JEFFERSON COMMUNITY HEALTH CARE CENTERS

COMPLIANCE AUDIT
ISSUED JANUARY 27, 2010

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

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA

January 27, 2010

CAROL W. SMITH, CHIEF EXECUTIVE OFFICER,
AND MEMBERS OF THE BOARD OF DIRECTORS
JEFFERSON COMMUNITY HEALTH CARE CENTERS
Harvey, Louisiana

We have audited certain transactions of the Jefferson Community Health Care Centers. Our audit was conducted in accordance with Title 24 of the Louisiana Revised Statutes to determine the credibility of certain allegations.

Our audit consisted primarily of inquiries and the examination of selected financial records and other documentation. The scope of our audit was significantly less than that required by *Government Auditing Standards*; therefore, we are not offering an opinion on the Jefferson Community Health Care Centers financial statements or system of internal control nor assurance as to compliance with laws and regulations.

The accompanying report presents our findings and recommendations as well as management's response. This correspondence is intended primarily for the information and use of management of the Jefferson Community Health Care Centers. Copies of this report have been delivered to the District Attorney for the Twenty-Fourth Judicial District of Louisiana and others as required by law.

Respectfully submitted,

Daryl G. Purpera, CPA
Temporary Legislative Auditor

DGP:DD:sr

1600 NORTH THIRD STREET • POST OFFICE BOX 94397 • BATON ROUGE, LOUISIANA 70804-9397
WWW.LLA.LA.GOV • PHONE: 225-339-3800 • FAX: 225-339-3870

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The Jefferson Community Health Care Centers, Inc., (Clinic) a nonprofit corporation, was established in 2004 to deliver health care to the uninsured and underinsured residents in and around Jefferson Parish. The Clinic offers social services at multiple sites and assists patients with the following services: Medicaid applications, medications assistance, specialty referrals, patient education, and continuous networking with various community organizations to ensure that all patients' needs will be addressed. The Clinic is funded through in-kind contributions, patient and insurance charges, federal funding, and public subsidies through cooperative endeavor agreements with the Jefferson Parish Council, the West Jefferson Medical Center (WJMC), and East Jefferson General Hospital.

On May 19, 2008, the WJMC Board of Directors passed a resolution requesting that the Louisiana Legislative Auditor (LLA) audit the operations of the Clinic. In addition, on May 21, 2008, the Jefferson Parish Council passed a resolution requesting that LLA review all contractors or professional service providers for the WJMC who receive more than $250,000. In response to the Jefferson Parish Council's resolution, the WJMC provided LLA with a list of service providers that received more than $250,000 during calendar year 2007. This list included the cooperative endeavor agreement with the Clinic. The results of our audit regarding Jefferson Parish Council's request were made public on July 8, 2009, with the exception of the contract between WJMC and the Clinic. This report addresses our review of the 2007 cooperative endeavor agreement between the Clinic and the WJMC as well as our review of public funds expended by the Clinic since its inception.

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Contract With the West Jefferson Medical Center

On April 23, 2007, the Clinic signed a cooperative endeavor agreement with WJMC effective January 1, 2007, through December 31, 2007. According to the contract, WJMC would reimburse the Clinic for services provided to patients whom the Clinic reasonably believed were "uncompensated care patients" at a rate of $140 per patient visit. During this period, the Clinic billed WJMC a total of $1,176,420 for 8,403 uncompensated care patient visits. Because of inadequate invoices provided to WJMC by the Clinic, we were unable to determine which patients were billed as uncompensated care patients in five of the 12 months. For the remaining seven months, a review of Medicaid data provided by the Louisiana Department of Health and Hospitals (DHH) indicated that at least 611 patient visits (12.4% of patients billed during the period reviewed) were covered by Medicaid insurance on their date of service making them ineligible to be billed to WJMC. As a result, it appears that the Clinic may have inappropriately billed WJMC at least $85,540 for patients who were not eligible under the contract.

From July 2004 through December 2006, the Clinic received $1,751,031 in funding from WJMC to ensure that residents of the community have ready access to primary health care and to reduce the inappropriate utilization of WJMC's emergency room for primary care services. Under the 2004, 2005, and 2006 contracts, WJMC funded the Clinic on a monthly basis. However, for the 2007 contract, the Clinic was paid on a per patient basis for those patients whom the Clinic determined to be uncompensated care patients. According to former WJMC Vice President Erie Hebert, the contract was changed to encourage the Clinic to sign up individuals who qualified for Medicaid. This contract, effective January 1, 2007, through December 31, 2007, required WJMC to reimburse the Clinic for services provided to patients whom the Clinic reasonably believed were "uncompensated care patients" at a rate of $140 per patient visit. During this period, the Clinic billed WJMC a total of $1,176,420 for 8,403 uncompensated care patients.

According to the contract, the Clinic was required to determine the following for each patient to ensure that patients billed to the WJMC were uncompensated care patients and therefore eligible for reimbursement by WJMC:

- Proof of income to determine the patient's financial status
- Whether the patient lacked private insurance and was ineligible for medical assistance under government programs, such as Medicare and Medicaid
- Patient's inability to pay for services rendered by the Clinic
- Determination of indigent status pursuant to the Federal Poverty Guidelines

As part of a change in administrators at WJMC in early 2008, several contracts were reviewed by the interim Chief Executive Officer including the invoices submitted to WJMC by the Clinic in 2007. The limited review performed by WJMC staff found instances in which patients billed to WJMC as uncompensated care patients were covered by Medicaid on their date of service. Upon notification of possible over billings, the Clinic conducted an internal review of the invoices billed to WJMC and determined that a total of 171 (2%) of the 8,403 patients billed to WJMC were ineligible to be billed under the agreement. On August 18, 2008, the Clinic issued a check to WJMC for $23,940 to repay the overpayments.

Each month, the Clinic provided WJMC with a summary sheet detailing patients served as well as the number of uncompensated care patient encounters for which the Clinic was entitled to reimbursement at the rate of $140 per visit. However, for January, February, March, April, and August 2007, the Clinic included a listing of all patients serviced at the Clinic rather than a listing of all uncompensated care patients for which they were requesting reimbursement. Because specific uncompensated care patients were not identified, we were unable to determine the actual patients for which the Clinic was reimbursed during these months. However, during May, June, July, September, October, November, and December 2007, it appears that the monthly invoices included a listing of only the uncompensated care patients for which the Clinic requested reimbursement. During these months, the Clinic billed WJMC for 4,942 uncompensated care patient encounters totaling $691,880.

Medicaid Coverage

For our analysis we submitted all patients for May through December, with the exception of August, and their dates of service billed to WJMC by the Clinic under the 2007 contract to DHH. DHH then supplied LLA with a list of Clinic patients that were covered by Medicaid at the time of their clinic visit and therefore not eligible for reimbursement.

A review of the data provided by DHH found that 611 (12.4%) of the 4,942 patients billed to WJMC were covered by Medicaid insurance on the date they were serviced at the Clinic. Because these patients were covered by Medicaid on their dates of service at the Clinic, they should not have been billed to the WJMC as uncompensated care patients. As a result, it appears that the Clinic inappropriately billed WJMC at least $85,540 (611 patients at $140 per visit) during these months. In addition, if the percentage (12.4) of inappropriate billings during these months is applied to the total amount of patients billed during the contract (8,403), the Clinic may have inappropriately billed as many as 1,043 patient visits totaling $145,876.

Identical Patients Billed to WJMC and Medicaid

As part of the data supplied by DHH regarding Medicaid coverage, patients billed by the Clinic to WJMC were compared with patients billed to Medicaid by the Clinic. In addition to billing WJMC $691,880 for patient services, the Clinic billed Medicaid $19,482 for 61 of the patients billed to WJMC as uncompensated care patients. This would indicate that the Clinic billed WJMC for patients known to be eligible for Medicaid and therefore ineligible for reimbursement by WJMC.

Income Review

Under the terms of the 2007 contract, the Clinic was required to screen patients for income. According to the New America Foundation, an uncompensated care patient is defined as an individual with annual income under 200% of the Federal Poverty Level. The United States Department of Health and Human Services 2007 Poverty guidelines state that a family of four with an annual income of $41,300 ($10,325 in one fiscal quarter) would therefore be unable to be claimed as an uncompensated care patient.

The contract required the Clinic to use standard methods to determine the financial status of patients which included income verification through one or more of the following: paycheck stubs to indicate monthly compensation; award letter from the Social Security Administration; Internal Revenue Service (IRS) form W-2, form 1099, and/or income tax return; self employment verification on company letterhead; and if dependent, correspondence identifying the individual providing support including income verification.

During our review, we matched the 4,942 patients billed by the Clinic to the Louisiana Workforce Commission (LWC) database of quarterly wages to determine income earned during the period in which they were billed to WJMC. This review revealed that 28 individuals received more than $10,325 in income in the fiscal quarter they were serviced by the Clinic and therefore may have been ineligible for reimbursement by WJMC as uncompensated care patients. It should be noted that our review did not include self employment wages and only included wages earned by individuals not households.

We reviewed the records for five of the 28 patients with income in excess of $10,325 to verify that documentation of income, residence, and insurance was obtained by the Clinic, as required by the contract. Our review indicated that the Clinic did not have any documentation of income for four of the five (80%) patients. In addition, the Clinic did have documentation showing proof of medical insurance coverage for one of the five patients. Based on this sample, it appears that the Clinic was not regularly collecting income documentation for patients and following up on insurance coverage submitted by patients and billed ineligible patients as eligible for reimbursement by WJMC.

Private Insurance Coverage

In addition to reviewing the amounts of income reported, we noted that a number of patients billed to WJMC as eligible patients were public employees working at local governmental agencies. As a result, we chose two of these agencies to review insurance coverage for employees who were billed to WJMC as eligible patients. The Jefferson Parish School Board (JPSB) had 61 employees billed to WJMC and WJMC had 22 employees billed as eligible patients of the Clinic.

According to LWC data, 83 of the patients billed by the Clinic to WJMC received wages from either JPSB or WJMC during the quarter in which they were seen at the Clinic. A review of records from JPSB and WJMC indicate that two of the 83 employees were covered by insurance provided by JPSB or WJMC. It should be noted that the insurance coverage reviewed was only coverage supplied by JPSB and WJMC for that individual.

Recommendation: Should the Clinic and WJMC reenter into a contract requiring reimbursement for uncompensated care patients, we recommend that the Clinic review each patient for residency, income, insurance coverage, and Medicaid eligibility/coverage prior to service at the Clinic and billing to WJMC.

Sources and Uses of Public Funds

The expenditures of public funds by any state, local government, or quasi-public agency are subject to the state audit law and must be reported to the LLA in the agency's annual financial report. In addition, if public funds are transferred to funds or bank accounts in which they are commingled with private funds, then those private funds, including donations, are subject to the audit law.[1] Since its inception in 2004, the Clinic has received funding from local public bodies such as the Jefferson Parish Council (JPC), the WJMC, and the East Jefferson General Hospital (EJGH). As a result of this funding, the Clinic is subject to laws regarding the use of public funds. During our review of the Clinic's operations, we noted the following:

1. The Clinic has not complied with the state audit law.
2. The Clinic may have spent public funds in violation of Article VII, Section 14 of the Louisiana State Constitution.
3. The Clinic has a lack of internal controls and documentation.

Violation of State Audit Law

Louisiana audit law (R.S. 24:513-24:523) identifies a quasi-public agency as any not-for-profit organization that receives and/or expends in excess of twenty-five thousand dollars in local and/or state assistance in any fiscal year. Because the Clinic has received financial support from the JPC, WJMC, and EJGH in excess of $25,000 over each of the past five years, the Clinic is considered a quasi-public agency in accordance with the state audit law. Records indicate that the majority of the public funds received by the Clinic were used for general operations.

[1] **R.S. 24:513 J(d)** provides, in part, that ". . . if state or local assistance received and/or expended by a quasi public agency or body is commingled with other funds of the quasi public agency or body then such state or local assistance and other funds of the quasi public agency or body shall be audited pursuant to Subparagraph (1)(c) of this Subsection."

Public Funds Received by the Clinic From 2004 to 2009

	2004	2005	2006	2007	2008	2009	Total
West Jefferson Medical Center	$72,000	$290,089	$1,388,942	$1,222,390[2]	$1,023,337	$204,669	$4,201,427
Jefferson Parish	$650,000	$350,000	$700,000	$600,000	$600,000		$2,900,000
East Jefferson General Hospital				$415,333	$666,664	$666,664	$1,748,661

The audit law further provides that the legislative auditor shall have the authority to compile financial statements and to examine, audit, or review the books and accounts of all public agencies within the state including quasi-public agencies. In lieu of examinations of the records and accounts of any office subject to audit or review by the legislative auditor, the legislative auditor may, at his discretion, accept an audit or review prepared by a licensed certified public accountant (CPA) provided that the legislative auditor has approved the engagement letter in accordance with this section. Since its inception in 2004, the Clinic has failed to obtain an approved engagement agreement from the legislative auditor.

Submission of the engagement agreement to the legislative auditor for approval is the joint responsibility of the Clinic and the CPA. As a result of not obtaining an approved engagement agreement, the Clinic and the CPA may have violated R.S. 24:513(5)(a)(i) which requires approval from the legislative auditor for engagements with public and quasi-public agencies. Records indicate that the Clinic has been audited each year since 2006; however, the Clinic and the CPA failed to obtain an approved engagement agreement from the legislative auditor and have not submitted any of the audit reports to the legislative auditor.

Expenditures in Possible Violation of State Law

Louisiana law states that when public assistance received and/or expended by a quasi-public agency is commingled with other funds of the quasi-public agency then such assistance and other funds of the quasi-public agency shall be audited as public funds. A review of the Clinic's accounting records indicate that the expenses incurred by the Clinic were not accounted for as to whether they were for public or private use. As a result, it cannot be determined whether funds expended were private or public funds; therefore, we considered all funds as public and subject to laws pertaining to public funds.

During our review of Clinic expenditures, we noted that funds were used for personal purchases, loans to employees, and other gifts and donations. Because the expenditure of these funds did not appear to have a public purpose, many of these expenditures may have violated Article VII, Section 14 of the Louisiana Constitution.[3]

[2] Funds received from WJMC in 2007 were based on the April 23, 2007, cooperative endeavor agreement; see previous finding (Contract With West Jefferson Medical Center).

[3] **Article VII, Section 14 of the Louisiana Constitution** provides, in part, that except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

To determine if an expenditure of public funds is in accordance with Article VII, Section 14 of the Louisiana Constitution, the Attorney General in Opinion 07-0134 outlines a three-prong test. It requires:

(1) a public purpose for the expenditure or transfer;

(2) the expenditure or transfer taken as a whole, does not appear to be gratuitous; and

(3) evidence demonstrating that the public entity has a reasonable expectation of receiving a benefit or value at least equivalent to the amount expended or transferred.

The following is a list of expenditures that do not appear to meet this three-prong test:

Personal Loans and Payroll Advances

During our review of expenditures made by the Clinic, it was noted that the Clinic had a practice of loaning and/or advancing payroll to employees. Clinic records indicate that from July 2005 and July 2009, the Clinic loaned and/or advanced payroll totaling $101,599 to 18 different employees. These loans appear to have been issued interest free, without loan agreements and in some instances appear to have been personal purchases that were converted to loans. Because the Clinic is predominately funded from public sources and appears to have commingled public and private funds, we question these transactions in light of Article VII, Section 14 of the Louisiana Constitution which specifically prohibits loaning public funds and/or assets. In addition, because these funds were loaned to employees, they could not be used for the Clinic's operations.

According to Clinic records, loans totaling $48,430 (48%) were issued to Ms. Carol Smith, chief executive officer. For example, on March 11, 2009, the Clinic issued a check to Ms. Smith for $20,000. The check was issued with the word "Loan" on the memo line and appears to have been authorized using a stamp of board member Craig Henry's name. Based on the Clinic's practice, this check should have been entered into the accounting system as a loan with a corresponding entry to the "Due from Others" account as a receivable from the employee.

According to the Clinic's accounting records, this check did not have a payee or memo and was expensed to the miscellaneous expense account. Because the check was recorded in this manner, the expense was not allocated to the "Due from Others" account used to track employee loans and advances. As a result, the accounting department did not deduct loan payments from Ms. Smith's payroll check for this loan until it was entered into the accounting system on August 19, 2009.

In addition, another check was issued as a loan to Ms. Smith on July 16, 2009, for $16,000 and was recorded in the "Due from Others" account in compliance with Clinic practice. When asked about the transactions, Ms. Smith indicated that she had received loans authorized by the board's finance committee. Ms. Smith further indicated that she was unaware as to how the transactions were recorded and added that after making the loan, amounts were immediately deducted from her payroll checks to repay the loans. As of November 13, 2009, Ms. Smith had an outstanding loan balance from the Clinic totaling $13,703.

Board Chairman Craig Henry stated that he gave a stamp of his signature to Ms. Smith to use on checks written to her and for checks over $10,000 which require two signatures according to Clinic policy. Mr. Henry stated that when Ms. Smith needs to use his stamp she calls him and states the purpose and amount of the check. Mr. Henry then verbally authorizes or denies the use of the stamp. Mr. Henry stated that since becoming board chairman in early 2008 he has never approved any loans or payroll advances for Ms. Smith. In a subsequent interview, Mr. Henry indicated that he had authorized a $20,000 loan to Ms. Smith. When auditors presented Mr. Henry with a $16,000 loan check made payable to Ms. Smith with his signature stamp, Mr. Henry indicated that he neither authorized the check nor was he aware that it had been issued.

In addition to the loans made to Ms. Smith, loans totaling $10,607 were made to Mr. Rickey Vaughn, former chief financial officer, during the same period. When Mr. Vaughn was terminated from the Clinic in April 2009, he left with a loan balance owed to the Clinic totaling $3,000. As of this report, the Clinic has made no attempt to recoup these funds from Mr. Vaughn.

Personal Purchases

Based on our review of documentation and from interviews with Ms. Smith and former Chief Financial Officer (CFO) Rickey Vaughn, we identified purchases between June 2004 and August 2009 totaling $6,858 that appear to have been personal in nature and for which no business purpose was provided. These purchases include the following:

Personal Purchases by Carol Smith:

- $2,144 vacation package at Velas Vallarta in Puerto Vallarta, Mexico. This purchase was later classified as a loan for Ms. Smith and repaid through payroll deduction over a six-month period.
- $908 for flowers from Le Grand Florists and Edible Arrangements. Records indicate that Ms. Smith made reimbursements totaling $438 for these purchases.
- $865 for medical supplies that appear to have been ordered for Ms. Smith's mother which were not repaid.

Personal Purchases by Rickey Vaughn:

- $2,000 payment to Design the Planet for designing a logo for a separate company owned by Mr. Vaughn and Ms. Smith. Ms. Smith indicated that she was unaware that the expenditure was paid by the Clinic and that it has not been repaid.
- $807 Air France plane ticket. This charge was entered into the accounting system as two Continental Airlines tickets each for $403.50. Records indicate that this charge was later converted to a loan for Mr. Vaughn.
- $134 for flowers from Le Grand Florists which does not appear to have been reimbursed.

Payments in Excess of Board Approved Gas Allowance

Although Ms. Smith's original contract did not provide for a gas allowance, from June 2007 through November 2007, she received gas allowance payments totaling $3,125. Ms. Smith's employment contract covering this period did not provide for a gas allowance but did allow for her to be reimbursed for mileage according to the reimbursement policy which requires a mileage log and other details for reimbursement. Amounts paid for the gas allowance ranged from $350 to $750 per month and were not supported by any documentation.

In December 2007, Ms. Smith signed a new employment agreement with the Clinic which provided for a gas allowance in the amount of $600 per month. As a result, Ms. Smith should have received gas allowance payments totaling $10,800 from December 2007 to May 2009. However, Clinic records indicate that Ms. Smith was actually paid $15,898 for her gas allowance during this period, resulting in a possible overpayment of $5,098. Ms. Smith stated that the board increased her monthly allowance because of the rise in gas prices and provided board minutes from the January 17, 2008, board meeting.

According to the January 17, 2008, minutes, the board raised the mileage stipend for executive staff effective January 19, 2008; however, there was no indication as to the amount of the increase nor was there any indication that the board amended Ms. Smith's employment contract. Although the board appears to have voted to increase Ms. Smith's gas allowance on one occasion, Clinic records indicate that from February 2008 through October 2008, Ms. Smith's gas allowance was increased on three separate occasions. As a result, since October 2008, Ms. Smith has received monthly gas allowance payments in the amount of $1,156. Because it appears the board only intended to increase Ms. Smith's gas allowance on one occasion and it did not stipulate to the amount of the increase, we cannot determine the correct or intended amount of Ms. Smith's gas allowance.

Gifts for Board Members and Other Employees

According to Clinic records, between January 2004 and April 2009, funds totaling $18,867 were used to purchase gift cards from Wal-Mart, Dillard's, Outback, and Copeland's for members of the Clinic's Board of Directors and other employees. In addition to gift cards, funds totaling $2,792 were used to purchase other gifts for employees and business associates at retail stores such as White House Black Market, Dillard's, Filene's Basement in Washington D.C., and The Men's Warehouse. Because of the lack of documentation, including receipts and purchase orders, we were unable to determine what gift items were purchased.

Meals and Office Celebrations

In Opinion 03-0387, the attorney general opined that in general, the payment of or reimbursement for food, drink, or other expenses associated with luncheons, banquets, parties or other similar functions from public funds is improper under state law. During our review of Clinic records, we noted charges totaling $72,905 for meals, office celebrations, board meetings, and employee birthdays. This amount includes $29,299 for Christmas parties and other celebrations that included alcohol held from March 2004 to April 2009.

Flowers

As indicated in a prior finding, Clinic funds totaling $1,042 were used to pay for flowers sent by Ms. Smith and Mr. Vaughn to relatives. In addition to these purchases, from May 2005 to April 2009, the Clinic used funds totaling $8,031 to purchase flowers for individuals including employees and board members.

We recommend the following:

1. Should the Clinic wish to keep its private funds from public scrutiny, the Clinic should establish and implement written policies and procedures to prevent the commingling of public and private funds.

2. The Clinic, as a quasi-public entity, should comply with all provisions of the Louisiana audit law.

3. The Clinic should establish and implement additional policies and procedures to ensure that public funds received by the Clinic are properly accounted for, documented and spent in accordance with laws regarding public funds.

4. Should the Clinic wish to continue the practice of loaning and/or advancing funds to employees, policies and procedures should be developed to ensure that public funds are not used for these purposes.

5. The Clinic should attempt to recoup public funds from former employees who have outstanding loan balances.

6. The board should renegotiate Ms. Smith's employment contract to stipulate the amount to be received for a gas allowance.

Lack of Controls and Documentation

Amounts Not Reported on Form W-2 (Wage and Tax Statement)

A review of Internal Revenue Service (IRS) form W-2's (Wage and Tax Statements) issued to Ms. Smith for tax years 2005 to 2008 indicate that Ms. Smith received payments for compensation totaling $35,124 that were not included on her W-2's. This amount includes bonuses and gas allowances received by Ms. Smith in accordance with her employment contracts. According to IRS regulations, bonuses are to be included in gross income and reported on form W-2. In addition, IRS regulations require that amounts for allowances such as gas allowances are to be included in gross income unless there is an adequate accounting of actual expenses. Because Ms. Smith was not required to provide an accounting of her actual expenses, her receipt of gas allowance payments should be included in gross income and reported on form W-2.

Improper Transactions

In July 2009, the Louisiana Department of Revenue (LDR) issued two tax refund checks totaling $1,535.70 to "Carol Smith" as the chief executive officer of the Clinic. According to an internal audit manager at LDR, this is a normal practice of LDR. Copies of both checks indicate that they were endorsed "Carol Smith" and negotiated. Although these checks were made to Ms. Smith, the checks were refunds from the LDR and referenced the Clinic's LDR account number. A review of Clinic banking and accounting records do not indicate that the checks were deposited to a Clinic bank account. When asked about the checks, Ms. Smith stated that she wrote personal checks to reimburse the Clinic. We confirmed with the Clinic's accounting department that Ms. Smith did issue reimbursement checks to the Clinic dated July 13, 2009; however, as of December 31, 2009, the Clinic had only deposited one of Ms. Smith's reimbursement checks totaling $798.91 that was deposited on November 2, 2009.

Segregation of Duties

Certain accounting duties were not adequately segregated for a proper system of checks and balances. Good business practices and proper controls dictate that duties be segregated so that no individual performs or controls all duties related to a financial area/function. Ideally, different employees should be responsible for transactions (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation. Without adequate segregation of duties or supervisory oversight, errors or fraud could occur and not be detected.

Our review revealed that accounting duties related to QuickBooks entries, payroll, vendor selection, bank statement reconciliation, external auditor contact, check writing and accounts receivable and payable were not adequately segregated among employees and there was no evidence of supervisory review of the work performed. Although the Clinic had written policies and procedures requiring that certain accounting functions be segregated, current and former accounting department personnel indicated that most of these functions were handled by former

CFO Rickey Vaughn. Mr. Vaughn issued all checks, recorded accounting transactions, and reconciled all checking accounts.

Disbursements

According to the Clinic's accounting policies, requisitions and purchase orders are required for all purchases. CFO and CEO approval is required for purchases in excess of $500 and board approval is required for purchases exceeding $5,000. A review of the Clinic's supporting documentation for purchases indicates that these policies and procedures were not being followed. In many cases the former CFO disbursed payments to vendors, which had no purchase requisition, RFP or invoice, and without the CEO's approval. In addition, we noted that several disbursements were made without supporting documentation such as an invoice or a receiving report.

Accounting Entries for Disbursements

All nonpayroll disbursements by the Clinic are to be processed through accounts payable and printed through the accounting system that is located at the Ames Clinic location. These procedures are to ensure all checks are recorded in the accounting system. During our review, we found that former CFO Ricky Vaughn had a separate set of accounting software stored on his computer located at the Manhattan Blvd Corporate Office. This accounting software was not connected or a part of the set stored at the Ames Clinic. As a result, disbursements may have been issued and not recorded in the Clinic's official accounting system.

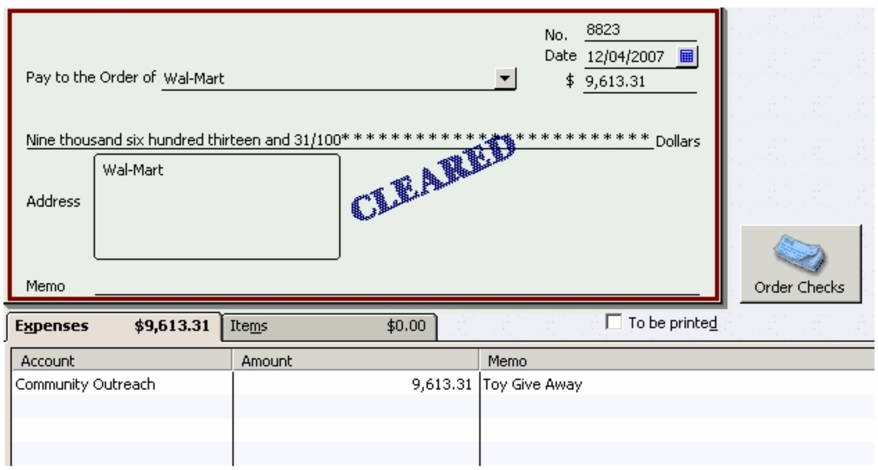
According to accounting department employees, Mr. Vaughn regularly generated checks through the system on his computer at the corporate office. These employees further stated that Mr. Vaughn would verbally instruct them on what to enter as the accounting entry for these checks without supplying supporting documentation. Because the Clinic did not receive copies or images of checks from its bank, the accounting department could not reconcile checks issued to payees entered in the accounting system. When the accountants attempted to reconcile the checking accounts to the accounting system, there were several checks processed through the checking accounts that were not in the accounting system. When this matter was brought to Mr. Vaughn's attention, he took over all reconciliation duties. It should be noted that Ms. Smith stated that on several occasions she signed blank checks for Mr. Vaughn to use while she was out of town.

Current CFO Ebony Williams replaced Mr. Vaughn in May 2009. According to Ms. Williams, the Clinic's bank does offer copies of all cancelled checks; however, she stated that officials from the Clinic's bank informed her that Mr. Vaughn had requested not to receive check copies. Without check copies, the Clinic had no method of properly reconciling its checking accounts. As a result, we were unable to match accounting entries for checks to the payees listed on the cancelled checks. For proper segregation of duties and to secure agency funds, reviewing cancelled checks and banks statements, and the performance of bank account reconciliations should be performed by an employee other than the bookkeeper and then reviewed by a member of management and stored in a secure location within the office.

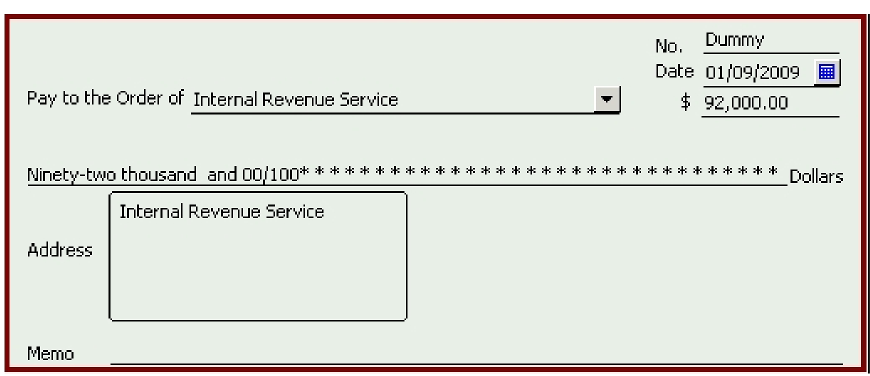
In addition to discovering that certain checks were not recorded in the accounting system, we found other transactions that appear to have been improperly recorded. These transactions included the following:

- An $807 Air France plane ticket recorded as two separate Continental Airlines tickets for $403.50 each. As mentioned earlier, these charges appear to have been incurred by former CFO Rickey Vaughn and were later converted to a loan to be repaid by Mr. Vaughn.

- An entry for a $9,613.31 Wal-Mart purchase labeled as "Toy Give Away," recorded as Community Outreach. According to the purchase order and interviews with employees, the purchase was actually for employee gift cards. A receipt for this purchase was not available.



- A $92,000 check entry in QuickBooks to the IRS, labeled dummy in the number line and expensed as payroll liabilities. Although this expense was never actually incurred, it appears to have been recorded in the accounting system and may have led to inaccurate financial reporting by the Clinic.



Missing Checks

A reconciliation of two of the checking accounts found that between December 2007 and May 2009, 152 transactions totaling $101,317 were not entered into the accounting system. Of the 152 transactions, 62 were checks totaling $79,253 and 90 were debit card transactions totaling $22,064. For example, on March 31, 2009, check 11774, payable to Mr. Vaughn in the amount of $2,774 could not be found in the accounting system and there was no documentation supporting the payment. Because transactions were not entered into the accounting system, they may not have been included in the financial statements and therefore may have prevented the Clinic from reporting accurately. In addition to the 152 transactions not in QuickBooks, we discovered that between March 2005 and March 2009 there were 55 transactions entered into QuickBooks totaling $66,761 that did not have a payee listed in the entry.

Lack of Travel Documentation

According to practice, a majority of the Clinic's travel expenditures were paid for using debit cards. An examination of these transactions for the period April 2006 through October 2008 indicates that the Clinic did not maintain adequate supporting documentation of travel expenses. The debit card statements and nonitemized receipts alone are not adequate documentation as they do not provide enough detail to support the business purpose for the charges. Numerous charges appeared on the debit card statements for employee travel, food, and lodging that had no supporting documentation. For example, a nonitemized receipt for plane tickets does not allow for the verification of the number of tickets purchased or for whom the ticket was purchased. Therefore, the detailed receipt should be submitted for supporting documentation.

During our review, we requested documentation for 270 debit card transactions totaling $103,074 that according to the bank statements appeared to be travel related. The Clinic supplied the available documentation on hand which included detailed documentation such as itemized receipts and invoices for 61 transactions. Nine transactions had receipts that did not have itemized documentation for items such as the passenger traveling or detailed hotel charges. Two charges were personal transactions that were later converted to loans and there was no documentation for the remaining 198 transactions. It should be noted that of the 209 transactions with no documentation and/or itemized documentation, 95 appear to have been for lodging and 65 appear to have been for plane tickets.

We recommend the Clinic:

(1) evaluate the overall business operations and restructure/reassign duties to provide an adequate system of checks and balances;

(2) develop detailed policies and procedures to ensure that all accounting functions are segregated, subject to supervisory review and approval and properly documented;

(3) develop detailed policies and procedures to ensure proper documentation of all travel expenses. These policies and procedures should require employees to submit completed travel expense reports with detailed/itemized receipts, including documentation of the business purpose for all expenditures, and names of attendees; and

(4) develop written policies and procedures to ensure that all amounts paid to employees as compensation are properly included on form W-2. We further recommend that the Clinic reissue Ms. Smith's W-2's for these tax years to include the proper amounts.

The Louisiana Legislative Auditor received a request from the West Jefferson Medical Center for an audit of the operations of the Jefferson Community Health Care Centers and the 2007 contract. The procedures performed during this audit consisted of:

(1) interviewing employees of the Clinic;

(2) interviewing other persons as appropriate;

(3) examining selected documents and records of the Clinic and WJMC;

(4) gathering documents from external parties;

(5) reviewing Clinic policies; and

(6) reviewing applicable state laws and regulations.

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Management's Response

JEFFERSON
COMMUNITY
HEALTH CARE CENTERS

Louisiana Legislative Auditor
Daryl G. Purpera, CPA
Brent McDougal
1600 North Third Street
Baton Rouge, LA. 70804-9397

Dear Mr. Purpera,

Enclosed are the responsorial comments to the Legislative Audit report submitted to Jefferson Community Health Care Centers, Inc. on December 17, 2009. The report has been reviewed and accepted by the Board of Directors of Jefferson Community Health Centers and is thereby to be submitted for inclusion in the published report.

Thank You,

Carol W. Smith, CEO

Jefferson Community Health Center Legislative Audit Response

Contract with the West Jefferson Medical Center:

Various areas of concern were raised related to the actual billing processes for 2007 and included specific references to these areas:

- Medicaid Coverage
- Income Review,
- Private Insurance Coverage

The JCHCC Board and senior management has responded as follows:

The auditor findings indicate erroneous billing scenarios may have existed in 2007 resulting in the following:

• Ineligible Clients previously Billed to WJM (with Medicaid-612)	$145,876.00
• Ineligible clients (Duplicate enrollment-61)	$19,482.00
• Clients deemed not eligible (income standards-28)	$3,920.00
• Clients deemed not eligible (income standards/with insurance-2)	$280.00
Total Questionable Charges	$169,558.00
Previous JCHCC payback	($23, 940.00)
Current Total Due WJMC	**$145,338.00**

The Board has requested payment of the above be made no later than January 15, 2010 as settlement in full of the possible overpayment scenarios.

Consistent with federal guidelines established for compliance with the Section 330 program and consistent with the recommendations of this finding, JCHCC has incorporated a thorough fiscal review process that requires that uninsured patients that present at JCHCC for services are screened for eligibility at least twice a year. This process will address the following:

- Family income (monthly, quarterly, annually)
- Family size
- Eligibility and application of the sliding fee scale discount based on the Federal poverty guidelines
- Potential insurance coverage (including on-line Medicaid eligibility screening)
- Review of prior income/insurance status

All of this data will be entered into the electronic version of the patient's electronic record, with appropriate documentation scanned and stored for verification.

It should be noted that as a Section 330 grantee, that certain access to care issues will arise that even this process cannot address or resolve, since the burden of proof is upon the client. As such, if a patient initially presents without proof of income, a visit *"must"* be extended and patients are required thereafter to provide proof of income or be charged the full amount for the visit. Promissory notes are to be signed by all patients that do not present with appropriate documentation at the time of service or have the inability to pay for their visit. They are also coded as "full-pay" in the patient management system to allow for review and follow-up by JCHCC billing staff. Enforcement of such and historical collection activities will bear out that most "self-pay/full pay" clients may pay an nominal or minimum payment, but many of their charges end up as discounted, bad debt, or write-off scenarios.

While the changes in process and systems will reduce the potential for erroneously classifying patients, there is no standard mechanism for verifying if an individual *that presents as unemployed* is actually an employed individual. Centers do not have access to Louisiana Workforce Commission database, which would allow for verification of earned income.

JCHCC is updating its systems to be able to do on-line eligibility for Medicaid, and other 3rd party insurance coverage's, and that will have a tremendous impact in this area. As an internal process change, a monthly review of all "self-pay" clients will be done against Medicaid enrollment to assure that JCHCC is maximizing its potential revenue streams. This report will be reviewed and signed off by the CFO.

While it may appear that process changes was a direct result of this audit finding, many of the processes and changes were already being implemented to assure JCHCC meets all local, state, and federal guidelines regarding some of the very same issues.

Sources and Uses of Public Funds by the Clinic

This section references various concerns and findings related to the following:

- Failure to comply with State audit law
- Use of Public Funds
- Lack of internal controls

The JCHCC Board and senior management has responded as follows:

State Audit Law

- With regards to the question of failure to submit audits, JCHCC has submitted audits beginning with the fiscal year ending 2007, and will submit all past and present audits as required.
- JCHCC will submit an engagement agreement to the office of the legislative auditor for approval as required for all future audit periods.

Expenditures in Possible Violation of State Law

Employee Loans

- Loan documents were signed by all employees that received loans. The loan documents lists loan amount, requirements for repayment and legal action to be imposed in the event of non-payment.
- Loan to Carol Smith-Ms. Smith is currently repaying her loan. Loan repayment began 3 weeks after the loan was initiated and is consistently withheld through the Payroll Department.
- Loan to Rickey Vaughn- Mr. Vaughn left the company with an outstanding loan amount of $3000. Legal actions have been taken to obtain the outstanding loan amount due from Mr. Vaughn.

While the accounting issues (allocation and coding specific) cited were the methodology used at the time, JCHCC has terminated the CFO who implemented and performed such. It also has implemented a new fund-based accounting system (MIP), with full capabilities of identifying and allocating revenues and expenses by source, cost center, site.etc;. JCHCC has engaged 3rd party resources to work with internal staff to assure its fiscal affairs are compliant at all levels of review, including a revision of its Accounting Policy and Procedures to include a defined set of processes and procedures, as well as internal control guidance, that will be reviewed and approved by the JCHCC Board no later than February 15, 2010.

Note:

- ***The Employee Loan Policy has been abolished.***
- ***The use of stamped signatures by Board Members has been abolished.***

Personal Purchases

- All identified personal expenses for Ms. Smith and Mr. Vaughn have been identified, reclassified, and repaid as of this date (with the exception of the loan amount as indicated above).
- All expenses (including credit card usage) incurred by Senior management will be reviewed by Board Finance Committee, and consistent with revised expense policy and procedures, those expenses deemed "personal" will be paid by employee within 15 days.
- Debit card use and other purchasing processes has been limited through revised policy and procedure:
  - All purchases made using the organization's credit cards are submitted to the Purchasing Department for approval, documentation, and cost allocation. All purchases over $500.00 will still require the final approval will require CFO or CEO.
  - Purchases incurred but not approved through the Purchasing Department will be re-paid by the personnel who incurred them within 10 days. Continual breach of this procedure may result in termination or other disciplinary action

The expanded JCHCC Board Finance Committee will continue to monitor all expenses and reports related to JCHCC operations through this transition period to assure ongoing compliance, and that the mandated policy and procedure changes are being implemented and followed.

Payments in Excess of Gas Allowance

- Clarification of this issue and the intent of the Board has been discussed, and Mrs. Smith contract(s) will be reviewed by the Board Executive Committee to assure all terms are spelled out and clear to all parties concerned. All discrepancies and/or contract revisions related to this issue will be resolved by mutual agreement of both parties.
- The Accounting department will be informed as to how all gas/car expenses related to the CEO contract will be handled through the Board Finance Committee (working with the Center CFO).

Gifts to Board Members and Employees

- It is current JCHCC policy that employee and board member gifts are given to staff in the form of gift cards for birthdays and holidays. Incentives for staff (including physicians and senior management if not covered under contract) will be determined by the JCHCC Finance Committee.
- While it may be unclear as to how the items were purchased (public vs. private) the revised policy stipulates that items of this nature will be purchased from unrestricted funds only. The updated allocation process will also clarify and document this expenditure trail.
- Revised policy and procedures also address the "documentation issues" and mandate that all purchases (regardless of the nature of the purchase) must have appropriate documentation before it is processed at any level (approval, authorization, allocation, payment, etc;)

Meals, Office Celebrations, Flowers

- The charges in questions were for legitimate business affairs (i.e. Board meetings, staff and board retreats, trainings, etc;) of the Center. These expenses are allowable under federal grant allowance guidelines of which JCHCC receives a significant amount annually ($1.2 million). Again a question of documentation and allocation may exist and that will be addressed through ongoing system changes.
- The question of the Christmas party expense is one of allocation and documentation since the center has available unrestricted funds at its disposal.
- Senior management will assure that no alcohol will be charged to any grant or restricted fund source in compliance with all state and federal laws.
- Purchases of flowers or related items will be restricted to new purchasing guidelines as well as strict allocation procedures to unrestricted funds only.

Note:

All public and private funds have internal control scenarios (fund based accounting system and polices) established for purposes of allocation, and to prevent "co-mingling" of private and public funding. This process will assure that all public funds are properly accounted for, documented and spent in accordance with laws regarding public funds.

Poor Internal Controls and Documentation

W-2 (Wage and Tax Statement)

- The issue of reporting (at the IRS level) bonuses and allowances has been clarified and addressed through implementation of new accounting systems, policies and procedures, *employee training*, and will be finalized through the hiring of an experienced CFO, who will provide requisite fiscal oversight for an organization of this size and complexity.
- A review of monies paid to Ms. Smith will be done, and revisions to her W-2 and related tax documentation will be done as required. All other W-2's that require reissue (involving compensation issues) will be addressed as well.

Improper Transactions

- While the two checks in question (and subsequent repayment) were mishandled, all involved staff are now aware of how this situation should be handled in the future. No monies were lost and checks are now deposited in JCHCC accounts.
- Corrections are also being made to assure that the Center's name (as a corporate entity) be used on transaction of this nature by all agencies.

Segregation of Duties

- This area of concern has been addressed through:
    - A review and reorganization of the fiscal affairs of the Center and its staffing and policy and procedures
    - Implementation of a new fund based accounting system (MIP)
    - Enhanced fiscal employee training and competency standards incorporated into positions
    - A complete revision of its Accounting Policy and Procedures to include a defined set of processes and procedures, as well as internal control guidance.
    - Search and hiring of an experienced CFO, who will provide requisite fiscal oversight for an organization of this size and complexity

The concerns highlighted in this section are of particular concern to the JCHCC Board and it has tasked the Finance Committee and the CEO to assure the mandatory checks and balances (both personnel and policy) remain in place at all times. The CEO has already begun to address this issue through additional staffing and defined roles for that staff, which is an ongoing process (job descriptions, competencies, procedures, etc;)

Disbursements

- As indicated previously, the "lack of documentation" and policy compliance issues have been addressed through actions of the Board and JCHCC management.

Accounting Entries for Disbursement

- Consistent with prior responses this issue has been addressed through direct change in personnel, policy and procedures, oversight, and new systems. Additionally, the following steps are being taken:
  - All fiscal entries (revenue, expenditures, etc;) for 2008 and 2009 are being re-entered into the new accounting system (MIP) under direction of both JCHCC staff and outside consultants. This step was taken to assure compliance with standard accounting principles, document the integrity of the fiscal data, and locate and store (central admin and system) documentation.
  - Once completed, the Board and management expect to hire an independent auditor for a "re-audit" of 2008, and the annual audit for 2009. The system process is expected to be completed no later than January 31, 2009, with the audit to follow immediately thereafter.
  - Bank reconciliations is a mandated component of the monthly fiscal processes, and must be reported to the CEO and the Board Finance Committee monthly. All bank statements will be stored in data and paper form.
  - No blank checks will be issued with signature. The Board has revised check signing policy to allow for contingencies in the absence of the CEO or CFO, who will remain signors, but will also have Board signature requirements based on policy limitations

Missing Checks

- The ongoing "re-creation/re-entry" process should enable JCHCC to address this issue, and based upon findings and outcomes, further action will be taken as required.
- The steps for the current processes (i.e. monthly bank reconciliation, Finance Committee review, internal control guidance) address this type of issue directly and we anticipate no further problems in this specific area.

Lack of Travel Documentation

- The current travel policy will be reviewed to assure proper documentation of all travel expenses. The policy will require the following:
  - detailed and itemized receipts
  - documentation of the business purpose
  - documentation of attendance
- JCHCC has organizational policy that all travel requires a travel request and approval documentation that is maintained in the Human Resources Department and the employee's file. Receipt of travel for expenses beyond the allocated amount requires receipts for transactions and approval for payment by the CFO or CEO.
- While it clearly has been a lapse in following this policy, fiscal staff and senior management (specifically the CFO and CEO) will monitor this issue closely to assure no further abuse, or *lack of documentation as noted*, occurs in the future.

Summary

The JCHCC Board and senior management staff clearly recognize the depth of these issues and as noted, have already begun a process of change to address the majority of them. The recommendations of the Legislative Auditor have all been considered in our remedial processes, and will continue to guide us going forward.

Clearly the most important step is in the area of personnel and the outcome of the CFO search will be of the utmost importance in assuring we meet our goals and objectives. The systems, the policy and procedures, and the enhanced Board oversight will allow JCHCC to stay in compliance and continue to serve our partners (WJMC, Jefferson Parish, EJCH, etc;) and more importantly our clients: the uninsured, the underserved, and those in need of quality healthcare.

West Jefferson
Medical Center
Our Family Caring For Your Family

1101 Medical Center Boulevard
Marrero, LA 70072
(504) 347-5511

January 4, 2010

Mr. Daryl G. Purpera, CPA
Temporary Legislative Auditor
1600 North Third Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Purpera,

I have reviewed the draft report on the Jefferson Community Health Care Centers as it relates to West Jefferson Medical Center. Should West Jefferson Medical Center reenter into a contract with the Jefferson Community Health Clinics, we will require that the Clinics review residency, income, insurance coverage and Medicaid eligibility/coverage prior to remitting any payments on any patient seen at the Clinic.

Furthermore, based on your findings, West Jefferson Medical Center will pursue recoupment of any overpayments due to us.

On behalf of the West Jefferson Medical Center Board of Directors, I want to thank you for complying with the Board's request to review the Clinics and await the full report.

Sincerely,

Nancy R Cassagne

Nancy R. Cassagne
C.E.O.

cc: West Jefferson Medical Center Board of Directors
Peter J. Butler, Jr., Attorney

Dear Mr. Brent McDougall:

I have prepared the following responses to your audit findings of Jefferson Community Health Care Centers, Inc. Please keep in mind that I was dismissed from the organization in April of 2009. Therefore, my responses are based upon what I knew to be the case while I was employed there.

I. West Jefferson Medical Center

West Jefferson Medical Center was provided with a detailed report each month of all patients billed to them for reimbursement. The source information was prepared by the Billing Manager and summarized on a monthly report by the CFO (me). This information was provided for WJMC's review and approval before payment.

In response to an inquiry of possible overbilling by WJMC's Chief Executive Officer, JCHCC's billing department conducted an internal review to determine if patients were erroneously billed to WJMC. As a result of the review, it was determined that 171 patients were billed in error and a check was submitted to WJMC for $23,940.00 (171 pts. @ $140.00). During the review, the Billing Manager coordinated the review with WJMC's billing department. This was an effort to try and rectify any possible billing errors that went undetected by both parties.

Medicaid patient are allotted a certain number of annual visits that include all services. In many instances, patients that had Medicaid exhausted their maximum number of annual visits and had to be reclassified as uninsured. This would explain Medicaid patients being billed to Medicaid and later to WJMC.

II. Personal Loans

As indicated in the audit report, I had a loan balance of $3,000.00. I repaid all loans. I noted that payments from January 2008 through August 2008 were not listed on the loan schedule that was prepared by Brent McDougall, Legislative Auditor. Copies of the payments and deposit receipts were retained by JCHCC which would have accounted for the $3,000.00 disparity. Furthermore, I received a reimbursement check upon my dismissal absent of loan or debt.

III. Personal Purchases

All disbursements were reviewed and authorized by Ms. Smith, except when she was away from the office for an extended period of time. Authorized checks were left and signed for by the CFO for urgent or emergency situations. Prior to processing those checks, Ms. Smith was notified by phone for her verbal approval and a copy of the check was provided to her Assistant for Ms. Smith's review. Upon my release from the organization in April of 2009, all debts would have been retained from my final paycheck.

The purchase of an airline ticket was initially input into the system as an expense. Upon my review, Ms. Smith was notified of this recording error and the transaction was changed to a loan payable to JCHCC. I regularly used personal funds for expenses of JCHCC. The loan was repaid by returning two of my reimbursement checks to JCHCC as indicated in a schedule. Since I no longer have access to this data, you may verify this with the accounting department. During this time frame, Orita Jackson was responsible for accounts payables.

In some instances, invoices for personal orders of flowers from Le Grand Florist would come addressed to the clinic. Because the employees new that I worked at JCHCC, they sometimes assumed that the bill was the responsibility of JCHCC. Upon receipt of Le Grand Florist's invoices, the accounts payable clerk (Ms. Jackson) and I would review the invoice(s) together. I would indicate to her which, if any, of the purchases were personal. She would subtract the personal amount from the bill and I would pay that amount either to Le Grand or to JCHCC.

IV. Flowers

All purchases of flowers on behalf of JCHCC were authorized by Ms. Smith. Generally, all purchases for the clinic were by the administrative assistant.

V. Segregation of Duties

The majority of the accounts payables were processed by the accounts payable clerk and/or accounting director. This included reviewing invoices, verifying that services and/or goods had been received, researching discrepancies, printing checks and mailing the checks. As CFO, I would review the accounts payable listing and recommend payment for the proposed vendors unless further information was needed. The accounting director and/or accounts payable clerk would submit accounts payable list, invoices and checks to the CEO for final review, approval and authorization of checks. Therefore, the majority of the transactions, including payroll, were processed, recorded and issued by the accounts payable clerk and/or the accounting director.

Reconciliations were often times started by the payroll clerk and/or the accounting director, but completed by the CFO (me). This was due mainly to the need to research of debit card purchases and ACH drafts.

Disbursements

As indicated above, all disbursements were submitted in person by the accounting director and/or accounts payable clerk to the CEO for final review and approval along with all necessary documentation. In instances when the CFO (me) processed checks, copies of the checks and support documentation was provided for her review as well.

VI. Accounting Entries for Disbursements

A separate accounting system was maintained at the Manhattan location which was common knowledge. The system was maintained for the convenience of printing checks from the Manhattan location. Copies of those checks were maintained and transferred to the accounting department for proper maintenance. The transactions were later entered into the Ames account system.

JCHCC hosts a toy give away every year to provide toys to indigent citizens. In prior years, most of the toys were donated by various organizations and individuals. Due to lack of donors, JCHCC purchased the majority of the toys and gift cards from Wal-Mart. Most of the employees participated in this event and were present when the gift cards were distributed to participants as door prizes.

As stated to the legislative auditors, the accounting system and the backups at the Ames location became infected with a virus on a few occasions. A result, JCHCC decided to convert over to more reliable system. Before the problems with the system, the financial statements were audited by auditors on the Legislative Auditors approval listing. The financial data was by segregated site and program. The problems with the system and inadequate backups would account for the legislative auditors not being able to determine the manner and use of funds.

Thanks for the opportunity to respond to the findings noted in the audit report.

Sincerely,

Rickey Vaughn