

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

SECOND QUARTER, FISCAL YEAR 2018



REPORT TO THE JOINT LEGISLATIVE  
COMMITTEE ON THE BUDGET  
ISSUED JANUARY 2018

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LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

January 22, 2018

Chairman Eric LaFleur and Members of the  
Joint Legislative Committee on the Budget

Dear Chairman LaFleur 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, misappropriation of funds, errors in or insufficient support for disaster expenditures, accountability of public money associated with various disasters such as the Deepwater Horizon event, and repeat findings.

Attached is our report to meet the requirements of Act 461 for the second quarter of Fiscal Year 2018. 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,

Daryl G. Purpera, CPA, CFE  
Legislative Auditor

DGP/ch

ACT 461 REPORTING – JANUARY 2018

# TABLE OF CONTENTS

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	Page
State Agencies.....	2
Local Government Agencies.....	8

## STATE AGENCIES

Agency Name	Parish	Issue Date	Fiscal Year End/ Scope	Link to LLA report	Finding Description	Page No.	Amount
<b>Baton Rouge Community College</b>	East Baton Rouge	12/27/2017	6/30/2017	<a href="#">Report</a>	BRCC did not return \$520,628 of Federal Title IV funds to the U.S. Department of Education within 45 days of the date of determination of withdrawal as required by Federal regulations.	1	\$520,628
<b>Baton Rouge Community College</b>	East Baton Rouge	12/27/2017	6/30/2017	<a href="#">Report</a>	BRCC incorrectly used student technology fees to pay salaries and related benefits totaling \$174,597 and \$86,136, respectively, for five employees in the Student Help Desk Center, during fiscal year 2017.	2	\$260,733
<b>Baton Rouge Community College</b>	East Baton Rouge	12/27/2017	6/30/2017	<a href="#">Report</a>	BRCC's annual certification of property inventory for the Mid-City campus was disapproved by LPAA because of an unacceptable amount of current-year discrepancies. The certification disclosed \$1,967,708 in unlocated movable property for the current period.	3	\$1,967,708

Agency Name	Parish	Issue Date	Fiscal Year End/ Scope	Link to LLA report	Finding Description	Page No.	Amount
<b>Delgado Community College</b>	Orleans	12/13/2017	6/30/2017	<a href="#">Report</a>	Delgado was unable to locate \$1,326,376 of the college's total movable property.	1	\$1,326,376
<b>Department of Health</b>	East Baton Rouge	10/4/2017	6/30/2017	<a href="#">Report</a>	We identified \$150 million in payments by the managed care plans where LDH claims data did not include required accompanying detail lines. Without the required detail lines, LDH could not monitor these claims to determine the specific services provided and ensure that the claims were paid for the proper amount.		\$150,196,866
<b>Department of Health - Accuracy of Nursing Facility Payments</b>	Statewide	11/15/2017	6/30/2016	<a href="#">Report</a>	LDH did not penalize nursing facilities for submission of late cost reports between fiscal years 2014 and 2016.	11	\$274,864.00
<b>Department of Health - Accuracy of Nursing Facility Payments</b>	Statewide	11/15/2017	6/30/2016	<a href="#">Report</a>	LDH has not adequately addressed resident trust fund findings in cost report audits. As a result, \$3.2 million in Medicaid payments were made for ineligible recipients in fiscal year 2014, and LDH did not recoup any of these payments.	13	\$3.2 million

Agency Name	Parish	Issue Date	Fiscal Year End/ Scope	Link to LLA report	Finding Description	Page No.	Amount
<b>Department of Revenue</b>	East Baton Rouge	12/20/2017	6/30/2017	<a href="#">Report</a>	LDR did not effectively implement or adequately monitor controls over severance tax collections and refunds. We identified five transactions totaling \$339,887 that were not supported by the required reduced and/or exempt well documentation. In an extended review of the accounts for these five exceptions, we identified an additional 48 refund transactions totaling \$1.8 million that were issued without adequate support that the taxpayer was eligible for the reduced rate or exemption to support the refund.	2	\$2,139,887
<b>Department of Revenue (Repeat)</b>	East Baton Rouge	12/20/2017	6/30/2017	<a href="#">Report</a>	LDR has continued to overpay the Algiers Economic Development District No. 1 including \$497,060 in fiscal year 2017.	1	\$497,060

Agency Name	Parish	Issue Date	Fiscal Year End/ Scope	Link to LLA report	Finding Description	Page No.	Amount
<b>Governor's Office of Homeland Security and Emergency Preparedness (Repeat)</b>	East Baton Rouge	12/20/2017	6/30/2017	<a href="#">Report</a>	GOHSEP identified \$106,061 in noncompliant Hazard Mitigation Grant Program awards through the project closeout process. GOHSEP identified additional instances of contractor abandonment, incomplete work, or potential contractor fraud that were not reported in the prior fiscal year, amounting to \$626,982.	1	\$733,043
<b>Governor's Office of Homeland Security and Emergency Preparedness</b>	East Baton Rouge	12/20/2017	6/30/2017	<a href="#">Report</a>	GOHSEP did not adequately monitor Hazard Mitigation Grant Program subgrantees to ensure that they provided the required payment support within the correct timeframe after reimbursement.	2	\$270,991



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<b>Governor's Office of Homeland Security and Emergency Preparedness</b>	East Baton Rouge	12/20/2017	6/30/2017	<a href="#">Report</a>	GOHSEP does not have adequate controls over refunds from subgrantees to ensure that funds are deposited immediately in the State Treasury. Of the 39 items tested totaling \$665,334, 37 (94.9%) items totaling \$654,974 were deposited between two and 32 days after receipt, with an average of 15 days between receipt and deposit of refunds.	3	\$654,974
<b>Grambling State University</b>	Lincoln	10/25/2017	6/30/2017	<a href="#">Report</a>	Funds Improperly Posted to Student Accounts	5	\$164,442
<b>Grambling State University</b>	Lincoln	10/25/2017	6/30/2017	<a href="#">Report</a>	Tiger1 Student Accounts Not Reconciled	12	\$202,960
<b>LSU Health Care Services Division (Repeat)</b>	East Baton Rouge	12/6/2017	6/30/2017	<a href="#">Report</a>	The now-closed Earl K. Long Medical Center's annual certification of property disclosed unlocated property totaling \$1,658,333 identified during the previous three years' certifications that remained unlocated in fiscal year 2017.	3	\$1,658,333

Agency Name	Parish	Issue Date	Fiscal Year End/ Scope	Link to LLA report	Finding Description	Page No.	Amount
<b>Recovery School District (Repeat)</b>	Orleans	12/18/2017	6/30/2017	<a href="#">Report</a>	RSD's annual certification of property inventory disclosed \$217,870 in unlocated movable property for the current period and \$5,421,629 for items reported as unlocated in the previous three years that remained unlocated in fiscal year 2017.	1	\$5,639,499
<b>University of New Orleans</b>	Orleans	12/20/2017	6/30/2017	<a href="#">Report</a>	Past-due student accounts were submitted 8 to 669 days late to the Louisiana Attorney General for collection.	1	\$423,331

## LOCAL GOVERNMENT AGENCIES

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