

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

FIRST QUARTER, FISCAL YEAR 2020



REPORT TO THE JOINT LEGISLATIVE
COMMITTEE ON THE BUDGET
ISSUED OCTOBER 2019

**LOUISIANA LEGISLATIVE AUDITOR
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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.

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

October 17, 2019

Chairman Cameron Henry and Members of the
Joint Legislative Committee on the Budget

Dear Chairman Henry 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 first 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,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

DGP/ch

ACT 461 REPORTING – OCTOBER 2019

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STATE AGENCIES

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

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

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

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

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

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

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

- Providers were paid \$38,533,711 for 646,746 encounters and claims for behavioral health services that were billed using incorrect procedure and modifier codes. (*Amount: \$38,533,711*) (p.2)
- Providers were paid \$9,044,773 more than indicated on the fee schedule for 647,910 encounters and claims for behavioral health services. (*Amount: \$9,044,773*) (p.3)

Southern University Band Department

- Former Southern University (SU) Band Director Nathan Haymer contracted with a third party to collect public funds due to SU, which resulted in the SU System Foundation (Foundation) receiving \$84,708 of public funds between January 2015 and July 2015 and Mr. Haymer receiving \$293,317 of public funds between July 2015 and June 2018. It appears that Mr. Haymer contracted with a third party to collect SU funds without SU approval, directed the third party to pay SU funds to the Foundation and himself, failed to remit the funds collected by the third party to SU, used SU funds for personal purposes, and failed to account for the use of such funds. As a result, he may have violated state and federal laws. (*Amount: \$378,025*) (p.4)
- In addition, Mr. Haymer appears to have submitted false invoices to obtain reimbursement for expenses he did not incur, for which he was paid \$46,719 from SU, the SU System Foundation, and the SU Alumni Federation. If Mr. Haymer submitted and received reimbursements on false invoices, Mr. Haymer may have violated state law. (*Amount: \$46,719*) (p.9)

LOCAL GOVERNMENT AGENCIES

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