

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

FOURTH QUARTER, FISCAL YEAR 2020



REPORT TO THE JOINT LEGISLATIVE
COMMITTEE ON THE BUDGET
ISSUED JULY 2020

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LOCAL GOVERNMENT SERVICES
THOMAS H. COLE, CPA

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.

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

July 14, 2020

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

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

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

Attached is our report to meet the requirements of Act 461 for the fourth quarter of Fiscal Year 2020. That report is linked and referenced to the full reports which contain the applicable findings of interest, as well as management's responses.

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

Sincerely,

A handwritten signature in blue ink that reads "Daryl G. Purpera". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Daryl G. Purpera, CPA, CFE
Legislative Auditor

DGP/ch

ACT 461 REPORTING – JULY 2020

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STATE AGENCIES

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

- Completed work was not within the scope of the approved project. (*Amount: \$353,938*) (*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: \$503,539*) (*p.2-3*)
- Contracts and purchases totaling more than \$10,000 per vendor per calendar year did not comply with applicable federal and state procurement requirements. (*Amount: \$234,272*) (*p.3*)

Since March 31, 2008, the LLA has noted exceptions totaling \$287,058,262, which includes \$1,091,749 noted this period, and GOHSEP has resolved \$192,415,459, which includes \$771,318 resolved this period.

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

- Completed work was not within the scope of the approved project. (*Amount: \$1,849,778*) (*p.3*)
- Expense reimbursements were not supported by invoices, receipts, lease agreements, contracts, labor policies, time records, equipment logs, inventory records, or other applicable documentation. (*Amount: \$7,725,048*) (*p.3*)
- Contracts and purchases totaling more than \$30,000 per vendor per calendar year did not comply with applicable federal and state procurement requirements. (*Amount: \$3,447,757*) (*p.3*)
- Work reflected in the expense reimbursements did not comply with applicable FEMA regulations and guidance. (*Amount: \$2,220,642*) (*p.3*)
- GOHSEP's cost estimating tool and/or expense review form either omitted or contained duplicate and/or incorrectly categorized expenses. (*Amount: \$219,748*) (*p.3-4*)

Since April 1, 2008, the LLA has noted exceptions totaling \$1,290,181,052, which includes \$15,462,973 noted this period, and GOHSEP has resolved \$1,214,771,505, which includes \$21,125,920 resolved this period.

Florida Parishes Human Services Authority (FPHSA)

- FPHSA did not maintain adequate controls over accounts receivable. At December 31, 2019, based on management's representation, FPHSA had \$2.4 million of private insurance and \$6.1 million of self-pay long-term account receivables that were deemed uncollectible but had not been written-off. *(Amount (\$8.5 million) (p.2)*

Louisiana Department of Health - New Horizon Counseling Agency

- New Horizon Counseling Agency billed the Louisiana Medicaid Program and was paid \$211,231 for services New Horizon does not appear to have provided, in whole or in part, from December 2, 2015, through January 29, 2020. *(Amount: \$211,231) (p.6)*
- Based on our review of New Horizon records, it appears New Horizon improperly billed Medicaid for \$656,907 in services from November 23, 2015, through February 27, 2019, consisting of services allegedly performed by a New Horizon employee or contractor while services were: (1) being provided to other recipients; (2) provided when he recipient was not present; (3) provided as a result of improper assessment; (4) billed based on data entry errors; (5) not documented; or (6) billed at the wrong service rate. *(Amount: \$656,907) (p.10)*

Louisiana Department of Health – Medicaid Recipient Report No. 3

- An individual referred to as A.B. appears to have provided incomplete and inaccurate information to the Louisiana Department of Health (LDH) to obtain Louisiana Medicaid (Medicaid) benefits for her four dependent children. From January 2012 through December 2018, LDH paid Managed Care Organizations (MCOs) \$27,826 for monthly premiums and other benefits on behalf of A.B.'s dependent children and paid providers \$6,625 directly for Medicaid services. The MCOs paid \$79,638 to providers for covered health care services for A.B.'s dependent children from June 2013 through November 2018. This amount included \$49,125 paid to Business Entity No. 1, a business entity that provides Medicaid services and is owned by A.B. and her husband, C.D.. During this period, A.B. failed to identify all household members to LDH and disclose all of the income earned by members of her household. Had A.B. provided complete and accurate information to LDH, her dependent children may have been ineligible to receive Medicaid benefits. By providing incomplete and inaccurate information to LDH, A.B. may have violated state law. *(Amount: \$163,214) (p.2)*

LOCAL GOVERNMENT AGENCIES

Ouachita Parish Hospital Service District - G.B. Cooley

- The Finance Director, while managing the Accounting department, fraudulently misappropriated Hospital resources of approximately \$400,000 by redirecting cash received to personal bank accounts. The Finance Director turned himself in to the Ouachita Parish Sheriff's Office in October 2019 and confessed to the misappropriation of hospital funds prior to discovery. He was arrested and bonded out, and the case has not been adjudicated as of the date of the audit report. The misappropriation occurred from 2012 to 2019. \$209,506 was identified as being misappropriated during 2019. An insurance claim was filed for \$150,000. The remaining \$69,506 was recorded as a loss on the 6/30/19 financial statements. The funds stolen came mostly for Medicaid revenues. *(Amount: \$400,000) (p.26)*