

Basil M. Lee and Company
Certified Public Accountants

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BASIL M. LEE, CPA, RET.
CONSULTANT

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June 4, 1999

To the Nursing Home Committee
of the Pointe Coupee Parish Police Jury

We were engaged to apply certain investigative procedures to the financial records of the Pointe Coupee Parish Nursing Home for certain periods detailed below.

The objective of our engagement was to perform an investigation regarding potential fraud and/or errors in the following areas:

1. Payroll –

- “Selling” of vacation and sick time by certain employees.
- Pay raises for employees not authorized by the Police Jury.
- Reconciliation of the payroll bank account.
- Employees being paid for work “off-the-clock.”
- Employees being paid for lunch breaks.
- Computation of regular and overtime pay.

2. Accounts payable and expenses –

- Apparently high expenses for supplies and for expenditures at Wal Mart.
- Expenditures to flower and antique shops and for Christmas decorations.
- Payments for tile work in bathrooms.
- Missing invoice file for miscellaneous expenditures.

3. Surplus equipment –

- Method used to dispose of equipment.
- Location of new equipment purchased for a new employee.
- Location of other specified furniture and assets.

4. Petty cash funds and patient accounts –

- Funds on hand.
- Documentation in support of expenditures from patient accounts.

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

JUL 07 1999

Release Date

5. Income from vending machines --

- Proper receipt of checks from vending companies.

The scope of our investigation was limited at your request to certain specific time periods, transactions and employees and are outlined below in our findings and recommendations.

The following findings and recommendations are a result of our investigative procedures:

"Selling" of vacation and sick time by certain employees.

We reviewed payroll records to determine if the following employees were paid for vacation and sick time in addition to their regular pay:

- Andrew Joffrion, Administrator, DOH 9/12/90
 - a. For the vacation year 9/12/96 through 9/11/97, employee was entitled to 10 days vacation per personnel policy. Employee received payment for 144 hours of vacation in the gross amount of \$3,096.00. In addition, payroll records indicate employee took 72 hours as vacation. Total vacation hours paid for and taken were 216 or the equivalent of 27 workdays.
 - b. For the vacation year 9/12/97 through 9/11/98, employee was entitled to 10 days vacation. Employee received payment for 160 hours of vacation in the gross amount of \$3,440.00. In addition, payroll records indicate employee took 40 hours as vacation. Total vacation hours paid for and taken were 200 or the equivalent of 25 workdays.
 - c. For the vacation year beginning on 9/12/98, employee was entitled to 12 days vacation. Employee received payment for 80 hours of vacation, equivalent to 10 workdays, in the gross amount of \$1,720.00. Payroll records did not indicate that any vacation hours were taken in addition to this payment.
 - d. Summary: From 9/12/96 through 3/31/99, employee was paid for 384 hours vacation in the gross amount of \$8,256.00. In addition, payroll records indicate employee took 112 hours vacation. Total vacation hours paid for and taken were 496 or the equivalent of 62 workdays.
- Jackie Mougeot, Director of Nursing, DOH 1/27/82
 - a. For the vacation year 1/27/97 through 1/26/98, employee was entitled to 15 days vacation. Employee received payment for 88 hours of vacation in the gross amount of \$1,760.00. In addition, payroll records indicate employee took 32 hours as vacation. Total vacation hours paid for and taken were 120 or the equivalent of 15 workdays.

- b. For the vacation year 1/27/98 through 1/26/99, employee was entitled to 15 days vacation. Employee received payment for 160 hours of vacation, equivalent to 20 workdays, in the gross amount of \$3,200.00. Payroll records did not indicate that any vacation hours were taken in addition to this payment.
 - c. In addition, for the pay period ended 1/11/97, employee was paid for 88 hours which included 8 hours vacation paid at 1½ times the normal rate.
 - d. Summary: From 1/27/97 through 1/26/99, employee was paid for 248 hours vacation in the gross amount of \$4,960.00. In addition, payroll records indicate employee took 32 hours vacation. Total vacation hours paid for and taken were 280 or the equivalent of 35 workdays. In addition, employee was paid for 8 hours vacation on 1/11/97 at 1½ times the normal rate.
- *Lena Brown, Assistant Director of Nursing, DOH 9/29/83*
- a. For the period beginning 1/1/94 through 9/28/94, employee was entitled to 15 days vacation. Employee received payment for 64 hours of vacation in the gross amount of \$924.80. In addition, payroll records indicate employee took 56 hours as vacation. Total vacation hours paid for and taken were 120 or the equivalent of 15 workdays.
 - b. For the vacation year 9/29/94 through 9/28/95, employee was entitled to 15 days vacation. Employee received payment for 48 hours of vacation in the gross amount of \$720.00. In addition, payroll records indicate employee took 72 hours as vacation. Total vacation hours paid for and taken were 120 or the equivalent of 15 workdays.
 - c. For the vacation year 9/29/95 through 9/28/96, employee was entitled to 15 days vacation. Employee received payment for 80 hours of vacation in the gross amount of \$1,224.00. In addition, payroll records indicate employee took 40 hours as vacation. Total vacation hours paid for and taken were 120 or the equivalent of 15 workdays.
 - d. For the vacation year 9/29/96 through 9/28/97, employee was entitled to 15 days vacation. Employee received payment for 120 hours of vacation, equivalent to 15 workdays, in the gross amount of \$1,836.00. Payroll records did not indicate that any vacation hours were taken in addition to this payment.
 - e. For the vacation year 9/29/97 through 9/28/98, employee was entitled to 15 days vacation. Employee received payment for 120 hours of vacation, equivalent to 15 workdays, in the gross amount of \$1,932.00. Payroll records did not indicate that any vacation hours were taken in addition to this payment.
 - f. For the vacation year beginning on 9/29/98, employee was entitled to 15 days vacation. Employee received payment for 120 hours of vacation, equivalent to 15 workdays, in the gross amount of \$1,944.00. Payroll records did not indicate that any vacation hours were taken in addition to this payment.

- g. On December 12, 1997, employee was paid for sick time of 96 hours, equivalent to 12 workdays, in the gross amount of \$1,545.60. Employee had accrued sick time at the date of this payment of 8 days, 4 from calendar year 1996 and 4 from 1997. This payment was for the 8 days accrued plus 4 days yet to be earned by employee in 1998.
- h. Summary: From 1/1/94 through 3/31/99, employee was paid for 552 hours vacation in the gross amount of \$8,580.80. In addition, payroll records indicate employee took 168 hours vacation. Total vacation hours paid for and taken were 720 or the equivalent of 90 workdays. In addition, employee was paid for 96 hours sick time or the equivalent of 12 days.
- i. Although the payroll records indicate that total vacation days either taken by or paid to employee did not exceed the 15 days annually allowable by the personnel policy, copies of time cards indicate the following number of workdays for which no entries were recorded:

Calendar 1994 – 25 workdays
Calendar 1995 – 22 workdays
Calendar 1996 – 33 workdays
Calendar 1997 – 45 workdays
Calendar 1998 – 46 workdays
1st Quarter 1999 – 9 workdays

We found no provision in the personnel policy for paying employees for vacation, except in instances in which the employee terminates prior to using earned vacation. Vacation time, if not used, cannot be carried over from year to year. In addition, we found no provision in the policy for paying employees for sick leave. The policy expressly prohibits payment for unused sick leave should an employee terminate.

We should note that the above named employees were paid on a salaried and not hourly basis, and that payments for vacation and sick leave were approved by the Administrator.

We recommend that employees be paid for earned vacation only upon termination and that no payments for sick time be made. In addition, investigation into the possible recovery of amounts paid above should be made.

Pay raises for employees not authorized by the Police Jury.

We searched for raises that were not authorized by the Police Jury by scanning the biweekly payroll worksheets for "Payroll Change Notices" for pay periods from April 1997 through March 1999. We were informed to disregard the following raises: (1) \$0.10 per hour raises on employee anniversary dates, (2) a 2½% pay raise for all employees effective 1/1/99, and (3) raises to increase employees to the minimum wage required by law of \$5.15 per hour. The following table represents raises that were apparently not authorized by the Police Jury. Those with the reason noted as "Minimum

wage plus years of service” represent raises over and above the amount required by the increase in the minimum wage amount.

<u>Employee Name</u>	<u>Effective Date</u>	<u>Hourly Raise</u>	<u>Reason Noted for Raise</u>
Debbie Johnson	6/15/97	\$0.35	None noted.
Brenda Howard	9/1/97	\$0.25	Minimum wage plus years of service.
Earnestine Bracken	9/1/97	\$0.55	Minimum wage plus years of service.
Dorothy Gremillion	9/1/97	\$0.40	Minimum wage plus years of service.
Stacey Nelson	9/1/97	\$0.50	Minimum wage plus years of service.
Karen Derosin	9/1/97	\$0.40	Minimum wage plus years of service.
Brenda Gremillion	9/1/97	\$0.40	Minimum wage plus years of service.
Doris Cadon	9/1/97	\$0.40	Minimum wage plus years of service.
Veverly Terrance	9/1/97	\$0.40	Minimum wage plus years of service.
Terry Lee	9/1/97	\$0.40	Minimum wage plus years of service.
Jane Hatch	9/1/97	\$0.40	Minimum wage plus years of service.
Evlana Brown	9/1/97	\$0.40	Minimum wage plus years of service.
Lucinda Ricard	9/1/97	\$0.50	Minimum wage plus years of service.
Connie Lucas	9/1/97	\$0.55	Minimum wage plus years of service.
Mona Hurst	9/1/97	\$0.55	Minimum wage plus years of service.
Connie Martin	9/1/97	\$0.55	Minimum wage plus years of service.
Sharon Parker	9/1/97	\$0.55	Minimum wage plus years of service.
Mildred Edwards	9/1/97	\$0.55	Minimum wage plus years of service.
Mary Parker	9/1/97	\$0.55	Minimum wage plus years of service.
Diane Foster	9/1/97	\$0.55	Minimum wage plus years of service.
Janice Derozan	9/1/97	\$0.55	Minimum wage plus years of service.
Sharon Brue	9/1/97	\$0.55	Minimum wage plus years of service.
Wendolyn Fields	9/1/97	\$0.40	Minimum wage plus years of service.
Wanda Battley	9/1/97	\$0.20	Minimum wage plus years of service.
Andrew Albert, Jr.	9/1/97	\$0.25	Minimum wage plus years of service.
Stephanie Baise	9/1/97	\$0.25	Minimum wage plus years of service.
Eva Ballard	9/1/97	\$0.25	Minimum wage plus years of service.
Lawrence Batiste	9/1/97	\$0.20	Minimum wage plus years of service.
Dorothy Bethley	9/1/97	\$0.25	Minimum wage plus years of service.
Barbara Breau	9/1/97	\$0.20	Minimum wage plus years of service.
Annette Battley	9/1/97	\$0.25	Minimum wage plus years of service.
Julia Carter	9/1/97	\$0.25	Minimum wage plus years of service.
Debbie Johnson	9/1/97	\$0.25	Minimum wage plus years of service.
Mary Dalton	9/1/97	\$0.25	Minimum wage plus years of service.
Relia Dukes	9/1/97	\$0.25	Minimum wage plus years of service.
Theresa Domingue	9/1/97	\$0.25	Minimum wage plus years of service.
Jerry Franklin	9/1/97	\$0.45	Minimum wage plus years of service.
Dye Ann Guerin	9/1/97	\$0.25	Minimum wage plus years of service.

Dennis Cornett	9/1/97	\$0.20	Minimum wage plus years of service.
Rosemary Daily	9/1/97	\$0.20	Minimum wage plus years of service.
Jerri Loucks	9/1/97	\$0.20	Minimum wage plus years of service.
Ormetha LaPrairie	9/1/97	\$0.20	Minimum wage plus years of service.
Carmen Bordelon	9/1/97	\$0.80	Minimum wage plus years of service.
Charles Marie Jackson	11/16/97	\$0.15	Merit increase.
Debbie Johnson	10/4/98	\$1.00	Merit increase.
Jerry Franklin	10/4/98	\$0.75	Merit increase.

In addition, we searched for raises for employee Lena Brown for which Police Jury approval was apparently not obtained for the period beginning 1/1/94 through 3/31/99 and found the following:

<u>Effective Date</u>	<u>Old Hourly Rate</u>	<u>New Hourly Rate</u>	<u>Reason Noted for Raise</u>
11/5/94	\$14.45	\$15.00	Length of service increase.
1/28/96	\$15.00	\$15.30	Merit increase.
9/1/97	\$15.30	\$16.00	Minimum wage plus years of service.

All of the above listed raises were approved by the Administrator.

We recommend that all future pay raises require approval by the Police Jury.

Reconciliation of the payroll bank account.

We were informed that the payroll bank account had not been reconciled for several years, but that personnel, under the direction of the interim Administrator, were in the process of bringing the reconcilements current. We did not perform any procedures in this area.

Employees being paid for work "off-the-clock."

We reviewed payroll records beginning in April 1997 to determine if the following employees were paid for work performed in addition to their regular wages and found the following:

- Johnnie J. Smith
 - a. From April 1997 through his termination date of June 16, 1998, in addition to his regular wages, employee was paid \$16,516.00. During this period, his hourly rate as an employee ranged from \$6.35 to \$6.70. Assuming he would have been paid 1½ times his hourly rate of \$6.70, or \$10.05 per hour,

employee would have had to work for 1,643 hours to earn an equal amount in wages during this 14½-month period.

- b. From June 17, 1998 through the end of 1998, he was paid \$8,178.50 as an independent contractor.
- Andrew Albert, Jr.
 - a. From April 1997 through his termination date of May 20, 1998, in addition to his regular wages, employee was paid \$8,165.00. During this period, his hourly rate as an employee ranged from \$5.70 to \$5.95. Assuming he would have been paid 1½ times his hourly rate of \$5.95, or \$8.93 per hour, employee would have had to work for 914 hours to earn an equal amount in wages during this 13½-month period.
 - Larry Noil
 - a. From hire date July 27, 1998 through March 1999, in addition to his regular wages, employee was paid \$4,772.02. During this period, his hourly rate as an employee was \$11.00. Assuming he would have been paid 1½ times his hourly rate of \$11.00, or \$16.50 per hour, employee would have had to work for 289 hours to earn an equal amount in wages during this 8-month period.

Invoices for work “off-the-clock” by these employees were prepared and attached to timecards for the pay periods in which the work was performed and were approved by the Administrator. These invoices included descriptions of work performed, but did not include information as to the number of hours worked. The invoice amounts were added to the employees’ regular wages in calculating gross pay for withholding and payment purposes.

We recommend that employees be paid according to their hourly rates and that all work by employees be “on-the-clock.”

In addition, we found the following instances of other employees working “off-the-clock.” We did not find that these employees received pay in addition to their regular wages; however, they were paid for time for which they did not punch in or out on the time clock, as follows:

- Thelma Guerin
 - a. PPE 6/27/98 – Employee was paid for 3 workdays (6/23, 6/24, and 6/25) taken off. Memorandum on time card by Faye Brown indicates approval by the Administrator and that employee would make up the hours at later dates but would not clock in or out.

- b. PPE 11/14/98 – Employee was paid for 80 hours when time card recorded 71¼ hours. Memorandum on time card by Faye Brown indicates approval by the Administrator and that employee would make up the hours at later dates but would not clock in or out.
 - c. PPE 12/26/98 – Employee was paid for 4 workdays (12/21, 12/22, 12/23, and 12/24) taken off. Memorandum on time card by Faye Brown indicates approval by the Administrator for time off with pay.
- Faye Brown
- a. From April 1997 through March 1999, employee was paid for 808½ hours for which she did not clock in or out. Handwritten details of these hours were attached to each time card during this period and were approved by the Administrator. These details indicate that most of this time was spent performing Nursing Home work at her home.

We recommend that all employees be required to perform their work at the Nursing Home and that all work time be “on-the-clock.”

Employees being paid for lunch breaks.

We were informed that, in the past, employees were not required to clock in or out for their lunch breaks, but that this practice had been discontinued. Therefore, we did not perform any procedures in this area.

Computation of regular and overtime pay.

We reviewed the payroll records and tested the computations of regular and overtime hours and pay. Your committee indicated concern over instances in which employees worked less than 80 hours in a 2 week pay period, but were paid for overtime at 1½ times their regular hourly rate. We tested 10 employees who were paid overtime but had less than 80 regular hours during PPE 3/20/99 and found that the computations of regular and overtime hours and pay were in accordance with a March 15, 1996 memorandum to all employees from the Administrator. The memorandum formalized changes to the computation of overtime hours. For employees scheduled to work 8 hours daily, any time over 8 hours in a day or 80 hours in a pay period, whichever is greater, would be considered overtime. For employees scheduled to work over 8 hours daily, any time over 40 hours in a 7 day workweek would be considered overtime.

We recommend that the Police Jury review and, if necessary, revise the overtime policy.

Apparently high expenses for supplies and for expenditures at Wal Mart.

We reviewed expenditures for supplies, in particular those purchased at Wal Mart, for the period from April 1997 through March 1999. Total expenditures at Wal Mart for this 24-month period were \$20,886.05, or an average of approximately \$870 per month. The majority of the expenditures were of a personal nature in order to meet the needs of the patients. We did note recurring expenditures for candy, coffee, film, batteries, frames and greeting cards; however, because of the lack of controls over their purchase and disposition (no purchase orders, no custodian over supplies, no requisitions), we could not determine the ultimate use of the items.

We understand that purchase orders are now in use. In addition, we recommend that a custodian over supplies be named and that a requisitioning system for supplies be implemented.

Expenditures to flower and antique shops and for Christmas decorations.

We reviewed expenditures to flower and antique shops for the period from November 1996 through March 1999. We did not note any expenditures to any antique shops during this period. Expenditures to flower shops during this period included flower arrangements for funerals, balloon arrangements for birthdays and decorations for Christmas. We reviewed the expenditures for flower and balloon arrangements and did not find any that we considered suspicious.

Total expenditures that we found for Christmas decorations were \$1,322.76 in 1997, which included approximately \$600 for trees, and \$1,963.67 in 1998, which included approximately \$650 for trees. Your committee indicated concern over the location of these Christmas decorations. We observed the inventory of Christmas decorations and found the following:

Box marked "Social Room"

3 strands of lights

Electrical power strip

Angel for tree

Box marked "Dining Room"

Artificial poinsettia

Box marked "Dining Room Christmas"

6 boxes of various ornaments

9 strands of lights

Box marked "Social Room"

Various ornaments

Box marked "Dining Room"

3 angels for trees

Box marked "Dining Room"

4 bows with birds

Box marked "Entrance Tree"

Ribbons and angels with birds

Box marked "Dining Room Christmas"

6 boxes of various ornaments

Box marked "Dining Room"

Various bows with red beads

Plastic bags

12 wreaths

Gold netting

Electrical power strip

Red tree skirt

White tree skirt

2 to 3 foot artificial tree

Other

3 tree stands

6 foot statue of St. Nicholas

1 wreath

2 manger scenes

We could not determine the value of the above items or when they were purchased. Because of the lack of controls and over the purchase and custody of the items, we could not determine if any were missing.

We recommend Nursing Home Committee review and approval for Christmas decorations that exceed a certain dollar amount.

Payments for tile work in bathrooms.

We determined that recent tile work in bathrooms were performed by 2 contractors, Louisiana Tile and Accardo Tile Contractor. Louisiana Tile installed new floor and wall tiles for \$16,248.50. Accardo performed shower demolition and repair work for \$11,934.00. We were accompanied by Nursing Home personnel and were shown the 4 bathrooms that were renovated. The tile work appeared to us to be new. Your committee indicated concern over allegations regarding the awarding of this work. It is our understanding that material and supply purchases over \$15,000 must be publicly bid. We did not find evidence that the work performed by Louisiana Tile had been advertised for bids.

We recommend that all purchases be done in accordance with the public bid law.

Missing invoice file for miscellaneous expenditures.

We reviewed vendor invoice files for the period beginning November 1996 through April 1999. We did not locate the file containing invoices for miscellaneous expenditures for the period from November 1, 1997 through April 15, 1998. This file was cited as missing by the Nursing Home's external auditor. The business manager could not provide any information as to the location of this file.

Method used to dispose of equipment.

We inquired with the business manager as to the method used by the Nursing Home to dispose of surplus equipment. She could not recall any recent dispositions of equipment or whether any policies were in place to control dispositions. We obtained a copy of the fixed assets listing from the external auditor, but, because of the general nature of the descriptions contained therein, we could not perform a physical inventory test for possible missing assets. The external auditor stated that he generally adds to the list and that he did not recall removing any assets from the list. In addition, assets are not marked with identification tags and periodically inventoried. Because of the lack of controls in this area, we did not perform any other procedures.

We recommend that all assets be inventoried and tagged for identification. Physical inventories should be taken annually. Disposal of any assets should require the review and approval of the Nursing Home Committee.

Location of new equipment purchased for a new employee.

We were requested by your committee to locate a desk, chair and lamp that was purchased for a new employee. We reviewed invoices from Bellelo's from November 1993 through March 1999 and obtained a copy of the invoice for the desk and chair. We then located these assets. The desk was in the Resident Service Director's office, and the chair was in the Administrator's office. We did not find an invoice or any other evidence that indicated a lamp was purchased.

While reviewing invoices from Bellelo's, we noted that a picture titled "Trosclair On River," purchased on 12/7/98 for \$169.00, could not be located. Nursing Home personnel were not familiar with the picture.

Location of other specified furniture and assets.

We were requested by your committee to locate other specific furniture and assets as listed on copies of invoices that were provided to us. We were able to locate all assets on the invoices that had been delivered and placed in use at the Nursing Home. Certain assets had not yet been delivered or placed in use because of vendor delays. These assets are listed in a proposal dated 10/28/98 from Nixon Associates in the amount of \$6,722.00

for Social Room furniture. \$3,361.00 was paid on 10/29/98. We had the business manager of the Nursing Home call Nixon Associates. According to the vendor, delivery has been delayed due to problems obtaining fabrics.

We recommend follow-up by Nursing Home personnel as to the status of this order.

Funds on hand.

We performed a surprise count of the 3 petty cash funds on 6/3/99 and found the following:

- Custodian: Charles Marie Jackson
Fund amount: \$100.00
Amount counted, including receipts for disbursements: \$100.00
Amount over or (short): None.
- Custodian: Julia Carter
Fund amount: \$100.00
Amount counted, including receipts for disbursements: \$100.27
Amount over or (short): \$0.27
- Custodian: Faye Brown
Fund amount: \$150.00
Amount counted, including receipts for disbursements: \$150.18
Amount over or (short): \$0.18

Documentation in support of expenditures from patient accounts.

We reviewed the checking account for patient funds and tested 40 disbursements from April 1997 through March 1999. We examined the canceled checks for proper payees, authorized signatures and endorsements. We also examined the receipts in support of the expenditures. The disbursements were then traced to posting on patient ledgers, and we examined the ledgers for proper patient or other authorized approval. We found the following exceptions:

- 2 signatures are required on each check. Of the 40 checks that we tested, 37 were stamped with Faye Brown's signature. Ms. Brown informed us that this was done for convenience.
- The May 1998 bank statement could not be located, and we were unable to examine the canceled checks in our test that were contained therein (checks numbered 7026 and 7071).
- Check # 6531 dated 10/29/97 in the amount of \$300.00 to Julie Savoy contained the endorsement of Charles Marie Jackson. We asked Ms. Jackson about this check and were informed that she had cashed the check for the patient, Julie

Savoy, and had given the funds to her. We did note on the patient's ledger sheet that Ms. Savoy had approved the disbursement.

We were informed that the patient checking account had not been reconciled between the bank statement and the patient ledger sheets for years. Employees could not recall the last time the account had been reconciled, and informed us that a shortage was suspected prior to the time the current custodian of the account took over. We then attempted to reconcile the account as of 3/31/99. According to patient ledger sheets, the Nursing Home is accountable to patients for funds at 3/31/99 in the amount of \$1,808.34. Our reconciliation showed funds in the account of \$1,202.82. When added to the \$100.00 patient petty cash fund, an unreconciled shortage of funds in the amount of \$505.52 is indicated.

If patient funds accumulate, they are transferred to a separate interest-bearing savings account for each patient. As of 3/31/99, 17 such accounts were open. We agreed the balances listed in the "Quarterly Statement Report of Personal Funds" that is provided to each patient to the "Record of Patient's Personal Allowance Fund" ledgers. We then confirmed the balances with Peoples Bank by telephone. We noted 2 minor errors as follows:

- Delores Nolan savings account – Ledger sheet and Bank had balances of \$100.15, but Quarterly Statement given to patient showed \$140.15. A transfer from savings to the checking account in the amount of \$40.00 on 3/23/99 was not included in the Quarterly Statement.
- Laura Lacombe savings account – Quarterly Statement and ledger sheet had balances of \$231.15, but Bank confirmed balance of \$271.15. A deposit on 1/15/99 in the amount of \$40.00 was not entered on the patient records.

We recommend that the checking account be reconciled to both the checkbook balance and to the patient ledgers each month by an employee independent of the account. Savings accounts should be reconciled every 6 months when statements are received. A copy of the May 1998 statement for the checking account should be obtained and reviewed by someone independent of the accounts.

In addition, all checks should require two original signatures. Employees should be prohibited from cashing checks for patients.

Proper receipt of checks from vending companies.

We reviewed the deposits of vending machine income from April 1997 through March 1999. The Nursing Home has a Coke machine and a snack machine. Prior to October 1997, Nursing Home personnel were responsible for filling and collecting from the Coke machine; thereafter, Baton Rouge Coca-Cola Bottling Company, Inc. maintained the

machine. During the entire period that we reviewed, Baton Rouge Tom's Sales, Inc. maintained the snack machine. We found the following:

- From April 1997 through September 1997, while the Nursing Home maintained the machine, deposits for soft drink sales totaled \$1,462.40. The cost of the soft drinks during this period was \$2,255.08.
- After Baton Rouge Coke took over maintaining the machine in October 1997, the first deposit of vending income did not occur until May 1998. We had the business manager of the Nursing Home call Baton Rouge Coke to inquire what may have happened to the income during this 7-month period. As of the date of this report, no information has yet been obtained from Baton Rouge Coke. Since May 1998, deposits have been made monthly.
- The last payment received from Baton Rouge Tom's was in November 1998. We had the business manager call Tom's and inquire as to what may have happened to the payment that should have been received in February 1999. Tom's personnel responded that a check had been mailed but was still outstanding. They informed the business manager that they would stop payment of this check and issue a new check. The business manager informed us that the check was received on 6/8/99.

We recommend that follow-up be made of the income from the Coke machine from October 1997 through April 1998.

This report is intended solely for your use.

Sincerely,

Basil M. Lee and Company

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BASIL M. LEE, CPA - RET.
CONSULTANT

June 23, 1999

To the Nursing Home Committee
of the Pointe Coupee Parish Police Jury

This letter will serve as an addendum to our report to you dated June 4, 1999 and relates only to information about employee raises that were effective on September 1, 1997 (see pages 4, 5 and 6 of our original report).

Based on information provided to us on this date by Mr. David Cifreo, it appears that certain of the increases in wages that were effective on September 1, 1997 were approved by the Police Jury. At their August 26, 1997 meeting, the following motion was unanimously approved:

RESOLVED, That upon the recommendation of the Nursing Home Committee, that the following salary increase for employees at the Pointe Coupee Parish Nursing Home be approved, effective September 1, 1997:

65 employees salaries be increased to minimum wage of \$5.15 per hour; 33 employees salaries be increased to \$.25 per hour above the minimum wage and upon three years of continuous employment, employees salaries be increased to \$.10 on the anniversary date of employment; and a \$.20 per hour increase for floor nurses.

Based on the above resolution, 33 employees should have been increased to \$5.40 per hour (\$5.15 minimum wage plus \$0.25) and floor nurses should have received a \$0.20 per hour raise. Of the employees listed in our report with raises effective September 1, 1997, only 8 met one of these criteria as follows:

<u>Employee Name</u>	<u>Effective Date</u>	<u>Hourly Raise</u>	<u>Old Hourly Rate</u>	<u>New Hourly Rate</u>
Karen Derosin	9/1/97	\$0.40	\$5.00	\$5.40
Brenda Gremillion	9/1/97	\$0.40	\$5.00	\$5.40
Lawrence Batiste	9/1/97	\$0.20	\$12.70	\$12.90
Barbara Breau	9/1/97	\$0.20	\$12.70	\$12.90
Dennis Cornett	9/1/97	\$0.20	\$12.70	\$12.90
Rosemary Daily	9/1/97	\$0.20	\$12.70	\$12.90
Jerri Loucks	9/1/97	\$0.20	\$12.70	\$12.90
Ormetha LaPrairie	9/1/97	\$0.20	\$11.20	\$11.40

The following raises were not in accordance with the above resolution:

<u>Employee Name</u>	<u>Effective Date</u>	<u>Hourly Raise</u>	<u>Old Hourly Rate</u>	<u>New Hourly Rate</u>
Brenda Howard	9/1/97	\$0.25	\$6.25	\$6.50
Earnestine Bracken	9/1/97	\$0.55	\$4.75	\$5.30
Dorothy Gremillion	9/1/97	\$0.40	\$4.90	\$5.30
Stacey Nelson	9/1/97	\$0.50	\$4.80	\$5.30
Doris Cador	9/1/97	\$0.40	\$4.90	\$5.30
Veverly Terrance	9/1/97	\$0.40	\$4.90	\$5.30
Terry Lee	9/1/97	\$0.40	\$4.90	\$5.30
Jane Hatch	9/1/97	\$0.40	\$4.90	\$5.30
Evlana Brown	9/1/97	\$0.40	\$4.90	\$5.30
Lucinda Ricard	9/1/97	\$0.50	\$4.80	\$5.30
Connie Lucas	9/1/97	\$0.55	\$4.75	\$5.30
Mona Hurst	9/1/97	\$0.55	\$4.75	\$5.30
Connie Martin	9/1/97	\$0.55	\$4.75	\$5.30
Sharon Parker	9/1/97	\$0.55	\$4.75	\$5.30
Mildred Edwards	9/1/97	\$0.55	\$4.75	\$5.30
Mary Parker	9/1/97	\$0.55	\$4.75	\$5.30
Diane Foster	9/1/97	\$0.55	\$4.75	\$5.30
Janice Derozan	9/1/97	\$0.55	\$4.75	\$5.30
Sharon Brue	9/1/97	\$0.55	\$4.75	\$5.30
Wendolyn Fields	9/1/97	\$0.40	\$4.90	\$5.30
Wanda Battley	9/1/97	\$0.20	\$5.10	\$5.30
Andrew Albert, Jr.	9/1/97	\$0.25	\$5.70	\$5.95
Stephanie Baise	9/1/97	\$0.25	\$5.30	\$5.55
Eva Ballard	9/1/97	\$0.25	\$5.50	\$5.75
Dorothy Bethley	9/1/97	\$0.25	\$5.70	\$5.95
Annette Battley	9/1/97	\$0.25	\$5.40	\$5.65
Julia Carter	9/1/97	\$0.25	\$9.25	\$9.50
Debbie Johnson	9/1/97	\$0.25	\$7.15	\$7.40
Mary Dalton	9/1/97	\$0.25	\$5.95	\$6.20
Relia Dukes	9/1/97	\$0.25	\$7.10	\$7.35
Theresa Domingue	9/1/97	\$0.25	\$7.65	\$7.90
Jerry Franklin	9/1/97	\$0.45	\$14.00	\$14.45
Dye Ann Guerin	9/1/97	\$0.25	\$6.95	\$7.20
Carmen Bordelon	9/1/97	\$0.80	\$11.20	\$12.00
Lena Brown	9/1/97	\$0.70	\$15.30	\$16.00

This addendum is intended solely for your use.

Sincerely,

Basil M. Lee and Company

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