

**LOUISIANA
LEGISLATIVE
AUDITOR
2022
Annual Report**

Key Audit Issues • Act 461 Report





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

The purpose is to summarize the work of the Louisiana Legislative Auditor's (LLA) office over calendar year 2021 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 two main categories – *State Government Services* 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 2021 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 2021, 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 already may have been implemented or be in progress.



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OUR MISSION

"To foster accountability and transparency in Louisiana government by providing the Legislature and others with audit services, fiscal advice, and other useful information."



INTRODUCTION



In 2021, the LLA released 149 staff reports covering a variety of topics and state agencies. The Legislative Auditor also oversaw the work of approximately 270 independent contract audit firms that conducted 3,898 audits and other types of engagements on state and local government.

In addition to the audit reports it issues, the LLA provides many other services. For example, in 2021, the office prepared fiscal notes related to 34 bills affecting the expenditures of political subdivisions and fiscal analyses for actuarial notes related to 15 retirement bills affecting the 13 state and statewide public retirement systems. The LLA also reviewed 2,729 millages and prepared 12 internal written legal opinions.

Approximately 240 employees work for the LLA. The majority conduct audit work in four areas – Financial, Investigative, Performance, and Recovery Assistance. Other staff members work in Actuarial Services, Advisory Services, Legal Services, and Local Government Services. 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.

A handwritten signature in blue ink, appearing to read 'Mike Waguespack'.

Michael J. "Mike" Waguespack, CPA
Legislative Auditor



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.



SOCIAL MEDIA



In 2021, the LLA made a concerted effort to better use social media to keep members of the Legislature, public officials, and the public informed about audit reports, local government training sessions, resources, new hires, staff awards, and other matters. Information about the LLA can be found on Facebook, Twitter, LinkedIn, and Instagram.

THE LLA ON SOCIAL MEDIA



@LouisianaLegislativeAuditor



@LALegisAuditor



Louisiana Legislative Auditor



louisianalegislativeauditor

In addition, the LLA has a YouTube channel at www.youtube.com/user/LouisianaAuditor on which are posted informational videos related to best financial practices for local government. Among the videos are sessions from the 2021 CLGE Virtual Workshop, the LLA Legal Minute series, and the 2021 Millage Workshop.

LLA REPORTS PODCAST

The LLA also has a podcast – *LLA Reports* – which was introduced in 2020. The episodes are about five minutes long and offer listeners highlights of select audit reports discussed by an auditor involved with the project.

In 2021, 22 podcasts were produced, all of which are available at <https://www.la.gov/reports-data/PodcastReports>. Listeners also can subscribe to LLA Reports through iTunes, Google Podcasts, Stitcher, Spotify, and Amazon Alexa.

A list of episodes released in 2021 can be found on the next page.



PODCASTS RELEASED IN 2021

Trends in Staffing in Executive Branch Agencies

January 18, 2021

Monitoring and Enforcement of Air Quality

January 25, 2021

Telework Challenges in Executive Branch Agencies during COVID-19

February 1, 2021

Regulation of the Massage Therapy Profession

March 8, 2021

Oversight of Behavioral Health Provider Requirements

March 15, 2021

Impact of Fee Increases on the Affordability of Public Higher Education in Louisiana

March 31, 2021

Improper Payments in the Unemployment Insurance Program

April 5, 2021

Improper Payments in the Unemployment Insurance Program – Ineligible Incarcerated Recipients

May 3, 2021

Louisiana’s Response to COVID-19 in Nursing Facilities

May 3, 2021

Animal Welfare and Control Activities in Louisiana

May 10, 2021

LDWF – Comparison of Louisiana’s License Fees to Other Regional States

May 24, 2021

Response to the COVID-19 Pandemic in Secure Care Facilities

May 24, 2021

Improper Payments in the Unemployment Insurance Program – Deceased Recipients

June 21, 2021

Response to the COVID-19 Pandemic in Correctional Facilities

June 28, 2021

Status Update: Capital Area Groundwater Conservation Commission

July 19, 2021

Impact of Unfunded Accrued Liability Payments on Public Education Funding in Louisiana

October 18, 2021

Purchase and Travel Card Programs

October 25, 2021

Improper Payments in the Unemployment Insurance Program – Overpayments and Rule Violations

November 15, 2021

Regulation of the Mental Health Counseling and Marriage and Family Therapy Professions

November 15, 2021

Progress Report: Safe Drinking Water Program

November 29, 2021

Challenges in Louisiana’s Efforts to Address Domestic Violence

December 20, 2021

Temporary Assistance for Needy Families

December 27, 2021



LEGAL SERVICES



Legal Services staff represent the LLA in court matters, issue opinions, provide assistance to CPAs, local government officials, and public employees, answer public records requests, and give presentations.

In 2021, Legal issued 12 internal written opinions, answered 659 calls from CPAs and officials, and answered 76 public records requests.

Legal also updated and amended the LLA website's FAQs, White Papers, and COVID-19 guidance section, and made the "LLA Legal Minute" series of videos available on the LLA's YouTube channel.

In addition, staff gave public law presentations to 13 organizations, certified 2,729 ad valorem taxes, and presented four online millage workshops attended by approximately 480 participants.



EPISODES NOW AVAILABLE ONLINE

The Lawrason Act

Surplus and Purchase of Vehicles

Recurring Purchases

**Purchasing Materials and Supplies Under
Public Bid Law**

What is a Public Meeting?

The Open Meetings Law

Publication vs Approval of Minutes

**Annual Financial Reporting for Local Political
Subdivisions**

Immediate Family

Surplus Property

Purchasing Computers and Software

Salaries in a Municipality

Vacancies in Local and Municipal Offices

Piggybacking

School Activity Funds

Purchasing Uniforms

**Video or Tele-conference Exception to the
Open Meetings Law**

CARES Act Funds for Hazard Pay

CARES Act vs ARP

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.



STATE GOVERNMENT



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

- *Financial Audit Services* focuses on whether 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

University of Louisiana at Monroe – University of Louisiana System

March 15, 2021

ULM did not have a formal documented risk assessment or related safeguards in place that address the minimum requirements of the Gramm-Leach-Bliley Act standards for safeguarding student information. *A previous report finding related to employees' time worked not approved by supervisors was resolved.*

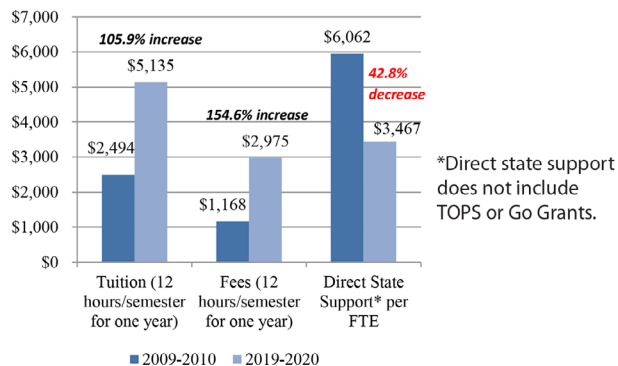
Impact of Fee Increases on the Affordability of Public Higher Education in Louisiana

March 29, 2021

(Podcast Available)

Decreased direct state support has affected how much Louisiana invests in its students compared to other Southern states. According to Southern Regional Education Board data, Louisiana ranks last among the 16 member states for two-year institutions and second to last for four-year institutions in direct state support per student. Between fiscal years 2010 and 2020, direct state support per student decreased 42.2 percent, from \$5,954 to \$3,441. Concurrent with decreased state support, student fees rose 154.6 percent, from an average of \$1,168 per student for academic year 2009-2010 to \$2,975 for 2019-2020. Over that time period, fee increases outpaced inflation by 113.5 percent. As a result, students entering college in 2019-2020 will pay an additional \$318.3 million in fees (\$6,247 per student) to obtain a four-year degree beyond what would be expected because of inflation.

Average Funding per FTE Student, by Source Louisiana Public Higher Education Institutions



Source: Prepared by legislative auditor's staff using data from the Louisiana Board of Regents.

Southeastern Louisiana University – University of Louisiana System

April 5, 2021

For the *second consecutive report*, Southeastern did not properly determine whether students were eligible to receive student financial assistance. As a result, students were allowed to borrow funds in excess of federal aggregate loan limits. *Prior report findings related to inaccurate reporting of capital assets and inadequate controls over reporting loan information in the Schedule of Expenditures of Federal Awards were resolved.*

Baton Rouge Community College – Louisiana Community and Technical College System

May 5, 2021

BRCC did not have adequate controls in place to ensure returns of Title IV funds were calculated accurately and sent to the U.S. Department of Education in a timely manner. In addition, BRCC incorrectly disbursed CARES Act funds totaling \$35,979 to 41 students who had officially withdrawn from school before March 13, 2020. The college also did not deactivate fuel card personal identification numbers in a timely manner for employees who no longer worked for BRCC. *Prior-year findings related to lack of controls over payroll and failure to make proper notifications of misappropriated assets were resolved.*

Louisiana State University and Related Campuses – Louisiana State University System

May 5, 2021

For the *third consecutive year*, Louisiana State University and A&M College (LSU A&M) did not have adequate preventive controls in place to ensure it complied with Special Tests and Provisions requirements related to key personnel associated with federal awards. In addition, for the *fourth consecutive year*, the LSU Agricultural Center did not have adequate preventive controls over Special Tests and Provisions requirements related to key personnel. LSU A&M did not have a formal documented risk assessment that addressed the minimum requirements of the Gramm-Leach-Bliley Act standards to protect student information, nor did it have a documented program to implement safeguards to address identified risks. *Prior-year findings related to non-compliance with federal procurement standards and lack of policy related to administrative allowances were resolved.*

Louisiana State University Health Sciences Center in Shreveport – Louisiana State University System

May 5, 2021

LSUHSC-S did not receive revenues for physician services it provided at the Monroe facility as specified in its Joint Venture agreements with the hospital partner. Approximately \$4 million from fiscal year 2020 was not submitted to LSUHSC-S. In addition, LSUHSC-S did not adequately monitor billing and collection services performed by a third-party servicer or adequately review the calculation of net physician claims revenue. LSUHSC-S also did not maintain adequate controls over maintaining documentation to support supplemental compensation and over timely certification of attendance and leave. For the *third consecutive year*, LSUHSC-S did not have adequate controls over state and non-governmental grants and contracts to pursue collection of monies owed to it; as a result, LSUHSC-S did not bill timely in accordance with contract terms. For *the second consecutive year*, LSUHSC-S did not ensure internal control over documentation of personnel services for its federal Research and Development (R&D) Cluster programs. Also, for the *second consecutive year*, LSUHSC-S did not have adequate controls in place to ensure compliance with Special Tests and Provisions requirements under the R&D Cluster programs relating to key personnel associated with awards. Additionally, LSUHSC-S did not adequately monitor sub-recipients under the R&D Cluster programs. *A prior-year finding related to inaccurate classification of net position was resolved.*

Louisiana State University Health Sciences Center - New Orleans – Louisiana State University System

May 10, 2021

LSUHSC-NO did not have adequate controls over project closeouts or accounting records for the Research and Development Cluster federal program. As a result, five transactions were posted to projects between 133 and 244 days after the project ended. Federal guidelines require recipients to liquidate all financial obligations and submit final reports no later than 120 calendar days after a project ends. LSUHSC-NO's internal policy requires any surplus or deficits from a project to be certified and transferred to an appropriate account or project within 90 days.

South Louisiana Community College – Louisiana Community and Technical College System

May 10, 2021

For the *second consecutive year*, SLCC may have violated state law when it granted employees one-time payments of 2 percent of each employee's gross salary totaling \$346,467. In addition, SLCC incorrectly used federal Higher Education Emergency Relief Funds (HEERF) totaling \$41,666 to pay salaries and benefits to its executive team, which is not allowed under HEERF guidelines. SLCC also incorrectly disbursed Coronavirus Aid, Relief, and Economic Security Act funds totaling \$31,184 to 40 students who had officially withdrawn from school before March 13, 2020.

University of Louisiana at Lafayette – University of Louisiana System

May 10, 2021

For the *second consecutive year*, UL Lafayette failed to terminate access to the electronic accounting system in a timely manner for employees who no longer worked for the university. In addition, the university did not have adequate controls in place to ensure returns of Title IV funds were calculated accurately and returned to the U.S. Department of Education. The university also did not report changes in enrollment status to the National Student Loan Data System for students who received Student Financial Aid funds and unofficially withdrew from the university or had a change in enrollment status because they registered for classes but never attended. In addition, the university did not have a formal documented risk assessment or related safeguards to address the minimum requirements of the Gramm-Leach-Bliley Act standards for safeguarding student information. *A prior-year finding related to failure to report misappropriations was resolved.*

McNeese State University – University of Louisiana System

May 12, 2021

The university did not have adequate policies and procedures and controls over certain information technology security and processes.

Delgado Community College – Louisiana Community and Technical College System

May 26, 2021

For the *second consecutive report*, Delgado failed to notify the Legislative Auditor and the Orleans Parish District Attorney of suspected misappropriation of assets. In addition, Delgado submitted an inaccurate Annual Fiscal Report to the Louisiana Community and Technical College System and disbursed \$57,284 in Higher Education Emergency Relief Fund monies to 79 ineligible students. Delgado had inadequate controls in place to ensure Title IV funds were calculated correctly and returned to the U.S. Department of Education in a timely manner. The college also did not ensure class attendance was properly recorded for students in online courses or identify which students had withdrawn from these courses. Delgado did not ensure changes in enrollment status for students who received Federal Pell Grants and Federal Direct Student Loans were accurately reported to the National Student Loan Data System in a timely manner. Delgado also did not reconcile the School Account Statement data files to the college's financial records each month.

University of New Orleans – University of Louisiana System

June 14, 2021

UNO overpaid its non-academic, unclassified employees an estimated \$172,800 after it changed its payroll payment structure in January 2019 from twice a month to every two weeks. In addition, UNO inadvertently excluded more than \$27 million in Federal Direct Student Loans from the Schedule of Expenditures of Federal Awards information for fiscal year 2020. UNO also did not have a documented risk assessment in place as required by the Gramm-Leach-Bliley Act and UNO's Program Participation Agreement with the U.S. Department of Education for federal student financial assistance programs. UNO also did not reconcile School Account Statement data files to the institution's financial records for Federal Direct Student Loan borrowers on a monthly basis, as required by federal regulations, and UNO employees did not follow policies and procedures for certifying and approving time and attendance records.

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

October 6, 2021

The college did not ensure an adequate review was performed of the refund rules for student tuition and fees set up in the electronic student system for the fall 2019 and spring 2020 semesters. In addition, the refund schedules for all of the college's programs were not made available to students during the spring 2021 semester as required by Louisiana Community and Technical College System and college policy. *Prior report findings related to failure to make proper notifications of misappropriated assets and non-compliance with unclaimed property regulations were resolved.*

Northwest Louisiana Technical Community College – Louisiana Community and Technical College System

November 22, 2021

The college did not have adequate controls in place to ensure the Annual Fiscal Report was accurately prepared. As a result, several accounts had to be adjusted because they were overstated or understated. In addition, the college did not have adequate controls over the assessment of certain student fees and the refunding of student tuition and fees, resulting in overcharges and undercharges to students. The college also granted its staff inappropriate access to the electronic student system and did not close fiscal periods, and it failed to report and remit outstanding checks more than one year old to the State Treasurer as unclaimed property, as required by state law. One hundred thirty-five outstanding checks totaling \$35,862 were found that had not been evaluated for return to the federal grantor and/or State Treasurer.

Bossier Parish Community College – Louisiana Community and Technical College System

December 22, 2021

BPCC did not have a formal documented risk assessment or related safeguards that address certain minimum requirements of the Gramm-Leach-Bliley Act standards for safeguarding student information.



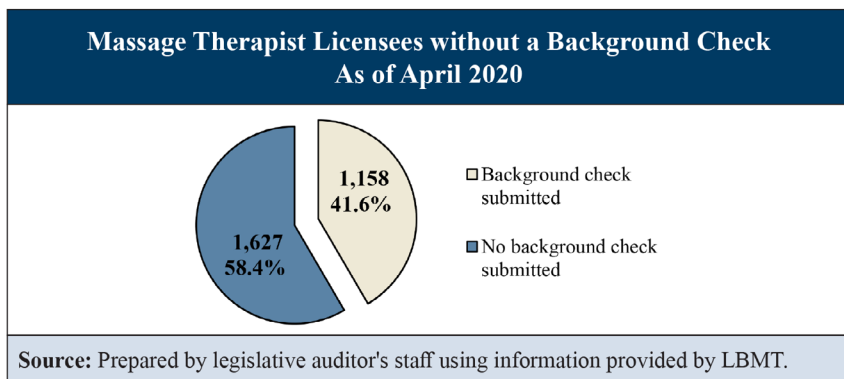
BOARDS, COMMISSIONS, AND OTHER GOVERNING BODIES

Regulation of the Massage Therapy Profession – Louisiana Board of Massage Therapy

March 3, 2021

(Podcast Available)

LBMT needs to improve its regulation of the massage therapy profession to make sure massage therapists and establishment owners comply with state law. Among the issues noted, state law does not require LBMT to conduct background checks on massage therapists or establishment owners. Instead it requires new applicants to submit background checks to LBMT. As a result, fewer than half (1,158, or 41.6 percent)



of the 2,784 licensees had a background check as of April 2020. Other issues identified included: the board does not have an effective process to identify unlicensed massage therapists or establishments; LBMT's monitoring process is not sufficient to make sure licensed businesses are not operating as sexually-oriented businesses; the maximum fines imposed by LBMT are low compared to other states; and the board could do more to help combat the problem of human trafficking.

Status Update: Implementation of New Billing System – New Orleans Sewerage and Water Board

March 17, 2021

The status of 11 recommendations made to the New Orleans Sewerage and Water Board (S&WB) in a March 2020 report was evaluated. S&WB has fully implemented three of the recommendations and is working on the other eight. The agency's current multifaceted structure creates challenges in trying to ensure accountability as different entities play a role in the agency's structure, operation, and finances. As a result, options for changing S&WB's governance structure to increase accountability were examined.

Status Update: Capital Area Groundwater Conservation Commission

July 14, 2021

(Podcast Available)

This report provided an update on the implementation of 19 recommendations made to the Capital Area Groundwater Conservation Commission in a May 2019 report. Of the 19 recommendations, the commission had fully implemented five, partially implemented one, and was in the process of implementing 12 others. One recommendation was not implemented.

Louisiana Schools for the Deaf and Visually Impaired – Special Schools and Commissions

September 20, 2021

Medicaid claims were not submitted by the required deadline, which resulted in the denial of 890 claims totaling \$18,780. In addition, management did not maintain supporting documentation to show guest stays in on-campus housing were approved and were for an appropriate business purpose or ensure rent was collected where applicable. For the *third consecutive report*, LSDVI did not have adequate controls in place to ensure accurate records for its food services inventory. Management also did not make sure LaCarte card purchases were reviewed and approved in the online banking system in a timely manner, as required by LSDVI and state policies.

New Orleans Center for Creative Arts – Special Schools and Commissions

October 6, 2021

NOCCA's awarding and recording of employee leave was not consistent with state laws and regulations, which resulted in sick leave totaling \$54,540 being paid out to 12 employees.

Boards, Commissions, and Like Entities

October 18, 2021

Louisiana had 482 boards as of June 30, 2021, which was an increase of seven from fiscal year 2020. Five boards were removed in fiscal year 2021, but 12 were added, resulting in the increase. In addition, four boards did not respond to a request for personnel data and financial information. Of the four, three did not answer a similar request the previous year. Twelve boards were identified as inactive, including 10 that were listed as inactive in fiscal year 2020. Thirty-six boards reported their status as active, but had not reported any meeting notices or minutes since December 31, 2017. Five of the 36 also did not list any board members on the Boards & Commissions website.

Regulation of the Mental Health Counseling and Marriage and Family Therapy Professions – Louisiana Licensed Professional Counselors Board of Examiners

November 10, 2021

(Podcast Available)

LPCBE's regulatory processes comply with state law and conform to most best practices, but the board needs to strengthen some aspects of its licensing activities. For example, the board has had the authority to conduct background checks on initial and renewing license applicants since January 2014, but did not start those checks for initial applicants until January 2019 and has yet to begin checks for individuals renewing their licenses. As a result, 3,627 (69.4 percent) of 5,223 current licensees had not had background checks as of June 2021. In addition, LPCBE did not report 16 (34.8 percent) of the 46 adverse actions it issued against licensees to the National Practitioner Data Bank (NPDB), as required by federal regulations. The board also is not required to query the NPDB before issuing or renewing licenses. That means it may be making decisions about applicants from other states without important disciplinary information. LPCBE's processes to resolve complaints and issue enforcement actions comply with regulatory best practices. From fiscal years 2019 to 2021, LPCBE received 425 complaints containing 458 allegations, with the most common allegation involving licensees engaged in unethical or unprofessional conduct.

Louisiana State Board of Optometry Examiners

December 13, 2021

The board did not have proper controls over disbursement, did not have adequate controls over bank reconciliations, and allowed the Louisiana Optometry Association – a private entity – to use some of its resources, which is a potential violation of state law. In addition, the board did not maintain any personnel or time records for its former employee, paid its former employee a “Christmas bonus” of \$1,250, which is a potential violation of state law, and failed to submit payroll tax withholding reports to the Louisiana Department of Revenue and the Internal Revenue Service in a timely manner. The board also did not have proper controls over its collections, did not have written policies and procedures for its primary financial and business functions, and did not maintain sufficient documentation for its 2020 budget. Additionally, the board failed to comply with state law requiring annual training related to sexual harassment and to ethics.



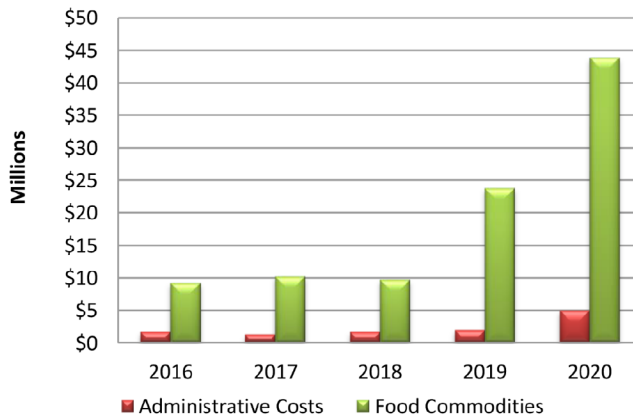
DEPARTMENT OF AGRICULTURE AND FORESTRY

Louisiana Department of Agriculture and Forestry

April 12, 2021

For the *second consecutive year*, LDAF did not have adequate controls in place to ensure information reported in the Schedule of Expenditures of Federal Awards for the Emergency Food Assistance Program was accurate. *Prior report findings related to lack of controls over cash management requirements and over suspension and debarment requirements were resolved.*

**Food Distribution Cluster - Emergency Food Assistance Programs
Food Commodities and Administrative Costs for Fiscal Years 2016-2020**



Louisiana Department of Agriculture and Forestry

August 4, 2021

The department made Forestry Productivity Program payments totaling more than \$3.6 million to landowners between July 1, 2019, and July 31, 2020. Of that amount, \$553,041 – or 15 percent – violated the provisions of a state law in effect at the time.



DEPARTMENT OF CHILDREN AND FAMILY SERVICES

Temporary Assistance for Needy Families

December 22, 2021

(Podcast Available)

Between fiscal years 2012 and 2021, Louisiana received \$1.6 billion in TANF money, or approximately \$163 million per year. In fiscal year 2021, Louisiana funded a variety of programs and initiatives with its \$163 million, including cash assistance and work programs, child welfare, and pre-kindergarten. Louisiana spends more TANF dollars on pre-kindergarten and child welfare and less on cash assistance than many states. The state ranks 48th for the monthly amount of cash assistance provided, but DCFS is in the process of increasing cash assistance benefits because they have not changed since July 2000. In addition, DCFS does not collect sufficient outcome information to determine the overall effectiveness of TANF-funded programs and initiatives. Louisiana also has the lowest Work Participation Rate (WPR) in the nation at 3.5 percent for federal fiscal year 2020. Under the WPR, states must engage a certain percentage of families receiving cash assistance in specific work activities, such as employment, job searches, or vocational training.



DEPARTMENT OF EDUCATION

Identifying School Practices that Impact Academic Outcomes in Orleans Parish Charter Schools – New Orleans Louisiana Public Schools and Louisiana Department of Education

March 29, 2021

While NOLA-PS and LDE use standardized test scores – as required by state law – to analyze academic outcomes at Orleans Parish charter schools, they do not consider whether specific practices at the schools are responsible for positive outcomes. However, state law does not require either entity to use a formalized process to identify practices that result in improvements or declines in charter school performance.

Jimmy D. Long, Sr. Louisiana School for Math, Science, and the Arts

June 23, 2021

School employees did not follow policies and procedures for certifying and approving time and attendance records in a timely manner. *A prior report finding related to inadequate controls over agency fund was resolved.*

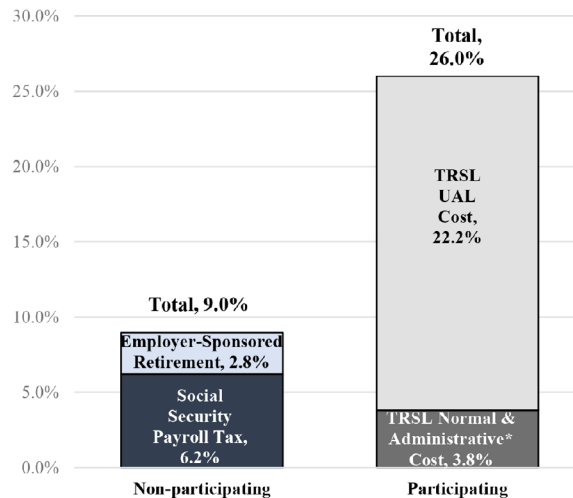
Impact of Unfunded Accrued Liability Payments on Public Education Funding in Louisiana

October 13, 2021

(Podcast Available)

In fiscal year 2020, schools participating in either the Teachers' Retirement System of Louisiana (TRSL) or the Louisiana School Employees' Retirement System collectively had \$852.8 million less to spend on non-retirement educational expenses – such as teacher salaries, classroom materials, and facilities – because of required unfunded accrued liability (UAL) contributions. The 1,355 participating schools, which were responsible for educating 655,071 public school students in 2020, paid approximately \$1,302 per student toward the UAL, while the 112 non-participating schools, which were responsible for educating approximately 58,068 students, did not. In addition, UAL payments accounted for an average 10 percent of participating schools' total revenues and 23.9 percent of their Minimum Foundation Program funds. The burden of UAL payments also was not distributed evenly across the state.

**Retirement Costs as a Percentage of Teacher Salaries
TRSL versus Employer-Sponsored Plan
Fiscal Year 2020**



*Normal cost for TRSL for FY 2020 was 3.35%. Administrative cost was 0.45% of payrolls.

Source: Prepared by legislative auditor's staff using data from the Louisiana Department of Education Annual Financial Reports, Social Security Administration, and the Teachers Retirement System of Louisiana.



DEPARTMENT OF HEALTH

Oversight of Behavioral Health Provider Requirements

March 10, 2021

(Podcast Available)

LDH could strengthen the integrity of the behavioral health program by using routine data analyses and/or edit checks to see whether providers are following the requirements of the Provider Manual and Informational Bulletins. A review of Medicaid encounter data for the period of December 1, 2015, through September 12, 2020, found approximately \$1.48 million in payments that may have violated the behavioral health program requirements.

Louisiana Department of Health

April 16, 2021

Fourteen findings were outlined in the report, eight of which were repeated from the previous year. LDH lacked adequate internal control over eligibility determinations in the Medical Assistance Program (Medicaid) and the Children's Health Insurance Program (CHIP). In addition, for the *third consecutive year*, LDH did not enroll and screen Healthy Louisiana managed care providers and dental managed care providers as required by federal regulations and did not perform five-year revalidations; screenings based on categorical risk of fraud, waste, or abuse; or monthly checks of the federal excluded party database as required by federal regulations for fee-for-service providers.

LDH did not have adequate controls to ensure compliance with federal requirements over consideration of lottery winnings in determining eligibility for the Medicaid program. For the *second consecutive year*, LDH, the managed care organizations, and Magellan Health Services did not have adequate controls in place to ensure behavioral health services in the Medicaid and CHIP programs were properly billed and improper encounters were denied. Also, for the *second consecutive year*, LDH lacked documented procedures for disabling users' access and failed to complete user access reviews over its Medicaid and CHIP eligibility and enrollment system.

In addition, LDH paid claims with service dates occurring after the servicing providers were no longer enrolled. The Office of Public Health (OPH) did not have adequate controls in place to monitor sub-recipients of the HIV Prevention Activities Health Department Based program and lacked internal controls to ensure compliance with certain other regulations over the HIV program. For the *ninth consecutive year*, LDH paid Medicaid Home and Community Based Services claims for the New Opportunities Waiver, Residential Options Waiver, and Community Choices Waiver for services not documented as required. In addition, OPH did not ensure payroll expenditures were approved in a timely manner for the Public Health Emergency Preparedness program, the HIV Prevention Activities Health Department Based program, and the Coronavirus Relief Fund program.

Expenditures also were not adequately supported for the HIV Prevention Activities Health Department Based program, which resulted in non-compliance. For the *fourth consecutive year*, LDH failed to maintain evidence of notification of third-party liability assignment as required for eligibility in the Medicaid and CHIP programs. For the *second consecutive year*, LDH failed to implement controls to ensure compliance with revised third-party liability requirements for prenatal and pregnancy related services and did not have adequate controls to ensure compliance with federal regulations prohibiting the use of federal funding for abortion claims.

Prior-year findings related to non-compliance on managed care premium payments, inadequate controls over quarterly federal expenditure reporting, inadequate controls over Healthy Louisiana premium payments, inadequate controls over Medicare buy-in, non-compliance with review of redeemed food instruments and cash-value vouchers, and inadequate internal control over modified adjusted gross income eligibility determinations were resolved.

Louisiana’s Response to COVID-19 in Nursing Facilities

April 28, 2021

(Podcast Available)

Louisiana’s nursing facilities faced staffing challenges throughout the pandemic because of staff exposure to COVID-19, illness, or the need to care for family members. Nursing facilities also lacked access to certain types of personal protective equipment at the beginning of the COVID-19 pandemic. In addition, the facilities did not always have access to testing supplies, and laboratories did not always provide test results in a timely manner. Additionally, oversight of the quality of care may have decreased after the Louisiana Department of Health required nursing facilities to restrict entry of visitors and non-essential health care personnel. Revenues for nursing facilities also decreased because of a decline in the number of residents caused by pandemic-related deaths and lower admissions. However, state and federal sources have provided funding and resources to help offset lost revenues and to help with additional expenses, such as purchasing personal protective equipment.

Louisiana Nursing Facilities Resident and Staff COVID-19 Cases and Deaths* As of February 28, 2021		
	Cases	Deaths
Residents	14,617	2,890
Staff	11,456	N/A
Total	26,073	2,890
<small>*Based on data reported to LDII by nursing facilities, which may have incomplete information or may contain duplicate deaths reported by multiple nursing facilities for the same individual. In addition, LDH stated that it does not publicly report staff deaths in order to comply with the Health Insurance Portability and Accountability Act. LLA did not assess the reliability of this data. Source: Prepared by legislative auditor’s staff using unaudited LDH COVID-19 nursing facility data.</small>		

Northwest Louisiana Human Services District

May 26, 2021

The district failed to submit delinquent account balances to the Office of Debt Recovery in a timely manner in accordance with its agreement with the office. The district’s staff had not submitted any delinquent patient accounts to ODR since May 2019. *Prior report findings related to not billing in accordance with insurers’ contract terms and sub-recipient determinations not properly made were resolved.*

Central Louisiana Supports and Services Center – Office for Citizens with Developmental Disabilities

June 2, 2021

The annual and sick leave balances for the center’s director of administration were incorrect after he retired under one state retirement system and was rehired the next day under a different state system. The annual and sick leave balances, which were overstated by 253 and 4,799 hours, respectively, have since been corrected. *A prior report finding related to Human Rights Committee not in compliance with federal regulations was resolved.*

Northeast Delta Human Services Authority

June 9, 2021

The authority had not requested payment from self-pay clients for debts owed or submitted delinquent accounts to the Office of Debt Recovery since April 2020. In addition, the authority did not consistently obtain prior authorization to bill Medicaid, Medicare, and private insurance companies for services provided to clients, as required by the insurers’ contracts. As a result, the authority wrote off \$37,322 in self-generated revenue. *Prior report findings related to not billing for services provided and contract award documents lack required identifying information were resolved.*

Capital Area Human Services District

June 16, 2021

The district violated the state's bid law and agency policy when it failed to advertise for the purchase of software for a new electronic health record system.

Imperial Calcasieu Human Services Authority

October 27, 2021

For the *second consecutive report*, ImCal did not bill patients in a timely manner and, for the *third consecutive report*, did not perform timely collection procedures. In addition, for the *third consecutive report*, ImCal did not report outstanding account balances accurately to the Louisiana Department of Health. For the *second consecutive report*, ImCal did not clearly identify all federal award information to sub-recipients at the time of the contract award, as required by federal regulations. ImCal also did not perform risk assessments or adequate monitoring over the sub-recipients.

Progress Report: Safe Drinking Water Program – Office of Public Health

November 24, 2021

(Podcast Available)

The Office of Public Health's progress in addressing issues identified in an August 2016 report on monitoring and enforcement processes for the Safe Drinking Water Program and in a March 2017 report on assistance provided to water systems in the Capacity Development Program was evaluated. Overall, OPH fully or partially implemented six of the seven recommendations in the 2016 report and one of the two recommendations in the 2017 report.



DEPARTMENT OF MILITARY AFFAIRS

Louisiana Department of Military Affairs

August 2, 2021

Employee time and attendance records were not certified and approved in a timely manner, and department management did not take appropriate action to address issues identified in an internal audit. In addition, department management discovered \$28,629 from Camp Minden's Morale, Welfare, and Recreations self-generated revenues was missing in fiscal year 2020. *Prior report findings related to inadequate controls over Fueltrac purchases and salary adjustments were resolved.*



DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS

Response to the COVID-19 Pandemic in Secure Care Facilities – Office of Juvenile Justice

May 19, 2021

(Podcast Available)

The Office of Juvenile Justice (OJJ) faced multiple issues and challenges in responding to the pandemic. For example, officials were unable to verify whether facilities were consistently following CDC protocols for medical isolation, screening, visitation, personal protective equipment, and social distancing because onsite visits and quality assurance audits were suspended for several months. In addition, OJJ was not always able to test all individuals who had close contact with someone positive for COVID-19 because many of the youth refused to be tested until the agency was able to obtain the less invasive rapid tests. OJJ also did not meet CDC guidance to limit transfers of youth between facilities. The number of transfers increased 237 percent, and more than half were to place youth in behavioral intervention, which is a form of room confinement. In addition, OJJ offered fewer services to the youth in its care, such as counseling sessions, than it had before the pandemic, and OJJ's staffing challenges were exacerbated by COVID-19.

Response to the COVID-19 Pandemic in Correctional Facilities

June 23, 2021

(Podcast Available)

The Department of Public Safety and Corrections' (DOC) pandemic protocols complied with guidance from the U.S. Centers for Disease Control and Prevention for testing, medical isolation, screening, visitation, personal protective equipment, social distancing, and transfers. However, DOC did not have processes to verify that correctional facilities implemented these protocols. In addition, between March 2020 and January 2021, DOC administered 21,110 COVID-19 tests to 8,211 prisoners in state correctional facilities and found about 40 percent of prisoners had a positive result. However, DOC did not collect the same COVID-19 information for state prisoners housed in local correctional centers, even though approximately half of state prisoners are housed in these facilities. DOC faced challenges in providing programming and in implementing video visitation services for prisoners. Additionally, out of 1,100 potential candidates, DOC furloughed 68 out of 100 prisoners approved by the Furlough Review Panel. The panel reviewed a total of 594 prisoners and was suspended in June 2020 after Louisiana entered phase two of recovery. DOC's existing staffing challenges were exacerbated as well because of an increase in staff absences. From March through December 2020, correctional facility staff used 1.5 million hours of leave, which was a 21.7 percent increase over the prior year, and worked 1.2 million hours of overtime.

Louisiana Department of Public Safety and Corrections – Corrections Services

June 30, 2021

The department was reimbursed more than \$1.6 million from the federal Coronavirus Relief Fund for expenses at Louisiana State Penitentiary, Elayn Hunt Correctional Center, and Adult Probation and Parole facilities that either were considered to be ineligible or were not adequately documented.

Louisiana Department of Public Safety and Corrections – Youth Services – Office of Juvenile Justice

June 30, 2021

For the *second consecutive report*, OJJ did not adequately review Foster Care invoices submitted to the Louisiana Department of Children and Family Services for reimbursement to ensure only eligible expenses were included. OJJ was overpaid a total of \$2,673 related to five invoices and underpaid a total of \$5,049 related to another five invoices. In addition, OJJ was reimbursed by the federal Coronavirus Relief Fund for ineligible expenses totaling \$619,226.

Louisiana Department of Public Safety and Corrections – Public Safety Services

December 20, 2021

The Office of Motor Vehicles (OMV) and the Office of the State Fire Marshal (OSFM) did not certify and approve time sheets in a timely manner, as required by DPS payroll policies. This is the *fourth consecutive report* for the OMV finding. Also, the Office of State Police (OSP) (*for the fourth consecutive report*) and OSFM (*for the second consecutive report*) did not ensure all property purchased was tagged and recorded in the state property system in a timely fashion. For the *second consecutive report*, OSP and OSFM did not ensure certain purchases made with the LaCarte card followed state purchasing regulations. In addition, OSP did not deposit fees collected for the Concealed Handgun Permit Fund in a timely manner, as required by state law. *A previous report finding related to untimely deposit of fees of the Liquefied Petroleum Gas Commission Rainy Day Fund was resolved.*

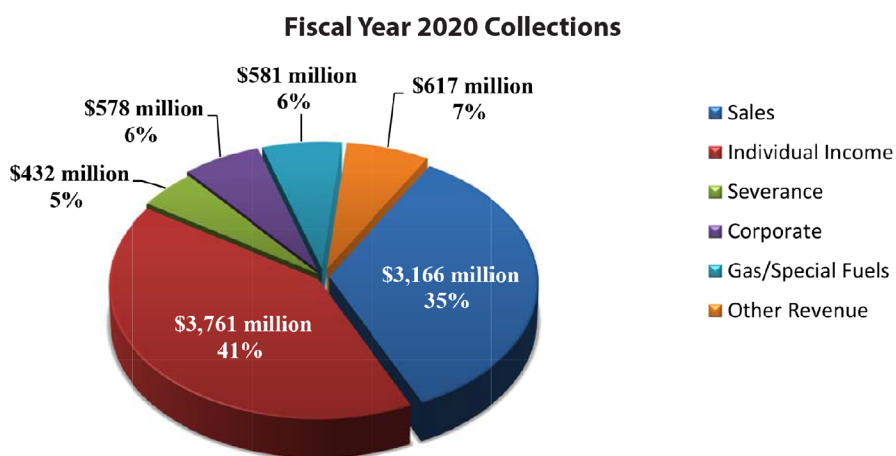


DEPARTMENT OF REVENUE

Louisiana Department of Revenue

February 3, 2021

Various tax revenues and receivables, including individual income tax and sales tax collections – which represent 76 percent of total tax revenues – were examined. In addition, transactions and procedures related to the collection of non-resident professional athlete income taxes attributable to the Sports Facility Assistance Fund, hotel/motel sales tax distributions, tax increment financing, and LDR's return on investment analysis for certain tax incentives were reviewed. LDR failed to submit the return on investment analysis for fiscal 2019 to the Legislature by the April 1, 2020, deadline. *Prior report findings related to inadequate preparation of the Annual Fiscal Report and duplicate individual income tax refunds were resolved.*



Source: Fiscal Year 2020 Department of Revenue Annual Fiscal Report, as adjusted



DEPARTMENT OF STATE CIVIL SERVICE

Louisiana Department of State Civil Service

August 4, 2021

For the *third 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 March 18, 2021, the BOE website noted 2,129 outstanding late fees totaling \$2.7 million from campaign finance disclosure reports, lobbying expenditure reports, and personal financial disclosure statements.



DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT

Louisiana Department of Transportation and Development

March 22, 2021

The department did not have adequate controls in place to ensure all electronic time sheets were certified and approved in a timely manner. In addition, the department did not have adequate controls in place to make sure the Summary of Samples and Test Results Form, which is part of close-out documentation for federal projects, was completed in a timely manner. *A prior-year finding related to non-compliance and inadequate controls related to Highway Planning and Construction Cluster sub-recipient monitoring was resolved.*



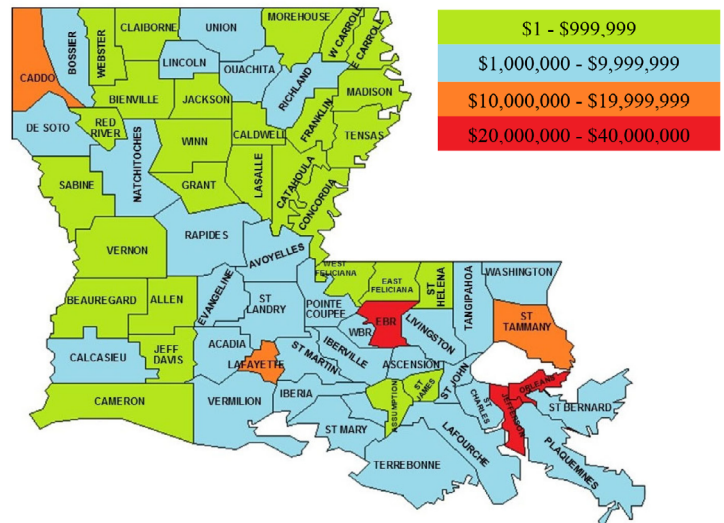
DEPARTMENT OF THE TREASURY

Main Street Recovery Program

May 5, 2021

Auditors examined nearly \$88 million in grants awarded through the Main Street Recovery Program. They found 5.65 percent did not meet all eligibility and documentation requirements at the time of the review. Of the total amount analyzed, 2.16 percent did not meet all applicant eligibility requirements; 2.4 percent did not meet all eligibility and documentation requirements for QuickRelief grants; and 1.09 percent did not meet all eligibility and documentation requirements for Itemized Expenses grants. MSRP staff worked with the recipients to resolve exceptions totaling \$3.8 million. That leaves \$1.15 million – or 1.32 percent of the nearly \$88 million – in unresolved exceptions. Treasury management also issued demand letters to recover \$456,838 in unresolved exceptions.

Parish Breakdown of the \$262 Million in Main Street Recovery Funds Paid (as of January 31, 2021)





DEPARTMENT OF WILDLIFE AND FISHERIES

Comparison of Louisiana's License Fees to Other Regional States

May 20, 2021

(Podcast Available)

A comparison of the Department of Wildlife and Fisheries' (LDWF) commonly purchased hunting and fishing license fees to those of six other states found Louisiana charges less for recreational resident freshwater and all water fishing licenses than the average of the comparison states; recreational resident saltwater and non-resident recreational fishing license costs are comparable or higher. In addition, Louisiana's resident basic game, resident duck, and non-resident big game hunting license fees are lower than the average of the six states, while other recreational resident and non-resident hunting license fees are comparable or higher. Louisiana's lifetime combination license fees also are significantly lower than the average of the six states, and its boater registration fees are lower than four of the states. Also, Louisiana does not require youth under the age of 16 to purchase hunting or fishing licenses, which prevents LDWF from receiving additional federal grant money. However, Louisiana's commercial resident and non-resident fisherman license fees are comparable or higher than the average of the six states. Finally, LDWF pays third-party vendors for agent commissions and vendor services, but does not add these fees to the cost of recreational licenses.

Louisiana Department of Wildlife and Fisheries

June 14, 2021

For the *second consecutive report*, LDWF did not immediately deactivate fuel cards for those no longer employed by the department. In addition, LDWF did not have adequate controls in place to ensure that fiscal year 2020 information reported on the Schedule of Expenditures of Federal Awards for the Fish and Wildlife Cluster was accurate. *A prior report finding related to weakness in controls over LaCarte card purchases was resolved.*



EXECUTIVE DEPARTMENT

Governor's Office of Homeland Security and Emergency Preparedness – Public Assistance and Hazard Mitigation Programs – July 1, 2020, to June 30, 2021

March 15, 2021, and October 6, 2021

Auditors evaluated the completeness and accuracy of documentation submitted in support of federal reimbursements under the Public Assistance and Hazard Mitigation programs. In fiscal year 2021, auditors conducted 5,086 reviews of federal reimbursement requests totaling \$876,786,411 and identified \$119,338,217 in requests that were not supported by sufficient documentation at the time of the review. During the same period, GOHSEP management resolved \$84,523,278 in requests that were not supported by sufficient documentation noted during the current and previous fiscal years.

Office of Financial Institutions

April 19, 2021

For the *third consecutive report*, OFI did not examine the records of all residential mortgage lenders at least once every three years as required by state law and did not maintain adequate controls over payroll records. *A prior report finding related to non-compliance with unclaimed property regulations in Louisiana Revised Statute 9:159 was resolved.*

Executive Department

July 26, 2021

Previous findings related to the inadequate recovery of Homeowner Assistance Program (HAP) awards and Small Rental Property Program (SRPP) loans continued to be unresolved. The Division of Administration, Office of Community Development (OCD), Disaster Recovery Unit identified \$38,359 in non-compliant HAP awards for two homeowners through post-award monitoring, while 27,932 non-compliant files totaling \$930.6 million identified in previous years were still outstanding. OCD also identified \$34.2 million in SRPP loans for 321 property owners who failed to comply with one or more of their loan agreement requirements and were assigned to loan recovery status, while 916 non-compliant loans identified in previous years totaling \$80.2 million remained outstanding. The Office of Finance and Support Services submitted inaccurate Annual Fiscal Reports for the Division of Administration (DOA) and the Office of Technology Services (OTS) for fiscal year 2020. In addition, DOA did not thoroughly review non-payroll-related Coronavirus Relief Fund reimbursements for the Department of Public Safety and Corrections – Corrections Services. Additionally, the Office of Statewide Reporting and Accounting Policy did not have adequate controls over vendor record changes; OTS did not have adequate controls over information technology security and lacked agency-supported data recovery functions; and the Louisiana Federal Property Assistance Agency did not have written policies and procedures in place for the Fixed Price Vehicle program.

**Coastal Protection and Restoration Authority –
Greater New Orleans Hurricane and Storm Damage Risk Reduction System**

September 29, 2021

The auditors analyzed the state's share of the costs for a segment of the Lake Pontchartrain and Vicinity Project Chalmette Loop Levee to confirm there was supporting documentation. The levee is part of the Greater New Orleans Hurricane and Storm Damage Risk Reduction System. Of \$115,078,976 analyzed, auditors found that the state had supporting documents for \$109,972,183. The remaining \$5,106,793 was supported only by reports submitted by the U.S. Army Corps of Engineers.

Coastal Protection and Restoration Authority – Gulf of Mexico Oil Spill Restoration

September 29, 2021

The auditors analyzed 1,419 expenditures totaling \$142,484,621 and found that \$64,257 (less than 1 percent) was not within the scope approved for two of the expenditures. However, CPRA management was able to work with its vendors to resolve the entire amount.

Purchase and Travel Card Programs – Office of State Travel

October 20, 2021

(Podcast Available)

The Office of State Travel's (OST) monitoring activities for the state's Purchase and Travel Card programs were evaluated. Overall, the number of card transactions and the total amount of those transactions increased from calendar years 2016 through 2019, but decreased in 2020, primarily because of the COVID-19 pandemic. In addition, while OST monitored the programs to detect potential improper use, it could improve its process by enhancing its use of data analytics. From calendar years 2016 through 2019, the number of card transactions increased 17.4 percent – from 474,862 to 557,560 – while the dollar amount of the transactions increased 19.6 percent – from \$161.3 million to \$192.9 million. The total amount of transactions over the five-year period of the audit report was \$863.3 million. The cards were used to make purchases related to state business, such as office supplies, conference-related travel, and advertising services.



JUDICIAL BRANCH

Fifth Circuit Court of Appeal

July 26, 2021

The Court overstated non-payroll expenditures in its 2020 Annual Fiscal Report because it recorded five transactions for fiscal year 2020 that actually occurred in fiscal year 2021.

Third Circuit Court of Appeal

September 8, 2021

For the *second consecutive report*, the Court did not have adequate controls in place over information technology expenditures. *Previous report findings related to weakness in controls over payroll, lack of segregation of duties over revenue and payroll functions, and inadequate security and monitoring of information technology infrastructure were resolved.*

Louisiana Supreme Court

November 3, 2021

The Court did not enter information about items it bought into the state's movable property system within the required time frame. Eighty-four items purchased between February 2017 and April 2021 totaling \$581,720 were entered into the system from one to 832 days after the required 60-day period. In addition, 25 items totaling \$40,582 that were purchased on August 12, 2020, had not been entered into the system as of June 30, 2021. The Court also could incur penalties and interest because it did not file federal payroll taxes and annual forms and information returns by the due date for tax periods before January 1, 2021.



LOUISIANA WORKFORCE COMMISSION

Improper Payments in the Unemployment Insurance Program: Ineligible Recipients Based on Income

March 31, 2021

(Podcast Available)

The report analyzed wages reported to LWC by employers for the period of January 2020 through September 2020. To qualify for Unemployment Insurance benefits during the pandemic, individuals with wages reported to LWC by employers were required to have (1) been classified as an employee by their employer;

(2) lost income or their job through no fault of their own; and (3) earned no more than \$247 per week from any secondary employer or source of income. To determine an individual's eligibility, LWC compares the information submitted by the applicants to reports filed by their employers. The report found LWC made approximately \$405.3 million in payments to 97,585 individuals who did not appear to have been eligible based on their income.

Potential Improper Benefits by Quarter		
Quarter	Benefit Amount	Number of Individuals
First (January 1, 2020, through March 31, 2020)*	\$3,916,816	18,512
Second (April 1, 2020, through June 30, 2020)	252,196,329	62,484
Third (July 1, 2020, through September 30, 2020)	149,281,877	41,780
Total	\$405,395,022	97,585**
<small>* Includes State and Federal UI benefits beginning on March 22, 2020. ** This represents the unique number of individuals receiving benefits from March 2020 through September 2020. The total does not equal the sum of the number of individuals in each quarter due to some individuals receiving potential overpayments in multiple quarters.</small>		

Improper Payments in the Unemployment Insurance Program: Ineligible Incarcerated Recipients

April 28, 2021

(Podcast Available)

LWC made approximately \$6.2 million in state and federal Unemployment Insurance payments to 1,195 incarcerated individuals who did not appear to have been eligible for the benefits. The analysis looked at individuals who were incarcerated during the period of January 2020 through November 2020. Under LWC's policy, incarcerated individuals are not eligible to receive unemployment benefits because they are unable to obtain employment, which is required by state law. To verify eligibility related to incarceration status, LWC performs a weekly match of individuals receiving unemployment benefits to incarceration data from LWC's vendor's national database. To evaluate LWC's process, incarceration data from the Louisiana Department of Corrections was used to identify individuals who were incarcerated during the same weeks LWC determined they qualified for unemployment benefits. The analysis found 92 individuals received only one week of benefits while they were incarcerated, which may indicate LWC identified them through its weekly data match and stopped payments. However, 1,103 individuals received unemployment benefits for more than one week, including some who received payments but were incarcerated the entire period of March 2020 through November 2020, which may indicate that LWC's weekly data match of individuals receiving unemployment benefits and incarcerated individuals did not work as intended.

Louisiana Workforce Commission

June 2, 2021

Twenty-seven percent of the pandemic-related Unemployment Insurance (UI) claims reviewed had inconsistent or missing information, which may indicate individuals were not entitled to the benefits they were applying for, or possible identity theft. In addition, LWC's use of Special Leave – Act of God did not follow State Civil Service Rules and may have resulted in improper compensation for department employees totaling approximately \$786,000. LWC also did not have adequate controls to ensure accurate financial reporting for the Unemployment Trust Fund's Annual Fiscal Report. Federal revenue and amounts due from the federal government were understated by \$65.2 million; UI benefits expense and other liabilities were understated by \$46.5 million; and cash was understated by \$17.7 million. For the *second consecutive report*, LWC did not have adequate security controls in place for the Louisiana Wage and Tax System and the UI mainframe system, and did not adequately monitor sub-recipients of the Workforce Innovation and Opportunity Act programs as required. For the *fourth consecutive report*, LWC's contract with Geographic Solutions, Inc. lacked an adequate source code escrow agreement that would allow LWC to continue operations of the UI program if GSI could no longer provide services.

Improper Payments in the Unemployment Insurance Program: Deceased Recipients

June 16, 2021

(Podcast Available)

Of the approximately \$8.57 billion in state and federal Unemployment Insurance benefit payments made by LWC, about \$1.08 million (0.013 percent) was paid to 374 individuals after they died. Of that amount, \$629,091 could not have been prevented, \$337,007 of the payments should have been prevented by LWC's current controls, and \$123,194 could have been prevented if LWC conducted a weekly match with the Louisiana Department of Health's death data. The report covered the period of March 2020 through April 2021. Although LWC could not prevent all of the payments from being made, it can attempt to recover all of the potentially improper payments.

Improper Payments in the Unemployment Insurance Program: Overpayments and Rule Violations

November 10, 2021

(Podcast Available)

LWC made approximately \$2.9 million in payments that potentially violated unemployment benefit program rules outlined in federal and/or state law. Specifically, LWC made state and federal Unemployment Insurance (UI) payments to claimants enrolled in multiple state and federal UI programs at the same time between March 2020 and April 2021. This resulted in \$898,400 in potentially improper payments. In addition, LWC made payments for benefit weeks that exceeded the maximum weekly benefit amount set in state and/or federal law. This resulted in \$1,976,041 in potentially improper payments for the period February 2020 through April 2021. LWC also made duplicate payments to claimants for the same benefit week, which resulted in \$33,536 in potentially improper payments.



GENERAL STATEWIDE REPORTS

The State of Louisiana’s Role in Animal Welfare and Control Activities

May 5, 2021

(Podcast Available)

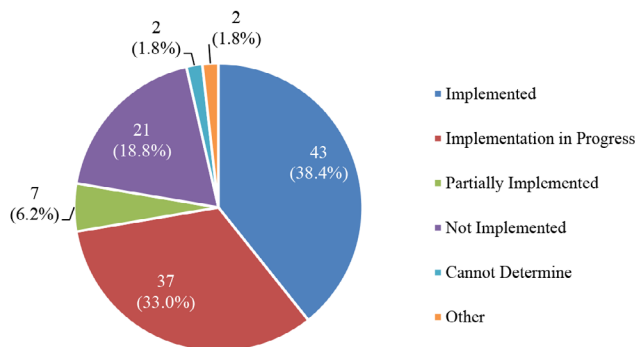
No state entity has sufficient legal authority in state law to effectively regulate any animal facilities, including boarding facilities, grooming businesses, and rescue organizations. Louisiana also does not require public animal control shelters to adopt or follow the state’s Minimum Standards for Animal Shelters, and these standards do not align with nationally recommended practices. Additionally, Louisiana lacks consistent and reliable sources of funding for animal welfare and control activities, including funding for state entities and local shelter operations. While in January 2020 Louisiana was ranked seventh nationally for its animal protection laws, more needs to be done to improve the investigation, prosecution, and prevention of animal cruelty and abuse in the state to ensure compliance with those laws. In addition, Louisiana does not have a statewide initiative to reduce the population of homeless and stray animals.

Implementation Status of Recommendations from Select Performance Audits Issued During Fiscal Years 2018 Through 2019

December 9, 2021

The status of 112 recommendations contained in 13 performance audit reports issued during fiscal years 2018 and 2019 was evaluated. Of the 112 recommendations, 87 (77.6 percent) were implemented, partially implemented, or in the process of being implemented. Twenty-one (18.8 percent) were not implemented, and the status of two (1.8 percent) could not be determined. In addition, two other recommendations (1.8 percent) were not implemented because of circumstances beyond the agencies’ control.

Recommendation Status



Source: Prepared by legislative auditor’s staff using information provided by agencies.

Challenges in Louisiana’s Efforts to Address Domestic Violence

December 16, 2021

(Podcast Available)

The state faces multiple challenges in addressing domestic violence, including gaps in services for victims, insufficient and inflexible funding, inconsistent implementation of strategies to protect victims, lack of oversight of intervention programs for perpetrators, and lack of training for certain entities involved in addressing domestic violence. Specifically, Louisiana does not have enough domestic violence shelter beds and support services for victims, and laws intended to protect victims, such as the issuance of protective orders, are not consistently implemented. While state law requires domestic violence training for law enforcement, others – such as judges and district attorneys – are not required to have training. In addition, intervention programs aimed at perpetrators have no oversight or consistency because no entity is responsible for monitoring them, and not all public school students and employees have received education about dating violence, as required by state law.



OTHER REPORTS

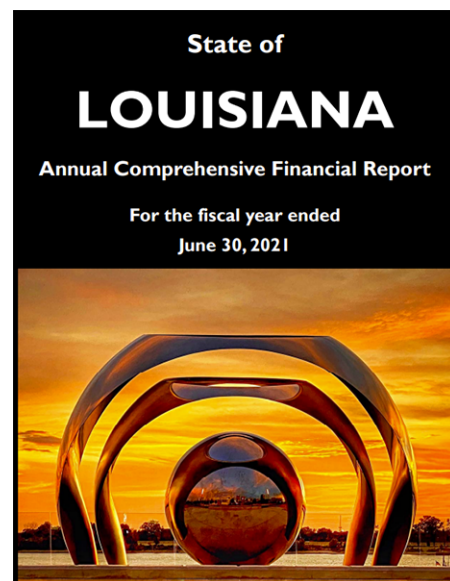
Annual Comprehensive Financial Report

December 31, 2021

The Annual Comprehensive Financial Report (ACFR) is the official financial report for the State of Louisiana and presents the state’s financial position as of June 30, 2021, and the operating activities of the state’s primary government and its component units for the fiscal year. The financial information included in the ACFR 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 ACFR was performed in accordance with Government Auditing Standards, and the audit report was issued on December 31, 2021. For the *fourth consecutive report*, auditors found the state’s records and statements fairly presented Louisiana’s financial position.

The auditor’s report also noted that as of November 30, 2021, the Louisiana Workforce Commission had identified approximately 56,500 claims totaling \$670 million paid from July 1, 2020, through June 30, 2021, with various issues indicating potential overpayments to claimants. In addition, there were 57,400 claims totaling \$274 million from the prior year (July 1, 2019, through June 30, 2020) with unresolved issues indicating potential overpayments to claimants.



Single Audit Report for 2020

August 17, 2021

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.

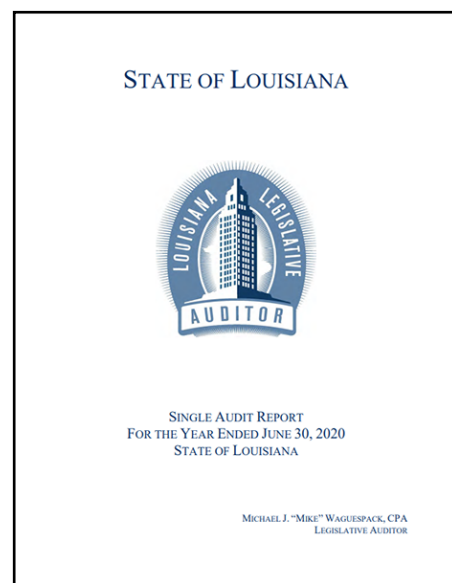
The 2020 Single Audit identified 61 findings, including 19 repeated from the prior audit, involving 23 state entities. This was an increase of 24 findings compared to the Single Audit report issued in the prior year. Certain findings resulted in modified opinions on seven of the state's 21 major federal programs because they did not comply with certain requirements.

The programs given a modified (qualified) opinion were:

- **Research and Development Cluster** – Louisiana State University and A&M College (LSU A&M), the LSU Agricultural Center (AgCenter), and LSU Health Sciences Center in Shreveport (LSUHSC-S) did not have adequate controls in place to ensure compliance with Special Tests and Provisions requirements. This has been reported for *three consecutive years* at LSU A&M, for *four consecutive years* at the AgCenter, and for *two consecutive years* at LSUHSC-S.
- **Unemployment Insurance Program** – The Louisiana Workforce Commission (LWC) did not have adequate internal controls over and did not comply with requirements of the Unemployment Insurance federal program. By backdating the Pandemic Unemployment Assistance claims and thus, duplicating payments, LWC is non-compliant with federal program regulations.
- **WIOA Cluster** – For the *second consecutive year*, LWC did not adequately monitor sub-recipients under the Workforce Innovation and Opportunity Act (WIOA) Cluster programs. WIOA program expenditures totaled \$41 million during fiscal year 2020, with approximately \$36.5 million provided to sub-recipients who were not adequately monitored.
- **Children's Health Insurance Program (CHIP) and Medicaid Cluster** – The Louisiana Department of Health (LDH) lacked adequate internal control over eligibility determinations for Medicaid during fiscal year 2020.

For the *third consecutive year*, LDH did not enroll and screen Healthy Louisiana managed care providers and dental managed care providers as required by federal regulations. For the *third consecutive year*, LDH 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 by federal regulations for all Medicaid and CHIP fee-for-service providers. Approximately 80 percent of providers with claims activity in fiscal year 2020 have not had a risk-based screening with a majority of those providers enrolled more than five years ago. In addition, LDH did not routinely check one of the required federal databases to determine if providers have been excluded from participation in federal programs.

- **HIV Prevention Activities Health Department Based** – LDH, Office of Public Health did not have adequate controls in place to monitor sub-recipients of the HIV Prevention Activities Health Department Based program.
- **Student Financial Assistance Cluster** – Delgado Community College (Delgado) did not have adequate controls in place to ensure Title IV funds were calculated correctly and timely returned to the U.S. Department of Education (USDOE) as required per federal regulations. Also, Delgado did not have adequate controls in place to ensure class attendance was properly recorded by instructors for students enrolled in online (distance education) courses and identify the students who withdrew (officially or unofficially) in accordance with established policies. In addition, Delgado did not properly perform monthly reconciliations of the School Account Statement (SAS) data files to the institution’s financial records. Finally, Delgado did not ensure changes in enrollment status for students who received Federal Pell Grants and Federal Direct Student Loans were accurately and timely reported to the National Student Loan Data System (NSLDS), as required by federal regulations.



Southern University at Baton Rouge (SUBR) did not have adequate controls in place to ensure that returns of Title IV funds were calculated and returned to the USDOE as required by federal regulations. In addition, SUBR used incorrect academic calendar dates in the Banner system, which could affect the total number of enrollment period days in the return of Title IV calculations for the fall and spring semesters. Also, SUBR did not ensure compliance with Student Financial Assistance (SFA) program regulations related to verification. SUBR was unable to provide support or did not recalculate the Pell Grant award based on changes noted during verification and ensure those changes were submitted to the USDOE for two of 60 students tested. Finally, SUBR did not properly reconcile the SAS data files to the institution’s financial records and did not ensure compliance with SFA program regulations related to Direct Loan disbursements and the Direct Loan Quality Assurance System as SUBR did not send the required Direct Loan disbursement letter notices to 54 (90 percent) of the 60 students tested, and SUBR was unable to provide documentation of its Direct Loan Quality Assurance System.

SUBR and Southern University Law Center (SULC) did not accurately and timely report changes in enrollment status for students who received Federal Pell Grant funds and/or Federal Direct Student Loan funds to the NSLDS as required by federal regulations. In addition, SUBR and SULC did not have a documented risk assessment or related safeguards that address the minimum requirements of the Gramm-Leach-Bliley Act standards for safeguarding customer (student) information.

As a result of the findings included in the 2020 Single Audit, \$37,419,910 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, 2020, the state received about \$22.3 billion in federal funds, including loan programs, which is an increase over the approximately \$17.5 billion Louisiana received in fiscal year 2019.

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.



LOCAL GOVERNMENT



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, providing guidance to local governments and quasi-public entities (local auditees), and overseeing the work of approximately 270 independent auditing firms who provide services to those entities.



LOCAL GOVERNMENT SERVICES

Local Government Services staff reviewed and processed the following local auditee engagements and reports during 2021:

- *Audits:* 2,182
- *Sworn Financial Statements:* 1,003
- *Compilations:* 404
- *Reviews/Attestations:* 291
- *Agreed-Upon Procedures:* 18

Total: 3,898

During the 2021 calendar year, 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
- Lack of reconciliation of bank and other accounts
- Errors in accounting records
- Deficit fund balances

Extension Requests

Local auditees may request an extension of time to submit their reports to the LLA because of delays caused by declared emergencies and other non-emergencies that are nevertheless beyond the control of the local auditee. Local Government Services presented 1,131 extension requests to the Legislative Audit Advisory Council for approval in 2021, a 349 percent increase over the prior year:

- Emergency (hurricanes Laura, Delta, and Ida; ice storms; COVID-19):
 - *90 days or less*: 749
 - *Greater than 90 days*: 359
- Non-emergency (turnover or illness in key staff; software implementation; other):
 - *90 days or less*: 16
 - *Greater than 90 days*: 7

Statewide Agreed-Upon Procedures

Statewide agreed-upon procedures, which were first prescribed in 2017 and were suspended because of the coronavirus pandemic for fiscal years ending after December 31, 2019, were required for fiscal years ending after November 30, 2021. Two new procedures were added, bringing the total to 14. The agreed-upon procedures are designed to look more closely at high-risk areas of interest to the public, which may be immaterial to the financial statements, and to improve internal controls.

Act 87

Act 87 of the 2020 Regular Legislative Session required the LLA and the Louisiana Supreme Court to develop a uniform reporting format for local and state entities that assess, collect, or receive revenue from pre- or post-adjudication costs, fines, and fees. The justice system funding reporting schedules were required to be included in reports beginning with fiscal years ending on or after December 31, 2020. In 2021, 474 schedules were submitted.



EDUCATIONAL OUTREACH TO LOCAL GOVERNMENTS

Center for Local Government Excellence

In October 2021, the LLA continued its Center for Local Government Excellence training by presenting, via videoconference, sessions focused on:

- the new American Rescue Plan Act and Justice System Funding Reporting schedules;
- state laws regarding public bid, open meetings, public records, and budgeting; and
- operations of local governments including internal controls and best practices, statewide agreed-upon procedures, and understanding financial statements.



More than 780 individuals from 358 different agencies participated in the day-and-a-half online training program that offered 12 hours of continuing professional education. Since the Center began in late 2015, more than 2,180 government officials and staff members, certified public accountants, and attorneys have received the training. The proactive goal of these training sessions is to enable local officials and their staffs to immediately apply the knowledge and skills learned to their respective governments and use that knowledge to make a positive difference for those they serve, which will ultimately improve the services provided by local governments and the quality of local government audits.

Making Presentations as Invited Guests

From July through December 2021, four Local Government and Advisory staff members made 18 presentations on 10 different topics to one auditing firm and the following professional organizations:

- Capital Region Planning Commission
- Government Finance Officers Association of Louisiana
- Louisiana Association of School Business Officials
- Louisiana Clerks of Court Association
- Louisiana Municipal Association
- Louisiana Municipal Clerks' Association
- Louisiana Rural Water Association
- Louisiana Sheriffs' Association
- Organization of Parish Administrative Officials
- Society of Louisiana Certified Public Accountants



ADVISORY SERVICES

The Advisory Services staff serves as fiscal advisers and operational consultants to local government entities and officials. Over the past year, Advisory Services staff completed projects and responded to legislative requests touching approximately 207 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 stress
- 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 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, and
- Performance of procedures in St. Tammany Parish under Act 774 of the 2014 Regular Legislative Session.

In 2021, three local governments completed the fiscal administration process and submitted three-year plans to establish and maintain fiscal stability in accordance with Act 358 of the 2020 Regular Legislative Session. At the end of 2021, two local governments were under fiscal administration.

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 2021 Regular Legislative Session, the office's analysts received requests and prepared fiscal notes related to 34 bills. Advisory Services also assisted with the preparation of fiscal analyses for actuarial notes related to 15 retirement bills.

The following summaries highlight Advisory Services reports released in 2021.

St. Tammany Parish Waterworks District No. 3

February 10, 2021

As part of the requirements of Act 774 of the 2014 Regular Legislative Session, auditors looked at whether the district had resolved issues noted in the previous report. They found that concerns related to the district's written policies and procedures, board oversight, and compliance with the open meetings law were not fully resolved. In addition, auditors recommended changes in the district's debt collection policies and procedures.

Louisiana District Public Defenders Compliance with Reporting Requirements

December 22, 2021

As of June 30, 2020, 22 public defender offices reported spending more money than they brought in for the fiscal year, which is an increase of one over the previous year. The revenues of the public defender offices ranged from a high of \$8.33 million to a low of \$95,665, and their combined revenues totaled \$56.04 million. Over the same time period, their expenditures ranged from a high of \$7.62 million to a low of \$79,738, while their combined expenditures totaled \$55.37 million.

Town of Madisonville

December 29, 2021

To address the requirements of Act 774 of the 2014 Regular Legislative Session, auditors helped the Town evaluate certain controls used to ensure accurate financial reporting, compliance with applicable laws and regulations, and overall accountability over public funds. Specifically, auditors examined the Town's policies and procedures regarding contracting, paying vendors by electronic means, and traffic tickets. Auditors also tested for compliance with state law regarding the prevention of sexual harassment in the workplace. No exceptions were found.



INVESTIGATIVE AUDIT SERVICES

Auditors with Investigative Audit Services 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.

The following summaries highlight Investigative Audit Services reports released in 2021.

District Attorney for the 14th Judicial District

February 24, 2021

Investigative auditors found a former district attorney transferred \$556,598 to a nonprofit foundation he formed using funds from pretrial diversion participants and defendants on court-ordered misdemeanor probation who were allowed to buy out community service hours. In addition, auditors found some district attorney employees did foundation work during office hours, and one employee said she performed campaign activities for the district attorney during work hours. The auditors also found that the foundation paid \$2,815 for items the district attorney won at a fundraising auction for another organization – including a security camera system that was installed at the district attorney's home. The auditors found, too, that the district attorney allowed individuals on court-ordered misdemeanor probation to buy out their community service, even though state law says only the court may modify, change, or discharge the conditions of probation. Additionally, auditors found the district attorney failed to disclose his position as a foundation officer and board member on his 2015, 2016, and 2017 annual financial disclosure statements and failed to include the revenue from the buyout of community service hours on the district attorney's office financial statements for fiscal years 2015, 2016, 2017, and 2018.

Behavioral Health Provider Destined for a Change, Inc. – Louisiana Department of Health

January 20, 2021

Investigative auditors found Destined for a Change, Inc. (DFAC) billed and was paid \$71,112 for behavioral health services it did not appear to have provided, in whole or in part, between January 2016 and August 2019. The \$71,112 included \$20,169 for services provided to children whose parents/guardians indicated the children did not receive the services; \$13,705 for services allegedly provided at one household after services had ended; \$35,225 for services allegedly performed on weekends for clients who said they did not receive services on weekends; and \$2,013 for alleged services when the client was in an inpatient setting (e.g., a hospital). In addition, auditors found DFAC appeared to have improperly billed Medicaid for \$26,163 in services between January 2016 and August 2019. A review of 13 client files found as well that there was no documentation to support a majority (52 percent) of the services billed to Medicaid.

Medicaid Recipient Report No. 12 – Louisiana Department of Health

March 10, 2021

Investigative auditors found A.B. may have provided incomplete and inaccurate income and household information to the Louisiana Department of Health when she applied for and received Medicaid benefits for herself and her two children. As a result, between June 2016 and December 2019, LDH paid \$45,946 in monthly premiums for A.B. and her children to the managed care organizations overseeing the state's Medicaid program. LDH also paid \$3,383 directly to providers for A.B. and her children. The MCOs paid \$20,286 to providers for covered health care services for A.B. and her children.

City of Zachary

November 8, 2021

Investigative auditors examined certain city records related to contracted public works services. They found the City paid two vendors \$3.5 million between July 2019 and May 2021 for maintenance and utility services for which there were no written contracts. In addition, the City did not require one vendor to submit time sheets and activity reports and did not confirm the hours worked were correct before paying invoices. The City also did not review or reconcile work tickets and weekly reports with invoices to confirm the work was completed.

Office of the State Fire Marshal

November 17, 2021

Investigative auditors found Lt. Robert McCormick, former emergency management officer for the Office of the State Fire Marshal, used his position to improperly direct state funds totaling \$846,140 to companies doing business with or on behalf of his brother, Thomas McCormick, between August 30, 2020, and April 29, 2021. The payments were for supplies, equipment rentals, catering services, and other emergency services provided during natural disasters. In addition, auditors found some items were purchased using Thomas McCormick's and Lt. McCormick's personal funds and billed to OSFM at excessive rates. Auditors also found that the companies diverted funds totaling \$397,546 to Thomas McCormick's law firm, McCormick Law Firm, LLC, as "Legal Fees," "Legal Services," or "Attorney Fees." The funds then were distributed to personally benefit and/or reimburse Lt. McCormick, Thomas McCormick, and others.



CONCLUSION



Three familiar themes are evident in the reports highlighted in this year's Annual Report:

1. The need for strong internal financial controls at the state and local government levels
2. The importance of data collection, tracking, and analysis
3. The failure to address audit findings that are repeated year after year

For the first time in many years, Louisiana finds itself flush with cash. Much of the money is coming from the federal government, but state and local revenue collections have been higher than expected as well.

That makes the need for strong internal financial controls more important than ever so that residents can trust the money is being spent effectively and efficiently and state and local governments are held accountable for doing so.

Data collection and analysis are also critical to tracking how and where money is spent. Without such information, it becomes difficult to determine if spending decisions are achieving their intended goals.

Repeat audit findings that continue to be unaddressed are a concern, too, because it means problems remain unresolved. That, in turn, has an impact on how effective programs and services are and on how transparent state and local officials are in their spending decisions.

As noted previously, these are not new problems, but the infusion of increased tax revenues and federal funds give them new urgency.

The LLA will continue to call these issues to the attention of lawmakers, agency management, and the public so that open, transparent discussions can be held to figure out how best to resolve them and move the state forward.

DID YOU KNOW?

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



ACT 461 REPORT



Act 461 of the 2014 Regular Legislative 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.



THIRD QUARTER, FISCAL YEAR 2021

January-March 2021

State Agencies

Louisiana Department of Health

- From December 2, 2015, through August 26, 2020, we identified \$455,846 in payments for 4,249 encounters where an individual received Psychosocial Rehabilitation Services (PSR), Community Psychiatric Support and Treatment (CPST), or Crisis Intervention services while in an inpatient setting, which is prohibited according to the Behavioral Health Provider Manual. *(Amount: \$455,846) (p.3)*
- From December 1, 2015, through March 2, 2020, we identified at least \$806,898 in payments for 10,383 instances where two different mental health rehabilitation (MHR) providers were paid for providing the same PSR or CPST service to the same Medicaid recipient on the same day, which is prohibited according to the Behavioral Health Provider Manual. *(Amount: \$806,898) (p.4)*
- From March 20, 2020, through September 12, 2020, we identified at least \$219,965 in payments for 2,546 encounters where MHR providers did not properly code MHR services delivered via telehealth. *(Amount: \$219,965) (p.4)*

Louisiana Workforce Commission

- We found that LWC made approximately \$405.3 million in State and Federal UI payments to individuals who do not appear to have been eligible for these programs based on their income. *(Amount: \$405,395,022) (p.3)*

Local Government Agencies

District Attorney for the 14th Judicial District

- We found that, between October 2015 and November 2019, the district attorney allowed pretrial diversion participants and defendants on court-ordered misdemeanor probation to buy out community service hours by purchasing gift cards or money orders and delivering them to the district attorney's office. The gift cards and money orders were then transferred to the foundation, and the funds were used to buy items for annual toy drives, make donations to other charitable organizations, and provide aid to people affected by natural disasters. (Amount: \$556,598) (p.7)



FOURTH QUARTER, FISCAL YEAR 2021

April-June 2021

State Agencies

Capital Area Human Services District (CAHSD)

- *Failure to Follow Public Bid Law Requirements* - CAHSD did not ensure the purchase of its new electronic health record system was in accordance with state bid law and agency policy. CAHSD failed to advertise for the software purchase. The contract signed with the selected bidder was for \$1.3 million. (Amount: \$1,300,000) (p.1)

Department of Public Safety and Corrections - Corrections Services

- *Noncompliance with Coronavirus Relief Fund Requirements* - The Department received reimbursement from the Coronavirus Relief Fund (CRF) for expenditures at Louisiana State Penitentiary, Elayn Hunt Correctional Center, and Adult Probation and Parole facilities that did not comply with program requirements or were inadequately supported. (Amount: \$1,648,025) (p.1)

Department of Public Safety and Corrections - Youth Services – Office of Juvenile Justice (OJJ)

- *Control Weakness over and Noncompliance with Coronavirus Relief Fund* - OJJ received reimbursement for expenditures that were unallowable and outside the period of performance under the CRF, per federal program rules and guidance. A review of 100 percent of non-payroll expenditures paid with the CRF, totaling \$5,926,871, disclosed the following: (1) For residential facilities caring for juveniles in OJJ's custody, \$363,183 of the \$3,789,912 contract costs paid with CRF funds were also reimbursed by Foster Care federal funds, which is not allowable; and (2) One residential facility payment of \$8,385, not associated with a contract, was for dates of service in January 2020, which is outside of the period of performance for CRF.

In addition to the non-payroll testing, auditors reviewed payroll expenditures from March 1, 2020, through May 31, 2020, included on the March 2020 and June 2020 quarterly administrative invoices. Auditors determined that a percentage of OJJ salary and benefit costs were paid by both CRF and Foster Care federal funds totaling \$247,658, which is not allowable. (Amount: \$619,226) (p.1)

Louisiana Department of Health (LDH)

- *Noncompliance with Managed Care Provider Enrollment Requirement* - LDH did not enroll and screen Healthy Louisiana managed care providers and dental managed care providers as required by federal regulations. As a result, LDH cannot ensure the accuracy of provider information obtained from the Louisiana Medicaid managed care plans and cannot ensure compliance with enrollment requirements defined by law and the Medicaid and CHIP state plan. **(Repeat)** (Amount: \$8.5 billion) (p.3)
- *Inadequate Control over Billing for Behavioral Health Services* - LDH, the MCOs, and Magellan Health Services did not have adequate controls in place to ensure that behavioral health services in the Medicaid and CHIP programs were properly billed and that improper encounters were denied. For fiscal year 2020, approximately \$10.5 million in encounters for services between July 1, 2019, and June 30, 2020, were paid by the MCOs and Magellan even though encounters did not comply with the LDH coding requirements and fee schedule. **(Repeat)** (Amount: \$10.5 million) (p.6)
- *Inadequate Control over Service Providers with Closed Enrollment* - LDH paid \$287,617 in fiscal years 2016 through 2020 for claims with service dates occurring after the service providers were no longer enrolled. LDH lacked adequate procedures to ensure claims are only paid for service dates in which the service provider is enrolled in Medicaid. (Amount: \$287,617) (p.8)
- *Lack of Internal Control over and Noncompliance with Subrecipient Monitoring* - The Office of Public Health (OPH) did not have adequate controls in place to monitor subrecipients of the HIV Prevention Activities Health Department Based program. OPH did not evaluate any subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring related to the award as required by federal regulations. (Amount: \$4,257,663) (p.9)

Louisiana State University Health Sciences Center in Shreveport (LSUHSC-S)

- *Noncompliance with Joint Venture Agreements* - LSUHSC-S did not receive net physician claims revenue for physician services provided at the Monroe facility in accordance with the joint venture agreements with the hospital partner. Based on reports provided by the subservice billing organization, net collections for physician services at the Monroe facility during the fiscal year ending June 30, 2020, were \$4,002,796, which was not submitted to LSUHSC-S. (Amount: \$4,002,796) (p.1)
- *Noncompliance and Control Weakness Related to Billing and Collections* - LSUHSC-S does not have adequate controls over state and nongovernmental grants and contracts to pursue collection of accounts receivable. LSUHSC-S reported \$2.2 million of state and nongovernmental grants and contracts gross accounts receivable as of June 30, 2020, which were outstanding from fiscal years 2011 to 2019. LSUHSC-S did not actively pursue collection on those accounts past the initial billing. In addition, during the fiscal year ended June 30, 2020, LSUHSC-S did not comply with nongovernmental grants and contracts related to timely billing in accordance with contract terms. **(Repeat)** (Amount: \$2.2 million) (p.3)

Louisiana Workforce Commission (LWC)

- *Inadequate Controls and Noncompliance with Unemployment Insurance Benefits Requirements* - LWC did not have adequate internal controls and did not comply with requirements of the Unemployment Insurance (UI) federal program. For example, 37 (27 percent) of the claimants reviewed had inconsistent or missing information on the UI application, which may indicate the claimant is intentionally filing to receive benefits to which they are not entitled, or that may indicate possible identify theft. (Amount: \$287,006) (p.1)
- *Noncompliance with Civil Service Rules Regarding Special Leave* - LWC's use of Special Leave - Act of God was not in accordance with State Civil Service Rules and may have resulted in improper compensation totaling approximately \$786,000. (Amount: \$786,000) (p.3)
- *Inaccurate Financial Reporting* - LWC did not have adequate controls to ensure accurate financial reporting for the Unemployment Trust Fund. Federal revenue and amounts due from the federal government were understated by \$65.2 million because LWC did not properly accrue federal unemployment insurance benefits received after fiscal year-end. Unemployment Insurance Benefits expense and other liabilities were understated by \$46.5 million because LWC did not properly accrue for expenses at year-end. Cash was understated by \$17.7 million due to errors and omissions in the agency's general ledger. (Amount: \$129,400,000) (p.5)
- *Noncompliance with Subrecipient Monitoring Requirements* - For the second consecutive year, LWC did not adequately monitor subrecipients under the Workforce Innovation and Opportunity Act (WIOA) Cluster programs. WIOA program expenditures totaled \$41 million during fiscal year 2020, with approximately \$36.5 million provided to subrecipients who were not adequately monitored. (Repeat) (Amount: \$36,500,000) (p.7)

Louisiana Workforce Commission - Improper Payments in the Unemployment Insurance Program: Ineligible Incarcerated Recipients

- Overall, we found that LWC made approximately \$6.2 million in State and Federal UI payments to 1,195 incarcerated individuals who do not appear to have been eligible for these programs. (Amount: \$6,220,011) (p.4)

Louisiana Workforce Commission - Improper Payments in the Unemployment Insurance Program: Deceased Recipients

- Overall, of the approximately \$8.57 billion in State and Federal UI benefit payments made by LWC, we found that approximately \$1.08 million (0.013 percent) were made to 374 individuals after their date of death. While \$629,091 of these potentially improper payments could not have been prevented, \$337,007 of the payments should have been prevented by LWC's current controls, and \$123,194 could have been prevented if LWC conducted a weekly match with LDH death data. Although LWC could not prevent all of the payments from being made, LWC can attempt to recover all of the potentially improper payments. (Amount: \$1,089,292) (p.4)

University of New Orleans

- *Overpayments to Employees* - The University of New Orleans overpaid employees as a result of the execution of a change in payment structure for its non-academic, unclassified employees in January 2019. (Amount: \$172,800) (p.1)

Local Government Agencies

Oasis - A Safe Haven for Survivors of Domestic and Sexual Violence

- In December 2020, the organization's management discovered that a former employee had fraudulently transferred funds from the organization's bank account into her personal bank account, written herself payroll checks for time not earned, and added herself to the insurance and supplemental insurance plans without deducting premiums from her payroll check. The amount of the theft was determined to be \$183,412. The former bookkeeper has been charged and is awaiting trial. No restitution has been made, and an insurance claim for the theft is being made. (Amount: \$183,411.59) (p.17,22)



FIRST QUARTER, FISCAL YEAR 2022

July-September 2021

State Agencies

Executive Department

- *Inaccurate Annual Fiscal Reports* - The Office of Finance and Support Services submitted inaccurate Annual Fiscal Reports (AFR) for the Division of Administration (DOA) and the Office of Technology (OTS) for the fiscal year ending June 30, 2020. The DOA AFR was submitted with payments totaling \$1.03 billion incorrectly reported on the operating lease note disclosure instead of the lessor lease disclosure. This total was also overstated by \$80.4 million. The OTS AFR was submitted with a \$20.3 million overstatement of operating expenses. (Amount: \$1.05 billion) (p.1)
- *Inadequate Recovery of Small Rental Property Program Loans* - The DOA, Office of Community Development, Disaster Recovery Unit identified \$34.2 million in Small Rental Property Program loans for 321 property owners under the Community Development Block Grant program who failed to comply with one or more of their loan agreement requirements and were assigned to loan recovery status. In addition, 916 noncompliant loans identified in previous years totaling \$80.2 million remain outstanding. (Repeat) (Amount: \$34,233,732) (p.2)

- *Inadequate Controls over Certain Coronavirus Relief Fund Transactions* - DOA did not thoroughly review certain state agency expenditures prior to approving reimbursement using Coronavirus Relief Fund (CRF) monies. Louisiana reported CRF expenditures totaling \$217,118,448 on its fiscal year 2020 Schedule of Expenditures of Federal Awards. Included in the \$217.1 million were CRF reimbursements of certain non-payroll expenditures for the Department of Public Safety and Corrections - Corrections Services (DOC) totaling \$7,761,339, or 3.6 percent of the total. DOA decided that 100 percent of the non-payroll expenditures DOC submitted would be considered allowable for CRF funding as long as the costs were incurred during the allowed period and, therefore, did not require DOC to submit support that each expenditure incurred was a COVID-19-related expenditure. (Amount: \$7,761,339) (p.3)
- *Inadequate Controls over Vendor Record Changes* - The Office of Statewide Reporting and Accounting Policy (OSRAP) did not have adequate controls over vendor record changes, which resulted in inappropriate changes to five vendor records. As a result, inappropriate payments totaling \$5.2 million were sent to the bank for payment. Of the \$5.2 million, OSRAP represented that payments totaling \$4.8 million were detected by the bank as potentially improper and were stopped before the payments cleared. (Amount: \$5,213,363) (p.7)

Louisiana Schools for the Deaf and Visually Impaired

- *Untimely Approvals of LaCarte Card Purchases* - Louisiana Schools for the Deaf and Visually Impaired (LSDVI) management did not ensure that purchases made with the LaCarte card were electronically signed off in WORKS, the Bank of America online banking system, in a timely manner and in accordance with LSDVI and state policies. (Amount: \$154,253) (p.4)

Local Government Agencies

City of Oakdale

- The City Clerk used ACH transactions to transfer cash to three personal bank accounts. \$248,564 in funds were possibly misappropriated in the audited fiscal year and approximately \$109,462 subsequently. The alleged theft occurred between July 1, 2019, and March 11, 2021. The suspect is now deceased, so there are no charges and no adjudication is in progress. All appropriate law enforcement bodies have been notified. The suspect died before any charges or restitution could be made. Fidelity bond insurance claims have been filed in the amounts of \$35,000 and \$50,000. (Amount: \$358,026) (p.87)



SECOND QUARTER, FISCAL YEAR 2022

October-December 2021

State Agencies

Department of Public Safety - Public Safety Services

- *Weaknesses in Controls over Property of the Office of State Police and Office of the State Fire Marshal - The Office of State Police (OSP) and the Office of State Fire Marshal (OSFM) did not ensure that all property purchased was timely tagged and recorded in the state property system in accordance with state property regulations. These are the fourth and second consecutive engagements in which this issue related to OSP and OSFM movable property, respectively, was noted. (Repeat) (Amount: \$221,416) (p.3)*

Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) - Public Assistance Program

- *Completed work was not within the scope of the approved project. (Amount: \$964,938) (p.4)*
- *Expense reimbursements were not supported by invoices, receipts, lease agreements, contracts, labor policies, time records, equipment logs, inventory records, or other applicable documentation. (Amount: \$39,180,010) (p.4)*
- *Contracts and purchases totaling more than \$30,000 per vendor per calendar year did not comply with applicable federal and state procurement requirements. (Amount: \$5,126,013) (p.4)*
- *Work reflected in the expense reimbursements did not comply with applicable FEMA regulations and guidance. (Amount: \$6,056,968) (p.4)*
- *GOHSEP's cost estimating tool and/or expense review form either omitted or contained duplicate and/or incorrectly categorized expenses. (Amount: \$1,104,814) (p.5)*

During the period April 1, 2008, through June 30, 2021, the LLA has noted exceptions totaling \$1,422,732,440, which includes \$52,432,743 noted this period, and GOHSEP has resolved \$1,304,226,847, which includes \$37,418,744 resolved this period.

Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) - Hazard Mitigation Program

- *Completed work was not within the scope of the approved project. (Amount: \$179,028) (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: \$1,195,519) (p.2)*

Louisiana Legislative Auditor

- Contracts and purchases totaling more than \$10,000 per vendor per calendar year did not comply with applicable federal and state procurement requirements. *(Amount: \$866,860) (p.3)*

During the period April 1, 2008, through June 30, 2021, the LLA has noted exceptions totaling \$300,613,078, which includes \$2,245,407 noted this period, and GOHSEP has resolved \$206,841,188, which includes \$5,022,077 resolved this period.

Louisiana Supreme Court

- *Lack of Controls over Movable Property* - The Court did not enter information in the state's movable property system within the timeframe required by state equipment management regulations. *(Amount: \$622,302) (p.1)*

Northwest Louisiana Technical Community College

- *Inaccurate Financial Reporting* - The College did not have adequate internal controls to ensure that the Annual Fiscal Report was accurately prepared. We noted errors exceeding \$1.5 million that affected the financial statements as well as the related note disclosures. *(Amount: >\$1.5 million) (p.2)*

Office of the State Fire Marshal

- A former Office of the State Fire Marshal Emergency Management Officer used his position to improperly direct state funds totaling \$846,140 to companies doing business with or on behalf of his brother from August 30, 2020, to April 29, 2021. *(Amount: \$846,140) (p.5)*

Local Government Agencies

Louisiana District Public Defenders

- Twenty-two public defender reports included deficit spending for the fiscal year ended June 30, 2020. **(Repeat)** *(Amount: \$2.1 million) (p.4)*

City of Zachary

- The City paid two vendors \$4,141,604 to perform maintenance and utility services from July 2019 to May 2021. Eighty-five percent (\$3,521,007) of those services were provided without benefit of a written contract. *(Amount: \$3,521,007) (p.1)*

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Contact the **Louisiana Legislative Auditor (LLA) Hotline** if you suspect the misappropriation (theft), fraud, waste or abuse of public funds by anyone.

Information provided to the LLA Hotline may result in an investigation, audit or other review.

When providing information to the LLA Hotline, please include sufficient detail (*describing who, what, where, when, why and how*) to allow us to fully evaluate your information. Although we will consider anonymous information, providing us with your name and telephone number will allow us to contact you with any additional questions that we have. **Your name and telephone number, as well as the status of complaints, are confidential.**



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Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report is available for public inspection at the Baton Rouge office of the Louisiana Legislative Auditor.

This document is produced by the Louisiana Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. One hundred fifty-five copies of this public document were produced at an approximate cost of \$178.25. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's website at lla.la.gov.

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