



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

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

1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
TELEPHONE: (225) 339-3800  
FACSIMILE: (225) 339-3870

February 28, 2001

Mr. Johnny Dykes, Executive Director  
East Baton Rouge Council on Aging  
5790 Florida Boulevard  
Baton Rouge, LA 70806

Dear Mr. Dykes:

You requested that representatives of my office visit the East Baton Rouge Council on Aging (COA) to provide financial and operational guidance to the new administration. Two representatives of my office visited the COA on February 15, 16, and 19, 2001, to provide guidance to you and your new administration.

Our review did not include matters presently under investigation by the Louisiana Office of State Inspector General, Baton Rouge City Police, or U.S. Department of Health and Human Services. The procedures that were performed consisted of reviewing selected COA records, interviewing various COA employees, observing certain procedures performed by COA employees, and observing the food distribution at two congregate sites. The procedures performed were substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Attachment 1 provides our recommendations relating to various financial and operational matters that you should consider implementing. If you have any questions about these recommendations, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle".

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

DGK/dl

[EBRCOA]

Attachment

**EAST BATON ROUGE COUNCIL ON AGING**  
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**RECOMMENDATIONS**

The following are recommendations relating to various financial and operational matters that you should consider implementing. The recommendations are grouped by financial and operational categories.

**FINANCIAL**

Cash Receipts

1. There is no central collection center for class fees. Instructors are collecting cash and checks from their students/participants for various classes (computer, crafts, piano, etc). We suggest that the receptionist receive all cash and checks for classes and list these on the daily log of cash receipts. From the cash receipts log, the training coordinator should prepare the class participant lists for the instructors.
2. Consignment sales monies are given directly to the accounts receivable clerk. We suggest that consignment sales monies be given to the receptionist on a daily basis who should list these receipts on the daily log of cash receipts.
3. The daily log of cash receipts is not given to someone independent of the cash receipts function to verify that all cash receipts listed on the daily log are deposited in the bank. We suggest that someone independent of the cash receipts function compare the validated deposit slip (received from the bank) to the daily log of cash receipts on a daily basis.
4. Bank deposits are not made daily. We suggest that deposits be made daily. In addition to safeguarding cash, this will ensure that the amount deposited agrees to the daily log of cash receipts.
5. The same employee performs a variety of duties relating to cash receipts that are incompatible for a proper system of checks and balances. The accounts receivable clerk codes receipts, records receipts in the general ledger, prepares the bank deposit, takes the deposit to the bank, reconciles the deposits on the bank statement, reconciles the accounts receivable detail to the general ledger, prepares and sends the accounts receivable billings, and makes collection efforts for delinquent accounts receivable. We suggest that the following duties be separated:
  - Coding the receipts and recording the receipts in the general ledger
  - Preparing the deposit and taking the deposit to the bank
  - Billing receivables and collecting delinquent receivables

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Cash Disbursements

6. Signed checks are returned to the employee who prepared them instead of being mailed directly to the vendor.
7. The COA failed to obtain competitive bids for purchases of food and food-related items totaling approximately \$300,000 annually. In addition, on August 8, 2000, a vehicle was purchased for \$17,771, without obtaining competitive bids. The Louisiana Public Bid Law and the Governor's Office of Elderly Affairs' (GOEA) *Policy Manual* require competitive bids for all purchases of materials and supplies exceeding \$15,000. In addition, the Public Bid Law requires that purchases between \$7,500 and \$15,000 be made by obtaining at least three telephone or facsimile quotations. We suggest that, in the future, the COA fully comply with the bid requirements of state law and the GOEA *Policy Manual*.
8. The *Weekly Motor Fuel Management Report* received from Fuelman is not reviewed to ensure that odometer readings are being recorded properly and that the proper Fuelman card is used for the appropriate vehicle. The weekly reports for December 2000 reveal that one vehicle card was used for several different vehicles. Therefore, the fuel usage and miles per gallon amounts could not be determined for each vehicle. We suggest that all employees who use the Fuelman charge cards be instructed how to use the cards and that the *Weekly Motor Fuel Management Report* be reviewed timely to determine whether the fuel usage and miles per gallon amounts on the report appear reasonable for all vehicles.
9. The COA does not have a formal policy for the use of cellular phones. The COA presently has 13 cellular phones. We suggest that the COA determine the number of cellular phones needed and the individuals to whom cellular phones should be assigned. In addition, we suggest that the COA adopt a formal policy for the business use of cellular phones and review the detailed monthly phone bill to ensure that the policy is being followed.
10. The COA does not have a formal policy for making long-distance phone calls. We suggest that the COA adopt a formal policy for employees making long-distance phone calls. The policy should prohibit employees from charging personal long-distance calls to the COA and require that all employees maintain a log of long-distance calls made that includes the number and person called and the business reason for the call.

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Payroll

11. The same employee prepares the payroll and also records the payroll in the general ledger. We suggest that those two duties be separated for a proper system of checks and balances.
12. The COA uses Automatic Data Processing, Incorporated (ADP) to process payroll. For a proper system of checks and balances, we suggest the following:
  - The *Employee Status Change Report*, which shows any changes made to employee records (e.g., names, addresses, rates of pay, etc.), should be reviewed by someone other than the person who prepares the payroll before the payroll is transmitted to ADP.
  - The *Payroll Register* should be received directly from ADP by someone other than the person who prepares the payroll. This person should review the *Payroll Register* for valid employees. Also, work hours, amounts paid, and vacation and sick leave earned and taken should be reviewed for reasonableness.
13. Records of vacation and sick leave earned, taken, and accumulated are presently maintained on a Microsoft Excel spreadsheet. We suggest that ADP be used to maintain these records. By using ADP, each employee payroll check will show the amount of leave earned, taken, and accumulated and this information will be reported on the payroll register.
14. The payroll bank account is not maintained on an imprest basis (deposits to the payroll bank account should agree to disbursements made from the payroll bank account). We suggest that the payroll bank account be maintained on an imprest basis.
15. Presently, approximately 50% of COA employees' use direct deposit for their payroll checks. We suggest that direct deposit be used for all employees.
16. No policies and procedures are in place relating to reference checks, qualifications verification, and criminal checks when hiring employees. We suggest that a policy be adopted that addresses these specific matters and that the COA human resource director ensures that the policy is followed and documented properly.

Fixed Assets

17. Detailed fixed asset records are not being updated as the fixed assets are acquired/disposed of. We were informed that these records were up-to-date through June 30, 2000. We suggest that these records be updated as the fixed asset item is acquired or disposed of.

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Insurance

18. We suggest that the property and liability insurance coverage be reviewed at least annually to ensure that the COA is adequately secured from risk. Also, we suggest that quotations be obtained from several insurance agencies periodically to ensure that the lowest price is obtained.

Financial Statements

19. The COA's monthly financial statements are not presented to the board at its board meetings. Also, the COA's financial statements do not report the operations of the COA compared to budgeted amounts. We suggest that monthly financial statements be presented to the board at its board meetings and include comparisons to budgeted amounts. In addition, each department head should receive his/her monthly financial information compared to budgeted amounts.

Job Descriptions

20. The accounting division has recently started compiling detailed job descriptions for all accounting division jobs. We commend you for this and strongly suggest that you continue this effort. Once this project is completed, we suggest that the job descriptions be reviewed annually for any changes.

External Organizations

21. A former employee used the COA facilities (meeting rooms, copy machine, etc.) and made purchases through the COA for the Pond Society. We were informed that the Pond Society was an external organization that was not part of the programs of the COA. As of February 19, 2001, the Pond Society owed the COA \$253.53 for brochure copying and postage costs. We suggest that COA employees administer only authorized COA programs.

**OPERATIONAL**

Information and Assistance (I&A)

1. The I&A training manual is dated June 1992. We suggest that the training manual be reviewed and updated to reflect recent changes in COA procedures and operations.
2. Recently, three employees were reassigned from their respective job duties to assist I&A's case managers in performing annual "face to face" reassessments of senior participants. We suggest that all comprehensive assessments and reassessments be performed by only qualified and trained case managers.

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Information and Assistance (I&A) (Cont.)

3. We question the cost/benefit and employee utilization of case managers providing *shopping assistance for groceries to seniors*.
4. We suggest criminal background checks be conducted on all COA employees that provide assistance to seniors.
5. I&A personnel verbally inform the nutrition services supervisor when there are participant changes (additions or deletions) to be made to the Meals-on-Wheels' (MOW) program. No procedures are in place to follow up and verify, on a timely basis, that the MOW participant changes were appropriately made. We suggest that I&A's personnel inform the nutrition services supervisor in writing of all MOW participant changes, and that they monitor the MOW participant listing on a monthly basis for appropriate changes.
6. Only one COA employee is involved in the daily administration (application reviews, approvals/denials, payments, etc.) of the Utility Bill Assistance (through Project Care) program. Also, there is no supervisory review and approval of the employee's work. We suggest that more than one employee be involved in the administration of the program, and that the employees' work be reviewed and approved by an appropriate supervisor on a timely basis.

Nutrition Program

7. For food inventory cost control, we suggest that the COA analyze the cost of meals monthly to determine whether the cost per meal of the various meal types (MOW, frozen meals, congregate meals) are reasonable and comparable to budgeted amounts.
8. The COA should consider employing a nutrition director who would be in-charge of all nutrition programs and activities rather than the current practice of decentralizing the various job responsibilities.
9. Compliance with the Louisiana Title III C nutrition program is not being monitored. The COA should consider employing a nutrition compliance officer or assigning the compliance responsibilities and duties to an appropriate supervisor.
10. The COA does not maintain a current copy of the GOEA *Policy Manual* that governs the nutrition program. We suggest that the COA obtain and review the GOEA *Policy Manual* and implement the applicable standards which include, among others, standards that require the COA to develop a policy which ensures that:
  - Each congregate site serves an average of at least 20 meals per day or a number that is determined to be cost effective and a lesser number if approved by the GOEA.

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- . Each congregate site is inspected on a quarterly basis by appropriate staff.
  - . A system has been developed and used for documenting Title III-C1 and III-C2 meals served and discarded.
  - . Procedures have been established to accurately project daily meal counts in order to minimize discarded meals.
  - . Food procurement is transacted in accordance with purchasing/bid requirements.
11. The central kitchen supervisor performs incompatible duties such as purchasing, receiving, approving, and inventorying of the food and related supplies. For a proper system of checks and balances, the COA should review all of the central kitchen supervisor's duties and consider segregating those duties deemed incompatible and not mitigated by other internal and accounting controls.
  12. The COA should consider training someone to be the "back-up" central kitchen supervisor.
  13. We suggest that the central kitchen supervisor provide input into the preparation of the annual food budget and that the monthly "budget versus actual" comparison is monitored/reviewed and includes the central kitchen supervisor's input.
  14. MOW drivers get paid for 5 hours work per day. Even though each route is different and the number of meals delivered on each route is different, all MOW driver's time sheets reflect exactly 5 hours worked per day (8:30 a.m. - 1:30 p.m.). We suggest that route/trip assessments be conducted to determine the length of time (and mileage) it actually takes drivers to deliver these meals. Drivers should be paid for time actually worked.
  15. Recently, senior participation in the COA's frozen meal program has increased. We understand that the frozen meal program requires additional employee labor and that the packaging and labeling costs are higher in comparison to the hot meal program. We found no written guidelines or eligibility rules relating to participation in the frozen meal program versus the hot meal program. We suggest that the COA develop and implement specific eligibility requirements for senior participation in the frozen meal program and require strict adherence.
  16. Neither the COA's nutrition staff nor accounting staff was aware of the COA's daily meal arrangement (payment plan provisions, length of participation, etc.) with the "Achieve to Succeed" organization. We suggest that the COA review this arrangement and any other daily meal arrangements to determine if the goals of the COA are being achieved.
  17. Meals are served daily at 19 different congregate sites. We suggest that the COA perform a cost analysis (meal costs, travel costs, salary costs, etc.) and location analysis (average number of meals served, distance from other meal sites, etc.) of each meal site

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- to determine whether some consolidation of sites is prudent. (For example, on the day of our on-site review of the Capital Area Welfare Society for Children (CAWSC) meal site, meals were served to 10 elderly individuals. The CAWSC meal site is only one-half mile from the COA Florida Boulevard meal site. Consideration should be given to moving and consolidating this meal site with the COA Florida Boulevard meal site.)
18. Our on-site review of one congregate meal location (this was a non-profit organization) revealed that meals were served to 12 elderly individuals. The COA provides free meals to the elderly participants of this non-profit organization. We were informed that this non-profit organization receives grant monies to operate and that there were approximately 60 elderly individuals registered in their programs. We suggest that the COA obtain representations from this non-profit organization as to whether grantors are providing monies for meals. If grant monies include cost of meals, the COA should bill the non-profit organization for meals provided.
  19. Because of the recent change in licensed dieticians, we suggest that the COA monitor the licensed dietician work and require strict adherence to the contract and to GOEA requirements (annual on-site review of nutrition sites, field checks of home delivered meals, etc.).
  20. Keys to the COA vans are not secured. We suggest that all van keys be kept under lock at all times.