

CENTRAL LOUISIANA HUMAN SERVICES DISTRICT

LOUISIANA DEPARTMENT OF HEALTH

STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

Procedural Report
Issued June 12, 2024

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

LEGISLATIVE AUDITOR
MICHAEL J. "MIKE" WAGUESPACK, CPA

FIRST ASSISTANT LEGISLATIVE AUDITOR
BETH Q. DAVIS, CPA

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Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA



Central Louisiana Human Services District

June 2024

Audit Control #80240023

Introduction

The primary purpose of our procedures at the Central Louisiana Human Services District (CLHSD) was to evaluate certain controls CLHSD 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 CLHSD'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 CLHSD's controls and our understanding of related laws and regulations, and the results of our analytical procedures, we performed procedures relating to payroll and personnel, revenue billings, and accounts receivable.

Follow-up on Prior-report Findings

We reviewed the status of the prior-report findings in CLHSD's procedural report dated August 8, 2022. We determined that management has resolved the prior-report findings related to Not Billing in Accordance with Insurers' Contract Terms and Failure to Comply with Office of Debt Recovery Agreement. The prior-report finding related to Failure to Certify and Approve Time and Attendance Records Timely has not been resolved and is addressed again in this report.

Current-report Finding

Failure to Certify and Approve Time and Attendance Records Timely

For the second consecutive engagement, CLHSD lacked adequate internal controls to ensure that its employees certified and supervisors approved time and attendance

records in a timely manner. Lack of adequate controls over payroll increases the risk that fraud and/or errors could occur and not be detected in a timely manner.

CLHSD utilizes electronic time sheets in the Cross-Application Time Sheet system. For the period July 1, 2022, through February 9, 2024, we analyzed time certification data covering 3,838 time sheets and noted the following:

- 278 (7.2%) time sheets were not certified by the employee or were certified between one and 69 (or an average of 11) days after the payroll posting date.
- 522 (13.6%) time sheets were not approved by the employee's supervisor or were approved by the employees' supervisor between one and 105 (or an average of 8) days after the payroll posting date.

CLHSD does not have a formal written policy in place that contains specific deadlines to ensure that employees' time and attendance records are certified by the employee and approved by the employee's supervisor before the employee's paycheck is issued. Good internal control requires that employee certification of time and attendance records and review and approval by the appropriate supervisor are obtained prior to disbursing payroll.

Management should establish and enforce time and attendance policies that clearly define when employees must certify and supervisors must approve time and attendance records. Management should also establish and implement monitoring procedures to ensure that time sheets are certified and approved prior to the disbursement of payroll. Management concurred with the finding and provided a corrective action plan (see Appendix A).

Payroll and Personnel

Salaries and related benefits comprised approximately 47% and 51% of CLHSD's expenses in fiscal years 2023 and 2024, through February 21, 2024, respectively. We obtained an understanding of CLHSD's controls over the time and attendance function, analyzed time certification and approval data, and reviewed selected employee time statements and leave records. As noted in the Current-report Finding section, our procedures revealed employee certifications and supervisors' approvals were not performed or were not performed timely.

Revenue Billings

CLHSD uses ICANotes behavioral health electronic records software to bill for services provided to patients and to maintain medical records for services rendered and amounts owed. We reviewed system reports provided during the period July 1, 2022, to February 29, 2024, and selected a sample of 15 billings to determine if the service

was performed, if the billing code used matched the service performed, and if the claim was billed properly for the services performed. Based on the results of our procedures, CLHSD had adequate controls in place to ensure that revenue billings were properly recorded.

Accounts Receivable

CLHSD has a contract in place with Office of Debt Recovery for the collection of outstanding debt that was signed in January 2020. We reviewed the contract and performed procedures to evaluate CLHSD's compliance with the contract. Based on the results of our procedures, CLHSD has followed the terms of the contract and complied with applicable laws and regulations related to the transfer of delinquent debts.

Trend Analysis

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

WGW:ETM:JPT:BQD:ch

CLHSD2024

APPENDIX A: MANAGEMENT'S RESPONSE



Central Louisiana Human Services District *Administration*

Michael J. "Mike" Waguespack, CPA

Louisiana Legislative Auditor

P.O. Box 944397

Baton Rouge, LA 70804-9397

Dear Mr. Waguespack:

This letter is in response to the Single Audit of Louisiana finding that Central Louisiana Services District (CLHSD) lacked internal controls to ensure that its employees and supervisors approved time and attendance records in a timely manner. CLHSD concurs with this finding. Although 7.2% of time sheets were certified after the Wednesday following payroll Monday and 13.6% of times sheets were approved after the Wednesday following payroll Monday, CLHSD does not believe that any fraud occurred and that all errors were corrected.

Corrective Action Plan: CLHSD has a formal written policy in place that addresses deadlines for certifying and approving time. The timekeeper is now under direct supervision of the Executive Director and all emails regarding certifying and approving timesheets are cc'd to the Executive Director and both Deputy Directors of CLHSD. The timekeeper runs reports on Tuesday and Wednesday of payroll week to identify missing signatures. If an employee does not certify or approve by Wednesday after payroll Monday due to medical reasons, a problem with the time sheet, or the inability to access internet services, etc., a note is entered into the timesheet. The timekeeper will continue to run past payroll reports until the missing signature is resolved or is determined to be unresolvable.

Responsibility for the Corrective Action Plan: Executive Director.

Anticipated completion date: All corrective actions in place on the date of this letter.



Central Louisiana Human Services District
Administration

Sincerely,

Rebecca Craig

Executive Director

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the Central Louisiana Human Services District (CLHSD) for the period from July 1, 2022, through May 28, 2024. Our objective was to evaluate certain controls CLHSD 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 CLHSD's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. The CLHSD's accounts are an integral part of the state of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

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