

***STATE OF LOUISIANA
LEGISLATIVE AUDITOR***

**Examining the Performance and Progress
of Louisiana State Government:
A Follow-Up Report on
Recently Issued Performance Studies**

July 1996



Performance Audit Division

***Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor***

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**Follow-Up Report
Office of Legislative Auditor
State of Louisiana**

**Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor**

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July 31, 1996

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The Honorable Randy L. Ewing,
President of the Senate
The Honorable H. B. "Hunt" Downer, Jr.,
Speaker of the House of Representatives
and
Members of the Legislative Audit Advisory Council

Dear Legislators:

This is our report titled "Examining the Performance and Progress of Louisiana State Government: A Follow-Up Report on Recently Issued Performance Studies."

The report includes a compilation of recommendations and matters for legislative consideration made in performance audits and staff studies issued by my office from July 1993 through July 1995. In addition, we have listed the implementation status of each recommendation and provided a summary of legislative instruments adopted that related to each report.

Sincerely,

A handwritten signature in cursive script that reads "Daniel G. Kyle".

Daniel G. Kyle, CPA, CFE
Legislative Auditor

DGK/jl

[FOLLOW-UP]



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Legislative Auditor

DGK/jl

[FOLLOW-UP]



Office of Legislative Auditor

Executive Summary

Follow-Up Report

Examining the Performance and Progress of Louisiana State Government: A Follow-Up Report on Recently Issued Performance Studies

Study Initiation and Objectives

This report is a follow-up on performance studies issued by the Office of the Legislative Auditor over the past three years. The objective of this report was to track the progress of agencies in implementing recommendations contained in the performance studies, as well as to identify related legislation. We also identified a number of problem areas in state government based on the findings of our performance studies.

Performance Audit Function

The performance audit function within the Office of the Legislative Auditor was developed to assist in legislative oversight. The legislature has the responsibility of ensuring that laws and programs are administered in the public interest. The Legislative Auditor's extensive reviews of agency activities allows the legislature to determine how policies are being executed, whether the policies are accomplishing the desired results, and what corrective action should be taken.

The Legislative Auditor conducts two types of performance audits: economy and efficiency audits and program audits. Economy and efficiency audits determine if entities are acquiring, protecting, and using resources economically and efficiently, the causes of inefficiencies or uneconomical practices, and if entities are complying with applicable laws and regulations. Program audits determine the extent to which the desired results or benefits established by authorizing bodies are being achieved, the effectiveness of organizations' functions or programs, and whether entities have complied with applicable laws and regulations. Program audits also determine whether agencies have established appropriate goals, objectives, measures, and reports; whether the different agencies administering various programs are coordinating their efforts; and whether the program is providing the services that were intended by the legislature.

Reports Included in the Follow-Up Report

This follow-up report tracks performance studies issued from July 1992 through July 1995. During this period, there were 21 performance reports issued--13 performance audits and 8 staff studies. These efforts varied in scope and size and included subject areas of retirement, economic development, health and social services, general government administration, education, general fiscal matters, and corrections.

Nearly Two-Thirds of Report Recommendations Were Fully or Partially Implemented

We identified 126 recommendations in the 21 performance reports issued from July 1992 through July 1995. These recommendations were made to various state entities, including boards and commissions. We surveyed appropriate entities to determine the implementation status of these recommendations.

In response to our survey, officials reported that they have fully implemented 40 percent of all recommendations. Another 29 percent of the recommendations have been partially implemented, and 31 percent have not been implemented at all.

Legislation Relating to the Issued Reports

In addition to the recommendations made to executive branch entities, we identified 56 matters for legislative consideration in the performance reports issued from July 1992 through July 1995. As part of our follow-up work, we identified 45 relevant legislative instruments that were adopted by the legislature during this period. These legislative instruments--30 acts and 15 resolutions--related to either the matters for legislative consideration or other issues presented in the reports.

Problem Areas in Louisiana State Government

In conducting work for the follow-up report, we reviewed each of the 21 performance reports to determine if certain types of problems were noted more frequently than others. We identified 20 types of problems that were noted in the performance reports covered in this report. The four most commonly noted problem areas affecting state government operations were:

- ♦ Inadequate oversight or monitoring
- ♦ Inadequate planning
- ♦ Unclear, cumbersome, or restrictive laws
- ♦ Inadequate policies and/or procedures

Some other areas noted that could be improved were:

- ♦ Costly laws and/or policies
- ♦ No cost evaluation of services or products
- ♦ Inadequate coordination
- ♦ Inadequate contractor performance monitoring
- ♦ Noncompliance with laws or regulations

These problems impact the overall effectiveness and efficiency of state government operations. This information can be used by policy makers and program officials to help improve effectiveness, efficiency, and accountability in state government.

Chapter One: Introduction

Report Objectives

The Office of the Legislative Auditor provides legislative oversight related to the use of public funds within state and local government. The office assesses the performance of state programs, activities, and functions through its Performance Audit Division. The division reviews state operations to ensure *efficiency, effectiveness, and compliance with the law.*

This report is a follow-up of performance studies issued by the Office of the Legislative Auditor over the past three years. The objectives of this report were to track the progress of agencies in implementing recommendations contained in the performance studies and to identify related legislation. Our work on this project began in November 1995 and was completed in June 1996.

Scope and Methodology

This report tracks performance studies, which include performance audits and staff studies, issued from July 1992 through July 1995. There were 21 reports issued during this time period. For those reports, our follow-up work included tracking relevant legislative instruments and, if applicable, surveying the appropriate agencies to determine the implementation status of recommendations contained in the reports.

The performance studies contained a total of 126 recommendations to the agencies and 56 matters for legislative consideration. We surveyed the agencies to determine whether each recommendation had been implemented and requested that supporting documentation be provided as evidence of implementation. The surveys also requested information from the agencies relating to their participation in and knowledge of any legislative activity that had occurred concerning the matters for legislative consideration.

We reviewed the agency responses and accompanying documentation and analyzed the number of recommendations implemented, not implemented, or partially implemented. The extent of our review of supporting documentation was only to verify that the documentation supported the survey responses. We did not audit the information provided by the agencies in their survey responses.

We also tracked bills and resolutions proposed from the First Extraordinary Session of 1993 through the Regular Session of 1995 to determine whether any legislative instruments were adopted relating to either the matters for legislative consideration or other issues presented in the reports. To accomplish this, we used the Senate's computer system to conduct a key word search of legislative instruments relating to particular topic areas. Senate staff assisted us in this effort. To ensure that our search was complete, we supplemented the search with additional sources of information. We used WESTLAW; *West's Louisiana Session Law Service*; and *Resume: Acts, Resolutions, Study Requests, and Vetoed Bills*.

In addition, we compiled a list of major problem areas noted in the report findings. This list serves as a means of documenting the obstacles or problems encountered by agencies that may hamper the effective and efficient administration of agency operations. The list includes things such as a lack of resources; unclear, cumbersome, or restrictive laws; and inadequate program oversight or monitoring by the agency or by an outside entity, such as a board or commission.

Report Organization

The remainder of this report is organized as follows:

- ♦ **Chapter Two** describes the role of the Office of the Legislative Auditor, describes the Performance Audit Division, and explains the performance audit process. It also explains how our follow-up report relates to other statewide performance review efforts.

- ♦ **Chapter Three** includes an exhibit that provides the following information for each of the 21 reports issued from July 1992 through July 1995: a brief summary of the objectives, findings, and conclusions; recommendations to agencies; matters for legislative consideration; and a summary of related legislative instruments adopted. This chapter also lists major problem areas discussed in those 21 reports.

Chapter Two: Performance Auditing in Louisiana

Office of the Legislative Auditor

In 1964, the legislature amended the Louisiana Constitution of 1921 to create the Office of the Legislative Auditor. Before this time, the state's post audit function was under the jurisdiction of the Governor's Office. The mission of the Office of the Legislative Auditor is to provide legislative oversight relating to the use of public funds within state and local government.

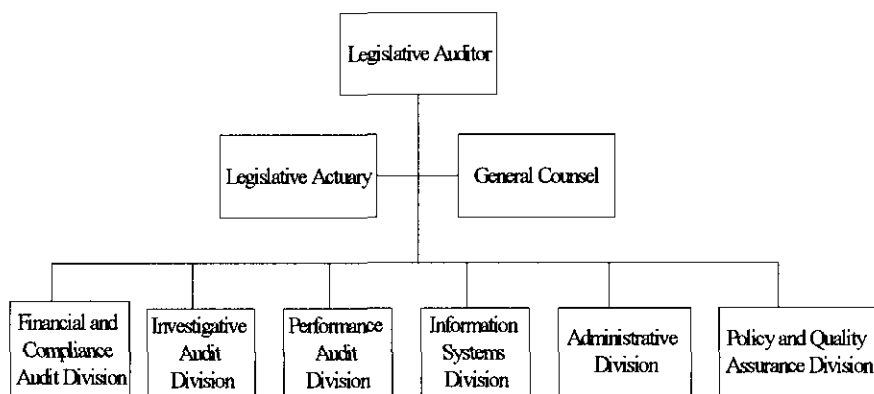
The Legislative Auditor serves at the pleasure of the legislature. He is elected by a majority vote of the members of both houses of the legislature and may be removed by the concurrence of two-thirds of the elected members of each house. The Legislative Auditor is authorized by statute to conduct audits of all public or quasi-public bodies, the scope of which may include financial accountability, legal compliance, and evaluations of the economy, efficiency, and effectiveness of the auditee's programs.

The Legislative Audit Advisory Council (LAAC) is the legislative oversight committee for the Office of the Legislative Auditor. The council is composed of five senators appointed by the President of the Senate and five representatives appointed by the Speaker of the House of Representatives. The council has the authority to do all things necessary to aid and assist the Legislative Auditor in carrying out the duties and responsibilities of his office. This authority includes the power to hold hearings, subpoena witnesses, administer oaths, and punish for contempt any person who fails to comply with an order of the council.

Organizational Structure of the Office of the Legislative Auditor

Exhibit 2-1 below shows the organizational structure of the Office of the Legislative Auditor.

Exhibit 2-1 Office of the Legislative Auditor Organizational Structure



Source: Prepared by legislative auditor's staff.

The office consists of the following divisions:

- ♦ **Financial and Compliance Audit Division** - Conducts financial and compliance audits of state and local government in accordance with standards adopted by the American Institute of Certified Public Accountants and the United States General Accounting Office.
- ♦ **Performance Audit Division** - Examines the efficiency and effectiveness of programs and activities of state government in accordance with standards promulgated by the United States General Accounting Office.

- ♦ **Investigative Audit Division** - Investigates allegations of impropriety in state and local government, resolves significant or repeat findings in government audits, and performs background investigations on individuals nominated for certain gaming boards and commissions.
- ♦ **Policy and Quality Assurance Division** - Monitors and processes audits by independent public accountants, performs quality control functions related to internal operations, and coordinates the office's continuing professional education program.
- ♦ **Legislative Actuary** - Serves as the actuarial advisor to the legislature and provides a variety of statutorily required actuarial and consulting services.
- ♦ **General Counsel** - Serves as legal counsel to the Legislative Auditor and the LAAC on a variety of legal matters, including conducting legal research, rendering opinions, and drafting legislation.
- ♦ **Administrative Division** - Supports office operations, including report editing, production, and distribution.
- ♦ **Information Systems Division** - Manages the information resources of the office and verifies that appropriate controls are present in state and local information systems.

Performance Audit Function

Traditionally, the state audit function was limited to financial and compliance auditing, which determined the legality of expenditures and the integrity of fiscal affairs. However, because of the growth and complexity of state government, there arose a need for the legislature to obtain more comprehensive information to assist in its oversight responsibilities.

In addition to passing laws, approving programs, and authorizing expenditures, the legislature has the responsibility of ensuring that laws and programs are administered in the public interest. Without a more extensive review of agency activities, the legislature cannot determine how policies are being executed, whether the policies are accomplishing the desired results, and what corrective action should be taken.

The Louisiana Legislature first gave the Legislative Auditor the authority to conduct “economy, efficiency, and effectiveness” audits with the passage of Act 744 of the 1975 Regular Session. However, funding was not appropriated for the performance audit function at that time. The Office of the Legislative Auditor subsequently began to carry out the performance audit function using existing audit staff. The office issued its first performance audit on August 15, 1986. It has continued to issue performance reports since that time.

During the 1987 Regular Session, Act 431 was adopted. The act amended the existing state audit law and enacted Louisiana Revised Statutes (LSA-R.S.) 24:513(E)(6), which mandated the legislative auditor to conduct performance audits. Four years later, a March 25, 1991, senate committee report recommended that the office establish a performance audit program. To accomplish this objective, the legislature provided funding for the Performance Audit Division during the 1991 Regular Session.

Performance audits were developed to assist in legislative and administrative oversight. There are two types of performance audits: economy and efficiency audits and program audits. Economy and efficiency audits determine if entities are acquiring, protecting, and using resources economically and efficiently, the causes of inefficiencies or uneconomic practices, and if entities are complying with applicable laws and regulations. Program audits determine the extent to which the desired results or benefits established by authorizing bodies are being achieved, the effectiveness of organizations’ functions or programs, and whether entities have complied with applicable laws and regulations.

Performance audits issued by the Office of the Legislative Auditor are conducted in accordance with standards developed by the United States General Accounting Office. The standards define a performance audit as “an objective and systematic examination of evidence for the purpose of providing an independent assessment of the performance of a government organization, program, activity, or function in order to provide information to improve public accountability and facilitate decision-making by parties with responsibility to oversee or initiate corrective action.”

In addition to conducting performance audits, the Performance Audit Division issues “staff studies.” Staff studies differ from performance audits in that they are generally studies of limited scope and/or are follow-up studies to previously released performance audits.

The topics for performance studies are generated from a number of sources. Requests and mandates are made by the Senate, the House of Representatives, the LAAC, other legislative committees, individual legislators, and legislative staff. Members of the Legislative Auditor’s staff also identify topics. Legislative directives from the advisory council, the Senate, and/or the House of Representatives are our first priority and preferred source of audit topics.

Performance Audit Division

The Performance Audit Division contains 31 positions. This figure currently includes the division director, two audit managers, 27 senior and staff auditors, and one support staff. The division director is responsible for general management and policy formulation for the division, identifying audit and study topics, and assigning staff. Each audit manager is responsible for overseeing multiple projects and assisting the division director with various tasks, including audit initiation, quality control, and legislative testimony.

The division's audits and studies are staffed by teams. Each team consists of an audit manager, an auditor-in-charge, and a number of staff auditors. Auditors-in-charge are responsible for the daily activities involved in conducting an audit or study, including the supervision of assigned staff auditors. The number of auditors assigned to each team depends on the scope and complexity of the audit. Auditors are assigned to audits based on their education, training, and experience, as well as availability. Because audits and studies deal with a wide variety of subject areas, the educational backgrounds of the audit staff include economics, public administration, law, business administration, accounting, and political science. Others include:

- ♦ Finance
- ♦ History
- ♦ Library and Information Science
- ♦ Visual Arts/Communications
- ♦ Chemistry
- ♦ Liberal Studies
- ♦ Mechanical Engineering
- ♦ Psychology
- ♦ Computer Science
- ♦ Administration of Justice

On occasion, it may be necessary to contract for specialized assistance when available staff lack the necessary expertise or when an adequate number of staff is not available. The decision to contract for services is made by the performance audit director after consulting with the Legislative Auditor and considering budget restrictions.

Performance Audit Process

The performance audit process consists of three phases: a planning phase, fieldwork phase, and report writing phase. During the planning phase, the audit objectives, scope, and research design are determined. The audit is staffed, and the team gains an understanding of the auditee and the program or activity to be audited. A plan is developed to determine the best way to address the audit objectives. The process for staff studies is similar.

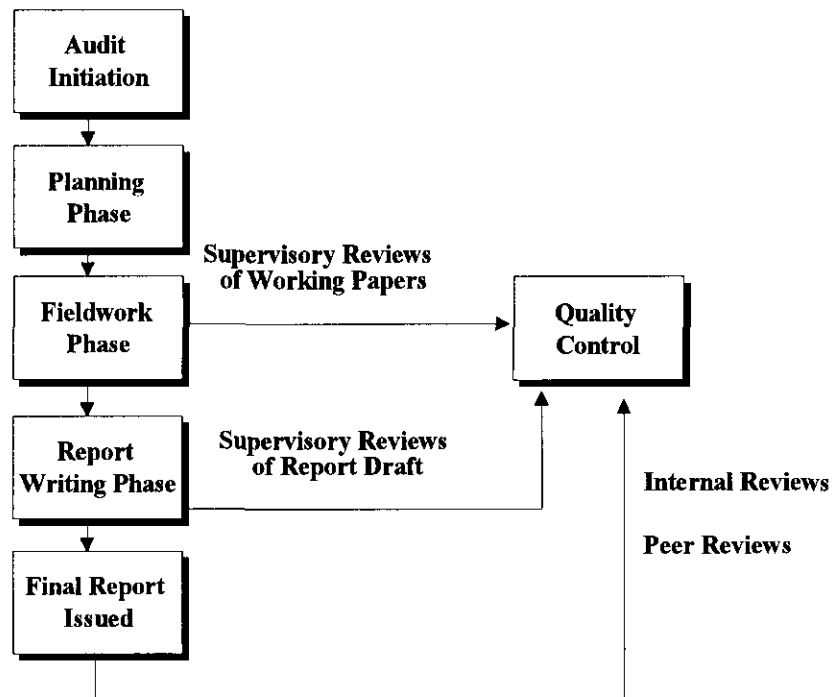
During the fieldwork phase, the team carries out the tasks listed in the plan. The team collects data, conducts interviews, and analyzes the information collected. Based on this work, the team develops findings, conclusions, and recommendations.

The final phase is the report writing phase, in which a detailed outline of the report is prepared. A draft of the report is then prepared using this outline. The final report is a complete, concise, and accurate report of conclusions, findings, recommendations, and matters for consideration by the legislature.

Quality Control System

The credibility of an audit organization is based largely on the quality and integrity of the reports it issues. In the Office of the Legislative Auditor, effective quality control is maintained, in part, through an extensive review process, which occurs both before and after each audit report is issued. Quality is also ensured through stringent hiring practices, continuing education programs, on-the-job training, and strict adherence to auditing standards and internal office policies and procedures. Quality control reviews are performed internally as well as externally. Exhibit 2-2 on the following page illustrates the performance audit process and related quality control reviews. Staff studies follow a similar quality control process.

Exhibit 2-2
Performance Audit Process and
Quality Control Reviews



Source: Prepared by legislative auditor's staff.

To ensure that the team exercises due professional care, is unbiased, maintains independence, and does not impair the scope of the audit or study activities, the report draft goes through several levels of supervisory review. During an audit or staff study, the auditor-in-charge closely supervises team members and reviews their working papers. The working papers are also reviewed by the audit manager.

Further reviews are conducted after the report draft is written. These reviews make certain that all findings, conclusions, and information contained in the report are fully and adequately supported by information contained in the working papers. The draft report is also reviewed by the audited agency. The agency is requested to submit written comments regarding the findings, conclusions, and recommendations made in the report. The agency's written comments are included in an appendix to the final audit report.

After the final audit report is issued, internal reviews may be conducted by the Policy and Quality Assurance Division of the Office of the Legislative Auditor. The in-house reviews of performance audits are to determine whether the audits were conducted in accordance with standards developed by the United States General Accounting Office.

The Office Met All Quality Control Requirements for Performance Audits in a Recent Peer Review

All state audit organizations that perform audits in accordance with government auditing standards must participate in an external quality control review. The Office of the Legislative Auditor participates in the National State Auditors Association's External Quality Control Review Program, which is administered by the National Association of State Auditors, Comptrollers, and Treasurers. These external reviews, called "peer reviews," are conducted by teams of auditors from other states and other qualified reviewers. The external reviews are intended to evaluate:

- ♦ Whether the audit organization's quality control system is comprehensive and suitable for the organization.
- ♦ Whether quality control policies and procedures are adequately documented and communicated to personnel.
- ♦ Whether quality control policies and procedures are being complied with to ensure compliance with government auditing standards.

The most recent peer review of the office was conducted in 1995. The review included audit reports issued by the Performance Audit Division and the Financial and Compliance Audit Division from July 1, 1994, through June 30, 1995. The office received an “unqualified” opinion report, which means that the office satisfactorily met all of the review requirements.

Related Legislation

There are a number of other legislative provisions that allow for the periodic review of state programs and activities by the Legislative Auditor’s Office and other entities. Act 1100 of 1995 amends the existing state audit law and increases emphasis on performance accountability and performance auditing in state government. The act, along with Act 712, Act 459, and Act 907 of 1995, illustrates the legislature’s desire to obtain and use information to promote accountability in state government activities. Following is a brief description of each of these provisions.

The Louisiana Performance Audit Program. Act 1100 of 1995 created a statewide performance audit program to review state agencies, programs, and activities. It requires, in part, that the Office of the Legislative Auditor do the following:

- ◆ Evaluate the basic assumptions underlying state agencies, programs, and services.
- ◆ Identify outmoded programs, programs that do not meet their goals, overlapping functions, and areas that need improvement.
- ◆ Evaluate the efficiency, effectiveness, and cost-effectiveness of state programs.
- ◆ Issue a report to the legislature each year with recommendations for improvement, as well as for the elimination or reduction of funding based on performance audits.

In addition, the act requires that all state agencies shall develop specific goals and objectives for each of their programs and include performance measures. The act defines a “state agency” as any state agency, office, department, board, commission, institution, division, committee, program, or legal entity within the legislative, executive, or judicial branch of government. According to the act, state agencies include institutions of higher education, but do not include any agency, governing body, or office of any local government or political subdivision of the state. The act requires the approval of the Legislative Audit Advisory Council for the auditor’s office to carry out the law’s provisions.

The Sunset Review Process. Act 712 of 1995 amended Title 49, Part XII of the Louisiana Revised Statutes, which provides for the legislative termination and re-creation of statutory entities under departments and agencies. Under the sunset review process, statutory entities must show a public need for their continued existence. Furthermore, they must demonstrate that their objectives, programs, and activities are consistent with legislative intent and that they are achieving their intent effectively and efficiently. As a basis for the reviews, the legislature is to consider the findings, recommendations, and entity responses contained in the Legislative Auditor’s performance audit reports and studies.

The Higher Education Accountability Act. Act 459 of the 1995 legislative session authorizes the Board of Regents to establish an ongoing accountability process to measure quality and effectiveness in public institutions of higher education. The act requires the board to:

- ♦ Adopt appropriate measures, standard definitions, and program guidelines to implement an accountability process for public institutions of higher education.
- ♦ Identify institutional and systemwide performance standards and goals.
- ♦ Develop appropriate reporting procedures and formats for use by the institutions in reporting data.
- ♦ Submit an annual report to the governor and the House and Senate education committees beginning in 1997.

The Louisiana Data Base Commission. Act 907 of 1995 amended LSA-R.S. 39:290-298, which established the Louisiana Data Base Commission. Some of the duties of the commission are to identify and catalog all data bases in the state; create a clearinghouse that provides information on the location and scope, accessibility, and format of the data bases; and make the data base information accessible to all interested persons in the public and private sectors. The commission consists of leadership from the House and Senate; the Commissioner of Administration; a statewide elected official; and representation from various executive departments, higher education, local government, and the private sector. Under the act, the staff of the Legislative Auditor may be required to assist in the maintenance of the data base.

Chapter Three: Summary of Follow-Up Work Conducted

Problem Areas in State Government Operations

The Most Frequently Noted Problems Related to Oversight, Planning, Laws, Policies, and Procedures

We reviewed each of the 21 performance reports to determine if certain types of problems were noted more frequently than others. These problems impact the overall effectiveness and efficiency of state government operations. This information can be used by policy makers and program officials to help improve effectiveness, efficiency, and accountability in state government.

We identified 20 types of problems that were noted in the 21 reports covered in this report. The four most commonly noted problem areas affecting state government operations were:

- ♦ Inadequate oversight or monitoring
- ♦ Inadequate planning
- ♦ Unclear, cumbersome, or restrictive laws
- ♦ Inadequate policies and/or procedures

Some other areas noted that could be improved were:

- ♦ Costly laws and/or policies
- ♦ No cost evaluation of services or products
- ♦ Inadequate coordination
- ♦ Inadequate contractor performance monitoring
- ♦ Noncompliance with laws or regulations

Exhibit 3-1 on the following page lists these problems and the number of reports in which each type of problem was noted. Immediately following Exhibit 3-1 is a legend that lists the name of each report and its corresponding letter.

Exhibit 3-1
Problem Areas Noted in Reports

Problem Area	Report - See Legend for Full Title																				Total	
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T		U
Inadequate oversight/monitoring			√			√	√	√					√			√		√		√		8
Inadequate planning				√			√		√					√		√		√		√		7
Unclear/cumbersome/restrictive laws	√				√						√			√		√		√		√		7
Inadequate policies/procedures							√	√	√					√		√			√			6
Costly laws/policies												√	√			√	√		√			5
No cost evaluation of services/products		√		√		√			√										√			5
Inadequate coordination			√		√					√						√	√		√			5
Inadequate contractor performance monitoring		√		√		√			√										√			5
Noncompliance with laws/regulations	√					√	√								√					√		5
Inadequate data												√							√	√		4
Inadequate internal/management controls								√	√					√					√			4
Duplication of efforts/services			√		√					√												3
Fragmentation of programs/services					√					√	√											3
Inadequate legislative/agency commitment	√														√							3
Inadequate resources											√			√		√						3
Services not cost-effective																	√				√	2
Inadequate performance indicators								√							√							2
Inadequate training															√							1
Services not efficient																					√	1
Inadequate laws/regulations																			√			1

Source: Compiled by legislative auditor's staff.

Legend for Exhibit 3-1

Letter	Report Title
A	Allocation of Louisiana's Monetary Resources
B	Competition and Privatization Measures in State Government
C	Consolidation of the Administration of Louisiana's State Retirement Systems
D	Contracted Services for Louisiana's Substance Abuse Program
E	Coordination of Workforce Preparation Programs in Louisiana
F	Corrections and Justice
G	Department of Health and Hospitals Non-Emergency Medical Transportation Program
H	Economic Development Loan Programs
I	Infrastructure
J	Investment Policies and Practices of Louisiana's State Retirement Systems
K	Louisiana Foster Care Program
L	Louisiana Health Care Authority Implementation of the Minimum Fee in the State's Medical Centers
M	Louisiana Insurance Guaranty Association
N	Louisiana Minority and Women's Business Enterprise Program
O	Louisiana's Planning, Budgeting, and Program Evaluation System
P	Managing and Maintaining Louisiana's Property
Q	Remediation for Students in State Colleges and Universities
R	Reporting, Managing, and Collecting Receivables in Louisiana
S	Selected State Purchasing Practices
T	State of Louisiana's Management and Oversight of Long-Term Bonded Debt
U	Usage of Louisiana Health Care Authority Emergency Departments

**Implementation
Status of
Recommendations**

**Nearly Two-Thirds of Report Recommendations
Were Fully or Partially Implemented**

We identified 126 recommendations in the 21 performance audit reports and staff studies issued from July 1992 through July 1995. These recommendations were made to various state agencies, including boards and commissions. We surveyed appropriate agencies to determine the implementation status of these recommendations.

In response to our survey, officials reported that they have fully implemented 40 percent of all recommendations. As shown in Exhibit 3-2 below, another 29 percent of the recommendations have been partially implemented, and 31 percent have not been implemented at all. Exhibits 3-3 through 3-23, beginning on page 22, provide a detailed summary of the recommendations made in each performance report and the extent to which each recommendation has been implemented.

**Exhibit 3-2
Implementation Status of Recommendations**

Implementation Status	Number of Recommendations	Percent of Recommendations
Fully Implemented	50	40%
Partially Implemented	37	29%
Not Implemented	39	31%
Total	126	100%

Source: Prepared by legislative auditor's staff using agency survey responses.

The reasons why specific recommendations were partially implemented or not implemented differed depending upon the agency. In the case of partially implemented recommendations, a large number of agencies responded that they are currently in the process of implementing the recommendations or that they have agreed to work closely with officials from other agencies to implement the recommendations. In some cases, officials responded that changes in administration delayed the implementation process.

The reasons for not implementing recommendations included the lack of resources, proper authority, or legal requirement. In some cases, agency officials either disagreed with recommendations or said that recommendations were not cost effective. Exhibits 3-3 through 3-23, which begin on page 22, include reasons provided by agencies for partially implementing and not implementing our performance recommendations.

Legislative Activity

In addition to the recommendations made to executive branch entities, we identified 56 matters for legislative consideration in the 21 performance reports issued from July 1992 through July 1995. As part of our follow-up work, we identified 45 relevant legislative instruments that were adopted by the legislature during this period.

These legislative instruments--30 acts and 15 resolutions--related to either the matters for legislative consideration or other issues presented in the reports. Exhibits 3-3 through 3-23, which begin on page 22, include all matters for legislative consideration and summaries of all relevant legislative instruments adopted.

Exhibit 3-3
Implementation Status of Recommendations and Matters for Legislative Consideration
Allocation of Louisiana's Monetary Resources
 Staff Study, February 1995

This report addressed SECURE Phase One recommendations to:

- ♦ Study revenue dedications and budgetary and accounting conventions to streamline budgeting and planning and thereby allocate Louisiana's monetary resources more efficiently.
- ♦ Analyze the strategic budgeting process to identify obstacles to further implementation.

The report identifies numerous obstacles to the efficient allocation of monetary resources in state government. The report cites revenue dedications, expenditure mandates, cumbersome accounting processes necessitated by the Bond Security and Redemption Fund, and the lack of a fully functioning program budgeting system as impediments to the efficient allocation of monetary resources.

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
The Division of Administration and/or the State Treasurer's office should annually prepare information on the amount of revenues credited to each revenue dedication for which a special fund has been established. This can be a separate report or incorporated into the state's Comprehensive Annual Financial Report.	Division of Administration	Fully Implemented	
Same As Above	Department of Treasury	Fully Implemented	
All state departments should complete their operational plans on an annual basis. The departments should ensure that performance indicator data remains consistent over time and is updated regularly.	Division of Administration	Fully Implemented	
All department heads should complete the Act 160 reports on an annual basis. These reports are useful because they require state departments to evaluate their programs and activities.	Division of Administration	Partially Implemented	Submission of the annual reports is a responsibility of department undersecretaries and secretaries. The DOA has no enforcement responsibility for Act 160 Reports.
The Office of Planning and Budget (OPB) should complete the progress profile reviews. These reviews are important in that they allow OPB to examine the operational and strategic performance of each department.	Division of Administration	Not Implemented	Progress profile reviews were done in the past but discontinued under Commissioner Laborde's leadership. Progress reviews are not mandated by statute or executive order.

Exhibit 3-3 (Concluded)

Matter for Legislative Consideration

The legislature may wish to consider legislatively establishing criteria for creating dedicated funds.

The legislature may wish to consider enacting legislation that would give the State Treasurer's office the authority to eliminate inactive or unnecessary dedications.

The legislature may wish to consider taking other action that would free up some of the general fund to better allocate Louisiana's monetary resources. For instance, earmarking need not be excessively rigid; it could be adjusted by the legislature. Earmarked revenues could also be made subject to minimums and maximums, with excesses going to the general fund and shortfalls being made up from the general fund. The legislature could also subject earmarking to sunset provisions, whereby they are automatically reviewed at certain time intervals to determine if they should be continued.

Legislatively mandate the preparation and periodic updating of a statewide strategic plan. An independent entity should be formed to prepare this plan. The entity should be required to obtain extensive statewide citizen input so that the plan contains the vision of where citizens want to go as a state in the future. The Oregon Progress Board could be used as a model.

Legislatively mandate the preparation and periodic updating of strategic plans.

Enforce the mechanisms that have already been established for implementing a program budgeting system, through the specific recommendations listed on page 42 of the report.

Summary of Related Legislative Instruments

Act Number 1127 of the 1995 Regular Session

Requires that on March first of each fiscal year, the Treasurer shall submit to the Joint Legislative Committee on the Budget and the Legislative Fiscal Office a report on special funds which shall include but is not limited to a listing of all currently authorized special funds created by the legislature, together with legal citation, date of creation, cash balance in the fund at the end of the prior fiscal year, and a notation of whether or not any revenue or expenditure activity has occurred during the prior fiscal year.

Exhibit 3-4 Implementation Status of Recommendations and Matters for Legislative Consideration Competition and Privatization Measures in State Government

Staff Study, February 1995

The objectives of this study were to:

- ♦ Consider and make recommendations for possible privatization opportunities.
- ♦ Consider the privatization efforts undertaken by other states.
- ♦ Consider the expansion of on-going privatization efforts in Louisiana.

The study found that privatization is only one of many strategies that states are using to promote efficiency and cost effectiveness and that privatization may not be appropriate for some applications. Other strategies being used include eliminating redundant services, reorganizing agencies to flatten supervisory structures, and implementing purchasing practices that allow agencies to buy at the best prices.

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
None			
Matter for Legislative Consideration			
<p>The legislature may wish to consider establishing an independent, centralized entity that introduces competition and innovative management practices into Louisiana state government. The duties of that entity should include the following:</p> <ul style="list-style-type: none"> ♦ Develop detailed cost analyses and comparison models. ♦ Analyze individual functions and services on a case-by-case basis to determine what method of delivery offers the best performance at the most reasonable price. ♦ Review the state's constitution, statutes, rules, and regulations to identify any legal barriers to implementing cost saving measures. ♦ Propose legislation to have legal barriers removed or eased. ♦ Include all affected parties in the decision-making process. ♦ Develop systems to measure contract performance. 			
Summary of Related Legislative Instruments			
We did not identify any legislative instruments relevant to this report that were adopted.			

Exhibit 3-5
Implementation Status of Recommendations and Matters for Legislative Consideration
Consolidation of the Administration of Louisiana's State Retirement Systems
 Performance Audit, December 1993

The objectives of this audit were to:

- ♦ Identify the areas of administration and investment management among the four state retirement systems that can be consolidated.
- ♦ Estimate the amount of savings that may result from consolidating the administration and investment management of the four state retirement systems.

The report found that consolidation of the boards of trustees and administration of the four state retirement systems would allow for more oversight of management and investment policies by the state. In addition, consolidation of administrative functions of the four state retirement systems could reduce management and staff, as well as administrative expenses. The audit also concluded that the consolidation of investment management of the four state retirement systems could reduce investment related expenses.

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
None			
Matter for Legislative Consideration			
None			
Summary of Related Legislative Instruments			
We did not identify any legislative instruments relevant to this report that were adopted.			

Exhibit 3-6
Implementation Status of Recommendations and Matters for Legislative Consideration
Contracted Services for Louisiana's Substance Abuse Program
 Performance Audit, July 1995

- The objectives of this audit were to:
- ♦ Determine the process used by the Department of Health and Hospitals to award contracts for providing substance abuse prevention and treatment services.
 - ♦ Determine the adequacy of the process by which the department assesses the quality and cost effectiveness of the contracted services for the substance abuse program.

The report found that the Department of Health and Hospitals does not adequately monitor its social service contracts for the state's substance abuse program. In the absence of adequate monitoring, the state cannot be sure it has received all of the services the contractors were required to provide. As a result, the quality of services provided for treatment and prevention is not known.

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
The Office of Alcohol and Drug Abuse should conduct formal, comprehensive statewide assessments of needs for its substance abuse program on a regular basis. The office should determine the frequency of conducting such assessments based on state and federal laws as well as available resources.	Department of Health and Hospitals	Fully Implemented	
In cooperation with the Division of Administration, the Office of Alcohol and Drug Abuse should explore alternative measures to expedite the contract review process.	Department of Health and Hospitals	Partially Implemented	Officials from the Office of Alcohol and Drug Abuse have met with officials from the Office of Contractual Review. They agreed to work closely together to meet deadline dates and avoid future delays.
Same As Above	Division of Administration	Partially Implemented	The Office of Planning and Budget has initiated an office policy stipulating "turn-around" deadlines in which this office completes the review process and forwards it to the Office of Contractual Review. The Office of Contractual Review is currently implementing a more efficient and updated computer system to process agency contracts.

**Exhibit 3-6
(Continued)**

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
<p>The Office of Alcohol and Drug Abuse should reexamine the contract review process within its own office to ensure that contracts are approved in a timely manner.</p>	<p>Department of Health and Hospitals</p>	<p>Fully Implemented</p>	
<p>The Office of Alcohol and Drug Abuse should require regions to follow its schedule for monitoring contracted services. Furthermore, the office should implement management controls to ensure the monitoring policy is being uniformly implemented in the regions.</p>	<p>Department of Health and Hospitals</p>	<p>Fully Implemented</p>	
<p>The Office of Alcohol and Drug Abuse should ensure that all state facilities and contract service providers are sufficiently monitored by an accountable party.</p>	<p>Department of Health and Hospitals</p>	<p>Fully Implemented</p>	
<p>The Office of Alcohol and Drug Abuse should implement formal policies and procedures to ensure that all reviews for contracted treatment facilities and prevention programs are completed and documented.</p>	<p>Department of Health and Hospitals</p>	<p>Fully Implemented</p>	
<p>The Office of Alcohol and Drug Abuse should include an evaluation of contract objectives during its monitoring of both treatment facilities and prevention programs. This evaluation should also include an end of the year assessment of all objectives in the contractor's statement of work.</p>	<p>Department of Health and Hospitals</p>	<p>Fully Implemented</p>	
<p>The Office of Alcohol and Drug Abuse should establish procedures to evaluate the cost effectiveness of contracted services. The evaluation of cost effectiveness should include the following:</p> <ul style="list-style-type: none"> ♦ Contracts should be compared to state and private programs that provide similar types and levels of services. ♦ Each contract should be evaluated based on the objectives included in the contract that are achieved. The office should develop outcome measures that will assist in the evaluation of contract objectives. 	<p>Department of Health and Hospitals</p>	<p>Fully Implemented</p>	

**Exhibit 3-6
(Concluded)**

Matter for Legislative Consideration

None

Summary of Related Legislative Instruments

Act Number 1166 of the 1995 Regular Session

States that funding for alcohol and drug abuse services shall be allocated to each region on a per capita basis in accordance with the population of each region as shown by the latest population figures from the U.S. Census. The secretary or the assistant secretary of the department shall submit an annual report to each member of the legislature listing the contractors and the amounts such contractors received for the provisions of regional alcohol and drug abuse services and services provided through grants that were received through application by the regional office.

Exhibit 3-7
Implementation Status of Recommendations and Matters for Legislative Consideration
Coordination of Workforce Preparation Programs in Louisiana

Performance Audit, June 1993

The objectives of this audit were to:

- ♦ Identify the types and determine the costs of workforce preparation programs administered by the state.
- ♦ Evaluate the adequacy of coordination among agencies providing workforce preparation services, including the identification of potential duplication and overlap of services.

The report found that there are many different types of workforce preparation programs in the state, which cost \$221 million in fiscal year 1991-1992. The report also found that Louisiana's workforce preparation programs are fragmented and not well coordinated. There are five state agencies administering the state's workforce preparation programs. Seven state boards, committees, and councils are charged with coordinating these programs. Inadequate coordination has resulted in service overlap and duplication of some programs at the local level.

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
<p>The Department of Education, the Department of Labor, and the Department of Social Services should integrate their client assessment services. This would include making the client assessment process uniform statewide and eliminating multiple testing.</p>	<p>Department of Education</p>	<p>Partially Implemented</p>	<p>The Department of Education, the Department of Labor, and the Department of Social Services held two statewide conferences on Assessment for Workforce Preparation (December 1993 and December 1994). The conference focused on establishing a comprehensive assessment program with emphasis on practical and efficient ways to collaborate assessment activities among various programs.</p> <p>The Test of Adult Basic Education (TABE) Users Group Handbook was also developed. One of the major oppositions the department found working among agencies was a source of funding and the legalities attached to these funds. The majority of the funds in the department are federal funds, and the department has to follow federal mandates.</p>

**Exhibit 3-7
(Continued)**

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
Same As On Previous Page	Department of Social Services	Not Implemented	The Workforce Assessment Conference addressed integration of client assessment services. At the conference, all department representatives were strongly encouraged to coordinate at a local level and to agree on an acceptable testing instrument so the information could be shared among the departments to avoid duplicative testing. A small work group was convened with representatives from all three departments to consider the development of a uniform process. However, because of conflicting federal regulations and policies, no consensus was ever reached, and no statewide process was ever developed.
Same As On Previous Page	Department of Labor	Partially Implemented	A conference was held between the three agencies that dealt with establishing a comprehensive assessment process with emphasis on coordination and collaboration. The result of this conference was the development of the Test of Adult Basic Education (TABE) Users Group Handbook.
The Department of Education, the Department of Labor, and the Department of Social Services should streamline remedial education services for adults.	Department of Education	Partially Implemented	TABE User Training Workshops were conducted across the state for the purpose of standardizing the administration of TABE.

**Exhibit 3-7
(Continued)**

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
Same As On Previous Page	Department of Social Services	Not Implemented	Department officials said that because they are not trained educators beyond agreement of the times of operation, attendance reporting requirements, and other "housekeeping" type activities, they generally defer to the local educators on how an adult education program is operated. The Department of Social Services has not been involved in any formal discussions regarding "streamlining" of remedial education services for adults.
Same As On Previous Page	Department of Labor	Partially Implemented	The Department of Labor integrates remedial education slots where possible. However, there are never enough slots available. Furthermore, they require cooperative agreements at the local level as part of the Governor's Coordination and Special Services Plan.
The Department of Education, the Department of Labor, the Department of Social Services, and the Governor's Office of Women's Services should consolidate job attainment and job readiness services.	Department of Education	Partially Implemented	The Department of Education and the Department of Labor have been involved in the INFO LA project and are in the process of providing much useful information via the Internet relative to training and employment opportunities in Louisiana. The technical institute colleges are in the process of gaining access to the Internet which will allow public access to both remedial and job skills training information with connections to available jobs in Louisiana. These connections would also allow sharing and integration of client assessment and intake services among service providers.
Same As Above	Department of Social Services	Not Implemented	Because of strict regulations on funding, the Department of Social Services is not able to serve any clients who are not enrolled in the Project Independence program.

**Exhibit 3-7
(Continued)**

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
Same As On Previous Page	Department of Labor	Partially Implemented	The Department of Labor was awarded an implementation grant to establish "one-stop" centers, which will form a nucleus for job training services. Each service center will be able to provide services directly or arrange for services to be provided by other state entities.
Same As On Previous Page	Governor's Office of Women's Services	Not Implemented	Coordination of services to avoid duplication of services is essential; however, consolidation of services would reduce services overall and hinder the state's ability to reach citizens whose successful entry into the workplace is dependent on easy access to specialized services.
The state Board of Elementary and Secondary Education (BESE) should improve its oversight of the State Council on Vocational Education. The board should use its authority to make the state council become more involved in coordination issues.	Board of Elementary and Secondary Education	Fully Implemented	
Matter for Legislative Consideration			
<p>The legislature may want to centralize the authority for coordinating workforce preparation programs statewide.</p> <p>The legislature may want to require that BESE coordinate with workforce preparation programs outside the Department of Education. State law, LSA-R.S. 17:6(A), with programs outside the Department of Education.</p> <p>The legislature may want to amend state law, LSA-R.S. 23:1659, which requires the Louisiana Employment Security Advisory Council to take all appropriate steps to reduce and prevent unemployment and to encourage and assist in the adoption of practical methods of vocational training, retraining, and vocational guidance. The state law could be modified to require that the council coordinate with state workforce preparation programs.</p>			

Exhibit 3-7 (Concluded)

Matter for Legislative Consideration

The legislature may want to define coordination responsibilities for the Interagency Coordinating Council for Adult Literacy, Retraining, and Continuing Education. The literacy council is required under the National Literacy Act to serve in an advisory role to state officials for literacy and adult education issues with respect to the labor market, economic development, and individual needs of the state. However, the act does not specifically require the literacy council to coordinate with other workforce preparation programs in the state.

Summary of Related Legislative Instruments

Act Number 483 of the 1995 Regular Session

Creates the Workforce Development and Training Program within the Department of Economic Development. The purpose of this program is to develop and provide customized workforce training programs to existing and prospective Louisiana businesses.

Act Number 508 of the 1995 Regular Session

Provides for the development of a plan of articulation between the vocational-technical institutes and the public institutions of higher learning in an effort to coordinate their programs.

Act Number 71 of the 1994 Third Extraordinary Session

Allows the state Department of Education to develop and administer a worksite-based training program when funds are provided.

Exhibit 3-8 Implementation Status of Recommendations and Matters for Legislative Consideration Corrections and Justice Staff Study, March 1995

- In this report, further study was conducted on the following SECURE Phase One recommendations:
- ♦ Develop a plan for moving the state to a structured sentencing approach for criminal punishment.
 - ♦ Determine whether the statutory limit on probation and parole agents' caseloads is appropriate and recommend staffing changes, release policies, or staffing adjustments where necessary.
 - ♦ Evaluate the Federal Prison Industry Enhancement Program for solicitation of private company contracts for inmate labor.
 - ♦ Consider conversion of additional state-managed prisons to privately-managed prisons.
 - ♦ Study the advisability of restructuring the per diem payment for housing state prisoners locally.

The report found that:

- ♦ Louisiana implemented Felony Sentencing Guidelines in 1992. However, Louisiana does not monitor their use by the courts or track the effects of this new sentencing structure on the criminal justice system.
- ♦ The Division of Probation and Parole currently assigns caseloads to agents that exceed the statutory limit by 70 percent.
- ♦ Despite receiving certification in January 1994 to participate in the Federal Prison Industry Enhancement Program, only one program is currently operating in Louisiana.
- ♦ Limited data is available to compare the operating cost differences of state and privately managed prisons. There has also been no comprehensive evaluation of the differences in service delivery. In addition, there are other issues that need to be addressed regarding further privatization efforts.
- ♦ The current per diem paid to local sheriffs for housing state prisoners is not based on an evaluation of actual costs incurred by the local jails.

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
<p>The Louisiana Sentencing Commission should develop an on-going tracking system to monitor the state's sentencing guidelines and their overall effect on the state's criminal justice system. Any monitoring effort should attempt to answer the following questions:</p> <ul style="list-style-type: none"> ♦ What effects have the sentencing guidelines had on the length and uniformity of sentences for all types of crimes? ♦ Have the guidelines provided sentencing judges with enough flexibility to impose the most appropriate sentence in each case? ♦ What effects have the guidelines had on the numbers of non-violent offenders being incarcerated? 	Louisiana Sentencing Commission	Partially Implemented	<p>The Sentencing Commission has partially implemented the recommendation by developing a plan of action for an initial study, developing a process through which sentencing practices may be monitored in the short term, and working with the Louisiana Supreme Court in developing the Case Management Information System (CMIS), which will provide the permanent data base for the basic monitoring function.</p>

**Exhibit 3-8
(Continued)**

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
<ul style="list-style-type: none"> • What effects have the guidelines had on the numbers of violent offenders being granted early release? • What percentage of offenders are serving their full sentences after being sentenced under the guidelines? • What problems have judges, prosecutors, and the Department of Public Safety and Corrections experienced since implementation of the guidelines? 			
<p>Prison Enterprises should approach with caution further efforts to expand the PIE program. The one PIE program that is currently operating in Louisiana should be extensively evaluated to determine its overall effect. If tangible benefits can be derived for the state through participation in the PIE program, the division should consider further expansion.</p>	Department of Public Safety and Corrections	Fully Implemented	
<p>Louisiana should not convert additional prisons to private management until a comprehensive evaluation is performed. The evaluation should compare the costs of private versus state management. It should also examine how the quality and effectiveness of services provided by the private contractors compare to those provided by the state.</p>	Department of Public Safety and Corrections	Fully Implemented	
<p>The Department of Public Safety and Corrections should do one of two things:</p> <ul style="list-style-type: none"> • Conduct an audit of each parish jail to determine the actual costs of housing a designated number of state inmates. The department could then either pay each parish a fixed rate per prisoner, varying the rates by parish, or pay all parishes a fixed rate based on the average cost of all parishes. • Alternatively, the department could reimburse parish jails based on "reasonable allowable costs" using the Tennessee program as a model. 	Department of Public Safety and Corrections	Not Implemented	<p>The department's reimbursement of the parish sheriffs for the housing of state prisoners is constrained, as governed by LSA-R.S. 15:8224.</p> <p>If the legislature supports an audit to determine actual costs, it may be more appropriate for an independent, objective authority to conduct such an audit to avoid the appearance of a conflict of interest.</p>

Exhibit 3-8 (Concluded)

Matter for Legislative Consideration

When the Governor's Prison Population, Sentencing Practices, and Alternative Sanctions Task Force issues its final report, the legislature may wish to consider any recommendations that would assist the state in dealing with the rapid growth of its prison population and the increasing costs of incarceration.

The legislature may wish to request a performance audit of the Division of Probation and Parole. Such an audit would assess the efficiency and effectiveness of the division's policies, procedures, goals, and objectives for the supervision of probationers and parolees. Without a more comprehensive analysis of the actual duties performed by the probation and parole agents, it is impossible at this point to determine whether the division is actually understaffed or is not making efficient use of the staff it presently has available.

A second time study should be performed to determine the current staffing needs of the division, in light of the division's added responsibilities and the change in the offender population since the previous study was performed.

After completion of the study and/or performance audit, if it is determined that the division is in need of additional staff, the legislature may want to allocate resources to meet those needs.

If a decision is made to reimburse local jails based on reasonable allowable costs, the legislature should work with the Department of Public Safety and Corrections and the Louisiana Sheriffs' Association to draft legislation. This legislation would provide a system to compensate local jails for reasonable allowable costs incurred as a result of housing state prisoners.

Summary of Related Legislative Instruments

Act Number 394 of the 1995 Regular Session

Requires the reduction of work units assigned to probation and parole management. This reduction will start on July 1, 1995, at a rate determined by the Secretary of the Department of Public Safety and Corrections. It will prohibit a probation and parole specialist from being assigned to more than 50 work units by July 1, 1997.

Act Number 942 of the 1995 Regular Session

Generally repeals provisions for the Louisiana Sentencing Commission and sentencing guidelines and reinstates prior laws on sentencing. The new law deletes references to Sentencing Commission guidelines, but provides that the Sentencing Commission conduct an annual review of the state's sentencing structure and make recommendations for legislation that would achieve a uniform sentencing policy.

Senate Concurrent Resolution Number 94 of the 1995 Regular Session

Requests the Louisiana Sentencing Commission to develop an on-going tracking system to monitor the state's sentencing guidelines and their overall effect on the state's criminal justice system.

Exhibit 3-9
Implementation Status of Recommendations and Matters for Legislative Consideration
Department of Health and Hospitals Non-Emergency Medical Transportation Program

Performance Audit, July 1994

The objectives of this audit were to:

- ♦ Examine the reasons for the high operating costs of the program.
- ♦ Examine transportation provider reimbursements for a selected region of the state.

The audit found that Louisiana's Non-Emergency Medical Transportation (NEMT) Program reimbursements increased nearly 800 percent from \$7.5 million in 1985 to \$65.8 million in 1993. In 1993, approximately 75 percent of the program costs were provided by the federal government. An analysis of one of Louisiana's eight NEMT service regions found that \$2.4 million, or 46 percent, of all reimbursements in that region did not match authorizing information and therefore were questionable.

The study also found that DHH has no written criteria for setting and adjusting provider reimbursement rates. Other states examined use a variety of transportation providers; however, Louisiana predominantly uses for-profit providers. In addition, the NEMT post-payment review process may allow for some inflated claims by small volume providers to go undetected.

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
The Department of Health and Hospitals should establish a written policy for setting and adjusting reimbursement rates. This policy should be based on either actual cost information submitted by providers and/or independent cost data from outside sources.	Department of Health and Hospitals	Fully Implemented	
The Department of Health and Hospitals should implement policies to ensure that dispatch centers send authorizing data to UNYSIS, the fiscal intermediary. The information sent should include at a minimum the prior authorization number, date of service, Medicaid recipient identification number, and provider information number.	Department of Health and Hospitals	Fully Implemented	
The Department of Health and Hospitals should also require the fiscal intermediary to use the authorizing data to verify that claims for reimbursement were authorized by the dispatch center. The claims to be paid should be matched to the authorizing data before the claims are paid.	Department of Health and Hospitals	Fully Implemented	
Once the Department of Health and Hospitals has paid a claim, the prior authorization number should be canceled so a second claim for the same trip cannot be submitted and paid.	Department of Health and Hospitals	Fully Implemented	

**Exhibit 3-9
(Concluded)**

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
The Department of Health and Hospitals should require the Surveillance and Utilization Review Section to stratify providers into meaningful subgroups based on volume.	Department of Health and Hospitals	Fully Implemented	
The discrepancies regarding prior authorization numbers and reimbursements should be thoroughly investigated.	Department of Health and Hospitals	Fully Implemented	

Matter for Legislative Consideration

The legislature may wish to consider deleting the requirement for a personal interview contained in LSA-R.S. 46:442(C) or the legislature may wish to consider amending LSA-R.S. 46:422(C) so that referral to the Attorney General's Medicaid Fraud Control Unit is mandatory instead of discretionary.

Summary of Related Legislative Instruments

We did not identify any legislative instruments relevant to this report that were adopted.

Exhibit 3-10
Implementation Status of Recommendations and Matters for Legislative Consideration
Economic Development Loan Programs
 Performance Audit, March 1994

The objectives of this audit were to:

- Summarize loan data and provide statistical information.
- Determine the adequacy of internal controls for the economic development loan programs and, if necessary, make recommendations for improvement.
- Ensure compliance with laws and regulations.

The report found that 77 percent or approximately \$5.4 million of loans appropriated by the legislature since 1982 through the general appropriation bill to the Department of Economic Development, Office of the Secretary or Louisiana Small Business Equity Corporation, have defaulted with no recovery. Also, since its inception, the economic development loan programs have issued or guaranteed approximately \$46 million in loans, while sustaining approximately \$15 million in defaulted or written-off loans.

The report also found that the Louisiana Economic Development Corporation's (LEDC) internal control system has weaknesses in the review, monitoring, and recovery aspects of the loan process because of a lack of detailed written procedures and insufficient monitoring by the corporation. Also, the Department of Agriculture and Forestry lacks effective written accounting procedures to ensure proper communication of loan activity between the State Market Commission and the department's Office of Management and Finance, thereby increasing the risk of not maintaining accurate accounting records for the department's activities. In addition, LEDC is not complying with LSA-R.S. 51:2342, which states that a business which receives financial assistance shall provide evidence that the business has paid in full all taxes due and owing the United States, the state of Louisiana, or to any other level of government. Lack of confirmation of a company's tax status may increase the risk of loaning money to a company who will be unable to repay the loan because of its tax obligations.

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
The Department of Economic Development should properly monitor the legislative appropriated loans to ensure that funds are being expended according to the contract and to fulfill the department's responsibility of providing oversight on the contracts.	Department of Economic Development	Partially Implemented	The legislative loans referred to in the report are uncollectible, and there have been no new loans issued. In the event new loans are appropriated by the legislature, the department will adopt the LEDC's loan monitoring procedures to provide proper monitoring and oversight.
LEDC should include a disclosure and certification section on the application for tax status and should obtain independent information on the tax status of an applying business.	Louisiana Economic Development Corporation	Fully Implemented	

**Exhibit 3-10
(Continued)**

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
<p>LEDC should develop detailed written review and monitoring procedures for its staff to ensure that standardization of procedures occurs, adequate guidance is available to LEDC employees with different experience levels, reviewing/analysis/monitoring duties are clearly assigned, and an audit trail is maintained.</p>	<p>Louisiana Economic Development Corporation</p>	<p>Fully Implemented</p>	
<p>LEDC should require that all banks follow the Loan Guaranty Agreement and provide LEDC with a quarterly status report. When the reports are received, the reports should be reviewed for compliance with the loan agreement and for business stability.</p>	<p>Louisiana Economic Development Corporation</p>	<p>Fully Implemented</p>	
<p>LEDC should monitor the banks' pledged securities relating to the guaranty loans by requiring all banks to send the monthly valuation reports as required in the Loan Guaranty Agreement. When the reports are received, the information should be reviewed for compliance with the loan agreement.</p>	<p>Louisiana Economic Development Corporation</p>	<p>Fully Implemented</p>	
<p>To evaluate the effectiveness of its programs, LEDC should establish and track, through monitoring visits and questionnaires, performance indicators such as the actual number of jobs that LEDC loans create or save, taking into account defaulted businesses and businesses that may have exceeded or failed to reach their job totals as stated on their application.</p> <p>LEDC should also establish and track performance indicators, such as sales tax revenues, to determine the economic benefit that its loan agreements are providing to Louisiana's economy.</p>	<p>Louisiana Economic Development Corporation</p>	<p>Partially Implemented</p>	<p>LEDC has not fully implemented this recommendation because there is no way to accurately determine these numbers from historical information, and it would place an undue burden on the businesses.</p>
<p>Monthly reconciliations should be performed between LEDC's cash receipt records and the department's fiscal section cash receipt records to ensure that adequate control procedures are in place and operating in regard to cash receipts.</p>	<p>Louisiana Economic Development Corporation</p>	<p>Fully Implemented</p>	

**Exhibit 3-10
(Continued)**

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
Same As On Previous Page	Louisiana Economic Development Corporation	Fully Implemented	
LEDC should develop formal review procedures for the legal section to ensure collection efforts for all defaulted loans.	Louisiana Economic Development Corporation	Fully Implemented	
LEDC should consider contracting with a collection agency or collection attorney to improve its collection efforts on defaulted loans.	Louisiana Economic Development Corporation	Not Implemented	This recommendation is not cost efficient.
<p>LEDC should consider the following adjustments to lower the losses to the state on defaults:</p> <ul style="list-style-type: none"> ◆ Increasing the one to one collateral ratio. ◆ Increasing the equity requirement for each company. ◆ Guaranteeing or participating in a lower loan percentage. 	Louisiana Economic Development Corporation	Not Implemented	<p>This recommendation has not been implemented because (1) Higher collateral ratios or higher equity requirements would only decrease the number of businesses eligible for LEDC's programs. The Small Business Administration as well as all commercial lenders have moved away from "collateral based lending" to "cash flow based lending." (2) Raising the equity requirement would prevent many minority, women, or disabled individuals from opening a small business. (3) LEDC has also negotiated lower guaranty amounts on several loans to leverage the maximum from the private sector. The rules spell out upper limits and do not imply an entitlement to that percentage. LEDC's board feels comfortable with the limits it has approved.</p>

**Exhibit 3-10
(Concluded)**

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
<p>The commission should transmit annual status reports to the House and Senate Committees on Agriculture, the House Committee on Appropriations, and the Senate Committee on Finance as required by law.</p>	<p>State Market Commission</p>	<p>Fully Implemented</p>	
<p>The Department of Agriculture and Forestry should develop written policies and procedures to improve the communication of loan information and accounting for defaults and subsequent resales between the State Market Commission and the Office of Management and Finance to properly reflect all departmental assets and transactions resulting from loan activities. In addition, the department should properly record the lease purchase of the Louisiana Crawfish Wholesalers, Inc., plant to St. Martin Processors, Inc., and the sale of Emerald Farms' assets to Northland Acquisition Corporation.</p>	<p>Department of Agriculture and Forestry</p>	<p>Fully Implemented</p>	
<p>Matter for Legislative Consideration</p>			
<p>Because of the default and recovery history of the loans, the legislature may wish to consider the following when appropriating loans through the Department of Economic Development:</p> <ul style="list-style-type: none"> ♦ Subject these loans to LEDC's normal loan evaluation process before the appropriation is approved by the legislature. ♦ Appropriate the loans through LEDC's budget, instead of the Office of the Secretary's budget, to allow LEDC to monitor the performance of the loans. <p>The legislature may wish to consider removing any wording suggesting "repayment" or "loan" from an appropriation's description if the intention of the legislature is to grant such funds.</p>			
<p>Summary of Related Legislative Instruments</p>			
<p>Act Number 279 of the 1995 Regular Session Creates the Economic Development Award Program (EDAP), which will serve as the sole mechanism through which the state evaluates, financially assists, awards appropriations, grants, loans, engages in joint ventures, or provides inducements to industrial or business projects.</p>			

Exhibit 3-11 Implementation Status of Recommendations and Matters for Legislative Consideration Infrastructure Staff Study, February 1995

This study examined the state's progress on the following SECURE Phase One recommendations:

- Revise statutes to give highway maintenance a higher priority than it now receives.
- Eliminate low priority projects from the Department of Transportation and Development's proposed construction program.
- Reallocate highway maintenance funding from authorized positions to contract maintenance consistent with peak load demands.

In addition, further study was conducted of the Department of Transportation and Development's (DOTD) prioritization of maintenance and overlay projects.

The report found that the DOTD does not give highway maintenance the same importance as construction and reconstruction. The lack of emphasis on maintenance has resulted in the need for more costly overlay and reconstruction of the state's highways. Problems also exist with the methods used to choose projects for the department's annual Highway Priority Program.

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
The DOTD should consistently apply the definitions of maintenance and construction when categorizing work.	Department of Transportation and Development	Partially Implemented	The department has initiated a research project entitled "Development of Highway Needs and Priorities for Louisiana DOTD." The first effort in this project will determine operational definitions for new construction, reconstruction, rehabilitation, maintenance, and enhancement work. With this better defined categorization, future maintenance and construction contract work will be accurately reflected in this program. This research project is scheduled to be completed in May 1996.
The DOTD should reestablish the maintenance planning function; update the annual program estimates for cost, type, and amount of maintenance work needed to maintain the roads and bridges; and use the updated system to plan and evaluate departmental maintenance activity and to allocate resources.	Department of Transportation and Development	Partially Implemented	The maintenance planning function in the department's Maintenance Division is being restored. Also, the Pavement Management System is nearing the implementation stage for predicting and identifying needed work. A research project titled "Determination of Appropriate Funding for Maintenance" has been underway by the LSU Engineering Department researchers since May 1995. The objectives of this project are to: (1) provide DOTD with a method

**Exhibit 3-11
(Continued)**

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
<p>The DOTD should develop a formal process for evaluating the use of contract maintenance. This process should include an analysis of cost-effectiveness on a case-by-case basis, as well as a formal evaluation and report on the performance of maintenance contractors. This could be incorporated into the department's updated maintenance management system.</p>	<p>Department of Transportation and Development</p>	<p>Partially Implemented</p>	<p>of determining and predicting annual maintenance needs and (2) provide a review of existing maintenance management procedures of the Maintenance Division.</p> <p>With regard to evaluation, there are various processes currently being used. For the past 1.5 years, headquarters conducted a graded maintenance inspection in each district. Also, the department has initiated a Total Quality Management Focus Area to specifically design and establish a "Contract Maintenance Evaluation Procedure." A TQM team has been established and is being trained to work this project. Completion is scheduled for June 1996.</p>
<p>In the Office of Legislative Auditor's study of competitiveness initiatives, it is recommended that an independent, centralized commission be established to analyze the cost/benefit of all potential opportunities for privatization on a case-by-case basis. Consideration should be given to using this vehicle to evaluate the use of contract highway maintenance.</p>	<p>Department of Transportation and Development</p>	<p>Partially Implemented</p>	<p>Currently, DOTD does have processes available to evaluate the performance of contractors. DOTD requires adherence to plans and specifications and inspection of the work performed. Beginning this calendar year, the mowing contracts will also be inspected by construction inspectors, whenever possible.</p>

**Exhibit 3-11
(Continued)**

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
<p>The DOTD should use information obtained from the management systems to annually determine the appropriate "mix" of construction and maintenance and request funding accordingly.</p>	<p>Department of Transportation and Development</p>	<p>Partially Implemented</p>	<p>The management systems will be ready for use during calendar year 1996. It is intended that both the pavement and bridge management systems will be used to identify needed maintenance projects and to establish priorities. Preventive maintenance has received a much higher emphasis during the past 18 months. As DOTD begins to use the Pavement Management System, along with the reestablished maintenance management unit in the Headquarters Maintenance Division, a more systematic approach to preventive maintenance will evolve.</p>
<p>The DOTD should use information obtained from the management systems to prioritize maintenance as well as construction projects. Consider making preventive maintenance a higher priority to avoid the higher costs of reconstruction and overlay.</p>	<p>Department of Transportation and Development</p>	<p>Partially Implemented</p>	<p>The research and development group within DOTD is managing a study to develop a highway project priority assessment process. The study will provide the department with several alternative architectures for using information from the pavement, bridge, and other management systems to develop priority programs. The management system will be ready for use during calendar year 1996. It is intended to be used to identify needed maintenance projects and to establish priorities.</p>

Matter for Legislative Consideration

The legislature may wish to address the issue of erosion of the buying power of revenues to the Transportation Trust Fund because of the effects of inflation on the fuels tax. The legislature may also wish to consider a constitutional amendment that changes the fuels tax from a volume-based tax to a percentage-based tax.

Exhibit 3-11 (Concluded)

Summary of Related Legislative Instruments

- Senate Concurrent Resolution Number 39 of the 1995 Regular Session**
Requests DOTD to use the updated system to plan and evaluate departmental maintenance activity and to allocate resources.
- Senate Concurrent Resolution Number 40 of the 1995 Regular Session**
Requests DOTD to develop a plan to base inclusion of projects in the highway priority program upon the verification of availability of funds.
- Senate Concurrent Resolution Number 69 of the 1995 Regular Session**
Requests DOTD to develop a formal process for evaluating the use of contract maintenance.
- Senate Concurrent Resolution Number 70 of the 1995 Regular Session**
Requests DOTD to develop and use consistently separate definitions for "construction" and "maintenance."
- Senate Concurrent Resolution Number 71 of the 1995 Regular Session**
Requests DOTD to reestablish the maintenance planning function without an increase in the operating budget.
- Senate Concurrent Resolution Number 72 of the 1995 Regular Session**
Requests DOTD to update annual program estimates on road and bridge work.
- Senate Concurrent Resolution Number 95 of the 1995 Regular Session**
Requests DOTD to use information from federally mandated management systems to determine a more balanced mix between construction and maintenance and develop priorities.
- Senate Concurrent Resolution Number 49 of the Third Extraordinary Session of 1994**
Requests DOTD to reevaluate the proposed highway priority program and to address possible elimination of low priority projects.

Exhibit 3-12
Implementation Status of Recommendations and Matters for Legislative Consideration
Investment Policies and Practices of Louisiana's State Retirement Systems
 Staff Study, June 1994

The objectives of this study were to:

- ♦ Compare the current investment policies of Louisiana's four state retirement systems.
- ♦ For fiscal years 1992 and 1993, compare the investment professionals' performance and compensation by Louisiana's four systems.
- ♦ For fiscal year 1992, compare rates of return and compensation practices of the four systems with consolidated retirement systems in other states.

The study found that:

- ♦ The board of trustees for each of the four state retirement systems sets the investment policies. All four systems use similar procedures to hire external investment professionals and to monitor performance of those professionals.
- ♦ Higher investment expenses did not necessarily yield higher investment performance. Louisiana's four state retirement systems had relatively high rates of return when compared with consolidated retirement systems in 18 states surveyed. However, investment expenses of the four systems were also among the highest for fiscal year 1992.
- ♦ Fees paid to equity managers serving more than one Louisiana state retirement system varied greatly in fiscal years 1992 and 1993.
- ♦ For fiscal year 1992, Louisiana's four systems combined spent more for consultant and custodian fees than the amounts paid by consolidated retirement systems in other states with comparable or more assets.

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
None			
Matter for Legislative Consideration			
None			

Exhibit 3-12 (Concluded)

Summary of Related Legislative Instruments

Act Number 866 of the 1995 Regular Session

Is relative to all Louisiana Public Retirement Systems and provides that all financial data submitted to a public retirement or pension system, fund, or plan shall be based on uniform reporting standards published by the Association for Investment Management and Research. This requirement also applies to all investment managers, advisors, and consultants who are contractually employed by a system.

House Resolution Number 57 of the 1995 Regular Session

Urges and requests the LASERS board of trustees to study certain fixed income investment strategies and to submit a report of its findings to the House Committee on Retirement on or before the first day of the 1996 regular session.

Exhibit 3-13
Implementation Status of Recommendations and Matters for Legislative Consideration
Louisiana Foster Care Program
 Performance Audit, December 1993

The objectives of this audit were to:

- ♦ Identify the foster care population in Louisiana, determine the costs of operating the program, and determine the funding sources.
- ♦ Determine the family social conditions preceding child placement into foster care and children's associated special needs.
- ♦ Analyze the tenure and placement histories of foster children.
- ♦ Evaluate the Office of Community Services' case management efforts for foster children.

The report found that over 5,500 children were in foster care on June 30, 1992. Child welfare costs totaled \$127 million in fiscal year 1991-1992, of which 25 percent came from state funding sources. The report also found that the state's foster care system has seen an influx of children with severe medical, psychological, emotional, and mental health impairments. However, resource limitations have stymied the Office of Community Services' ability to respond to this situation. Furthermore, the delivery of services to Louisiana's foster children, their families, and their caregivers is fragmented and poorly coordinated. This situation hinders effective assistance to persons the foster care system is intended to serve. High case loads and a lack of sufficient placement of resources compound the problem. By redirecting some resources and increasing others, Louisiana can improve its services to foster care clients.

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
In cooperation with the Children's Cabinet, the Office of Community Services should explore alternative measures to expedite housing acquisition and the attainment of family reunification goals.	Department of Social Services	Fully Implemented	
Same As Above	Children's Cabinet	Fully Implemented	
Both the Department of Social Services and the Office of Community Services should minimize conflicts posed by the reduction of public assistance benefits versus attainment of family case plan objectives for housing and family support.	Department of Social Services	Not Implemented	Under the current state/federal relationship, the criteria used by the Department of Social Services, Office of Family Support, to determine eligibility for AFDC are based on regulations promulgated by the U.S. Department of Health and Human Services. There is no flexibility in these regulations.
The Office of Community Services should maximize its use of community based resources in its recruiting efforts for foster care providers and its efforts to provide adequate services to foster children and their families.	Department of Social Services	Partially Implemented	OCS has implemented a number of initiatives that partially satisfy this recommendation. They include:

**Exhibit 3-13
(Continued)**

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
			<ol style="list-style-type: none"> 1. Improved recruitment and retention planning and publicity 2. Kellogg Families for Kids grant proposal to improve foster care resources and outcomes for children in foster care 3. Kinship care legislation 4. Better preparation and support of foster and adoptive parents for their partnership parenting and permanency planning responsibilities 5. Improve worker access to available foster and adoptive family resources 6. Support for foster care placements
<p>The Office of Community Services should use the schedule of Maximum Time Ordinarily Required to Form New Psychological Attachments as a performance indicator to assess its effectiveness in providing stable placements to children in foster care. The schedule should be revised if the agency finds that these time frames are no longer realistic.</p>	<p>Department of Social Services</p>	<p>Not Implemented</p>	<p>OCS agrees that the unwarranted, unplanned changing of placements can be harmful to foster children. However, the agency respectfully disagrees that maintaining additional age-specific data on the theoretical damage to children which may be caused by all such changes represents a viable performance indicator. The reason is that many factors outside of OCS control other than agency/staff performance bear on the reason for many placement changes.</p>
<p>Recognizing that many of the problems identified in this report involve other state agencies, the Office of Community Services should work through the Children's Cabinet to determine whether the Office of Mental Health and the Office for Citizens with Developmental Disabilities include treatment of foster children and their families as part of their missions. In addition, efforts should be made to establish plans for interagency coordination with these and other support agencies.</p>	<p>Department of Social Services</p>	<p>Partially Implemented</p>	<p>The Office of Community Services has worked through the Children's Cabinet to determine that both the Office of Mental Health and OCDD include qualified foster children and their families as part of their missions. An interagency plan has been developed and is currently under consideration.</p>

**Exhibit 3-13
(Continued)**

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
Same As On Previous Page	Children's Cabinet	Partially Implemented	The Children's Cabinet has no documentation which shows that the mission statements of the two offices named include treatment of foster children. However, there is a draft plan which develops interagency coordination of services.
The Office of Community Services, in cooperation with the Children's Cabinet, should identify resources needed from other state agencies and then formulate an interagency plan to obtain those resources.	Department of Social Services	Partially Implemented	An interagency plan has been drafted and is currently under consideration.
Same As Above	Children's Cabinet	Partially Implemented	A draft of an interagency plan to coordinate state services was submitted to the Office of the Legislative Auditor by the Office of Community Services. This plan contains a survey of state resources.
The Office of Community Services should reexamine its client service efforts to determine whether various functions can be further streamlined or contracted out for greater effectiveness and efficiency.	Department of Social Services	Fully Implemented	

Matter for Legislative Consideration

The legislature may wish to consider authorizing incentives for foster parents willing to accept children who are difficult to place, even if the children have none of the special needs for which existing special board rates apply.

To hedge against potential costs associated with future litigation and to maintain continued compliance with federal child welfare standards, the legislature may wish to consider funding additional case manager and supervisor positions as well as the level of care reimbursement system established by Act 848 of 1993. The legislature may wish to phase in this funding over the next few fiscal years.

Exhibit 3-13 (Continued)

Matter for Legislative Consideration

As an alternative to funding additional case management positions, the legislature may wish to request a study comparing the cost of providing case management services in-house versus providing this function through contracted sources. Any such study should take into account the timeliness, appropriateness, and quality of services provided.

The legislature may wish to consider requesting a study comparing the cost of family preservation efforts to the cost of foster care. After reviewing the results of the study, the legislature may wish to consider funding Act 857 of 1993.

The legislature may wish to consider the possibility of using measures similar to those in House Bill 578 of 1993 to create monitoring and enforcement powers to be used when children are reunited with their families.

Summary of Related Legislative Instruments

Act Number 444 of the 1995 Regular Session

Establishes the protocol for the assignment of reports for investigation and assessment of the abuse and neglect of children.

Act Number 685 of the 1995 Regular Session

Establishes a pilot program to electronically issue public entitlement benefits and services. Implementation of the pilot program shall after July 1, 1995, and it shall be evaluated by the Office of Family Support after six months of operation.

Act Number 696 of the 1995 Regular Session

Establishes the training requirements for child protection caseworkers and foster care caseworkers.

Act Number 945 of the 1995 Regular Session

Establishes the following responsibilities as the primary duties of the Children's Cabinet:

1. Provide for and implement the coordination of service delivery by all state agencies and programs having responsibility for services to children and their families.
2. Resolve conflicts among programs and agencies.
3. Develop and implement structures and procedures necessary to accomplish such coordination.
4. Enter into contracts if necessary to carry out the provisions of this act relating to the coordination of delivery of services to children and families.
5. Establish such fees as may be necessary or appropriate to carry out the purposes of this act.

Act Number 1232 of the 1995 Regular Session

Establishes the membership of the Children's Cabinet and the creation and duties of the Children's Cabinet Advisory Board.

**Exhibit 3-13
(Concluded)**

Summary of Related Legislative Instruments

Act Number 848 of the 1993 Regular Session

Establishes the rates for reimbursement for foster home child care costs, according to the U. S. Department of Agriculture for the Southeastern United States. Requires the Department of Social Services to promulgate rules for implementation of the reimbursement system by January 1, 1995.

Act Number 857 of the 1993 Regular Session

Makes available (subject to the availability of funding) intensive services to children and families that are designed to prevent the unnecessary placement of children into foster care. These services are also designed to reunify children with their families.

Senate Concurrent Resolution Number 84 of the 1995 Regular Session

Directs the Children's Cabinet to provide a written report to the governor and to the legislature on the need for a central coordinating agency to coordinate the delivery of services to children and families before the 1996 Regular Session.

Exhibit 3-14
Implementation Status of Recommendations and Matters for Legislative Consideration
Louisiana Health Care Authority Implementation of the Minimum Fee in the State's Medical Centers
 Performance Audit, March 1993

The objectives of this audit were to:

- ♦ Determine how the Louisiana Health Care Authority developed the cost and revenue projections associated with implementing the minimum fee.
- ♦ Determine the feasibility of collecting the minimum fee.
- ♦ Determine whether the minimum fee will impact other facets of the state medical center system.

The report found that Act 893 of 1991 requires state medical centers (formerly charity hospitals) to collect a \$3.50 fee from patients who are not medically needy or medically indigent. However, the fee is not being collected. Collection of the fee has been delayed by disagreement between the Louisiana Health Care Authority (LHCA) and the Legislative Fiscal Office on the estimates of revenue to be generated by the fee and on the estimates of cost to collect the fee. The authority's estimated costs are based upon the presumption that the fee must be collected at the time of service. Ambiguities within the act may have contributed to the authority's implementation plan being inconsistent with legislative requirements.

The report also found that the authority's interpretation of the minimum fee as "payment on account" rather than as a "service charge" will not generate new revenue to the state's medical centers.

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
The Louisiana Health Care Authority should classify the minimum fee as a service charge as required by Act 893 of 1991.	Louisiana Health Care Authority	Fully Implemented	
The Louisiana Health Care Authority should, with the assistance of the Department of Health and Hospitals, identify the effects of the minimum fee on disproportionate share payments in its fiscal impact statement.	Louisiana Health Care Authority	Fully Implemented	
The Louisiana Health Care Authority should expand its definition of a "service unit" and examine all services provided by the medical centers to identify areas where the minimum fee could be assessed to comply with the intent of Act 893 of 1991.	Louisiana Health Care Authority	Not Implemented	LHCA deemed this recommendation "not applicable" because the term "service unit" was defined as being consistent with legislative intent.
The Louisiana Health Care Authority should submit a revised Fiscal and Economic Impact Statement reflecting the patient groups which can be charged the minimum fee.	Louisiana Health Care Authority	Not Implemented	LHCA is comfortable with its interpretation of the groups which can be charged this fee.

**Exhibit 3-14
(Concluded)**

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
<p>Before amending the Liability Limitation Policy, the Louisiana Health Care Authority should assess the impact of the minimum fee and this policy on each other to ensure receiving additional revenue from the fee.</p>	<p>Louisiana Health Care Authority</p>	<p>Not Implemented</p>	<p>LHCA reported that this recommendation is not feasible. The current policy has not been amended by LHCA.</p>
<p>After expanding its definition of "service units," the Louisiana Health Care Authority should identify all services rendered to patients eligible to pay the minimum fee and base its revenue estimate on these services to comply with Act 893 of 1991.</p>	<p>Louisiana Health Care Authority</p>	<p>Not Implemented</p>	<p>This is not applicable because the definition of service unit was defined as being consistent with legislative intent, which did not involve an expansion.</p>
<p>The Louisiana Health Care Authority should implement the programming changes necessary, treating the minimum fee as a service charge as required by LSA-R.S. 46:6. Also, the authority should revise the Fiscal and Economic Impact Statement to estimate the costs to be incurred by these programming changes.</p>	<p>Louisiana Health Care Authority</p>	<p>Fully Implemented</p>	

Matter for Legislative Consideration

The legislature may wish to consider amending LSA-R.S. 46:6(B) to clarify "service units" and "totally without funds" and state whether the fee is to be collected at the time of service.

The legislature may wish to consider amending LSA-R.S. 46:6 to specify all exemptions to the minimum fee, including those which encourage preventative care.

Summary of Related Legislative Instruments

We did not identify any legislative instruments relevant to this report that were adopted.

Exhibit 3-15
Implementation Status of Recommendations and Matters for Legislative Consideration
Louisiana Insurance Guaranty Association
 Staff Study, February 1995

The objectives of this study were to:

- ♦ Analyze the possibility of increasing assessments charged to insurance companies to ensure sufficient revenue to pay required claims without resorting to bond issuance.
- ♦ Study the benefits and costs of abolishing the tax credit for insurance company assessments.

The report found that Louisiana's assessments on viable insurance companies to help pay the costs of claims left by insolvent insurance companies have not been adequate. As of September 30, 1994, the Louisiana Insurance Guaranty Association (LIGA) had paid out nearly a half billion dollars since its inception in 1970. Even though Louisiana's assessments are the second highest in the nation, they are still not adequate to cover all of the claims and expenses that are paid by LIGA. The assessments generate about \$60 million per year, but LIGA's claims and expenses for 1994 were more than \$95 million.

In addition, the report points out that when insurance companies recover their assessments through tax credits, the state's budget is directly impacted. State law allows these assessments to be recouped by the insurance companies as tax credits, which in turn reduces the amount of insurance premium taxes collected from these companies. Thus, increasing the assessments would negatively impact the state's budget, and doing so is not recommended. Instead, the report offers several alternatives to increasing assessments. Furthermore, the report found that abolishing existing tax credits could be illegal and unconstitutional and would provide no immediate benefit. Eliminating or limiting the tax credit to 50 percent after the year 2003 would, however, provide some benefit. The report also shows that some states recoup assessments through increased rates and premiums or by policy holder surcharges.

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
The Department of Insurance and LIGA should work together to develop a mechanism that gets proceeds from liquidated insurance companies to LIGA as soon as they become available.	Department of Insurance	Fully Implemented	
Same As Above	Louisiana Insurance Guaranty Association	Fully Implemented	

Exhibit 3-15 (Concluded)

Matter for Legislative Consideration

The legislature may wish to consider the following:

- ♦ Reducing the tax credit for LIGA assessments to 50 percent of assessments paid after the year 2003.
- ♦ Increasing the deductible for loss claims from \$100 to \$200 per claim.
- ♦ Imposing a \$200 deductible for unearned premiums claims.
- ♦ Excluding claims for general damages from losses payable by LIGA.
- ♦ Excluding claims of self-insureds and third-party claimants with net worths of \$50 million or more from the definition of a "covered" claim.

The legislature may wish to consider a policyholder surcharge if the LIGA assessment on insurance companies and tax credit are eliminated.

Summary of Related Legislative Instruments

We did not identify any legislative instruments relevant to this report that were adopted.

Exhibit 3-16 Implementation Status of Recommendations and Matters for Legislative Consideration Louisiana Minority and Women's Business Enterprise Program

Performance Audit, June 1995

The objectives of this audit were to:

- ♦ Determine the number of certified minority and women's businesses during fiscal year 1994.
- ♦ Determine the amount of funds each of these businesses received from business with the state during fiscal year 1994.
- ♦ Determine if the minority and women's procurement program costs the state more.
- ♦ Determine any weaknesses in state laws governing this program.

The report found that only about one percent of Louisiana's 71,000 minority and women's businesses participate in the state set-aside program that was recently declared unconstitutional. During fiscal year 1994, only 212 of 796 businesses certified for the program received business from state agencies and educational institutions. In addition, \$41 million was paid to these 212 businesses. Of this, \$32.2 million, or 78 percent of the payments were by the Department of Transportation and Development. All other agencies spent \$9.1 million with minority or women's businesses. Non-minority women-owned businesses received 54 percent of the program's expenditures. African American businesses were second with 36 percent and Hispanic businesses were third with 6 percent. Although the general cost of the program is known, the report states that there have been no studies to determine if the program costs more to operate than if purchasing was openly competitive.

The report also found that the revised statutes that govern the preference contracts provide cost containment measures. LSA-R.S. 39:1960(A)(2) provides that selection of a business is contingent upon the enterprise's bid being within the lower of 10 percent or \$10,000 of the lowest bid. The enterprise must also agree to lower its bid to the price submitted by the lowest responsive and responsible bidder. The provisions of law directing this program are confusing. They can be interpreted to mean that all contracts should be let by competitive bid among all potential vendors.

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
The Division of Administration should report to the legislature and the DMWBE in accordance with LSA-R.S. 39:1736.	Division of Administration	Not Implemented	The program is no longer in effect. (Executive Order MJF-96-1).
The DMWBE should provide information that reports the number of certified businesses participating in the program, the total amount spent in each subdivision of the state, a summary of expenditures from agencies other than DOTD, and a schedule of expenditures from agencies other than DOTD, and a schedule of expenditures arranged by ethnic classification and gender.	Department of Economic Development / Division of Minority and Women's Business Enterprise	Fully Implemented	

**Exhibit 3-16
(Continued)**

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
<p>The DMWBE should include in its management information system detailed expenditure information that is provided by state agencies and educational institutions.</p>	<p>Department of Economic Development / Division of Minority and Women's Business Enterprise</p>	<p>Not Implemented</p>	<p>This recommendation calls for programming by the Information Systems Division. Due to personnel shortages, the programming had to be rescheduled.</p>
<p>The DMWBE should compare quarterly expenditure reports from state agencies and educational institutions to the listing of certified businesses to ensure that only those certified or those signing affidavits are counted towards attainment of an agency's annual goal. Agencies and educational institutions must report vendor names in addition to vendor numbers to assist the DMWBE in this task.</p>	<p>Department of Economic Development / Division of Minority and Women's Business Enterprise</p>	<p>Not Implemented</p>	<p>This recommendation calls for programming by the Information Systems Division. Due to personnel shortages, the programming had to be rescheduled.</p>
<p>The DMWBE should work with the Division of Administration to codify an affidavit procedure which allows agencies to credit expenditures to uncertified businesses owned and controlled by minorities or women, according to LSA-R.S. 39:1957(B).</p>	<p>Department of Economic Development / Division of Minority and Women's Business Enterprise</p>	<p>Not Implemented</p>	<p>This recommendation is being delayed awaiting the outcome of the State Supreme Court ruling on the appeal of Judge Hester's decision.</p>
<p>Same As Above</p>	<p>Division of Administration</p>	<p>Not Implemented</p>	<p>The program is no longer in effect.</p>

**Exhibit 3-16
(Concluded)**

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
<p>The DMWBE should change its application process to require an on-site visit for all initial applications for certification in the program. No review is necessary as part of the recertification process unless a previous certification review had not been performed or for cause.</p>	<p>Department of Economic Development / Division of Minority and Women's Business Enterprise</p>	<p>Fully Implemented</p>	

Matter for Legislative Consideration

The legislature may wish to consider amending the law to conform with the more extensive reporting requirements of LSA-R.S. 39:1736 of the Small Business Set-Aside Act.

The legislature may wish to consider increasing the certification period contained in LSA-R.S. 39:1986(B) from one year to a multi-year period.

Summary of Related Legislative Instruments

Act Number 803 of the 1995 Regular Session

Deals with certification as a minority or women's business enterprise. Certification shall be effective for a period of three years. The division may require an enterprise to submit periodic notarized statements regarding changes in the information provided during the initial certification process. This division shall renew the certification after the three-year period provided the enterprise continues to meet the eligibility criteria.

Act Number 1020 of the 1995 Regular Session

Extends the definition of minority to also include "handicapped" persons. This definition includes any person with a physical impairment, including any physiological impairment.

Exhibit 3-17
Implementation Status of Recommendations and Matters for Legislative Consideration
Louisiana's Planning, Budgeting, and Program Evaluation System
 Performance Audit, February 1995

The objectives of this audit were to determine:

- Whether and to what extent the state has developed the necessary mechanisms for implementing the program budgeting system mandated by state law.
- Whether and to what extent Louisiana's executive branch departments are carrying out the planning and performance measurement activities also required by state law.

The report found that numerous obstacles inhibit the state's transition to a program budgeting system. Substantial time and resources are currently being spent on a system that has yet to be fully implemented. In addition, the report found that less than one-fourth of the performance indicators in Louisiana's fiscal year 1994-1995 executive budget are categorized as effectiveness measures, even though effectiveness measures are the most meaningful type of performance indicator. The number of performance indicators submitted by executive branch departments in their operational plans and the number of indicators reported in the state's 1994-1995 executive budget varied significantly.

The audit also found that the Office of Planning and Budget does not provide formal, systematic training to all state departments in the areas of strategic planning, operational planning, and performance indicator development.

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
All state departments should complete their operational plans on an annual basis. The departments should ensure that performance indicator data remains consistent over time and is updated regularly.	Division of Administration	Fully Implemented	
All department heads should complete the Act 160 reports on an annual basis. These reports are useful because they require state departments to evaluate their programs and activities.	Division of Administration	Partially Implemented	LSA-R.S. 36:8 requires the submission of an annual report summarizing the activities of each undersecretary's office relating to management and program analysis conducted for the preceding 12-month period. The deadline for submission of the reports is December 5 of each year. As of January 15, 1996, the division had received reports from only seven departments. Submission of the reports is a responsibility of department undersecretaries and secretaries. The division does not have enforcement responsibility for Act 160 reports.

**Exhibit 3-17
(Continued)**

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
<p>OPB should complete the progress profile reviews. These reviews are important in that they allow OPB to examine the operational and strategic performance of each department.</p>	<p>Division of Administration</p>	<p>Not Implemented</p>	<p>Progress profile reviews were done in the past but discontinued under Commissioner Laborde's leadership. The progress reviews are not mandated by statute or executive order.</p>
<p>The task of developing appropriate performance indicators is critical in order for the state to be in a position to budget programmatically. Therefore, we recommend that state departments and OPB work together to develop and finalize the performance indicators that will be used in the state executive budget. To facilitate this process, we recommend that OPB do the following:</p> <ol style="list-style-type: none"> 1. Assist all state departments in developing performance indicators that measure program effectiveness. 2. Require all state departments to categorize their performance indicators by type. 3. Provide formal training to all state departments on strategic planning, operational planning, and performance indicator development and schedule this training on a regular basis. 4. Rely more heavily on individual departments' input into the development of performance indicators. 5. Monitor all state departments' activity in the area of performance indicator development to ensure that appropriate and reliable indicators are being created. 	<p>Division of Administration</p>	<p>Partially Implemented</p>	<ol style="list-style-type: none"> 1. OPB continues to provide assistance to departments in developing performance indicators that measure program effectiveness. 2. OPB finds part two of the recommendation to be unfounded. 3. OPB continues to provide customized training and technical assistance to any state entity requesting such assistance. OPB's willingness to do this is advertised in MANAGEWARE. OPB does not see the value of scheduling training on a regular basis for all state departments when there is no accompanying requirement that state managers attend such sessions. 4. OPB already relies heavily on department input for the development of performance indicators. 5. OPB already monitors development and reporting of performance indicators through the budget development process and the State of the State annual report.

**Exhibit 3-17
(Concluded)**

Matter for Legislative Consideration

The legislature may wish to consider legislatively mandating the preparation and periodic updating of a statewide strategic plan. An independent entity should be formed to prepare this plan. The entity should be required to obtain extensive statewide citizen input so that the plan contains the vision of where citizens want to go as a state in the future. The Oregon Progress Board could be used as a model.

The legislature may wish to consider legislatively mandating the preparation and periodic updating of strategic plans.

The legislature may wish to consider enforcing the mechanisms that have already been established for implementing a program budgeting system.

Summary of Related Legislative Instruments

We did not identify any legislative instruments relevant to this report that were adopted.

Exhibit 3-18 Implementation Status of Recommendations and Matters for Legislative Consideration Managing and Maintaining Louisiana's Property Staff Study, March 1995

This study addressed SECURE Phase One recommendations to:

- ♦ Review the possibility of creating a central management system for real property.
- ♦ Develop a policy for funding preventive maintenance of state-owned facilities.
- ♦ Review the possibility of creating a central management system for movable property.

The study found that management of state land in Louisiana is decentralized. Establishing an oversight function made up of the major land managers could supplement current practices for more effective land management. Also, it may be more economical for the state to buy or construct buildings and consolidate multiple agencies in one location than to pay the increasing cost of leased office space for core government functions. The report also found that there are several ways to fund preventive maintenance in Louisiana. Louisiana can also improve other areas that drive up the cost of both preventive and deferred maintenance.

The report also found that movable property management in Louisiana is decentralized at the agency level. A new automated system planned for 1997 should provide the information necessary to manage equipment in a more centralized fashion. In addition, it may be more economical to purchase vehicles than to lease vehicles. The state could also save money by implementing a policy to replace vehicles on a regular basis and to pay mileage reimbursements to employees to use their own vehicles.

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
The State Land Office within the Division of Administration should promulgate rules, regulations, policies, and procedures for land management as provided by LSA-R.S. 39:12, which excludes the exceptions listed in LSA-R.S. 39:14. Such rules, regulations, policies, and procedures may help improve the coordination among the non-exempt major land managers, so that the best interests of the state are served.	Division of Administration	Not Implemented	<ul style="list-style-type: none"> ♦ More than 95 percent of acquisitions are in the name of exempt agencies. ♦ More than 75 percent of land holdings are in the name of exempt agencies. ♦ The legislature provided complete exemptions for the exempt and other agencies in 1995. ♦ The legislature reduced the State Land Office staff in 1995. ♦ Coordination which excludes the exempt agencies is negligible.

**Exhibit 3-18
(Continued)**

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
<p>The Division of Administration should develop preventive maintenance policies and procedures. These policies and procedures might include a requirement that agencies periodically report on the preventive maintenance schedule, preventive maintenance work performed, man hours used, and expenditures incurred for preventive maintenance. The policies and procedures could also include annual inspections to recommend changes in preventive maintenance procedures. Finally, the policies and procedures could require the Board of Regents to perform the monitoring function for higher education.</p>	<p>Division of Administration</p>	<p>Partially Implemented</p>	<p>The Office of Facility Planning and Control and the Office of State Buildings both support this recommendation but have not yet begun writing policies and procedures due to lack of personnel and funds. However, FPC will get input from multiple user agencies at the next meeting of the statewide facility management steering committee, then formulate a plan and timetable for implementation.</p>
<p>The Division of Administration and/or the Board of Regents should provide incentives to perform preventive maintenance by linking it with prioritizing deferred maintenance funding from the capital outlay appropriation. Under this arrangement, agencies with good preventive maintenance programs would receive a higher funding priority than those with poor preventive maintenance programs.</p>	<p>Division of Administration</p>	<p>Partially Implemented</p>	<p>Same As Above</p>
<p>Same As Above</p>	<p>Board of Regents</p>	<p>Partially Implemented</p>	<p>The board has begun a dialogue with the campuses to determine:</p> <ul style="list-style-type: none"> ♦ What expenditures qualify for deferred maintenance funds. ♦ A means to monitor or audit. ♦ What percentage of expenditures for one campus relates to a different percentage of expenditures for another campus. <p>The board will continue to work with the management boards and various college campuses statewide to come up with ways to work off the backlog of maintenance problems deferred from the past. They will also continue to review each deferred maintenance list submitted through the Capital Outlay Request Tracking System to ensure that only projects which truly fit the definition of deferred maintenance are included so that their efforts to obtain funding are credible.</p>

**Exhibit 3-18
(Continued)**

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
The Division of Administration should consider the economy and effectiveness of materials, type of construction, and architectural design for both maintenance and construction projects.	Division of Administration	Fully Implemented	
The Division of Administration should provide a full-time construction supervisor with sufficient expertise at the project site to detect poor construction techniques and materials in a timely manner.	Division of Administration	Fully Implemented	

Matter for Legislative Consideration

The legislature may wish to consider enacting provisions to require greater coordination between the major land managers of the state. This approach should include, but is not limited to, the following critical components:

- ♦ an oversight function made up of the various agencies involved in land management, and
- ♦ promulgation of policies and procedures for land management.

The legislature may wish to consider increasing the emphasis placed on purchasing, constructing, or lease-purchasing office space, with a diminished use of long-term leases, especially for core government functions.

The legislature may wish to consider amending the provision of the procurement code requiring that building leases for 2,500 or more square feet be awarded to the low bidder to allow for consideration of other factors, such as location, condition, and suitability to needs.

The legislature may wish to consider the following:

1. Implementing some or all of the suggestions presented in Chapter Three for funding preventive maintenance.
2. Increasing the threshold amount for approvals of change orders.
3. Increasing the threshold amount for higher education for projects not needing funding through the capital outlay appropriation.
4. Instituting an exemption similar to the higher education exemption for other types of state agencies.
5. Amending the approval process for funding preventive maintenance using Act 971 funds.

Exhibit 3-18 (Continued)

Matter for Legislative Consideration

The legislature may wish to consider the following measures relating to movable property and fleet management:

1. Providing additional funding to implement the ISIS movable property module earlier than planned.
2. Requiring the state to purchase vehicles on a rotation basis every four to five years.

Summary of Related Legislative Instruments

Act Number 481 of the 1995 Regular Session

Increases the threshold amount for higher education projects exempt from the regular capital outlay process from \$150,000 to \$300,000 for Fiscal Year 1995-1996.

Act Number 635 of the 1995 Regular Session

States that for bids made for the housing of state agencies, their personnel, operations, equipment, or other activities, the criteria for evaluation shall be included in the invitation for bids and shall include, at a minimum, the following:

1. Condition of the proposed space
2. Suitability of the proposed space for the advertiser's needs
3. Timeliness of availability of the proposed space
4. Location of the proposed space

Act Number 910 of the 1995 Regular Session

Requires a report of expenditures from preventive maintenance reserve funds of public colleges and universities to be submitted to the Board of Regents no later than September 15.

Act Number 944 of the 1995 Regular Session

Requires the Board of Regents to formulate and adopt a formula for distribution of funds appropriated by the legislature for deferred maintenance. Further requires this formula to be effective for all institutions of higher learning and to give priority to those institutions with preventive maintenance programs.

**Exhibit 3-18
(Concluded)**

Summary of Related Legislative Instruments

Act Number 1009 of the 1995 Regular Session

States that minor repairs, renovations, or construction of buildings or other facilities may be undertaken by an agency without being included in the capital outlay budget, provided that the expenditures for a fiscal year for these undertakings do not exceed \$150,000 cumulatively per agency, and the expenditures must first be approved by the Commissioner of Administration and the Joint Legislative Committee on the Budget.

Act Number 1082 of the 1995 Regular Session

Provides sanctions for noncompliance by agencies with Division of Administration property control requirements.

Exhibit 3-19
Implementation Status of Recommendations and Matters for Legislative Consideration
Remediation for Students in State Colleges and Universities
 Staff Study, May 1993

The Legislative Audit Advisory Council directed our office to gather preliminary research on the subject of remediation at Louisiana's state colleges and universities.

Our preliminary research found that although the number of high school graduates increased from fiscal year 1990-1991 to fiscal year 1991-1992, the number of high school graduates in Louisiana decreased by 7 percent between fiscal years 1989-1990 and 1991-1992. More than 50 percent of high school graduates from the state's public and non-public high schools required remediation upon entering a Louisiana college or university. Depending on a student's ACT score, the student may be required to take developmental courses at one institution, while the same student could be placed in regular freshman studies at another institution. The Board of Regents reports to the local school systems (public and non-public) on the number of students from the school system scheduling developmental courses in Louisiana colleges and the subject area of these courses. However, the board cannot be certain this information is reaching the individual high schools nor does it monitor any corrective actions taken by the local school system. The cost of remedial courses at the high school level is approximately \$51.73 per subject compared to approximately \$266.85 per subject at the college level.

The report also found that at 100 percent funding level, the state funding formula for higher education allocates 14 percent more (an average of \$88.95 per student credit hour) for remedial courses than for regular freshman level courses (an average of \$78.30 per student credit hour). Based on the number of student credit hours, the Board of Regents estimates approximately \$25.7 million would be needed to fund remedial education courses at the state's colleges and universities for fiscal year 1992-1993 if higher education was funded at 100 percent.

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
None			

Matter for Legislative Consideration
None

**Exhibit 3-19
(Concluded)**

Summary of Related Legislative Instruments

Senate Concurrent Resolution Number 29 of the 1995 Regular Session

Requests BESE to implement provisions concerning course requirements for high school graduation sufficiently flexible to prepare students for the workplace or entrance into a college or university and provide a written progress report to the legislature on the status of the law before adjournment of the 1995 Regular Session.

Senate Concurrent Resolution Number 92 of the 1995 Regular Session

Requests high schools and the state Department of Education to identify deficiencies during the sophomore or junior year of students and provide remediation, re-testing, and counseling before leaving high school.

Exhibit 3-20 Implementation Status of Recommendations and Matters for Legislative Consideration Reporting, Managing, and Collecting Receivables in Louisiana

Performance Audit, March 1994

The objectives of this audit were to:

- ♦ Determine the amount of actual receivables at June 30, 1992.
- ♦ Identify ways the state, as a whole, can improve collection practices to increase revenues for the state.
- ♦ Identify state agencies that could implement or improve their collection practices or implement procedures to keep delinquent receivables from recurring.

The report found that at June 30, 1992, estimated total receivables were \$884 million for general fund appropriated agencies, proprietary funds, colleges, and universities. This amount does not include receivables from the federal government or interagency transfers. The report also found that the state needs to improve its reporting, management, and collection of receivables. Louisiana has no statewide reporting capability and limited reporting requirements. Therefore, the state does not know exactly how much money it is owed. Receivables reporting is handled by each agency, individually, with no coordination or standard rules and procedures for complete reporting.

In addition, while other states have laws that either require or allow the state to charge interest or collection costs to those who have overdue bills to the state, Louisiana has no such statewide laws or regulations. Under current statewide law, Louisiana can only seek compromises on debts, assess service fees on nonsufficient funds checks, and in some cases, withhold money the state owes to the debtor. The report also found that the responsibility for managing the collection of receivables is fragmented. Most state agencies have their own statutes for recovery of debts with little coordination or consistency.

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
As a result of the amount of unreported receivables identified, the Division of Administration should consider bringing PPM 68 in line with the provisions of LSA-R.S. 39:79(A) to require disclosure of all revenues due and not collected.	Division of Administration	Not Implemented	The reason that PPM 68 was issued was for GAAP reporting purposes, not receivables management. As a result of Act 745 of the 1995 Regular Legislative Session, the information noted in the recommendation will be available.
If legislation is enacted for the management and collection of receivables, governing rules for individual state agency management should ensure the establishment of these essential elements: <ul style="list-style-type: none"> ♦ Prompt and accurate recordings of amounts due and identification of debtor. ♦ A well conceived internal collection process. This process includes timely billing and collection procedures. 	Division of Administration	Not Implemented	No such legislation has passed.

Exhibit 3-20 (Concluded)

Matter for Legislative Consideration

The legislature may wish to consider enacting legislation that provides for periodic full disclosure, in a standardized format, of all receivables and debts owed to the state. Similar to other states, such disclosure should include information on receivables as to age, collectibility, and periodic billing and collection activity. A central oversight agency within the executive branch as well as the legislative fiscal and budget staffs should receive these reports for analysis. The state should use such information for financial decision-making purposes.

The legislature may wish to consider enacting statewide laws for enforcing the collection of receivables. Similar to some surveyed states, these provisions could include, but not be limited to, the following:

- ♦ The promulgation of rules and regulations
- ♦ Administrative offset procedures
- ♦ Charging interest and collection costs for delinquent and partial payments
- ♦ Charging penalties for receipt of checks returned for nonsufficient funds
- ♦ Debtor information
- ♦ Disclosure to credit reporting agencies, referral to collection agencies, and/or outside attorneys when it is cost effective
- ♦ Specific compromise provisions
- ♦ Write-off provisions that hold someone outside the collection function accountable

The legislature may wish to consider enacting legislation that will consolidate the responsibility for overseeing the management and collection of receivables with one state official or agency.

After the suggested changes in law noted throughout this study are made to standardize reporting and collection procedures among individual agencies, the legislature may wish to consider enacting legislation to study in more detail the feasibility of a centralized collection program for delinquent debt within a state agency.

Summary of Related Legislative Instruments

Act Number 745 of the 1995 Regular Session

Requires that beginning July 1, 1996, and during each fiscal year thereafter, each state agency and component reporting unit shall report to the Commissioner of Administration and to the Joint Legislative Committee on the Budget on a quarterly basis all relevant information regarding debts and receivables owed to the state agency or reporting component unit.

Exhibit 3-21
Implementation Status of Recommendations and Matters for Legislative Consideration
Selected State Purchasing Practices
 Performance Audit, February 1995

The objectives of this audit were to determine:

- ♦ If state contracts result in the lowest prices, acceptable quality products, and timely delivery of goods.
- ♦ If state agencies have the flexibility to purchase items outside of state contracts to obtain lower prices, better quality products, and more timely delivery of goods.
- ♦ If the state has procedures to address problem vendors.

The report found that the state does not track total statewide procurement expenditures in a usable format. As a result, the Office of State Purchasing (OSP) cannot determine if state contracts are cost effective. In addition, state law includes various purchasing preferences, which may increase the cost of some state contracts by as much as 10 percent. Furthermore, numerous exclusions and exemptions are included in the state procurement code, which may increase costs, result in duplication of effort, and diminish the purchasing value of state funds.

The report also indicates that current purchasing limits have not kept pace with inflation. As a result, the purchasing power allotted to individual state agencies has eroded considerably. In addition, the current thresholds and bid requirements for small purchases may result in unnecessary time and expense, which detracts from the other functions the OSP could be performing.

The report also found that the OSP is not performing critical quality control functions associated with the state's purchasing system. The office also does not effectively monitor the performance of vendors who do business with the state. The office has no written policy or guidelines delineating at what point to address agencies' complaints against vendors or when to initiate proceedings against problem vendors.

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
<p>The Division of Administration should ensure that complete procurement information for all state departments and agencies is available, including those on ISIS as well as those not on ISIS. Those agencies not on ISIS include the Department of Labor, Department of Transportation and Development, state boards and commissions, and colleges and universities. These data should include state contract usage as well as small purchases information. Capturing these data may involve modifications to ISIS/AGPS, which could be phased in over time.</p>	<p>Division of Administration</p>	<p>Not Implemented</p>	<p>The procurement system "AGPS" and the financial system "GFS" are not scheduled to interface until July 1, 1996. Until such time, it would not be feasible to implement the recommendation.</p>
<p>OSP should use the contract usage data to evaluate the cost effectiveness of state contracts to determine which contracts to continue or discontinue. OSP should use the data on small purchases to determine if it would be cost effective to include some of these items on state contracts.</p>	<p>Division of Administration</p>	<p>Fully Implemented</p>	

**Exhibit 3-21
(Continued)**

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
OSP should track all administrative costs associated with state contracts. These cost components should include the cost to issue a state contract, a requisition, and a purchase order.	Division of Administration	Not Implemented	Administrative costs for establishing contracts vary to the point of being contract specific. Therefore, officials are not convinced of the usefulness of this information.
OSP should use the cost information to routinely evaluate the cost effectiveness of state contracts. Contracts for which costs exceed their benefit to the state should be eliminated.	Division of Administration	Not Implemented	This is not being done due to limited staff. If more staff were available, it would be more productive to use them in the areas of inspection, auditing, and training.
For low priced items, OSP should make cost evaluations in the three areas suggested by NASPO.	Division of Administration	Partially Implemented	The division has already (1) eliminated repetitive bids with statewide contracts and agency term contracts, and (2) allowed user agencies to do informal bidding under the small purchases Executive Order. Consolidated purchasing has not been implemented yet.
OSP should reallocate resources to ensure that the necessary quality control functions are performed. These functions include inspection, testing; and acceptance of supplies, services, and major repairs. If other recommendations in this report are implemented, OSP should be able to reduce its administrative work load and increase its focus on these critical quality control functions.	Division of Administration	Not Implemented	A reallocation of OSP resources alone will not support an effective quality control program. OSP believes a quality control function includes not only inspection, but a specification writing section dedicated to eliminating many problems on the front end. An increased quality control function additionally requires vehicles, travel budget, subscription funds, and fees for testing laboratory, which are not included in the budget.
The Division of Administration should ensure that compliance and operational audits are routinely conducted on purchasing operations.	Division of Administration	Not Implemented	The division agrees with the recommendation but does not have the resources to establish and fund an audit section.

**Exhibit 3-21
(Continued)**

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
<p>OSP should consider allowing price as justification to allow purchases outside of state contracts.</p>	<p>Division of Administration</p>	<p>Not Implemented</p>	<p>State purchasing rules and regulations state that a lower local price is not justification for exception. The contract vendor has guaranteed prices for the term of the contract and is delivering the item to the agency. If purchases were arbitrarily allowed to be made outside of state contracts, it could affect the integrity of the bid process. However, the chief procurement officer has the discretion to consider other exceptions.</p>
<p>OSP should simplify and streamline the process for justifying an agency's need to purchase items outside of state contracts, especially as it relates to issues of quality and delivery.</p>	<p>Division of Administration</p>	<p>Not Implemented</p>	<p>The division has always approved requests that were reasonable.</p>
<p>OSP should clearly state the reasons agencies will be allowed to purchase items outside of state contracts. OSP should communicate this information to agency purchasing officials to ensure that they are aware of all reasons for which justification may be approved.</p>	<p>Division of Administration</p>	<p>Fully Implemented</p>	
<p>The Division of Administration should continue to study the benefits of consortia and just-in-time purchasing for some applications to alleviate delivery-related problems.</p>	<p>Division of Administration</p>	<p>Partially Implemented</p>	<p>The Office of State Purchasing has successfully evaluated a solicitation for offers and issued an Intent to Award letter to Amerinet/Support Health. A task force has been formed to work on procedures for loading the contract into AGPS, initiating a pilot program, selecting the prime vendors, proposing a final contract, and virtually implementing a program that would best benefit the state. Just-in-time deliveries will be one of the plus values of consortium, once the contract is in place and active.</p>

**Exhibit 3-21
(Continued)**

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
<p>OSP should establish guidelines indicating that, when a certain number of vendor complaints have been received within a given period of time, the vendor's file will be reviewed for appropriate action. OSP should also set criteria for the severity of action to be taken and apply this criteria uniformly.</p>	<p>Division of Administration</p>	<p>Partially Implemented</p>	<p>The Office of State Purchasing has instructed its personnel on how to handle complaints and has established form letters to cover each application. The office states that it could attempt to issue procedures listing certain complaints and the resulting severity of action taken for that complaint, but there will always be gray areas and varying circumstances. The office's primary problem is not with a vendor but with the agencies paying vendors on a timely basis.</p>
<p>OSP should determine whether the complaints component of ISIS/AGPS will include the capability to centralize all complaints received from agency purchasing officials. If the system does not have this capability, OSP should <i>implement other means of</i> maintaining a central log. OPB should use this central log to ensure that all complaints are addressed in a timely manner.</p>	<p>Division of Administration</p>	<p>Not Implemented</p>	<p>ISIS/AGPS has capabilities to centralize vendor complaints, but an enhancement is required before a complaint can be researched and validated on a vendor's record. <i>Currently, the enhancement for</i> this project received a low priority by the agency user group.</p>
<p>OSP should establish formal time frames for following up on agency complaints against vendors. OSP should routinely compare actual response times to the established time frames to ensure that the guidelines are being followed.</p>	<p>Division of Administration</p>	<p>Not Implemented</p>	<p>The division agrees with the recommendation and anticipates that the capabilities offered through AGPS will enhance their opportunities to track complaints better.</p>
<p>OSP should work with agency purchasing officials to convince them that it will be worth their time and effort to file complaints.</p>	<p>Division of Administration</p>	<p>Partially Implemented</p>	<p>When the agencies contact the Office of State Purchasing for guidance on how to handle a complaint, they are advised that results can more readily occur if they participate. The agencies are encouraged to use the Deficiency/Complaint Report. Also, each year at the agency seminar there is an open forum and basics class that deals with this subject.</p>

**Exhibit 3-21
(Continued)**

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
<p>OSP should review the maximum delegated purchasing authority and adjust it as needed to reflect the effects of inflation on real buying power.</p>	<p>Division of Administration</p>	<p>Not Implemented</p>	<p>The Office of State Purchasing is currently reviewing the delegation given to each agency. It is planning to increase the delegated authority to those agencies who have adequate qualified staff, but must do so in a timely fashion that will be coordinated with the revision of the Executive Order on small purchases and the Policy and Procedure Memorandum for operating services.</p>
<p>OSP should also review the delegated purchasing authority limits allotted to individual state departments and agencies and make similar adjustments based upon inflationary trends. In doing so, OSP should continue to abide by its policy of considering the size, experience, and qualifications of agency purchasing staffs.</p>	<p>Division of Administration</p>	<p>Not Implemented</p>	<p>The Office of State Purchasing has been increasing or decreasing delegated authority, depending on the request received. Criteria is based on size, experience, training, and qualifications of agency purchasing staffs.</p>
<p>OSP should review the small purchase solicitation thresholds and related bid requirements and make a recommendation to the governor to modify Executive Order No. EWE 92-53. The modification should include a restructuring of the dollar amounts as well as simplification of the bid requirements. In making its recommendation to the governor, OSP should consider the potential impact of the credit card pilot program (which is discussed in Chapter Five of the report).</p>	<p>Division of Administration</p>	<p>Not Implemented</p>	<p>While a new Executive Order has not been recommended to the governor, the Office of State Purchasing is drafting a proposal that will simplify and expedite small purchases. Changes will be recommended.</p>
<p>OSP should establish a schedule to periodically review and evaluate the various purchasing levels and make adjustments as appropriate to reflect the effects of inflation.</p>	<p>Division of Administration</p>	<p>Not Implemented</p>	<p>No official policy has been issued regarding the review of delegated authority, but it will make every effort to schedule periodic reviews. Currently, review of an agency's delegation takes place when there are procedural changes that directly affect an agency's work load. The division is currently drafting a form that will be sent to the agencies, soliciting their application for increase or decrease of authority.</p>

**Exhibit 3-21
(Continued)**

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
<p>OSP should continue to explore the potential benefits that the following practices may provide for the state:</p> <ul style="list-style-type: none"> ◆ Electronic data interchange ◆ Purchasing schedules and catalogs ◆ Credit card purchasing ◆ Consortia purchasing ◆ Competitiveness measures 	<p>Division of Administration</p>	<p>Partially Implemented</p>	<p>The division agrees with the recommendation. It has issued an Intent to Award letter for a consortium contract. It has received dozens of other states' proposals and contracts to study programs, such as credit card purchasing, EDI, and competitiveness measures. The Office of State Purchasing's goals will be to implement pilot programs in some areas as they are able to reallocate resources.</p>
<p>Matter for Legislative Consideration</p>			
<p>The legislature may wish to consider reviewing and updating various aspects of the procurement code and other areas of state law dealing with preferences, exclusions, and exemptions. Such a review would include consideration of all preferences to determine if they should be removed from state law. A review of exclusions and exemptions would include a determination of whether they should be limited to those absolutely necessary to maximize to the fullest extent practicable the purchasing value of public funds through competitive bidding and volume buying.</p> <p>The legislature may wish to consider requesting a performance audit to determine if OSP's current staffing level and mix are sufficient to support an effective quality control function. Specific functions to be considered would include inspections, lab testing, and specification writers.</p>			
<p>Summary of Related Legislative Instruments</p>			
<p>Act Number 1255 of the 1995 Regular Session Authorizes purchasing through the federal General Services Administration by public entities and provides for conditions to be placed on such purchases.</p> <p>Senate Concurrent Resolution Number 78 of the 1995 Regular Session Requests the Division of Administration through the Office of State Purchasing to continue to study potential benefits of purchasing schedules and catalogs. Requires a written report by March 1, 1996.</p>			

**Exhibit 3-21
(Concluded)**

Summary of Related Legislative Instruments

Senate Concurrent Resolution Number 124 of the 1995 Regular Session

Requests that the Office of State Purchasing review the laws it administers and its rules and practices related to contract usage, administrative costs, cost effectiveness of contracts, quality control, and off-contract purchasing to allow for lower price and improved quality advantage, except for contracts or purchases funded by federal programs. Requires a written report by March 1, 1996.

Exhibit 3-22
Implementation Status of Recommendations and Matters for Legislative Consideration
State of Louisiana's Management and Oversight of Long-Term Bonded Debt

Performance Audit, April 1993

The objectives of this audit were to:

- Determine the various types and costs of state long-term debt.
- Determine how state tax-supported bonded debt has been used in Louisiana.
- Determine the adequacy of the state's capital planning process.
- Determine the adequacy of the state's debt management and oversight.

The report found that as of June 30, 1992, Louisiana had more than \$3.9 billion of state tax-supported bonded debt outstanding. This outstanding debt includes general obligation bonds, dedicated tax bonds, long-term lease obligations, and certain revenue bonds. The report also found that the state does not have a formal long-term debt management plan which addresses all state tax-supported bonded debt and coordinates with the state's capital planning. The state's capital planning also needs improvement. The state does not always follow its statutorily mandated review process. Also, Louisiana has not had enough resources to fund all state capital project requests. However, since fiscal year 1986-87, nonstate projects have become a significantly larger percentage of the general obligation bond section of the capital outlay budget. Because funding is limited, this situation can have the effect of displacing state projects.

The State Bond Commission staff needs to improve its financial analyses of debt application. Several functions performed by the commission staff could either be eliminated or performed more efficiently.

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
The commission staff should receive training, if needed, and develop guidelines to ensure that appropriate financial analysis is done for every application.	State Bond Commission	Fully Implemented	
The State Bond Commission may wish to consider directing commission staff to develop and use different guidelines for analyzing state, local, and private activity bond applications.	State Bond Commission	Partially Implemented	The treasurer appointed a Rules Subcommittee in 1992, creating a mechanism to revise and update the Bond Commission rules. The commission also states that this recommendation has been recommended to the new treasurer.

**Exhibit 3-22
(Continued)**

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
<p>Commission staff should establish (1) guidelines delineating minimum financial and other information required to evaluate applications and (2) time frames for submission of this information. Staff should make every effort to ensure that they obtain all necessary financial information and that such information is documented in commission files. When applications are presented to the State Bond Commission, staff should clearly disclose the limitations of their analyses when necessary information is not submitted.</p>	<p>State Bond Commission</p>	<p>Fully Implemented</p>	
<p>The State Bond Commission may wish to adopt a policy to defer considering applications until commission staff has received all information necessary for required financial analysis.</p>	<p>State Bond Commission</p>	<p>Fully Implemented</p>	
<p>Commission staff should provide all relevant information to the State Bond Commission and inform the commission when applications do not meet stated rules and guidelines. This information should be clearly disclosed as part of a standard summary on the analysis sheet. Thus, commission members can easily identify exceptions to guidelines as well as other information which may impact the advisability of individual applications.</p>	<p>State Bond Commission</p>	<p>Partially Implemented</p>	<p>The commission staff prepares an analysis sheet, which includes a summary and the commission recommendation.</p>
<p>Local Debt Section staff should implement a system to monitor outstanding indebtedness more accurately. Secondly, a system is needed to monitor an applicant's use of the same security more than once.</p>	<p>State Bond Commission</p>	<p>Partially Implemented</p>	<p>The state debt is up and running, but local debt is not yet completed.</p>
<p>Until the legal requirement is changed, the commission is required to review these propositions (elections and home rule charter proposals). However, the State Bond Commission's staff should discontinue review of elections and home rule charter proposals which do not involve incurring debt and levying taxes. The Secretary of State's Office should continue to review these types of propositions. The State Bond Commission and the Secretary of State's Office should implement a procedure to eliminate commission staff review of these types of election propositions.</p>	<p>State Bond Commission</p>	<p>Not Implemented</p>	<p>The commission has met with the Attorney General's Office and the Secretary of State's Office. The Secretary of State's Office relies on staff analysis sheets for State Bond Commission presentation. As long as this function is required of the State Bond Commission, the members need to receive information, and there is a question about who is going to furnish that information.</p>

**Exhibit 3-22
(Continued)**

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
Same As On Previous Page	Secretary of State	Not Implemented	The Office of the Secretary of State cited Attorney General Opinion No. 95-560, which states that the State Bond Commission must approve elections to amend home charters.
The commission and its staff should consider establishing a more efficient method of reviewing budgetary loan applicants which have no financial difficulties.	State Bond Commission	Partially Implemented	The commission has implemented the lease rule, and it should do a similar procedure for loans. It will make this recommendation to the new treasurer.
The State Bond Commission and its staff should institute procedures to streamline review of non-issue elections.	State Bond Commission	Not Implemented	The commission will make this recommendation to the new treasurer.

Matter for Legislative Consideration

The legislature may wish to consider legislation requiring the development of a multi-year, comprehensive debt management plan. This plan should include all types of state tax-supported debt, forecast annual debt capacity, and coordinate the state's five-year capital plan with future debt capacity estimates. It should consider targets for debt burden and other qualitative factors, such as economic projections, overall state financial management, other state debt, and administrative policies and practices.

The legislature may wish to set stricter guidelines for the exemption of projects from the statutorily mandated capital outlay review process.

The legislature may wish to restrict the automatic reauthorization of unfunded capital outlay projects which bypassed the statutorily mandated review process in previous years. These projects could be reviewed and prioritized with new capital outlay requests.

The legislature may wish to require examination of nonstate (parish, city, or local authority) entities' willingness and ability to fund their own projects before appropriating state capital outlay funds for those projects.

The legislature may wish to develop a policy for the amount or percentage of state capital outlay funds appropriated for nonstate entities to ensure that the capital needs of the state are met.

The legislature may wish to implement controls to ensure that outstanding lines of credit at the end of the fiscal year are addressed in the capital outlay budget.

The legislature may wish to designate which of the two five-year capital plans is the state's official plan. All subsequent actions and revisions would be related to that plan.

Exhibit 3-22 (Concluded)

Matter for Legislative Consideration

The legislature may wish to implement a mechanism to develop long-term capital outlay debt funding estimates, including proposed allocation levels for all entities with capital outlay funding. These capital outlay funding estimates would coordinate with the debt management plan.

The legislature may wish to consider elimination of State Bond Commission review of home rule charter proposals and elections having nothing to do with incurring debt and levying taxes. Accomplishing this objective will require enactment of specific legislation concerning these elections (in accordance with Article VI, Section 22 of the Constitution).

The legislature may wish to consider elimination of the State Bond Commission preliminary approval requirement contained in LSA-R.S. 9:2347.A(1) and LSA-R.S. 39:559.1.F.

Summary of Related Legislative Instruments

Act Number 133 of the 1994 Third Extraordinary Session

Requires capital outlay project requests of state entities and of nonstate entities to be submitted to the Joint Legislative Committee on Capital Outlay, the House Ways and Means and Appropriations Committees, and the Senate Revenue and Fiscal Affairs and Finance Committees. The law further provides that such requests shall contain and constitute the feasibility study required under Article VIII, Section 11(C) of the Constitution. In addition, except for the priority programs, projects will be analyzed and evaluated by the Facility Planning and Control section of the Division of Administration, including evaluation of the feasibility studies.

Act Number 1045 of the 1993 Regular Session

Proposes a constitutional amendment to require that prior to inclusion in the budget, each capital improvement project be evaluated through a feasibility study, as defined by the legislature, which includes an analysis of need and estimates of construction and operating costs. This act provides for the legislature to set procedures, standards, and criteria for the evaluation and to set the schedule of submission of the feasibility studies. The proposed constitutional amendment requires that for projects other than those eligible for funding under the Transportation Trust Fund, the request for implementation of the first year of the program include a list of the projects in priority order based on the evaluation of the feasibility studies.

Exhibit 3-23 Implementation Status of Recommendations and Matters for Legislative Consideration Usage of Louisiana Health Care Authority Emergency Departments

Performance Audit, February 1993

The objectives of this audit were to:

- ♦ Determine the types of services provided by emergency departments.
- ♦ Determine if these services are most cost effectively provided in the emergency department.
- ♦ Determine if emergency department care is prompt.
- ♦ Determine if any type of legislation is needed to provide more prompt and more cost effective care.

The report found that during fiscal year 1992, as many as half the patients treated at the emergency departments in Louisiana Health Care Authority (LHCA) hospitals came to them for routine medical services. Most of these patients used the emergency department more than once a year. Most emergency department visits were made during normal working hours and during the regular work week. The fact that as many as 5 of every 10 patients come to the emergency department for non-emergency care must affect the waiting times experienced by all patients. Of the 113 patients reviewed for whom information on waiting time was available, nearly 71 percent went from hospital check-in to discharge in 5 hours or less.

The report also found that an emergency department visit costs on average 35 percent more than a clinic visit. The better utilization of outpatient clinics could relieve overcrowding in emergency departments. If clinic schedules were expanded, it could be possible to make greater use of clinics as primary (routine) care providers. Primary care patients would receive the care they need, at less expense to the Health Care Authority and the state. This could relieve burdens on the emergency departments and would allow them to concentrate on the emergency medical function they were designed to fulfill. In addition, expanding the use of medical professionals other than physicians, such as physician assistants and nurse practitioners, to handle routine medical treatment would free physicians to treat those patients with more complicated medical needs. However, this change would require an amendment to existing state law, which currently limits the authority of physician assistants and nurse practitioners to provide certain medical services.

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
LHCA should expand the emergency department utilization data its hospitals collect to include information such as the six items listed on page 6 of the report. These data could then be used to prepare emergency department usage statistics by individual hospital and for the system as a whole.	Louisiana Health Care Authority	Fully Implemented	
LHCA should reassess the square footage needs of the various emergency departments and clinics.	Louisiana Health Care Authority	Fully Implemented	
LHCA should study the feasibility of expanding its clinic facilities. This should be done for each hospital on an individual basis. At the same time, the authority should also study the feasibility of operating the walk-in clinics separately from the emergency departments.	Louisiana Health Care Authority	Fully Implemented	

**Exhibit 3-23
(Concluded)**

Recommendation	Entity	Implementation Status	Summary of Reasons Provided by Entity for Not Fully Implementing Recommendation
LHCA should consider more extensive use of physician assistants and nurse practitioners in its hospital emergency departments and clinics.	Louisiana Health Care Authority	Fully Implemented	

Matter for Legislative Consideration

The legislature may wish to consider the issues related to expanding the legal authority of nurse practitioners and physician assistants, including the power to make diagnoses and prescribe medications.

Summary of Related Legislative Instruments

Act Number 629 of the 1995 Regular Session

Creates the Committee on Prescriptive Authority for Advanced Practice Registered Nurses. This committee will make recommendations about the adoption of rules and regulations governing the use of advanced practice registered nurses to provide specified prescriptive services, under physician direction, in under served health care areas.

Act Number 474 of the 1993 Regular Session

Gives registered and properly licensed nurses within the state of Louisiana who are employed by municipal, parochial, state-operated, or contracted public health clinics, the authority to deliver a regime of medication to be consumed by a patient off premises to treat sexually transmitted diseases or to prevent pregnancy, as long as it is delivered following protocol approved by a licensed Louisiana physician.

