

REPORT TO THE CITY COUNCIL BY THE CITY INTERNAL AUDITOR

LIMITED REVIEW CADDO COUNCIL ON AGING

INTERNAL AUDIT REPORT 210501-13

DECEMBER 28, 2001



December 28, 2001

Councilman John David Stewart
Shreveport City Council Chairman

Dear Councilman Stewart:

Subject: IAR 210501-13 - Limited Review - Caddo Council on Aging

Attached please find the report mentioned above. Management comments are included in the report.

Sincerely,

Leanis L. Graham, CPA, CIA
City Internal Auditor

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LIMITED REVIEW CADDO COUNCIL ON AGING INTERNAL AUDIT REPORT (IAR) 210501-13

OBJECTIVES

We have completed a limited review of the Caddo Council on Aging (CCOA). The objective of the audit was to review and evaluate the accounting, operational, and administrative controls within the CCOA.

SCOPE AND METHODOLOGY

Our limited review was performed in accordance with applicable generally accepted governmental auditing standards as defined in Operating Instruction A.30 of the Internal Audit Office Operating Instructions Manual. The scope of internal controls was limited to assessing the general controls surrounding the areas of revenue collection, expenditure processing, budgeting, and reporting. General audit procedures included:

- ▶ Interviewing appropriate personnel.
- ▶ Reviewing compliance with established or stated laws, regulations, policies, and procedures.
- ▶ Observing operations and ongoing activities.
- ▶ Reviewing records, reports, and other applicable documentation.

BACKGROUND

The Caddo Council on Aging (CCOA) was established in 1972 as a non-profit agency to act as an advocate for and to provide services to the elderly, aged 60 years and older, in Caddo Parish. Some of the primary services provided by the agency include the following:

- ▶ **Transportation:** services are provided to those who have no other means of transportation to the doctor's office, hospital, grocery store, and other life-supporting services.
- ▶ **Congregate Meals:** several neighborhood sites provide a hot, nutritious meal at noon to elderly clients.
- ▶ **Home-Delivered Meals:** a hot, nutritious noon-time meal is delivered five days a week to a limited number of homebound persons.

The program also provides other services such as outreach, personal care, educational, and recreational opportunities for the elderly.

The CCOA is governed by a board of 17 directors and is made up of business, professional, and civic leaders throughout the parish.

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The majority of CCOA's funding is through monies from Federal, State, Parish, and City grants. Additionally, clients who receive services are asked to contribute to the program, but no services are denied due to client's inability to contribute. The CCOA also accepts donations and contributions and conducts fundraisers.

In 2001, the City provided funding of over \$140,000 to the CCOA through two sources. CCOA was awarded CDBG-funded grants by the City for its home-delivered meals and transportation programs. In addition, the City provided funds to the CCOA through a public agency appropriation. These funds are used to support transportation, personal care, homemaker, and other programs. The total budget for CCOA for 2001 was approximately \$2 million.

CONCLUSIONS/FINDINGS/RECOMMENDATIONS

The Internal Audit Office appreciates the courtesy and cooperation extended to us by the CCOA during the audit. Generally, we found that controls within the organization were adequate.

Our recommendations for enhancing some accounting and administrative controls include the following:

- ▶ Posting public notices of board meetings for the Caddo Council on Aging.
- ▶ Updating the accounting policies and procedures manual.
- ▶ Segregating certain financial duties among more employees.
- ▶ Improving controls over accounting for and recording donations.

1. Public Notice of Board Meetings

Criteria: The Caddo Council on Aging functions as an arm of the Governor's Office of Elderly Affairs (GOEA) for the State of Louisiana. Consequently, councils on aging throughout the state are subject to applicable state laws and regulations as mandated by the GOEA. In a memo dated August 9, 1999, the GOEA directed that board meetings of the councils on aging shall be conducted in accordance with R.S. 42:1 et seq., the Open Meetings Law. Revised Statute 42:7 of this section states, in part:

All public bodies, except the legislature and its committees and subcommittees, shall give written public notice of any regular, special, or rescheduled meeting no later than twenty-four hours before the meeting...

Written public notice ... shall include, but not be limited to... posting a copy of the notice at the principal place of the public body holding the meeting, or if no such office exists, at the building in which the meeting is to be held; or by publication of the notice in an official journal of the public body no less than twenty-four hours before the meeting.

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The by-laws of the CCOA also require adherence to this statute.

Condition: Written public notices of the board meetings for the Caddo Council on Aging have not been posted in accordance with the Open Meetings Law. Based on our review of board meeting documentation, we could find no evidence that written notice had been posted in accordance with the applicable provisions.

Effect:

- ▶ Non-compliance with state law.
- ▶ Concerned citizens may not be advised of or aware of the decisions that go into the making of public policy relative to this taxpayer-funded program.

Cause: Management oversight concerning applicable provisions of state law.

Recommendation: We recommend management comply with the Open Meetings Law regarding posting public notices of board meetings for the Caddo Council on Aging. These notices should be posted in the main office at 4015 Greenwood Road at least twenty-four hours before each board meeting. Management may also consider placing the public notices at the various senior sites in and around the city so that interested citizens will be made aware of the meetings.

Management Plan of Action: Management will post a notice of the board meetings at the main office at least 24 hours before each board meeting.

Timetable: Management will post a notice starting with the next board meeting (January 16, 2002).

2. Updating Accounting Policies and Procedures Manual

Criteria: Documented policies and procedures can improve operations of an organization by providing standards for uniformity in practices, establishing clear lines of responsibility, enhancing accountability, and lessening the threat to continuity posed by employee turnover.

Condition: Although the Caddo Council on Aging has documented policies and procedures over accounting and fiscal matters, some of these policies were not current. Specifically, we noted outdated policies concerning cash handling; expenditure processing; document initiation, authorization and approval; etc.

Effect:

- ▶ Operations may not be in accordance with mission, goals, and objectives.

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- ▶ Policies and procedures may be violated.

Cause: Other priority tasks have prevented updating these policies.

Recommendation: We recommend management update the accounting policies and procedures manual.

Management Plan of Action: Management will start to update the accounting policy and procedures manual.

Timetable: The Fiscal Director's goal is to have the accounting policy and procedures manual updated by June 30, 2002.

3. Segregation of Duties

Criteria: A key internal control element dictates that duties should be aligned so that no one individual controls too many critical aspects of a process or transaction.

Condition: During our review, we noted that there is an inadequate segregation of duties for processing general expenditures. For example, for the general operating account, one individual completes the deposit slip and makes deposits.

Effect: Increased potential that fraud and abuse could occur and not be timely detected.

Cause: Lack of staffing has hindered adequate segregation of duties.

Recommendation: We recommend, when possible, management distribute these financial duties in the general account among more employees. However, due to the limited staff, in some cases this is not practical. Therefore, we recommend adequate compensating controls such as supervisory reviews and reconciliations be consistently and periodically performed.

Management Plan of Action: As stated above, limited staff will not allow management to implement this policy. Therefore, monies received through the mail are compared to bank deposits and all receipts for client contributions are reconciled to the general ledger.

Timetable:

4. Daily Contribution Sheets

Criteria: Daily contribution sheets have been developed by the Caddo Council on Aging to record the amount of daily voluntary donations by congregate meal program participants at the various

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senior sites in and around the city. Established procedures promulgated by the Caddo Council on Aging require that daily contribution sheets should be:

- ▶ Signed daily by both a site manager and a participant who count the money and record the date and amount of money on the daily contribution sheet.
- ▶ Completed daily even if there was no money collected and the amount of money to be verified is zero.
- ▶ Submitted timely for deposit.

Condition: During our review, we noted that daily contribution sheets were not always signed properly, completed daily, or submitted timely. In a small number of cases, we noted that participant signatures were omitted from the daily contribution sheets. In addition, in a few cases, we noted that the contribution sheets did not appear to be completed daily. Finally, we noted that one site did not appear to submit daily contribution sheets weekly, which appeared to be the practice of other sites. In some cases, money was not submitted for 2-3 weeks.

Effect:

- ▶ Non-compliance with documented policies.
- ▶ Potential for fraud and abuse to occur.
- ▶ Reduced interest-earnings capacity on untimely deposits of funds.

Cause: Lack of oversight regarding strengthening these internal controls.

Recommendation: For improved controls over accounting for and recording donations, we recommend management ensure the daily contribution sheets are completed in accordance with established policy. We also recommend that funds collected and recorded on the daily contribution sheets be submitted at least weekly for deposit by all congregate meal sites.

Management Plan of Action: The Senior Center Director has been informed of the above finding. The Director will notify the site managers of the correct procedures for completing the daily contribution sheets. Clients at some congregate meal sites contribute money once a month. Management will identify these sites and update the procedure for collecting congregate contributions with a note stating these sites will submit monies for deposits monthly.

Timetable: The Senior Center Director will notify the site managers of the correct procedures immediately. The procedure for collecting congregate meal contributions will be updated by January 18, 2002.

Prepared/Approved by:

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Leanis L. Graham, CPA, CIA
City Internal Auditor

LG:jm

c: Mayor
CAO
City Council
Clerk of Council
City Attorney
External Auditor