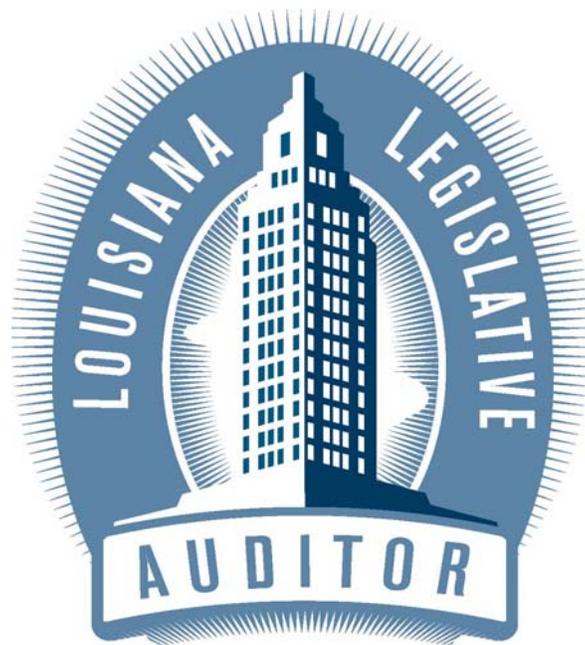


OFFICE OF PUBLIC HEALTH  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA



PROCEDURAL REPORT  
ISSUED DECEMBER 16, 2009

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

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Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge and New Orleans offices of the Legislative Auditor.

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. Five copies of this public document were produced at an approximate cost of \$15.35. 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](http://www.la.la.gov). When contacting the office, you may refer to Agency ID No. 3402 or Report ID No. 80090085 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Wayne “Skip” Irwin, Administration Manager, at 225-339-3800.

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LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA

November 16, 2009

**OFFICE OF PUBLIC HEALTH  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA**  
New Orleans, Louisiana

As required by Louisiana Revised Statute 24:513, we conducted certain procedures at the Office of Public Health for the period from July 1, 2008, through June 30, 2009. Our procedures included (1) a review of the office's internal controls; (2) tests of financial transactions; and (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities. 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 selected office 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 Office of Public Health was not audited or reviewed by us, and, accordingly, we do not express an opinion on that report. The office's accounts are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions. While we did not perform an audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States, we did perform certain procedures related to compliance with federal laws and regulations in accordance with those standards. Our finding related to federal compliance testing is included in this procedural report and will be included in the Single Audit Report for the State of Louisiana.

Based on the application of the procedures referred to previously, all significant findings are included in this report for management's consideration.

**Improper Rate Charged**

The Office of Public Health (OPH) did not comply with certain federal program requirements in administering the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) program (CFDA 10.557). Office of Management and Budget Circular A-133, Subpart C, Section 300 (b) requires states to establish internal control over federally funded programs to provide reasonable assurance that the state is

managing federal awards in compliance with grant provisions. Proper administration would include controls for ensuring expenditures being processed for payment are supported by sufficient documentation and are adequately reviewed.

There was an error in the invoice billing by LSU Health Sciences Center-Shreveport WIC Clinic and subsequent payment for services provided by the Department of Health and Hospitals (DHH), OPH WIC program. This error relates to the initiation of the last contract that began October 1, 2006, and ended on June 30, 2009. According to the contract, the payments for services were to be based on the following graduated scale:

- \$7.25 per participant for the first 500 participants receiving benefits for the month
- \$6.25 per participant for the 501 through 1,000 participants receiving benefits for the month
- \$5.25 per participant for the 1,001 and above participants receiving benefits for the month

Instead of using the above schedule, the Louisiana WIC program has billed a flat rate of \$6.80 per participant during the entire contract period. The total overpayment for WIC services for two years and nine months equals \$63,512, which represents questioned costs.

Personnel did not follow established policies and procedures to ensure compliance with federal regulations, and contracts were not adequately reviewed before paying for services. Failure to institute sufficient control over program expenditures increases the risk of errors, fraud, and/or abuse.

OPH management should ensure that personnel follow established policies and procedures for compliance with federal regulations and that payments are adequately reviewed. In addition, OPH should recover from LSU Health Sciences Center-Shreveport the monies that have been overpaid in excess of contract amounts. Management concurred with the finding and outlined corrective action (see Appendix A, pages 1-2).

### **Unlocated Movable Property**

OPH is not properly accounting for and safeguarding its movable property. OPH reported significant amounts of movable property that could not be located in its annual certification of property inventory to the Louisiana Property Assistance Agency (LPAA) on September 25, 2009. Good internal control requires that adequate procedures be in place to ensure that the locations of all movable property items are monitored and updated frequently to record the movement of items from one location to another. In addition, good internal control should ensure that movable property is properly safeguarded against loss arising from unauthorized use and misappropriation. Louisiana Administrative Code Title 34 Part VII Section 313 (A) states, in part, that efforts must be made to locate all movable property items for which there are no explanations available

for their disappearance. Property unlocated after three years is permanently removed from movable property records. Louisiana Revised Statute 39:325 requires entities to conduct an annual inventory of movable property and identify amounts of unlocated property in an annual certification submitted to LPAA.

On September 25, 2009, the certification of property inventory disclosed \$36,173,090 in total movable property administered by OPH. OPH reported unlocated movable property items with an original cost of \$1,733,114 as a result of its physical inventory procedures. Of that amount, items totaling \$63,923 were removed from the property records because they had not been located for three consecutive years. Of the unlocated property reported on OPH's physical inventory certification, the amount of unlocated computers and computer-related equipment totaled approximately \$714,007.

Although OPH is making improvements in locating previously unlocated assets, the amount of unlocated assets still represents a significant amount. Management described high turnover in its Property Coordinators and Property Manager positions. Failure to adequately monitor, secure, and account for all movable property subjects the movable property of OPH to increased risk of loss and/or unauthorized use.

OPH management should comply with its internal policies and state laws and regulations for movable property and devote additional efforts to locating movable property previously reported as unlocated. Management concurred with the finding and outlined corrective action (see Appendix A, pages 3-4).

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

In addition, we have included a Budgetary Comparison Schedule, which was prepared from the Annual Fiscal Report of OPH and from additional data in the Integrated Statewide Information System (ISIS), the state's accounting system. This schedule is presented as additional information but has not been subjected to auditing procedures.

This report is intended solely for the information and use of the office 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,

A handwritten signature in blue ink, appearing to read "Daryl G. Purpera".

Daryl G. Purpera, CPA  
Temporary Legislative Auditor

FWM:JR:EFS:PEP:dl

OPH09

BUDGETARY COMPARISON SCHEDULE

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UNAUDITED

**DEPARTMENT OF HEALTH AND HOSPITALS  
AGENCY 326 - OFFICE OF PUBLIC HEALTH**

**Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2009**

**APPROPRIATED REVENUES:**

	Total Before Adjustments	System Adjustments	Agency Adjustments	Adjusted Total	Revised Budget	Variance Favorable (Unfavorable)
State General Revenue	\$59,068,098			\$59,068,098	\$59,169,427	(\$101,329)
Federal Aid	215,381,492			215,381,492	219,471,860	(4,090,368)
General Fund - SGR	25,874,825			25,874,825	25,417,387	457,438
General Fund - IAT	33,625,985			33,625,985	32,158,164	1,467,821
Vital Records Conversion Fund	65,479			65,479	65,479	
Emergency Medical Tech Fund	19,553			19,553	19,553	
Oyster Sanitation Fund	95,950			95,950	95,950	
2004 Over Collection Fund	480,416			480,416	480,528	(112)
State Emergency Response Fund	164,612			164,612	164,612	
Louisiana Fund	7,196,072			7,196,072	7,196,072	
<b>Total Appropriated Revenues</b>	<b>\$341,972,482</b>	<b>NONE</b>	<b>NONE</b>	<b>\$341,972,482</b>	<b>\$344,239,032</b>	<b>(\$2,266,550)</b>

**APPROPRIATED EXPENDITURES:**

	Vital Records	Personal Health	Environmental	Total
Salaries	\$2,715,867	\$64,850,440	\$19,993,874	\$87,560,181
Other compensation	503,082	2,093,792	212,123	2,808,997
Related benefits	823,057	23,876,074	5,581,094	30,280,225
Travel/training	15,415	1,722,300	831,885	2,569,600
Operating services	544,915	10,493,809	558,160	11,596,884
Supplies	38,182	16,001,070	363,140	16,402,392
Miscellaneous charges	293,159			293,159
Professional services	1,095,157	7,367,362	288,846	8,751,365
Other charges		157,401,665	648,479	158,050,144
Capital outlay	31,049	4,236,153	484,440	4,751,642
Major repairs		25,748		25,748
Interagency transfers	79,636	11,967,333	1,765,628	13,812,597
<b>Total appropriated expenditures before adjustments</b>	<b>6,139,519</b>	<b>300,035,746</b>	<b>30,727,669</b>	<b>336,902,934</b>
Agency adjustments	(812)	(574,409)	(5,049)	(580,270)
<b>Total Appropriated Expenditures</b>	<b>6,138,707</b>	<b>299,461,337</b>	<b>30,722,620</b>	<b>336,322,664</b>
<b>Revised Budget</b>	<b>6,549,258</b>	<b>305,109,542</b>	<b>32,580,232</b>	<b>344,239,032</b>
<b>Variance Favorable (Unfavorable)</b>	<b>\$410,551</b>	<b>\$5,648,205</b>	<b>\$1,857,612</b>	<b>\$7,916,368</b>

NOTE: This schedule was prepared using information from the Budgetary Comparison Schedule (Schedule 1) in the agency's Annual Fiscal Report and the ISIS 2G15 report (Appropriation Report by Agency).

Additional detail is available upon request.

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





**State of Louisiana**  
Department of Health and Hospitals  
Office of Public Health

October 27, 2009

Steve J. Theriot  
Legislative Auditor  
Post Office Box 94397  
Baton Rouge, LA 70804-9397

RE: Office of Public Health, Improper Rate Charged

Dear Mr. Theriot:

The Office of Public Health (OPH) Special Supplemental Nutrition Program for Women, Infants and Children (WIC) does concur with the finding of the 2009 legislative audit finding that an error was made in the invoice billing by LSU Health Sciences Center-Shreveport WIC Clinic. The Chief of OPH Nutrition Services, Debra R. Luthy, investigated the issue as soon as it was reported to her by Erica Evans, legislative auditor. Ms. Luthy did find that the invoices received by the WIC Program from the LSU Health Sciences Center-Shreveport WIC Clinic were based on the reimbursement amount of \$6.80 per participant per month which was the payment amount in the previous contract which ended on September 30, 2006. The investigation led to contact with the accounting department at LSU Health Sciences Center-Shreveport WIC Clinic who stated that contact had been made by her office via email to the WIC accountant technician to verify the change in reimbursement amount per participant per month. The accountant technician did not refer the question on to the WIC Contract Manager or the WIC Program Director and incorrectly responded that the rate had not changed as indicated in the contract which began October 1, 2006. The investigation also uncovered that the WIC accountant technician did not have a copy of the contract to refer to each time an invoice was submitted.

A corrective action plan has been developed and put in place.

Contact persons responsible for the corrective action plan are:  
Debra R. Luthy,  
Chief, Nutrition Services

Shera M. Gardner  
WIC Contracts Manager

**Steve J. Theriot**  
**October 27, 2009**  
**Page 2**

The following corrective action plan has been put in place effective August 1, 2009:

- All staff working with the Contracts Manager now has a copy of all current contracts which indicate the reimbursement amount per participant.
- All contracts to provide WIC Clinic Services are now negotiated at the same rate:  
\$7.25 per participant for the first 500 participants receiving benefits for the month  
\$6.35 per participant for the 501 through 1,000 participants receiving benefits for the month  
\$5.25 per participant for the 1,001 and above participants receiving benefits for the month
- A double check system of invoice review has been put in place whereby the accountant technician reviews all contract invoices comparing them to the negotiated contract reimbursement. The invoice is then forwarded to the Contract Manager for a second review prior to sending to the Chief of Nutrition Services for signature.

The OPH WIC Program has recovered the overpayment of \$63, 512.04 from the LSU Health Sciences. The check was received by the Department of Health and Hospitals Fiscal Office on October 20, 2009.

If you have any questions, please contact Debra Luthy at 225-342-7891.

Sincerely,



M. Rony Francois, MD, MSPH, PhD  
Assistant Secretary

MRF:DL



**State of Louisiana**  
Department of Health and Hospitals  
Office of Public Health

October 28, 2009

Steve J. Theriot, CPA  
Louisiana Legislative Auditor  
1600 North Third Street  
Baton Rouge, Louisiana 70804

**RE: Office of Public Health  
Unlocated Movable Property**

Dear Mr. Theriot:

Please consider this as an official response to your request pertaining to the finding of improper accountability of unlocated property as follows:

**Findings:**

The Office of Public Health/Operations and Support Services (herein referred to as OSS) has determined through physical inventory and reviewing of records that transfers conducted by various programs failed to properly notify the OSS. This resulted in a lack of accountability by the receiving program since the assets scanned were only those which appeared on the asset listing, while transferred assets were excluded.

Secondly, during the first quarterly inventory, several program locations indicated that many of the assets that were scanned failed to properly transpose to the Protégé System. As a result, these assets were deemed as unlocated.

Finally, it was discovered that many assets that were housed in various storage units, warehouses, facilities, etc., that were not being used were found to be problematic in locating due to the volume of unused property stored along with said assets.

**Corrective Action:**

OSS has requested that all programs/agencies forward "property transfers" for review with regards to completeness and accuracy to insure proper entry into the Protégé System and accountability by receiving program/agency. This will coincide with already established internal policies and state laws and regulations.

**Steve J. Theriot, CPA**  
**October 28, 2009**  
**Page 2**

In addition, OSS is currently working with InCircuit to resolve the issue of scanned property not properly converting into the Protégé System. It is anticipated that new hand scanners with updated software and compatibilities will have to be purchased in the near future in order to resolve this issue.

Furthermore, OSS has requested that each program location inventory all storage units, warehouses and facilities with due diligence and with the intent of recovering unlocated property. Additionally, OSS has requested that all assets that are not being used, outdated or deemed inoperable be surplus.

In sum, OSS does concur with the stated findings by the Louisiana Legislative Auditors. The corrective actions outlined set forth will be an ongoing process. It should also be noted that OSS has recovered assets estimated to be over \$200,000.00.

Contact persons responsible for the corrective action plan are as follows:

Cabrenia M. Thomas  
Administrative Program Manager II  
(225) 765-5055

Rick Davis  
Administrative Program Manager I  
(225) 763-3576

Sincerely,

A handwritten signature in black ink that reads "M. Rony Francois MD, MSPH, PhD". The signature is written in a cursive style with a large, stylized initial "M".

M. Rony Francois, MD, MSPH, PhD  
Assistant Secretary