Key Audit Issues 2020

and Act 461 Report

Louisiana Legislative Auditor

Annual Report to the Legislature • February 2020

Better Information, Better Louisiana

This annual report was prepared to comply with Louisiana Revised Statute 24:513 D(1).

The purpose is to review the work of the Louisiana Legislative Auditor's (LLA) office over calendar year 2019 and to highlight significant issues involving state and local governments. The goal of summarizing these issues is to encourage corrective actions, such as improved procedures or legislative actions that will resolve or reduce the impact of these concerns and increase accountability and transparency in Louisiana government. This report also helps satisfy the annual reporting requirement of Act 461 of the 2014 Regular Legislative Session.

The report is organized into three main categories – State Government Services, Medicaid Audit Unit, and Local Government Services. The State Government category is divided further into specific agencies listed alphabetically. The report summaries that follow reflect only a portion of the more than 4,000 reports released in calendar year 2019 and are representative of those issues, findings, and/or problems deemed most significant by the LLA. These summaries do not include every finding or weakness identified during calendar year 2019, but focus on the major concerns or issues facing Louisiana.

The reports contain specific recommendations and/or matters for legislative consideration and can be found on the LLA website at lla.la.gov. These reports include agency responses. In some instances, changes may already have been implemented or be in progress.

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The mission of the Louisiana Legislative Auditor (LLA) "is to foster accountability and transparency in Louisiana government by providing the Legislature and others with audit services, fiscal advice, and other useful information."

In 2019, the LLA released 157 staff reports covering a variety of topics and state agencies. The Legislative Auditor also oversaw the work of more than 200 independent contract audit firms that conducted nearly 4,000 audits and other types of engagements of state and local government.

In addition to the audit reports it issues, the LLA provides many other services. For example, in 2019, the office prepared fiscal notes related to 40 bills affecting the expenditures of political subdivisions, and actuarial notes for 23 retirement bills affecting the 13 state and statewide public retirement systems. The LLA also reviewed 2,780 millages and 148 reassessment records, and prepared 17 legal opinions.

Approximately 260 employees work for the LLA. The majority conduct audit work in four service areas – Financial, Investigative, Performance, and Recovery Assistance. The LLA also has a unit dedicated specifically to auditing the Louisiana Medicaid program. Other staff members work in the Local Government Services, Advisory Services, and Legal Services sections. Staff members in these sections provide guidance and training to state and local officials and quasi-public entities, conduct research, monitor legislative changes, provide legal opinions for both staff and public officials as requested by the Legislative Auditor, and help ensure that the audit law is enforced. Staff members in the Accounting, Human Resources and Professional Development, Information Services, Publishing, and other administrative areas provide necessary support for the work of the LLA.

Much of the work performed by the LLA is required by state or federal law. Other work is the result of complaints, requests from lawmakers, and the LLA's identification of risk areas in state and local governmental entities. All work, however, is driven by the mission of the office.

Daryl G. Purpera

Daryl G. Purpera, ***CPA, CFE***
Legislative Auditor

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Our Vision

We envision an accountable, transparent, responsive government that provides efficient and effective services for the benefit of the people of Louisiana.

Our Goals

Plan and perform quality audit and advisory services of state and local governments and not-for-profit organizations in an efficient and effective manner.

Communicate the results of our audit services to the public, Legislature, public officials, and other decision makers timely and effectively.

State Government Services

The Financial, Performance, and Recovery Assistance sections of the LLA perform audits involving state agencies.

Financial Audit Services focuses on whether state agencies and universities have adequate controls in place to ensure accountability over public funds and compliance with state and federal laws, regulations, and grant agreements.

Performance Audit Services evaluates the economy, efficiency, and effectiveness of state agency programs, functions, and activities.

Recovery Assistance Services ensures federal disaster recovery funds are spent in accordance with federal and state laws, rules, and regulations.

In addition to these audit services, the LLA prepares actuarial cost notes for all proposed legislation affecting Louisiana public employee retirement systems, reviews the actuarial valuations and audited financials of all 13 state and statewide public retirement systems, certifies cost-of-living allowances for the entities, and prepares the Annual Report on Louisiana Public Retirement Systems for the Legislature and the Governor.

BOARD OF REGENTS

Louisiana State University and Related Campuses

March 13, 2019

The LSU Agricultural Center (AgCenter) for the *second consecutive year* and Louisiana State University and A&M (LSU) did not ensure compliance with Special Tests and Provisions requirements related to federal awards. For the *third consecutive fiscal year*, the AgCenter did not have adequate controls in place to ensure its financial reports were accurate before being submitted for federal appropriations awards. In addition, the Pennington Biomedical Research Center (PBRC) did not maintain supporting documentation for its financial reports or evidence of its review of the reports. For the *second consecutive year*, PBRC did not comply with federal equipment management regulations, and the AgCenter did not have adequate controls in place to ensure compliance with federal requirements prior to requesting reimbursement. Auditors also noted LSU's disclosure that a nine-month faculty member at the School of Veterinary Medicine failed to fulfill his employment obligations between August 2015 and September 2018 and may have been improperly compensated more than $400,000 in salary and related benefits. LSU Internal Audit issued a report disclosing multiple findings related to the University Laboratory School.

Louisiana Board of Regents

March 20, 2019

The Board submitted inaccurate Schedule of Expenditures of Federal Awards information for the Federal Family Education Loan Program for fiscal year 2018. In addition, for the *third consecutive fiscal year*, the Board did not have adequate controls in place to ensure compliance with cash management requirements for the Research and Development Cluster programs. For the *second consecutive fiscal year*, the Board did not have an adequate review process in place to ensure financial reports were accurate before being submitted to the federal agency. In addition, the Board's 2018 Annual Fiscal Report contained inaccurate information related to payments from primary government and the restatement of net position. Payments from primary government were understated by $12.8 million, while the restatement of net position was overstated by $12.8 million because of an accounting error.

Central Louisiana Technical Community College

July 10, 2019

For the *second consecutive report*, CLTCC did not have adequate controls over delinquent student accounts. For example, as of May 24, 2019, CLTCC had not transferred outstanding student account balances having unpaid charges totaling $168,950 that were incurred from fiscal year 2009 to fiscal year 2015. For the *second consecutive report*, CLTCC did not have adequate controls over its contracts. For example, CLTCC did not obtain approval from either the System's president or the System board for two contracts involving custodial and lawn care services, each totaling more than $50,000 for fiscal years 2018 and 2019, as required by System policy. In addition, CLTCC failed to notify the Legislative Auditor, the Rapides Parish District Attorney, and the Director of Internal Audit for the Louisiana Community and Technical College System about misappropriations involving two College employees who were improperly paid $814. Such notification is required by law and/or system policy. CLTCC also did not deactivate personal identification numbers attached to fuel cards in a timely manner for employees who no longer worked for the College.

Review of Louisiana State University's Affiliate Relationship with the Louisiana Health Information Technology Foundation

July 18, 2019

The Louisiana Health Information Technology Foundation was created to license the CLinical InQuiry (CLIQ) software developed by LSU for commercial use. Auditors found LSU did not follow its own procedures and bylaws, or ensure proper oversight by the LSU Board, in forming the foundation and licensing CLIQ. As a result, the terms of the license agreements may have been less favorable to LSU, the legal costs paid for creating and/or for the benefits of the associated corporations may have violated the state Constitution, and potential conflicts of interest involving an LSU official and employees were created.

Elaine P. Nunez Community College – Louisiana Community and Technical College System

August 28, 2019

College officials failed to notify the Legislative Auditor and the St. Bernard Parish District Attorney of a suspected misappropriation of assets, as required by law. In addition, officials failed to report 24 outstanding checks more than a year old as unclaimed property to the State Treasurer's Office, also as required by law. The checks totaled $996.

SOWELA Technical Community College – Louisiana Community and Technical College System

September 25, 2019

SOWELA did not have adequate controls in place over its electronic system that processes accounting, human resources, and student records. Five employees had access to complete all human resource and payroll functions, while 10 employees had access to various screens within the system without a business need. In addition, auditors found SOWELA may have violated state law when it gave 143 employees a $1,500 salary supplement as "a one-time monetary reward" in July 2018.

River Parishes Community College – Louisiana Community and Technical College System

October 2, 2019

RPCC did not have adequate controls in place over the assessment and refunding of student tuition and fees. As a result, 13 students were overcharged a total of $5,419 for a course improperly set up in the electronic administrative system. Auditors also reviewed information for 24 of the 1,153 students who dropped courses during fiscal years 2018 and 2019 and found four (16%) of the 24 were not refunded a total of $806 because of incorrect refund dates and calculation errors. Auditors reviewed information for 36 out of 1,740 cross- or dual-enrolled students as well and found 17 (47%) of the 36 were not credited with the proper tuition and fee waivers between the fall 2017 and spring 2019 semesters. In addition, RPCC did not have adequate controls in place to manage outstanding student account balances, allowing students who owed money to register for classes and failing to send delinquent accounts to the state Office of Debt Recovery. RPCC staff also did not perform bank reconciliations between July 2018 and March 2019. The College also did not have written policies and procedures in place governing access to its computer systems, and may have violated state law by giving employees a one-time payment totaling 5% of their salary in fiscal 2019.

Bossier Parish Community College – Louisiana Community and Technical College System

December 9, 2019

BPCC did not follow its written policies and procedures for monitoring and terminating employee access to its electronic accounting system and did not correctly set up student tuition and refund codes in the system. In addition, BPCC failed to notify the Legislative Auditor and the Bossier Parish District Attorney, as required by state law, about a misappropriation of federal aid funds totaling $6,987.

Delgado Community College – Louisiana Community and Technical College System

December 16, 2019

Delgado failed to notify the Legislative Auditor and the Orleans Parish District Attorney, as required by state law, about a misappropriation involving federal financial aid funds totaling $276,000. The College also may have violated state law by giving classified employees a one-time lump sum payment of 3% of each employee's base salary. In addition, Delgado's capital assets and expenses were misstated by $6 million in its 2019 Annual Fiscal Report.

University of Louisiana at Lafayette – University of Louisiana System

December 23, 2019

For the *third consecutive year*, the University granted employees inappropriate access to its computer accounting system and failed to terminate employee access to the system in a timely manner when such access was no longer necessary or appropriate. Auditors also found the University failed to notify the Legislative Auditor and the Lafayette Parish District Attorney of two instances of suspected misappropriation of funds, as required by law. These misappropriations, which totaled $2,597, involved two employees and were discovered by the University through in-house investigations.

Baton Rouge Community College – Louisiana Community and Technical College System

December 26, 2019

The College did not maintain adequate controls over payroll processing, which resulted in overpayments totaling $3,913 to five employees and underpayments totaling $76 to two employees. In addition, leave slips, time sheets, and work agreements were not approved in a timely manner, and the College failed to notify the Legislative Auditor and the East Baton Rouge Parish District Attorney of the suspected misappropriation of certain assets, as required by law.

L.E. Fletcher Technical Community College – Louisiana Community and Technical College System

December 26, 2019

The College failed to notify the Legislative Auditor and the Terrebonne Parish District Attorney, as required by state law, after it discovered the misappropriation of federal financial aid funds totaling $18,814.

South Louisiana Community College – Louisiana Community and Technical College System

January 22, 2020

The College may have violated state law when it granted its employees one-time payments in the amount of 2% to 7% of each employee's gross salary.

BOARDS, COMMISSIONS, AND DISTRICTS

Regulation of Groundwater Resources, Greater Baton Rouge Area – Capital Area Ground Water Conservation Commission

May 9, 2019

The Commission does not effectively regulate the withdrawal of water from the Southern Hills Aquifer so that saltwater intrusion can be managed and reduced to ensure the supply of fresh groundwater can be sustained for the future. Specifically, the Commission does not have a complete inventory of all the wells it should be regulating, including how much water each well is capable of pumping daily. In addition, despite the Commission placing limits on how much water can be withdrawn from certain sands of the aquifer, these limits have not resulted in a decrease in the amount of water being withdrawn from the aquifer. Also, the Commission did not restrict certain sands for public use, as required by policy. As a result, approximately 14.25 years-worth of public water has been used for industry purposes since 1975. In calendar year 2018, the Commission also failed to monitor how much water was being withdrawn from 62 wells that appeared to meet the standards for regulation, which meant the Commission could not ensure it was collecting all of the fees owed from these wells.

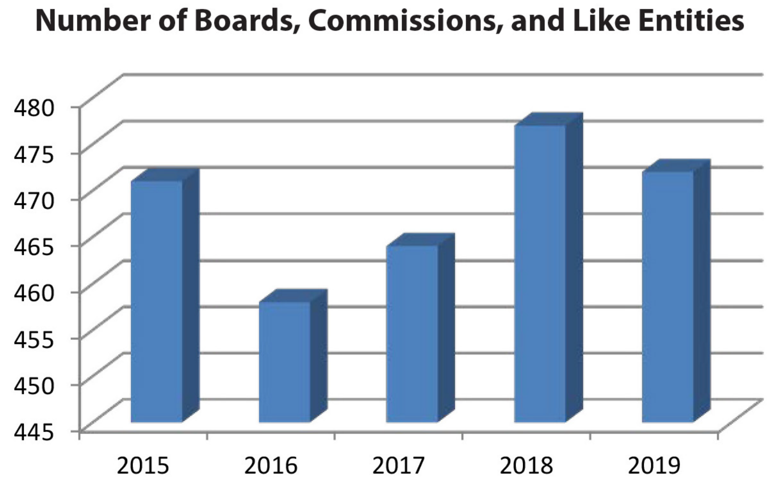
Louisiana Tax Commission

July 17, 2019

LTC did not maintain adequate controls over checks received to ensure their amounts were recorded and deposited in a timely manner. In addition, LTC did not effectively implement or adequately monitor controls over its Controlled Billed Account (CBA) purchases, which resulted in unapproved and excessive travel expenditures and non-compliance with state laws and regulations. LTC also did not effectively implement or adequately monitor controls over its LaCarte card purchases, resulting in unapproved purchases and non-compliance with the state purchasing card policy.

Boards, Commissions, and Like Entities
July 31, 2019

Louisiana had 472 boards as of June 30, 2019, which was a decrease of five from fiscal 2018. Since 2015, the total number of boards has ranged between 458 and 477. Seven boards did not respond to the request for personnel data and financial information. Of the seven, two did not answer a similar request the previous year. Seventeen boards were identified as inactive, including seven that were listed as inactive in fiscal year 2018. For the 2019 fiscal year, the boards collectively reported budgeted payments to board members of approximately $1.3 million for per diems, $2 million for salaries, and $2.1 million for travel expenses.



Regulation of the Medical Profession – Louisiana State Board of Medical Examiners
May 15, 2019

An examination of LSBME's regulatory efforts between calendar years 2015 and 2017 found the Board had not developed formal guidance to ensure enforcement decisions were appropriate and properly protect the public, and did not require a review of the Director of Investigation's recommendations regarding enforcement cases. LSBME also did not report all licensees found to have violated their Practice Act to the appropriate parties as required by law. In addition, LSBME was not effectively monitoring all licensees or ensuring that licensees complied with all licensing requirements. Auditors reviewed Prescription Monitoring Program data from January 2015 through December 2016 and identified 11 licensees who appeared to have prescribed medications in violation of the restrictions imposed by the Board, as well as 44 licensees with expired licenses who wrote 116 prescriptions for controlled substances during calendar year 2016.

Louisiana State Board of Medical Examiners
August 28, 2019

For the *second consecutive year*, the Board did not assess late fees for practitioners in five allied health care fields who failed to pay their license renewal fees on time. The Board could have collected up to $20,290. In addition, auditors identified 38 hotel room charges that exceeded allowable state rates by $1,975 and found that 44 meals totaling $1,218 were charged to the Board's Controlled Billed Account in violation of state policy.

Louisiana International Deep Water Gulf Transfer Terminal Authority
December 11, 2019

Auditors noted the Authority did not receive four months of lease payments totaling $80,000 from ABK LIGTT Development Partners, LLC, as required by its agreement and sub-lease with the company. As result, the Authority sent a Written Notice of Events of Default to ABK in November 2019.

DEPARTMENT OF CHILDREN AND FAMILY SERVICES

Louisiana Department of Children and Family Services

December 23, 2019

DCFS did not adequately review sub-recipient foster care invoices to ensure reimbursements were in line with approved contract rates and only included allowable dates of services. In total, auditors found $6,109 in overpayments and $21,500 in underpayments to the Office of Juvenile Justice. In addition, DCFS did not ensure that all work-eligible cash assistance recipients of Temporary Assistance for Needy Families (TANF) programs were engaged in work activities and that supporting documentation was maintained for the hours they worked. DCFS also did not review income information obtained to determine the effect on the recipient's eligibility for TANF cash benefits. DCFS, as well, had inadequate controls over foster care payments related to the accuracy of monthly payments to foster families and to expenditure coding.

DEPARTMENT OF ENVIRONMENTAL QUALITY

Progress Report: Fee Collection in the Waste Tire Management Program – Louisiana Department of Environmental Quality

July 10, 2019

A follow-up to a report issued by the Legislative Auditor in 2014 found that LDEQ made progress in addressing the eight recommendations in the previous report. However, the report also identified areas where LDEQ could further improve its oversight of the Waste Tire Management Program. For example, the Department was using a new module of LaGov that identifies waste tire generators that do not submit their fees and reports each month, but it could not ensure that it identified all non-compliant generators and collected all waste tire fees because it did not have an accurate list of active generators. In addition, limitations with LaGov resulted in LDEQ not assessing generators all late fees, and LDEQ did not yet have a process in place to use LaGov to pursue tire fees and associated late fees from generators that do not pay their waste tire fees on time. In addition, between fiscal years 2014 and 2018, the amount of fees the Department collected did not cover the costs associated with the Waste Tire Management Program.

Financial Assurance Process for Solid and Hazardous Waste Facilities – Louisiana Department of Environmental Quality

November 6, 2019

The Louisiana Department of Environmental Quality did not ensure that 13.7% of permitted solid and hazardous waste facilities it had jurisdiction over submitted updated cost estimates and financial assurance mechanisms to demonstrate they had the financial capacity to cover the costs of closure and post-closure activities. LDEQ also could not ensure that local governments that own 10.1% of permitted solid waste facilities had the financial capacity needed to cover costs of closure and post-closure activities. In addition, as of June 30, 2018, LDEQ had not received financial assurance that 75% of the solid waste facilities in corrective action could cover an estimated $5 million in expenses associated with their corrective action activities.

DEPARTMENT OF HEALTH

Louisiana Department of Health
March 18, 2019

LDH did not have adequate controls in place over Medicaid and LaCHIP eligibility determinations requiring the use of the federal Modified Adjusted Gross Income methodology because the Department did not use federal tax data to verify applicants' eligibility. In addition, LDH did not enroll and screen Healthy Louisiana managed care providers by January 2018 and dental managed care providers by July 2018 as required by federal regulations. For the *fourth consecutive year*, LDH failed to accurately complete required quarterly reports of federal expenditures. LDH also did not perform five-year revalidations; screenings based on categorical risk of fraud, waste or abuse; and monthly checks of the federal excluded party database as required for all Medicaid fee-for-service providers. For the *seventh consecutive year*, LDH paid New Opportunities Waiver claims that were not documented as required, and, for the *second consecutive year*, LDH failed to maintain evidence of notification of third-party liability assignment as required for eligibility in Medicaid and LaCHIP. In addition, the Office of Public Health (OPH), which is a component of LDH, did not have a process to review redeemed food instruments and cash-value vouchers for the Special Supplemental Nutrition Program for Women, Infants, and Children. OPH also did not accurately complete the Schedule of Expenditures of Federal Awards, resulting in an overstatement of $463,404 in expenditures and an understatement of $13,586,264 in amounts provided to non-state sub-recipients. LDH, as well, improperly charged audit costs to federal programs.

Northeast Delta Human Services Authority – Louisiana Department of Health
July 10, 2019

For the *second consecutive report*, the Authority was not allowed to bill Medicaid for mental health services provided by its licensed master social workers because the employees lacked the clinical credentials required by the Healthy Louisiana plans. In addition, the Authority failed to clearly identify federal award information to qualified sub-recipients at the time of the contract award, as required by federal regulations.

Northwest Louisiana Human Services District – Louisiana Department of Health
July 10, 2019

For the *second consecutive report*, the District did not bill Medicaid, Medicare, and private insurance companies in accordance with the insurers' contract terms and did not collect all of the self-generated revenue it earned for services provided to its clients. In addition, the District disbursed federal funds to contractors without properly determining whether they qualified as sub-recipients, and failed to clearly identify federal award information to sub-recipients, as required by federal regulations.

Imperial Calcasieu Human Services Authority – Louisiana Department of Health
August 28, 2019

The Authority did not bill Medicare, Medicaid, private insurance companies, or patients in a timely manner and, for the *second consecutive report*, did not use timely collection procedures. In addition, for the *second consecutive report*, the Authority did not have adequate procedures in place to accurately report outstanding account balances. The Authority also did not properly determine whether contractors qualified as sub-recipients before disbursing federal funds to them and failed to clearly identify federal award information to them as required by federal regulations.

DEPARTMENT OF PUBLIC SAFETY & CORRECTIONS

Louisiana Commission on Law Enforcement and Administration of Criminal Justice

March 18, 2019

LCLE did not comply with federal requirements related to payroll expenditures allocated to the Crime Victim Assistance (CVA) program. In addition, the Commission did not ensure data included in quarterly and annual performance reports submitted to the federal Office for Victims of Crime (OVC) were accurate. LCLE also did not adequately monitor sub-recipients under the CVA program.

Louisiana Highway Safety Commission – Department of Public Safety and Corrections, Public Safety Services

April 10, 2019

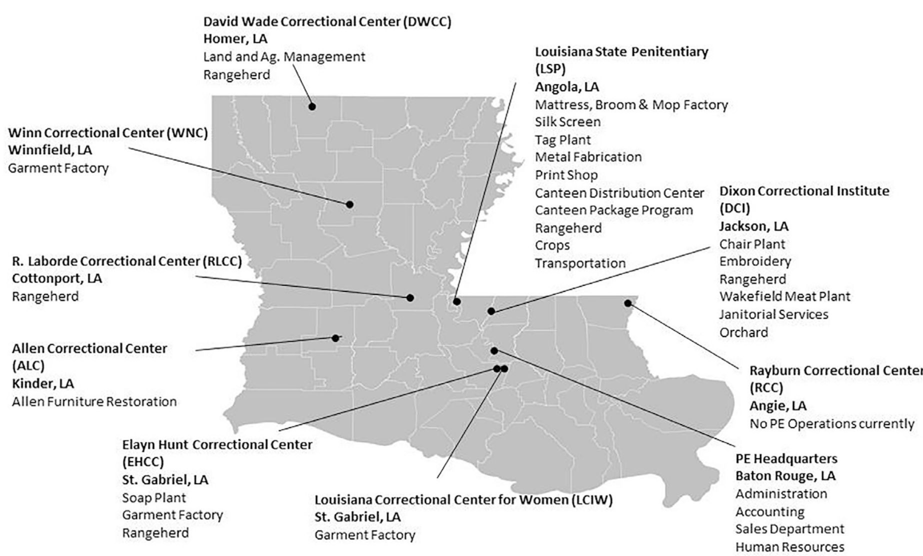
LHSC did not adequately monitor sub-recipients of the federal Highway Safety Cluster programs, did not ensure reimbursement requests for the federal funds were submitted in a timely manner, and did not follow internal policies and procedures designed to ensure the agency complied with federal documentation requirements related to compensation of personnel.

Prison Enterprises – Evaluation of Operations – Louisiana Department of Public Safety and Corrections

May 1, 2019

Auditors found that Prison Enterprises fulfilled its statutory requirements for reducing incarceration costs, providing products and services to state and local agencies, and providing work opportunities for offenders. However, auditors also found some areas in which the organization could improve. For example, between fiscal years 2016 and 2018, Prison Enterprises' expenses exceeded its revenue, and it used more cash than it generated in 11 of the last 23 years. In addition, Prison Enterprises did not follow its pricing policy for some manufactured items, overcharging some customers by at least $55,306 and undercharging others by at least $81,947. The company also did not have a way to track whether the $117,000 it spent on marketing efforts between 2016 and 2018 resulted in a commensurate financial benefit, and the number of customer complaints increased by 121.2% between fiscal years 2016 and 2018, while late deliveries increased from 30.7% to 40.3%.

Prison Enterprises' Operations, as of June 2018



Source: Prepared by legislative auditor's staff using information provided by PE.

Liquefied Petroleum Gas Commission – Louisiana Department of Public Safety and Corrections – Public Safety Services
September 25, 2019

The Liquefied Petroleum Gas Commission within DPS did not properly collect permit fees, filing fees, penalties, and interest revenue for the Commission's Rainy Day Fund. In addition, the Commission did not deposit funds received within 24 hours of receipt, as required by the State. For the *second consecutive report*, the Office of Motor Vehicles (OMV) did not certify and approve time sheets in a timely manner, as required by DPS payroll policies. For the *second consecutive report*, as well, LSP did not ensure that all property purchased by the Department was tagged and recorded in the state property system in a timely fashion.

Louisiana Department of Public Safety and Corrections – Corrections Services
October 23, 2019

The Department did not require supervisory review of inmate sentence computations to make sure they complied with policies related to the application of credits and forfeitures, and to ensure information was maintained in the system. Five (12.5%) of 40 computations tested had inaccurate information, based on the supporting documentation, entered in CAJUN, resulting in inaccurate release dates or parole eligibility classifications. For the *second consecutive report*, the Department did not have adequate controls in place to ensure complete and accurate records of the Elayn Hunt Correctional Center pharmacy inventory and the Allen Correctional Center automotive fuel inventory. In addition, the Department did not have adequate controls in place to ensure complete and accurate records for the David Wade Correctional Center and the Raymond Laborde Correctional Center automotive fuel inventories. The auditors also found the Department did not follow its own policy requiring electronic time sheets for Headquarters employees to be certified and approved by the Wednesday following the end of a pay period.

DEPARTMENT OF REVENUE

Collection of Unpaid Business Taxes – Louisiana Department of Revenue
July 10, 2019

LDR's Business Tax Enforcement (BTE) division collections increased 24.7% from $65.1 million in fiscal year 2016 to $81.1 million in fiscal year 2018. However, the number of incoming collection cases increased by 92%, a $170.8 million increase in new unpaid tax debt since fiscal year 2016. An examination of BTE's enforcement process found it does not always prioritize cases to determine which ones offer the best possibility for collecting the unpaid taxes. In addition, LDR could better use data to evaluate which enforcement actions are the most effective. LDR also could increase voluntary compliance by changing the tax letters it sends out to plain language, making its website more user-friendly, and improving its call center.

Louisiana Department of Revenue
December 23, 2019

LDR incorrectly reported accounts receivable balances in its 2019 Annual Fiscal Report, which is used by the Division of Administration, Office of Statewide Reporting and Accounting Policy to compile Louisiana's Comprehensive Annual Financial Report. Gross receivables were understated by $34.4 million and the allowance for uncollectables for qualified receivables was understated by approximately $166.6 million. In addition, a lack of effective controls over the approval and release of refund ACH batch files contributed to the issuance of duplicate income tax refunds to 66,780 individuals totaling $26.9 million. As of November 8, 2019, LDR still had not recovered 6,295 refunds totaling $1,953,570.

DEPARTMENT OF STATE CIVIL SERVICE

Louisiana Department of State Civil Service
June 19, 2019

For the *second consecutive report*, the Louisiana Board of Ethics (BOE), which is under the Department's jurisdiction, did not submit delinquent debts to the Attorney General in a timely manner. As of January 16, 2019, the BOE website noted 1,944 outstanding late fees totaling $2.4 million from campaign finance disclosure reports, lobbying expenditure reports, and personal financial disclosure statements.

DEPARTMENT OF VETERANS AFFAIRS

Louisiana Department of Veterans Affairs
February 25, 2019

The Southeast Louisiana Veterans Home and Southwest Louisiana Veterans Home failed to close out individual Resident Trust Fund (RTF) accounts after residents were discharged or deceased. In addition, the Northeast Louisiana Veterans Home failed to maintain evidence to show that disbursements made from the RTF were authorized by the residents or their legal representatives. Furthermore, LDVA employees did not properly follow up on resident accounts receivable balances. In a review of meal ticket sales for five months during fiscal years 2017 and 2018, LDVA employees at the Southeast Louisiana Veterans Home in Reserve did not provide adequate documentation, such as meal ticket logs or bank deposit slips, for meal ticket sales made during October 2016. In addition, employees were unable to locate documentation for meal ticket sales made in March 2017 and the last two weeks of September 2017. Furthermore, employees at the home did not perform daily reconciliations from November 13, 2017, through March 31, 2018, as required by LDVA policy. At the Louisiana Veterans Home in Jackson, employees failed to reconcile meals purchased on weekends to the revenue collected and submitted to the accounting department for deposit. In addition, LDVA headquarters paid $42,615 for legal services between July 2015 and June 2018, although the vendor's contract ended June 30, 2015. Headquarters also did not obtain proper approval for a different legal services contract and paid the vendor $20,675 more than the contract amount.

EXECUTIVE DEPARTMENT

Evaluation of Louisiana's Framework for Preventing and Addressing Elder Financial Exploitation

January 23, 2019

Auditors found that while several state and local agencies are responsible for responding to complaints of elder financial exploitation, the processes to do so are fragmented, and state agencies do not always coordinate their efforts. As a result, elderly victims may have difficulty getting the help they need.

Oversight of Pharmacy Benefit Manager – Office of Group Benefits

February 6, 2019

OGB did not sufficiently monitor its pharmacy benefit manager, MedImpact, to make sure the company complied with all contract requirements. Specifically, OGB did not ensure that MedImpact remitted rebate payments in a timely manner. As a result, OGB did not earn approximately $119,257 in interest revenue and did not assess MedImpact about $85,000 in penalties for late payments for rebates. In addition, OGB did not ensure that MedImpact complied with mail-order prescription pricing requirements and overpaid $89,553 for mail order prescriptions filled between January 2017 and October 2018. OGB also did not track whether MedImpact reported accurate adherence rates for specialty medications or verify whether MedImpact reported accurate performance guarantee information. OGB did not ensure that MedImpact charged OGB the same price for prescription drug claims as it did pharmacies, or complied with the formulary that outlines what drugs are covered.

Governor's Office of Homeland Security and Emergency Preparedness – Hazard Mitigation and Public Assistance Programs – July 1, 2018, to June 30, 2019

March 27, 2019, and September 18, 2019

Auditors evaluated the completeness and accuracy of documentation submitted in support of federal reimbursements under the Public Assistance and Hazard Mitigation programs. In fiscal 2019, auditors conducted 7,877 reviews of federal reimbursement requests totaling $1,006,227,778 and identified $83,279,311 that were not supported by sufficient documentation at the time of the review.

Coastal Protection and Restoration Authority (CPRA) – Gulf of Mexico Oil Spill Restoration Program

September 18, 2019

Auditors analyzed $68,786,589 in invoices and found $125,972 (less than 1%) in expenditures were not supported by sufficient documentation. However, CPRA management was able to resolve $108,682 of that amount with its vendors, leaving a total of $17,290 unresolved.

Coastal Protection and Restoration Authority

December 18, 2019

CPRA submitted inaccurate federal awards information to the Office of Statewide Reporting and Accounting Policy. Approximately $5.88 million of indirect cost expenditures were omitted from the total expenditures reported.

Office of Group Benefits

December 23, 2019

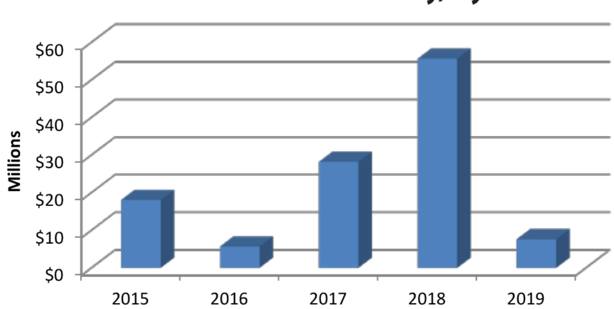
For the *second consecutive year*, OGB's annual fiscal reports were submitted to the Office of Statewide Reporting and Accounting Policy more than three weeks late and contained errors requiring audit adjustments. In addition, OGB, through the Office of Technology Services, was not adequately monitoring access over the computer system that maintains member eligibility information to ensure user profiles were accurate, duplicate accounts were not maintained, and access that was no longer needed by employees and contractors was removed in a timely manner.

Executive Department

January 29, 2020

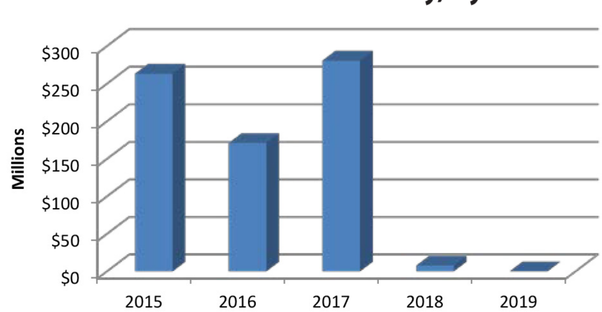
For the fiscal year ended June 30, 2019, the Division of Administration (DOA), Office of Community Development (OCD), Disaster Recovery Unit (DRU) identified $155,000 in non-compliant Homeowner Assistance Program (HAP) awards for two homeowners through post-award monitoring for the Community Development Block Grant/State's Program (CDBG). In addition, 28,547 non-compliant files totaling $962.7 million identified in previous years were still outstanding. Of this total, OCD is actively pursuing collections on 17,353 files totaling $621.9 million, and the remaining 11,194 files totaling $340.7 million have been determined uncollectable for various reasons such as death or bankruptcy. The DRU also identified $7,585,337 in Small Rental Property Program (SRPP) loans for 85 property owners under the CDBG program who failed to comply with one or more of their loan agreement requirements and were assigned to loan recovery status. Of the $7.6 million, OCD reported that loans totaling $1.1 million for 16 borrowers have been determined uncollectable for various reasons, such as foreclosure, property seizure, or legal dispute. In addition, 922 non-compliant loans identified in previous years totaling $81.3 million remain outstanding. Of this total, OCD was actively pursuing collections on 778 loans totaling $68.7 million. The remaining $12.6 million was for non-compliant loans OCD has determined uncollectable for the same reasons noted previously.

SRPP Awards Added to Recovery, by Fiscal Year



Source: OCD Loan Recovery Reports

HAP Awards Added to Recovery, by Fiscal Year



Source: OCD Grant Recapture Reports

LOUISIANA ECONOMIC DEVELOPMENT

Louisiana Economic Development

December 26, 2019

LED did not adequately monitor contractual agreements with private companies hired to promote business establishment, expansion, and job growth in Louisiana. Such monitoring includes ensuring that requirements for payroll reports, cost reports, detailed invoices, and progress reports are met. An analysis of LED's Tax Abatement Disclosures for fiscal year 2019 showed that of nearly $400 million in tax credits granted, two programs – the Motion Picture Production Tax Credit and the Quality Jobs Program – represented 81% of the total.

LOUISIANA WORKFORCE COMMISSION

Detection and Prevention of Worker Misclassification – Louisiana Workforce Commission

June 20, 2019

An examination of LWC's processes to detect and prevent worker misclassification by employers found the processes could be improved. Worker misclassification occurs when an employer improperly classifies a worker as an independent contractor instead of an employee. Misclassification of workers can result in non-payment of state and federal unemployment taxes, income taxes, and payroll taxes; loss of worker protections under occupational health and safety laws; less access to workers' compensation insurance coverage; and unfair competitive advantages for companies. Between calendar years 2014 and 2018, LWC identified employers that had misclassified workers and failed to pay the State nearly $3 million in unemployment taxes. Based on the wages associated with these unpaid unemployment taxes, the State potentially did not receive approximately $9 million in state income taxes. In addition, LWC's enforcement process is not effective at deterring employers from misclassifying their workers because Louisiana is the only state that mandates LWC to send warning letters to employers that misclassify workers on their first offense, as opposed to assessing penalties. If LWC had been able to impose penalties for first-time offenses, it could have assessed over $3 million in penalties during calendar years 2016 to 2018.

Evaluation of Controls over the Prescribing of Opioids in the Workers' Compensation Program

December 4, 2019

Prescribing controls in the Workers' Compensation program could be strengthened to reduce the risks associated with opioid use. For instance, the State does not require the use of mechanisms such as a drug formulary or reimbursement rules to help control the prescribing of opioids in Workers' Compensation. The lack of control mechanisms may be why the number of Workers' Compensation claims involving opioid prescriptions is not decreasing as quickly in Louisiana as in other states. In addition, while Louisiana has a law limiting first-time opioid prescriptions to a seven-day supply, the law does not indicate how much time has to pass after a patient's last prescription has ended before the next one can be considered a first-time prescription. Also, from calendar year 2016 through 2018, 24.6% of Workers' Compensation claimants with opioid prescriptions had an average daily morphine equivalent dose that exceeded the recommendations of the federal Centers for Disease Control and Prevention.

Louisiana Workforce Commission

December 23, 2019

LWC did not have adequate security controls in place for the Louisiana Wage and Tax System and the Unemployment Insurance mainframe system. For the *third consecutive report*, LWC's contract with Geographic Solutions, Inc. (GSI) lacked an adequate source code escrow agreement that would allow LWC to continue operations of the Unemployment Insurance program if GSI could no longer provide services. In addition, LWC did not adequately monitor the sub-recipients of the Workforce Innovation and Opportunity Act programs as required by federal laws and regulations. During fiscal year 2019, on-site reviews were conducted for only five of the 15 sub-recipients and these reviews related to fiscal year 2017 program activity.

GENERAL STATEWIDE REPORTS

Evaluation of Parental Leave Policies and Practices for State Employees

December 19, 2019

A review of family and parental leave policies for state employees found that while Louisiana's executive and judicial agencies are subject to the provisions of the 1993 Family and Medical Leave Act (FMLA), legislative offices are not. In addition, parental leave policies vary in how detailed they are and do not always include all provisions of FMLA. The review also found inconsistencies in how executive agencies allow employees to use parental leave. Other states and some entities in Louisiana provide additional benefits such as paid maternity and paternity leave, and flexible sick leave.

OTHER REPORTS

Comprehensive Annual Financial Report

The Comprehensive Annual Financial Report is the official financial report for the State of Louisiana and presents the State's financial position as of June 30, 2019, and the operating activities of the State's primary government and its component units for the fiscal year. The financial information included in the CAFR is intended to be used by the general public, investment companies, bond holders, and bond rating agencies to evaluate the State's financial integrity and to set bond rates.

LLA's audit of the CAFR was performed in accordance with Government Auditing Standards, and the audit report was issued on December 30, 2019. For the *second consecutive report*, auditors found the State's records and statements fairly presented Louisiana's financial position.

In addition, the audit report disclosed that the State's net pension liability as of June 30, 2019, was estimated to be $6.2 billion, a slight decrease from fiscal 2018. The related actuarial valuations were performed by the pension systems' actuaries using various assumptions. Because actual experiences may differ from the assumptions used, there is a risk this amount could be under- or overstated.

The primary government's proportionate share of the Louisiana State Employees' Retirement System (LASERS) net pension liability was $5.5 billion. The actuarial valuation of the total pension liability is very sensitive to the underlying actuarial assumptions, including a discount rate as of June 30, 2018, of 7.65%. A 1% reduction in the current discount rate would increase the primary government's net pension liability by $1.4 billion. For future valuations, LASERS currently intends to reduce the 7.65% rate by 0.05% annually, until it reaches 7.50%.

The auditor's report also noted that federal regulations provide for Medicaid eligibility determinations for certain individuals based on a methodology using federal income tax data known as Modified Adjusted Gross Income (MAGI). During the fiscal year ended June 30, 2019, the State's Medicaid program paid $5.5 billion to managed care organizations to provide benefits for approximately 1.4 million recipients who were determined eligible based on MAGI. The Louisiana Department of Health did not use federal tax data to verify critical Medicaid and LaCHIP eligibility factors, increasing the risk that applicants could be determined eligible when they are ineligible. For the *second consecutive report*, auditors have been unable to verify the eligibility of these MAGI-determined recipients because federal and state laws prohibit the use of federal or state income tax records for these purposes. Considering rising state health care costs and limited budgets, it is important to ensure Medicaid dollars are spent appropriately.

Single Audit Report for the Year Ended June 30, 2018

March 27, 2019

The Single Audit Report recaps many findings related to financial reporting, including the State's expenditures of federal awards, and federal programs, most of which have been previously reported by the Legislative Auditor in individual agency reports. Federal law requires the State to compile the Single Audit every year. Officials use the information to monitor whether the State has adequate controls over financial reporting and materially complied with the requirements of federal assistance programs deemed major for the period under audit.

The 2018 Single Audit identified 30 findings, including 13 repeated from the prior audit, involving 10 state entities. This was a decrease of 13 findings compared to the Single Audit report issued in the prior year. Certain findings resulted in modified opinions on four of the State's 16 major federal programs because they did not comply with certain requirements.

The programs with a disclaimer of opinion or modified opinions for certain federal compliance requirements were:

- *Research and Development Cluster* – For the *third consecutive fiscal year*, the LSU Agricultural Center (AgCenter) did not have adequate controls in place to ensure financial reports were accurate before being submitted to the federal agency for its federal appropriations awards. In addition, the Pennington Biomedical Research Center (PBRC) did not maintain supporting documentation for its financial reports or evidence of its review of the financial reports. This is the *second consecutive year* for PBRC to have a finding related to reporting. Also, the AgCenter, for the *second consecutive year*, and Louisiana State University and A&M College (LSU) did not ensure compliance with special tests and provisions requirements. For the *second consecutive year*, PBRC did not comply with federal equipment management regulations.

- *Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii* – The Office of Community Development (OCD), Disaster Recovery Unit identified $7.5 million in non-compliant awards for 287 homeowners participating in the Homeowner Assistance Program. In addition, OCD assigned 583 property owners with Small Rental Property Program loans totaling more than $55.6 million to loan recovery status for non-compliance with loan requirements.

- *Children's Health Insurance Program* – The Louisiana Department of Health failed to design and maintain adequate internal control over Modified Adjusted Gross Income-based eligibility determinations in the Children's Health Insurance Program (LaCHIP). Because they could not obtain sufficient audit evidence, the auditors were unable to adequately test MAGI-based LaCHIP eligibility.

- *Medicaid Cluster* – The Louisiana Department of Health (LDH) failed to design and maintain adequate internal control over MAGI-based eligibility determinations in the Medical Assistance Program. Because they could not obtain sufficient audit evidence, the auditors were unable to adequately test MAGI-based Medicaid eligibility. In addition, LDH failed to meet federal requirements to enroll and screen all Medicaid providers through a single system operated by the state Medicaid agency by specific deadlines.

As a result of the findings included in the 2018 Single Audit, $65,189,504 in costs were questioned by auditors, for which the State could be liable. The resolution of these questioned costs will be determined by the respective federal grantors.

For the fiscal year ending June 30, 2018, the State received approximately $17 billion in federal funds, including loan programs, which is an increase compared to the approximately $16.3 billion Louisiana received in fiscal year 2017.

Did you know?

We offer assistance and training, from internal audit training programs to use of public dollars seminars, for all manner of governmental entities, from local fire districts to state departments.

Medicaid Audit Unit

The Medicaid Audit Unit performs examinations of the Louisiana Medicaid program, which accounts for roughly $11.4 billion, or 41%, of the state's total government-wide expenses.

These examinations are designed to provide assurances for the auditor's opinion on the State's financial statements, as well as compliance with federal and state laws and regulations. In addition, the Medicaid Audit Unit focuses on making recommendations to improve the overall delivery, accountability, and integrity of the program.

Medicaid Recipient Naji Abdelsalam – Louisiana Department of Health

April 17, 2019

Investigative auditors found Naji and Shifa Abdelsalam filed false information with, and failed to disclose all of their income to, the Louisiana Department of Health when they applied for Medicaid benefits for themselves and their five children. By failing to do so, the Abdelsalams received $73,563 in benefits between June 2016 and September 2018 for which they may not have been eligible.

Update on the Wage Verification Process of the Medicaid Expansion Population – Louisiana Department of Health

May 1, 2019

After launching its new Medicaid eligibility system, the Department analyzed the 100-recipient sample from a report released by the Legislative Auditor in November 2018. The Department's analysis identified $692,663 in ineligible per-member, per-month fees paid on behalf of 98 of the individuals. Fifteen of the cases were referred to the Attorney General's office.

Identification of Behavioral Health Service Providers – Louisiana Department of Health

May 15, 2019

Auditors found 40.2% of the 286,307 Medicaid claims submitted and paid for psychosocial rehabilitation (PSR) and community psychiatric supportive treatment services (CPST) provided between January and March 2019 did not include the required National Provider Identification (NPI) number of the individual who provided the service, as required by state law. The lack of an NPI number makes it difficult to determine whether the services were provided or whether qualified individuals provided the services. The claims represented more than $10 million of the $26 million paid for PSR and CPST services over the same time period.

PSR and CPST Total Paid Claims by MCO*
January 1, 2019 through March 31, 2019

MCO	Claims ($) where Business Identified as the Service Provider	Total Paid Claims ($)	% of Total
Healthy Blue	$7,798,980	$7,933,832	98.3%
AmeriHealth Caritas	1,437,724	1,501,540	95.7
Aetna	860,009	1,134,748	75.8
Louisiana Healthcare Connections	223,837	7,277,868	3.1
United Healthcare	184,374	8,175,337	2.3
Total	**$10,504,923****	**$26,023,323****	**40.4%**

*As of April 23, 2019.
**The totals may not equal the sum of MCO claims due to rounding.
Source: Prepared by legislative auditor's staff using Medicaid claim and encounter data.

Improper Billing of Services within the Medicaid Behavioral Health Program – Louisiana Department of Health

September 4, 2019

Auditors found the Louisiana Department of Health, the managed care organizations, and Magellan Health Services did not have sufficient procedures in place to ensure behavioral health services were properly billed. Auditors identified approximately $47.5 million in encounters and claims for services between December 2015 and June 2019 that were paid by LDH, the MCOs, and Magellan even though they did not comply with LDH's fee schedule.

Medicaid Eligibility Determinations: Status on the Use of Federal Tax Information – Louisiana Department of Health

September 11, 2019

An evaluation of the status of LDH's use of federal tax information for Modified Adjusted Gross Income-based Medicaid eligibility determinations found the Department has ceased its efforts to automate the use of federal tax information in its new eligibility and enrollment system, LaMEDS. In order to use federal tax information, the Department must meet specific IRS requirements related to security, office space, and background checks. LDH officials said the compliance options either were not viable or were cost-prohibitive at this time. Because LDH did not use federal and/or state tax data during each MAGI-based Medicaid eligibility application and renewal determination, LDH continued to be unable to verify all critical eligibility factors, increasing the risk that applicants could be determined eligible when they are ineligible.

Did you know?

The Louisiana Legislative Auditor was formed in 1962. However, similar duties had been performed by various agencies since 1907. In 1964, J.B. Lancaster was appointed the first Legislative Auditor.

Local Government Services

The Local Government Services, Advisory Services, and Investigative Audit Services sections assist and provide services to local governments across the State.

The Local Government Services section provides important services to local governments by enforcing the audit law, processing statutorily-required reports, monitoring legislative changes, providing guidance to local governments and quasi-public entities (local auditees), and overseeing the work of independent auditors who audit those entities.

The Advisory Services staff serves as fiscal advisers and operational consultants to local government entities and officials.

Investigative auditors gather evidence regarding fraudulent or abusive activity affecting governmental entities. Their audits are designed to detect and deter the misappropriation of public assets and to reduce future fraud risks. Employees who conduct investigative audits have degrees in accounting or advanced degrees with at least 15 hours in accounting. Investigative auditors are based in Baton Rouge, but travel throughout the State to respond to complaints.

LOCAL GOVERNMENT SERVICES

Local Government Services staff reviewed and processed the following local auditee engagements and reports during calendar year 2019:

- **Audits:** 2,141
- **Sworn Financial Statements:** 1,079
- **Compilations:** 397
- **Reviews/Attestations:** 271
- **Agreed-Upon Procedures:** 29
- ***Total:*** *3,917*

During calendar year 2019, local auditee reports contained hundreds of findings related to deficiencies in operations, controls, and compliance with laws and regulations. These findings included:

- Misappropriations and ethics violations
- Non-compliance with federal regulations in local governments' administration of federal programs
- Non-compliance with bond covenants or loan agreements
- Non-compliance with state laws covering budgets, public bids, open meetings, untimely deposits, and late filings of financial statements
- Insufficient or improper reconciliation of bank accounts
- Errors in accounting records
- Deficit fund balances

CENTER FOR LOCAL GOVERNMENT EXCELLENCE

During calendar year 2019, the LLA continued its Center for Local Government Excellence training and certification program, holding Level 2 sessions in Monroe, Ruston, and Kenner. The one-day workshops built on topics covered in previous Level 1 training sessions and focused on detecting and preventing fraud, and best practices for collections and traffic tickets, payroll and personnel, and expenditures. The goal of these training sessions is to enable local officials to take the knowledge and skills gained back to their respective governments and use them to make a positive difference. Since the Center began in late 2015, more than 1,400 government officials and staff members, certified public accountants, and attorneys have received training.

ADVISORY SERVICES

Over the past year, Advisory Services staff completed projects and responded to legislative requests involving approximately 150 local government entities by providing fiscal monitoring, internal control and compliance reviews, advising and consulting services, allegation assessments, follow-up on audit finding resolutions, and training.

The following is a summary of the services the advisers provide:

- Advice to assist governments in fiscal distress
- Recommendations to improve overall internal controls
- Recommendations to help governments and officials comply with applicable state laws
- Consulting and monitoring related to the fiscal status and health of government entities
- Follow-up on certain complaints received from officials and residents
- Advice to newly elected local government officials regarding overall best practices and effective financial management
- Advice to assist governments with resolving audit findings
- Training to guide the implementation of sound fiscal and operational practices and instructor support for the Center for Local Government Excellence
- Support for the Louisiana Fiscal Review Committee and the Legislative Audit Advisory Council
- Annual assessments of sheriffs participating in the Federal Equitable Sharing Program to ensure compliance with U.S. Department of Justice and Treasury requirements
- Approval of water rate studies conducted by the Louisiana Rural Water Association
- Performance of procedures in St. Tammany Parish under Act 774 of the 2014 Regular Legislative Session

In addition, advisers worked with the Fiscal Review Committee to monitor the fiscal status of the Town of St. Joseph, the City of Jeanerette, the City of Bogalusa, the Town of Sterlington, the Village of Clayton, the Village of Clarence, the Town of Clinton, the Town of Melville, Madison Parish Hospital, and Morehouse Parish Hospital Service District.

The LLA is also responsible for preparing fiscal notes for the legislative instruments affecting expenditures of political subdivisions as well as receipts, expenditures, allocations, and dedications of funds of any state board, commission, or other entity not appropriated funds in an appropriations bill. Advisory Services is involved with overseeing this function. During the 2019 Regular Legislative Session, the office's analysts received requests and prepared fiscal notes related to 40 bills. Advisory Services also assisted with the preparation of fiscal analyses for actuarial notes related to 23 retirement bills.

The following summaries highlight a few of the recent Act 774 reports issued by Advisory Services during calendar year 2019. Act 774 of the 2014 Regular Session provides for the enhanced oversight of certain St. Tammany Parish governmental entities by the Legislative Auditor.

Keep Louisiana Beautiful, Inc.
March 13, 2019

Auditors found officials did not document the business purpose of all of their credit card transactions. In addition, auditors found the organization's administrative cost reimbursement rate for its grant sub-recipients was inconsistent. Auditors also noted that the percentage of KLB's cooperative endeavor budget used for salaries increased from 14.5% to 32.8% between fiscal years 2015 and 2019.

Town of Abita Springs
July 3, 2019

Auditors found some areas where town operations could be improved, including written procedures and policies related to purchasing, ethics, debt service, and disaster recovery/business continuity plans. In addition, auditors recommended changes to strengthen the Town's procedures for bank reconciliations, collections, non-payroll disbursements, and use of credit cards. Prior-report concerns related to credit card transactions and statement review were resolved.

Town of Pearl River
August 7, 2019

Auditors examined Pearl River's calendar year 2018 financial operations and reviewed the status of concerns noted in the previous year's report. They found that while the Town has made improvements, concerns related to written policies and procedures, bank reconciliations, non-payroll disbursements, credit cards, contracts, and ethics were not fully resolved.

Act 774 Annual Report
September 25, 2019

Sixty-nine St. Tammany Parish governmental entities required additional audit procedures under the provisions of Act 774. The most common deficiencies identified in the additional audit procedures were a lack of controls over credit cards, collections, and ethics; a lack of written policies and procedures; and insufficient board oversight.

Northlake Homeless Coalition
October 9, 2019

Auditors found the Coalition had not submitted financial reports to the LLA as required by law for fiscal years 2016, 2017, and 2018. In addition, auditors expressed concern the Coalition may not be in compliance with federal regulations related to conflicts of interest because it allowed representatives of organizations it funds to sit on the Coalition's Board of Directors.

Village of Folsom
December 23, 2019

Auditors found officials had addressed most of the concerns related to its policies and procedures outlined in the previous year's report. For the *second consecutive report*, auditors recommended the Village update its policies and procedures to include how vendors are to be added to the vendor list and how overtime work is to be approved. Also for the *second consecutive report*, auditors recommended that the Village strengthen its controls over disbursements and that someone other than an authorized credit cardholder review monthly statements and supporting documentation.

INVESTIGATIVE AUDIT SERVICES

Assumption Parish Clerk of Court
January 16, 2019

Investigative auditors found the Assumption Parish Clerk of Court's Office paid one of the Clerk of Court's immediate family members to provide record delivery services, and the office did not send fees collected for the issuance of birth and death certificates to the State Treasury as required by law.

DeSoto Parish Sheriff's Office - Local Agency Compensated Enforcement Details
February 20, 2019

An investigative audit found 23 deputies were paid $15,075 for 335 hours of Local Agency Compensated Enforcement (LACE) details they may not have worked between January 1 and June 2, 2017. In addition, auditors noted that since the DeSoto Parish Sheriff's Office billed $10 per hour for the use of its patrol units for LACE details, it may have overbilled the District Attorney's office by $3,350. The District Attorney oversees the LACE program.

Housing Authority of the City of Lake Charles
February 27, 2019

Investigative auditors found that an independent contractor hired to inspect the Authority's Section 8 housing was paid $222,161 from October 1, 2015, through September 30, 2018. However, auditors could not determine whether the amounts paid out were reasonable because the independent contractor did not retain records to substantiate the work he invoiced. In addition, the Authority's Section 8 manager did not verify inspections were performed or reconcile the contractor's invoices to the electronic scheduling system before approving payment. As a result, the Authority may not have received adequate value for $118,473 of the funds expended, which may violate the state Constitution's prohibition on donation of public funds.

Louisiana Tax Commission
April 3, 2019

An investigative audit found that the former commission administrator was paid for hours he did not work, used a state rental vehicle for personal activities, and was reimbursed for fuel charges unrelated to employment. In addition, auditors found that commission employees incurred improper and unnecessary travel expenses between October 2017 and July 2018, and that the commission failed to deduct annual and sick leave from the former administrator's leave balances between April and August 2018.

Louisiana Department of Health – Medicaid Behavioral Health Provider Walk with Me Community Improvement Center
April 17, 2019

Investigative auditors found that, between December 2015 and September 2018, the Walk With Me Community Improvement Center (WWM) appeared to have billed the Louisiana Medicaid Program $107,003 for specialized behavioral health services the company either did not provide or provided using unqualified staff members. In addition, auditors found WWM was overpaid $18,541 for providing group psychosocial rehabilitation (PSR) services that were billed as if they were higher-paying individual PSR services.

City of Ville Platte
May 8, 2019

An investigative audit found that, between July 2017 and June 2018, the mayor and the six members of the Board of Aldermen received a total of $40,734 in apparent excess compensation. The additional compensation came in the form of monthly vehicle and phone allowances and per diem payments for the mayor, and monthly vehicle allowances and per diem payments for board members. Since the mayor's and the aldermen's salaries are set by ordinances that do not include the allowances or per diems, the additional payments resulted in compensation above their salary amounts and could be a violation of state law.

City of Marksville Water Department
May 29, 2019

An examination of the Water Department's operations found the City had no written policies and procedures in place to handle customer deposits, billings, collections, reconciliation of accounts, staff job responsibilities, or safeguarding public property.

Village of Clarence
June 19, 2019

An investigative audit found several concerns. Among them, the former village clerk received a check from the Village that she apparently should not have; the former mayor took possession of the Village's trailer before he resigned and failed to return it; and the Village improperly spent $10,658 from its utility customer deposit account to pay bills.

Southern University Band Department

July 17, 2019

Investigative auditors looking into whether the former Southern University band director misappropriated funds or assets from the University found he contracted with a third party to collect public funds due to Southern. That resulted in the Southern University System Foundation receiving $84,708 of public funds between January and July 2015, and the former band director receiving $293,317 of public funds between July 2015 and June 2018. In addition, the former band director apparently submitted false invoices for reimbursements for expenses he did not incur. In total, he was paid $46,719 from SU, the Foundation, and the SU Alumni Federation. Auditors also found the former band director received $43,900 from Mardi Gras krewes for SU Band performances. Such payments violate state law, which prohibits employees from receiving personal payments for work that is part of their job.

Vacherie Volunteer Fire Department No. 1

August 7, 2019

Investigative auditors found that, between February 2017 and January 2019, the president of the Department appeared to have converted $56,500 in departmental funds for his personal use.

St. James Parish Government – Transportation Department

August 14, 2019

Investigative auditors found that, between March 2016 and February 2019, a former St. James Parish transit system mechanic appeared to have used $11,053 in parish funds to buy parts that did not fit any of the parish vehicles he worked on and that some of the parts may have been used on his personal vehicles.

Ouachita Parish Charter School – Learning Solutions, Inc. – Vision Academy

August 28, 2019

An investigative audit found that Learning Solutions, Inc. (LSI), which operated Vision Academy charter school, may have improperly pledged $100,000 of state Minimum Foundation Program funds to obtain a line of credit to open a private day-care/pre-K school. Vision Academy's charter ended June 30, 2019. Because the MFP money was used as collateral for the line of credit, it cannot be returned to the state Board of Elementary and Secondary Education. The LSI board members and officers who agreed to pledge the MFP funds may have violated state law and the state Constitution.

Town of Sterlington

November 13, 2019

Auditors found a municipal adviser hired by the Town to prepare financial projections to obtain debt used information that, in some instances, overstated actual revenues and understated actual expenditures when compared to audited financial reports and/or records that were available at the time. The projections were submitted to the State Bond Commission as supporting documentation for the Town's request to issue bonds and to the financial institutions that purchased the bonds. In addition, auditors found bond proceeds were spent on items not consistent with the bonds' purpose, and the Town failed to publicly bid two lease purchases.

Did you know?

All of our audit reports can be found online.
Log on to www.lla.la.gov to find current and archived reports.

Conclusion

Collectively, the findings from the reports highlighted in this year's Annual Report paint a clear picture of continuing problems with oversight of financial operations in many of the state's agencies, municipalities, and other entities.

Once again, three major themes emerged: the need for strong internal financial controls at state and local government levels; the importance of data collection, tracking, and analysis; and the failure to address the same audit findings year after year.

For instance, an examination of the audits conducted by the LLA's Medicaid Audit Unit shows the Louisiana Department of Health's ongoing struggle to make sure the Medicaid program is paying only for services that actually have been delivered, and to ensure that only eligible individuals are receiving Medicaid services.

In the case of many of the State's colleges and universities, a look through their audits reveals findings related to weaknesses in their internal financial controls. As a result of these weaknesses, students sometimes are overcharged or undercharged for tuition and fees, delinquent student accounts are not collected, and computer access for employees no longer working with the institution is not removed in a timely manner, among other things.

Other state entities highlighted in the Annual Report had repeat findings for the second and third consecutive years, indicating they are not addressing the problems.

At the local level as well, auditors continue to find non-compliance with state laws related to budgets; failure to reconcile bank accounts; errors in accounting records; deficits in general funds and other funds; and misappropriation of money and assets. The overall effect is the loss of much-needed revenue at the local level, and, for several cities on the edge of financial collapse, the takeover of their financial operations by a fiscal administrator.

The level of fiscal distress among the State's smaller municipalities, in fact, is increasing, and in November 2019, the LLA introduced its "Fiscally Distressed Municipalities" list as a way of providing an early warning to these entities and their residents.

Unfortunately, these are not new problems. By continuing to call these issues to the attention of lawmakers, agency management, and the public, the Legislative Auditor's office hopes to encourage open, transparent discussion on how best to resolve them, and, ultimately, how to improve the efficiency and effectiveness of government for all of the State's residents.

FIGHT FRAUD, WASTE & ABUSE!

Do you suspect that someone is misusing public funds? If so, the Louisiana Legislative Auditor (LLA) has made it easier to report your suspicions.

The LLA Hotline gives the public multiple avenues to provide information on possible theft, fraud, waste, or abuse of public funds by anyone. Information can be provided via telephone, fax, online, or through the U.S. Postal Service.

Information provided to the hotline may result in an investigation, audit, or other review by LLA staff. Information can be provided anonymously, but giving your name and telephone number will allow LLA to follow up if other questions arise.

The LLA Hotline is a result of Act 693 of the 2014 Regular Legislative Session. Act 693, also known as Louisiana Revised Statute 24:523.1, requires state, local, and quasi-public agencies to post a notice that provides information on how to report the misuse of public funds to LLA. This notice must be posted on an agency's premises and website.

Contacting the LLA Hotline can be done in any of four ways:

- *By telephone (toll-free)* - 1-844-50 FRAUD (503-7283)
- *By fax* - 1-844-40 FRAUD (403-7283)
- *Online* - ReportFraud.La
- *By U.S. mail* - LLA Hotline, P.O. Box 94397, Baton Rouge, LA 70804

$ Act 461 Annual Report $

Act 461, which was passed in the 2014 Regular Session, requires the Louisiana Legislative Auditor to make quarterly and annual reports to the Joint Legislative Committee on the Budget when audits identify more than $150,000 in: *waste or inefficiencies; missed revenue collections; erroneous or improper payments or overpayments by the state; theft of money; failure to meet funding obligations such as pension or health benefits; failure to comply with federal fund or grant requirements; failure to comply with state funding requirements, including failure to report as required; misappropriation of funds; errors in or insufficient support for disaster expenditures; accountability of public money associated with various disasters such as the Deepwater Horizon event;* or *repeat findings*.

Overall, the cumulative financial impact of these reports from 2019 is **more than $642 million**.

THIRD QUARTER, FISCAL YEAR 2019

January - March 2019

State Agencies

Department of Veterans Affairs

- Weaknesses in Controls over Accounts Receivable - LDVA employees did not properly follow up on resident accounts receivable balances and did not follow established write-off procedures for uncollectible accounts. *(Amount: $531,860) (p.3)*

Executive Department

- **(Repeat)** The Division of Administration (DOA), Office of Community Development (OCD) identified $7.5 million in noncompliant Community Development Block Grant (CDBG) Homeowner Assistance Program awards for 287 homeowners through post-award monitoring. Failure to recover benefits from noncompliant homeowners could result in disallowed costs that the state could be liable to repay to the federal government. *(Amount: $7.5 million) (p.1)*

- **(Repeat)** OCD identified $55.6 million in Small Rental Property Program loans for 583 property owners who failed to comply with one or more of their loan agreement requirements and were assigned to loan recovery status. Failure to take appropriate action to recover loans from noncompliant property owners could result in disallowed costs. *(Amount: $55.6 million) (p.3)*

Governor's Office of Homeland Security and Emergency Preparedness – Public Assistance Program

- Completed work was not within the scope of the approved project. *(Amount: $1,486,586) (p.3)*

- Expense reimbursements were not supported by invoices, receipts, lease agreements, contracts, labor policies, time records, equipment logs, inventory records or other applicable documentation. *(Amount: $21,127,602) (p.3)*

- Contracts and purchases totaling more than $30,000 per vendor per calendar year did not comply with applicable federal and state procurement requirements. *(Amount: $16,599,909) (p.3)*

- Work reflected in the expense reimbursements did not comply with applicable FEMA regulations and guidance. *(Amount: $4,150,080) (p.3)*

- GOHSEP's cost estimating tool and/or expense review form either omitted or contained duplicate and/or incorrectly categorized expenses. *(Amount: $1,739,058) (p.3-4)*

Since March 2008, the LLA has noted exceptions totaling $1,250,624,083, which includes $45,103,235 noted this period, and GOHSEP has resolved $1,147,672,019, which includes $43,007,587 resolved this period.

Governor's Office of Homeland Security and Emergency Preparedness – Hazard Mitigation Program

- Completed work was not within the scope of the approved project. *(Amount: $1,088,341) (p.2)*

- Expense reimbursements were not supported by invoices, receipts, lease agreements, contracts, labor policies, time records, equipment logs, HUD settlement statements, appraisals, elevation certificates, duplication of benefits verifications, engineer plans, inspection photographs, or other applicable documentation. *(Amount: $3,757,881) (p.2-3)*

- Contracts and purchases totaling more than $10,000 per vendor per calendar year did not comply with applicable federal and state procurement requirements. *(Amount: $5,187,221) (p.3)*

Since March 2008, the LLA has noted exceptions totaling $283,045,850, which includes $10,050,443 noted this period, and GOHSEP has resolved $182,958,214, which includes $17,111,881 resolved this period.

Louisiana Department of Health

- Inadequate Internal Control over Modified Adjusted Gross Income (MAGI) Eligibility Determinations *(Amount: $981,801) (p.1)*

Louisiana State University and Related Campuses

- Failure to Fulfill Employment Obligations; Internal Audit Finding at the University Lab School *(Amount: >$400,000) (p.4-5)*

Local Government Agencies

Caddo Parish School Board

- **(Repeat)** School Board employee (Transportation Buyer) Brandon Lewis used his business credit card for unauthorized purchases, including purchases for VISA gift cards, car parts, and building materials for his personal use between September 2014 and October, 2017. The total loss was estimated at more than $260,000. As of the date of the report, charges have not been filed. The trial is pending.
(Amount: $260,000)

FOURTH QUARTER, FISCAL YEAR 2019

April - June 2019

State Agencies

Capital Area Ground Water Conservation Commission

- Although the Commission raised the water withdrawal fee in 2016 from $5.00 to $10.00 for every million gallons of water withdrawn, the current fee is still lower than five other districts in other states that regulate groundwater. Raising the fee to be consistent with other districts may help the Commission improve its regulatory activities. The Commission agreed with this finding and, during its March 2019 meeting, voted to increase its fee to $20 per million gallons of water withdrawn. The Commission's annual revenue, which is made up of primarily pumpage income, is approximately $600,000. Therefore, the $10.00 increase would double its annual revenue. *(Amount: $600,000) (p.17)*

Central Louisiana Technical Community College

- **(Repeat)** The college did not transfer $168,950 in delinquent student accounts to the Louisiana Office of Debt Recovery or write-off delinquent accounts from the annual fiscal report, totaling $1,055,474, that were more than two years old. *(Amount: $1,224,424) (p.2)*

Louisiana Department of Health

- In response to LLA's recommendation from its November 2018 report, LDH has established a process to conduct quarterly matches of Medicaid recipients to LWC wage data, which resulted in 30,051 recipients being removed from Medicaid. The per-member per-month fees (PMPMs) paid for the recipients were $14.7 million during the month of January 2019, which indicates the potential monthly savings for LDH. *(Amount: $14,700,000) (p.2)*

Louisiana Department of Health

- Medicaid behavioral health claims paid by MCOs and submitted to LDH for psychosocial rehabilitation (PSR) and community psychiatric support and treatment (CPST) services provided from January 1, 2019, through March 31, 2019, did not include the National Provider Identification (NPI) number of the individual who provided the service, as required by state law. These claims represent $10,504,923 (40.4%) of the $26,023,323 paid by the MCOs over that time period. *(Amount: $10,504,923) (p.2)*

Local Government Agencies

Union Parish School Board

- A theft of fuel and other related maintenance shop items was allegedly perpetrated by a former bus mechanic who was terminated in January 2018. The alleged theft occurred by the mechanic meeting log truck drivers at a gas pump and using the School Board's fuel card to fill up the trucks. The loss was approximately $200,000. The School Board was reimbursed $161,850 by insurance. *(Amount: $200,000) (p.96)*

FIRST QUARTER, FISCAL YEAR 2020

July - September 2019

State Agencies

Governor's Office of Homeland Security and Emergency Preparedness – Public Assistance Program

- Completed work was not within the scope of the approved project. *(Amount: $988,054) (p.3)*
- Expense reimbursements were not supported by invoices, receipts, lease agreements, contracts, labor policies, time records, equipment logs, inventory records, or other applicable documentation. *(Amount: $11,966,506) (p.3)*
- Contracts and purchases totaling more than $30,000 per vendor per calendar year did not comply with applicable federal and state procurement requirements. *(Amount: $9,422,839) (p.3)*
- Work reflected in the expense reimbursements did not comply with applicable FEMA regulations and guidance. *(Amount: $2,522,718) (p.3)*
- GOHSEP's cost estimating tool and/or expense review form either omitted or contained duplicate and/or incorrectly categorized expenses. *(Amount: $304,853) (p.3-4)*

Since March 2008, the LLA has noted exceptions totaling $1,275,829,053, which includes $25,204,970 noted this period, and GOHSEP has resolved $1,198,296,586, which includes $50,624,567 resolved this period.

Governor's Office of Homeland Security and Emergency Preparedness – Hazard Mitigation Program

- Completed work was not within the scope of the approved project. *(Amount: $326,923) (p.2)*
- Expense reimbursements were not supported by invoices, receipts, lease agreements, contracts, labor policies, time records, equipment logs, HUD settlement statements, appraisals, elevation certificates, duplication of benefits verifications, engineer plans, inspection photographs, or other applicable documentation. *(Amount: $437,829) (p.2-3)*
- Contracts and purchases totaling more than $10,000 per vendor per calendar year did not comply with applicable federal and state procurement requirements. *(Amount: $2,041,924) (p.3)*

Since March 2008, the LLA has noted exceptions totaling $285,966,513, which includes $2,920,663 noted this period, and GOHSEP has resolved $191,644,141, which includes $8,685,927 resolved this period.

Louisiana Department of Health – Improper Billing of Services Within the Medicaid Behavioral Health Program

- Providers were paid $38,533,711 for 646,746 encounters and claims for behavioral health services that were billed using incorrect procedure and modifier codes. *(Amount: $38,533,711) (p.2)*

- Providers were paid $9,044,773 more than indicated on the fee schedule for 647,910 encounters and claims for behavioral health services. *(Amount: $9,044,773) (p.3)*

Southern University Band Department

- Former Southern University (SU) Band Director Nathan Haymer contracted with a third party to collect public funds due to SU, which resulted in the SU System Foundation (Foundation) receiving $84,708 of public funds between January 2015 and July 2015 and Mr. Haymer receiving $293,317 of public funds between July 2015 and June 2018. It appears that Mr. Haymer contracted with a third party to collect SU funds without SU approval, directed the third party to pay SU funds to the Foundation and himself, failed to remit the funds collected by the third party to SU, used SU funds for personal purposes, and failed to account for the use of such funds. As a result, he may have violated state and federal laws. *(Amount: $378,025) (p.4)*

- In addition, Mr. Haymer appears to have submitted false invoices to obtain reimbursement for expenses he did not incur, for which he was paid $46,719 from SU, the SU System Foundation, and the SU Alumni Federation. If Mr. Haymer submitted and received reimbursements on false invoices, Mr. Haymer may have violated state law. *(Amount: $46,719) (p.9)*

Local Government Agencies

We did not issue any local government agency reports that met the Act 461 criteria this quarter.

SECOND QUARTER, FISCAL YEAR 2020

October - December 2019

State Agencies

Delgado Community College

- Delgado failed to notify LLA and Orleans Parish District Attorney, as required by law, about its knowledge of misappropriations involving federal financial aid funds totaling $276,000. *(Amount: $276,000) (p.1)*

- Delgado capital assets and expenses were misstated by $6 million in the college's fiscal year 2019 Annual Fiscal Report. Delgado prematurely added a building from a pending transfer to the financial records before the transaction was complete. *(Amount: $6,000,000) (p.2)*

Department of Environmental Quality (LDEQ)

- LDEQ did not ensure that three (1.7%) of 178 permitted solid waste facilities provided financial assurance that was sufficient to cover closure and post-closure cost estimates totaling at least $992,081. *(Amount: $992,081) (p.4)*

- As of June 30, 2019, LDEQ had not received financial assurance that 14 (58.3%) of 24 hazardous waste facilities and three (75%) of four solid waste facilities in corrective action could cover expenses associated with their corrective action activities. The three solid waste facilities estimated that their corrective action activities will cost approximately $5.0 million. *(Amount: $5.0 million) (p.7)*

Department of Revenue (LDR)

- **(Repeat)** LDR incorrectly reported accounts receivable balances in its 2019 Annual Fiscal Report (AFR), which is used by the Division of Administration to compile the state of Louisiana's CAFR. Gross receivables were understated by $34.4 million, and the allowance for uncollectibles for Qualified receivables was understated by approximately $166.6 million. *(Amount: $201 million) (p.1)*

- Effective controls had not been implemented over the approval and release of refund ACH batch files to prevent duplicate refund payments. In March 2019, a failed nightly Delta system job stream led to the creation of a duplicate direct deposit file. The failure to detect the duplication caused 66,780 individual income tax refunds totaling $26.9 million to be processed and refunded to taxpayers twice. Immediately following the error, LDR began implementing additional control procedures to prevent future errors and began efforts to recover the refunds made in error. As of November 8, 2019, 6,295 refunds totaling $1,953,570 were still not recovered by LDR. *(Amount: $26.9 million) (p.3)*

Louisiana Economic Development (LED)

- In a review of LED's monitoring files and payment activity for 25 contracts valued at $10.6 million with related payments of $7.7 million during fiscal year 2019, we determined that seven (28%) contracts with related payments of $926,747 were not adequately monitored to verify that contract reporting requirements including, but not limited to, payroll reports, cost reports, detailed invoices and progress reports were met. *(Amount: $926,747) (p.1)*

Louisiana Workforce Commission (LWC)

- LWC did not adequately monitor the subrecipients of the WIOA Cluster programs for compliance with federal laws and regulations. Our procedures disclosed that on-site monitoring reviews were conducted for only five of the programs' 15 subrecipients and these reviews related to 2017 program activity. In addition, LWC did not ensure that required audits were completed within nine months of the subrecipient's fiscal year-end. *(Amount: $36 million) (p.2)*

Office of Group Benefits (OGB)

- **(Repeat)** OBG's 2019 Annual Fiscal Report was submitted three weeks late and contained numerous errors. *(Amount: $127 million) (p.1)*

River Parishes Community College

- The college had inadequate controls over outstanding student account balances, which allowed students, who owed approximately $46,223 at June 30, 2019, to enroll in subsequent semesters. In addition, the college did not write off student-related balances totaling approximately $716,130 in accordance with its policies. *(Amount: $762,353) (p.2)*

- RPCC may have violated state law when it granted its employees a one-time payment in the amount of 5% of each employee's gross salary. *(Amount: $227,720) (p.4)*

Local Government Agencies

Town of Sterlington (Town)

- The Town engaged a municipal advisor to prepare financial projections that were submitted to the Louisiana State Bond Commission (SBC) when the Town was seeking approval to incur bonded debt. These projections were also provided to financial institutions that purchased the bonds and were based on information that, in some cases, overstated actual revenue and understated actual expenditures when compared to audited financial reports and/or Town records that were available when the projections were made. If the municipal advisor knowingly submitted financial projections based on incorrect financial information to the SBC and financial institutions, the municipal advisor may have violated state and federal law. *(Amount: $7,845,000) (p.5)*

- **(Repeat)** At Mayor Vern Breland's direction, the Town spent $3,118,103 from bond proceeds that were inconsistent with the stated purpose of the bond from January 4, 2016 to September 10, 2018. State law provides that proceeds from the sale of bonds be used exclusively for the purpose for which the bonds are authorized to be issued. By continuing to direct the improper use the bond proceeds after receiving a finding in the Town's 2016 annual audit, Mayor Breland may have violated state law.
(Amount: $3,118,103) (p.14)

- The Town had two lease purchase agreements for sports complex lighting and a water management system that were not publicly bid, which may violate state law. In addition, the Town spent some of the loan proceeds from the water management lease purchase on items that were not covered in the price quote. Since the Town does not have sufficient funds to complete the water management system that was financed by the lease purchase, the Town will not generate the additional revenue to pay the amount due on the lease purchase. *(Amount: $2,904,000) (p.16)*

History of the LLA

One of the first references to a state auditor can be found in records of the proceedings that led to the adoption of the Louisiana Constitution of 1845. While there is no specific mention of an auditor in that Constitution, it is clear that by 1848 Louisiana had a state auditor, as seen in legislation passed in the 1848 Extra Legislative Session. Initially, the position was an elected one and was part of the executive branch of state government.

Special Agent

In 1907, the Legislature created a "Special Agent" to the state auditor whose job was to travel around Louisiana and examine the books of every parish tax collector to make sure they were collecting all required taxes and sending the proper amount to the state. The Special Agent – or "traveling auditor" – also examined the records of every parish assessor to determine if they were correctly assessing all property.

Supervisor of Public Accounts

Legislators abolished the Special Agent's position in 1910 when they passed legislation creating a Supervisor of Public Accounts to take over those duties. The Supervisor of Public Accounts was appointed by and reported to the Governor. At the same time, he worked with and was directed by the state auditor.

Supervisor of Public Funds

Lawmakers made more changes in 1936 with an amendment to the Louisiana Constitution of 1921. The amendment eliminated the Office of the Supervisor of Public Accounts and created a Supervisor of Public Funds. As with the previous position, the Supervisor of Public Funds was appointed by and reported to the Governor. In addition, he assumed all of the same duties and responsibilities as the Supervisor of Public Accounts. (The amendment also created the state Department of Revenue and the position of Collector of Revenue to oversee it.)

Legislative Auditor

Legislators ended the Office of the Supervisor of Public Funds and created the Office of the Legislative Auditor in 1962 with another amendment to the 1921 Constitution. With this amendment, the Auditor was moved under the oversight of the legislative branch, and all of the duties, responsibilities, and access to records given to the Supervisor of Public Funds were given to him. In addition, all records, funds, personnel, and other resources belonging to the Office of the Supervisor of Public Funds were transferred.

The actual shift, however, did not happen until July 1, 1964, when a new Governor and administration took over.

In 1973, legislators established the Legislative Audit Advisory Council to provide general oversight of the Legislative Auditor's operations and to serve as a mediator when audit recipients objected to or had questions about a report's findings.

Louisiana's current constitution – the Constitution of 1974 – deleted provisions in the 1921 Constitution related to the dual executive and legislative functions of the Louisiana Legislative Auditor (LLA) and gave the authority to the Legislature to determine the Auditor's duties and responsibilities. Article III, Section 11, of the 1974 Constitution describes it succinctly:

There shall be a legislative auditor responsible solely to the legislature. He shall serve as a fiscal advisor to it and shall perform the duties and functions provided by law related to auditing fiscal records of the state, its agencies, and political subdivisions. He shall be elected by the concurrence of a majority of the elected members of each house and may be removed by the concurrence of two-thirds of the elected members of each house.

Better Information, Better Louisiana

Today, the office is led by Daryl Purpera, who has served as Legislative Auditor since April 2010. Under his leadership, the LLA has focused on improving communications with the Legislature, providing information to officials and the public in a timely and meaningful manner, and offering advice, assistance, and training to state and local government auditees.

LLA's main job is to oversee state and local government finances. But as Louisiana's needs have changed, the LLA has evolved as well.

Nearly 175 years after the idea of a state auditor was first broached, the LLA continues a long tradition, guided by the principles of its mission – "to foster accountability and transparency in Louisiana government by providing the Legislature and others with audit services, fiscal advice, and other useful information."

Better Information, Better Louisiana

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