

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Ruston Developmental Center
Office for Citizens With
Developmental Disabilities
Department of Health and Hospitals
State of Louisiana
Ruston, Louisiana

June 14, 2000



Financial and Compliance Audit Division

***Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor***

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**RUSTON DEVELOPMENTAL CENTER
OFFICE FOR CITIZENS WITH
DEVELOPMENTAL DISABILITIES
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
Ruston, Louisiana**

**Management Letter
Dated May 19, 2000**

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 and Shreveport offices of the Legislative Auditor and at the office of the parish clerk of court.

June 14, 2000



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

May 19, 2000

**RUSTON DEVELOPMENTAL CENTER
OFFICE FOR CITIZENS WITH
DEVELOPMENTAL DISABILITIES
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
Ruston, Louisiana**

As part of our audit of the State of Louisiana's financial statements for the year ending June 30, 2000, we conducted certain procedures at Ruston Developmental Center, Office for Citizens With Developmental Disabilities, Department of Health and Hospitals. Our procedures included (1) a review of the center's internal control; (2) tests of financial transactions for the years ending June 30, 2000, and June 30, 1999; (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities for the years ending June 30, 2000, and June 30, 1999; and (4) a review of compliance with prior audit report recommendations.

The Annual Fiscal Reports of Ruston Developmental Center are not audited or reviewed by us, and, accordingly, we do not express an opinion or any other form of assurance on those reports. The center's accounts, under the Department of Health and Hospitals, are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses an opinion.

Our procedures included interviews with management personnel and other selected center personnel. We also 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.

In our prior report dated January 12, 1998, for the two years ended June 30, 1998, on the Ruston Developmental Center, we reported findings related to inadequate control over payroll, and lack of controls and failure to maintain records - cafeteria inventory. 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.

LEGISLATIVE AUDITOR

RUSTON DEVELOPMENTAL CENTER
OFFICE FOR CITIZENS WITH
DEVELOPMENTAL DISABILITIES
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

Management Letter, Dated May 19, 2000

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Inadequate Control Over Movable Property

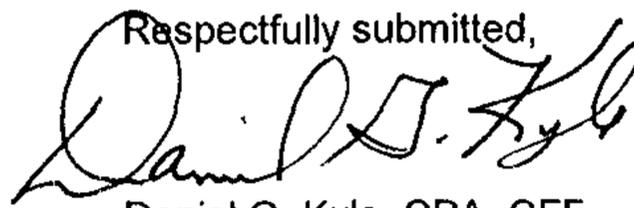
Ruston Developmental Center did not maintain adequate internal control over movable property as prescribed by state laws and regulations. Louisiana Administrative Code 34:VII.307(A) requires all items of qualified property be reported to the Louisiana Property Assistance Agency (LPAA) within 45 days of actual receipt of the property. A review of the Net Change Report for the fiscal year ended June 30, 1999, reflected that nine of the school's 103 additions to property were not added within the 45 days of receipt as required by law. Of the nine items not added timely, seven were in excess of 11 months, one was over 10 months, and one was over 4 months after receipt.

This occurred because management did not reconcile the in-house system to the LPAA system timely. As a result, the center did not comply with state property regulations.

Management should ensure that LPAA is notified timely of all additions to movable property and that the center's in-house system is reconciled to the LPAA system in a manner that would prevent or detect untimely notification. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, pages 1-2).

The recommendation in this report represents, in our judgment, that most likely to bring about beneficial improvements to the operations of the center. The nature of the recommendation, its implementation cost, and its potential impact on operations of the center should be considered in reaching decisions on courses of action. The finding related to the center's compliance with applicable laws and regulations should be addressed immediately by management.

This report is intended for the information and use of the center and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

Daniel G. Kyle, CPA, CFE
Legislative Auditor

RLA:MAN:DSP:dl
[RUSDC]

Appendix A

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



M.J. "Mike" Foster, Jr.
GOVERNOR

STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



David W. Hood
SECRETARY

April 24, 2000

Dr. Daniel G. Kyle, CPA, CFE, Legislative Auditor
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

Please find herein our response to your audit finding related to the audit of Ruston Developmental Center:

INADEQUATE CONTROLS OVER MOVABLE PROPERTY

Management's Response

We concur with the finding.

Corrective Action Plan

Names of the Contact Persons Responsible for Corrective Action:

Glenn Roscoe, Administrative Director 3
Deborah Butts, Office Supervisor, Director of Warehouse
LaWanda Frazier, Stock Clerk 1

Corrective Action Planned:

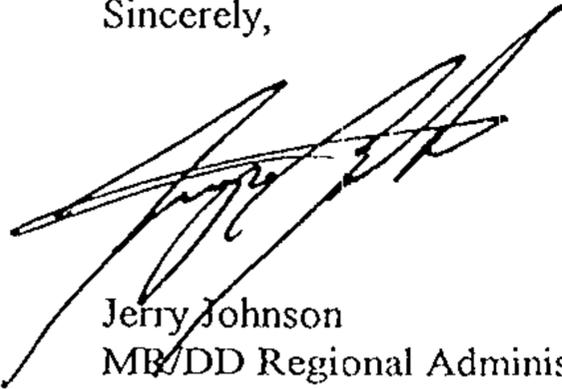
Deborah Butts, Office Supervisor, and LaWanda Frazier, Stock Clerk 1, will reconcile the moveable property items that are recorded on the property control inventory log sheet and entered into the Louisiana Property Assistance Agency (LPAA) Report #AM18M110 Property Acquisition (P1) Screen with the monthly LPAA Report #AM18B03B Online Property Acquisition Transaction Report. Each item that is not entered on the Online Property Acquisition Transaction Report will be inputted within two (2) working days.

Dr. Daniel G. Kyle
Page 2
April 24, 2000

Anticipated Completion Date: The course of action was started April 1, 2000.

Should you require additional information, please contact me at 318-247-4212.

Sincerely,

A handwritten signature in black ink, appearing to read "Jerry Johnson", written over a horizontal line.

Jerry Johnson
MB/DD Regional Administrator 2

cc: Mr. Glenn Roscoe, Administrative Director 3
Mr. Ranzie Douthit, Accountant Supervisor 2
Ms. Deborah Butts, Office Supervisor, Director of Warehouse

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