

NORTHEAST SUPPORTS AND SERVICES CENTER
OFFICE FOR CITIZENS WITH
DEVELOPMENTAL DISABILITIES
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA



PROCEDURAL REPORT
ISSUED DECEMBER 8, 2010

**LEGISLATIVE AUDITOR
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BATON ROUGE, LOUISIANA 70804-9397**

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This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Six copies of this public document were produced at an approximate cost of \$17.52. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's Web site at www.la.la.gov. When contacting the office, you may refer to Agency ID No. 3556 or Report ID No. 80100013 for additional information.

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Our procedures at Northeast Supports and Services Center (center) for the period July 1, 2008, through June 30, 2010, disclosed:

- The center failed to follow agency policy and included errors in its clients' accounts.
- No additional control deficiencies or errors were identified relating to patient account transactions, inventory, payroll and related benefits transactions, and nonpayroll expenditure transactions, including operating services, supplies, and travel.

This work did not constitute an audit under auditing standards. This report is a public report and has been distributed to state officials. We appreciate the center's assistance in the successful completion of our work.

Background

The mission of the Northeast Supports and Services Center is to provide person-centered supports and services to individuals with developmental disabilities, including mental retardation, autism and other conditions related to mental retardation, through the provision of residential living options and other Mental Retardation/Developmental Disabilities (MR/DD) services. It is also the mission of this program to provide services and supports in compliance with all applicable regulatory standards.

The goals of the center are to:

- Provide efficient and effective administrative and support services to programmatic services of Northeast Supports and Services Center
- Provide person-centered, 24-hour residential living services and supports to individuals with developmental disabilities living in the facilities
- Provide individuals supports and services to transition into the community to live, work and play in the setting of their choice with their families or independently

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

November 4, 2010

**NORTHEAST SUPPORTS AND SERVICES CENTER
OFFICE FOR CITIZENS WITH DEVELOPMENTAL DISABILITIES
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
Ruston, Louisiana**

As required by Louisiana Revised Statute 24:513, we conducted certain procedures at Northeast Supports and Services Center (center) for the period from July 1, 2008, through June 30, 2010.

- Our auditors obtained and documented a basic understanding of the center's operations and system of internal controls through inquiry, observation, and review of its policies and procedures documentation including a review of the related laws and regulations applicable to the center.
- Our auditors performed analytical procedures consisting of a comparison of the most current and prior year financial activity using the center's annual fiscal reports and/or system-generated reports and obtained explanations from center management of any significant variances.
- Based on the documentation of the center's controls and our understanding of related laws and regulations, additional procedures were performed on selected controls and transactions relating to patient accounts, inventory, payroll and related benefits, and nonpayroll expenditures (operating services, supplies, and travel).

Based on the application of these procedures, we are including a finding in this report regarding client accounts. We found no additional significant control deficiencies, noncompliance, or errors relating to our procedures on selected controls and transactions listed above that should be communicated to management.

The following significant finding is included in this report for management's consideration.

Violations of Policy and Regulations Relating to Client Accounts

The center failed to follow agency policy and exercise adequate control over its client accounts. The center's Policy Number C-48 states that no funds should be issued to a client (consumer) for purchasing various goods and/or services if the funds are not

available. The policy also requires that after the consumer's purchasing (shopping) is complete and before the items are placed in the consumer's bedroom, the direct support staff or a staff person who did not go shopping must:

- (1) add the items purchased to the consumer's inventory log noting the date, time, and signature of the person confirming the inventory was done and
- (2) return to the center's Fiscal Office all receipts, excess funds, or acknowledgement by the consumer that they wish to retain any excess funds within 24 hours after being disbursed by the Fiscal Office.

The policy further requires the Clients Rights Officer to periodically compare items on the master inventory list to items actually in the consumer's home. Furthermore, the Medicaid Eligibility Manual for long-term care individuals receiving Supplemental Security Income from Social Security has established a resource limit of \$2,000 for individuals.

Our review and tests of client accounts and transactions disclosed the following:

- A review of 19 client accounts for fiscal year ending June 30, 2009, indicated that seven accounts had negative balances for up to four months. A review of 10 client accounts for fiscal year ending June 30, 2010, indicated that one account had a negative balance for one month.
- A test of 31 inventory transactions from fiscal year 2010 revealed that 15 or 48% of the transactions were logged by the shopper and not an independent person.
- A test of 32 transactions from fiscal year 2010 revealed that 25 or 78% of the receipts were returned to the center's Fiscal Office from two to 148 days after the disbursement of funds from the Fiscal Office.
- A review of 28 inventory counts taken during fiscal year 2010 by the Clients Rights Officer revealed that eight or 29% of the counts did not include all the items reported on the client's master inventory listing.
- A review of 19 client accounts for the fiscal year ending June 30, 2009, indicated that two or 10.5% had a balance greater than \$2,000 for up to 12 months and continued to receive Supplemental Security Income payments from Social Security.

Management and staff of the center are not familiar enough with applicable policies and regulations governing client accounts and assets to ensure compliance. As a result, violations have occurred and have not been detected in a timely manner by center personnel or management. In addition, there is an increased risk of errors or fraud relating to client accounts and assets for which the center may be liable.

Management and staff should immediately become familiar with applicable policies and regulations governing client accounts and assets. Management should review its policies and make revisions, if needed. The staff should be trained and all applicable policies and regulations should be strictly enforced. Disciplinary action should be taken when personnel do not follow policies and regulations. Management concurred with the finding and recommendations and outlined a plan of corrective action (see Appendix A).

The recommendations in this report represent, in our judgment, those most likely to bring about beneficial improvements to the operations of the center. The finding relating to the center's compliance with applicable laws and regulations should be addressed immediately by management.

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.

The financial information provided to the Office for Citizens with Developmental Disabilities, Department of Health and Hospitals, by the center was not audited or reviewed by us, and, accordingly, we do not express an opinion on that information. The center's accounts, under the Office for Citizens with Developmental Disabilities, Department of Health and Hospitals, are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

This report is intended for the information and use of the center and its management, the Department of Health and Hospitals, and the Louisiana Legislature. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

KVL:WJR:BDC:THC:dl

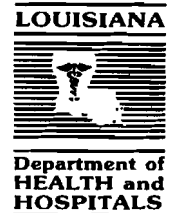
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Management's Corrective Action
Plan and Response to the
Finding and Recommendations



Bobby P. Jindal
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



Alan Levine
SECRETARY

July 27, 2010

Mr. Daryl G. Purpera, CPA
Office of Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Purpera:

We have reviewed the reportable audit finding, **Violations of Policy and Regulations Relating to Client Accounts**, for Northeast Supports and Services Center. We do concur with the finding. Our corrective action plans will be as follows:

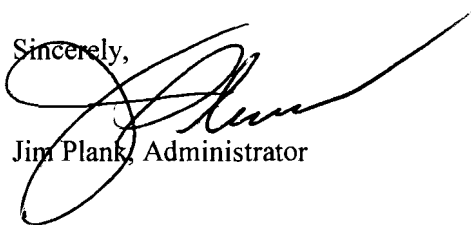
- NESSC's Interdisciplinary Program Coordinators will continue to have access to an updated balance for each consumer every Wednesday and Friday. All IPCs will be retrained by Angela Vigna, Clinical/Psychological Services Director to consistently check each consumer's balance, during the month and before the last day of the calendar month, to ensure that there is no negative account balance or an account balance greater than \$2,000. All training will be documented and reported to Janet Robinson, Administrative Program Director II. The Administrative Program Director II will generate a report of consumer balances by the 25th of each month, and notify the Clinical/Psychological Services Director if there are any balance discrepancies to be addressed before the month ends. Angela Vigna, Clinical/Psychological Services Director and Janet Robinson, Administrative Program Director II are the contact persons responsible for this corrective action being completed by August 6, 2010.
- Per Policy C-48, Residential Supervisors and Direct Care Staff will be retrained by Ginny Canterbury, Director of Residential Services to check the weekly balances for each consumer before issuing any funds from the home petty cash boxes, and to have a staff, who did not go shopping, add the items purchased to the consumer's inventory log. The supervisors and staff will also be retrained to return all receipts to the Fiscal Office within twenty-four hours after the funds are disbursed from Fiscal. The training will be documented and reported to Janet Robinson, Administrative Program Director II. Ginny Canterbury, Director of Residential Services is the contact person responsible for these corrective actions being completed by August 6, 2010.
- Melissa Leporati, Clients Rights Officer and Ginny Canterbury, Director of Residential Services will develop an inventory policy to include the proper counting, documenting, maintaining, and checking of each individual's personal items by the Residential Staff and the IPCs each month. The policy will also include the generating and updating of the master inventory listing by the CRO. The CRO will continue to periodically compare items on the master inventory list to items actually in the consumer's home, and document this action. The CRO will immediately notify the Administrative Program Director II, the Associate Administrator, and the Administrator of any discrepancies. The IPCs and Residential Services Staff will be trained by the Clients Rights Officer and the Director of Residential Services for the policy's implementation. The training will be documented and reported to Janet Robinson, Administrative Program Director II. Melissa

Leporati, Clients Rights Officer and Ginny Canterbury, Director of Residential Services are the contact persons responsible for this corrective action being completed by September 30, 2010.

- The Accounting Technician will continue to report all consumer earnings and any consumer balances over two thousand dollars to the Social Security Administration by the 3rd working day of each month to avoid any overpayments of Supplemental Security Income payments. The IPCs will monitor all consumer balances to ensure that they are maintained at less than \$1,500 during each month. Janet Robinson, Administrative Program Director II will notify Angela Vigna, Clinical/Psychological Services Director of any balances in excess of \$1,500 by the 25th of each month. Angela Vigna, Clinical/Psychological Services and Janet Robinson, Administrative Program Director II are the contact persons responsible for this action being completed by August 3, 2010.

If additional information is required, please feel free to contact me at (318)247-4212, or email me at jim.plank@la.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jim Plank', with a large, sweeping flourish extending to the right.

Jim Plank, Administrator