

DEPARTMENT OF VETERANS AFFAIRS

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES  
PROCEDURAL REPORT  
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# Louisiana Legislative Auditor

Michael J. “Mike” Waguespack, CPA

Department of Veterans Affairs



September 2022

*Audit Control # 80220010*

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## Introduction

The primary purpose of our procedures at the Louisiana Department of Veterans Affairs (LDVA) was to evaluate certain controls LDVA uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds. In addition, we determined whether management has taken action to correct the findings reported in the prior report.

## Results of Our Procedures

We evaluated LDVA’s operations and system of internal control through inquiry, observation, and review of its policies and procedures, including a review of the applicable laws and regulations. Based on the documentation of LDVA’s controls and our understanding of related laws and regulations, and the results of our analytical procedures, we performed procedures relating to cash, the Resident Trust Fund (RTF), pharmacy inventory, cemetery revenues, Military Family Assistance (MFA) Program expenditures, LaCarte purchasing card expenditures, contract expenditures, and payroll expenditures.

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## Follow-up on Prior-report Findings

We reviewed the status of the prior-report findings in LDVA’s management letter dated January 13, 2021. We determined that management has resolved the prior-report findings related to Weakness in Controls over the Resident Trust Fund, Noncompliance with Contract Regulations at LDVA Headquarters, and Lack of Adherence to Payroll Policies.

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## Cash

We obtained an understanding of LDVA’s controls over bank accounts maintained at Headquarters and the five veterans homes, and reviewed bank reconciliations for the period July 1, 2021, to June 30, 2022. Based on the results of our procedures, LDVA adequately reconciled bank account statements to book balances.

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## **Resident Trust Fund**

We obtained an understanding of LDVA's controls over the RTF. We reviewed RTF balances as of March 31, 2022, for selected residents to determine whether accounts for discharged or deceased residents were handled in accordance with LDVA policy. Based on the results of our procedures, LDVA had adequate controls in place to ensure that balances for discharged or deceased residents were handled in accordance with LDVA policy.

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## **Pharmacy Inventory**

The Northeast Louisiana Veterans Home, Northwest Louisiana Veterans Home, Southwest Louisiana Veterans Home, and Southeast Louisiana Veterans Home operate their own in-house pharmacies. The Southeast Louisiana Veterans Home serves as the pharmacy for the Louisiana Veterans Home in Jackson. LDVA policy requires homes with in-house pharmacies to perform bi-annual physical inventory audits.

We reviewed documentation for physical inventory audits performed during fiscal years 2021 and 2022 for the homes operating their own in-house pharmacy. Based on the results of those procedures, physical inventory audits were performed in accordance with LDVA policy.

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## **Cemetery Revenue**

LDVA operates five cemeteries across Louisiana, which are located in Keithville, Leesville, Slidell, Rayville, and Jennings. The cemeteries receive funding from burial fees collected from veterans and/or their families, and plot allowances received from the U.S. Department of Veterans Affairs (VA).

We obtained an understanding of LDVA's process for collecting plot allowances from the VA and performed an analysis of plot allowance revenue received from the VA between July 1, 2020, and May 31, 2022. Based on the results of those procedures, we determined that LDVA had adequate controls in place to ensure that cemetery personnel are requesting and receiving plot allowances from the VA for burials of eligible veterans.

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## **Military Family Assistance Program Expenditures**

The MFA program provides assistance to family members of activated military personnel or honorably discharged active-duty military personnel, and is governed by the Military Family Assistance Board.

We obtained an understanding of LDVA's controls over the MFA program and reviewed selected payments made during the period July 1, 2020, through June 14, 2022. Based on the results of our procedures, LDVA had adequate controls in place over MFA program expenditures to ensure

payments were properly approved and adequately supported, recipients were eligible to receive MFA funding, and expenditures complied with applicable policies and regulations.

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## **LaCarte Purchasing Card Expenditures**

LDVA participates in the state of Louisiana's LaCarte purchasing card program. We analyzed LaCarte card transaction listings for the period July 1, 2020, through April 5, 2022, to determine if transactions were electronically approved as required by LDVA and state policies. Based on the results of our procedures, we determined that LDVA adequately ensured purchasing card expenditures were approved in accordance with LDVA and state policies.

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## **Contract Expenditures**

We obtained an understanding of LDVA's controls over professional services contracts and examined the two professional services contracts for LDVA Headquarters for compliance with state law. Based on the results of our procedures, those contracts were properly authorized and payments did not exceed the contract amounts.

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## **Payroll Expenditures**

Salaries and related benefits comprise approximately 72% and 71% of LDVA's expenditures in fiscal years 2021 and 2022, respectively. We obtained an understanding of LDVA's controls over the time and attendance function and reviewed selected employee time statements and leave records for the period July 1, 2020, through April 30, 2022. Based on the results of our procedures, LDVA had adequate controls in place to ensure timely review and approval of employee time statements and leave requests, employees were paid the amounts authorized, and leave taken was accounted for properly.

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## **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.

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

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA  
Legislative Auditor

DJD:CRV:BQD:EFS:aa

LDVA 2022

## APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at the Louisiana Department of Veterans Affairs (LDVA) for the period from July 1, 2020, through June 30, 2022. Our objective was to evaluate certain controls LDVA uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds. The scope of our procedures, which is summarized below, was significantly less than an audit conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- 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, and results of our analytical procedures, we performed procedures relating to cash, the Resident Trust Fund, pharmacy inventory, cemetery revenues, Military Family Assistance Program expenditures, LaCarte purchasing card expenditures, contract expenditures, and payroll expenditures.
- 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 any significant variances that could potentially indicate areas of risk.

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 purpose.