the status of the prior-report findings in AAHSD's procedural report dated September 7, 2022. We determined that management has resolved the prior-report findings related to Inadequate Controls over Subrecipient Agreements and Untimely Billing of Patient Services.

Patient Billing Cycle

AAHSD maintains all patient information in its CareLogic Electronic Health Record system. This includes insurance and financial information, service documents, billings, denials, receivables, and payments. We reviewed AAHSD's policies and procedures and obtained an understanding of AAHSD's controls surrounding the complete billing cycle. For a sample of 20 billable patient services, we verified that AAHSD did all of the following, if applicable:

- Documented service performed
- Billed properly for the service performed
- Billed timely for the service performed
- Worked all denials to ensure maximum payment
- Properly adjusted all claims requiring a contractual adjustment
- Posted payments to the patient's account
- Agreed payments posted to the patient's account to third party payment detail
- Reconciled payments posted to the patient's account to payment detail and the bank deposit
- Properly reported receivables

Based on the results of our procedures, AAHSD had adequate controls in place to ensure that services performed are documented and billed, denials are worked, payments and related contractual adjustments are posted to patient accounts, payments agree to the third party payment detail, payments reconcile to the payment detail and the bank deposit, and receivables are properly reported.

Payroll and Personnel

Salaries and related benefits comprise approximately 55% and 61% of AAHSD's expenses in fiscal years 2023 and 2024 through December 31, 2023, respectively. We obtained an understanding of AAHSD's controls over the time and attendance function and reviewed a sample of 15 employee's pay authorizations, time statements, and leave accrual records. Additionally, we determined proper segregation of duties over the payroll process. Based on the results of our procedures, AAHSD had adequate controls in place to ensure review and approval of employee time statements and leave requests, employees were paid the amounts authorized, leave was accrued at the proper rate, and there was proper segregation of duties with the payroll process.

Non-Payroll Expenses

Non-payroll expenses totaled \$8.5 million for fiscal year 2023 and \$3.5 million as of December 31, 2023. We obtained an understanding of AAHSD's controls over the approval and recording of these expenses and reviewed a sample of 15 transactions that occurred between July 1, 2022, and February 29, 2024. Based on the results of our procedures, AAHSD had adequate controls in place to ensure transactions were

adequately supported, were properly approved, occurred in the proper period, and were recorded accurately in the proper account.

Trend Analysis

We compared the most current and prior-year financial activity using AAHSD's Annual Fiscal Reports and/or system-generated reports and obtained explanations from AAHSD'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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AAHSD2024

APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at the Acadiana Area Human Services District (AAHSD) for the period from July 1, 2022, through May 3, 2024. Our objective was to evaluate certain controls AAHSD 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 AAHSD's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. The AAHSD's accounts are an integral part of the state of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated AAHSD'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 AAHSD.
- Based on the documentation of AAHSD's controls and our understanding of related laws and regulations, and results of our analytical procedures, we performed procedures relating to the patient billing cycle, payroll and personnel, and non-payroll expenses.
- We compared the most current and prior-year financial activity using AAHSD's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from AAHSD'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 AAHSD, and not to provide an opinion on the effectiveness of AAHSD'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.