

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



FINANCIAL AUDIT SERVICES  
PROCEDURAL REPORT  
ISSUED OCTOBER 8, 2014

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LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

October 8, 2014

The Honorable John A. Alario, Jr.,  
President of the Senate  
The Honorable Charles E. "Chuck" Kleckley,  
Speaker of the House of Representatives  
Ms. Melanie Watkins, Executive Director  
Florida Parishes Human Services Authority

Dear Senator Alario, Representative Kleckley, and Ms. Watkins:

This report provides the results of our procedures at the Florida Parishes Human Services Authority (FPHSA) for the period from July 1, 2012 through June 30, 2014. Our objective was to evaluate certain controls that FPHSA uses to ensure accurate financial reporting and transparency, compliance with applicable laws and regulations, and to provide overall accountability for public funds. I hope this report will benefit you in your legislative and operational decision-making process.

We would like to express our appreciation to the management and staff of FPHSA for their assistance during our work.

Sincerely,

Daryl G. Purpera, CPA, CFE  
Legislative Auditor

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FPHSA 13-14



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# Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



## Florida Parishes Human Services Authority

October 2014

Audit Control # 80140017

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### Introduction

The primary purpose of our procedures at the Florida Parishes Human Services Authority (FPHSA) was to evaluate certain internal controls that FPHSA uses to ensure accurate financial reporting and transparency, compliance with applicable laws and regulations, and to provide overall accountability over public funds. The mission of FPHSA is to provide quality support services needed to help people with addictions, developmental disabilities, and/or mental illness lead satisfying and productive lives in our community.

### Results of Our Procedures

We evaluated FPHSA'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 FPHSA. Based on the documentation of FPHSA's controls and our understanding of related laws and regulations, we performed procedures on selected controls and transactions focusing on FPHSA's participation in the Louisiana Behavioral Health Partnership (LBHP). The LBHP launched on March 1, 2012, significantly changing the way FPHSA delivered services and how that service delivery was funded. Our procedures included consideration of FPHSA's ability to file claims with the LBHP State Managing Organization (Magellan) and other third-party payers, collect on the claims filed, reconcile revenue collections to accounting records and client health records, and achieve the self-generated revenue included in the annual budget.

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### Claims Filing

In the second year of LBHP operation, FPHSA used Magellan's claims system, Clinical Advisor, as its only client records and billing tool. Clinical Advisor has been modified many times over the past two years because of system limitations and flaws. FPHSA began billing third-party claims and Medicare on March 28, 2014, more than two years after the LBHP implementation. Prior to that date, Clinical Advisor could not file third-party claims with accurate rates applied. Because of system issues with Clinical Advisor and slow eligibility determinations, the authority is still having difficulty administering the claims processes efficiently.

## Revenue Collection

As noted with claims above, FPHSA still continues to struggle because of Clinical Advisor system limitations and issues. As a result, revenue collection on claims continues to lag from both Magellan and other third-party payers. Denied claims and claims where the filing period has expired continue to be issues. FPHSA has recycled some older claims, but with varying degrees of success.

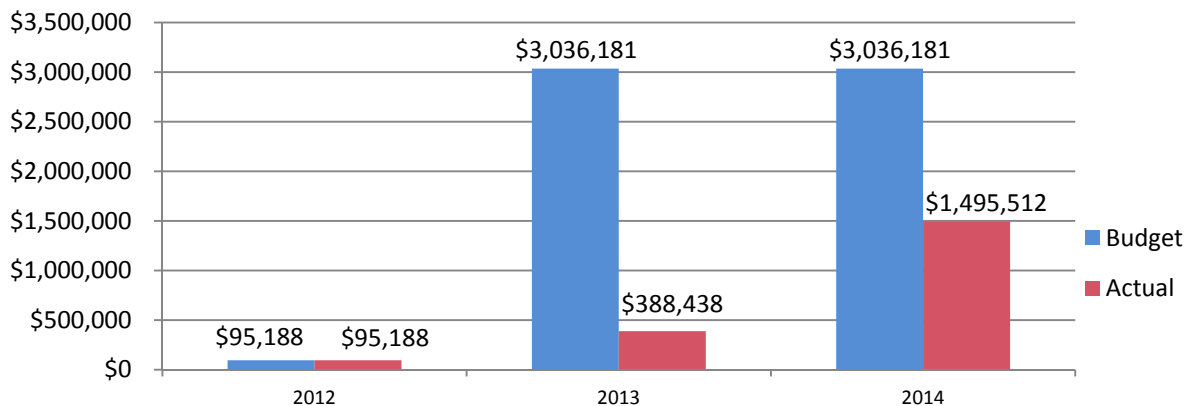
## Reconciliation of Revenue to Accounting and Health Records

The authority continues to make efforts toward reconciling Magellan payments to accounting records and client files, noting some success with Medicaid claims but little success with third-party payers. Unexplained recoupments, lack of understandable payment information, and lack of access to some needed bank information continue to be obstacles to effective reconciliations.

## Self-Generated Revenue Budgets

FPHSA did not achieve its budgeted self-generated revenue for either year under review. FPHSA collected approximately 13% of its budgeted self-generated revenue for fiscal year 2013 and 49% for fiscal year 2014. FPHSA did not set its own budgets for self-generated revenue. These budgets were determined by the Department of Health and Hospitals. The inability to achieve budgeted revenue essentially becomes budget cuts for the authority and are absorbed primarily through not filling vacant positions. With vacant positions, its caseloads and waiting times have increased, resulting in drops in services.

**Exhibit 1  
Fees and Self-Generated Budget to Actual Revenues**



Source: ISIS Reports at June 30, 2012; June 30, 2013; and June 30, 2014

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## Comparison of Activity Between Years

We compared the most current and prior year financial activity using the FPHSA's annual fiscal reports and/or system-generated reports to identify trends and obtained explanations from FPHSA management for any significant variances that could potentially indicate areas of risk. FPHSA management provided reasonable explanations for all significant variances.

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## Other Report

Based on our understanding of the continued transition to the Louisiana Behavioral Health Partnership and issues discussed with FPHSA management during this engagement, additional procedures were performed on transition issues experienced by FPHSA and four other human services districts/authorities. A separate informational audit, *Follow-up on Transition to the Louisiana Behavioral Health Partnership as Experienced by Five Human Services Districts/Authorities*, was issued on September 24, 2014, detailing results of those procedures. The report can be accessed on the Louisiana Legislative Auditor's website at <http://www.la.gov>.

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





## APPENDIX A: SCOPE AND METHODOLOGY

We conducted certain procedures at the Florida Parishes Human Services Authority (FPHSA) for the period from July 1, 2012 through June 30, 2014. Our objective was to evaluate certain internal controls FPHSA uses to ensure accurate financial reporting and transparency, compliance with applicable laws and regulations, and to provide overall accountability for public funds. The scope of our procedures was significantly less than an audit conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. The Annual Fiscal Reports of FPHSA were not audited or reviewed by us, and, accordingly, we do not express an opinion on those reports. FPHSA's accounts are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated FPHSA'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 FPHSA.
- Based on the documentation of FPHSA's controls and our understanding of related laws and regulations, we performed procedures on selected controls and transactions focusing on FPHSA's participation in the Louisiana Behavioral Health Partnership (LBHP). The LBHP launched on March 1, 2012, significantly changing the way FPHSA delivered services and how that service delivery was funded. Our procedures included consideration of FPHSA's ability to file claims with the LBHP State Managing Organization (Magellan) and other third-party payers, collect on the claims filed, reconcile revenue collections to accounting records and client health records, and achieve the self-generated revenue included in the annual budget.
- We compared the most current and prior year financial activity using the FPHSA's annual fiscal reports and/or system-generated reports to identify trends and obtained explanations from FPHSA management for any significant variances that could potentially indicate areas of risk.