

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Department of Labor
State of Louisiana
Baton Rouge, Louisiana

December 10, 1997



Financial and Compliance Audit Division

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

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DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT

Albert J. Robinson, Jr., CPA

**DEPARTMENT OF LABOR
STATE OF LOUISIANA
Baton Rouge, Louisiana**

**Management Letter
Dated December 9, 1997**

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor.

December 10, 1997



ANDREW B. KYLS, PRES. SEN. CTR.
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BAYOU BOULEVARD, LOUISIANA 70804-8007

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December 8, 1997

DEPARTMENT OF LABOR
STATE OF LOUISIANA
Baton Rouge, Louisiana

As part of our audit of the financial statements of the State of Louisiana for the year ended June 30, 1997, we conducted certain procedures at the Department of Labor. Our procedures included (1) a review of the department's internal control structure; (2) tests of financial transactions; (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities; and (4) a review of compliance with prior year report recommendations.

The June 30, 1997, Annual Fiscal Report of the Department of Labor was not audited or reviewed by us, and, accordingly, we do not express an opinion or any other form of assurance on that report. The department's accounts are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses an opinion.

Our procedures included interviews with management personnel and selected department personnel. We also evaluated selected documents, files, reports, systems, procedures, and policies as we considered necessary. After analyzing the data, we developed recommendations for improvements. We then discussed our findings and recommendations with appropriate management personnel before submitting this written report.

In our prior management letter dated January 21, 1997, to the Department of Labor, we reported findings relating to compliance with the cash management improvement act, lack of review of the claims edit listing, and lack of segregation of duties over the bank reconciliation process. Management has resolved the findings relating to the claims edit listing and the bank reconciliation process. The finding relating to cash management procedures is addressed again in this report.

Based upon the application of the procedures referred to previously, all significant findings are included in this report for management's consideration.

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Noncompliance With Travel Regulations

The Secretary of the Louisiana Department of Labor, Ms. Robin Houston, appears to have been paid for travel expenses that were not in compliance with the Division of Administration's Policy and Procedures Memorandum (PPM) 48, Travel Rules and Regulations. The Secretary submitted travel and special meal expenses totaling \$25,471 for the period July 1, 1986 to June 30, 1987. These expenses consisted of the following:

Travel expenses:	
Airfare	\$7,811
Hotel	7,507
Meals	3,786
Travel allowance	3,780
Phone and fax	634
Other	2,051
Special meals	<u>7,222</u>
Subtotal	28,471
Reimbursed to LOOL, June 24, 1987	<u>(2,000)</u>
Total	<u>\$26,471</u>

We reviewed all documentation supporting these travel expenses and noted the following items that appear to be in noncompliance with PPM 48:

- The Secretary was reimbursed \$815 for expenses while staying in Baton Rouge, which is her official domicile. These expenses included \$700 for total expenses, \$96 for meal expenses, and \$11 for phone calls. PPM 48, Section 15/15 states that travelers are eligible to receive reimbursement for travel only when away from their official domicile or on temporary assignment unless an exception is granted in accordance with PPM 48.
- The Secretary was reimbursed \$1,010 for airfare costs in excess of those obtainable through the state contracted air carriers. These excess costs were incurred for two trips to Washington, D.C. (\$551 and \$388) and one trip to Chicago, Illinois (\$71). PPM 48, Section 1509(3) states that commercial air travel will not be reimbursed in excess of state contract rates when available, or coach/economy class rates when contract rates are not available. The traveler must pay the difference between contract or coach/economy class rates and first class or business class rates.

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- The Secretary was reimbursed \$73 for hotel parking while in Los Angeles, California; however, the travel reimbursement voucher did not indicate a car rental.
- The Secretary was reimbursed \$2,232 for special meal expenses incurred from September 23, 1996, to June 13, 1997. The reimbursements were made from inadequate supporting documentation (credit card receipts only). The name and title of each recipient of the special meal was not always listed on the reimbursement requests, and an explanation as to why the meal was in the best interest of the state was not included. Also, the department did not prepare and remit to the Commissioner of Administration the required semiannual special meal reports. PFM 48, Section 1519 (C) states the department will report on a semiannual basis to the Commissioner of Administration all special meal reimbursements made during the previous six months. The semiannual special meal reports must include, for each special meal, the name and title of each recipient, the cost of each meal, and an explanation as to why the meal was in the best interest of the state. This section also states that (7) the report must contain a detailed breakdown of all expenses incurred, with appropriate receipts; (2) the cost of any alcoholic beverages must be subtracted; and (3) receipts must be submitted for review and approval of the department head or their designee before reimbursement.
- The Secretary was reimbursed \$2,068 on September 15, 1996, for expenses incurred while attending the Republican National Convention on August 11 to August 16, 1996. The Secretary reimbursed the Department of Labor for these expenses on June 24, 1997; however, the Secretary has not reimbursed the department for the airfare of \$777 associated with this trip that was paid by the department. These expenses should not have been paid with public funds. PFM 48, Section 1506(A) states that travel expenses are to be limited to those expenses necessarily incurred by the traveler in the performance of a public purpose authorized by law to be performed by the agency and must be within the limitations prescribed by the travel regulations.
- The Secretary was reimbursed \$1,172 for meals from credit card receipts. Although the Secretary provided credit card receipts, these receipts do not indicate the number of meals served or the items purchased.

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- The Secretary was reimbursed \$221 for phone calls for which the business purpose of these calls was not documented. The person or establishment called was not indicated on any of the travel vouchers.
- Although the Secretary is reimbursed for actual expenses, she was reimbursed for two hotel bills that appeared to be extravagant in that the rates were more than twice the rate allowed state employees. For a trip to Washington, D.C., these nights were charged at a daily rate of \$235 plus tax. For one trip to New Orleans, Louisiana, one night was charged at the daily rate of \$229 plus tax. This resulted in hotel charges of \$617 in excess of the normal allowable hotel rates. PPM 49, Section 1515 (b)(2) states that state officers will be reimbursed on an actual expense basis for meals and lodging. The request for reimbursement must be accompanied by a receipt or other supporting documents for each item claimed and shall not be extravagant and must be reasonable in relationship to the purpose of the travel. Also, the Secretary's expenses are charged as indirect costs to the various federal programs administered by the department. Office of Management and Budget Circular A-103 states that for costs to be allowable under a federal program, the costs must be reasonable and necessary for the performance and administration of federal awards.
- Good business practices dictate that any refunds received for expenses should be credited to the credit card used in the purchase. A department employee's airfare refund of \$265 was credited to the Secretary's personal American Express credit card although the employee's ticket was purchased using the Department of Labor's business travel account credit card. The department's fiscal office was unable to provide documentation indicating where the Secretary or the employee remitted the refund to the department or that the credit was transferred to the department's credit card.

The total amount of travel expense/reimbursements that were paid to the Secretary that do not appear to be in compliance with travel regulations is \$8,368 of which \$2,068 has been repaid to the department by the Secretary.

The department and the Secretary of the department should improve documentation to comply with PPM 49 regarding travel expense and special meal reimbursements. In a letter dated August 26, 1997, management of the Department of Labor generally agreed with the findings and recommendation (see Exhibit A for the department's response). In a letter dated August 25, 1997, Ms. Robin M. Houston, former Secretary

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STATE OF LOUISIANA
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of the Department of Labor, disagreed with the findings and recommendations (see Exhibit 9 for her response).

**Noncompliance With Cash Management
Improvement Act**

For the third consecutive year, the Louisiana Department of Labor, Office of Employment Security (OES) has not complied with the Cash Management Improvement Act (CMA) Agreement. The agreement was entered into between the State of Louisiana and the U.S. Department of the Treasury to achieve greater efficiency, effectiveness, and equity in the transfer of federal funds as required by the DMA of 1986. The agreement specifies the procedures to be used by OES for requesting and receiving (drawing) money for payroll and administrative costs for two programs: Unemployment Insurance (CFDA, 17-225) and Job Training Partnership Act (CFDA, 17-250). The agreement requires that actual payroll costs be requested using the average clearance technique, which is based on a three-day check clearance. Administrative costs are required to be drawn using the actual and adjusted estimate clearance pattern. The administrative costs consist of the actual expenditures of the prior week and estimated expenditures for the current or upcoming week. The agreement requires that administrative costs for all programs be drawn at the same time as payroll. Under these patterns, the bi-weekly payroll and administrative costs for the two programs are to be drawn on Friday (payday) so that funds will be received on the following Monday.

Each payday the department drew approximately \$750,000 for Unemployment Insurance (UI) and \$125,000 for Job Training Partnership Act (JTPA) payroll and administrative costs. The draws were not based on the actual and estimated disbursements as required by the agreement's clearance patterns. This is because the department's accounting system reports actual expenditures approximately two weeks after the end of the month in which they are incurred. After the end of each month, JTPA draws are adjusted for actual expenditures. No such adjustments are made for the UI draws. Failure to draw payroll and administrative funds based on actual expenditures or estimates based on actual expenditures results in the department using state or other federal programs' funds to pay the payroll and administrative expenditures for the UI and JTPA programs, or the department using UI and JTPA funds to pay the expenditures of other state and federal programs. Administrative and payroll expenditures totaled \$21,240,904 for UI and \$2,225,478 for JTPA for the fiscal year ended June 30, 1987.

The department should either comply with the agreement or seek to amend the DMA Agreement by establishing draw down patterns which it can comply with using its current accounting system. In a letter dated October 2, 1987, Mr. Rodney C. Slaughter,

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Undersecretary of Department of Labor, stated that the department concurred with the finding and recommendation (see Exhibit G for his response). The department has proposed an amendment to the CMA Agreement to enable it to implement a cash management estimation process that works with the department's accounting system and also satisfies the requirements of the CMA.

The recommendations in this report represent, in our judgment, those most likely to bring about beneficial improvements to the operations of the department. The varying nature of the recommendations, their implementation costs, and their potential impact on operations of the department should be considered in reaching decisions on courses of action. Findings relating to the department's compliance with applicable laws and regulations should be addressed immediately by management.

This report is intended for the information and use of the department and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

STL:WMB:eds

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Exhibit A

**Department of Labor's Response
to Finding of Noncompliance With
Travel Regulations**



MR. "BOB" FORSTER, JR.
GOVERNOR

State of Louisiana
DEPARTMENT OF LABOR
OFFICE OF MANAGEMENT AND FINANCE

POST OFFICE BOX 9499
BAYOU BOULE, MONROE, LOUISIANA 70004-0999
PHONE 225-382-2100

BARRY J. FORLESTER
SECRETARY

August 26, 1997

Mr. David G. Kyle, Ph.D., CPA, CFE
Legislative Auditor
Office of the Legislative Auditor
Post Office Box 94997
Baton Rouge, Louisiana 70804-0997

Dear Mr. Kyle:

This letter is in response to your letter of August 19, 1997 regarding the audit findings of Non-Compliance with Travel Regulations.

Since there are nine separate findings, we will address each finding individually.

- 1) **Reimbursement of \$819.90 for overnight stays in official domicile.**
Agency concurs with finding and has taken corrective action. See attached memo.
- 2) **Reimbursement of \$1,000.00 for airfare costs in excess of state contract rate.**
Agency partially concurs with finding. The incidents that gave rise to this finding were times when the secretary was forced to travel on short notice and the state contract rate was unavailable. The Agency chose to get the best rate available at the time. The secretary provided justification, but after travel had already taken place, contrary to the travel regulations. We now have a procedure in place to prevent this from happening in the future.
- 3) **Reimbursement of \$35.00 for hotel parking; no record of rental car.**
Agency partially concurs with finding. Although the secretary did receive reimbursement for parking, it is not accurate that she did not have a rental car. The secretary did have a rental car but for whatever reason, did not request reimbursement from the Agency. Please refer to her response for a detailed explanation.
- 4) **Reimbursement of \$2,022.00 for special meal expenses.**
Agency concurs with finding. Agency did not have adequate procedure in place to monitor special meals. The secretary did provide documentation of each special meal, but the documentation was inadequate according to PFM 49. Agency fiscal staff is taking corrective action to prevent future occurs.

Daniel O. Kyle, Ph.D., CPA, CFE

August 26, 1997

- 5) Reimbursement of \$1,008.00 for attending Republican National Convention.
Agency concurs with the finding. The secretary has reimbursed agency for all costs associated with that trip except the airfare which was not discussed at the time reimbursement was made. Agency will request a refund. The secretary had indicated that she attended the convention at the request of the governor. Although it had occurred in prior administrations, it was not considered unusual or questioned by fiscal staff or the auditors.
- 6) Reimbursement of \$1,171.00 for meals without proper documentation.
Agency concurs with finding. The secretary did provide documentation of each meal, but the documentation was inadequate according to IPPM 49. Agency followed established procedure which turned out to be inadequate due to the volume of expenditures. Agency is taking corrective action. See attached memo.
- 7) Reimbursement of \$121.00 for business phone calls without proper documentation.
Agency concurs with finding. The secretary did provide documentation of each meal, but the documentation was inadequate according to IPPM 49. Agency followed established procedure which turned out to be inadequate due to the volume of expenditures. Agency is taking corrective action. See attached memo.
- 8) Reimbursement of \$617.00 for hotel stays in excess of state rate.
Agency concurs with finding. See secretary's response for more detail.
- 9) Credit of \$265.00 for employee's airline ticket.
Agency concurs with finding. It is our understanding that this matter has been corrected by American Express and Delta Airlines.

The resolution of the above issues will be the responsibility of Gerald Savoy, Fiscal Officer. The copies of the memo's attached here or will be distributed shortly.

If you have any questions, please call me at 342-3110 or Gerald Savoy at 342-3103.

Sincerely,



Daniel O. Kyle
Undersecretary of Labor

DCBA/CUS/SLP
Attachments



BLA WHEAT FOSTER, JR.
GOVERNOR

State of Louisiana
DEPARTMENT OF LABOR
OFFICE OF MANAGEMENT AND FINANCE
POST OFFICE BOX 9426
BAYOU BOULEVARD, SUITE 1000, MONROE, LOUISIANA 70133-9426
(504) 342-3119

HARVEY J. FORESTER
SECRETARY

MEMO

TO: *Appointing Authority*
FROM: *Rodney C. Bryant, Undersecretary*
SUBJECT: Travel Expense Reimbursement
DATE: August 21, 1997

In accordance with PPM 49, Travel Rules and Regulations, Section 1515 A.1., travelers are eligible to receive reimbursement for travel only when away from "official domicile." There will be no exceptions to this rule.

Any questions can be directed to Gerald Savoy, Fiscal Unit at 342-3100 or my office.

RCB:ej

c. Joseph Bryant
Gerald Savoy



WILLIAM P. ROBERTS, JR.
GOVERNOR

State of Louisiana
DEPARTMENT OF LABOR
OFFICE OF MANAGEMENT AND FINANCE
POST OFFICE BOX 9449
BATCH 0002, MONROE, LOUISIANA 70004-0002
PHONE: 225-335-5100

DARRELL J. FORESTER
SECRETARY

MEMO

TO: Appointing Authority

FROM: Rodney C. Winston, *Rodney C. Winston*
Secretary

SUBJECT: Reimbursement for Meal Expenses

DATE: August 21, 1997

In accordance with PPM 49, Travel Rules and Regulations, Section 1515 A, 2., state officers and others so authorized by statute or individual exceptions will be reimbursed on an actual expenses basis for meals and lodging except in cases where other provisions for reimbursement have been made by statute. The request for reimbursement must be accompanied by a receipt or other supporting documents for each item purchased and shall be reasonable in relationship to the purpose of the travel. We will not reimburse from the receipt stating the total only.

Any questions can be directed to Gerald Savoy at 342-3100 or my office.

RCD:ej

c. Joseph Bryant
Gerald Savoy



M.J. ROBERT FORSTER, JR.
GOVERNOR

State of Tennessee
DEPARTMENT OF LABOR
OFFICE OF MANAGEMENT AND FINANCE
POST OFFICE BOX 6040
BATH HOUSE, COLLETSVILLE PENN-026
10441 602-7700

GARRY E. FORSTER
SECRETARY

MEMO

TO: Office, Division, Section and Unit Heads
 FROM: Rodney C. Brinson, Undersecretary
 SUBJECT: Reimbursement for Business Calls
 DATE: August 23, 1997

The following is a procedure change for the reimbursement of business calls made while in travel status or from your residence. The change is effective with receipt of this instruction.

The information below must be included when a request for reimbursement is made for business calls on a travel request or purchase requisition form (361):

Each business call must show the number called, person called and the purpose of the call. You can create a log of frequently called numbers and attach the log to your request. Your request will be returned if all calls are not verified.

Any questions can be directed to Gerald Savoy, Fiscal Unit at 342-3103 or my office.

RCB:sj

Exhibit B

**Former Secretary of Department
of Labor's Response to Finding of
Noncompliance With Travel Regulations**

Robin M. Houston
4104 Blaine Drive
Kenner, LA 70065

August 25, 1997

Dr. Daniel G. Kyle
Office of Legislative Analysis
State of Louisiana
1000 North Third Street
Baton Rouge, LA 70804

Dear Dr. Kyle:

Before responding to the issues raised in your letter of August 4, 1997, it is imperative that several facts be made known. First, before I began my position as Secretary of Labor in June of 1996, the attached letter to Stephen Perry (attached A) was faxed to the Governor's Office in what proved to be a futile attempt to determine the salary, expense reimbursement, chain-of-command, etc. No response was ever received, but in good faith I reported to the Department of Labor on June 13, 1996, not even knowing the salary for the position and having received no instructions whatsoever as to procedure and policy.

I was informed on August 4, 1997, that the other Cabinet Secretaries had a three-day training session on many issues, including the reporting of expenses, but that since I was "hired too late," I was not offered that information. While I fully accept the fact that it is the responsibility of the Secretary to ensure appropriate use and reporting of taxpayer dollars, without the information up front, a private-sector person, such as myself, is completely dependent upon those familiar with state rules and regulations in the Department.

Second, on the first day, I was informed by my secretary, Judy Lovett, who had been with the Department over twenty years and served in the same capacity under at least four previous Secretaries, that my expenses were completely and fully reimbursable -- i.e., the Secretary receives actual expenses. She told me that she would make all of my hotel and travel arrangements. There were no guidelines or manuals given to me.

Third, upon receiving airline tickets for my first trip to Washington to attend a conference in July of 1996, I was shocked to see that full-fare coach tickets had been purchased. I have been in private business for more than twenty years, and I cannot ever remember purchasing full-fare coach tickets. These reservations had been made at least seven days in advance. I was so shocked that I added this item to the list of topics that I discussed with Mark Deussen, Commissioner of Administration, at our 2:30 PM meeting on August 1, 1996. He informed me that the Department should be negotiating for the state rate, and I told Ms. Lovett that when I returned. She said that quite often the state rate was not available.

Fourth, I was not informed that there was a state travel regulation book until my meeting with Shirley Young in my office at 10:30 AM on May 6, 1997, whereupon she marked and delivered six travel books to me for distribution to the appointing authorities. I am quite sure she will confirm this conversation. An interesting sidebar is that the book that Ms. Young marked for my reference and left with me subsequently disappeared from my desk.

Dr. Daniel G. Kyle
August 25, 1993
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is not in the hands of those who have authority, but in the hands of those who have the information. Under my tenure as Secretary, management did not interfere with the routine operations of the fiscal office.

Item #1 - Reimbursement for expenses while in Baton Rouge.

It is a point of fact that I live in Jefferson Parish. The first time I spent the night in Baton Rouge was July 12, 1996, at a two-day retreat of the State Job Training Coordinating Council. I was told in advance by Chris Weaver, my immediate predecessor, to plan to spend the night at the retreat hotel. I submitted a routine expense report and was promptly reimbursed. The second night I spent in Baton Rouge was October 30, 1996, during the joint House/Senate-Labor Committee 7-Day Tour that visited New Orleans and Baton Rouge. I did not stay in the group hotel in New Orleans, but did stay in Baton Rouge. Not only did the Labor Committee meeting include a dinner that did not begin until 9:00 PM, but I also met with Chronic Problems who was to speak to the Department early the next day. Ms. Problems is a nationally renowned speaker that I had hired to entertain, educate and enlighten the LDCO on communication techniques that can achieve individual and customer satisfaction. I was told by the Fiscal Officer that if I documented the reason why I had to be late in Baton Rouge (i.e., a meeting, speech, function, etc.) in the evening and early either in the office or at another meeting the following morning, that would be satisfactory. From that time on, whenever it was necessary for me to stay late for a speech or function and be in correspondingly early the next morning, I would submit a note with the travel report.

It is imperative to note that I spent the night in Baton Rouge after working late on many occasions and did not submit an expense report. Conversely, I made speeches, was on panels, attended conferences, etc., in New Orleans, on numerous occasions and only submitted an expense report one time.

I do not concur, therefore, with your statement.

Item #2 - Reimbursement for airline costs in excess of the state rate.

All airline reservations were made by my secretary through the Department personnel, and every effort was made to obtain the state rate. On three instances mentioned, the state rate was either not available, the timing of the available state-rate flights was more than three hours from the necessary arrival/departure times, or the route required to obtain the state rate was so-out-of-the-way that it did not make prudent use of my time. On other occasions when the state rate flight was cancelled and it was necessary for me to upgrade to a higher class in order to get back to the office timely, I paid the difference personally. For example, on the Workforce Development trip to Austin, Texas, in January of this year, Continental Air Lines cancelled flights from Houston to New Orleans and it was necessary to fly back on American Air Lines which had a more expensive fare than Continental. I paid the difference personally.

I do not concur, therefore, with your statement.

Item #3 - Reimbursement for parking in Los Angeles.

A car was rented, charged to my personal credit card, and parked at the hotel. I submitted only the parking fee for reimbursement. Rodney Eustace traveled with me the entire time and can substantiate this, so can Calvin Best. I do not find any provision that precludes

Dr. Daniel G. Kyle
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reimbursement for parking where I have personally absorbed the cost of the car rental. In retrospect, I should have submitted the manual for for reimbursement as well.

I do not consent, therefore, with your statement.

Item #4 -- Special meal reimbursement.

As with all other receipts, special meal receipts were annotated on the reverse and given to my secretary to be placed on a suitable form for reimbursement. On such occasions, the name of the individual and firm or branch of government was indicated on the original receipt. If a special form was necessary or specific piece of information was needed, it was the responsibility of the Fiscal Officer to see that such information was presented before reimbursement occurred. (See Exhibit B) I did not charge alcohol to the Department -- I rarely drink alcoholic beverages in public. I was always conscious of the fact that as the Secretary of Labor I was representing the state of Louisiana twenty-four hours a day. An itemized list of such special meals is attached (Exhibit C) as is a copy of the report that had been prepared for the Commissioner of Administration in May (Exhibit D) but not given to me for signature until August. Permission had been given in advance for special meals by the Commissioner of Administration. (See Exhibit E)

I do not consent, therefore, with your statement.

Item #5 -- Republican National Convention.

On my first day, at a rally for Senator Bob Dole, I was asked in the presence of the Governor by the gentleman who was putting together the gubernatorial entourage for the Republican Convention to attend the convention. He handled all of the arrangements except for air travel which Mr. Lovett did. As it turned out, I was the senior state official from Louisiana, but the only reason I attended the convention was to take advantage of the networking opportunities. *Let me make this perfectly clear. If I had received a similar invitation to attend the Democratic National Convention, or even to attend at "work fight in Sunset, Louisiana," where a congregation of this type would attend, I would have gone. To be able to meet and network with not only the Louisiana Congressional Delegation, but members of Congress from throughout the country who are developing policy at the Federal level is an unique opportunity. The Louisiana Department of Labor is Federally funded and works under the auspices of the U.S. Department of Labor. National policy on Workforce Development Block Grants and the like are of extreme importance since I was charged, by Governor Foster, with developing and implementing an effort to coordinate and consolidate the more than \$420 million spent on worker training programs statewide. These dollars are both federal and state -- seventy federal.*

I had no interest in the political aspect of the Convention -- the outcome was a foregone conclusion. However, gatherings of such notable people, as well as the leaders of the private sector, are so rare that the opportunities should not be passed up. The analogy to compare this situation to an automobile show where an individual can view all the different models under a single roof and not have to go from dealership to dealership is appropriate.

When I returned, I submitted my receipts through the normal channels for reimbursement. Receipts were processed on a routine travel expense report, the report was submitted to the Department of Labor fiscal office, and I was reimbursed. It was never brought to my attention that this was, in any way, an inappropriate reimbursement until ten and one-half

Dr. Daniel G. Kyle
August 25, 1997
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months later when, during the course of the Senate Confirmation hearing, I was asked about my out-of-state travel and, specifically, if I had traveled to the Republican Commission to which I responded that I had. I further explained that I considered this a tremendous opportunity to network not only with the U.S. Congressional Leadership but with CEOs of major U.S. corporations to discuss Louisiana's workforce needs and ways in which to get these needs met by proper use of the training dollars. When advised two days after the Senate Confirmation hearing that there were questions as to the appropriateness of the use of public money for this, I immediately wrote a personal check to reimburse the department for the stated amount. As this action was taken prior to your audit, why is this item even listed?

My lawyers have investigated this matter rather thoroughly and can find no authority that says that meeting with Congressmen Livingston & Cingolati, Senator Lee, Mr. Ed Laphores of Energy and the president of the U.S. Chamber of Commerce felt subsequently invited me to speak in his group in Washington on the Louisiana solution for Workforce Development and the Occupational Information System; Mr. Fred Hublein of J Ray McDemott, New Orleans Councilwoman Suzanne Terrill and others does not qualify as the performance of state work, even though it took place at a political convention. I would appreciate the citation of the authority stating that this is an inappropriate expense. In retrospect, I have been advised that I reimbursed the Department of Labor too quickly.

Item #6 -- Meals from credit card receipts.

Once again, meal receipts were submitted on routine travel report forms along with hotel charges, car rental receipts, taxi receipts, etc., in accordance with Department of Labor policy and procedure (Exhibit B). Once again, I did not charge alcohol to the Department -- I mainly drink alcoholic beverages in public. I was always conscious of the fact that I was the Secretary of Labor and as such representing the state of Louisiana twenty-four hours a day. Meals were purchased for myself only, except where indicated. These meals as incurred list and attached the information requested on Exhibit F.

Two items that were listed as meals on the travel reports were not meals but were ground transportation charges to and from Chicago's O'Hare Airport to Anderson Consulting in Northbrook, Illinois. These specific items are correctly listed on Exhibit F.

I do not concur, therefore, with your statement.

Item #7 -- Phone calls.

Telephone calls made from my hotel room were submitted on routine travel report forms. It would seem logical that if it were a state policy to have the business purpose of each phone call documented, I would have been so informed before I traveled the first time and the first travel report with an undocumented phone call would have been returned for that information (Exhibit B). Attached as Exhibit G is a documented list of telephone calls.

I do not concur, therefore, with your statement.

Item #8 -- Two specific hotel bills.

For the trip in question to Washington, D.C., the presentation to the National Board of Contracting Educators was held at the Wanda Hotel which had a rate of \$280 plus tax per night available. Mr. Loren checked with the J.R. Marriott Hotel, the Hyatt Regency on

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August 25, 1997
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Capitol Hill, the Grand Hyatt Hotel and the Washington Hilton all of which had rates of \$275 and up available. She was able to obtain a lower rate at the Hilton because I am a member of their frequent guest program (from my previous job) and qualified for a 300 per night discount, thus the \$235 rate.

The one night in New Orleans at the Westin was the least expensive rate available at the time of reservation and it was the function hotel.

I do not concur, therefore, with your statement.

Item #9 - Delta Air Lines.

The \$265 item in question was not credited to my personal American Express credit card. The credit was applied to the State of Louisiana, American Express, Corporate Card issued for my use as Secretary of Labor rather than to the Louisiana Department of Labor agency account - an error by Delta Air Lines as outlined in the letter from Delta, (Exhibit H). I have arranged to have the credit transferred from the State of Louisiana American Express Corporate Card to the Louisiana Department of Labor agency account (Exhibit I). The circumstances were that airline tickets were issued on the Louisiana Department of Labor agency account for a staff member to travel round-trip from Atlanta, Georgia, to Charleston, South Carolina, to attend a Federal Department of Labor (DOL) conference last September. (The staff member had driven his personal car to Atlanta.) Hurricane Finis hit Charleston, the mayor issued a mandatory evacuation from the city, and closed the airport. The DOL staff member then drove with me to Atlanta in a rental car, turned in the unused portion of the airline ticket to Delta (who incorrectly issued the credit - Exhibit H), picked up his personal car and returned to Baton Rouge.

I do not concur, therefore, with your statement.

In conclusion, to avoid situations such as this in the future, State of Louisiana policy and the procedures and policies followed by the Louisiana Department of Labor have to be the same. Secretaries of the various departments, who are unfamiliar with State of Louisiana policy and procedures, must be trained in the methods and procedures that are required and expected. Your report and this lengthy response could have easily been avoided with a simple training program or manual.

The final imperative is that I had no intention to travel for my own benefit at government expense. I did whatever needed to be done to complete the job - reorganize the Department of Labor into a more "business-friendly" agency and to network with people throughout the state to determine how the state could do a better job of spending its welfare training dollars so that folks would be trained for jobs that are available today. Both of these goals were accomplished in a very short period of time.

If there are any further questions, please contact me.



Daniel O. Kyle

Robin M. Houston
4104 Rhone Drive
Kenner, LA 70062

EXHIBIT A

June 12, 1995

Mr. Stephen Perry
Office of the Governor
State of Louisiana
Baton Rouge, LA

By facsimile: 504-342-0002

Dear Steve:

Chris Warren and Rodney Houston called me yesterday and, acting in your authority, asked if I could begin work as Secretary of Labor tomorrow. I am pleased to accept the position and excited about the prospect of managing the Department and implementing Workforce Development.

Before I begin, however, there are some concerns that need to be addressed. I realize that you have been swamped with the Legislature being in session, and have been unable to return my phone calls, and I completely understand your priorities. But I feel that there should be agreement on the following items before I start:

1. Job Description -- goals, expectations, performance requirements
2. Authority -- chain of command, delegating authority and procedure
3. Compensation -- salary, benefits, reimbursement of expenses, automobile and expense
4. Indemnification -- indemnity and defense for all suits relating to my actions while in the position except criminal conduct, breach of fiduciary duty and gross negligence by the Secretary
5. Surrender of personal counsel

These items may be covered by statute, but as a novice in this regard, I have no access to that information. If you would please address these issues, sign and fax a letter back to me, we can begin.

Mr. Steven Perry
June 12, 1996
Page two

I am truly excited about this opportunity, and I agree with you -- we are going to have a lot of fun making a difference -- and opening Louisiana for business once again. I look forward to hearing from you.

Sincerely,

Robin M. Houston



W. W. ROBERTS, GOVERNOR

State of Louisiana
DEPARTMENT OF LABOR
OFFICE OF MANAGEMENT AND FINANCE
POST OFFICE BOX 7040
BAYOU LAKE, LOUISIANA 70004-0704
PHONE 281-8710

EXHIBIT B

GARY J. FORTNER
SECRETARY

MEMO

TO: *Richard L. Braxton*, Undersecretary of Labor
FROM: *Richard L. Braxton*
SUBJECT: Reimbursement of Actual Meal Expenses
DATE: August 14, 1997

As per our conversation of this date, in the past when we processed travel and special meals for reimbursement of actual meal expenses, we did not return the requests for reimbursement if a detail was not attached.

In accordance with P.F.M. 49 Section 1319-C-4, A, detailed breakdown of all expenses incurred, with appropriate receipts is required and B. The subtraction of cost of any alcoholic beverages is required.

In the past, we did not have a large volume of these transactions but these regulations will be followed in the future.

GS:q



BL. TERRY BOSTON, JR.
GOVERNOR

State of Louisiana

DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
POST OFFICE BOX 9094
Baton Rouge, Louisiana 70804-9094
(504) 386-1001

EXHIBIT C

OFFICE OF INDUSTRIAL
SECURITY

August 4, 1997

The Honorable Mark Drennon, Commissioner
Division of Administration
P.O. Box 94095
Baton Rouge, LA 70804-9094

Dear Mr. Drennon:

The attached report, which was originally prepared for my signature on or about May 6, 1997 by the LDOL Fiscal Unit, is submitted for compliance with PFM 49, Rules and Regulations. Please refer to my letter of Comment 17, 1996. I am submitting this year-annual report which addresses the period that includes September 13, 1996 through April 16, 1997. It is the intention of the LDOL, to comply with all rules and regulations regarding Special Meals.

Sincerely,

Robin M. Howland
Secretary

ATTACHMENT

All listed meals were reimbursed to Robin M. Houston, Secretary of Labor

<u>Date of Meal</u>	<u>Met With</u>	<u>Cost of Meal</u>	<u>Explanation</u>
06/23/96	Gleny Lee Baggett BESSE Member	\$21.45	Workforce Development Cooperation bet. agencies
10/13/96	Margaret Townsend Asst. Supt. of Jefferson Parish Schools	\$48.36	Theresa presentation to Jefferson Parish teachers Workforce Development
10/23/96	Cecil Picard Supt. of Education Jerry Dell - BESSE G. L. Baggett - BESSE	\$23.23	Cooperation & Workforce Development
10/01/96	Cecil Picard Supt. of Education	\$26.60	Workforce Development
9/24/96	Gleny Lee Baggett Jerry Dell Donna Condon	\$35.50	Workforce Development Cooperation bet. agencies
11/12/96	Dr. Bobby Burke Professor, Dillard Univ.	\$67.75	Training for LDCCL
11/11/96	Charlene Bollinger Bollinger Shipyards	\$66.06	School-to-Work
11/17/96	Donna Condon BESSE Member Dr. Bobby Burke Dillard Univ.	\$49.50	Workforce Development Training program - LDC
10/06/96	Donna Condon BESSE Member	\$49.51	Workforce Development
10/30/96	Cecil Picard Supt. of Education Jerry Dell Dept. of Education	\$103.00	Workforce Development
10/01/96	Jim Winger Dale Carnegie	\$38.89	Dale Carnegie Training for LDCCL
11/05/96	Donna Condon BESSE	\$59.54	Workforce Development
11/26/96	Garry Forrester House of Representatives	\$32.87	Workforce Development

Special Meals, Robin M. Houston, Secretary of Labor

Date	Name / Title	Amount	Project / Agency
12/04/96	Madelyn Baggett DSS Secretary	\$28.94	Workforce Development Cooperation bet. agencies
02/20/96	Madelyn Baggett DSS Secretary	\$27.61	Workforce Development Commission make-up
12/03/96	Saver Singer Anderson Consulting	\$38.54	Strategic Plan for LDCI
01/02/97	Madelyn Baggett DSS Secretary	\$18.06	Workforce Development
02/04/97	Gloria L. Boyan HESSE Member Donna Conzola HESSE Member	\$39.69	Workforce Development
02/05/97	Clary Forester House Labor Chairman	\$50.79	Workforce Development
02/10/97	Anderson Consulting	\$90.00	Reorganization LDCI
02/12/97	Anabelle Lockhart Director of Office of Civil Rights, DC	\$23.15	USDOL - EG concerns
02/19/97	Karl Hanna Attorney	\$29.68	Collisions/bankruptcy
06/24/97	Robert L. Livingston US House of Rep	\$75.01	New Orleans JTPA issues & understanding LDCI
02/07/97	Brad Felton - LDCI	\$38.68	Interview
2/13/97	Donna Conzola HESSE Member	\$32.43	Workforce Development
02/25/97	Ed Marino Labor Committee	\$22.00	LDCI - Personnel Matter
02/25/97	Claryl Crorer New Orleans - OPTC	\$48.62	LDCI - Personnel Matter
02/27/97	Rodney Brunson Undersecretary	\$43.14	LDCI - Matter
03/06/97	Philip Daponte CAC - New Orleans	\$23.14	Workforce Development
3/15/97	Clary Forester Labor Committee	\$19.89	Workforce Development
3/14/97	Donna Conzola HESSE Member	\$32.50	Workforce Development

Special Meals, Robin M. Houston, Secretary of Labor

3/17/97	Gacey Frazier Labor Commission	\$18.06	Workforce Development
03/18/97	Jim Winner Winner Institute	\$48.64	Training for LDOL
04/03/97	Barbara Ferguson LDOL	\$21.67	LDOL - personal matters
04/08/97	Chris Polio Anderson Consulting	\$52.91	LDOL reorganization
04/09/97	Dorcas Concha IBSE Member	\$30.14	Workforce Development
04/10/97	Harold Sains Council for a Better Louisiana	\$25.88	Workforce Development
04/15/97	Danny Manning House of Rep. Aaron Broussard Jeff Parish Council	\$31.67	Workforce Development
04/16/97	Connie Koury Att'y Gen. Office Harold Sains CARE Carol Wallis Dept. of Ed.	\$22.68	Legislative Issues Workforce Development
04/17/97	Charlene Bollinger Bollinger Shipyards	\$35.00	Shipyards Work Workforce Commission



M.J. "BOB" FOSTER, JR.
GOVERNOR

State of Louisiana
DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
POST OFFICE BOX 9489
BATON ROUGE, LOUISIANA 70804-0948
(504) 385-1111

EXHIBIT D

ROBIN M. HOUSTON
SECRETARY

May 6, 1997

The Honorable Mark Drennon
Commissioner
Division of Administration
Post Office Box 94893
Baton Rouge, LA 70804-0933

Dear Mr. Drennon:

In accordance with F.P.M. 48, Travel Rules and Regulations, Section 1519, Special Meals and my letter of October 13, 1996 I am submitting my first semi-annual report covering the period September 23, 1996 through April 16, 1997.

Sincerely,

Robin M. Houston
Secretary of Labor

Attachment



MR. MARK PASTER, JR.
GOVERNOR

State of Louisiana

DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
1000 PINE ST. SUITE 1000
BAYOU LA TERRE, LOUISIANA 70001
PHONE 504-763-1234

EXHIBIT E

HOUSE OF REPRESENTATIVES
BAYOU LA TERRE

OCT 21 1996 49:48

October 17, 1996

The Honorable Mark Dremson
Commissioner
Division of Administration
Post Office Box 94005
Baton Rouge, LA 70804-9005

Dear Mr. Dremson:

In accordance with P.F.M. 49, Travel Rules and Regulations, Section 1519 Special Meals, I am requesting your approval for authority for Special Meals as Secretary of Labor for the period from July 1, 1996 through June 30, 1997. This authorization is necessary due to periodic department-related business meetings which may require the provision of a meal. Semi-annual reports in compliance with required specifications will follow.

Your useful consideration and approval of this request are appreciated.

Sincerely,


Robert M. Truitt
Secretary of Labor

RMT/g

*APPROVED

OCT 21 1996


COMMISSIONER OF ADMINISTRATION
J. In. Beaudance
with PFM 49

EXHIBIT F

Meals from Credit Card Receipts, Robin M. Houston, Secretary of Labor

Date	# Meals Served	Vendor	City	Amount
08/28/96	1 breakfast	Hawley Hotel	Big Sky, MT	\$12.60
09/13/96	1 dinner	Grand Hyatt Hotel	Washington, DC	\$62.75
09/03/96	2 dinners W. Richardson	Ronnie's Rest.	Charleston, SC	\$54.64
09/13/96	2 dinners W. Richardson	Red Lobster	Bossier City, LA	\$61.34
10/03/96	1 dinner	Westin Bonaventure	Los Angeles, CA	\$43.51
10/04/96	1 breakfast	Westin Bonaventure		\$23.60
	1 dinner	Cocopi's Restaurant	Los Angeles, CA	\$35.29
10/08/96	2 dinners W. Richardson	Katy Tinsley	Lake Charles, LA	\$35.08
11/06/96	2 dinners W. Richardson	Red Lobster	Monroe, LA	\$44.46
12/05/96	1 dinner	Hyatt Hotel	Dallas, TX	\$25.74
12/06/96	1 breakfast	Hyatt Hotel		\$46.54
	1 lunch	Hyatt Hotel		\$20.85
	1 dinner	Hyatt Hotel		\$80.07
12/07/96	2 dinners Arthur Andersen	Red Lobster	Mesquite, TX	\$42.06
01/03/97	1 breakfast	Capital Hilton	Washington, DC	\$21.50
02/06/97	2 dinners Arthur Andersen Consulting	Ralph & Rakos's	Houston, TX	\$64.90
02/04/97	2 dinners Shippin House Board of Continuing Ed	American Cafe	Washington, DC	\$53.99
02/14/97	530.80 is not a meal but ground transportation from Chicago's O'Hare Airport to Anderson's Office in Northbrook, Illinois - clerical misposting			

02/11/97 F-082

02/15/97	\$31.80 is not a meal but ground transportation from Northbrook, IL, back to O'Hare airport - clerical mis-posting.
02/14/97	\$48.88 meal charge receipt not in package I received. Need original.
03/26/97	\$51.71 and \$26.30 receipts not in package I received. Need original.
03/25/97	1 dinner Westin Hotel New Orleans, LA \$26.07
05/28/97	2 dinners Japanese Steakhouse Greensboro, NC \$60.27 Hose Sullivan Conrad Hickson Community College
04/21/97	2 lunches Hotel Sofitel Washington, DC \$45.99 Alan Martin R. Livingston's Office
	1 dinner Hotel Sofitel \$51.51
04/29/97	1 breakfast Hotel Sofitel \$18.98
	1 lunch Hotel Sofitel \$14.09
04/23/97	1 lunch Hotel Sofitel \$26.61
05/29/97	1 dinner Lafayette Hilton Lafayette, LA \$35.00

EXHIBIT G**Telephone Calls**

Date & Phone #	Person Called & City	Business Purpose
7/9/96 813-289-2009	Susan Schatz, Tampa	Jan-Cos, 1996, information for Kjosits
7/11/96 770/343-9031	Willy Richardson, Atlanta	Fix, Job Description, Organization Chart, Employment Information
7/26/96 204/456-1924	Donna Conain, Missouri	FFSE, Workforce Development
8/26-28/96	Miss. Calls	\$25 access fee each time phone used
9/14/96	Robert L. Livingston Local Calls	LIXOL matters
9/24/96 910/664-4322	Alan Fioranza, N. Carolina	Anderson Consulting, preliminary bid on Strategic Plan
10/03-07/96 319/377-1565	Joan Ehrhoff, Dean	Workforce Development
11/06-07/96 770/866-5252	Alan Fioranza, Georgia	Anderson Consulting
11/18/96 319/377-1565	Joan Ehrhoff, Dean	Workforce Development
12/03/96 334/727-5986	Gilbert L. Hoquet MCSA Member	Workforce Development
2/12/97-10/94	Steve Singer, New York	Anderson Consulting
7/9/97-03/94	Jim Walker, Atlanta	Computer training for LIXOL
06/97/97	Facets sent	Preliminary meeting to LIXOL
204/456-1943	Donna Conain FFSE	Workforce Development Bill
01/29/97 910/336-2453	Alan Fioranza, N. Carolina	Recognition Bill for LIXOL
Canada	Carol Wallis, Dept. Sup. Education	Workforce Development Bill

Delta Air Lines**EXHIBIT H**

Delta Air Lines, Inc.
 Refunds and Records
 Department 411
 Post Office Box 120007
 Atlanta, Georgia 30320-2007 U.S.A.

August 14, 1997

Mr. Robin M. Houston
 4164 Ebone Drive
 Kenner, LA 70065

Dear Mr. Houston:

On September 6, 1996, a credit in the amount of \$260.00 was issued in error to account number 3785 0827 8801 006.

Sincerely,

Linda Howell
 Linda Howell
 Supervisor
 Passenger Refunds

Delta Air Lines		10/18/97
To: <i>Robin Houston</i>	<i>Robin Houston</i>	
City:		
State:		
Phone: <i>337-886-7708</i>	Phone: <i>404-525-2525</i>	<i>8/18/97</i>
	Phone: <i>404-525-2525</i>	<i>8/18/97</i>



M. J. "BOB" HENNING, JR.
GOVERNOR

State of Louisiana

DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
PO BOX 95000
MONROE, LOUISIANA 70009-0500
(504) 386-3000

EXHIBIT I

Public M. HENNING
SECRET

Copy
1

August 4, 1987

Ms. Rita Culver
Passenger Records & Records
Delta Air Lines, Inc.
Department #11
P.O. Box 20537
Atlanta, GA 30320

Dear Ms. Culver:

This is to authorize Delta to transfer the credit of \$365.10 that was issued by Delta Air Lines in error in September of 1986. The proper account for the credit is the Louisiana Department of Labor Agency American Express Account #3782-955908-41006. The debit should be to the State of Louisiana Corporate American Express Card issued for the use of Robin M. Henning, #3785-002788-31006.

Thank you for your prompt attention to this matter.

Sincerely,

Robin M. Henning
Secretary of Labor

Exhibit C

Department of Labor's Response to Finding With Cash Management Improvement Act



M.J. "BOBBY" FORTIN, JR.
GOVERNOR

State of Louisiana
DEPARTMENT OF LABOR

P. O. Box 94894
Baton Rouge, Louisiana 70804-9484
October 2, 1997

SMILEY J. FORTIN JR.
SECRETARY

Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of the Legislative Auditor
Post Office Box 94297
Baton Rouge, Louisiana 70804-9494

Dear Dr. Kyle:

Reference is to your letter of September 22, 1997 regarding the Non-Compliance with Cash Management Improvement Act audit finding. The agency concurs with the audit finding and measures have already been initiated to address the concerns communicated in the audit finding.

A large percentage of our agency's funding is derived from the federal government. This funding requires that we maintain an accounting system which uses other charges to allocate positions, salaries, fringe benefits and non-personal service costs. Our accounting system is unable to provide actual cost information until after the 15th of the month following the month of incurred costs. This limitation made compliance with the unsuccessful Cash Management Improvement Act Agreement impossible.

Representatives of this agency recently met with employees of the Office of State Reporting and Accounting Policy, who negotiate the CMAA Agreement, and the Legislative Auditor's Office, who monitor the CMAA Agreement. As a result of our meeting, we have submitted a request for an amendment to the original CMAA Agreement (see attachment). The Office of State Reporting feels our proposal will gain federal approval.

Approval of the proposed amendment will enable us to implement a cash management estimation process that works in concert with our accounting system capabilities and which also satisfies the cash management concerns of the CMAA.

The new agreement will begin at the earliest possible date. If you have questions concerning this communication, please contact Gerald Faust, Fiscal Officer, at 343-3103.

Sincerely,

Smiley J. Fortin Jr.
Secretary
Department of Labor