

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana Board of Examiners of  
Nursing Facility Administrators  
Department of Health and Hospitals  
State of Louisiana  
Baton Rouge, Louisiana

December 22, 1999



***Financial and Compliance Audit Division***

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***Daniel G. Kyle, Ph.D., CPA, CFE  
Legislative Auditor***

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**Daniel G. Kyle, Ph.D., CPA, CFE**

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**LOUISIANA BOARD OF EXAMINERS OF  
NURSING FACILITY ADMINISTRATORS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
Baton Rouge, Louisiana**

**General Purpose Financial Statements  
and Independent Auditor's Reports  
As of June 30, 1999, and for the Years  
Ended June 30, 1999 and 1998  
With Supplemental Information Schedules**

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.

December 22, 1999

**LOUISIANA BOARD OF EXAMINERS OF  
NURSING FACILITY ADMINISTRATORS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA**

General Purpose Financial Statements  
and Independent Auditor's Reports  
As of June 30, 1999, and for the Years  
Ended June 30, 1999 and 1998  
With Supplemental Information Schedules

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**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
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December 3, 1999

Independent Auditor's Report  
on the Financial Statements

**LOUISIANA BOARD OF EXAMINERS OF  
NURSING FACILITY ADMINISTRATORS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
Baton Rouge, Louisiana**

We have audited the accompanying general purpose financial statements of the Louisiana Board of Examiners of Nursing Facility Administrators, a component unit of the State of Louisiana, as of June 30, 1999, and for the years ended June 30, 1999 and June 30, 1998, as listed in the foregoing table of contents. These financial statements are the responsibility of the Louisiana Board of Examiners of Nursing Facility Administrators. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraphs, we conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in our Report on Compliance and on Internal Control Over Financial Reporting (Exhibit A), the Louisiana Board of Examiners of Nursing Facility Administrators failed to provide adequate controls over the collection of fees for nurse aide certification cards. Accordingly, we were unable to satisfy ourselves regarding the completeness of certification card revenues, totaling \$128,980 and \$57,067, for the fiscal years ended June 30, 1999, and June 30, 1998, respectively.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to determine the completeness of certification card revenue, as discussed in the previous paragraph, the general purpose financial statements present fairly, in all material respects, the financial position of the Louisiana Board of Examiners of Nursing Facility Administrators, as of June 30, 1999, and the results of operations for the years ended June 30, 1999 and 1998, in conformity with generally accepted accounting principles.

LEGISLATIVE AUDITOR

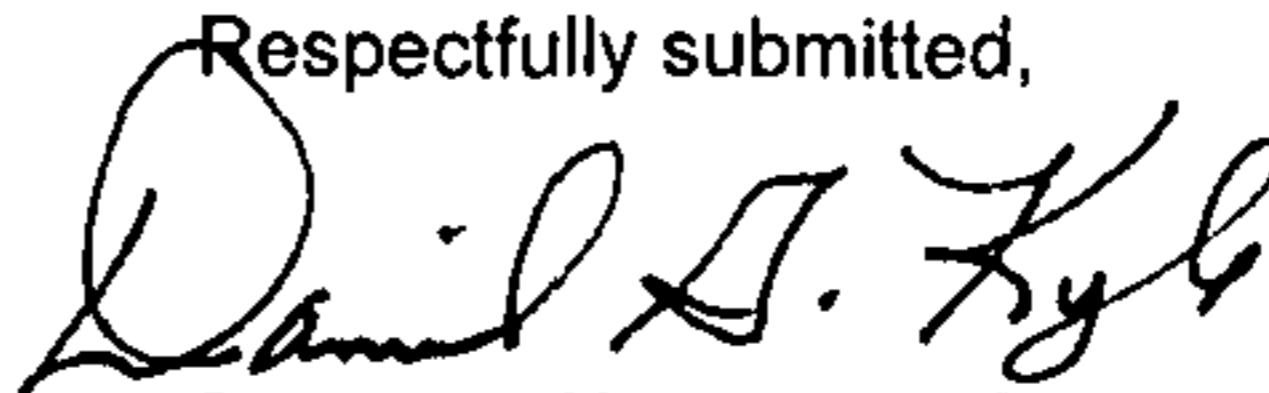
LOUISIANA BOARD OF EXAMINERS OF  
NURSING FACILITY ADMINISTRATORS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
Audit Report, June 30, 1999

In accordance with *Government Auditing Standards*, we have also issued a report dated December 3, 1999, on our consideration of the board's internal control over financial reporting and our tests of its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying supplemental information schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of the Louisiana Board of Examiners of Nursing Facility Administrators. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

The Year 2000 supplementary information on page 15 is not a required part of the basic financial statement but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the Louisiana Board of Examiners of Nursing Facility Administrators is or will become Year 2000 compliant, that the board's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the board does business are or will become Year 2000 compliant.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE  
Legislative Auditor

MMG:THC:RCL:ss

(NFA)

LOUISIANA BOARD OF EXAMINERS OF  
NURSING FACILITY ADMINISTRATORS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
ALL FUND TYPES AND ACCOUNT GROUPS

Balance Sheet, June 30, 1999

	GOVERNMENTAL FUND - GENERAL FUND	ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
		GENERAL FIXED ASSETS	LONG-TERM DEBT	
<b>ASSETS AND OTHER DEBITS</b>				
Cash (note 2)	\$91,208			\$91,208
Accounts receivable - licenses and fees	38,470			38,470
Due from others	25,200			25,200
Prepayment - lease	2,537			2,537
Fixed assets (note 3)		\$92,704		92,704
Other Debits:				
Amount to be provided for compensated absences			\$12,749	12,749
Amount to be provided for lease payments (note 7)			3,421	3,421
<b>TOTAL ASSETS</b>	<b>\$157,415</b>	<b>\$92,704</b>	<b>\$16,170</b>	<b>\$266,289</b>
<b>LIABILITIES, FUND EQUITY, AND OTHER CREDITS</b>				
Liabilities:				
Accounts payable	\$4,129			\$4,129
Payroll deductions and withholdings payable	3,846			3,846
Compensated absences payable (note 8)			\$12,749	12,749
Obligations under capital lease agreement (note 8)			3,421	3,421
Total Liabilities	7,975	NONE	16,170	24,145
Fund Equity and Other Credits:				
Investment in general fixed assets		\$92,704		92,704
Fund balance:				
Unreserved - undesignated	146,903			146,903
Reserved for prepayment - lease	2,537			2,537
Total Fund Equity	149,440	92,704	NONE	242,144
<b>TOTAL LIABILITIES, FUND EQUITY, AND OTHER CREDITS</b>	<b>\$157,415</b>	<b>\$92,704</b>	<b>\$16,170</b>	<b>\$266,289</b>

The accompanying notes are an integral part of this statement.

LOUISIANA BOARD OF EXAMINERS OF  
NURSING FACILITY ADMINISTRATORS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
GOVERNMENTAL FUND - GENERAL FUND

Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget  
(GAAP Basis) and Actual  
For the Years Ended June 30, 1999 and 1998

	1999		VARIANCE
	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
Licenses and fees	\$138,000	\$218,290	\$80,290
Use of money and property - interest earnings	2,000	287	(1,713)
Nurse aide certification cards	186,000	128,980	(57,020)
Interagency agreement (note 10)	125,000	113,603	(11,397)
Total revenues	<u>451,000</u>	<u>461,160</u>	<u>10,160</u>
<b>EXPENDITURES</b>			
General government:			
Personal services and related benefits	167,976	180,645	(12,669)
Operating services	137,450	103,206	34,244
Materials and supplies	28,000	42,140	(14,140)
Travel	8,300	5,849	2,451
Capital outlay	6,000	4,285	1,715
Total expenditures	<u>347,726</u>	<u>336,125</u>	<u>11,601</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	103,274	125,035	21,761
<b>FUND BALANCE AT BEGINNING OF YEAR AS RESTATED (note 11)</b>	<u>55,869</u>	<u>24,405</u>	<u>(31,464)</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$159,143</u>	<u>\$149,440</u>	<u>(\$9,703)</u>

The accompanying notes are an integral part of this statement.



1998		
<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
\$63,300	\$55,006	(\$8,294)
3,200	1,550	(1,650)
74,000	57,067	(16,933)
100,000	100,000	
<u>240,500</u>	<u>213,623</u>	<u>(26,877)</u>
161,300	179,478	(18,178)
125,625	107,871	17,754
34,460	37,494	(3,034)
10,550	8,661	1,889
5,000	2,444	2,556
<u>336,935</u>	<u>335,948</u>	<u>987</u>
(96,435)	(122,325)	(25,890)
<u>152,304</u>	<u>146,730</u>	<u>(5,574)</u>
<u>\$55,869</u>	<u>\$24,405</u>	<u>(\$31,464)</u>

**LOUISIANA BOARD OF EXAMINERS OF  
NURSING FACILITY ADMINISTRATORS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA**

Notes to the Financial Statements  
As of June 30, 1999, and for the Years  
Ended June 30, 1999 and 1998

**INTRODUCTION**

The Louisiana Board of Examiners of Nursing Facility Administrators is a component unit of the State of Louisiana created within the Louisiana Department of Health and Hospitals (DHH), as provided by Louisiana Revised Statute (R.S.) 36:803. The board is statutorily composed of 13 members, ten of whom shall be ex-officio members from various health care agencies and three of whom shall be appointed by the governor and serve three-year terms each. Currently, there are eleven board members. The board is charged with the responsibility of developing, imposing, and enforcing standards for nursing facility administrators, issuing licenses, investigating complaints, and developing and maintaining a federally mandated Certified Nurse Aide Registry. The board collects a \$10 fee for each Nurse Aide Certification Card issued. Operations of the board are funded with self-generated fees and reimbursements through an interagency agreement with DHH. As of June 30, 1999, there are 629 licensed administrators in the state. The board has five employees.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The Governmental Accounting Standards Board (GASB) promulgates generally accepted accounting principles and reporting standards for state and local governments. These principles are found in the Codification of Governmental Accounting and Financial Reporting Standards, published by the GASB. This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

**B. REPORTING ENTITY**

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The board is considered a component unit of the State of Louisiana because the state has financial accountability over the board in that the governor appoints all the board members and can impose his will on the board. The accompanying financial statements represent activity of the Louisiana Board of Examiners of Nursing Facility Administrators and, therefore, are a part of the fund and account group structure of the State of Louisiana and its general purpose financial statements.

**LOUISIANA BOARD OF EXAMINERS OF  
NURSING FACILITY ADMINISTRATORS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

**C. FUND ACCOUNTING**

The board uses a fund (General Fund) and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The General Fund is classified as a governmental fund. The General Fund is the general operating fund of the board and accounts for all financial resources. Revenues are accounted for in this fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. General operating expenditures are paid from this fund.

**D. BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The General Fund is accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The operating statement of the General Fund presents increases and decreases in net current assets. The modified accrual basis of accounting is used by the General Fund.

The board uses the following practices in recording revenues and expenditures in the General Fund:

**Revenues**

Revenues are recognized when they become measurable and available.

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for accumulated vacation leave, which is recognized when paid.

**LOUISIANA BOARD OF EXAMINERS OF  
NURSING FACILITY ADMINISTRATORS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

**E. BUDGET PRACTICES**

Annually, the board is required to submit a proposed budget to the Joint Legislative Committee on the Budget as prescribed by R.S. 39:1335. The board formally adopted a budget for fiscal year ended June 30, 1999, on March 3, 1998, but did not formally adopt a budget for fiscal year ended June 30, 1998. The budget is prepared and reported on a modified accrual basis of accounting. Although budget amounts lapse at year-end, the board retains its unexpended fund balance to fund expenditures of the succeeding year. The budget amounts on Statement B reflect the amounts submitted to the Joint Legislative Committee on the Budget for fiscal years ended June 30, 1999 and 1998. There was one amendment made to the 1999 budget.

**F. CASH**

Cash includes cash on hand and interest-bearing demand deposits. Under state law, the board may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the board may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal offices in the State of Louisiana, in savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federal or state chartered credit unions.

**G. GENERAL FIXED ASSETS  
AND LONG-TERM DEBT**

Fixed assets are accounted for in the general fixed assets account group, rather than in the General Fund. Depreciation has not been provided on general fixed assets. All fixed assets are valued at historical cost. A summary of changes in general fixed assets is presented in note 3.

Long-term obligations expected to be financed from the General Fund are accounted for in the general long-term debt account group. A summary of changes in long-term obligations is presented in note 8.

**H. EMPLOYEE COMPENSATED ABSENCES**

Employees of the board earn and accumulate vacation and sick leave at varying rates, depending upon their years of service. The amount of vacation and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused vacation leave at the employee's

**LOUISIANA BOARD OF EXAMINERS OF  
NURSING FACILITY ADMINISTRATORS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

hourly rate of pay at the time of termination. The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the General Fund when leave is actually taken. The cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group.

**I. TOTAL COLUMN ON BALANCE SHEET**

The total column on the balance sheet is captioned Memorandum Only (overview) to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**2. CASH**

At June 30, 1999, the board has cash (book balances) totaling \$91,208 as follows:

Petty cash	\$50
Interest-bearing demand deposits	<u>91,158</u>
Total	<u><u>\$91,208</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. At June 30, 1999, the board has \$96,453 in deposits (collected bank balances). These deposits are secured from risk by \$96,453 of federal deposit insurance (GASB Category 1).

**3. CHANGES IN GENERAL FIXED ASSETS**

A summary of changes in general fixed assets follows:

**LOUISIANA BOARD OF EXAMINERS OF  
NURSING FACILITY ADMINISTRATORS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

	<u>Furniture/ Equipment</u>
Balance, July 1, 1997	\$90,393
Additions	2,444
Deletions	<u>(2,299)</u>
Balance, June 30, 1998	<u>\$90,538</u>
Balance, July 1, 1998	\$90,538
Additions	8,407
Deletions	<u>(6,241)</u>
Balance, June 30, 1999	<u>\$92,704</u>

**4. PENSION PLAN**

Substantially all employees of the board are members of the Louisiana State Employees Retirement System (System), a cost sharing, multiple-employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

Generally, all full-time employees are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service. Vested employees may retire at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0600 or (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary and the board is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 1999, decreased to 12.4% of annual covered payroll from the 13% required in fiscal year ended June 30, 1998. The contribution rate required for fiscal year ended June 30, 1997, was 12.4%. The board's contributions to the

**LOUISIANA BOARD OF EXAMINERS OF  
NURSING FACILITY ADMINISTRATORS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

System for the years ending June 30, 1999, 1998, and 1997, were \$16,118, \$17,056, and \$16,009, respectively.

**5. POSTRETIREMENT HEALTH CARE  
AND LIFE INSURANCE BENEFITS**

The board provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the board's employees become eligible for these benefits if they reach normal retirement age while working for the board. These benefits for retirees and similar benefits for active employees are provided through the state's insurance program whose monthly premiums are paid jointly by the employee and the board. The board's costs of providing retiree health care and life insurance benefits are recognized as expenditures when the liability has been incurred. There were no costs paid for postretirement health care or life insurance benefits for the years ended June 30, 1999 and 1998.

**6. OPERATING LEASE**

The board has an operating lease for office space. The future annual operating lease payments for fiscal years 2000 and 2001 total \$30,444 and \$10,148, respectively. The fund balance reserve for prepayment - lease of \$2,537, as shown on Statement A, represents a one-month prepayment at June 30, 1999.

**7. CAPITAL LEASE**

In August 1998, the board entered into a capital lease agreement for the purchase of a postage meter machine. The following is a summary of future minimum installment payments as of June 30, 1999:

Fiscal year:	
1999-2000	\$1,309
2000-2001	1,309
2001-2002	1,309
2002-2003	<u>1,317</u>
Net minimum installment payments	<u>5,244</u>
Less - amount representing interest	<u>(1,823)</u>
Present value of net minimum installment payments	<u><u>\$3,421</u></u>

**LOUISIANA BOARD OF EXAMINERS OF  
NURSING FACILITY ADMINISTRATORS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

**8. LONG-TERM DEBT**

General long-term obligations consist of compensated absences totaling \$12,749 and a capital lease agreement totaling \$3,421. The following is a summary of the long-term obligation transactions:

Long-term obligations at July 1, 1997	\$8,924
Additions	5,589
Deductions	<u>(4,186)</u>
Long-term obligations payable at June 30, 1998	<u>\$10,327</u>
Long-term obligations at July 1, 1998	\$10,327
Additions	10,401
Deductions	<u>(4,558)</u>
Long-term obligations payable at June 30, 1999	<u>\$16,170</u>

**9. RISK MANAGEMENT**

Losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund operated by the Office of Risk Management, the agency responsible for the state's risk management program, or by General Fund appropriation.

There is no pending litigation or claims against the board at June 30, 1999, which if asserted, in the opinion of the board's legal advisors, would have at least a reasonable probability of an unfavorable outcome or for which resolution would materially affect the financial statements.

**10. INTERAGENCY AGREEMENT**

DHH entered into an interagency agreement with the board to provide reimbursement of costs for the maintenance of a Certified Nurse Aide Registry in accordance with Public Law 100-203. The board's reimbursements from DHH for the years ending June 30, 1999 and 1998, were \$113,603 and \$100,000, respectively.



**LOUISIANA BOARD OF EXAMINERS OF  
NURSING FACILITY ADMINISTRATORS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA**  
Notes to the Financial Statements (Concluded)

**11. RESTATEMENT OF BEGINNING FUND BALANCE**

The 1998 beginning fund balance of the General Fund was restated to reflect an increase for rental expense incurred in fiscal year 1998, but erroneously charged as an expense in the prior year.

Fund balance at June 30, 1997, as previously reported	\$141,656
Adjustment	<u>5,074</u>
Fund balance at June 30, 1997, as restated	<u><u>\$146,730</u></u>

**SUPPLEMENTARY INFORMATION REQUIRED BY THE  
GOVERNMENTAL ACCOUNTING STANDARDS BOARD**

The following page contains supplementary information as required by *Technical Bulletin 98-1*, issued by the Governmental Accounting Standards Board (GASB) in October 1998. The provisions of the GASB technical bulletin, effective for financial statements dated after October 31, 1998, require disclosures in the notes to the financial statements about the governmental entity's readiness in addressing Year 2000 issues for its computer systems and other electronic equipment. In March 1999, GASB issued *Technical Bulletin 99-1*, which allowed the disclosure of Year 2000 issues in required supplementary information.

**LOUISIANA BOARD OF EXAMINERS OF  
NURSING FACILITY ADMINISTRATORS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Years Ended June 30, 1999 and 1998**

**YEAR 2000 ISSUE**

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the operations of the Louisiana Board of Examiners of Nursing Facility Administrators as early as 1999.

As of June 30, 1999, the board had not formally identified the effects of Year 2000 issues on its computer information system and equipment. Accordingly, the board had no funds committed at June 30, 1999, to address Year 2000 issues. However, the board plans to subject its system and equipment to the following stages of work to address Year 2000 issues:

- . Awareness stage: Establishing a budget and project plan for dealing with the Year 2000 issues
- . Assessment stage: Identifying systems and components requiring Year 2000 compliance work
- . Remediation stage: Making changes to systems and equipment
- . Validation/testing stage: Validating and testing changes made during the remediation stage

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management of the board cannot provide 100% assurance that the board will be Year 2000 compliant, that the board's remediation efforts will be successful in whole or in part, or that the parties with whom the board does business will be Year 2000 compliant.

**LOUISIANA BOARD OF EXAMINERS OF  
NURSING FACILITY ADMINISTRATORS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
SUPPLEMENTAL INFORMATION SCHEDULE  
For the Years Ended June 30, 1999 and 1998**

**PER DIEM PAID BOARD MEMBERS**

The schedule of per diem paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Board members are paid a per diem of \$50 for each board meeting they attend and for attending to duties assigned by the board, as authorized by Louisiana Revised Statute 37:2503.

**LOUISIANA BOARD OF EXAMINERS FOR  
NURSING FACILITY ADMINISTRATORS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA**

**Schedule of Per Diem Paid Board Members  
For the Years Ended June 30, 1999 and 1998**

	<u>JUNE 30, 1999</u>	<u>JUNE 30, 1998</u>
A. A. Kelley, Jr.	\$1,550	\$1,600
Ray Naquin	100	350
Robert Rimes	250	500
Harold Gamburg	500	550
Joe Donchess		100
John Matessino	550	1,100
Enrica Singleton	100	150
Joseph Hamrick	400	200
Elizabeth Humphrey	150	150
Ed Smith	150	200
Henry Burch	100	
	<hr/>	<hr/>
Total	<u>\$3,850</u>	<u>\$4,900</u>

**OTHER REPORT REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

*The following pages contain a report on compliance with laws and regulations and on internal control as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.*



OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-9397

DANIEL G. KYLE, PH.D., CPA, CFE  
LEGISLATIVE AUDITOR

1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
TELEPHONE: (225) 339-3800  
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December 3, 1999

Report on Compliance and on Internal Control Over Financial  
Reporting Based on an Audit of the General Purpose Financial Statements  
Performed in Accordance With *Government Auditing Standards*

**LOUISIANA BOARD OF EXAMINERS OF  
NURSING FACILITY ADMINISTRATORS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
Baton Rouge, Louisiana**

We have audited the general purpose financial statements of the Louisiana Board of Examiners of Nursing Facility Administrators, a component unit of the State of Louisiana, as of June 30, 1999, and for the years ended June 30, 1999 and 1998, and have issued our report thereon dated December 3, 1999. The scope of our audit was limited in that we were unable to determine the completeness of nurse aide certification card revenue. This resulted in a qualified opinion on the general purpose financial statements. Except for this scope limitation, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Louisiana Board of Examiners of Nursing Facility Administrators' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed the following instances of noncompliance that, although not material to the financial statements, are required to be reported herein under *Government Auditing Standards*.

**Failure to Timely Update Movable Property Records**

The Louisiana Board of Examiners of Nursing Facility Administrators (board) did not update movable property records timely as required by Louisiana law. Louisiana Revised Statutes (R.S.) 39:321 *et seq* requires movable property acquisitions to be reported to the Louisiana Property Assistance Agency (LPAA) within 45 days of acquisition.

**EXHIBIT A**

**LOUISIANA BOARD OF EXAMINERS OF  
NURSING FACILITY ADMINISTRATORS  
DEPARTMENT OF HEALTH AND HOSPITALS**  
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December 3, 1999  
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The board did not report one of three acquisitions totaling \$466 in fiscal year 1998 to LPAA until 89 days after acquisition and, as of October 28, 1999, has not reported to LPAA four of five fiscal year 1999 acquisitions totaling \$3,585. The board does not conduct periodic reviews of LPAA reports to verify that acquisitions have been added to its property control listing. Failure to ensure that acquisitions are reported within the 45-day period increases the risk of loss arising from unauthorized use.

The board should implement procedures to ensure that all acquisitions are reported to LPAA within 45 days of receipt. Management of the board concurred with the finding and recommendation and implemented a plan of corrective action (see Appendix A, page 1).

**Noncompliance With State Purchasing Regulations**

The board did not comply with state purchasing laws and regulations. R.S. 39:1596 provides that any procurement not exceeding the amount established by executive order of the governor may be made in accordance with small purchase procedures prescribed by such executive order. Executive Order MJF 98-20, Section 4, requires that purchases exceeding \$500 must be awarded on the basis of the lowest responsive price quotations from bona fide, qualified bidders. The board failed to obtain the required price quotations from bidders for the purchase of three computers individually priced at \$699, \$963, and \$2,170.

Management of the board has not placed sufficient emphasis on compliance with the procurement code. Failure to comply with the procurement code increases the risk that the best prices will not be obtained and that public funds may be misspent.

The board should comply with purchasing laws and regulations and should obtain the required price quotations from bidders for purchases over \$500. Management of the board concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 2).

**Noncompliance With Executive Orders**

The board did not comply with executive orders designed to ensure that the board's current computer information system is Year 2000 compliant by the turn of the century. Executive Order MJF 96-50, as amended by Executive Order MJF 98-04, requires boards to evaluate the impact of the Year 2000 on their current computer information system(s); determine which system(s) must be corrected or replaced as a result of the



**LOUISIANA BOARD OF EXAMINERS OF  
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adverse impact of the Year 2000 on their computer information system(s); and initiate corrective action that will be in effect on or before July 1, 1999, to ensure that their services and/or operations will not be interrupted due to the Year 2000. However, because the board was unaware of the executive orders, the board did not evaluate the impact, determine a corrective action, or initiate corrective action on its computer information system by July 1, 1999.

Failure to evaluate the impact of the Year 2000 on the board's computer information system and initiate corrective action by July 1, 1999, increases the risk that the board's operations will be adversely affected and places the board in noncompliance with Executive Orders MJF 96-50 and MJF 98-04.

The board should evaluate and initiate corrective action to resolve its Year 2000 issues and, in the future, should comply with the provisions of all applicable executive orders. Management of the board concurred with the finding and recommendation and implemented a plan of corrective action (see Appendix A, page 3).

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Louisiana Board of Examiners of Nursing Facility Administrators' internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted the matters relating to movable property controls and noncompliance with state purchasing regulations and executive orders, as mentioned in the compliance section of this report, that we consider to be reportable conditions. In addition, we noted the matter described below involving the internal control over financial reporting and its operation that we consider to be a reportable condition. A reportable condition involves matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Louisiana Board of Examiners of Nursing Facility Administrators' ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

**Failure to Reconcile Nurse Aides'  
Certification Card Fees**

For the second consecutive audit, the board has not established adequate control procedures over its nurse aides' certification card fees to ensure that all fees are collected and deposited. Nurse aides' certification card fees reported by the board

LEGISLATIVE AUDITOR

LOUISIANA BOARD OF EXAMINERS OF  
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totaled \$57,067 and \$128,980 for fiscal years 1998 and 1999, respectively. A good internal control system should include a reconciliation of certification cards issued to certification card fees collected.

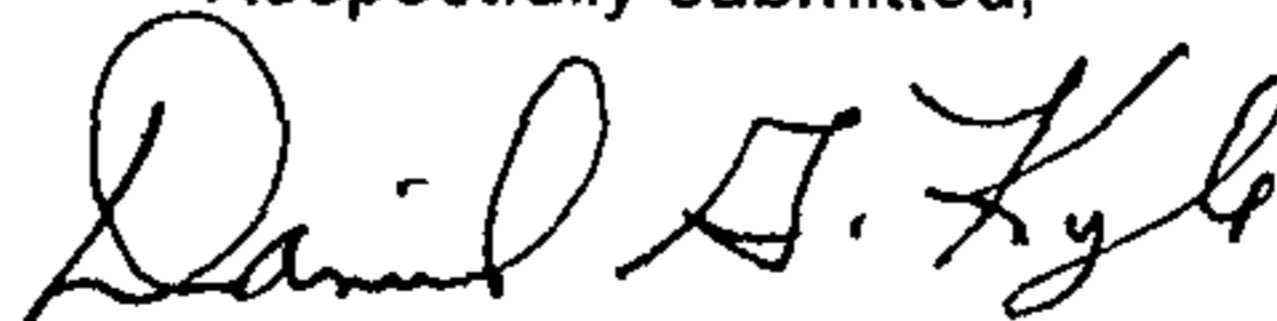
The board did not begin using prenumbered cards to produce the nurse aides' certification cards until September 1998. Furthermore, the board does not have an adequate system to identify replacement cards (no fee charged), which is necessary to reconcile the number of cards issued to revenue received. As a result, the board cannot provide reasonable assurance that the certification card fees are complete and properly recorded for fiscal years 1998 and 1999.

The board should establish procedures to identify replacement cards and to reconcile nurse aides' certification cards issued to the certification card fees collected. Management of the board concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 4).

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider the condition relating to nurse aides' certification card fees to be a material weakness.

This report is intended solely for the information and use of the Louisiana Board of Examiners of Nursing Facility Administrators 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,



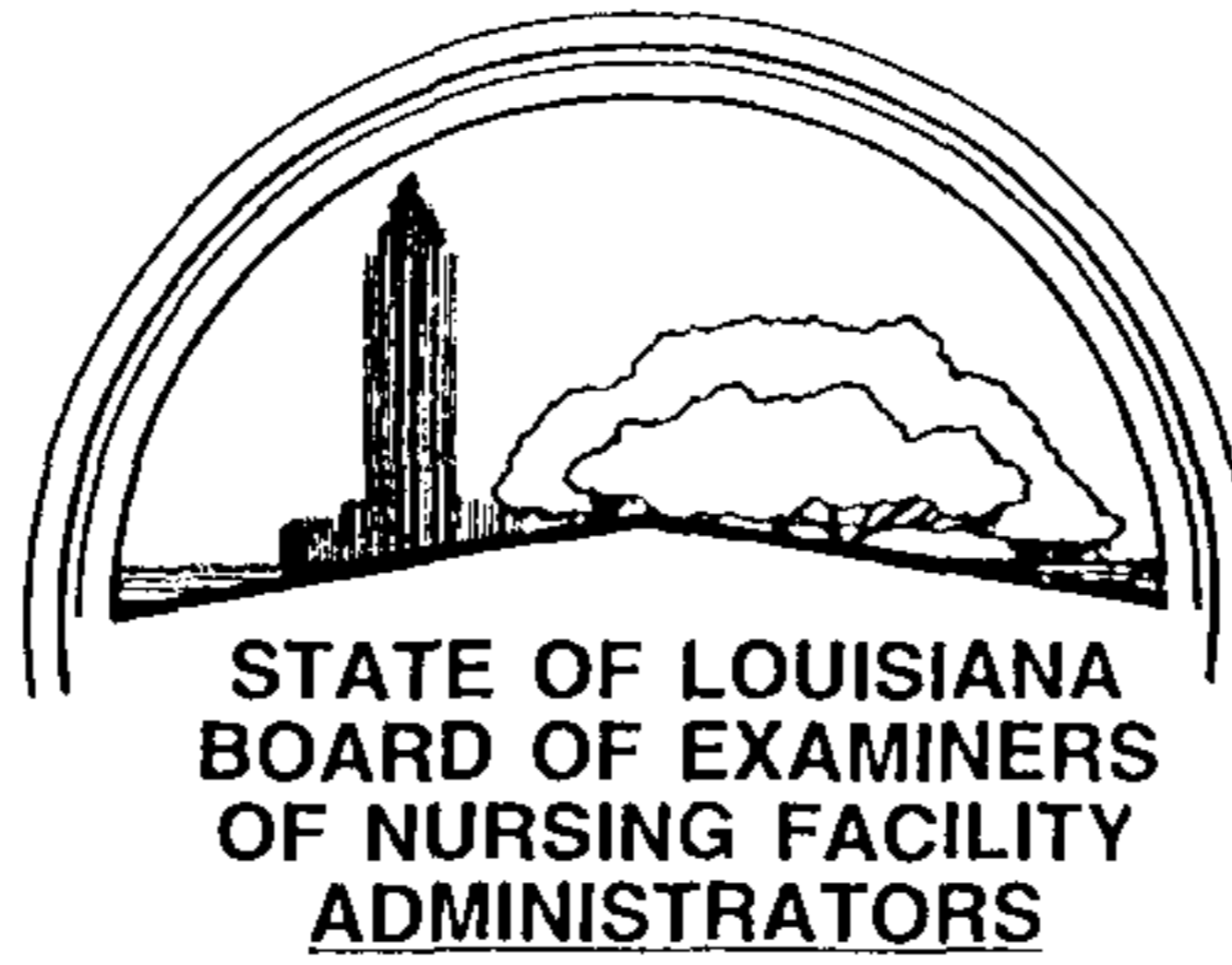
Daniel G. Kyle, CPA, CFE  
Legislative Auditor

MMG:THC:RCL:ss  
[NFA]

EXHIBIT A

## Appendix A

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



Phone (225) 922-0009  
Fax (225) 922-0006

5615 Corporate Blvd, Suite 8-D  
Baton Rouge, Louisiana 70808

November 22, 1999


Dr. Daniel G. Kyle, CPA, CFE  
Office of the Legislative Auditor  
1600 North Third St.  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

RE: **AUDIT RESPONSE - FAILURE TO TIMELY UPDATE MOVABLE PROPERTY RECORDS**

Dr. Kyle:

The management of the Louisiana Board of Examiners of Nursing Facility Administrators concurs with this finding and recommendation. Management of the board will institute procedures to ensure all acquisitions are reported to LPAA within 45 days of purchase. The procedures will be implemented immediately. Kemp Wright, Executive Director for the Board of Examiners of Nursing Facility Administrators, can be contacted regarding this response and plan of correction.

Sincerely,



Kemp Wright  
Executive Director



Phone (225) 922-0009  
Fax (225) 922-0006

5615 Corporate Blvd, Suite 8-D  
Baton Rouge, Louisiana 70808

November 22, 1999

Dr. Daniel G. Kyle, CPA, CFE  
Office of the Legislative Auditor  
1600 North Third St.  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

RE: AUDIT RESPONSE - NONCOMPLIANCE WITH STATE PURCHASING  
REGULATIONS

Dr. Kyle:

The management of the Louisiana Board of Examiners of Nursing Facility Administrators concurs with this finding and recommendation. Management of the board will place more emphasis on compliance with purchasing regulations and will ensure that public funds will be procured economically. These measures will be implemented immediately. Kemp Wright, Executive Director for the Board of Examiners of Nursing Facility Administrators, can be contacted regarding this response and plan of correction.

Sincerely,

Kemp Wright  
Executive Director



Phone (225) 922-0009  
Fax (225) 922-0006

5615 Corporate Blvd, Suite 8-D  
Baton Rouge, Louisiana 70808

December 2, 1999

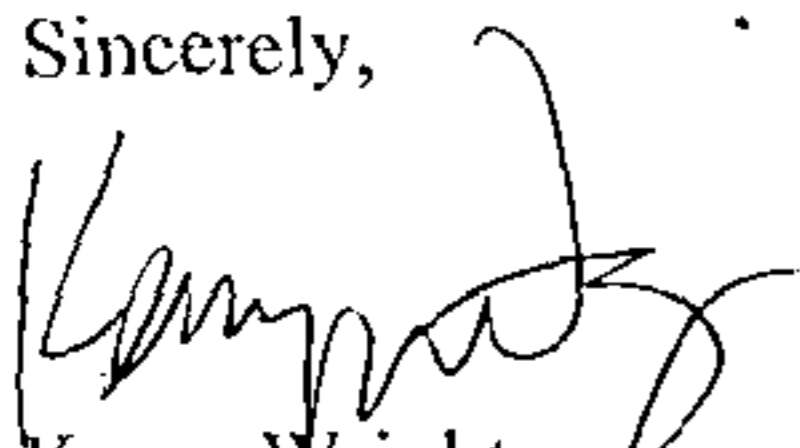
Dr. Daniel G. Kyle, CPA, CFE  
Office of the Legislative Auditor  
1600 North Third St.  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

RE: AUDIT RESPONSE - **NONCOMPLIANCE WITH EXECUTIVE ORDERS**

Dr. Kyle:

The management of the Louisiana Board of Examiners of Nursing Facility Administrators concurs with this finding and recommendation. Management of the board was unaware of Executive Order MJF 98-04 pertaining to compliance with year 2000 issues. However, the systems of the board have been evaluated and all systems will be year 2000 ready and tested by December 17, 1999. Kemp Wright, Executive Director for the Board of Examiners of Nursing Facility Administrators, can be contacted regarding this response and plan of correction.

Sincerely,



Kemp Wright  
Executive Director



Phone (225) 922-0009  
Fax (225) 922-0006

5615 Corporate Blvd, Suite 8-D  
Baton Rouge, Louisiana 70808

November 22, 1999

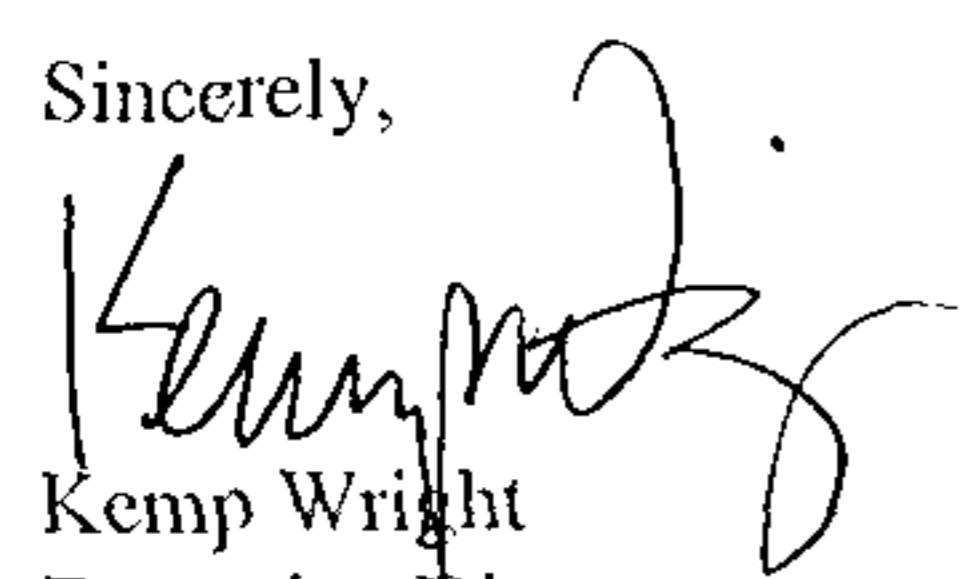
Dr. Daniel G. Kyle, CPA, CFE  
Office of the Legislative Auditor  
1600 North Third St.  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

RE: **AUDIT RESPONSE - FAILURE TO RECONCILE NURSE AIDES  
CERTIFICATION CARD FEES**

Dr. Kyle:

The management of the Louisiana Board of Examiners of Nursing Facility Administrators concurs with this finding and recommendation. The management of the board will continue to research options for effectively reconciling the sale of the nurse aide certification card. The implementation an effective reconciliation system should be before June 30, 2000. Kemp Wright, Executive Director for the Board of Examiners of Nursing Facility Administrators, can be contacted regarding this response and plan of correction.

Sincerely,



Kemp Wright  
Executive Director