

GOVERNOR'S OFFICE OF ELDERLY AFFAIRS
EXECUTIVE DEPARTMENT
STATE OF LOUISIANA



PROCEDURAL REPORT
ISSUED MARCH 30, 2005

**LEGISLATIVE AUDITOR
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This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Seventeen copies of this public document were produced at an approximate cost of \$31.96. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's Web site at www.la.state.la.us. When contacting the office, you may refer to Agency ID No. 3532 or Report ID No. 05500871 for additional information.

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STEVE J. THERIOT, CPA
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March 11, 2005

GOVERNOR'S OFFICE OF ELDERLY AFFAIRS
EXECUTIVE DEPARTMENT
STATE OF LOUISIANA
Baton Rouge, Louisiana

As required by Louisiana Revised Statute 24:513, we conducted certain procedures at the Governor's Office of Elderly Affairs. Our procedures included (1) a review of the office's internal controls; (2) tests of financial transactions for the period from July 1, 2003, through March 11, 2005; (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities for the period from July 1, 2003, through March 11, 2005; and (4) a review of compliance with prior year 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 office 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 Report of the Governor's Office of Elderly Affairs was not audited or reviewed by us, and, accordingly, we do not express an opinion on that report. The office'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 Governor's Office of Elderly Affairs, dated May 9, 2003, we reported findings relating to leave adjustment not properly supported and ineffective monitoring of subrecipient audit reports. The finding relating to the leave adjustment not being properly supported has been resolved by management. The finding relating to ineffective monitoring of subrecipient audit reports is addressed again in this report.

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

Ineffective Monitoring of Subrecipient Audit Reports

For the third consecutive audit, the Governor's Office of Elderly Affairs (GOEA) is not effectively performing the procedures required by the federal government for monitoring the activities of subrecipients. Office of Management and Budget (OMB) Circular A-133

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Procedural Report, Dated March 11, 2005

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requires a pass-through entity to issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and to ensure that the subrecipient takes appropriate and timely corrective action.

A review of the office's 37 audit reports for the fiscal year ended June 30, 2003, disclosed that the GOEA had not reviewed and closed eight of the audit reports within six months of the receipt of the reports. Six reports were not closed until three days to five months after the six-month period and two reports were not closed as of December 13, 2004.

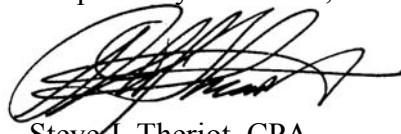
This condition existed because GOEA management did not follow its procedures to ensure that audit reports are received, reviewed, and resolved in a timely manner. Failure to determine that these audit reports are reviewed and findings, if any, are resolved in a timely manner increases the risk that program funds will not be expended in accordance with applicable state and federal laws and regulations.

The GOEA should timely review subrecipient audit reports to identify and resolve audit findings and questioned costs. Management concurred with the finding and outlined a corrective action plan (see Appendix A).

The recommendation in this report represents, in our judgment, that most likely to bring about beneficial improvement to the operations of the office. The nature of the recommendation, its implementation cost, and its potential impact on operations of the office should be considered in reaching a decision on a course of action. The finding, which relates to the office's compliance with laws and regulations, should be addressed immediately by management.

This report is intended solely for the information and use of the office 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

Management's Corrective Action
Plan and Response to the
Finding and Recommendation



KATHLEEN BABINEAUX BLANCO
GOVERNOR

STATE OF LOUISIANA
GOVERNOR'S OFFICE OF ELDERLY AFFAIRS
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February 1, 2005

Mr. Steve J. Theriot, CPA
Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Mr. Theriot:

Finding:
Ineffective Monitoring of Subrecipient Audit Reports

Response:
The agency agrees in principle with the finding. However, the agency would like the opportunity to present some clarification of facts.

Office of Management and Budget (OMB) Circular A-133 is the only pronouncement that levies a definitive time frame for closing audits. Delays in closing the audits by the agency were not caused by stipulations of OMB A-133, but self imposed restrictions. By contract, the agency requires certain Required Supplemental Information (RSI) from its contractors. The agency was attempting to resolve issues pertaining to this RSI in addition to OMB A-133 before closing the audits. In most, if not all cases, the OMB A-133 issues were resolved well within the prescribed timeframe. In fact, one of the subrecipients' audits reviewed by your office had no findings, but was delayed in closing due to the RSI. As a result, the agency did not close the audits within the deadline imposed by OMB A-133, but in fact held them open to satisfy our RSI.

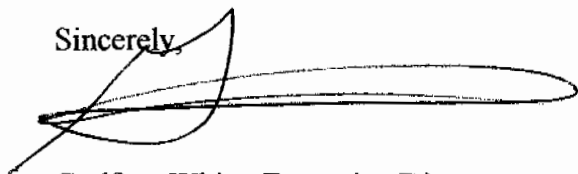
The agency has taken several steps that should eliminate this problem in the future. The agency will give priority to reviewing the A-133 audits, and review other audits only after the A-133 audits are reviewed and closed. The agency will also not wait until RSI issues are resolved before closing an A-133 audit. The A-133 audits will be closed when all A-133 issues are resolved. The RSI issues will be dealt with separately. Finally, the agency will review on a monthly basis a report that will list all A-133 audits that are within thirty days of the deadline and have not yet been closed. Management will then immediately follow up with the reviewing auditor to determine the reason that the audit is still open and ensure that all issues are resolved and the audit closed prior to the deadline.

Corrective Action:
See above comments.

Contact Person: Bobby Fontenot

Anticipated Completion Date: April 30, 2005

Sincerely,

A handwritten signature in black ink, appearing to read "Godfrey White". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Godfrey White, Executive Director