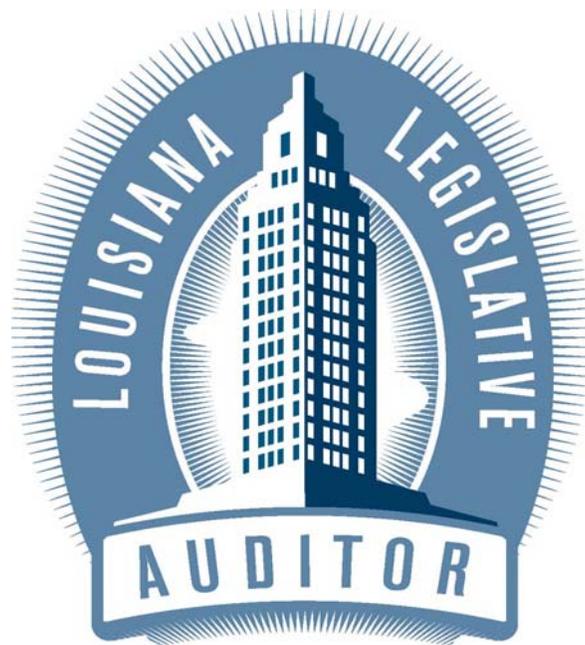


GOVERNOR'S OFFICE OF ELDERLY AFFAIRS  
EXECUTIVE DEPARTMENT  
STATE OF LOUISIANA



PROCEDURAL REPORT  
ISSUED APRIL 8, 2009

**LEGISLATIVE AUDITOR  
1600 NORTH THIRD STREET  
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BATON ROUGE, LOUISIANA 70804-9397**

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Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor.

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. Five copies of this public document were produced at an approximate cost of \$14.05. 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.la.gov](http://www.la.la.gov). When contacting the office, you may refer to Agency ID No. 3532 or Report ID No. 80090013 for additional information.

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LOUISIANA LEGISLATIVE AUDITOR  
STEVE J. THERIOT, CPA

March 17, 2009

**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 for the period from July 1, 2007, through March 17, 2009. Our procedures included (1) a review of the office'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 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 a recommendation for improvement. We then discussed our finding and recommendation 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 February 27, 2008, we reported a finding relating to inadequate subrecipient monitoring for the Aging Cluster. That finding has 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.

**Ineffective Internal Audit Function**

The Governor's Office of Elderly Affairs (GOEA) does not have an effective internal audit function to examine, evaluate, and report on its internal controls, including information systems, and to evaluate compliance with the policies and procedures that

comprise controls. An effective internal audit function should provide management with assurances that the office's assets are properly safeguarded, internal controls are established and operating in accordance with applicable laws and regulations, and internal controls are sufficient to prevent or detect errors and/or fraud in a timely manner.

The following weaknesses were identified during the review of the internal audit function:

- GOEA was without an internal auditor from October 2007 through June 2008.
- The internal auditor has not issued any reports from July 2007 through February 2009.
- The scope of the procedures performed by the internal auditor from July 2007 through February 2009 was not sufficient to achieve the objectives of an effective internal audit function.
- There was no audit plan for the fiscal year ended June 30, 2008. In addition, the audit plan for the fiscal year ended June 30, 2009, was not detailed enough to demonstrate that a risk-based approach was used to identify and prioritize the areas that pose the greatest risk to GOEA. Specifically, the internal auditor did not specify in the audit plan how potential audit areas were selected or excluded from the scope of the audit. In addition, the plan does not address information technology.

Considering the office's reported assets of approximately \$933,000 and revenues of approximately \$44 million, an effective internal audit function is needed to ensure that the office's assets are safeguarded and that management's policies and procedures are uniformly applied.

Management should take the necessary steps to ensure that (1) reports of internal audit results are issued and that the disposition of any findings is monitored; (2) the scope of the audits, to include information technology, is sufficient to achieve the objectives of an effective internal audit function; and (3) a comprehensive risk assessment is performed and documented as part of the internal audit plan. Management concurred with the finding and provided a corrective action plan (see Appendix A).

The recommendation in this report represents, in our judgment, that most likely to bring about beneficial improvements to the operations of the office. The nature of the recommendation, its implementation cost, and its potential impact on the operations of the office should be considered in reaching decisions on a course of action.

This report is intended solely for the information and use of GOEA, its management, others within the entity, and the Louisiana Legislature 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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GOEA08

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



**BOBBY JINDAL**  
GOVERNOR



**State of Louisiana**  
**OFFICE OF THE GOVERNOR**  
**OFFICE OF ELDERLY AFFAIRS**

March 2, 2009  
Mr. Steve J. Theriot, CPA  
Legislative Auditor  
Post Office Box 94397  
Baton Rouge, Louisiana 70804-9397

Dear Mr. Theriot:

Finding:  
Ineffective Internal Audit Function

Response:  
The agency concurs in principle with the finding. The previous internal auditor was engaged performing work for the agency, but not listed in a formal document. The current internal auditor assumed the duties in July 2008, and will go through extensive training for the position.

Corrective Action:  
The internal auditor will prepare a properly documented audit plan for the current period. The plan will be coordinated through Dr. James J. Bulot, Executive Director.

Contact Person: Camille Dunbar  
Karen Ryder

Anticipated Completion Date: May 31, 2009

Sincerely,

A handwritten signature in black ink, consisting of a large, stylized initial 'J' followed by a long horizontal line.

Dr. James J. Bulot  
Executive Director