

NORTHEAST DELTA HUMAN  
SERVICES AUTHORITY

LOUISIANA DEPARTMENT OF HEALTH  
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES  
PROCEDURAL REPORT  
ISSUED JULY 10, 2019

**LOUISIANA LEGISLATIVE AUDITOR  
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# Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Northeast Delta Human Services Authority  
Louisiana Department of Health

July 2019

*Audit Control # 80190011*

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## Introduction

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 to provide accountability over public funds. In addition, we determined whether management has taken action to correct the finding reported in the prior report.

## Results of Our Procedures

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 on selected controls and transactions relating to cash, purchasing card and controlled billed account expenses, Fueltrac card expenses, contract expenses, payroll expenses, and client billing and receivables.

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### Follow-up on Prior-report Finding

We reviewed the status of the prior-report finding in NEDHSA's procedural report dated May 17, 2017. The prior-report finding related to Not Billing for Services Provided has not been resolved and is addressed again in this report.

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### Current-report Findings

#### Not Billing for Services Provided

For the second consecutive engagement, NEDHSA was not allowed to bill Medicaid for mental health services provided by its licensed master social workers (LMSW) because these employees lack the clinical credentials required by the Healthy Louisiana plans.

Good business practices require that employees providing mental health services have the required credentials allowing NEDHSA to bill and receive self-generated revenues to fund ongoing operations.

While NEDHSA reduced the number of LMSW employees without clinical credentials from seven to four, as of January 17, 2019, three of the four remaining LMSW employees continued to perform mental health services during May 2018 through October 2018. These services were performed in emergency situations when a credentialed employee was not available due to scheduling or when the licensed position was not filled by an individual with the proper credentials. NEDHSA further reduced its number of LMSW employees to three as of March 11, 2019. Management did not provide the amount unbilled for mental health services provided by LMSW employees.

Management should further improve its business processes to ensure all services provided to Medicaid clients meet the requirements of the Healthy Louisiana plans so that services can be billed. Management concurred in part with the finding and outlined corrective actions taken (see Appendix A, pages 1-2).

### **Contract Award Documents Lack Required Identifying Information**

NEDHSA failed to clearly identify federal award information to qualified subrecipients at the time of the contract award, as required by federal regulations.

NEDHSA is allocated federal funds from the Louisiana Department of Health, Office of Behavioral Health as interagency transfers, and NEDHSA passes these funds to nonprofit entities via contracts to perform social, prevention, and professional services. The federal programs involved include Temporary Assistance for Needy Families (CFDA 93.558), Block Grants for Prevention and Treatment of Substance Abuse (CFDA 93.959), and Block Grants for Community Mental Health Services (CFDA 93.958) having contract awards totaling \$724,716 and \$665,623 for fiscal years 2019 and 2018, respectively.

Although NEDHSA employees evaluated each contractor and determined them to be qualified subrecipients, they were not aware of the federal requirements to include federal program identifying information in the contract award documents.

NEDHSA management should strengthen its policies and procedures over awarding contracts and monitor compliance with such to ensure that subrecipients' awarding documents include all required federal award information. Management concurred with the finding and outlined a plan of corrective action (see Appendix A, pages 3-4).

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## **Cash**

NEDHSA maintains four local bank accounts for its clinics located in Bastrop, Columbia, Winnsboro, Monroe, Tallulah, and Ruston. The cash balance at June 30, 2018, per NEDHSA's Annual Fiscal Report was \$710,193. 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 July 2017 through March 2019. 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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## **Purchasing Card and Controlled Billed Account Expenses**

NEDHSA participates in the state of Louisiana's LaCarte purchasing card program for general office supplies and administrative expenses, and the Controlled Billed Account (CBA) program for hotel lodging, rental cars, and conference registration expenses. We obtained an understanding of NEDHSA's policies and procedures over access to and use of the purchasing cards and the CBA account.

We analyzed the LaCarte card and CBA transaction listings for the period July 1, 2017, through December 13, 2018, and examined support for selected transactions. We also examined training certifications for cardholders, supervisors, and the card and account administrator. 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; purchases were properly reconciled to invoices and receipts; and travel regulations were adhered to.

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## **Fueltrac Card Expenses**

NEDHSA participates in the state of Louisiana's Fueltrac Card program and uses fuel cards to make gas and auto maintenance and repair purchases. We obtained an understanding of NEDHSA's policies and procedures relating to fuel card activities. We analyzed a listing of Fueltrac transactions for the period July 1, 2017, through December 13, 2018, and examined support for selected transactions, such as receipts, logs, card statements, and driver authorizations. Based on the results of our procedures, no exceptions were identified relating to fuel card purchases.

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## **Contract Expenses**

We obtained an understanding of NEDHSA's policies and procedures relating to contract expenses. We reviewed listings of the contracts in effect for the two fiscal years ending June 30, 2019, as of January 31, 2019. We selected four contracts for inpatient addiction disorder treatment services, advertising, and psychiatric services; and examined the contracts, monitoring documents, and invoice payments made for the months of July 2017, September 2017, October 2017, February 2018, May 2018, June 2018, August 2018, October 2018, and November 2018. Based on the results of our procedures, no exceptions were noted except for where NEDHSA disbursed interagency federal funds to subrecipients but failed to clearly

identify federal award information to contractors at the time of the contract award, as required by federal regulations (see Current-report Findings section).

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## **Payroll Expenses**

Salaries and related benefits comprise approximately 63% of NEDHSA's expenses in fiscal year 2018. We obtained an understanding of NEDHSA's controls over the time and attendance function and examined selected employee time statements and leave records for the pay periods ending August 27, 2017, October 22, 2017, December 2, 2018, December 31, 2018, and January 13, 2019. We also reviewed a listing of pay rate changes for the period July 1, 2017 through December 13, 2018, and examined selected employees pay rate 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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## **Client Billing and Receivables**

NEDHSA has seven behavioral health clinics that treat clients. We reviewed a listing of clinical visit notes from the services provided by licensed master social workers (LMSW) as of January 17, 2019. We selected 15 visits and examined the appointment notes for services provided and the claims history list for the dates claims were entered in the District's electronic health records system, and the dates claims were paid. We found that 9 of 15 visits were not billed for mental services provided by LMSWs because these employees lack the clinical credentials required by the Healthy Louisiana Plans (see Current-report Findings section).

We also reviewed NEDHSA's aged accounts receivable report as of March 1, 2019, generated by its Electronic Health Record (EHR) system. We selected 13 private pay clients' accounts and examined documentation of bills and delinquent letters sent, or payments received during the period March 5, 2018, through March 18, 2019. Based on the results of our procedures, no exceptions were identified.

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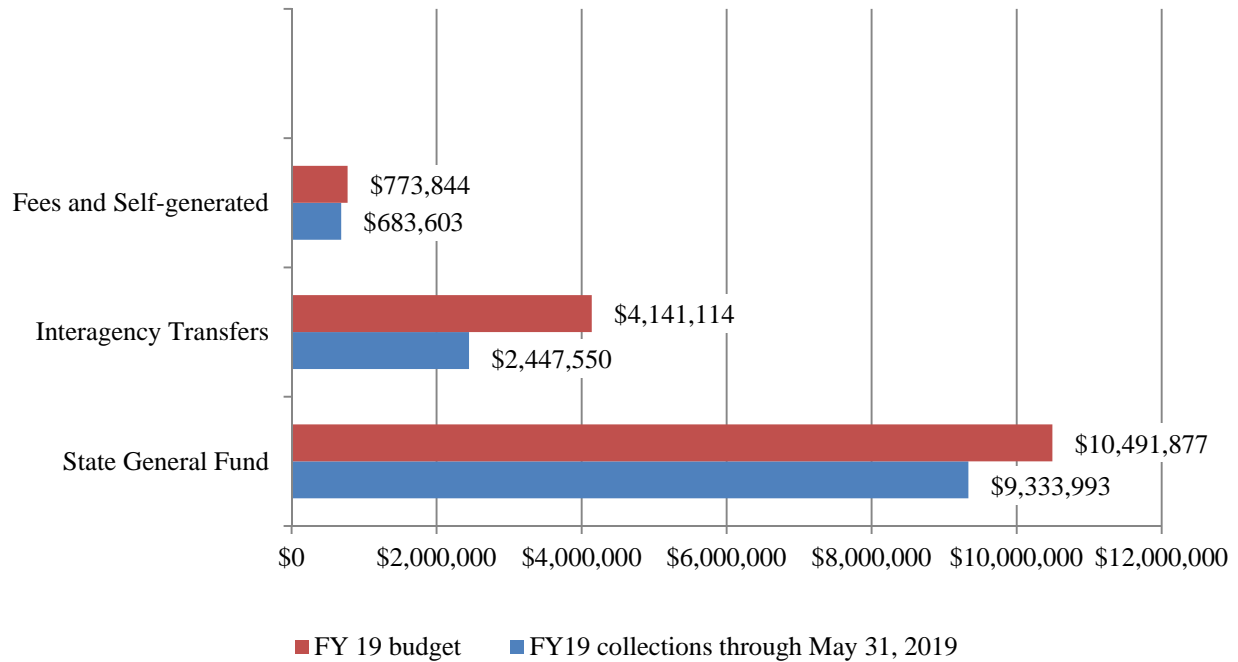
## **Trend Analysis**

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

We analyzed the revenues of NEDHSA for the two fiscal years ending June 30, 2019, as of May 31, 2019. In fiscal year 2018, NEDHSA received approximately 90% of its \$3.4 million interagency transfers revenue budget and 86% of its \$773,844 2018 fees and self-generated revenue budget. As shown below for fiscal year ending June 30, 2019, as of May 31, 2019, NEDHSA has received 59% of its \$4.1 million 2019 interagency transfers revenue budget and

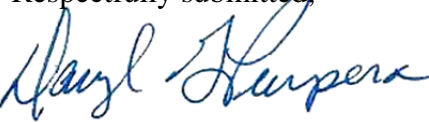
88% of its \$773,844 2019 fees and self-generated revenue budget. NEDHSA does not set its own annual appropriation for interagency transfers; the appropriation was determined by the Louisiana Department of Health, Office of Behavioral Health. NEDHSA has received 89% of its 2019 general fund monies as of May 31, 2019 and is expected to receive 100% by year-end, June 30, 2019.

**Revenues - Budget to Actual for Fiscal Year 2019 as of May 31, 2019**



Source: 2019 ISIS 2G15 Report

Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,  
  
 Daryl G. Purpera, CPA, CFE  
 Legislative Auditor

KVL:BAC:BH:EFS:ch





## **APPENDIX A: MANAGEMENT'S RESPONSES**





# HSA

Northeast Delta  
Human Services Authority

Mental Health • Addiction Disorders  
Developmental Disabilities

June 5, 2019

Daryl G. Purpera, CPA, CFE  
Louisiana Legislative Auditor  
1600 North Third St.  
PO Box 94397  
Baton Rouge, LA 70804-9397

Dear Mr. Purpera:

In response to the final draft report received on June 5, 2019, you will find Northeast Delta Human Services Authority (NEDHSA) management's response to the finding below:

### **Not Billing for Services Provided**

**Recommendation:** Management should further improve its business processes to ensure all services provided to Medicaid clients meet the requirements of the Healthy Louisiana plans so that services can be billed.

**Response:** NEDHSA concurs in part with the individual finding and recommendation.

As indicated in the NEDHSA Management's response dated May 4, 2017, all LMSW staff were reminded of the minimum requirements of providing outpatient clinical/therapy services according to the state's Medicaid program. In addition, at the time of the last Legislative Audit, NEDHSA, with guidance from state Civil Service, began to institute modifications to eliminate the Social Worker 3 position or LMSW position. And, NEDHSA's executive management sent notification to remaining LMSWs about the upcoming changes requiring all NEDHSA employees providing outpatient mental health (clinical/therapy) service to be qualified as Licensed Mental Health Professionals (LMHP). LMSWs were given until April 19, 2018 to obtain one of the licensures to qualify as an LMHP and were directed to not provide mental health services until such licensure was obtained.

In the few instances between May 2018 through October 2018 when agency LMSWs did provide clinical/therapy services, they only provided these services during emergency situations and when cases could not be immediately transferred due to following the Louisiana Civil



# HSA

Northeast Delta  
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Service hiring process. To be noted, it is extremely difficult to recruit licensed professional to work in very rural areas of Louisiana.

Lastly, and as indicated in the draft finding dated June 5, 2019, NEDHSA does continue to employ three of its former seven LMSW staff that were identified in fiscal year 2017. However, of these three remaining LMSW employees, only one performs clinical services. This particular LMSW has always provided clinical/addiction treatment services per the guidelines of the Louisiana Department of Health Medicaid Services Manual. This same LMSW's clinical/addiction service is billable under the Healthy Louisiana plans. The remaining two LMSWs no longer provide clinical services/therapy, and are now working exclusively in the Prevention and Wellness Department.

**Corrective Action:**

Persons Responsible for this action –Director of Clinical Services and Director of Corporate Compliance

Corrective Action Plan – This matter has been resolved. However, NEDHSA management will continue to proactively ensure that only qualified individuals provide billable services.

Anticipated Completion Date – This matter has been corrected.

Respectfully,

Dr. Monteic Sizer  
Executive Director  
Northeast Delta Human Services Authority





April 9, 2019

Daryl G. Purpera, CPA, CFE  
Louisiana Legislative Auditor  
1600 North Third St.  
PO Box 94397  
Baton Rouge, LA 70804-9397

Dear Mr. Purpera:

In response to the draft report received on March 28, 2019, you will find Northeast Delta Human Services Authority (NEDHSA) management's response to the finding below:

**Contract Documents Lack Required Identifying Information**

**Recommendation:** NEDHSA management should strengthen its policies and procedures over awarding contracts and monitor compliance with such to ensure that sub-recipients' awarding documents include all required federal award information.

**Response:** NEDHSA concurs with the individual finding and recommendation.

NEDHSA is a contracted agent of the Louisiana Department of Health (LDH). As such, NEDHSA is a sub-recipient of funding as LDH is a pass-through entity of federal grants (SAPT, MHBG, TANF, STR, PFS, and PATH). Until July 19, 2018, NEDHSA had not received information as described in §200.331 (Requirements for pass-through entities). By that time, all contracts had been executed and work began. With the exception of the CFDA number, which was provided by LDH after execution of contracts, NEDHSA met other requirements of §200.331, as per the requirements, "Ensure that every sub-award is clearly identified to the sub-recipient as a sub-award and includes the following information at the time of the sub-award and if any of these data elements change, include the changes in subsequent sub-award modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and sub-award."

The best information available was the sub-award period of performance start and end date, sub-recipient's name, sub-recipient's unique entity identifier, and amount of federal funds obligated. Additionally, NEDHSA employees evaluate each contractor and determine them to



# HSA

Northeast Delta  
Human Services Authority

Mental Health • Addiction Disorders  
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be qualified sub-recipients. As part of the contract monitoring process, NEDHSA also evaluates expenditures and deliverables associated with funding to ensure proper measures are in place and that services are provided according to grant funding guidelines.

**Corrective Action:**

Person Responsible for this action – Melinda Robinson, Director of Corporate Compliance

Corrective Action Plan – NEDHSA management will proactively engage LDH/OBH around specific award-specific information to ensure that the requirements of §200.331 are met. Information gained will be provided to the individual sub-recipients in compliance with §200.331.

Anticipated Completion Date – May 31, 2019 is the date by which this plan will be implemented; however, this process will remain ongoing to ensure compliance. NEDHSA will notify current sub-recipients and ensure that this is continued upon initiation of agreements with sub-recipients on an ongoing basis.

Respectfully,

Melinda Robinson  
Corporate Compliance Director  
Northeast Delta Human Services Authority

  
Dr. Monteic Sizer  
Executive Director  
Northeast Delta Human Services Authority  
cc LCS

## APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the Northeast Delta Human Services Authority (NEDHSA) for the period from July 1, 2017, through June 27, 2019. Our objective was to evaluate certain controls NEDHSA uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and to provide 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 Louisiana Department of Health, which is 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 the results of our analytical procedures, we performed procedures on selected controls and transactions relating to cash, purchasing card and controlled billed account expenses, Fueltrac card expenses, contract expenses, payroll expenses, and client billing and receivables.
- We compared the most current and prior-year financial activity using NEDHSA's Annual Fiscal Reports and/or 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.