

FLORIDA PARISHES HUMAN SERVICES AUTHORITY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA



PROCEDURAL REPORT  
ISSUED JULY 2, 2008

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

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June 18, 2008

**FLORIDA PARISHES HUMAN SERVICES AUTHORITY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA**  
Amite, Louisiana

As required by Louisiana Revised Statute 24:513, we conducted certain procedures at the Florida Parishes Human Services Authority for the period from July 1, 2006, through June 18, 2008. Our procedures included (1) a review of the authority's internal controls; (2) tests of financial transactions; (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities; and (4) a review of compliance with prior year report recommendations. Our procedures were more limited than would be necessary to give an opinion on internal control and on compliance with laws, regulations, policies, and procedures governing financial activities.

Specifically, we interviewed management personnel and other selected authority personnel and evaluated selected documents, files, reports, systems, procedures, and policies, as we considered necessary. After analyzing the data, we developed recommendations for improvement. We then discussed our findings and recommendations with appropriate management personnel before submitting this written report.

The Annual Fiscal Report of the Florida Parishes Human Services Authority was not audited or reviewed by us, and, accordingly, we do not express an opinion on that report. The authority's accounts are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

In our prior report on Florida Parishes Human Services Authority, dated April 3, 2006, we reported findings relating to insufficient control over receipts and payroll internal control weaknesses. The finding relating to payroll internal control weaknesses has been resolved by management. The finding relating to insufficient control over receipts 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.

### **Insufficient Control Over Receipts**

For the second consecutive period, the Florida Parishes Human Services Authority (FPHSA) did not maintain adequate internal control over receipts to ensure that funds collected were recorded properly and deposited immediately and that monthly ineligible patient fee reports were properly prepared. In addition, FPHSA did not transfer private grant funds to the Department of Health and Hospitals (DHH) in time to ensure the timely deposit into the state treasury. FPHSA policy states that the deposit should equal the amount of cash and checks shown on the journal for the period covered by the deposit and should include receipt numbers. Deposits should be made whenever the funds on hand total \$100 or more or at least once a week. A monthly report of ineligible patient fees and other fees collected during the month should be prepared. In addition, since FPHSA has not established a policy regarding private grants, FPHSA follows DHH policy that requires all funds be deposited as soon as possible but no later than 24 hours after receipt.

FPHSA employees did not consistently follow control procedures for cash receipts. A review of the authority's controls over receipts disclosed the following conditions:

- For eight of 16 (50%) receipts tested, cash receipts were not recorded properly. A deposit ticket was not available or did not include receipt numbers.
- For seven of 16 (44%) receipts tested, FPHSA did not deposit cash receipts into local bank accounts when receipts totaled \$100 or deposit at least weekly.
- For one of 16 (6%) receipts tested, FPHSA did not properly prepare the monthly ineligible patient fee report. The report for the month did not equal the amount collected and deposited for that month.
- For all three private grant checks tested totaling \$20,250, FPHSA did not transfer the checks to DHH in time to ensure the timely deposit into the state treasury, with delays ranging from six to 38 days. DHH deposited checks received within 24 hours.

Management did not place sufficient emphasis on controls over cash receipts and did not adequately supervise employees responsible for maintaining the local bank accounts. Failure to establish controls over receipts increases the risk that receipts may be lost or stolen and that such losses will not be detected in a timely manner.

FPHSA management should provide adequate control and supervision over employees responsible for depositing receipts, maintaining the bank accounts, and transferring funds to ensure that policies and procedures are followed. Management concurred with the finding and outlined corrective action (see Appendix A, page 1).

## Noncompliance With State Movable Property Regulations

FPHSA did not comply with certain state laws, regulations, and policies over movable property and did not maintain adequate controls. Louisiana Administrative Code Title 34 Part VII Section 307 (A) requires all acquisitions to be tagged and information reported to the Louisiana Property Assistance Agency (LPAA) within 60 days after receipt. Section 313 (A) requires that a complete physical inventory of the property owned by the agency be conducted not more than 12 calendar months after the last physical inventory. In addition, efforts must be made to locate all movable property for which there is no explanation for its disappearance. Section 301(B) requires that LPAA be notified when any property manager ceases to function in that position.

During procedures performed on FPHSA's movable property items, the following deficiencies were noted:

- For 18 of 43 items (42%) tested, the acquisition date listed in the state's movable property system (Protégé) did not agree to the date received in ISIS, the statewide accounting system.
- Two of 20 (10%) employees tested had inappropriate access to Protégé. One user was no longer employed by FPHSA and the other user lacked a valid business need.
- For two of 12 annual certifications (17%) tested, LPAA did not approve the certification. One certification was disapproved because of an unacceptable amount of unlocated property totaling \$5,386, which included three computers. The other certification was disapproved because it was submitted to LPAA nearly three months late.
- Twenty-nine items totaling \$36,470 were not tagged within 60 days as required, ranging from one to 129 days late.

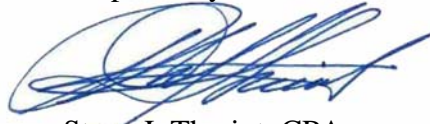
Although the authority had policies and procedures that contain many elements of a good internal control system, these procedures were not followed uniformly. Failure to maintain an accurate movable property control system increases the risk of loss arising from unauthorized use and subjects the authority to noncompliance with state laws and regulations. Also, the risk exists that confidential information may be improperly retrieved from missing computers.

FPHSA management should monitor to ensure that movable property procedures and policies are followed consistently and that all property is tagged and reported timely to LPAA. Management concurred with the finding and outlined corrective action (see Appendix A, page 2).

The recommendations in this report represent, in our judgment, those most likely to bring about beneficial improvement to the operations of the authority. The varying nature of the recommendations, their implementation costs, and their potential impact on the operations of the authority should be considered in reaching decisions on courses of action. The finding relating to the authority's compliance with applicable laws and regulations should be addressed immediately by management.

This report is intended solely for the information and use of the authority and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Steve J. Theriot, CPA  
Legislative Auditor

AHC:WDG:PEP:sr

FPHSA08

Management's Corrective Action  
Plans and Responses to the  
Findings and Recommendations



# Florida Parishes Human Services Authority

Livingston Parish  
Judge Zoey Waguespack  
Margie Mason

St. Helena Parish  
Sarah Kent

St. Tammany Parish  
John Tobin  
Marty Dean  
Stephen M. Crow



Tangipahoa Parish  
Chris Miaoulis, Chairman  
Mark Waller

Washington Parish  
Atwood J. Luter

Executive Director  
Melanie Watkins

June 3, 2008

Mr. Steve J. Theriot, CPA  
Legislative Auditor  
PO Box 94397  
Baton Rouge, LA 70804-9397

Re: Insufficient Control Over Receipts

Dear Mr. Theriot,

Please be advised that Florida Parishes Human Services Authority (FPHSA) concurs with the above referenced finding from the 2008 Legislative Audit.

Following FPHSA's previous Legislative Audit, our action plan included filling an Accountant 3 position in order to oversee clinical accounting operations. FPHSA attempted to staff this position, but due to the limited number of applicants and budget constraints at that time, we were unable to fill the position.

Alternatively, FPHSA created an Administrative Program Specialist A position. The job description for this position includes monitoring cash receipts at all FPHSA facilities. However, this position was filled less than a year ago and due to the diversity and complexity of work performed by this position, the monitoring function has yet to be fully implemented.

FPHSA's new corrective plan includes staffing a new position with the primary responsibility of conducting monthly quality control of the accounting process, including cash receipts, at FPHSA facilities. FPHSA will also retrain each staff member that handles cash receipts to ensure compliance with our Cash Receipts Policy. The agency's Cash Receipts procedures will also be revised and refined to ensure consistency across the agency. FPHSA will also develop its own policy and procedures for private grant funding.

The goal date for all aspects of our corrective plan to be in effect is December 2008.

The name of the person responsible for the corrective action is Trent Myers, Administrative Director.

Please be assured that FPHSA will strive to improve performance and ensure compliance with existing policies and procedures.

Sincerely,

A handwritten signature in cursive script that reads "Melanie Watkins".

Melanie Watkins  
Executive Director

*Florida Parishes  
Human Services Authority*

Livingston Parish  
Judge Zoey Waguespack  
Margie Mason

St. Helena Parish  
Sarah Kent

St. Tammany Parish  
John Tobin  
Marty Dean  
Stephen M. Crow

Tangipahoa Parish  
Chris Miaoulis, Chairman  
Mark Waller

Washington Parish  
Atwood J. Luter

Executive Director  
Melanie Watkins



June 10, 2008

Mr. Steve J. Theriot, CPA  
Legislative Auditor  
PO Box 94397  
Baton Rouge, LA 70804-9397

Re: Noncompliance with State Movable Property Regulations

Dear Mr. Theriot,

Please be advised that Florida Parishes Human Services Authority concurs with the above referenced finding from our 2008 Legislative Audit.

FPHSA's corrective plan is to develop and implement its own policy and procedures regarding movable property in compliance with LPAA regulations. All facility property managers will be trained on the agency policy and procedures. The agency-wide property manager will perform routine checks to ensure that all FPHSA facilities are in compliance with the FPHSA policy and that all are entering new assets into the LPAA Protégé system in a timely manner. The agency-wide property manager will be required to personally oversee the physical inventory of each FPHSA facility and review all reports before submission to LPAA.

The goal date for all aspects of our corrective plan to be in effect is February 2009.

The name of the person responsible for implementation of the corrective action is Trent Myers, Administrative Director.

Please be assured that FPHSA will strive to improve performance and ensure compliance with all state laws, regulations, and policies.

Sincerely,

A handwritten signature in cursive script that reads "Melanie Watkins".

Melanie Watkins  
Executive Director