

DEPARTMENT OF VETERANS AFFAIRS

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES

MANAGEMENT LETTER

MARCH 14, 2018

**LOUISIANA LEGISLATIVE AUDITOR  
1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
BATON ROUGE, LOUISIANA 70804-9397**

**LEGISLATIVE AUDITOR**  
DARYL G. PURPERA, CPA, CFE

**ASSISTANT LEGISLATIVE AUDITOR**  
**FOR STATE AUDIT SERVICES**  
NICOLE B. EDMONSON, CIA, CGAP, MPA

**DIRECTOR OF FINANCIAL AUDIT**  
ERNEST F. SUMMERVILLE, JR., CPA

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# Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE

Department of Veterans Affairs



March 2018

Audit Control # 80170145

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## Introduction

As a part of the Single Audit of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2017, we performed procedures at the Louisiana Department of Veterans Affairs (LDVA) to evaluate the effectiveness of LDVA's internal controls over compliance and determine whether LDVA complied with applicable laws and regulations.

The mission of LDVA is to aid residents of the State of Louisiana who served in the military forces of the United States during any war, combat, campaign, or special periods of service during peacetime, along with their dependents and beneficiaries, in receiving any and all benefits to which they may be entitled under the laws of the United States or the states thereof. LDVA provides nursing care for veterans at five homes across the state.

## Results of Our Procedures

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### Federal Compliance - Single Audit of the State of Louisiana

As a part of the Single Audit for the year ended June 30, 2017, we performed internal control and compliance testing as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) on LDVA's major Federal program, Veterans State Nursing Home Care (CFDA 64.015).

Those tests included evaluating the effectiveness of LDVA's internal controls designed to prevent or detect material noncompliance with program requirements and tests to determine whether LDVA complied with applicable program requirements. In addition, we performed procedures on information submitted by LDVA to the Division of Administration's Office of Statewide Reporting and Accounting Policy for the preparation of the State's Schedule of Expenditures of Federal Awards (SEFA), as required by Uniform Guidance.

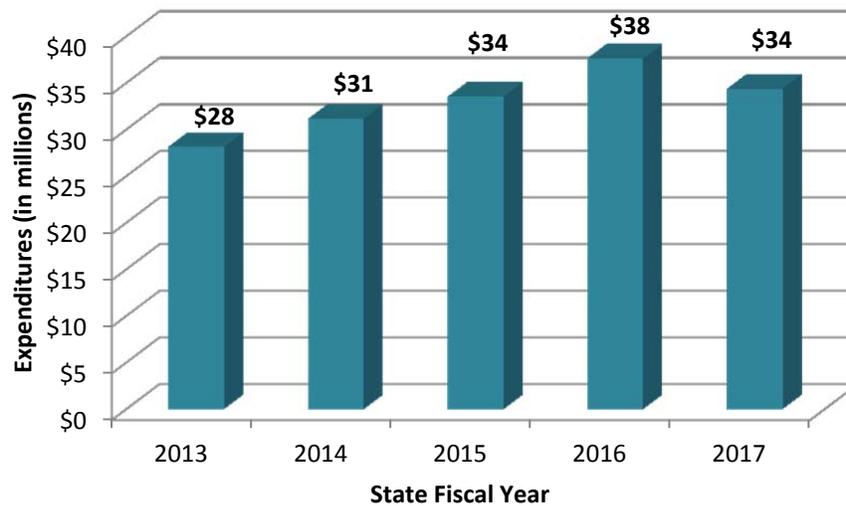
Based on the results of these Single Audit procedures, we did not report any internal control deficiencies or noncompliance with program requirements. In addition, LDVA's information submitted for the preparation of the State's SEFA is materially correct.

## Trend Analysis

We compared the most current and prior-year financial activity using LDVA’s Annual Fiscal Reports and/or system-generated reports and obtained explanations from LDVA’s management for any significant variances. We also prepared an analysis of expenditures and per diem rates for the Veterans State Nursing Home Care program (Program) over the last five fiscal years.

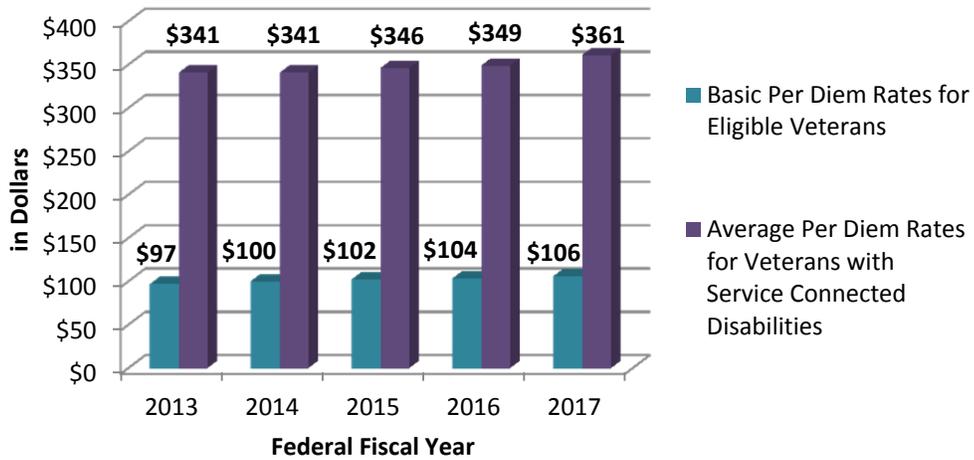
As shown in Exhibit 1, Program expenditures steadily increased from fiscal year 2013 through fiscal year 2016 due to an increase in per diem rates (shown in Exhibit 2). Program expenditures decreased by \$4 million (11%) in fiscal year 2017 due to LDVA exhausting self-generated funds before expending Federal funds. Per diem rates, shown in Exhibit 2, are set by the U.S. Department of Veterans Affairs, and have steadily increased each year. For veterans with service-connected disabilities, a per diem rate is set for each individual home.

**Exhibit 1**  
**Veterans State Nursing Home Care Program Expenditures**



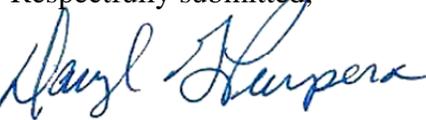
**Source:** Fiscal Years 2013-2016 Single Audit Reports - SEFA and 2017 Audited SEFA

**Exhibit 2  
Per Diem Rates**



**Source:** [https://www.va.gov/COMMUNITYCARE/programs/veterans/statehome/SH\\_Payment\\_Rate.asp](https://www.va.gov/COMMUNITYCARE/programs/veterans/statehome/SH_Payment_Rate.asp)

Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,  
  
 Daryl G. Purpera, CPA, CFE  
 Legislative Auditor

JP:CRV:WDG:EFS:aa

LDVA 2017



## APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at the Louisiana Department of Veterans Affairs (LDVA) for the period from July 1, 2016, through June 30, 2017, to evaluate relevant systems of internal control in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. The procedures included inquiry, observation, review of policies and procedures, and a review of relevant laws and regulations. Our procedures, summarized below, are a part of the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2017.

- We evaluated LDVA's operations and system of internal controls through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to LDVA.
- Based on the documentation of LDVA's controls and our understanding of related laws and regulations, we performed procedures on LDVA's major Federal program, Veterans State Nursing Home Care (CFDA 64.015), for the year ended June 30, 2017, as a part of the 2017 Single Audit.
- We performed procedures on information for the preparation of the state's Schedule of Expenditures of Federal Awards for the year ended June 30, 2017, as a part of the 2017 Single Audit.
- We compared the most current and prior-year financial activity using LDVA's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from LDVA's management for significant variances. We also prepared an analysis of expenditures and per diem rates for the Veterans State Nursing Home Care program over the last five fiscal years.

The purpose of this report is solely to describe the scope of our work at LDVA and not to provide an opinion on the effectiveness of LDVA's internal control over financial reporting or on compliance. Accordingly, this report is not intended to be, and should not be, used for any other purposes.

We did not audit or review LDVA's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. LDVA's accounts are an integral part of the State of Louisiana's CAFR, upon which the Louisiana Legislative Auditor expresses opinions.