

ACT 461 REPORT ON FISCAL DEFICIENCIES,
INEFFICIENCIES, FRAUD, OR OTHER SIGNIFICANT ISSUES
DISCLOSED IN GOVERNMENTAL AUDITS

SECOND QUARTER, FISCAL YEAR 2021



REPORT TO THE JOINT LEGISLATIVE
COMMITTEE ON THE BUDGET
ISSUED JANUARY 2021

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

January 26, 2021

Chairman Bodi White and Members of the
Joint Legislative Committee on the Budget

Dear Chairman White and Members of the Joint Legislative Committee on the Budget:

Act 461 of the 2014 Regular Session requires the Legislative Auditor to make quarterly and annual reportings to the Joint Legislative Committee on the Budget of certain audits which have findings with a dollar impact of \$150,000 or more relative to 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, and repeat findings.

Attached is our report to meet the requirements of Act 461 for the second quarter of Fiscal Year 2021. That report is linked and referenced to the full reports which contain the applicable findings of interest, as well as management's responses.

We are available to present the information that is of interest to your committee. We hope that this report assists you in your legislative decision-making process.

Sincerely,

A handwritten signature in blue ink that reads "Daryl G. Purpera".

Daryl G. Purpera, CPA, CFE
Legislative Auditor

DGP/ch

ACT 461 REPORTING -- JANUARY 2021

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STATE AGENCIES

Department of Public Safety and Corrections - Public Safety Services

- **(Repeat)** Weaknesses in Controls over Property of Louisiana State Police and Office of State Fire Marshal. *(Amount: \$152,606) (p.3)*

Louisiana Community and Technical College System (System)

- The System did not have adequate controls to ensure its annual financial report was accurately prepared. The LCTCS Facilities Corporation's net position, totaling \$88.7 million, was misclassified as unrestricted rather than restricted – expendable, and Delgado Community College's direct lending receipts and disbursements of \$52.9 million were omitted on the Statement of Cash Flows. *(Amount: \$141.6 million) (Exhibit A.2)*

Louisiana Department of Health (LDH)

- LDH is not routinely analyzing Non-emergency Medical Transport (NEMT) encounter data to ensure that the Managed Care Organizations (MCOs) are in compliance with their contracts and identifying potentially improper payments that violate NEMT program rules. As a result of our procedures, we identified the following:
 - **(Repeat)** 190,299 NEMT encounters totaling \$4,325,205 with no medical service on the date of transportation during calendar years 2016 through 2018 which we consider to be potential improper payments. *(Amount: \$4,325,205) (p.8)*
 - 35,117 NEMT encounters totaling \$1,214,008 that only had pharmacy or value-added services on the date of transport, meaning they potentially should have been identified as value-added services and excluded from the calculation of capitation rates. *(Amount: \$1,214,008) (p.8)*
 - **(Repeat)** 10,621 NEMT encounters totaling \$237,326 during calendar years 2016 through 2018 where non-ambulance NEMT for a nursing facility resident was paid by MCOs instead of the nursing facility and 501 encounters totaling \$73,254 where NEMT provided to recipients on hospice was paid by MCOs instead of hospice providers which we consider to be potential improper payments. *(Amount: \$310,581) (p.8)*

Office of Group Benefits (OGB)

- **(Repeat)** For the third consecutive year, OGB's annual fiscal reports were submitted to the Office of Statewide Reporting and Accounting Policy with errors requiring audit adjustments. *(Amount: \$125 million) (p.1)*

LOCAL GOVERNMENT AGENCIES

City of Shreveport

- The City discovered a misappropriation when a City employee was arrested while in the process of purchasing fuel with a stolen City Fuelman card on October 16, 2019. The City employee was in possession of three stolen Fuelman cards that were originally issued for vehicles in the Solid Waste Division of Public Works. The former City employee was indicted by a Federal Grand Jury for credit card fraud and aggravated identity theft. According to the indictment, there were more than \$400,000 in unauthorized transactions. The City has notified the Louisiana Legislative Auditor in writing, as required by Louisiana Revised Statute 24:523. *(Amount: \$400,000) (Internal Control Report p.17)*