

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Department of Veterans Affairs
Office of the Governor
State of Louisiana
Baton Rouge, Louisiana

June 17, 1999



Financial and Compliance Audit Division

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**DEPARTMENT OF VETERANS AFFAIRS
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA
Baton Rouge, Louisiana**

**Management Letter
Dated May 13, 1988**

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 office of the Legislative Auditor.

June 17, 1988



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May 13, 1998

DEPARTMENT OF VETERANS AFFAIRS
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA
Baton Rouge, Louisiana

As part of our audit of the State of Louisiana's financial statements for the year ending June 30, 1998, we conducted certain procedures at the Department of Veterans Affairs. Our procedures included (1) a review of the department's internal controls; (2) tests of financial transactions for the years ending June 30, 1998, and June 30, 1997; and (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities for the years ending June 30, 1998, and June 30, 1997.

The Annual Fiscal Reports of the Department of Veterans Affairs were not audited or reviewed by us, and, accordingly, we offer no opinion or any other form of assurance on these reports. The department's accounts, under the Office of the Governor, are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses an opinion.

Our procedures included interviews with management personnel and other selected department personnel. We also evaluated selected documents, files, reports, systems, procedures, and policies as we considered necessary. After analyzing the data, we developed recommendations for improvements. We then discussed our findings and recommendations with appropriate management personnel before submitting this written report.

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

**Improper Preparation of the Schedule
of Expenditures of Federal Awards**

The Department of Veterans Affairs did not prepare its Schedule of Expenditures of Federal Awards (Schedule E) for fiscal year 1997, in accordance with the instructions from the Division of Administration. These instructions, which are based on the requirements of Office of Management and Budget (OMB) Circular A-133, require that the department's Schedule E include (1) a listing of individual federal programs; (2) the total expended for each individual program; and (3) expenditures of the department's federal programs that are administered by the Office of Facility Planning and Control.

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For fiscal year 1987, the department reported a combined total for expenditures of both the Veteran's State Domiciliary Care (CFDA No. 64-014) and Veterans State Nursing Home Care (CFDA No. 64-015) programs instead of reporting amounts for each program individually, and the department understated this combined total by \$98,657. In addition, the department failed to report expenditures, totaling \$1,076,000, for Grants to States for Construction of State Home Facilities program (CFDA No. 64-005), which was administered by the Office of Facility Planning and Control. The department issued a revised Schedule B on January 20, 1988, to correct these errors.

The Department of Veterans Affairs should prepare its Schedule B in accordance with the instructions of the Division of Administration and OMB Circular A-103 and should coordinate its efforts with the Office of Facility Planning and Control to ensure that all federal program expenditures are reported. In a letter dated May 13, 1988, Mr. David C. Perkins, Acting Executive Director, concurred with the finding and recommendation and indicated that it is the intent of the agency to adhere strictly to state and federal guidelines in the future preparations of the Schedule of Expenditures of Federal Awards.

Failure to Timely Tag and Record Movable Property

The Baton Rouge Administrative Office of the Department of Veterans Affairs failed to tag and record timely all movable property within 45 days of acquisition as required by Louisiana Law. Louisiana Revised Statute (R.S.) 38:324(B) requires that all movable property be tagged and entered into the state's movable property master listing within 45 days of the receipt of the movable property. During fiscal years 1987 and 1988, the Baton Rouge Administrative Office acquired 105 movable property items totaling \$154,428. However, 31 of these items totaling \$10,327 were not tagged and recorded until 55 to 231 days after acquisition.

Failure to update movable property in a timely manner increases the risk of loss from unauthorized use of the property, subjects the department to noncompliance with state laws and regulations, and could result in improper financial reporting of assets.

The Baton Rouge Administrative Office of the Department of Veterans Affairs should comply with laws and regulations regarding its movable property. In a letter dated May 13, 1988, Mr. David C. Perkins, Acting Executive Director, concurred with the finding and recommendation and indicated that the agency will ensure that all future acquisitions of movable property will be tagged and recorded within 45 days of receipt as required by R.S. 38:324(B).

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Report of Other Auditors

In September 1997, the Office of Inspector General was asked by the Governor and the Director of the Department of Veterans Affairs to investigate allegations concerning the management of the War Veterans Home in Monroe. The Office of Inspector General issued a report dated April 28, addressing those allegations.

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

This report is intended for the information and use of the department and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

MMG:THC:as

10/04/99

