

DEPARTMENT OF VETERANS AFFAIRS

STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

Management Letter
Issued March 12, 2025

**LOUISIANA LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
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LEGISLATIVE AUDITOR
MICHAEL J. "MIKE" WAGUESPACK, CPA

FIRST ASSISTANT LEGISLATIVE AUDITOR
BETH Q. DAVIS, CPA

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Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA

Department of Veterans Affairs



March 2025

Audit Control # 80240003

Introduction

As a part of our work related to the Single Audit of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2023, we performed procedures at the Louisiana Department of Veterans Affairs (LDVA) to evaluate the effectiveness of LDVA's internal controls over compliance and determine whether LDVA complied with applicable laws and regulations.

In addition to the procedures noted above, we also performed certain other procedures for the period July 1, 2022, through June 30, 2024.

Results of Our Procedures

Current-year Findings

Untimely Approvals of LaCarte Card and Controlled Billed Account Purchases

LDVA management did not ensure that purchases made with the LaCarte card and the Controlled Billed Account (CBA) were electronically signed off in WORKS, the Bank of America online banking system, in a timely manner and in accordance with LDVA and state policies. In addition, management did not ensure that all required monthly reports were being generated and reviewed. Failure to complete the review and approval of transactions in a timely manner and failure to run the required reports increases the risk that unauthorized, unallowed, or fraudulent purchases could be made and not detected in a timely manner.

A review of 7,170 LaCarte card and CBA transactions for the period July 1, 2022, through March 5, 2024, for the five veterans homes and headquarters disclosed the following exceptions for 256 (3.6%) of the transactions reviewed:

- 18 transactions totaling \$43,966 were not signed off in WORKS by the cardholder. Because the cardholders did not sign off in WORKS, the system prevented the supervisors from signing off on the transactions.

- 44 transactions totaling \$7,530 were not signed off in WORKS by the supervisor. In addition, for five of these transactions totaling \$644 the cardholder did not sign off in WORKS in a timely manner, with signoffs occurring three to 65 days after the payment of the card statements, and for one of these transactions totaling \$20 someone other than the cardholder signed off on the transaction 42 days after payment of the card statement.
- 108 transactions totaling \$21,446 were not signed off in WORKS by the cardholder nor the supervisor in a timely manner, with signoffs occurring one to 138 and three to 140 days, respectively, after payment of the card statements. In addition, one of these transactions totaling \$799 was signed off by someone other than the cardholder.
- 65 transactions totaling \$11,998 were not signed off in WORKS by the supervisor in a timely manner, with signoffs occurring three to 147 days after payment of the card statements.
- Another ten transactions totaling \$6,613 were signed off by someone other than the cardholder.
- 11 transactions totaling \$3,881 were auto-signed off by the system after the cardholder nor the supervisor signed off on the transactions.

A review of the required Single Transaction Limit Audit report for 20 months from July 2022 through February 2024, disclosed the following:

- Headquarters ran the reports for nine (45%) of the 20 months after the auditor requested them.
- The Jackson home ran the reports for six (30%) of the 20 months after the auditor requested them, and ran reports for nine (45%) of the 20 months from 59 to 280 days after the required monthly deadline.
- The Northeast home ran the reports for 18 (90%) of the 20 months after the auditor requested them.
- The Northwest home did not run the reports during the 20-month period.

LDVA and state LaCarte card and CBA policies require LaCarte cardholders and CBA accountholders to sign off on all transactions in WORKS; supervisors to approve all transactions in WORKS as certification that each transaction has acceptable documentation, was for official state business, is compliant with appropriate rules and guidelines, and has been reviewed and approved; and generation and review of specific LaCarte reports on a monthly basis. Good internal controls include ensuring that the review and approval of transactions is completed prior to payments being made. LDVA management indicated that the issues occurred because of employee turnover and because cardholders and supervisors failed to follow agency procedures.

LDVA management should enforce and monitor established policies and procedures to ensure transactions have been signed off by cardholders and supervisors prior to payment of the monthly LaCarte card and CBA statements, and provide oversight to ensure all required LaCarte reports are being generated and reviewed monthly. Management concurred with the finding and provided a plan of corrective action (see Appendix A, page 1).

Weaknesses in Controls over Movable Property

LDVA employees did not ensure that all purchases of movable property were properly recorded in the state property system in accordance with state property regulations. Failure to comply with state property regulations could result in inaccurate financial reporting and increases the risk that assets may be misreported, lost, or stolen.

A test of 93 assets acquired between July 1, 2022, and March 28, 2024, disclosed the following exceptions for 42 (45.2%) of the assets located at headquarters and at the Jackson, Southwest, and Southeast veterans homes:

- Six assets with acquisition costs totaling \$174,516 were entered into the state property system from two to 156 days after the required 60-day period.
- The information for one asset with an acquisition cost of \$16,191 was incorrectly copied from an existing asset, making it appear that the asset had been entered into the state property system 5,591 days late. The information for the asset was corrected in the state property system after the auditor notified LDVA of the error.
- 11 assets with acquisition costs totaling \$275,991 were entered into the state property system with no acquisition date or acquisition cost, and 24 assets with acquisition costs totaling \$54,805 were entered into the state property system with no serial number or vehicle identification number.

LDVA management stated that these issues were caused by staff turnover and because employees did not properly update information in the state property system.

The Louisiana Administrative Code requires that all movable property having an original acquisition cost of \$1,000 or more be tagged with a uniform State of Louisiana identification tag and all pertinent inventory information be forwarded to the Louisiana Property Assistance Agency within 60 calendar days after receipt of the item.

LDVA management should ensure that the correct information is entered in the state property system for those assets with missing information, provide supervisory oversight to ensure that movable property records are accurate and complete, and ensure that all persons involved with property management activities are properly

trained. Management concurred with the finding and provided a plan of corrective action (see Appendix A, page 2).

Noncompliance and Control Weakness Related to Veterans Service Offices Contributions

LDVA did not ensure that parishes and municipalities contributed their share of the expense of operation and maintenance of the Veterans Service Offices (VSOs) and did not ensure that cooperative endeavor agreements (CEA) with the parishes and municipalities were properly executed. This results in noncompliance with state law and could impact LDVA's ability to take action to collect the contributions it is owed.

VSOs are located across the state and are responsible for advising and assisting veterans in obtaining state and federal benefits. State law mandates that the LDVA shall contribute not more than 75% of the expense of operation and maintenance of the VSOs, meaning that the parishes and municipalities must contribute at least 25%. Annually, LDVA sends each parish or municipality a new CEA for signature, which includes the amount they are responsible for paying LDVA monthly to contribute to the expense of operation and maintenance for the VSO.

A test of 12 parishes or municipalities required to contribute to the expense of operation and maintenance of the VSOs during fiscal years 2023 and 2024 disclosed that LDVA did not obtain a signed CEA for four (33%) of the parishes or municipalities, and that no VSO contributions had been received from two (17%) of the municipalities. The contributions due for these two municipalities totaled \$40,820 for fiscal years 2023 and 2024.

Because of the exceptions noted above, we performed an analysis of all of the parishes and municipalities that were required to contribute to the expense of operation and maintenance of the VSOs during fiscal years 2023 and 2024. This analysis disclosed an additional 16 parishes and municipalities from which no VSO contributions had been received by LDVA during fiscal years 2023 and 2024. The contributions due for these 16 parishes or municipalities totaled \$106,256. We also reviewed the CEAs for these 16 parishes or municipalities for fiscal years 2023 and 2024 to ensure that LDVA was properly executing the agreements. This review disclosed the following:

- Ten (63%) of the 16 parishes or municipalities did not have a signed CEA for fiscal year 2023.
- Four (25%) of the 16 parishes or municipalities did not have a signed CEA for fiscal year 2024 and LDVA did not issue a CEA for fiscal year 2024 for the remaining 12.

LDVA management stated that the issues occurred due to significant employee turnover in the fiscal department throughout the last several years. Additionally, management stated that when they issue a CEA and it is not returned by the parish or municipality, they have no recourse to make them return the CEA.

LDVA management should ensure that the CEAs with the parishes and municipalities that are required to contribute to the expense of operation and maintenance of the VSOs are properly executed and should comply with state law by ensuring that it is collecting the required VSO contributions from the parishes and municipalities. Management concurred with the finding and provided a plan of corrective action (see Appendix A, page 3).

Inadequate Controls over Inventory

LDVA employees failed to follow established inventory policies and did not ensure that complete and accurate inventory records were maintained over dietary and warehouse inventory at the five veterans homes. Failure to follow established policies and the absence of good internal controls over inventory increases the risk of theft and waste, and prevents management from properly managing and monitoring inventory levels.

LDVA's dietary inventory policy requires that an exact food inventory be completed on a monthly basis. A review of monthly dietary inventory counts for the period July 1, 2022, through June 30, 2024, disclosed that the Jackson, Northeast, and Southeast homes did not perform the monthly dietary inventory counts as required by policy.

LDVA's warehouse inventory policy requires that a perpetual inventory system be maintained of all goods received and maintained at the warehouse in a computerized system that includes a date and amount of all quantities received and issued, dollar amounts of items, and a daily balance of items on hand. It also requires a physical inventory count be made on all items in stock in the warehouse at the end of each month and at the close of each fiscal year as well as a reconciliation to the perpetual inventory system. A review of monthly and year-end warehouse inventory counts for the period July 1, 2022, through June 30, 2024, disclosed the following:

- The Jackson, Northwest, Northeast, and Southeast homes could not provide evidence to show that they maintained a perpetual inventory system for warehouse inventory.
- The Jackson, Northeast, Southwest, and Southeast homes did not perform monthly warehouse inventory counts as required by policy. While the Northwest home did perform monthly warehouse inventory counts, the counts were performed on a sample basis instead of on all items as required by policy.
- The Jackson, Northeast, Northwest, and Southeast homes could not provide evidence to show that they performed fiscal year-end warehouse inventory counts as required by policy.

LDVA management stated that the issues occurred due to staff turnover and excessive employee duties. Good internal controls over inventory include maintaining complete and accurate inventory records; accurately accounting for items as they are

purchased, used, and disposed; and performing proper inventory counts that are reconciled to the inventory records.

Management should revise its dietary inventory policy to specify how inventory should be tracked and maintained; when on-hand counts will be performed and how they will be reconciled to inventory records; and the personnel responsible for inventory activities. Management should also provide supervisory oversight to ensure compliance with inventory policies to include verifying that dietary and warehouse inventory counts are performed in accordance with policies and that inventory records are accurate and complete. Management's response acknowledged that good internal controls over inventory include maintaining complete and accurate inventory records; accurately accounting for items as they are purchased, used, and disposed; and performing proper inventory counts that are reconciled to the inventory records. Management also provided a plan of corrective action (see Appendix A, page 4).

Weakness in Controls Related to Overtime

LDVA employees did not ensure that overtime worked was properly pre-approved as required by LDVA policy. Failure to follow established policy increases the risk that employees will work excessive overtime that has no business purpose.

LDVA's overtime policy requires employees to secure supervisory approval prior to working overtime except in extenuating circumstances such as emergency situations and critical deadlines. If not pre-approved, all overtime hours worked must be timely reported by the employee with an explanation of the nature of the work performed and the business need. Requests for exceptions to the policy may be submitted with specific and compelling written justification and may be granted only by the Appointing Authority.

A review of overtime worked for 24 employees at LDVA Headquarters and the five veterans homes between July 1, 2022, and May 22, 2024, disclosed that 20 (83%) of those reviewed did not have documentation to show that the overtime was approved prior to being worked or to explain the reason for the overtime as required by LDVA policy. All of the exceptions were for employees at the veterans homes.

LDVA management stated that the exceptions were caused by an unprecedented nursing staff shortage. Good internal controls related to overtime include ensuring that overtime is properly approved prior to being worked and that it is for a business purpose.

Management should provide additional oversight to ensure that overtime is approved prior to being worked and that adequate documentation is maintained to support why the overtime was needed. In addition, management should obtain and maintain written approval from the Appointing Authority when exceptions to the policy are necessary. Management concurred in part with the finding, stating that the veterans homes were operating under a nursing staff shortage that was considered to be an extenuating circumstance for which the policy did not require prior approval of

overtime. In addition, management noted that the policy requires non-exempt employees to be compensated when they work overtime and, based on this policy, those non-exempt employees had to be paid for overtime worked regardless of the overtime being pre-approved. Management also provided a plan of corrective action (see Appendix A, page 5).

Additional Comments: LDVA management did not provide any evidence to show that they determined the nursing staff shortage to be an extenuating circumstance for which no prior approval of overtime was needed. In addition, eight of the exceptions noted were for employees who were not nursing staff. Finally, the finding did not question if non-exempt employees who work overtime should be compensated for time worked, but whether the employees should have worked overtime if not pre-approved in accordance with the policy.

Noncompliance with Debt Recovery Law

LDVA did not comply with Louisiana Revised Statute 47:1676, which requires that all debts owed to the state be referred to either the Louisiana Attorney General's office, or to the Office of Debt Recovery (ODR) within the Louisiana Department of Revenue, for collection, when the debt has been final for 60 days.

Our review of LDVA's debt recovery procedures disclosed that LDVA has participation agreements with ODR for the collection of outstanding debts for only four of the five veterans homes. In addition, no delinquent debts were referred to ODR for collection from July 1, 2022, through June 30, 2024. Accounts receivable balances that are solely the responsibility of current and/or former residents of the five veterans homes, or their authorized representatives, and were 180 or more days past due totaled \$328,068 at June 30, 2024. LDVA policy states that a debt is considered uncollectible if it remains unpaid more than 120 days from the date the first bill is mailed. LDVA's internal collection activities for these accounts had ceased, but the accounts had not been referred to ODR for collection.

Failure to timely submit delinquent accounts for collection increases the risk that the accounts will become uncollectible.

LDVA management stated that this noncompliance occurred because these individuals are likely indigent and/or deceased and it is unlikely that a collection agency would recover any of the debt.

LDVA management should ensure that it maintains participation agreements with ODR for all five veterans homes and provide supervisory oversight to ensure that all delinquent debts are timely transferred to ODR for collection in compliance with state law. Management concurred in part with the finding, noting they believe some of the bad debt was covered under the Medicare bad debt policy and provided a plan of corrective action (see Appendix A, page 6).

Additional Comments: Management indicated in its response the belief that some of the bad debt was covered under the Medicare bad debt policy; however, we would

like to clarify that all debts should be sent to ODR for collection in accordance with state law.

Federal Compliance - Single Audit of the State of Louisiana

As a part of the Single Audit for the year ended June 30, 2023, we performed internal control and compliance testing as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) on LDVA's major federal program, Veterans State Nursing Home Care (Assistance Listing 64.015).

Those tests included evaluating the effectiveness of LDVA's internal controls designed to prevent or detect material noncompliance with program requirements and tests to determine whether LDVA complied with applicable program requirements. Based on the results of these procedures, we did not report any findings.

Other Procedures

In addition to the Single Audit procedures noted above, we performed certain procedures that included obtaining, documenting, and reviewing LDVA's internal control and compliance with related laws and regulations over LaCarte purchasing card and Controlled Billed Account expenditures, movable property, Veterans Service Offices, inventory, payroll expenditures, debt recovery, Care and Maintenance fees, and contract expenditures.

Based on the results of these procedures, we reported findings related to Untimely Approvals of LaCarte Card and Controlled Billed Account Purchases, Weaknesses in Controls over Movable Property, Noncompliance and Control Weakness Related to Veterans Service Offices Contributions, Inadequate Controls over Inventory, Weakness in Controls Related to Overtime, and Noncompliance with Debt Recovery Law, as described previously.

Trend Analysis

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

The recommendations in this letter represent, in our judgment, those most likely to bring about beneficial improvements to the operations of LDVA. The nature of the recommendations, their implementation costs, and their potential impact on the operations of LDVA should be considered in reaching decisions on courses of action. The findings related to LDVA's compliance with applicable laws and regulations should

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

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Mike Waguespack', with a stylized flourish extending to the right.

Michael J. "Mike" Waguespack, CPA
Legislative Auditor

JL:CRV:RR:BQD:aa

LDVA 2024

APPENDIX A: MANAGEMENT'S RESPONSES

Louisiana Department of Veterans Affairs
State of Louisiana



JEFF LANDRY
GOVERNOR

CHARLTON J. MEGINLEY
SECRETARY

July 26, 2024

Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
PO Box 94397
Baton Rouge, LA 70804-9397

RE: Untimely Approvals of LaCarte Card and Controlled Billed Account Purchases

Dear Mr. Waguespack,

Louisiana Department of Veterans Affairs (LDVA) management concurs with the findings and recommendations of the above-referenced audit.

LDVA Chief Financial Officer (CFO) is responsible for corrective actions at Headquarters, as well as, working with the CFO at each of the veterans homes to ensure corrective actions are implemented.

The CFO of each agency will review the transactions in WORKS, each month, to ensure the appropriate electronic signatures are applied. This procedure will be in place by September 1, 2024. LaCarte cardholders and approvers will be in-serviced to remind them transactions shall be signed-off prior to the payment of the monthly LaCarte card and CBA statements. In-Services will be completed no later than September 30, 2024.

Monthly, the CFO of each agency shall review LaCarte reports at their respectful agencies to assure all required reports, including the Single Transaction Limit Audit report, have been run.

Please contact Sonya LaCasse at 225-219-5018 if additional information is needed.

Sincerely,

Jerome L. Buller, MD
Deputy Secretary
Louisiana Department of Veterans Affairs

Louisiana Department of Veterans Affairs
State of Louisiana

JEFF LANDRY
GOVERNOR



CHARLTON J. MEGINLEY
SECRETARY

August 7, 2024

Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
PO Box 94397
Baton Rouge, LA 70804-9397

RE: Weakness in Controls over Movable Property

Dear Mr. Waguespack,

Louisiana Department of Veterans Affairs (LDVA) management concurs with the findings and recommendations of the above-referenced audit.

LDVA Chief Financial Officer (CFO) is responsible for corrective actions at Headquarters, as well as, working with the CFO at each of the veterans homes to ensure corrective actions are implemented.

The CFO of each agency will review the transactions in LaGov, each month, to ensure movable property having an original acquisition cost of \$1,000 or more is tagged with a uniform State of Louisiana identification tag and all pertinent inventory information is forwarded to the Louisiana Property Assistance Agency within 60 calendar days after receipt of item.

LDVA management will ensure that the correct information is entered in the state property system for those assets with missing information, provide supervisory oversight to ensure that movable property records are accurate and complete, and ensure that all persons involved with property management activities are properly trained.

Please contact Sonya LaCasse at 225-219-5018 if additional information is needed.

Sincerely,

Jerome L. Buller, MD
Deputy Secretary

Louisiana Department of Veterans Affairs

Louisiana Department of Veterans Affairs
State of Louisiana

JEFF LANDRY
GOVERNOR



CHARLTON J. MEGINLEY
SECRETARY

November 21, 2024

Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
PO Box 94397
Baton Rouge, LA 70804-9397

RE: Noncompliance and Control Weakness Related to Veteran Service Offices (VSO) Contributions

Dear Mr. Waguespack,

The most recent Louisiana Legislative Audit made the following findings regarding VSO Contributions: that the Louisiana Department of Veterans Affairs (LDVA) did not ensure that parishes and municipalities contributed their share of the expense of operation and maintenance of the VSOs and did not ensure that cooperative endeavor agreements (CEAs) with said parishes and municipalities were properly executed. LDVA management concurs with the findings of the above-referenced audit.

The LDVA Deputy Assistant Secretary for Benefits/Appeals (DASBA), Earnest Buckner, is responsible for corrective actions at Headquarters as well as working with the parishes and municipalities concerning the corresponding VSOs to ensure corrective actions are implemented.

The DASBA, together with Contact Assistance employees working in the relevant communities, will draft the CEAs in order to ensure that the CEAs take into account each location's unique circumstances. Doing so will ensure that LDVA has made its best effort to collect the funds due as prescribed by State law. As LDVA lacks authority to enforce collection, any such action would have to be undertaken by the State. However, any measures taken in an attempt to collect payments due must avoid damaging LDVA's sensitive, vital relationships in those communities.

LDVA management will ensure that the services to veterans are not interrupted, that the CEAs are issued from LDVA headquarters, that follow-up correspondence will be sent for those for which an executed copy has not been returned, and that all monies received shall be deposited accordingly.

Please contact Earnest Buckner at 225-219-5008 if additional information is needed.

Sincerely,

A handwritten signature in blue ink, appearing to read "Charlton Meginley".

Charlton Meginley
Secretary
Louisiana Department of Veterans Affairs

Louisiana Department of Veterans Affairs
State of Louisiana



JEFF LANDRY
GOVERNOR

CHARLTON J. MEGINLEY
SECRETARY

December 9, 2024

Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
PO Box 94397
Baton Rouge, LA 70804-9397

RE: LDVA 2024 Finding: Inadequate Controls over Inventory

Dear Mr. Waguespack,

LDVA management acknowledges good internal controls over inventory include maintaining complete and accurate inventory records, accurately account for items as they are purchased, used, and disposed; and performing proper inventory counts that are reconciled to the inventory records. Consideration will be given to the acquisition of a barcode scanning system in an effort to maximize controls.

LDVA management will revise its current dietary inventory policy to specify how inventory should be tracked and maintained; when on-hand counts will be performed and how they will be reconciled to inventory records, as well as, the personnel responsible for inventory activities. In addition, the Inventory policy will also be revised from a physical inventory count of all items in stock at the end of each month to a Cycle Counting system at the end of the each month. The specifics, of which, will be detailed in the updated inventory policy. Management will also provide supervisory oversight to ensure compliance with inventory policies to include verifying that dietary and warehouse counts are performed in accordance with policies and that inventory records are accurate and complete. The revision of our current policy and implementation will occur no later than April 1, 2025.

Please contact Bradley Lemoine at 225-219-5027 if additional information is needed.

Sincerely,

A handwritten signature in blue ink, appearing to read "Charlton Meginley", is written over a horizontal line.

Charlton Meginley
Secretary
Louisiana Department of Veteran Affairs

Louisiana Department of Veterans Affairs
State of Louisiana



JEFF LANDRY
GOVERNOR

CHARLTON J. MEGINLEY
SECRETARY

January 2, 2024

Mr. Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Waguespack:

The Louisiana Department of Veterans Affairs (LDVA) concurs in part with the finding of Weakness in Controls Related to Overtime, noting here that we agree to improve the clarity of our Overtime policy and procedures language.

During the time in question, the veterans homes were operating in an unprecedented nursing staffing shortage, considered to be extenuating circumstances, and therefore pre-approval of overtime was not required per policy. This is a specific listed exception, in policy, that was authorized by the Appointing Authority upon adoption of the policy, and not intended to require further approval as an exception. The remaining language in the policy regarding an explanation of the nature of the work performed and the business need, was not intended to apply to extenuating circumstances, as it would not have been practical for the veterans homes to require employees, specifically nursing employees, to ask for pre-approval to work routine overtime providing patient care, needed due to the staffing shortage. Thus, in order to clarify documentation requirements in these instances, we will amend our Overtime policy and procedures language no later than April 1, 2025.

LDVA notes, there is also wording in the policy that clearly states that non-exempt employees must be compensated when they work overtime, which is a requirement of the Fair Labor Standards Act (FLSA). Ultimately, non-exempt employees who work overtime must be compensated regardless of whether or not it is pre-approved. Thus, these employees were paid by law based on their approved timesheets regardless of separate overtime approval documentation. Also noted is that overtime is continually monitored for abuse and any overtime claimed that is determined to be unwarranted will be denied.

Please contact Dustin Guy at 225-219-5014 if additional information is needed.

Sincerely,

John Phillips
LDVA Undersecretary

Louisiana Department of Veterans Affairs
State of Louisiana

JEFF LANDRY
GOVERNOR



CHARLTON J. MEGINLEY
SECRETARY

February 24, 2025

Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
PO Box 94397
Baton Rouge, LA 70804-9397

RE: LDVA 2024 Finding: Noncompliance with Debt Recovery Law

Dear Mr. Waguespack,

LDVA management concurs in part and acknowledges that good internal controls include maximizing debt recovery and compliance with all state laws on debt recovery. The LDVA veterans homes' total bad debts are less than 1% of their total revenues in the year. While LDVA believes some of the bad debt was covered under Medicare bad debt policy, it acknowledges that perhaps not all bad debt at the veterans homes should fall under the Medicare policy.

Further, LDVA management has already taken action and received updated agreements with the Office of Debt Recovery. All agencies, under LDVA, have updated agreements, as of January 13, 2025. LDVA is updating its procedures to report bad debt to ODR, as per the agreements. The revision of our current policy and implementation will occur no later than May 1, 2025.

Please contact Bradley Lemoine at 225-219-5027 if additional information is needed.

Sincerely,

A handwritten signature in blue ink, appearing to read "John C. Phillips".

John C. Phillips
Undersecretary
Louisiana Department of Veteran Affairs

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the Louisiana Department of Veterans Affairs (LDVA) for the period from July 1, 2022, through June 30, 2023, to evaluate relevant systems of internal control in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Our procedures, summarized below, are a part of our work related to the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2023.

- We evaluated LDVA'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 LDVA.
- We performed procedures on the Veterans State Nursing Home Care program (Assistance Listing 64.015) for the year ended June 30, 2023, as a part of the 2023 Single Audit.
- We compared the most current and prior-year financial activity using LDVA's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from LDVA's management for significant variances.

In addition, we performed certain other procedures for the period of July 1, 2022, through June 30, 2024. Our objective was to evaluate certain controls LDVA uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds. The scope of these procedures was significantly less than an audit conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

The purpose of this report is solely to describe the scope of our work at LDVA, and not to provide an opinion on the effectiveness of LDVA'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 purposes.

We did not audit or review LDVA's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. LDVA's accounts are an integral part of the State of Louisiana's Annual Comprehensive Financial Report, upon which the Louisiana Legislative Auditor expresses opinions.