

IMPLEMENTATION STATUS OF RECOMMENDATIONS FROM SELECT AUDITS ISSUED DURING FISCAL YEARS 2019 THROUGH 2020

PERFORMANCE AUDIT SERVICES

Issued February 1, 2023

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February 1, 2023

The Honorable Patrick Page Cortez,
President of the Senate
The Honorable Clay Schexnayder,
Speaker of the House of Representatives

Dear Senator Cortez and Representative Schexnayder:

This report provides the status of 53 recommendations contained in seven performance audit reports issued in fiscal year 2020 and five recommendations in three performance audit reports issued in fiscal year 2019.

Of the 58 recommendations, 47 (81.0%) were implemented, partially implemented, or in the process of being implemented. Eleven (19.0%) were not implemented.

We found that implementation of our audit recommendations resulted in the following notable improvements:

- The Louisiana Department of Revenue's (LDR) Business Tax Enforcement division has shifted its collection focus to prioritize collection inventory by debt age to collect on the newest debt. Prioritizing debt collection by age is a best practice that could help LDR increase collections.
- LDR has identified potential obstacles to taxpayers using installment agreements, especially online ones. The agency's Louisiana Access Point (LaTap) self-service portal now allows business and individual taxpayers to apply for and set up installment agreements. In addition, LDR changed the rule to allow taxpayers to establish a 36-month installment agreement without going through an approval process. The new process has allowed LDR to assist the taxpayer more quickly, improve customer service, and reduce the wait time to receive assistance from a customer service representative.
- The Office of Risk Management (ORM) has developed formal criteria for its concurrence in the Department of Justice's appointments of contract counsel. This helps ensure that ORM's concurrence process, which is required by state law, is transparent and non-biased.

Our review involved audit reports that focused on Louisiana Economic Development, the Louisiana Department of Environmental Quality, the Louisiana Department of Justice, the Louisiana Department of Revenue, the Louisiana Physical Therapy Board, the Louisiana State Board of Medical Examiners, the Louisiana Workforce Commission, the Office of Risk Management, and the Office of Technology Services.

The report contains an explanation of the implementation status of each recommendation. I hope this report will benefit you in your legislative decision-making process.

We would like to express our appreciation to the agencies for their assistance with this report.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

MJW/aa

IMPLEMENTATIONSTATUS

Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA



Implementation Status of Recommendations From Select Performance Audits Issued During Fiscal years 2019 through 2020.

February 2023

Audit Control #40200032

Introduction

Recommendations in performance audits are intended to improve agency programs and state government operations, but agencies must implement these recommendations or address audit findings in some other way to achieve the desired improvements. This report provides the implementation status of 53 recommendations contained in seven performance audit reports issued during fiscal year 2020. We also included five recommendations from three audits¹ issued during fiscal year 2019. In total, we reviewed 58 recommendations made in 10 performance audits for this report.

Each fiscal year, we ask agencies to attest to their progress in implementing our recommendations from performance audits² issued approximately two years earlier, because it may take time to fully implement them. We use these attestations as part of our risk assessment to select audits that require comprehensive follow-up audits. The remaining audits are included in this report. Appendix A contains detail on our scope and methodology. The implementation status includes the following categories:

- **Implemented:** The agency fully implemented the recommendation.
- **Implementation in Progress:** The agency started but has not completed implementing the recommendation.
- **Partially Implemented:** The agency implemented a portion of the recommendation but has not acted and does not intend to implement the recommendation completely.
- **Not Implemented:** The agency has not acted to implement the recommendation, or the agency has not implemented the recommendation because legislative action is required.

¹ These three audits were included in our previous implementation status report published December 9, 2021. This report can be found on LLA's website at <https://lla.la.gov/reports/audit-reports>.

² Not including annual statutorily-required audits or audits that do not include recommendations.

- **Cannot Determine:** Based on agency's response and information provided, we could not determine the implementation status of the recommendation.
- **Other:** The agency has not had the opportunity since the audit was completed to implement the recommendation.

Exhibit 1 lists the audits selected for this review, the responsible agencies, the date the audit report was issued, and the number of recommendations.

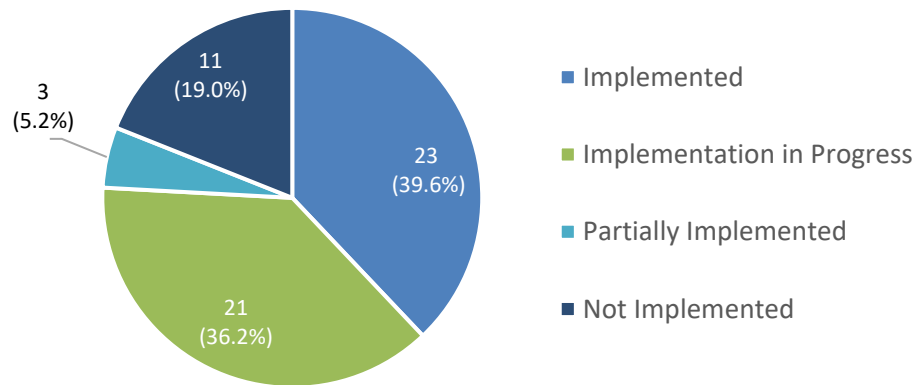
Exhibit 1 Audits Selected for Follow Up				
Audit*	Agency	Issue Date	Number of Recommendations Reviewed	Page
Medical Assistance Programs Fraud Detection Fund	Office of the Louisiana Attorney General	7/25/2018	1	6
Regulation of the Medical Profession	Louisiana State Board of Medical Examiners	5/15/2019	1	7
Detection and Prevention of Worker Misclassification	Louisiana Workforce Commission	6/20/2019	3	8
Collection of Unpaid Business Taxes	Louisiana Department of Revenue	7/10/2019	9	10
Progress Report: Fee Collection in the Waste Tire Management Program	Louisiana Department of Environmental Quality	7/10/2019	6	15
Financial Assurance Process for Solid and Hazardous Waste Facilities	Louisiana Department of Environmental Quality	11/7/2019	11	18
Evaluation of Information Technology (IT) Service Delivery to State Agencies	Office of Technology Services Division of Administration	1/22/2020	8	24
Louisiana Quality Jobs Program - Tax Incentive Evaluation	Louisiana Economic Development	3/12/2020	3	29
	Louisiana Department of Revenue		1	30
Regulation of the Physical Therapy Profession	Louisiana Physical Therapy Board	5/21/2020	8	32
Selection and Oversight of Attorneys Defending Claims Against the State	Louisiana Department of Justice	5/27/2020	5	35
	Office of Risk Management		2	38

* Copies of these reports can be found on LLA's website at <https://www.lla.la.gov/reports-data/>.

Summary of Results: Of the 58 recommendations, 47 (81.0%) were either implemented, partially implemented, or are in the process of being implemented. In addition, 11 (19.0%) of the recommendations have not been implemented; although agencies indicated they intend to implement some of these in the future.

Exhibit 2 summarizes the implementation status of the recommendations reviewed.

Exhibit 2
Recommendation Status



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

Notable Changes as a Result of Report Recommendations. Agency implementation of audit recommendations have resulted in the following notable improvements:

- **The Louisiana Department of Revenue's (LDR) Business Tax Enforcement division has shifted its collection focus to prioritize collection inventory by debt age to collect on the newest debt.** Prioritizing debt collection by age is a best practice that could help LDR increase collections.
- **LDR has identified potential obstacles to taxpayers using installment agreements, especially online ones.** The agency's Louisiana Access Point (LaTap) self-service portal now allows business and individual taxpayers to apply for and set up installment agreements. In addition, LDR changed the rule to allow taxpayers to establish a 36-month installment agreement without going through an approval process. The new process has allowed LDR to assist the taxpayer quicker, improve customer service, and reduce the wait to be assisted by a customer service representative.

- **The Office of Risk Management (ORM) has developed formal criteria for its concurrence in the Department of Justice’s appointments of contract counsel.** This helps ensure that ORM’s concurrence process, which is required by state law, is transparent and nonbiased.

The following sections provide a brief description of each report and an explanation of the implementation status of each recommendation.

Medical Assistance Programs Fraud Detection Fund

Office of the Louisiana Attorney General

July 25, 2018

In 1997, the Louisiana Legislature enacted Louisiana Revised Statute (R.S.) 46:440.1, which established the Medical Assistance Programs Fraud Detection Fund (Medicaid Fraud Fund). The purpose of this fund is to provide financial support to the Louisiana Department of Health (LDH) and the Office of the Louisiana Attorney General (AG) for their efforts related to Medicaid fraud and abuse. Any monies that result from settlements or civil awards related to Medicaid fraud and abuse recovery efforts are required to be deposited into this fund, except for that amount necessary to make Medicaid whole. The audit determined whether LDH and the AG deposited and expended funds from the Medicaid Fraud Fund from fiscal years 2012 through 2017 in accordance with state law.

The AG is in the process of implementing the one (100.0%) recommendation included in this review.

The status of the recommendations contained in the report were included in our previous implementation status report published on December 9, 2021.³ We followed up again on the status of one recommendation to determine whether it was fully implemented.

Finding 1: Both LDH and the AG lack an effective process to properly identify and deposit monies into the Medicaid Fraud Fund. As a result, LDH did not deposit approximately \$2.8 million, and the AG did not deposit \$712,713 into the Medicaid Fraud Fund in fiscal year 2016 in accordance with state law.	
Recommendation	Recommendation Status/ Summary of Agency's Response
<p>2. The AG should continue to develop a process to ensure that all required funds are properly deposited into the Medicaid Fraud Fund, including the use of case-numbered memos, verification of the accuracy of these memos and the amounts deposited to the Medicaid Fraud Fund, and the development of a database that allows for tracking of state and federal funds.</p>	<p style="color: #c00000;"><i>Implementation in Progress</i></p> <p>The AG is still in the process of converting to a new case tracking system. The estimated conversion completion time frame is the first quarter of 2023 but the agency will still need to ensure all data was transferred successfully.</p> <p>LLA Comment: The status of this recommendation was also <i>Implementation in Progress</i> in our 2021 report. At the time, AG staff estimated the new case system would be implemented by the end of calendar year 2021. In our 2021 report, the AG reported that it implemented a monthly reconciliation of funds to ensure funds are appropriately deposited into the Medicaid Fraud Fund, forwarded to LDH, or offset according to federal guidelines. As part of this year's review, the AG provided documentation showing it had deposited the correct funds into the Medicaid Fraud Fund for a targeted selection of 14 cases with recovered funds in fiscal year 2022.</p>

³ This report can be found on LLA's website at <https://lla.la.gov/reports/audit-reports>.

Regulation of the Medical Profession

Louisiana State Board of Medical Examiners

May 15, 2019

We evaluated whether the Louisiana State Board of Medical Examiners (LSBME or Board) effectively regulated the medical profession during fiscal years 2015 through 2017 to ensure compliance with the Louisiana Medical

LSBME has implemented the one (100.0%) recommendation included in this review.

Practice Act and various other healthcare practice acts (Practice Acts). The purpose of Practice Acts is to protect the public against the unprofessional, improper, and unauthorized practice of medicine. Under Title 37 of the Louisiana Revised Statutes, LSBME is required to regulate 14 categories of medical professions, including physicians, clinical lab personnel, respiratory therapists, and occupational therapists.

The status of the recommendations contained in this report were included in our previous implementation status report published on December 9, 2021.⁴ We followed up again on the status of one recommendation for this review.

Finding 4: LSBME has not ensured that licensees comply with all licensing requirements. LSBME does not have a formal process for conducting and tracking Continuing Education (CE) audits and does not retain supporting audit documentation in accordance with its records retention schedule. As a result, it cannot ensure that licensees complied with CE requirements during calendar years 2015 through 2017.

Recommendation	Recommendation Status/ Summary of Agency's Response
11. LSBME should either comply with its rules that require it to suspend the licenses of practitioners who are noncompliant with CE audits or amend such rules to reflect the Board's current practice.	<p style="color: #C00000; margin: 0;"><i>Implemented</i></p> <p>LSBME is addressing the licensees who failed to complete CE based on the results of the CE audit of 2019. LSBME wrote four separate letters to each of those licensees seeking the CE credit documentation. As a result, the number of licensees still in non-compliance has decreased. At the Board's September 2022 meeting, the Board voted to refer the remaining licensees who have not provided evidence of their 2019 CE completion to its Department of Investigations for further handling in accordance with Chapters 97 and 98 of the Board's rules.</p> <p>LLA Comment: The status of this recommendation was previously <i>Other</i> in our 2021 report because LSBME did not have the opportunity to implement the recommendation due to the COVID-19 public health emergency. In December 2020, the LSBME ran its audit of CE for the year 2019, but refrained from suspending licenses and waived the CE requirements for 2020 due to the need to continue medical staffing to address the ongoing COVID-19 pandemic and pursuant to the Governor's Proclamations related to the public health emergency.</p>

⁴ This report can be found on LLA's website at <https://lla.la.gov/reports/audit-reports>.

Detection and Prevention of Worker Misclassification

Louisiana Workforce Commission
June 20, 2019

We evaluated whether the Louisiana Workforce Commission (LWC) developed effective processes to detect and prevent worker misclassification. Worker misclassification occurs when an employer improperly classifies a worker as an independent contractor instead of an employee in order to gain a competitive advantage through reduced labor costs.

LWC is in the process of implementing one (33.3%) of the three recommendations. The agency has not yet implemented the other two (66.7%) but plans on fully implementing them in the future.

The status of the recommendations contained in this report were included in our previous implementation status report published on December 9, 2021.⁵ We followed up again on the status of three recommendations for this report.

Finding 2: LWC could further strengthen its audit selection process by using data from other state agencies to compare to its quarterly wage data from employers. For example, we analyzed LDH and DOTD contractor payroll and time sheet data and identified 383 employers that did not report employee wages to LWC for as many as 22,850 workers as required by law, thus potentially misclassifying workers.

Recommendation	Recommendation Status/ Summary of Agency's Response
<p>2. LWC should identify and incorporate payroll and time sheet data from state agencies into its audit selection process so that this data may be matched against LWC's quarterly wage data to identify employers that fail to report wages and thus may be misclassifying employees.</p>	<p style="color: #c00000;"><i>Implementation in Progress</i></p> <p>In March 2022, LWC signed a memorandum of understanding with the Louisiana Department of Transportation and Development (DOTD) to access contractor payroll data for use in the unemployment insurance (UI) audit selection process in order to identify potential worker misclassification.</p> <p>In addition, LWC is working with the Louisiana Department of Health (LDH) to finalize a data sharing agreement to obtain contractor payroll data.</p> <p>LLA Comment: While LWC is in the process of implementing the recommendation, it should continue to seek out other agencies to obtain payroll and time sheet data to identify more potentially misclassified employees.</p>

⁵ This report can be found on LLA's website at <https://lla.la.gov/reports/audit-reports>.

Finding 3: LWC’s enforcement process is not effective at deterring employers from misclassifying their workers. Louisiana is the only state that mandates LWC to send warning letters to employers that misclassify workers on their first offense as opposed to assessing penalties. This requires LWC to use its limited resources to conduct follow-up audits in order to impose applicable penalties. If LWC could impose penalties for first-time offenses, we estimated it could have assessed approximately \$3.3 million in penalties for the 13,106 misclassified workers it identified during calendar years 2016 to 2018.

Recommendation	Recommendation Status/ Summary of Agency’s Response
<p>5. LWC should develop policies and procedures to ensure that it consistently conducts follow-up audits as needed and penalizes employers that are found to have misclassified workers on subsequent audits, as required by law.</p>	<p><i>Not Implemented</i></p> <p>Programming was streamlined to create efficiencies and expedite the UI Wage and Tax System (LAWATS) modernization effort. The new estimated time period for implementation is the 1st quarter 2023. Current policies and procedures will remain in place until the LAWATS modernization programming is complete.</p>
<p>7. LWC should develop policies and procedures to ensure that it consistently penalizes employers that do not comply with audit requests.</p>	

Collection of Unpaid Business Taxes

Louisiana Department of Revenue

July 10, 2019

We evaluated the Louisiana Department of Revenue’s (LDR) process for collecting unpaid business taxes, which includes sales taxes; employer withholding taxes; corporate income and franchise taxes; severance taxes; petroleum taxes; and tobacco, alcohol, and liquor taxes. State law gives LDR the legal authority to levy and collect state taxes from individuals and businesses in Louisiana.

LDR implemented, partially implemented, or is in the process of implementing all nine (100.0%) recommendations.

Finding 1: Business Tax Enforcement (BTE) does not always prioritize collections cases, as recommended by best practices. Although BTE began prioritizing cases in fiscal year 2018, it primarily prioritized older collections cases. According to best practices, several factors affect the collectability of a case, including the debt age, origin, amount, taxpayer assets, account history, and availability of taxpayer contact information. Effectively prioritizing cases using these factors could help BTE increase collections by focusing on the most collectable cases.

Recommendation	Recommendation Status/ Summary of Agency’s Response
<p>1. LDR should continue to pursue an upgrade to its tax software. Once completed, the department should consider using the function that will prioritize cases based on collectability factors.</p>	<p><i>Implemented</i></p> <p>BTE created 18 specific collection queues based on age, amount, and account posture to prioritize collection cases. This provides the opportunity for the most recent collections to be collected first and monitor those with large balances. The work queues are customizable so BTE can collect based on age, amounts, and on many different variables. The queues are monitored and multiple reports are utilized to monitor effectiveness and track dollars collected.</p> <p>In addition, with an update to LDR’s integrated tax software system in 2021, the Decision Support tool was implemented. This allows LDR to evaluate and utilize multiple collection resources to process automatic bank levies and wage garnishments.</p>

Recommendation	Recommendation Status/ Summary of Agency's Response
<p>2. BTE should develop a prioritization strategy that includes factors commonly used by other states. Until LDR upgrades its tax software, this strategy should ensure that newer cases are prioritized before older ones, which is a best practice.</p>	<p><i>Implemented</i></p> <p>Since 2020, BTE's has shifted its collection focus to prioritize collection inventory by debt age to collect on the newest debt.</p>

Finding 2: LDR could better use data to evaluate its enforcement process. Using data to monitor its performance could help LDR determine whether its process is effective. Currently, LDR cannot link most payments to the enforcement actions that were used, which limits its ability to know which actions are most effective. Setting measurable program goals and using data to inform management decisions could help LDR focus resources on the actions most likely to increase BTE collections.

Recommendation	Recommendation Status/ Summary of Agency's Response
<p>3. LDR should consider ways to adjust its billing process to link payments to enforcement actions, such as adjusting and/or including payment vouchers with all types of letters so it can begin to identify what actions or letters prompted payment.</p>	<p><i>Partially Implemented</i></p> <p>Since the update to LDR's integrated tax software, the agency has created bank levy and wage garnishment payment types. LDR will be able to identify both bank levy and wage garnishment payments by a specific payment voucher type, which will allow better tracking and reporting. This process will capture both paper payments and electronic payments.</p> <p>The process is partially implemented and a few remaining development and testing efforts are required by LDR's Processing Center. The process will be fully implemented by June 30, 2023.</p>

Recommendation	Recommendation Status/ Summary of Agency's Response
<p>4. LDR should evaluate its process and identify potential obstacles to taxpayers using installment agreements, especially online installment agreements.</p>	<p><i>Implemented</i></p> <p>LDR implemented Version 12 (V12) of its integrated tax system in April 2021 and has improved its Louisiana Access Point (LaTap) self-service portal to allow business and individual taxpayers to apply for and set up installment agreements.</p> <p>After analyzing multiple reports, it was confirmed that most taxpayers request an installment agreement for terms of 36 months or less. Prior to the implementation of V12, LDR changed the rule to allow taxpayers to establish a 36-month installment agreement without going through an approval process. The new process has allowed LDR to assist the taxpayer quicker, improve customer service and reduce wait to be assisted by a Customer Service representative.</p> <p>In addition, a work queue has been created for taxpayers who do not complete the online installment agreement process. A BTE team member follows up with the taxpayer to inquire if they encountered an obstacle while utilizing the portal and to assist with the completion of the process.</p> <p>LDR will continue to explore self-service technology to minimize obstacles and improve taxpayer's online experience.</p>
<p>5. LDR should develop measurable performance goals in order to determine BTE program effectiveness.</p>	<p><i>Implemented</i></p> <p>BTE implemented the Get Next Task functionality to track the number of accounts worked on an hourly basis. With this functionality, BTE is able to create multiple collection and work queues, which have allowed staff to work more effectively and efficiently. In addition, BTE managers have more control over assigning the work and setting reasonable performance and priority expectations.</p>
<p>6. LDR should continue to work on developing data reports to track and monitor BTE performance.</p>	<p><i>Implemented</i></p> <p>LDR utilizes numerous reports to analyze and track BTE job performance and collection efforts. With the implementation of the V12 upgrade, more reports are available to track performance. In addition, statistical reports are utilized to measure inventory, types of correspondence and voluntary versus involuntary compliance. According to LDR management, its goal is to continue to seek improvements in processes in an effort to increase collections, customer service, and compliance.</p>

Finding 3: LDR could increase voluntary compliance by changing tax letters it sends out to plain language, making its website more user-friendly, and improving its call center. As shown by best practices, these taxpayer services lead to greater voluntary compliance which may decrease the amount of collection cases that need to be worked.

Recommendation	Recommendation Status/ Summary of Agency's Response
<p>7. LDR should revise its tax letters, using plain language guidance as recommended by the IRS.</p>	<p><i>Implementation in Progress</i></p> <p>LDR is continuously updating its letters by using plain language to improve its communication with citizens, businesses and stakeholders. Plain language reduces confusion and prompts the taxpayer to act sooner, which increases taxpayer compliance, taxpayer education and collections.</p> <p>LDR has created a Taxpayer Education Division, to assist with providing more training videos for the tax paying public and to assist with reviewing and improving tax notices, letters and other documents.</p> <p>In conjunction, LDR's Policy Services Division has improved its internal and external communications on matters of law and policy.</p> <p>The implementation of this project will be on-going due to the hundreds of letters and notices that are mailed to citizens, businesses and stakeholders.</p>
<p>8. LDR should modify its website to make it easier for taxpayers to find needed information and understand business tax situations.</p>	<p><i>Implementation in Progress</i></p> <p>LDR's new website is in the process of being developed. Reviews and testing are in progress. Several staff members have been tasked to review the recommended changes. While website development is still in progress, an anticipated go-live date is unavailable at this time.</p>

Recommendation	Recommendation Status/ Summary of Agency's Response
<p>9. LDR should consider strategies to reduce call center wait times and percent of abandoned calls.</p>	<p><i>Implemented</i></p> <p>According to LDR, it continuously evaluates various strategies to reduce call center wait times and abandoned rates. Since the beginning of the COVID-19 pandemic, LDR has been challenged with hiring and retaining talent. Even with a limited staff, LDR has been able to maintain reasonable wait times and has been able to minimize call abandonment rates.</p> <p>Since July 2019, LDR re-opened its Lafayette, Alexandria, and Monroe regional offices. In addition, LDR is in the planning stage to re-open the Shreveport Regional office. Plans to reopen the Lake Charles office are on hold due to the devastation caused by Hurricane Laura.</p> <p>In December 2020, LDR completed renovations to its visitor's center. The renovations created a larger space to assist more taxpayers. In addition, the renovated space includes self-service kiosks and a drop box for taxpayers who only need to deliver a return, payment or other documents.</p> <p>The Department continues to cross-train its employees to increase the first call resolution to reduce the number of repeat callers. In addition, LDR is working on a RFP for a Tier 1 Call Center. The Tier 1 staff will handle basic calls regarding billing issues, refund inquiries, address changes, etc. These types of calls will be handled quickly and will allow LDR Tier 2 specialists to handle more complex calls.</p> <p>In addition, LDR has begun converting agency forms and documents that can be utilized through DocuSign. The electronic process will eliminate delays, increase quicker responses and resolutions and improve customer satisfaction.</p>

Progress Report: Fee Collection in the Waste Tire Management Program

Louisiana Department of Environmental Quality
July 10, 2019

We evaluated the Louisiana Department of Environmental Quality’s (LDEQ) progress toward addressing issues identified in our July 2014 performance audit on fee collection in the Waste Tire Management Program (WTMP). The goal of the WTMP is to reduce or eliminate illegal tire dumps by providing subsidies to waste tire processors that receive and process eligible waste tires for use in recycling projects approved by LDEQ. Our 2014 audit evaluated LDEQ’s enforcement of WTMP requirements to ensure that the state receives complete, accurate, and timely waste tire fees. In addition to determining whether LDEQ addressed issues identified in our 2014 audit, this audit determined if fees associated with the WTMP were adequate to cover costs associated with the program

LDEQ has implemented or is in the process of implementing three (50.0%) of six recommendations. The agency expects to implement the other three recommendations by June 2023.

Finding 1: LDEQ has implemented a new module of LaGov that identifies generators that do not submit waste tire fees and reports each month as required by state law. However, because LDEQ does not have a complete and accurate list of active generators, it cannot ensure that it identifies all noncompliant generators and collects all waste tire fees.

Recommendation	Recommendation Status/ Summary of Agency’s Response
<p>1. LDEQ should ensure that it compiles and maintains a complete and accurate list of active generators that are required to submit waste tire reports and fees so that it can use LaGov to send invoices to noncompliant generators and ensure the state is receiving all waste tire fees.</p>	<p style="color: #c00000;"><i>Implementation in Progress</i></p> <p>The WTMP has worked with LDEQ’s Office of Management and Finance and Audit Services to review, confirm, and update the agency’s list of active waste tire generators on a daily basis.</p> <p>LDEQ plans to use the LaGov module to identify generators that have not submitted their calendar year 2022 waste tire fee reports beginning in February of 2023. Invoices will be generated and mailed to noncompliant generators.</p> <p>LDEQ expects to have this recommendation fully implemented by June 30, 2023.</p>

Finding 2: Since implementing the LaGov module in April 2018, LDEQ has identified 933 generators that submitted late reports or tire fees and assessed \$202,840 in late fees. However, limitations with LaGov resulted in LDEQ not assessing generators \$8,629 in late fees. In addition, LDEQ has not yet established a process using LaGov to pursue the collection of tire fees and associated late fees from generators that did not pay waste tire fees on time.	
Recommendation	Recommendation Status/ Summary of Agency’s Response
<p>2. LDEQ should work with the Office of Technology Services (OTS) to ensure that LaGov assesses late fees when generators submit fee reports on-time but their waste tire payments are late.</p>	<p><i>Not Implemented</i></p> <p>The process of assessing late fees to generators that submit fee reports on time without payment is still performed manually by staff. Managing the continuous day-to-day workload of the WTMP through the various staffing and logistical issues brought on by the COVID-19 pandemic has taken precedence over implementing this recommendation. However, LDEQ will continue to work with OTS and LaGov to automate this process.</p> <p>LDEQ expects to have this recommendation fully implemented by June 30, 2023.</p>
<p>3. LDEQ should develop and implement a process using LaGov to pursue collection of delinquent tire and late fee payments from waste tire generators.</p>	<p><i>Not Implemented</i></p> <p>The process of pursuing the collection of delinquent tire and late payment fees from waste tire generators is still manual. Managing the continuous day-to-day workload of the WTMP through the various staffing and logistical issues brought on by the COVID-19 pandemic has taken precedence over implementing this recommendation. However, LDEQ will continue to work with OTS and LaGov to automate this process.</p> <p>LDEQ expects to have this recommendation fully implemented by June 30, 2023.</p>
<p>4. LDEQ should develop policies, procedures, and a supervisory review process to ensure that late fees are waived appropriately.</p>	<p><i>Implemented</i></p> <p>LDEQ implemented a policy that requires staff to refer unusual and extensive requests for late fee waivers to a supervisor.</p>

Finding 3: LDEQ increased its audit coverage of waste tire generators by 40.7%, from 60 (2.6%) of 2,299 waste tire generators in fiscal year 2013 to 90 (3.7%) of 2,451 waste tire generators in fiscal year 2018. In addition, LDEQ is gathering historical payment data in LaGov that will enable it to prioritize its audits based on those generators that have a higher risk of submitting incorrect fee amounts to the state.	
Recommendation	Recommendation Status/ Summary of Agency’s Response
5. LDEQ should continue to increase its waste tire fee audit coverage of generators as resources allow.	<p style="color: #C00000; margin: 0;"><i>Implementation in Progress</i></p> <p>LDEQ's audit coverage decreased by approximately 10% during fiscal year 2020 as a result of the COVID-19 pandemic. However, audit coverage increased approximately 10% in fiscal year 2021 and fiscal year 2022.</p> <p>LDEQ plans to increase audit coverage by another 5% during fiscal year 2023 and expects to have this recommendation fully implemented by June 30, 2023.</p>
6. LDEQ should continue to work towards using LaGov data to develop a risk-based tool to better identify generators that potentially remit fewer fees than owed to the state.	<p style="color: #C00000; margin: 0;"><i>Not Implemented</i></p> <p>Audit Services has continuously monitored the waste tire generator data that has been collected in LaGov since 2018. In 2020, Audit Services worked with OTS personnel to build a new report in LaGov to better identify generators that potentially remit fewer fees than owed to the state. Audit Services plans to use the new report to analyze the four years of generator data accumulated in LaGov to develop a risk-based audit plan for fiscal year 2023, specifically including a number of audits of these generators. This was not implemented in prior fiscal years due to the need for more historical data and time restraints.</p> <p>LDEQ expects to have this recommendation fully implemented by June 30, 2023.</p>

Financial Assurance Process for Solid and Hazardous Waste Facilities

Louisiana Department of Environmental Quality
November 7, 2019

We evaluated whether the Louisiana Department of Environmental Quality (LDEQ) ensured that solid and hazardous waste facilities provided financial assurance as required by state regulations. Financial assurance is demonstrated by evidence, such as surety bonds or letters of credit, that indicates that owners of solid and hazardous waste facilities have the financial capacity to properly clean up any contamination related to their facilities. Ensuring that owners have adequate financial capacity is important to protect human health, the environment, and taxpayers from assuming the financial burden of environmental cleanup. If owners cannot demonstrate sufficient financial assurance, the state may be responsible for part or all of the cost of completing cleanup activities.

LDEQ implemented or partially implemented all 11 (100.0%) recommendations.

Finding 1: While LDEQ ensured that all solid and hazardous waste facilities provided financial assurance for expenses associated with closure or post-closure activities, it did not ensure that 28 (13.7%) of 204 permitted facilities submitted updated cost estimates and financial assurance mechanisms annually as required by state regulations. In addition, LDEQ did not ensure that three (1.7%) of 178 permitted solid waste facilities provided financial assurance that was sufficient to cover closure and post-closure cost estimates totaling at least \$992,081.

Recommendation	Recommendation Status/ Summary of Agency's Response
<p>1. LDEQ should follow up and ensure that it receives updated cost estimates and financial assurance mechanisms for the 28 solid and hazardous waste facilities and sufficient financial assurance mechanisms for the three solid waste facilities we identified.</p>	<p style="color: #c00000;"><i>Implementation in Progress</i></p> <p>Work on this recommendation started in June of 2021 after a dedicated Business Analyst was hired to review all financial assurance processes and documentation.</p> <p>At that time, it was determined by LDEQ management that the best course of action to address this recommendation was to review financial assurance for each facility in question during the permitting process.</p> <p>All of the 28 solid and hazardous waste facilities noted in the recommendation have since requested permits for closure or post closure activities. If the permit requests were approved, financial assurance has been obtained. If the permit request is still under review, financial assurance has not been obtained. However, the facility has been notified of the requirement.</p> <p>Similarly, as the three permitted solid waste facilities noted in the recommendation apply for permit renewals, cost estimates to cover closure and post closure activities are requested and reviewed. If the renewal application has been approved, adequate financial assurance has been obtained.</p> <p>LDEQ expects to have this recommendation fully implemented by June 30, 2023 once each facility in question has applied for a closure or post-closure activity permit or an active permit renewal.</p>

Recommendation	Recommendation Status/ Summary of Agency's Response
<p>2. LDEQ should update its standard operating procedures and specify responsible staff to help ensure that all solid and hazardous waste facilities submit updated cost estimates and financial assurance mechanisms for closure and post-closure activities as required by state regulations.</p>	<p><i>Implementation in Progress</i></p> <p>LDEQ hired a Business Analyst to help evaluate and standardize all financial assurance related processes on May 31, 2021.</p> <p>The Business Analyst has developed a tracking spreadsheet to help ensure facilities are submitting cost estimates and financial assurance mechanisms regularly as required by state regulations.</p> <p>In addition, the Business Analyst is working with staff in the Waste Permits Division to transition the cost estimate and financial assurance tracking data noted above into TEMPO. The financial assurance standard operating procedures (SOPs) will be updated accordingly. It should be noted that completion of SOPs will depend in part on the progress of the regulation development and the potential effect of that process on any draft SOPs.</p> <p>Work on this recommendation started in June of 2021 after the hire of the dedicated Business Analyst. Management determined that the best course of action to sufficiently address all of LLA's recommendations was to observe and document the financial assurance cycle during fiscal year 2022.</p> <p>LDEQ expects to have the SOPs finalized by June 30, 2023.</p>
<p>3. LDEQ should update its standard operating procedures to include timeframes for when it will refer facilities that are noncompliant with financial assurance requirements to its Enforcement section.</p>	<p><i>Implementation in Progress</i></p> <p>As noted above, LDEQ is currently in the process of revising the financial assurance SOP to better facilitate financial assurance tracking.</p> <p>The Business Analyst is currently in the process of consulting with the Legal Services Division to determine LDEQ's enforcement discretion related to financial assurance. Non-compliant referral time frames will be established and draft SOPs will be created once this process is complete.</p> <p>SOPs will start being drafted in early 2023. LDEQ expects to have the SOP's finalized by June 30, 2023.</p>

Finding 2: State regulations do not require local governments that own solid waste facilities and use the financial test option as their financial assurance mechanism to submit supporting documentation to LDEQ, such as audited financial statements, to provide evidence of financial capacity.

Recommendation	Recommendation Status/ Summary of Agency's Response
<p>4. LDEQ should amend LAC 33:1303 to require local governments that own solid waste facilities to annually submit documents, such as audited financial statements, to ensure these facilities meet the criteria for the financial test.</p>	<p><i>Implementation in Progress</i></p> <p>LDEQ is currently in the process of evaluating all Title 33 rules related to financial assurance. In addition, LDEQ is currently meeting with stakeholders to specifically address cost estimation issues related to solid waste.</p> <p>LDEQ intends to draft an amendment to LAC 33:1303 during the third quarter of fiscal year 2023.</p> <p>LDEQ expects to have any approved changes fully implemented by June 30, 2024.</p>

Finding 3: LDEQ has not established timeframes for when all solid and hazardous waste facilities in corrective action must submit evidence of financial assurance. As of June 30, 2019, LDEQ had not received financial assurance that 14 (58.3%) of 24 hazardous waste facilities and three (75%) of four solid waste facilities in corrective action could cover expenses associated with their corrective action activities. The three solid waste facilities estimated that their corrective action activities will cost approximately \$5.0 million.

Recommendation	Recommendation Status/ Summary of Agency's Response
<p>5. LDEQ should obtain cost estimates and financial assurance for corrective action measures from the 14 hazardous waste facilities and three solid waste facilities that have not provided financial assurance for corrective action activities.</p>	<p><i>Implementation in Progress</i></p> <p>Work on this recommendation started in June of 2021 after a dedicated Business Analyst was hired to review all financial assurance processes and documentation. At that time, it was determined by management that the best course of action to address this recommendation was to review financial assurance for each of the facilities in question during permitting of each step of the multi-step corrective action processes.</p> <p>If corrective action has been requested and approved for any of the facilities in question since LLA's 2019 audit, LDEQ has requested, and obtained, adequate financial assurance.</p> <p>LDEQ has chosen to address this recommendation on a case-by-case basis during the permitting process. Consequently, LDEQ has established a target completion date of June 30, 2023 out of an abundance of caution.</p>

Recommendation	Recommendation Status/ Summary of Agency's Response
<p>6. LDEQ should evaluate the facility-specific circumstances of each of the 11 hazardous waste facilities that require corrective action, but have not submitted corrective remedies, to determine if it should require these facilities to provide financial assurance while it is waiting for them to submit their remedies.</p>	<p><i>Implementation in Progress</i></p> <p>Work on this recommendation started in June of 2021 after a dedicated Business Analyst was hired to review all financial assurance processes and documentation.</p> <p>LDEQ is currently evaluating the facility-specific circumstances of each of the hazardous waste facilities in question. Some, but not all, of the facilities have since submitted adequate corrective action remedies and sufficient financial assurance.</p> <p>A final decision as to whether or not to request financial assurance for the facilities in question that have not submitted corrective action remedies since LLA's audit will be determined on a case-by-case basis by management. LDEQ expects to have a final decision on these facilities by June 30, 2023.</p>
<p>7. LDEQ should amend applicable sections of the Louisiana Administrative Code to include timing requirements for when facilities in corrective action must provide financial assurance mechanisms and consider requiring solid and hazardous waste facilities to submit financial assurance mechanisms as soon as it is determined that corrective action is needed.</p>	<p><i>Implementation in Progress</i></p> <p>LDEQ is currently in the process of evaluating all Title 33 rules related to financial assurance. Proposed changes will be presented for promulgation during fiscal year 2023.</p> <p>LDEQ expects to have any approved changes fully implemented by June 30, 2024.</p>

Finding 4: LDEQ could strengthen its financial assurance process by requiring staff to enter complete and accurate financial assurance information into TEMPO and dedicating staff with financial expertise to review financial assurance documents.	
Recommendation	Recommendation Status/ Summary of Agency's Response
<p>8. LDEQ should implement a review process to ensure that staff are consistently entering complete and accurate data into TEMPO regarding cost estimates and financial assurance so that management can use the data system to efficiently monitor the financial assurance process for solid and hazardous waste facilities.</p>	<p style="color: #cc0000;"><i>Implementation in Progress</i></p> <p>Work on this recommendation started in June of 2021 after a dedicated Business Analyst was hired to review all financial assurance processes and documentation.</p> <p>An Accountant 4 was also hired in March of 2021 to help review the cost estimate and financial assurance data entered into TEMPO.</p> <p>LDEQ has developed TEMPO queries (reporting) for hazardous waste financial assurance. LDEQ has also attempted to develop TEMPO queries for solid waste facilities, but has encountered technical issues that may require contractual assistance to remedy.</p> <p>Consequently, LDEQ has established a target implementation date of June 30, 2023 out of an abundance of caution.</p>
<p>9. LDEQ should maintain all corrective action information in a centralized location, such as TEMPO, so that management can more effectively monitor facilities in corrective action.</p>	<p style="color: #cc0000;"><i>Implementation in Progress</i></p> <p>As noted above, LDEQ management is currently in the process of allocating staff resources to assist the Business Analyst in transitioning corrective action, cost estimate, and financial assurance tracking data into TEMPO.</p> <p>LDEQ expects to have this recommendation fully implemented by June 30, 2023.</p>
<p>10. LDEQ should dedicate staff with financial expertise to review financial assurance documents so that it can better manage the financial assurance process.</p>	<p style="color: #cc0000;"><i>Implemented</i></p> <p>LDEQ has hired a Business Analyst to help review financial assurance documents. In addition, LDEQ recently hired an Accountant 4 with experience in reviewing complex financial assurance documents.</p>

Recommendation	Recommendation Status/ Summary of Agency's Response
<p>11. LDEQ should establish standard operating procedures that specify which staff responsible for requesting and reviewing cost estimates and financial assurance mechanisms for corrective action.</p>	<p><i>Implementation in Progress</i></p> <p>LDEQ management is currently in the process of allocating additional staff resources to assist the Business Analyst in reviewing cost estimates and financial assurance mechanisms for corrective action.</p> <p>The financial assurance policy will be updated to specify responsible staff once the transition process is completed.</p> <p>LDEQ expects to have this recommendation fully implemented by June 30, 2023.</p>

Evaluation of Information Technology (IT) Service Delivery to State Agencies

Office of Technology Services, Division of Administration
January 22, 2020

We evaluated the Office of Technology Services’ (OTS) customer-service framework for providing information technology (IT) service delivery to state agencies. Beginning in fiscal year 2015, Louisiana consolidated IT services for state agencies into OTS, and Louisiana Revised Statute (R.S.) 39:15.1 granted it authority over the IT systems and services of most executive branch agencies. We conducted this audit because of feedback and concerns we received about OTS’ service delivery through a survey we sent to these agencies. The survey identified issues with customer service, including poor communication, slow resolution of help desk tickets, and lack of accountability and transparency. Effective customer engagement will not only benefit OTS and its customers (state agencies), but will also benefit state operations as a whole.

OTS implemented, partially implemented, or is in the process of implementing all eight (100.0%) recommendations.

Finding 1: OTS has not developed a comprehensive list of the services it offers to state agencies and how much each service costs, as recommended by best practices. State agency management and OTS Agency Relationship Managers (ARMs) both reported not knowing the full range of services provided by OTS.

Recommendation	Recommendation Status/ Summary of Agency’s Response
<p>1. OTS should develop a comprehensive service catalog that includes pricing, service components, and how to order services that is easy for state agencies to use and understand.</p>	<p><i>Implementation in Progress</i></p> <p>The OTS website contains the relevant service catalogs. End User Computing (EUC) and Data Center Operations (DCO) services include costs for security within their line of service. Applications development has started to publish service-catalog listings or services that can be readily consumed by our customers through a supported Line-of-Service. An example of an Application development service catalog listing today would be Tableau. Future service catalog listings will likely include RSA Archer, Jira and Mendix, provided all receive approval from the governance committee and associated staffing. Custom Application Development is different from these other verticals due to the depth and breadth of the application requested by the customer agency.</p>

Finding 2: OTS has not defined performance expectations for each of the services it provides or developed formal mechanisms for receiving and responding to feedback, as recommended by best practices. This limits the ability of state agencies to hold OTS accountable. In our survey of state agencies, 29 (60.4%) of 48 respondents agreed that agency specific benchmarks or performance measures would help OTS serve their agency better.	
Recommendation	Recommendation Status/ Summary of Agency's Response
<p>2. OTS should develop service level expectations that define metrics for monitoring performance and provide them to state agencies through a comprehensive service catalog or formal SLAs.</p>	<p style="color: #cc0000;"><i>Implementation in Progress</i></p> <p>Associated service catalogs on the OTS website contain service level expectations. In addition, the Memorandum of Understanding (MOU)-Service Level Agreement (SLA) template includes the following language, "DOA OTS will offer many of its services as discrete Lines of Service ("LOS"), with associated costs and performance expectations published for agencies to view. DOA OTS will work with [AGENCY] to establish mutually agreed upon service level expectations, which may include metrics and monitoring for the availability, performance, and capacity of critical systems as may be required and requested by [AGENCY]. "</p> <p>In addition to the above language contained in MOUs, OTS is in the process of establishing Performance Monitoring Standards going forward. These standards will be included in any new RFPs issued for the modernization of Applications. We are currently conducting Proof of Concepts with different toolsets to display various levels of detail regarding capacity (reaching or nearing thresholds), performance (over time health of the system), and availability management (uptime of the system).</p>
<p>3. OTS should develop a customer feedback loop to collect, aggregate, and analyze feedback from state agencies and implement procedures to act on services and areas that need improvement.</p>	<p style="color: #cc0000;"><i>Partially Implemented</i></p> <p>EUC and Production Support Services (PSS) vertical sections within OTS have completed these efforts. All sections monitor service requests and incident tickets to ensure resolutions are provided in a timely manner. The (Agency Relationship Management) ARM section is under new leadership and is in the process of being reorganized to better achieve this recommendation.</p>

Finding 3: OTS has reduced the amount of time it takes to resolve service requests. Service desk teams reduced the overall time it took to resolve tickets from 12.9 business days in fiscal year 2016 to 2.3 business days in fiscal year 2018, and field teams reduced resolution times from 16.1 business days to 4.6 business days during the same timeframe. However, OTS should monitor compliance with internal targets to ensure all requests are resolved in a timely manner.

Recommendation	Recommendation Status/ Summary of Agency's Response
4. OTS should develop target resolution timeframes for all service request situations and develop procedures to monitor open service desk tickets to ensure that all EUC service desk and field teams meet targets for ticket resolution.	<p><i>Implemented</i></p> <p>OTS section leads monitor ticket processing through dashboards and reports.</p>

Finding 4: OTS has not developed procedures for handling complex service requests, and poor internal communication between OTS sections contributes to delays in resolving these types of requests. As a result, OTS does not always respond timely or provide status updates to agencies regarding these service requests.

Recommendation	Recommendation Status/ Summary of Agency's Response
5. OTS should develop formal policies and procedures outlining roles and responsibilities, and processes regarding how Data Center Operations, Application and Data Management, and Information Security sections should handle service requests, including target timeframes for resolution and customer engagement.	<p><i>Implementation in Progress</i></p> <p>According to OTS, this recommendation is not fully implemented, but there has been substantial progress made. For example, through the use of the Ivanti ticketing system, an application development team has been continuously working on creating workflows for processes that require multiple verticals to perform some aspect. Agencies or Agency Relationship Managers on behalf of agencies, submit a procurement request. Built in workflows send this through an agency and ARM approval process, then send to the Vendor Provider Management Unit to perform task up to and including issuance of Purchase Orders or/purchases using credit cards.</p>

Finding 5: OTS does not track all state agencies’ IT projects and has not developed a process to manage IT projects, as recommended by best practices. OTS could not provide key documentation, such as project plans and schedules, or payment schedules, for projects we reviewed to determine if it managed projects according to best practices. Effective project management is important because OTS has identified a \$959 million backlog for modernizing the most at-risk applications.	
Recommendation	Recommendation Status/ Summary of Agency’s Response
6. OTS should track all state agencies’ IT projects, including project costs, timeframes, and OTS’ role in the project.	<p style="color: #C00000; margin: 0;"><i>Implemented</i></p> <p>The Project Management Office (PMO) created a PMO dashboard that provides up-to-date statuses of the ongoing projects managed by OTS. All projects managed by PMO are included in the dashboard and shared across the executive team.</p> <p>Cost tracking and timelines are living documents within each project’s document library and can be retrieved immediately upon request by the project manager. The OTS project manager tracks contract/deliverable payments and staff augmentation payments. OTS tracks contract, hardware, and software related budgets for the projects that we participate in but do not track any of the agency costs. Costs are typically tracked on a spreadsheet.</p>
7. OTS should develop formal policies and procedures for the ARM function and for Project and Portfolio Management on how to manage IT projects.	<p style="color: #C00000; margin: 0;"><i>Implementation in Progress</i></p> <p>The PMO and ARM directors have been working together to develop formal policies and procedures for ARM involvement in projects that don’t require a Project Manager.</p> <p>In addition, an internal work group is meeting weekly on the design and functionality for ClickUp which will be the tool used by the ARMs to track projects for their agencies. An ARM runbook will be created for processes that are being updated or changed to bring some standardization to those efforts.</p>

Finding 6: Staffing challenges, such as the high number of retirements and vacancies, affect OTS’ ability to provide IT services effectively and efficiently. According to state agencies and OTS staff, positions are vacant for long periods of time, which negatively impacts agencies’ operations. In addition, OTS’ 100% cost-recovery funding model presents challenges in terms of planning for the future IT needs of state agencies.	
Recommendation	Recommendation Status/ Summary of Agency’s Response
<p>8. OTS should continue to work with Civil Service to address limitations to recruiting and hiring staff.</p>	<p><i>Implemented</i></p> <p>In 2021, OTS established a cross-disciplinary Recruiting/Hiring Initiatives Workgroup to develop and implement work plans to address recruitment and hiring issues. Several related initiatives arose out of that workgroup such as regular participation in career fairs at universities, speaking with high school organizations and clubs focused on technology, and the establishment of a social media presence on multiple platforms, such as LinkedIn.</p> <p>OTS collaborated with other agencies and local technical colleges to establish multiple one-year internships in information technology beginning in May 2021 that proved to be a valuable pipeline to recruit entry-level personnel.</p> <p>OTS created a new section on the agency website in April 2021 dedicated to promoting career opportunities currently available.</p> <p>OTS also worked with State Civil Service to create an entirely new, modernized IT job titling structure containing 92 titles across 12 job series (e.g., application development, technical support, information security, project management, engineering, etc.). The State Civil Service Commission and the Governor approved the new titling structure in December 2021.</p>

Louisiana Quality Jobs Program - Tax Incentive Evaluation

Louisiana Economic Development & Louisiana Department of Revenue
 March 12, 2020

We evaluated the economic impact, administration, and structure of Louisiana’s Quality Jobs (QJ) Program, which incentivizes businesses to locate or expand existing operations in Louisiana. The QJ program was created by Act 1238 of the 1995 Regular Session to support employers, through cash rebates, within certain industries, such as manufacturing, who create new well-paying jobs and make significant contributions to the development of the state economy. From the program’s inception through 2018, the state had paid \$822.6 million in incentives for 469 QJ projects, and these projects created 26,980 new jobs.

LDR implemented its one (100.0%) recommendation.

LED implemented one (33.3%) of three recommendations and did not implement the other two recommendations (66.7%).

Louisiana Department of Revenue

Finding 1 (of Section 1): LDR needs to account for out-of-state purchases receiving sales and use tax (SUTR) and project facility expense (PFER) rebates when it starts analyzing the return on investment for the QJ program in 2020. Not accounting for this will overstate the economic impact of the program.	
Recommendation	Recommendation Status/ Summary of Agency’s Response
1. LDR should account for out-of-state purchases when it starts conducting its return on investment analysis in calendar year 2020.	<p style="color: red; margin: 0;"><i>Implemented</i></p> <p>LDR is using regional purchasing coefficients in the Regional Economic Modeling, Inc (REMI) model to account for out-of-state capital expenditures.</p>

Louisiana Economic Development

<p>Finding 1 (of Section 2): LED did not always notify LDR when a company did not meet the job creation requirements of the QJ program, as required by state law.</p>	
Recommendation	Recommendation Status/ Summary of Agency's Response
<p>2. LED should ensure LDR is notified when a company did not create the required number of jobs or did not submit the documentation showing they had created the required number of jobs to satisfy the job creation requirements of the QJ program.</p>	<p><i>Implemented</i></p> <p>LED informs LDR when a company has not met the job creation requirement. Subsequent to the audit period, a cloud-based system was introduced by LED supporting the administration of the program allowing for interoperability with LDR and has been operational since August 2018.</p>

<p>Finding 2 (of Section 2): LED only reports estimates of the number of new direct jobs qualifying for rebates through the QJ program. These estimates, submitted by companies when they apply for a rebate contract, exceeded actual job creation numbers by 113.2%. Although companies report actual job numbers to LED, LED only reports the anticipated number of jobs created.</p>	
Recommendation	Recommendation Status/ Summary of Agency's Response
<p>3. LED should report actual numbers when reporting the outcomes of the QJ program so the legislature and public can accurately assess the actual number of jobs receiving the QJ rebate.</p>	<p><i>Not Implemented</i></p> <p>LED does not concur with the finding or recommendation. In its response to the original audit, the agency stated that it issues several statutorily required reports on all programs administered by the agency. Since contracts are five-year contracts with the ability to renew for another five years, the actual jobs created could possibly span a 10-year period. If the legislature desires for LED to report an aggregate number of jobs created by applicants of the QJ program each year, LED would abide by the change in statute regarding reporting.</p>

Recommendation	Recommendation Status/ Summary of Agency's Response
<p>4. If LED wants to continue reporting the anticipated number of jobs the QJ program will create in addition to reporting the actuals, LED should report more accurate estimated jobs by using estimates from the Advanced Notification Form rather than the estimates from applications.</p>	<p><i>Not Implemented</i></p> <p>LED does not concur with the finding or recommendation. In its response to the original audit, the agency stated that it reports estimated jobs created based on what the applicant estimates in the application which is then approved by the Board of Commerce & Industry, and is the basis for the QJ contract. Advances are filed as a notice to the state and to start the time for when an application must be submitted to LED. The applicant must create a minimum number of jobs, there is no requirement in statute for the estimated jobs provided by the applicant to be created since the applicant is only allowed a rebate on actual jobs created once the minimum jobs over the company's baseline are created.</p>

Regulation of the Physical Therapy Profession

Louisiana Physical Therapy Board

May 21, 2020

We evaluated whether the Louisiana Physical Therapy Board (LPTB or Board) effectively regulated the physical therapy profession during fiscal years 2015 through 2019 to ensure compliance with the Louisiana Physical Therapy Practice Act.⁶ LPTB is legislatively mandated⁷ to license and regulate physical therapists and physical therapist assistants who work in Louisiana. We conducted this audit to determine whether LPTB was meeting its mission of protecting the public and whether its processes ensure that licensees comply with the Physical Therapy Practice Act.

LPTB has implemented or is in the process of implementing all eight (100.0%) recommendations.

Finding 1: In January 2010, state law granted LPTB the authority to conduct background checks on applicants upon initial licensure; however, LPTB did not start conducting background checks until January 2016, six years later. As a result, as of October 2019, 3,791 (78.1%) of 4,857 current licensees that were licensed prior to January 2016 did not receive background checks. In addition, LPTB is not required to query the National Practitioner Data Bank (NPDB) prior to issuing or renewing licenses, so it may be making decisions without important disciplinary information on potential applicants from other states.

Recommendation	Recommendation Status/ Summary of Agency's Response
<p>1. LPTB should request "Continuous Query" reports from the National Practitioner Data Bank for each applicant for initial licensure and each renewal applicant to ensure the Board receives accurate, timely notice of actions taken by other states or healthcare entities.</p>	<p><i>Implemented</i></p> <p>Effective June 1, 2020, Continuous Query is requested on individuals prior to licensure for initial, reciprocity and reinstatement applications.</p> <p>On May 29, 2020, Continuous Query was requested on all current, active licensees, as well as revoked and suspended licensees.</p>

⁶ Louisiana Revised Statutes (R.S.) 37:2401, et seq.

⁷ R.S. 37:2405

Finding 2: During fiscal years 2015 through 2019, LPTB received 169 complaints containing 200 allegations that took an average of 120 days to resolve and resulted in 69 enforcement actions. However, LPTB has not established timeframes for how long it should take to investigate complaints and issue enforcement actions. As a result, the Board cannot ensure that it is investigating and resolving complaints in a timely manner.

Recommendation	Recommendation Status/ Summary of Agency's Response
<p>2. LPTB should establish timeframes for how long it should take to investigate complaints and issue enforcement actions.</p>	<p><i>Implementation in Progress</i></p> <p>LPTB has identified targeted timeframes for how long investigations should take and established four different priority levels related to investigations. The Board is currently monitoring how long investigations are actually taking and comparing that amount of time to the targeted goal. LPTB is looking at factors that increase the time to complete an investigation to determine if target goals are reasonable.</p>

Finding 3: LPTB does not always include monitoring provisions in its Board orders to ensure licensees comply with all restrictions imposed by the Board. In addition, LPTB does not always set timeframes for when to conduct monitoring visits and does not always conduct monitoring visits in accordance with the timeframes it does set.

Recommendation	Recommendation Status/ Summary of Agency's Response
<p>3. LPTB should ensure that all Board orders contain provisions for monitoring when applicable so that it can ensure that disciplined licensees comply with Board restrictions.</p>	<p><i>Implemented</i></p> <p>LPTB has reviewed orders and only the following did not have monitoring at the time of the audit:</p> <ul style="list-style-type: none"> (1) The Confidential Recovering Physical Therapy Program Participant Agreement template language approved by the Board now has an Employer Agreement, which would be a form of monitoring. (2) A Board order approved in December 2021 that now includes Monitoring. (3) Individuals who are suspended without opportunity for returning to work in the practice of physical therapy without creation of a new order are not monitored. The reasoning is that the individual will not have monitoring visits related to their practice of physical therapy until they are able to return to the practice, at which time they will have an order that will include monitoring.

Recommendation	Recommendation Status/ Summary of Agency's Response
4. LPTB should establish timeframes for how often random monitoring visits are conducted to ensure that disciplined licensees comply with all restrictions included in Board orders.	<i>Implemented</i> LPTB requires monitoring of disciplined licensees, including cases that require in-person visits to determine compliance, at least twice per year. The Board formally adopted the policy in December 2022.
5. LPTB should develop a process to ensure that all monitoring visits are conducted in accordance with established timeframes that ensure that licensees do not violate Board restrictions or recommit offenses they were disciplined for.	<i>Implemented</i> LPTB's current process is for its executive director, compliance monitor, and the assigned case monitor to determine the amount of monitoring needed for each case but no less than twice per year. LPTB's compliance officer is responsible for tracking monitoring schedules for disciplined licensees. This staff person contacts the designated monitor when a monitoring visit is approaching and gives them 30 days to complete the visit. LPTB has adopted a policy formalizing this process.

Finding 4: During fiscal years 2015 through 2019, LPTB did not report all adverse actions to the National Practitioners Data Bank (NPDB) as required by federal regulations. We found that LPTB did not report 27 (29.7%) of 91 actions issued for 46 licensees to the NPDB within 30 days. LPTB took an average of 222 days to report these 27 actions to the NPDB, ranging from 42 days to more than two years. The nature of these cases included sexual misconduct, substance abuse, criminal convictions, and fraud.

Recommendation	Recommendation Status/ Summary of Agency's Response
6. LPTB should ensure that it reports all adverse actions to the NPDB within 30 days as required by federal law.	<i>Implemented</i> Adverse actions are reported to the NPDB within 30 days of the Board's decision.
7. LPTB should formalize its internal goal in policy to post all disciplinary actions on its website within 30 days.	<i>Implemented</i> LPTB posts disciplinary actions on its website within 30 days as required by Board policy.
8. LPTB should ensure that it issues and posts a public Board order for the disciplinary action that was not posted on its website as of March 2020.	<i>Implemented</i> Current orders can be viewed on the LPTB website.

Selection and Oversight of Attorneys Defending Claims Against the State

Louisiana Department of Justice &
Office of Risk Assessment

May 27, 2020

We evaluated the Department of Justice's (DOJ) and the Office of Risk Management's (ORM) processes for selection and oversight of attorneys assigned to defend certain claims against the state. These processes are important to help ensure that qualified attorneys with no conflicts of interest are selected to defend the state from potentially adverse court judgments and payments to claimants. Strong processes are also important so that ORM can ensure payments to contract attorneys are reasonable and based on actual work performed.

DOJ partially implemented one (20.0%) out of five recommendations and did not implement the other four (80.0%) recommendations.

ORM implemented both recommendations (100.0%) made in the report.

Louisiana Department of Justice

Finding 1: DOJ has not developed formal criteria for determining whether to use contract attorneys or DOJ attorneys to defend claims against the state. DOJ’s goal is to use in-house attorneys for 85% of cases because it is more cost-effective than using contract attorneys. Without formal and documented criteria to help decide when to use contract attorneys, the state may spend funds on contract attorneys for legal work that could be performed by existing staff at a lower cost.

Recommendation	Recommendation Status/ Summary of Agency’s Response
<p>1. DOJ should develop formal criteria for determining whether to assign contract attorneys versus DOJ attorneys to defend claims against the state.</p>	<p><i>Not Implemented</i></p> <p>According to DOJ, it already uses criteria to determine the best attorney to assign to State tort litigation, as noted by LLA in its audit. See page five of the 2020 LLA audit, citing criteria identified in the 2000 LLA audit. Furthermore, the use of formal criteria is not required by law.</p> <p>LLA Comment: Our 2020 performance audit concluded that DOJ had not implemented a previous recommendation from our 2000 performance audit that DOJ develop policies and procedures governing its decision to use contract versus DOJ attorneys, including developing formal criteria to help guide staff during the decision-making process. In addition, criteria listed in the 2020 report were only examples that DOJ could use to help ensure its assignment of cases follows a consistent process.</p>
<p>2. Once it develops formal criteria, DOJ should document what criteria was used in its decisions to assign contract attorneys versus DOJ attorneys to defend claims against the state.</p>	<p><i>Not Implemented</i></p> <p>Documentation of the formal criteria used by DOJ is not required by law and, if implemented, may undermine the defense of the litigation.</p>

Finding 2: Once DOJ decides to use a contract attorney to defend a claim, DOJ does not have formal published procedures for selecting which contract attorney will be assigned, as required by state law. As a result, DOJ cannot ensure that its selection process is fair and free from bias. In addition, DOJ does not use past performance evaluations when selecting attorneys or ensure that those attorneys meet minimum qualifications.

Recommendation	Recommendation Status/ Summary of Agency's Response
3. DOJ should develop a written appointment process for selecting contract attorneys and publish it in the Louisiana Bar Journal yearly as required by state law.	<p><i>Partially Implemented</i></p> <p>According to DOJ, state law does not require a written appointment process for selecting contract attorneys. However, DOJ and ORM include a written appointment procedure published annually in the Louisiana Bar Journal.</p>
4. DOJ should establish a process that requires it to formally document that the past performance of contract attorneys was considered in the selection process to better ensure that it is not appointing contract attorneys who have failed to perform satisfactorily.	<p><i>Not Implemented</i></p> <p>According to DOJ, it does consider past performances of contract attorneys in the appointment process. Establishing a process that requires formal documentation of past performances would only serve to undermine the defense of state tort litigation.</p>
5. DOJ should develop a process for ensuring and documenting that contract attorneys assigned to defend the state comply with all minimum qualifications, and regularly update this documentation as applicable to ensure continued compliance over time.	<p><i>Not Implemented</i></p> <p>As DOJ indicated in its response to the 2020 audit, such a recommendation misunderstands the legal obligations of lawyers that are set forth by the Louisiana Supreme Court and attempts to impermissibly transfer the burden to DOJ in violation of the Louisiana Supreme Court rules.</p>

Office of Risk Management

Finding 3: ORM has not developed formal criteria governing its process for concurring with DOJ on the selection of contract attorneys. As a result, ORM cannot ensure its concurrence process, which is required by state law, is transparent and unbiased. Although ORM stated that it rarely disagrees with DOJ’s appointment, it is important that ORM develop formal criteria to help determine why it would independently agree or disagree with DOJ’s selection of contract attorneys since ORM is ultimately responsible for paying claims against the state and the attorneys that defend them.

Recommendation	Recommendation Status/ Summary of Agency’s Response
<p>6. ORM should develop formal, written criteria that incorporate the review of past performance evaluations when determining whether to concur on DOJ contract attorney appointments and to document the application of the criteria on each attorney selection.</p>	<p><i>Implemented</i></p> <p>ORM has developed formal criteria for its concurrence in DOJ’s appointments of contract counsel. Each criterion reflects a recognized factor/standard to be considered when evaluating a DOJ attorney appointment for concurrence. A review of past performance evaluations of appointed (proposed) counsel is one of the included factors to be considered in ORM’s evaluation for concurrence. These criteria are itemized in a checklist that is presented to the Assistant Director for Litigation Management when a proposed appointment is received. The checklist for each appointment is maintained in ORM records.</p>

Finding 4: ORM does not have an effective review process to ensure that its third-party administrator, Sedgwick, thoroughly monitors the work of contract and DOJ attorneys. We found that Sedgwick did not ensure that contract and DOJ attorneys complied with all case handling guidelines and billing procedures. As a result, ORM may have paid attorneys for work that was not completed or necessary. For example, ORM paid more than \$18,000 from fiscal year 2016 through 2019 to contract attorneys for legal motions that were not documented in the case files as required.

Recommendation	Recommendation Status/ Summary of Agency's Response
<p>7. ORM should include compliance reviews of case handling and billing requirements in its monthly performance monitoring process to ensure that Sedgwick obtains all required case management and billing documentation from contract attorneys within required timeframes.</p>	<p><i>Implemented</i></p> <p>Performance Monitoring Guidelines in the Transportation unit, General Liability unit, Medical Malpractice unit, and Workers' Compensation unit were updated to include specific audit criteria and comprehensive file reviews each month to monitor for compliance with the Case Handling Guidelines and Billing Procedures. If issues, discrepancies, or deficiencies are noted in the course of these reviews, the ORM Supervisor will address these matters with the Sedgwick Examiner assigned to the case in question. Outcomes of each file review are documented and sent to Sedgwick for corrections or comments. As an additional compliance check, Sedgwick is required to submit monthly interim performance reviews of defense counsel. If a negative outcome occurs on an interim performance review, then the ORM Supervisor will follow up with Sedgwick, set a team meeting, conduct a file review, and/or confer with the Assistant Director of Litigation Management as needed for corrective action.</p>

APPENDIX A: SCOPE AND METHODOLOGY

This report provides the implementation status of recommendations contained in 10 performance audit reports issued during fiscal years 2019 through 2020. We conducted this review under the provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended.

Since this review was not a performance audit, we did not follow generally accepted *Government Auditing Standards* issued by the Comptroller General of the United States. To obtain our conclusions, we performed the following steps:

- Reviewed the 20 performance audit reports issued from July 1, 2019, through June 30, 2020, to determine which reports to include in this review. We excluded three annual statutorily-required audits, six audits that did not have any recommendations, three audits that we determined did not need any follow-up, and one audit in which we have already conducted a follow-up.⁸ As a result, we reviewed seven audits issued during fiscal year 2020. We also included in this review three audits issued in fiscal year 2019 that were included in our previous implementation status report published on December 9, 2021.⁹ In total, we reviewed 58 recommendations made in 10 performance audits for this report.
- Requested feedback on the status of recommendations contained in the selected audits from the nine relevant state agencies and other entities. These agencies/entities included Louisiana Department of Justice; Louisiana State Board of Medical Examiners; Louisiana Workforce Commission; Louisiana Department of Revenue, Louisiana Department of Environmental Quality; Office of Technology Services, Divisions of Administration; Louisiana Economic Development; Louisiana Physical Therapy Board; and Office of Risk Management, Division of Administration.
- Requested documentation to support the agencies' responses. Based on agencies' responses and/or documentation provided, we requested further documentation in some instances to clarify or verify the agency's responses. If an agency's response and/or documentation provided did not support the recommendation status reported by the agency, we revised the recommendation status.

⁸ Because of time and resource constraints, we cannot conduct comprehensive follow-up audits for all previously issued audit reports. In addition, not all audits require a comprehensive follow-up audit. We use a risk-based assessment to determine which previous audits do require a comprehensive follow up.

⁹ This report can be found on LLA's website at <https://lla.la.gov/reports/audit-reports>.

- When necessary, we conducted further research to confirm agencies' responses but did not conduct in-depth auditing procedures, such as file reviews or analysis of data, because of the time and resources needed for such work. However, we may determine in the future that an audit included in this review requires a comprehensive follow-up because of significant changes to the program.
- Provided draft of report to all agencies for review and revised report, as necessary.