

CAPITAL AREA HUMAN SERVICES DISTRICT
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA



PROCEDURAL REPORT
ISSUED JUNE 20, 2007

**LEGISLATIVE AUDITOR
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STEVE J. THERIOT, CPA
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May 29, 2007

**CAPITAL AREA HUMAN SERVICES DISTRICT
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA**

Baton Rouge, Louisiana

As required by Louisiana Revised Statute 24:513, we conducted certain procedures at the Capital Area Human Services District for the period from July 1, 2005, through May 29, 2007. Our procedures included (1) a review of the district's internal controls; (2) tests of financial transactions; (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities; and (4) a review of compliance with prior report recommendations. Our procedures were more limited than would be necessary to give an opinion on internal control and on compliance with laws, regulations, policies, and procedures governing financial activities.

Specifically, we interviewed management personnel and selected district personnel and evaluated selected documents, files, reports, systems, procedures, and policies, as we considered necessary. After analyzing the data, we developed recommendations for improvement. We then discussed our findings and recommendations with appropriate management personnel before submitting this written report.

The Annual Fiscal Reports of the Capital Area Human Services District were not audited or reviewed by us, and, accordingly, we do not express an opinion on those reports. The district's accounts are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

In our prior report on the Capital Area Human Services District, dated April 19, 2005, we reported findings relating to inaccurate schedule of expenditures of federal awards, insufficient control over receipts, and unsecured bank deposits. These findings have been resolved by management.

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

Payroll Internal Control Weakness

The Capital Area Human Services District (the District) did not enforce existing policies to ensure that payroll transactions are valid, authorized, and correctly input into the payroll system. Currently, the District is following the Department of Health and

Hospitals (DHH) payroll policies because it has not established its own payroll policies. DHH Policy 1216-04 (Time Administration Policy and Procedure) states that the timekeeper manager shall develop internal procedures to review the time and attendance records to ensure employees are completing them accurately and timely. All time sheets have a signature line at the bottom for supervisor approval. Policy 1216-04 also states that the employees' time and attendance shall be entered in the ISIS/HR System based on the time and attendance sheet and that the timekeeper unit manager shall certify the accuracy of the time entries by signing off on the ZT02.

Audit procedures identified the following noncompliance with existing policy:

- One of 12 time sheets tested (8%) did not have an approval signature by the supervisor.
- One of 12 time sheets and leave slips (8%) did not match the ISIS/HR entry.
- Five of 12 ZT02 reports (42%) were not signed by the timekeeper unit manager or a designee.

Management did not place sufficient emphasis on compliance with existing DHH policies and procedures. Noncompliance with procedures may result in incomplete data, inaccurate entries, and an increase in the risk of fraud or errors. The development and enforcement of policies and procedures ensures compliance with state Civil Service, federal, and state rules and regulations and reduces the risk that payroll related errors and/or fraud could occur and not be detected in a timely manner.

Management should monitor compliance with existing policies and procedures to ensure proper approvals are documented and valid data are entered correctly. Management concurred with the finding and outlined corrective action (see Appendix A, page 1).

Noncompliance With Movable Property Policy

The District did not maintain adequate control over movable property in accordance with existing policies and procedures. District Policy 204-98 (Movable Property Control Policy) states that the property manager will be responsible for recording the acquisition, location, transfer, and/or disposal of any item to or from the master file in the Protégé property system. The policy also states that the Protégé System listing will be used for yearly physical inventory and certification and that it is the responsibility of the property liaisons, in conjunction with the efforts of the property manager, to make sure Protégé correctly reflects the current status of the District's inventory. It further states that the property manager is responsible for conducting a complete physical inventory accounting for all movable property owned by the District at every geographical location each fiscal year.

During the examination of the District's movable property items, the following deficiencies were noted:

- Fifteen of 24 items tested (63%) were not accurately entered into the Protégé property system. Thirteen of the 15 items were not physically located at the location assigned in Protégé. Three of the 15 items had an incorrect acquisition date, acquisition cost, or person responsible for the property.
- The certification of annual property inventory for District Administration (Property Control Number 390-19) submitted during the fiscal year ending June 30, 2007, was not approved by the Louisiana Property Assistance Agency because of the amount of unlocated property noted.

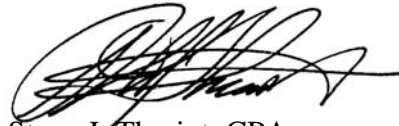
Although the District has policies and procedures that contain many elements of good internal controls, these procedures were not followed uniformly. Failure to maintain an accurate movable property system increases the risk of loss arising from unauthorized use and subjects the District to noncompliance with state laws and regulations.

Management should ensure that its movable property procedures are followed consistently and that all property is recorded into Protégé accurately. Management concurred with the finding and outlined corrective action (see Appendix A, page 2).

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

This report is intended solely for the information and use of the district 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,



Steve J. Theriot, CPA
Legislative Auditor

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Appendix A

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

ASCENSION
Becky Katz
Patricia G. Williams-Simon

EAST BATON ROUGE
Marilyn Hines Burgess
Dana Carpenter, Ph.D.
Judy Ewell Day
Larry D. Smith
Bret M. Talbot

EAST FELICIANA
Kay M. Andrews
Annette D. Barton



IBERVILLE
Rev. Louis C. Askins
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Lisa Ogden
Ann Wilkinson

WEST FELICIANA
Amy P. Betts
Mark Chustz, Chairman

May 02, 2007

Mr. Steve J. Theriot, CPA
Legislative Auditor
1600 North Third Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Theriot:

We have reviewed your finding entitled *Payroll Internal Control Weakness* for the Capital Area Human Services District's Fiscal Years 2006-2007 audit and we concur with the finding.

The District has implemented the following corrective action plan:

The District is in the process of drafting internal Time Administration policy and procedures to ensure compliance with state Civil Service, federal and state rules and regulations. Once the policy is completed and ready for distribution and implementation, the following actions will take place:

- The Human Resource Director and Accountant Administrator will conduct trainings with all timekeepers, supervisors, facility managers and division directors responsible for any or all parts of payroll management on their roles and responsibilities and how to properly and consistently perform assigned functions in accordance with the policy
- The Employee Assistance Unit of the Human Resource Division shall be responsible for ensuring continued training as necessary; conducting quarterly random audits of payroll files; completion of prior period adjustments each pay period and reporting them to the appropriate supervisor/director to ensure timely corrective actions are taken; and ensuring that error reports are run every pay period for quality control
- Division Directors, Facility Managers and Supervisors shall ensure that all staff under their direction is trained on the employee responsibilities outlined in the above referenced policy and monitor the payroll process for compliance of both the employee and timekeeper during each payroll cycle
- Proof of all training shall be documented and maintained in the Human Resources Division

The Deputy Director, Carol Nacoste, will be the contact person responsible for ensuring that the above corrective action plan is enforced. The anticipated completion date for policy development and training is August 30, 2007.

Sincerely,


Jan Kasofsky, Ph.D.
Executive Director

c: Carol Nacoste, Deputy Director
Shirley Link, Human Resource Director 3
Debbie Fontenot, Accountant Administrator 2

2006-2007 Audit File

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May 02, 2007

Mr. Steve J. Theriot, CPA
Legislative Auditor
1600 North Third Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Theriot:

We have reviewed your finding entitled *Noncompliance with Movable Property Policy* for the Capital Area Human Services District's Fiscal Years 2006-2007 audit and we concur with the finding.

The District has implemented the following corrective action plan:

The District has hired an Administrative Program Specialist A, to begin employment on May 15, 2007, whose primary job responsibilities will be centered around Property Control Management including:

- Correction of protégé property information including acquisition date, cost, responsible party, and physical location of each item of District owned property
- Management of property liaison functions throughout the District including safeguarding property, annual property certification and routine compliance checks
- Work closely with the LPAA to resolve discrepancies and complete transfer of all District property to unit 390-19

The Deputy Director, Carol Nacoste, will be the contact person responsible for ensuring that the above corrective action plan is enforced. The anticipated completion date for existing protégé data correction is August 30, 2007.

Sincerely,


Jan Kasofsky, Ph.D.
Executive Director

c: Carol Nacoste, Deputy Director
Debbie Fontenot, Accountant Administrator 2
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