

2021

Key Audit Issues and Act 461 Report



Annual Report to the Legislature • February 2021

This annual report was prepared to comply with Louisiana Revised Statute 24:513 D(1).

The purpose is to review the work of the Louisiana Legislative Auditor's (LLA) office over calendar year 2020 and to highlight significant issues involving state and local governments. The goal of summarizing these issues is to encourage corrective actions, such as improved procedures or legislative actions that will resolve or reduce the impact of these concerns and increase accountability and transparency in Louisiana government. This report also helps satisfy the annual reporting requirement of Act 461 of the 2014 Regular Legislative Session.

The report is organized into two main categories – State Government Services and Local Government Services.

The State Government category is divided further into specific agencies listed alphabetically. The report summaries that follow reflect only a portion of the approximately 3,800 reports released in calendar year 2020 and are representative of those issues, findings, and/or problems deemed most significant by the LLA. These summaries do not include every finding or weakness identified during calendar year 2020, but focus on the major concerns or issues facing Louisiana.

The reports contain specific recommendations and/or matters for legislative consideration and can be found on the LLA website at lla.la.gov. These reports include agency responses. In some instances, changes already may have been implemented or be in progress.

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The mission of the Louisiana Legislative Auditor (LLA) “is to foster accountability and transparency in Louisiana government by providing the Legislature and others with audit services, fiscal advice, and other useful information.”

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Introduction

During calendar year 2020, the LLA released 141 staff reports covering a variety of topics and state agencies. The Legislative Auditor also oversaw the work of more than 200 independent contract audit firms that conducted 3,640 audits and other types of engagements on state and local government.

In addition to the audit reports it issues, the LLA provides many other services. For example, in 2020, the office prepared fiscal notes related to 33 bills affecting the expenditures of political subdivisions and actuarial notes for 46 retirement bills affecting the 13 state and statewide public retirement systems. The LLA also reviewed 2,733 millages and 2,278 reassessment records, and prepared seven legal opinions.

Approximately 250 employees work for the LLA. The majority conduct audit work in four areas – Financial, Investigative, Performance, and Recovery Assistance. Other staff members work in the Local Government Services, Advisory Services, and Legal Services sections. Staff members in these sections provide guidance and training to state and local officials and quasi-public entities, conduct research, monitor legislative changes, provide legal opinions for both staff and public officials as requested by the Legislative Auditor, and help ensure that the audit law is enforced. Staff members in the Accounting, Human Resources and Professional Development, Information Services, Publishing, and other administrative areas provide necessary support for the work of the LLA.

Much of the work performed by the LLA is required by state or federal law. Other work is the result of complaints, requests from lawmakers, and the LLA's identification of risk areas in state and local governmental entities. All work, however, is driven by the mission of the office.



Daryl G. Purpera, CPA, CFE
Legislative Auditor





Impact of COVID-19

The LLA shifted gears quickly in March 2020 when the governor issued his stay-at-home order to help combat the spread of COVID-19. While many LLA staff members were able to continue their regular work remotely, others were temporarily assigned new duties to help the office carry out its work.

After issuing his proclamation declaring the COVID-19 public health emergency, the governor issued several more proclamations, including orders that mandated people stay at home, suspended the Public Bid Law, and removed the Open Meetings Law requirement for in-person meetings.

Almost immediately following the issuance of these proclamations, LLA's Legal section began receiving calls from local governments and CPAs with questions about how the proclamations affected them and/or how they should proceed. To address these concerns, Legal put together a document titled "Legal Guidance on COVID-19" in a question-and-answer format and posted it on the LLA website. Since then, Legal has updated the Guidance several times as the governor has issued new proclamations and moved the state from the stay-at-home order through different reopening phases. The most recent version of the document was posted on December 10, 2020, and contains 93 questions and answers.

Staff members in other LLA sections also provided support to state and local officials. Advisers with LLA's Advisory Services reached out to legislators and approximately 1,300 local governments during the early stages of the crisis to offer assistance and serve as a central point of contact for resources and information.

Auditors with Recovery Assistance Services helped evaluate the completeness and accuracy of documentation submitted by small business owners applying for grants from the Louisiana Main Street Recovery Program and reviewed documentation submitted by local governments to the Division of Administration to support their requests for reimbursement of COVID-19 expenses.

Auditors with Performance Audit Services revised their original plan of work for 2020 and developed several pandemic-related projects, including evaluating the potential impact of COVID-19 on local government revenues.

The following summaries highlight the COVID-19 focused reports the LLA issued in 2020.

Effect of COVID-19 on Local Government Revenues

May 7, 2020

Projections of the potential financial impact of the COVID-19 crisis on local governing entities – municipalities, parishes, school boards, and sheriff’s offices – in fiscal years 2020 and 2021 showed a total revenue loss of \$404.7 million to \$1.1 billion (2.3 percent to 6.9 percent) as a result of decreased sales, ad valorem, and severance tax revenues and mineral royalties. The estimated average total loss was \$787.5 million (4.6 percent) during fiscal years 2020 and 2021.

Entities Subject to the Requirements of House Concurrent Resolution No. 71

July 1, 2020

The resolution required state agencies and licensing boards to suspend license renewal fees for existing Louisiana-based businesses through fiscal year 2021 to help the businesses during the COVID-19 crisis. However, the suspension of fees would not apply if an agency or board did not have sufficient reserve funds to cover its operating costs for a year and a half. Nineteen boards were required to suspend their business license renewal fees, although 12 of the boards indicated they did not impose license renewal fees on Louisiana businesses.

COVID-19 Data Discrepancies between the Louisiana Department of Health and Red River/DeSoto Parishes

August 6, 2020

A review of the Louisiana Department of Health’s COVID-19 data, including tests and positive cases, found the case numbers LDH reported on its COVID-19 dashboard were generally correct. The review was performed, in part, because of claims by Red River and DeSoto parish officials that LDH was over-reporting the number of individuals who had tested positive for COVID-19.

Impact of COVID-19 and Hurricane Laura on Local Government Finances – Update to May 7, 2020, Report

September 16, 2020

Updated projections showed revenue losses between \$522.9 million and \$860.1 million in fiscal years 2020 and 2021 for parish governing authorities, municipalities, school boards, and sheriff’s offices. The losses were attributed to decreases in sales and ad valorem taxes and mineral-related and gaming revenues caused by the COVID-19 pandemic and Hurricane Laura.

Integrity of Data Reported on the COVID-19 Dashboard – Office of Public Health – Louisiana Department of Health

December 16, 2020

While the Office of Public Health had processes in place to ensure data on the number of positive cases and deaths were not over-reported on the COVID-19 Dashboard, laboratories did not always submit all COVID-19 results to OPH, and the results they did submit were not always submitted in a timely manner. As a result, the positivity rate on any given date may have been higher or lower than what OPH reported on its dashboard for that date. In addition, COVID-19 test results submitted by laboratories to OPH did not include all information required by the U.S. Department of Health and Human Services. Laboratories also did not always submit all required COVID-19 test results to OPH within 24 hours, as required by the U.S. Centers for Disease Control and Prevention and state regulations.

Challenges with Telework during COVID-19 – Executive Branch Agencies

January 27, 2021

Executive branch agencies experienced various challenges when they transitioned to telework after the governor’s March 2020 stay-at-home order in response to the COVID-19 public health emergency. Most agencies did not have telework policies before the COVID-19 pandemic, and agencies did not consistently accommodate non-essential employees whose job duties could not be performed during telework. Technology challenges were the most common barriers employees faced in transitioning to widespread telework. In addition, agencies did not always provide supervisors with sufficient guidance on how to manage their remote teams and how to measure and track employee productivity.

Comparison of Telework Experiences of State Employees				
	Agencies with pre-COVID-19 telework policies		Agencies without pre-COVID-19 telework policies	
Transition to telework was organized	5,384	78.6%	1,855	68.0%
Ability to perform job duties while teleworking was somewhat or much better	3,812	55.6%	1,128	41.3%
Faced no barriers when teleworking due to COVID-19	2,870	41.9%	1,004	36.8%
Faced barriers to teleworking due to equipment not being available	882	12.9%	567	20.8%
Total Staff Responses	6,852		2,730	
Supervisors thought staff’s ability to perform job duties while teleworking was somewhat or much better	609	34.0%	209	24.3%
Total Supervisor Responses	1,794		860	
Source: Created by legislative auditor’s staff using agency employee telework survey results.				



LLA Reports Podcast

During calendar year 2020, the LLA introduced a podcast called LLA Reports in an effort to provide legislators, the media, and members of the public with another way to access the content of the office's reports.

The episodes are 5 to 10 minutes in length and offer listeners highlights of select audit reports discussed by an auditor involved with the project.

Since May 2020, the LLA has produced 10 podcasts, all of which are available on the LLA's website at <https://www.la.la.gov/reports-data/PodcastReports>. The podcasts also can be automatically downloaded through the LLA Reports app on iTunes, Google Play, and other podcast platforms.

Episodes

Episode 1 – Louisiana Physical Therapy Board

May 26, 2020

Episode 2 – Office of Public Health – Food Safety

June 15, 2020

Episode 3 – LDH – Individual Behavioral Health Service Providers

August 10, 2020

Episode 4 – Student Scholarships for Educational Excellence Program

September 28, 2020

Episode 5 – Sex Offender and Child Predator Registry

October 8, 2020

Episode 6 – Medicaid Non-Emergency Medical Transportation Program

November 16, 2020

Episode 7 – Integrity of Data on the COVID-19 Dashboard

December 21, 2020

Episode 8 – Trends in Staffing in Executive Branch Agencies

January 18, 2021

Episode 9 – Monitoring and Enforcement of Air Quality – DEQ

January 25, 2021

Episode 10 – Telework Challenges in Executive Branch Agencies during COVID-19

February 1, 2021



State Government Services

The Financial, Performance, and Recovery Assistance sections of the LLA perform audits involving state agencies.

Financial Audit Services focuses on whether agencies and universities have adequate controls in place to ensure accountability over public funds and compliance with state and federal laws, regulations, and grant agreements.

Performance Audit Services evaluates the economy, efficiency, and effectiveness of state agency programs, functions, and activities.

Recovery Assistance Services ensures federal disaster recovery funds are spent in accordance with federal and state laws, rules, and regulations.

In addition to these audit services, the LLA prepares actuarial cost notes for all proposed legislation affecting Louisiana public employee retirement systems, reviews the actuarial valuations and audited financials of all 13 state and statewide public retirement systems, certifies cost-of-living allowances for the entities, and prepares the Annual Report on Louisiana Public Retirement Systems for the Legislature and the Governor.

Board of Regents

South Louisiana Community College – Louisiana Community and Technical College System

January 22, 2020

SLCC may have violated state law when it granted employees one-time payments of 2 percent to 7 percent of each employee's gross salary. *Prior-year findings related to inadequate administration over the Federal Direct Student Loans Program and weaknesses over the computer system used to handle tuition, fees, and refunds were resolved. In addition, prior-year findings for South Central Louisiana Technical College related to functions assumed by SLCC were resolved.*

Southern University System

February 5, 2020

For the *second consecutive year*, some staff members had inappropriate access to the electronic system for purchasing/accounts payable, payroll/human resources, and student accounts. In addition, the system's Office of the Internal Auditor issued an investigative audit report in May 2019 that identified issues related to the inappropriate use of leave and errors in processing payroll time and attendance. As a result, the system's internal auditor determined the associate vice chancellor for academic affairs at Southern University of New Orleans owed the university \$43,144.

Louisiana State University Health Sciences Center – Shreveport

February 26, 2020

For the *second consecutive year*, the center did not have adequate controls in place over state and private grants and contracts to pursue collection of monies owed to it. In addition, the center inaccurately classified net position from several contracts totaling more than \$78 million, which led to a net overstatement of restricted expendable net position and a net understatement of unrestricted net position. The center also did not ensure compliance with federal requirements for documentation of compensation of personnel services or for Special Tests and Provisions.

Southeastern Louisiana University – University of Louisiana System

March 18, 2020

Southeastern did not have a process in place to determine if students were eligible to receive student financial assistance. As a result, 94 students with subsidized and unsubsidized loans were allowed to borrow \$552,647 in excess of the aggregate loan limits for Federal Direct Student Loans. In addition, some of the students incorrectly received payments totaling \$34,123 in Federal Pell Grants and \$3,000 in Federal Perkins Loans. Southeastern also did not accurately report construction costs for the Computer Science and Technology building as of June 30, 2018, which caused an \$18.6 million overstatement and required an adjustment of the prior-year's financial statement to correct capital assets. Southeastern also submitted inaccurate information regarding the Federal Direct Student Loans program in the Schedule of Expenditures of Federal Awards for the 2019 fiscal year and overstated the balance for Federal Perkins Loans – Federal Capital Contributions.

Louisiana State University and Related Campuses – Louisiana State University System

March 19, 2020

For the *second consecutive year*, LSU A&M did not have adequate controls in place to ensure it complied with Special Tests and Provisions requirements for federal awards. In addition, for the *third consecutive year*, the LSU Agricultural Center did not have adequate controls over Special Tests and Provisions requirements. LSU and Related Campuses, which includes LSU, the AgCenter, and Pennington Biomedical Research Center, did not ensure they complied with federal procurement requirements for fiscal year 2019. LSU and Related Campuses also did not have formal written policies in place over administrative allowances totaling approximately \$4.9 million as of January 1, 2019. Administrative allowances are given as additional salary to employees for extra duties outside the scope of their normal job duties. *Prior-year findings related to non-compliance with federal equipment management regulations at PBRC, non-compliance and weakness in controls over federal reporting requirements at the AgCenter and PBRC, weakness in controls over federal Research and Development Cluster expenses at the AgCenter, failure to fulfill employment obligations, and internal audit findings at the University Laboratory School were resolved.*

Louisiana Board of Regents

April 29, 2020

The Louisiana Office of Student Financial Assistance, which is a program of the Board of Regents, did not ensure employees' time sheets were approved in a timely manner. In addition, the board, including LOSFA and the Louisiana Universities Marine Consortium for Research and Education (LUMCON), did not adequately monitor LaCarte card and Controlled Billed Account purchases, which resulted in unauthorized and inadequately supported purchases. *Prior-year findings related to inadequate controls over the Schedule of Expenditures of Federal Awards, weakness in controls over federal cash management requirements and federal reporting requirements, and inaccurate preparation of the Annual Fiscal Report were resolved. A previous finding for LUMCON related to inadequate controls over accounts receivable also was resolved.*

Louisiana State University at Shreveport – Louisiana State University System

July 29, 2020

For the *second consecutive report*, LSUS did not have adequate controls in place over outstanding student account balances. As of January 31, 2020, the amount owed by students totaled approximately \$2.4 million. In addition, as of March 17, 2020, LSUS had not completed monthly bank reconciliations for the months of July 2018 through February 2020. The university also did not have adequate controls over payroll processing and may have violated state law when it paid employees a one-time salary supplement in fiscal year 2019.

River Parishes Community College – Louisiana Community and Technical College System

August 5, 2020

For the *second consecutive report*, RPCC did not have adequate controls in place to manage outstanding student account balances, allowing students who owed money to register for classes and failing to send notices to students and delinquent accounts to the state Office of Debt Recovery or to write off student-related account balances. In addition, for the second consecutive report, RPCC did not have adequate controls over the assessment of student tuition and fees. Sixteen students were undercharged for a course, and tuition and fee waivers were not applied to dual-enrolled students' accounts. Also, for the *second consecutive report*, RPCC was found to have problems with bank reconciliations. Reconciliations for July 2019 through March 2020 did not balance, with differences between bank balances and the general ledger ranging from \$1.46 million to negative \$1.31 million. *A previous report finding related to inadequate controls over the electronic administrative system was resolved.*

Louisiana State University at Eunice – Louisiana State University System

August 19, 2020

The university failed to reconcile \$2.6 million in student payment plan transactions processed by a third-party organization between bank deposits and amounts posted to the student accounts. In addition, the university had inadequate controls over student refunds and did not have adequate controls over cash receipts. The university also did not submit past-due student accounts to the Louisiana Attorney General for collection in accordance with state law and its written procedures. The university's unclassified employees who earn leave did not certify time and attendance records as required by state law, and the university did not have an incident response plan in place at the time of a ransomware attack in October 2019.

Northshore Technical Community College – Louisiana Community and Technical College System

October 30, 2020

The college failed to enter 371 items for the Lacombe and Livingston campuses into the state property system in a timely manner. The items, which totaled \$805,297, were recorded from eight to 273 days past the required 60-day period.

Louisiana Delta Community College – Louisiana Community and Technical College System

November 25, 2020

LDCC did not have adequate control over its electronic accounting system. For the *third consecutive report*, employee access to the system was not removed in a timely manner after separation. For the *second consecutive report*, student fee tables were not accurately set up in the accounting system for online and high school students. In addition, during fiscal year 2020, LDCC did not provide evidence of reconciliation of the data in the system’s accounts receivable and finance modules, and expense-related items were entered and processed through the system by the same employee without an independent review. *Prior-report findings related to inadequate controls over outstanding student account balances and chancellor waivers not in accordance with system policy were resolved.*

Louisiana State University Health Sciences Center – Health Care Services Division

December 9, 2020

The Health Care Services Division did not maintain sufficient evidence to support that internal controls relating to financial reporting were implemented. Two monthly bank reconciliations were not reviewed in a timely manner; reviewers’ approvals occurred 58 days and 125 days after the bank statement date.

Louisiana Community and Technical College System

December 23, 2020

The system did not have adequate controls over financial reporting and failed to notify the Legislative Auditor and the parish district attorney of certain suspected misappropriations as required by law.

Boards, Commissions, and Other Governing Bodies

Louisiana Commission on Law Enforcement and Administration of Criminal Justice

March 11, 2020

For the *second consecutive year*, LCLE did not comply with federal requirements related to payroll expenditures allocated to the Crime Victim Assistance (CVA) program. In addition, for the *second consecutive year*, the Commission did not ensure data included in quarterly and annual performance reports submitted to the federal Office for Victims of Crime (OVC) were accurate. Also for the *second consecutive year*, LCLE failed to timely monitor sub-recipients under the CVA program.

Regulation of the Physical Therapy Profession – Louisiana Physical Therapy Board

May 21, 2020

LPTB needs to strengthen some aspects of its licensing, monitoring, and enforcement activities. Recommendations included conducting background checks on all licensees, establishing timeframes to investigate and resolve complaints, and conducting monitoring visits to ensure licensees comply with disciplinary orders.

Boards, Commissions, and Like Entities

September 2, 2020

Louisiana had 475 boards as of June 30, 2020, an increase of three from fiscal 2019. Since 2016, the total number of boards has ranged between 458 and 477. Six boards did not respond to the request for personnel data and financial information. Of the six, two did not answer a similar request the previous year. Twelve boards were identified as inactive, including 10 that were listed as inactive in fiscal year 2019. In addition, 45 boards reported their status as active, but did not report any meeting notices or minutes after December 31, 2017. Seven of the 45 also did not list any board members on the Boards and Commissions website. For the 2020 fiscal year, the boards collectively reported budgeted payments to board members of approximately \$1 million for per diems, \$2.2 million for board member salaries, and \$2.1 million for board member travel expenses.

	Number of Boards
2016	458
2017	464
2018	477
2019	472
2020	475

Progress Report: Regulation of the Dental Profession – Louisiana State

Board of Dentistry

September 9, 2020

LSBD fully or partially implemented seven of the eight recommendations made in an October 2016 report, but it could make further improvements. LSBD did not always make sure dentists provided proof they had corrected violations and did not refer the majority of dental offices identified as high-risk to a Disciplinary Oversight Committee. In addition, LSBD's electronic tracking system did not track all the disciplinary actions taken by the board. LSBD also did not have a process to require consistent use of the Prescription Monitoring Program database to investigate complaints and monitor sanctioned licensees and did not report all disciplinary actions to the National Practitioner Data Bank as required by federal regulations.

Thrive Academy – Special Schools and Commissions

November 25, 2020

For the *second consecutive report*, Thrive did not ensure all personnel records were maintained, time sheets were properly approved, employees were accurately paid, and leave records were accurately maintained. In addition, Thrive did not retain supporting documentation used to determine the eligibility of applicants for enrollment and did not submit a records retention schedule to the state archivist in a timely manner. Thrive employees also failed to follow established policies and procedures for purchases made using the LaCarte purchasing card. *A prior-report finding related to services procured without a contract was resolved.*

Department of Agriculture and Forestry

Louisiana Department of Agriculture and Forestry

March 18, 2020

LDAF did not have adequate controls in place to draw down federal funds under the cash management requirements for the administrative costs of the Emergency Food Assistance Program. In addition, LDAF did not ensure food banks participating in the federal Food Distribution program were not suspended or debarred. LDAF also did not have adequate controls in place to ensure information reported in the Schedule of Expenditures of Federal Awards for the Emergency Food Assistance Program – Food Commodities was accurate.

Department of Children and Family Services

Louisiana Department of Children and Family Services

January 6, 2021

For the *ninth consecutive year*, DCFS did not ensure all work-eligible cash assistance recipients of the Temporary Assistance for Needy Families program were engaged in work activities and supporting documentation was maintained for the hours they worked. For the *second consecutive year*, DCFS did not adequately review sub-recipient invoices to ensure reimbursements were made for eligible foster care expenditures. *Previous findings concerning non-compliance and control weakness related to TANF income eligibility verification and control weakness over foster care payments were resolved.*

Department of Education

Progress Report: Student Scholarships for Educational Excellence Program

September 23, 2020

LDOE addressed most of the issues related to academic and financial accountability identified in a December 2013 report, but the department did not develop criteria to determine whether new non-public schools that wished to participate in the scholarship program were academically acceptable. Department officials said they could not establish such criteria without changes in state law.

Louisiana Scholarship Program Participation and Cost Academic Years 2015-16 through 2018-19			
Academic Year	Students	Schools	Cost*
2019-20	6,345	131	\$40.6
2018-19	6,691	128	42.1
2017-18	6,694	120	42.1
2016-17	6,525	120	38.9
2015-16	6,863	119	41.6
2014-15	6,862	131	39.9
Total:			\$245.2
*Cost is in millions and covers the fiscal year Source: Prepared by legislative auditor's staff using unaudited enrollment data provided by LDOE and financial data from ISIS.			

Department of Environmental Quality

Louisiana Department of Environmental Quality

August 19, 2020

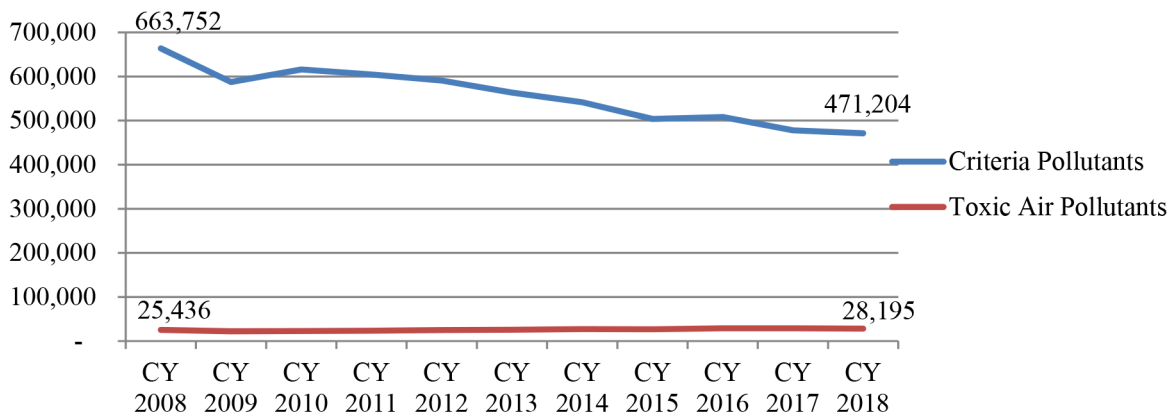
For the *seventh consecutive report*, the department did not fully implement effective monitoring procedures over the Waste Tire Management Program to ensure the waste tire data used to calculate subsidized payments to waste tire processors were reasonable. In addition, the department did not deactivate fuel card personal identification numbers in a timely manner for employees who left the department and did not monitor the PINs to ensure that only employees with a business need had access. The department also did not have an effective internal audit function and did not fully adhere to the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing during fiscal years 2019 and 2020.

Monitoring and Enforcement of Air Quality

January 20, 2021

While Louisiana's air quality has improved since 2008, certain areas of the state have high concentrations of air pollution. DEQ should strengthen its monitoring process to identify those permitted facilities that fail to submit their self-monitoring reports. In addition, DEQ should review these reports in a timely manner so it can identify and address facilities with self-reported violations. DEQ also does not issue enforcement actions in a timely manner to permitted facilities that violate air permit requirements. The department does not effectively track the penalties it assesses and whether facilities have paid their penalties, and it could improve its settlement process for penalties by developing deadlines for when facilities must submit their settlement offers and by processing these offers more quickly.

**Self-Reported Air Pollutant Emissions, in Tons
Calendar Years 2008 through 2018**



Source: Prepared by legislative auditor's staff using self-reported facility data provided by DEQ.

Department of Health

Louisiana Department of Health

February 26, 2020

Fourteen findings were outlined in the report, seven of which were repeated from the previous year.

For the *second consecutive year*, LDH did not have adequate controls in place over Medicaid and LaCHIP eligibility determinations requiring the use of the Modified Adjusted Gross Income methodology because it did not use federal tax information to verify critical eligibility factors. LDH also had weaknesses in controls over its new Medicaid and LaCHIP eligibility and enrollment system, LaMEDS. LDH made premium payments to the Healthy Louisiana managed care organizations without first receiving required contract amendment approvals and made payments for service dates outside of the rate certification period.

For the *second consecutive year*, LDH did not enroll and screen Healthy Louisiana managed care providers and dental managed care providers, as required by federal regulations. For the *eighth consecutive year*, LDH paid New Opportunities Waiver, Residential Options Waiver, and Community Choices Waiver claims for services that were not documented as required. For the *fifth consecutive year*, LDH failed to accurately complete required quarterly reports of federal expenditures.

In addition, LDH did not have adequate controls to ensure compliance with federal requirements prohibiting the use of federal funding for abortion claims and failed to implement controls to ensure compliance with revised third-party liability requirements for prenatal and pregnancy-related services. For the *third consecutive year*, LDH failed to maintain evidence of notification of third-party liability assignment as required for eligibility in Medicaid and LaCHIP.

For the *second consecutive year*, LDH did not perform five-year revalidations; screenings based on categorical risk of fraud, waste, or abuse; and monthly checks of the federal excluded party database, as required for all fee-for-service providers. LDH also did not have adequate controls in place to ensure proper coding of all managed care premiums, resulting in premium payments that did not match the correct recipient eligibility type. LDH failed to correct errors and update information on recipient eligibility records resulting in LDH not paying appropriate premiums to CMS for Medicare coverage for eligible recipients.

For the *second consecutive year*, LDH's Office of Public Health did not have an adequate process in place to review redeemed food instruments and cash-value vouchers for the Special Supplemental Nutrition Program for Women, Infants, and Children during fiscal year 2019.

In addition, LDH, the MCOs, and Magellan Health Services did not have adequate controls to ensure behavioral health services in the Medicaid program were properly billed and improper encounters and claims were denied.

Prior-report findings related to inadequate controls over required reporting on the Schedule of Expenditures of Federal Awards and improper changes to federal programs were resolved.

Central Louisiana Human Services District

June 3, 2020

For the *second consecutive report*, the district did not bill Medicare, Medicaid, and private insurance companies in accordance with insurers' contracts; granted employees inappropriate access to its behavioral health electronic records software system; and failed to clearly identify federal award information to qualified sub-recipients at the time of the contract award. *A previous finding related to inadequate controls over cash was resolved.*

Progress Report: Regulation of Food Safety in Retail Food Establishments – Office of Public Health

June 10, 2020

OPH fully implemented five of the recommendations related to food safety in retail food establishments made in a November 2012 report and partially implemented three others, but the office could make some other changes to strengthen its processes even more. Specifically, OPH needs to ensure that risk categories are assigned correctly and that compliance orders are issued for all establishments that should receive one. In addition, OPH did not have a process in place to track the penalties it assesses and collects. OPH also had not updated its website to include an establishment's full inspection history; only the three most recent inspections were posted because of bandwidth limitations.

Top 10 Violations Identified Between Fiscal Years 2017 and 2019			
Violation	Description	Citations	Percentage
Walls and Ceilings	Walls and ceilings are not clean	47,051	7.5%
Non-Food Contact Surfaces Clean	Surfaces that do not have contact with food are not clean	38,663	6.2
Floors	Floors are not clean	36,305	5.8
Hand Wash Supplies – Clean, Accessible	Supplies for handwashing are not clean or easily accessible	33,524	5.7
Food Storage – 6” Off Floor, Dry, Covered	Food is not stored six inches off of the floor in a dry, covered container	33,277	5.7
Equipment Construction, Good Repair	Kitchen equipment is not well maintained or in good repair	25,685	4.1
Clean Equipment/Single Service Storage	Equipment used for single use, such as disposable containers, are not clean	23,625	3.8
Food Contact Equipment and Utensils Clean	Equipment and utensils that come into contact with food are not clean	20,082	3.2
Thermometer Provided	Thermometer is not provided for measuring temperature of hot or cold storage	20,026	3.2
Plumbing/Grease Trap	Maintenance concerns with building's plumbing or grease trap	19,638	3.1
Total		624,582*	100.0%
*This represents the total of all violations from fiscal years 2017 through 2019, not just the top 10 violations. Source: Prepared by legislative auditor's staff using data from OPH's DHD data system.			

Florida Parishes Human Services Authority

June 10, 2020

For the *second consecutive report*, the authority did not maintain adequate controls over its overtime payroll records. In addition, the authority did not maintain adequate controls over its accounts receivable.

Behavioral Health Provider New Horizon Counseling Agency, LLC

June 17, 2020

New Horizon Counseling Agency, LLC was paid \$211,231 by Medicaid for services it did not appear to have provided, in whole or in part, between December 2015 and January 2020. In addition, a review of New Horizon's records appeared to show the company improperly billed Medicaid \$656,907 for services allegedly provided between November 2015 and February 2019. Issues related to supporting documentation for claims submitted by New Horizon also were found.

Under federal law, the names of Medicaid recipients are to be kept confidential. Therefore, throughout the Medicaid Recipient report listed below, we have used alphabetic indicators in place of the recipients' names.

Medicaid Recipient Report No. 3

June 17, 2020

A.B. may have provided incomplete and inaccurate income information to LDH when she applied for and received Medicaid benefits for her four dependent children. As a result, from January 2012 to December 2018, LDH paid \$27,826 for monthly premiums and other benefits to the managed care organizations overseeing the state's Medicaid program. LDH also paid providers \$6,625 directly for Medicaid services. The MCOs paid \$79,638 to providers for covered health care services for the children from June 2013 through November 2018. This amount included \$49,125 paid to New Horizon Counseling Agency, LLC, a Medicaid behavioral health services provider owned by A.B. and her husband, C.D.

Acadiana Area Human Services District

August 5, 2020

For the *second consecutive report*, the district did not bill Medicare, Medicaid, and private insurance companies in accordance with insurers' contracts. The agency failed to collect \$384,070 of self-generated revenues between December 1, 2015, and January 30, 2020. Also, for the *second consecutive report*, the district disbursed federal funds without properly determining whether the recipients qualified as sub-recipients and failed to clearly identify federal award information to them at the time of the contract award or perform risk assessments or monitoring. In addition, the district failed to submit delinquent accounts receivable to the state Office of Debt Recovery in accordance with its contract terms or to maintain adequate segregation of duties related to cash handling procedures.

Individual Behavioral Health Service Providers Billing More Than 12 Hours of Services in a Day

August 5, 2020

Between August 1, 2019, and March 9, 2020, LLA identified 315 individual behavioral health service providers that billed for more than 12 hours of combined psychosocial rehabilitation and/or community psychiatric support treatment services in a single calendar day, in violation of state law. These providers improperly billed at least \$293,080 for services provided in excess of 12 hours.

Progress Report: Medicaid Non-Emergency Medical Transportation

November 12, 2020

The Louisiana Department of Health did not provide the managed care organizations overseeing the state's Medicaid program with sufficient guidance to administer the Non-Emergency Medical Transportation program and weakened or eliminated controls that previously existed in the program. LDH also did not routinely analyze NEMT encounter data to ensure the MCOs complied with their contracts and identified potentially improper payments. Approximately \$4.3 million in rides for which there was no medical claim on the date of the service were identified. In addition, \$1.2 million in rides that potentially should have been designated as value-added services and excluded from the calculation of per-member, per-month fees were identified, and \$310,581 in rides that should have been paid for by nursing facilities and hospice providers were identified.

Department of Insurance

Louisiana Department of Insurance

October 7, 2020

The department failed to certify and approve time and attendance records in accordance with its payroll policies.

Department of Natural Resources

Progress Report: Regulation of Oil and Gas Wells and Management of Orphaned Wells – Office of Conservation

March 11, 2020

The Office of Conservation partially or fully implemented all 21 recommendations from a May 2014 report. While the office now requires more oil and gas wells to be covered by financial security, the amounts are still not sufficient to cover the cost of plugging most wells. In addition, the office does not always follow regulations requiring operators to plug wells with no future utility within 90 days. The number of orphaned wells in the state has risen more than 50 percent – from 2,846 as of June 30, 2013, to 4,295 as of January 1, 2020 – and the office faces several challenges in trying to address the increase, including lack of funding, difficulty finding licensed contractors to plug wells, and financial institutions not honoring their obligations to pay financial security.

Louisiana Department of Natural Resources

September 16, 2020

DNR did not effectively coordinate with the Office of Technology Services to ensure adequate controls were in place over the Strategic Online Natural Resources Information System, which is used to collect, retain, and process data. The noted weaknesses included an inadequate continuity of operations plan, inappropriate user access, inadequate backup procedures and testing, and a lack of change management procedures. *Prior report findings related to insufficient criteria for waiving penalty assessments and inadequate controls over fuel cards were resolved.*

Department of Public Safety and Corrections

Public Safety Services – Louisiana Highway Safety Commission

March 18, 2020

For the *second consecutive year*, LHSC did not adequately monitor sub-recipients of the federal Highway Safety Cluster, the Alcohol Open Container Requirements program, and the Minimum Penalties for Repeat Offenders for Driving While Intoxicated program. *Prior-year findings related to the timely submission of reimbursement requests from federal funds and to deficiencies in payroll controls were resolved.*

Youth Services – Office of Juvenile Justice

September 23, 2020

For the *second consecutive report*, OJJ had inadequate internal controls in place over employee time and attendance records. In addition, OJJ did not have adequate controls in place to ensure invoices submitted by its health care services contractor accurately calculated the required fee schedule adjustments for average daily youth population fluctuations. Finally, approximately \$38,166 of movable property at the Jetson Correctional Facility remained unlocated and was written off in accordance with state property regulations.

Public Safety Services

October 28, 2020

For the *second consecutive report*, the Liquefied Petroleum Gas Commission within the Department of Public Safety (DPS) did not deposit funds collected for the commission's Rainy Day Fund in a timely manner. For the *third consecutive report*, the Office of Motor Vehicles did not certify and approve time sheets in a timely manner. Also for the *third consecutive report*, the Louisiana State Police (LSP) did not ensure all property purchased was tagged and recorded in the state property system in a timely fashion. In addition, the Office of the State Fire Marshal (OSFM) did not ensure all property purchased was tagged and recorded in a timely manner. LSP and OSFM also did not ensure certain purchases made with the LaCarte card followed state purchasing regulations.

Department of Public Service

Louisiana Department of Public Service

September 23, 2020

The department did not have adequate controls in place to ensure time sheets at the district offices were certified by employees and approved by supervisors before payroll disbursement.

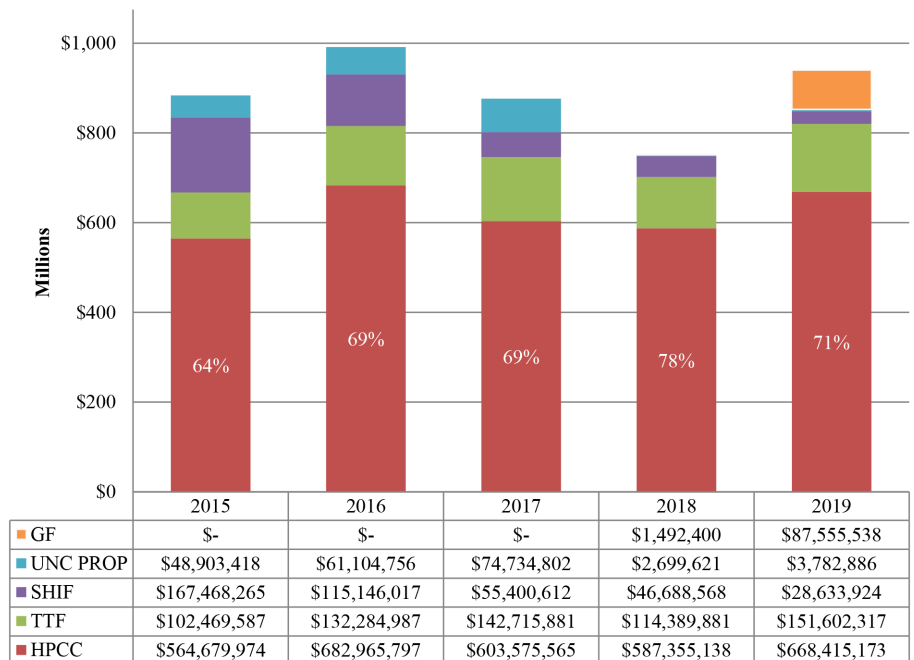
Department of Transportation and Development

Louisiana Department of Transportation and Development

February 6, 2020

The department did not have adequate controls in place to ensure documentation for its quality assurance program was completed in a timely manner for federal projects in the Highway Planning and Construction Cluster. In addition, the department did not adequately monitor sub-recipients of the Highway Planning and Construction Cluster. As a result, the department did not obtain timely payment documentation for two of 20 advance payments that were reviewed and did not timely evaluate or document the risk of three of the 10 sub-recipients reviewed. Two of the 10 sub-recipients reviewed also could not show the department had verified they had not been suspended or debarred. The department could not provide documentation that two of the 10 sub-recipient audit reports were reviewed or that management had taken steps to ensure appropriate corrective action was taken for any findings.

Five-Year Trend of DOTD Capital Outlay Significant Fund Sources, by Fiscal Year (FY)



Source: FY 2015-2019 DOTD Capital Outlay AFRs

Department of Veterans Affairs

Louisiana Department of Veterans Affairs

January 13, 2021

For a *third time*, LDVA failed to ensure employees at all veterans homes followed established policies and procedures to close out accounts for discharged/deceased residents in a timely manner. For the *second consecutive report*, LDVA Headquarters failed to obtain proper approval for a legal services contract with a vendor. In addition, LDVA employees did not follow established policies and procedures for the certification and approval of time sheets and for approval of leave and overtime requests. *Prior-report findings related to accounts receivable, meal ticket revenue, and LaCarte purchasing card expenditures were resolved.*

Executive Department

Evaluation of Information Technology (IT) Service Delivery to State Agencies – Office of Technology Services – Division of Administration

January 22, 2020

Several areas of concern were noted related to OTS's customer-service framework. Among them, OTS did not develop a comprehensive list of services it provides and how much each service costs nor did it define performance expectations or develop formal mechanisms for receiving and responding to feedback. OTS did not develop procedures to handle complex service requests, and poor internal communication between OTS sections contributed to delays in resolving these requests. OTS did not track all state agencies' IT projects and did not have a process to manage IT projects. In addition, OTS's funding model, which requires 100 percent cost recovery, presented the office with challenges in terms of planning for the future IT needs of state agencies.

Governor's Office of Homeland Security and Emergency Preparedness – Public Assistance and Hazard Mitigation Programs – July 1, 2019, to June 30, 2020

April 1, 2020, and August 19, 2020

Auditors evaluated the completeness and accuracy of documentation submitted in support of federal reimbursements under the Public Assistance and Hazard Mitigation programs. In fiscal year 2020, auditors conducted 4,705 reviews of federal reimbursement requests totaling \$538,091,086 and identified \$43,322,709 in requests that were not supported by sufficient documentation at the time of the review. During the same period, GOHSEP management resolved \$41,228,792 of requests that were not supported by sufficient documentation noted during the current and previous fiscal years.

Coastal Protection and Restoration Authority – Gulf of Mexico Oil Spill Restoration Program

September 3, 2020

Auditors analyzed 1,193 invoices totaling \$86,127,085 in expenditures and found \$23,430 (less than 1 percent) was not supported by sufficient documentation at the time of the review. However, CPRA management was able to resolve the documentation questions for the entire amount.

Office of Group Benefits

December 28, 2020

For the *third consecutive year*, OGB's annual fiscal reports submitted to the Office of Statewide Reporting and Accounting Policy contained errors requiring audit adjustments. *A previous report finding related to inadequate monitoring of computer system access was resolved.*

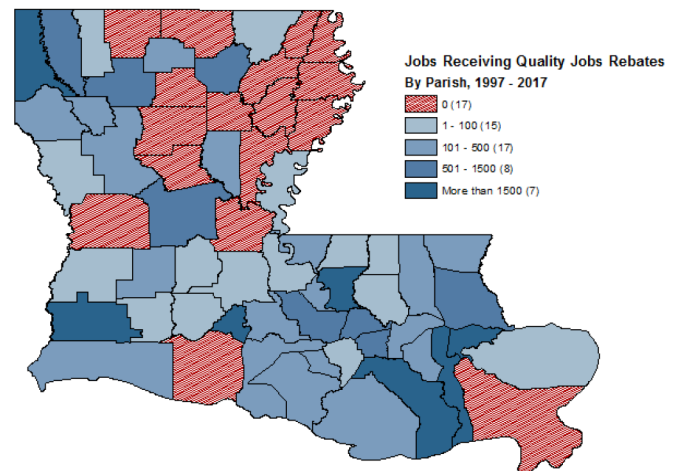
Louisiana Economic Development

Louisiana Quality Jobs Program Tax Incentive Evaluation

March 11, 2020

Fifty-nine projects started under the Quality Jobs Program in calendar years 2011 and 2012 were expected to generate \$10.1 billion in direct, indirect, and induced household income for Louisiana. However, the majority of that amount potentially would have been generated even if the program had not been available. The state could improve the program by capping the sales and use tax and project facility expense rebate components. Capping both rebates would have resulted in \$84.8 million in net savings to the State Treasury for those 59 projects. The state also could improve the program by giving recipient companies more incentive to obtain their equipment, materials, and construction from Louisiana-based businesses. A sample of invoices showed 33.5 percent of Quality Jobs investment spending went to Louisiana-based businesses. In addition, from calendar years 2011 through 2018, the Louisiana Department of Revenue paid \$669,912 in Quality Jobs rebates to six companies for creating 155 jobs, but the companies either did not maintain the required number of new jobs through the third year of their contracts or did not submit the documentation showing they had done so. Since the program's inception in 1995, the companies applying for rebates reported they anticipated creating 28,160 jobs, but only 13,210 jobs were created, resulting in an overstatement of job creation by 113.2 percent. Also, unlike other states with similar programs, Louisiana's Quality Jobs program does not have different requirements based on the economic conditions in each parish.

Quality Jobs Rebates by Parish Calendar Years 1995 - 2018



Source: Prepared by legislative auditor's staff using 2018 United States Census and LED.

Management Controls, Accuracy, and Reliability of Program Data Reported in the Unified Economic Development Budget Report

June 17, 2020

Information related to the management controls, accuracy, and reliability of the program data in the 2017 Unified Economic Development Budget Report was incomplete and contained some unreliable data elements. LED also did not report the economic impact or the impact on state tax revenues for the three programs reviewed and reported estimated numbers for the amount of associated payroll and capital investment for only two of the programs.

Louisiana Economic Development

December 21, 2020

LED did not have adequate controls in place over certification and approval of employee time sheets. *A prior-report finding related to inadequate contract monitoring was resolved.* An analysis of LED's Tax Abatement Disclosures for fiscal 2020 found that of approximately \$323 million in tax credits granted, two programs – the Motion Picture Production Tax Credit and the Quality Jobs Program – represented 74 percent of the total.

Office of the Lieutenant Governor and Department of Culture, Recreation, and Tourism

Office of the Lieutenant Governor and Department of Culture, Recreation, and Tourism

November 12, 2020

CRT's Office of State Museum (OSM) did not have appropriate policies or sufficient internal controls related to guest stays at a specially designated apartment in the Lower Pontalba Building. In addition, for the *second consecutive report*, CRT employees did not follow payroll policies and procedures for certification and approval of time sheets and for approval of leave and overtime requests. Also for the *second consecutive report*, OSM did not ensure admission fees for the Wedell-Williams Aviation and Cypress Sawmill Museum were billed, collected, and deposited in a timely manner, and the Office of State Parks' Rosedown Plantation and Historic Site did not charge the appropriate admission fee. The Office of State Parks did not have adequate controls over admission fee waivers and discounts, and CRT did not comply with state procurement regulations or adequately monitor its contracts for compliance with contract terms. *Previous findings related to weakness in controls over LaCarte expenditures and Seafood Marketing Program expenditures were resolved.*

General Statewide Reports

Challenges and Gaps in Louisiana's Efforts to Address Human Trafficking

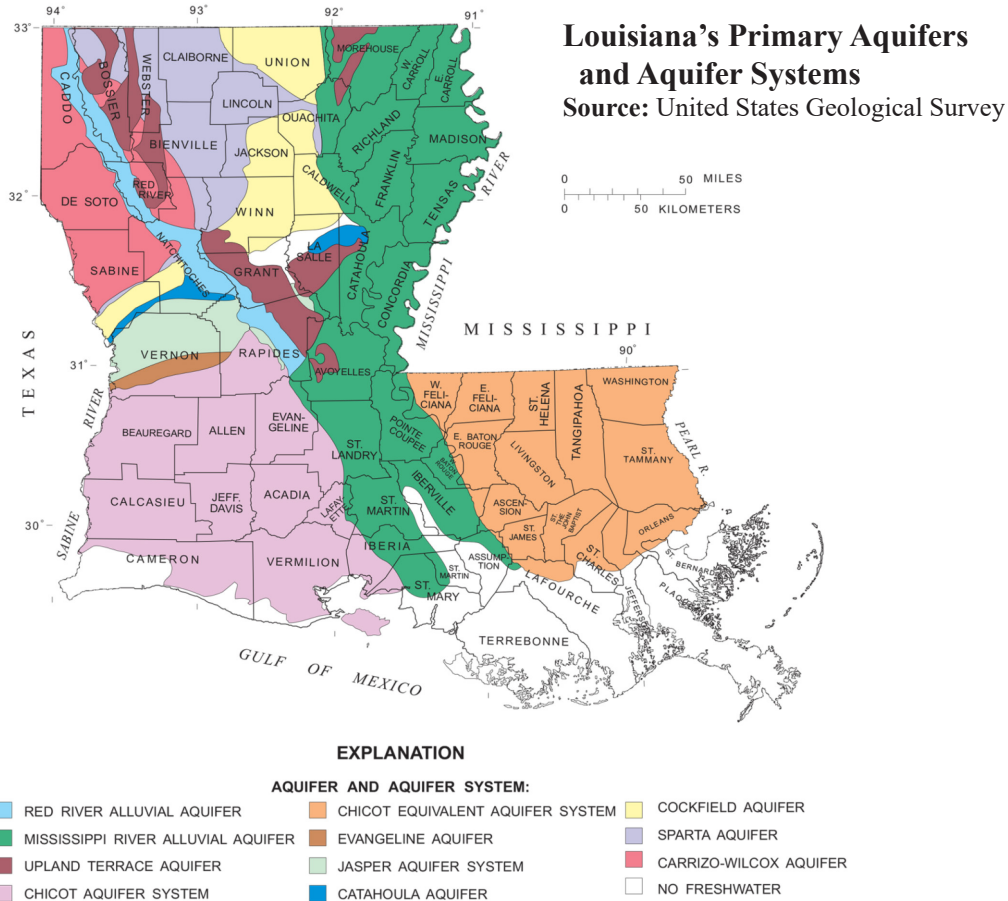
February 26, 2020

The state does not have a specific entity designated to oversee case management and coordination of services for adult victims of human trafficking or juvenile victims who are not in the custody of the Department of Children and Family Services. In addition, Louisiana does not have sufficient placement options and specialized mental health services for human trafficking victims, and the state has limited data on victims and the effectiveness of the services it does provide. The state also does not have a predictable and consistent source of state funding to combat human trafficking and needs to develop a statewide campaign to teach residents how to recognize and report suspected cases. Additionally, no one entity is responsible for enforcing compliance with the state law that requires child assault awareness training in schools, and some entities need additional training to better identify human trafficking victims.

Louisiana's Management of Water Resources

February 5, 2020

While the state is perceived as “water rich,” it faces threats such as declining water levels, saltwater intrusion, and attempts by other states to use Louisiana’s water. In addition, since 1956, Louisiana has spent at least \$5.3 million for 12 studies on water resources and management strategies – many of which recommended the state develop a comprehensive management plan. However, Louisiana still does not have such a plan.



Selection and Oversight of Attorneys Defending Claims against the State – Louisiana Department of Justice and Office of Risk Management

May 27, 2020

DOJ and ORM need to strengthen their processes for selecting and overseeing attorneys defending claims against the state. DOJ, for instance, has not developed formal criteria to help it determine whether to use contract attorneys or department attorneys for such cases. In addition, DOJ does not have formal published procedures for choosing contract attorneys, as required by state law, which would help ensure the process is transparent and unbiased. ORM has not developed formal criteria to govern its process for concurring with DOJ on the selection of contract attorneys. ORM also does not have an adequate review process to ensure its third-party administrator, Sedgwick, effectively monitors the attorneys’ work.

Reliability of Data in the Sex Offender and Child Predator Registry

September 3, 2020

Although multiple agencies can register and enter data in the Sex Offender and Child Predator Registry, state law does not give any agency the responsibility for ensuring the data are reliable. In addition, sex offenders are not always assigned to the correct tier in the registry, and registration dates are not always entered correctly. Agencies also do not always document when or if sex offenders update their information in the registry, as required by law, and employment data and deceased status are not always correct.

Examples of Roles for Agencies Involved in the Registry	
Agency	Example of Agency's Roles
Department of Corrections (DOC) and Office of Juvenile Justice (OJJ)	Pre-register sex offenders prior to being released from incarceration or when sentenced to probation by entering data into the Registry.
Parish sheriff's offices and municipal police departments (i.e., Managing Agencies)	Ensure and document sex offenders' in-person registration appearances and provide required information and documentation.
Louisiana Bureau of Criminal Identification and Information within the Department of Public Safety's Office of State Police (LSP)	Maintains the Registry and validates some data, such as whether fingerprints were obtained, any known vehicles or addresses were added, and whether a photograph of the sex offender was added, among other requirements.
Sexual Predator Apprehension Team (SPAT) within the Attorney General's Office	Reviews sex offender's file within one year of the sex offender's registration end date for compliance with sex offender registration laws.
Source: Prepared by legislative auditor's staff using information from state law, DOC, OJJ, Sheriff's Offices, municipal police departments, LSP, and SPAT.	

Trends in Staffing, Annual Rates of Pay, and Personnel Expenditures in Executive Branch Agencies – Fiscal Years 2013 through 2020

January 13, 2021

The number of employees decreased between fiscal years 2013 and 2020, but annual rates of pay and expenditures for overtime, retirement and other benefits, and professional services increased. Specifically, the number of state employees dropped by 3.8 percent, from 37,665 in fiscal year 2013 to 36,241 in fiscal year 2020, while median rates of pay increased 15.6 percent, from \$35,838 to \$41,445. Overtime increased 59.3 percent, retirement and benefit expenditures rose 30.1 percent, and professional services expenditures increased 38.8 percent.

Orleans Parish Reports

Implementation of New Billing System and Oversight of Billing Processes – New Orleans Sewerage and Water Board

March 18, 2020

S&WB had multiple problems with implementing its new billing system, including delayed testing, limited data migration from its old system, and inadequate training, which, in turn, led to billing errors. In addition, S&WB did not consistently read all customer water meters each month, and its formulas to estimate water consumption were flawed. S&WB also paid consultants approximately \$1.7 million from calendar years 2017 to 2019 to identify the causes of the billing problems, implement solutions, and make recommendations for improvement. However, as of January 2020, S&WB had not implemented many of these recommendations. S&WB also did not accurately calculate and track free water consumption and did not ensure all customer accounts eligible for free water were billed for consumption that exceeded the free water thresholds. From fiscal years 2018 to 2019, S&WB provided at least \$26.3 million in free water and sewer services.

Analysis of Residential and Commercial Property Appraisals in Orleans Parish for Tax Year 2020

March 25, 2020

Property values increased sharply for tax year 2020 because tax year 2020 was a reappraisal year, during which the assessor was required to account for four years of growth in real estate prices in Orleans Parish. However, the assessor's office did not reappraise 27,201 (17.9 percent) of the 152,254 residential and commercial properties that should have been reappraised in tax year 2020, and 7,076 (26 percent) of the 27,201 had not been reappraised in more than four years. In addition, 57,594 (37.8 percent) had land-only reappraisals, in which the land was reappraised, but the building was not. Because the assessor's office did not reappraise all residential properties, the properties that were not reappraised did not see an increase in their appraised values. As a result, these properties may have been undervalued from 14.6 percent to 18.3 percent, and the owners of these properties may have paid less than their fair share of taxes.

Other Reports

Comprehensive Annual Financial Report

The Comprehensive Annual Financial Report is the official financial report for the State of Louisiana and presents the state's financial position as of June 30, 2020, and the operating activities of the state's primary government and its component units for the fiscal year. The financial information included in the CAFR is intended to be used by the general public, investment companies, bond holders, and bond rating agencies to evaluate the state's financial integrity and to set bond rates.

LLA's audit of the CAFR was performed in accordance with Government Auditing Standards, and the audit report was issued on December 31, 2020. For the *third consecutive report*, auditors found the state's records and statements fairly presented Louisiana's financial position.

In addition, the audit report disclosed that the state's net pension liability for the primary government as of June 30, 2020, was estimated to be \$6.6 billion, a slight increase from fiscal year 2019. The related actuarial valuations were performed by the pension systems' actuaries using various assumptions. Because actual experiences may differ from the assumptions used, there is a risk this amount could be under- or overstated.

The primary government's proportionate share of the Louisiana State Employees' Retirement System (LASERS) net pension liability was \$5.8 billion. The actuarial valuation of the total pension liability is very sensitive to the underlying actuarial assumptions, including a discount rate as of June 30, 2019, of 7.6 percent. A 1 percent reduction in the current discount rate would increase the primary government's net pension liability by \$1.5 billion. LASERS reduced the discount rate to 7.55 percent for the valuation that will be reflected in the state's fiscal year 2021 net pension liability.

The auditor's report also noted that the state's Unemployment Trust Fund experienced an unprecedented number of claims filed in fiscal year 2020 because of the COVID-19 pandemic, and that continued into fiscal year 2021. In October 2020, the trust fund was depleted, and the state began borrowing from the federal government to pay the state's share of traditional unemployment benefits. As of December 21, 2020, the balance of the borrowings from the federal government was \$133,460,334. As of November 10, 2020, the Louisiana Workforce Commission had identified approximately 74,000 unemployment claims filed through June 30, 2020, with various issues indicating potential overpayments. Payments for those claims totaled \$416 million.

Single Audit Report for 2019

March 26, 2020

The Single Audit Report recaps many findings related to financial reporting, including the state's expenditures of federal awards, and federal programs, most of which have been previously reported by the Legislative Auditor in individual agency reports. Federal law requires the state to compile the Single Audit every year. Officials use the information to monitor whether the state has adequate controls over financial reporting and materially complied with the requirements of federal assistance programs deemed major for the period under audit.

The 2019 Single Audit identified 37 findings, including 12 repeated from the prior audit, involving 13 state entities. This was an increase of seven findings compared to the Single Audit report issued in the prior year. Certain findings resulted in modified opinions on five of the state's 19 major federal programs because they did not comply with certain requirements. Because the auditor could not adequately test eligibility for two of these programs, the auditor could not render an opinion (disclaimer) on the eligibility requirement for these two programs.

The programs given a disclaimer of opinion and/or a qualified opinion were:

- **Children's Health Insurance Program and Medicaid Cluster** – For the *second consecutive year*, the Louisiana Department of Health (LDH) failed to design and maintain adequate controls over Modified Adjusted Gross Income-based (MAGI) eligibility determinations in the Children's Health Insurance Program (LaCHIP) and the Medical Assistance Program (Medicaid). Since LDH did not use income tax data and auditors are restricted by law from using tax data in the audit of eligibility, auditors were unable to obtain sufficient audit evidence to adequately test MAGI-based LaCHIP and Medicaid eligibility.

In addition, LDH made premium payments totaling approximately \$4.8 billion to the Healthy Louisiana managed care organizations without first receiving required contract amendment approvals. Also, LDH paid approximately \$868 million for service dates outside of the certification period provided by the actuary's rate certification letter.

For the *second consecutive year*, LDH did not enroll and screen Healthy Louisiana managed care providers and dental managed care providers as required by federal regulations. For the *second consecutive year* as well, LDH did not perform five-year revalidations; screenings based on categorical risk of fraud, waste, or abuse; and monthly checks of the federal excluded party database, as required by federal regulations for all LaCHIP and Medicaid fee-for-service providers.

- **Research and Development Cluster** – Louisiana State University and A&M College (LSU), the LSU Agricultural Center (AgCenter), and the Pennington Biomedical Research Center did not ensure compliance with federal procurement requirements for fiscal year 2019. In addition, LSU, for the *second consecutive year*, and the AgCenter, for the *third consecutive year*, did not have adequate controls in place to ensure compliance with Special Tests and Provisions requirements.
- **WIOA Cluster** – The Louisiana Workforce Commission did not adequately monitor sub-recipients under the Workforce Innovation and Opportunity Act (WIOA) Cluster programs. WIOA program expenditures totaled \$39 million during fiscal year 2019, with approximately \$36 million provided to sub-recipients who were not adequately monitored.
- **Highway Planning and Construction Cluster** – The Louisiana Department of Transportation and Development did not adequately monitor sub-recipients of the Highway Planning and Construction Cluster programs.

As a result of the findings included in the 2019 Single Audit, \$9,912,111 in costs were questioned by auditors, for which the state could be liable. The resolution of these questioned costs will be determined by the respective federal grantors.

For the fiscal year ending June 30, 2019, the state received about \$17.5 billion in federal funds, including loan programs, which is an increase over the approximately \$17 billion Louisiana received in fiscal year 2018.



Local Government Services

The Local Government Services, Advisory Services, and Investigative Audit Services sections assist and provide services to local governments across the state.

The Local Government Services section provides important services to local governments by enforcing the audit law, processing statutorily-required reports, monitoring legislative changes, providing guidance to local governments and quasi-public entities (local auditees), and overseeing the work of independent auditors who audit those entities.

The Advisory Services staff serves as fiscal advisers and operational consultants to local government entities and officials.

Auditors with Investigative Audit Services gather evidence regarding fraudulent or abusive activity affecting governmental entities. Their audits are designed to detect and deter the misappropriation of public assets and to reduce future fraud risks. Employees who conduct investigative audits have degrees in accounting or advanced degrees with at least 15 hours in accounting. Investigative auditors are based in Baton Rouge, but travel throughout the state to respond to complaints.

Local Government Services

Local Government Services staff reviewed and processed the following local auditee engagements and reports during 2020:

- Audits: 1,967
- Sworn Financial Statements: 972
- Compilations: 416
- Reviews/Attestations: 259
- Agreed-Upon Procedures: 26

Total: 3,640

During the 2020 calendar year, local auditee reports contained hundreds of findings related to deficiencies in operations, controls, and compliance with laws and regulations. These findings included:

- Misappropriations and ethics violations
- Non-compliance with federal regulations in local governments' administration of federal programs
- Non-compliance with bond covenants or loan agreements
- Non-compliance with state laws covering budgets, public bids, open meetings, untimely deposits, and late filings of financial statements
- Reconciliation of bank accounts
- Errors in accounting records
- Deficit fund balances

Center for Local Government Excellence

In 2020, the LLA temporarily suspended its Center for Local Government Excellence training and certification program because of COVID-19 restrictions. The goal of these training sessions is to enable local officials to take the knowledge and skills gained back to their respective governments and use them to make a positive difference. Since the center began in late 2015, more than 1,400 government officials and staff members, certified public accountants, and attorneys have received training.



Advisory Services

The Advisory Services staff serves as fiscal advisers and operational consultants to local government entities and officials.

Over the past year, Advisory Services staff completed projects and responded to legislative requests touching approximately 150 local government entities by providing fiscal monitoring, internal control and compliance reviews, advising and consulting services, allegation assessments, follow-up on audit finding resolutions, and training.

The following is a summary of the services the advisers provide:

- Advice to assist governments in fiscal distress
- Recommendations to improve overall internal controls
- Recommendations to help governments and officials comply with applicable state laws
- Consulting and monitoring related to the fiscal status and health of government entities
- Follow-up on certain complaints received from officials and residents
- Advice to newly elected local government officials regarding overall best practices and effective financial management
- Advice to assist governments with resolving audit findings
- Training to guide the implementation of sound fiscal and operational practices and instructor support for the Center for Local Government Excellence
- Partnership with the Louisiana Municipal Association to provide targeted training to newly elected mayors and their staff
- Support for the Louisiana Fiscal Review Committee and Legislative Audit Advisory Council
- Annual assessments of sheriffs participating in the Federal Equitable Sharing Program to ensure compliance with U.S. Department of Justice and Treasury requirements
- Approval of water rate studies conducted by the Louisiana Rural Water Association
- Performance of procedures in St. Tammany Parish under Act 774 of the 2014 Regular Legislative Session

The LLA is also responsible for preparing fiscal notes for the legislative instruments affecting expenditures of political subdivisions as well as receipts, expenditures, allocations, and dedications of funds of any state board, commission, or other entity not appropriated funds in an appropriations bill. Advisory Services is involved with overseeing this function. During the 2020 Regular Legislative Session and the Second Special Session, the office's analysts received requests and prepared fiscal notes related to 33 bills. Advisory Services also assisted with the preparation of fiscal analyses for actuarial notes related to 39 retirement bills related to local government.

The following summaries highlight a few of the recent Act 774 reports issued by Advisory Services during calendar year 2020. Act 774 of the 2014 Regular Legislative Session provides for enhanced oversight of certain St. Tammany Parish governmental entities by the Legislative Auditor.

City of Slidell

January 8, 2020

Auditors who examined the city's fiscal operations found officials had addressed all of the concerns related to its policies and procedures outlined in a December 2018 report, except for a recommendation that employees and elected officials sign annual certification forms attesting they have read and will abide by the ethics policy. In addition, auditors made recommendations related to the city's grants and donations accounts, traffic tickets, and disaster recovery/business continuity plans.

Town of Abita Springs

July 8, 2020

Auditors examined whether the town had resolved concerns detailed in the previous year's report. Auditors found that concerns related to written policies and procedures, board oversight, bank reconciliations, collections, non-payroll disbursements, and credit cards were not fully resolved. *A prior-year finding related to ethics was resolved.*

District Attorney for the 22nd Judicial District

July 22, 2020

Auditors who examined the office's financial operations recommended changes to help officials improve written procedures and policies related to credit cards, information technology disaster recovery and business continuity, sexual harassment, and the office's diversion program. *A previous finding related to the lack of an insurance policy covering employee theft was resolved.*

St. Tammany Parish Drainage District No. 4

October 21, 2020

Auditors examined whether the district had resolved issues noted in the previous year's report. Auditors found that concerns relating to the district's written policies and procedures, bank reconciliations, credit cards, and payroll and personnel were not fully resolved. In addition, auditors found the district did not provide its employees with sexual harassment training during the fiscal year and did not compile its required annual sexual harassment report.

Act 774 Annual Report

December 21, 2020

Sixty-seven St. Tammany Parish governmental entities required additional audit procedures under the provisions of Act 774. The most common deficiencies identified in the additional audit procedures were related to sexual harassment training; lack of written policies and procedures; insufficient board oversight; lack of controls over credit cards, debit cards, fuel card/ P-cards, and open lines of credit; bank reconciliations; and ethics training.

Investigative Audit Services

Under federal law, the names of Medicaid recipients are to be kept confidential. Therefore, throughout the Medicaid Recipient reports listed below, we have used alphabetic indicators in place of the recipients' names.

Medicaid Recipient Report No. 2

January 22, 2020

A.B. and his spouse, C.D., provided incomplete and inaccurate income information to the Louisiana Department of Health when they applied for and received Medicaid benefits for themselves and their children. As a result, LDH paid \$65,685 for monthly premiums and other benefits to the managed care organizations overseeing the state's Medicaid program on behalf of A.B., C.D., and their children. The MCOs paid a total of \$24,411 to providers for covered health care services for the family from July 2016 to June 2019.

Bayou Gauche Volunteer Fire Department, Inc.

January 22, 2020

Investigative auditors found the fire chief used the department's Chevrolet Tahoe to commute to and from his full-time, non-public job 17 to 20 miles away from the fire station. Auditors determined that, over the 10-month audit period, the chief drove the Tahoe a total of 9,652 miles, of which 5,848 miles (60.6 percent) were attributed to his work commute. In addition, the chief appeared to have charged the department's fuel card \$912.64 that was attributed to his personal use of the Tahoe. By using the department's fuel card and Chevrolet Tahoe for personal use, the chief may have violated the Louisiana Constitution and state law.

Webster Parish Fire Protection District No. 11 – Springhill

February 12, 2020

Investigative auditors found the former district fire chief paid himself \$24,430 in excess compensation between January 2017 and March 2019. In addition, he spent \$1,769 of the Fire District's money to buy auto parts for his personal use between June 2016 and May 2018. He also failed to pay \$185 in sales taxes for those purchases because he used the district's tax-exempt status to make them. Auditors found as well that the former chief held two full-time government positions at the same time, which is a violation of state law.

City of Central Police Department

April 15, 2020

Investigative auditors examined how the department handled a donation of 86,400 rounds of rifle ammunition. They found the department failed to maintain a log of how the ammunition was used, failed to store all of the ammunition at department-owned property, and failed to obtain passage of a required city ordinance before exchanging some of the ammunition for other equipment.

District Attorney for the 37th Judicial District

July 8, 2020

Investigative auditors found that, between January 2017 and December 2019, a former office manager collected at least \$116,017 in funds that belonged to the office, but did not deposit the money. The missing funds consisted of \$115,545 from the Pre-Trial Diversion program and \$472 from the office's worthless checks fund.

Medicaid Recipient Report No. 4

September 3, 2020

A.B. may have provided incomplete and inaccurate income and household information to LDH when she applied for and received Medicaid benefits for herself and her three children. As a result, between January 2016 and December 2019, LDH paid \$59,878 in monthly premiums for A.B. and her children to the managed care organizations overseeing the state's Medicaid program. LDH also paid \$1,433 in fee-for-service payments to providers for A.B. and her children. The MCOs paid \$37,089 to providers for covered health care services for A.B. and her children.

Medicaid Recipient Report No. 5

September 9, 2020

A.B. may have provided incomplete and inaccurate income and household information to LDH when she applied for and received Medicaid benefits for herself and her three children. As a result, between January 2016 and December 2019, LDH paid \$58,824 in monthly premiums for A.B. and her children to the managed care organizations overseeing the state's Medicaid program. LDH also paid \$1,603 directly to providers for A.B. and her children. The MCOs paid \$62,513 to providers for covered health care services for A.B. and her children.

Medicaid Recipient Report No. 6

September 16, 2020

A.B. and C.D. failed to notify LDH their household income had changed. As a result, between October 2016 and September 2019, LDH paid \$45,352 in monthly premiums for A.B., C.D., and their three children to the managed care organizations overseeing the state's Medicaid program. The MCOs paid \$9,713 to providers for covered health care services for the family.

Medicaid Recipient Report No. 7

September 23, 2020

A.B. may have provided incomplete and inaccurate income information to LDH when she applied for and received Medicaid benefits for herself and her three children. As a result, from January 2016 to March 2020, LDH paid \$57,454 for monthly premiums on behalf of A.B. and her children to the managed care organizations overseeing the state's Medicaid program. LDH also paid providers \$19,065 directly for Medicaid services. The MCOs paid \$71,198 to providers on behalf of A.B. and her children for covered health care services.

Medicaid Recipient Report No. 8

September 30, 2020

A.B. may have provided incomplete and inaccurate income information to LDH when she applied for and received Medicaid benefits for herself, her husband, C.D., and their two children. As a result, from December 2015 to October 2018, LDH paid \$38,324 for monthly premiums on behalf of the family to the managed care organizations overseeing the state's Medicaid program. LDH also paid \$1,425 in fee-for-service payments to providers for the family. The MCOs paid \$8,410 to providers on behalf of the family for covered health care services.

Medicaid Recipient Report No. 9

September 30, 2020

A.B. may have provided incomplete and inaccurate income and household information to LDH when she applied for and received Medicaid benefits. As a result, from December 2015 to June 2020, LDH paid \$23,206 for monthly premiums on behalf of A.B. to the managed care organizations overseeing the state's Medicaid program. The MCOs paid \$36,077 to providers on behalf of A.B. for covered health care services.

Medicaid Recipient Report No. 10

October 14, 2020

A.B. may have provided incomplete and inaccurate income information to LDH when she applied for and received Medicaid benefits. Auditors also found A.B. may have failed to inform LDH of changes to her income after she began receiving benefits. As a result, from July 2016 to February 2019, LDH paid \$19,009 for monthly premiums on behalf of A.B. to the managed care organizations overseeing the state's Medicaid program. The MCOs paid providers \$4,082 on behalf of A.B. for covered health care services.

District Attorney Diversion Programs

November 12, 2020

Investigative auditors reviewed whether the state's 42 district attorneys were operating their pretrial diversion programs in accordance with the Louisiana District Attorneys Association's Guidelines for Developing, Operating, and Improving Effective Prosecutor Diversion Programs. Auditors compared the district attorneys' written pretrial diversion policies, procedures, and guidelines (PP&G) to the LDAA Guidelines to determine whether the PP&G included, or otherwise addressed, the provisions recommended by the Guidelines. They found 10 LDAA Guidelines' provisions that were not fully implemented by six or more district attorney's offices (or 14.3 percent) statewide.

Medicaid Recipient Report No. 11

December 9, 2020

Medicaid recipients A.B. and his wife, C.D., failed to inform LDH of changes in their household income. As a result, between April 2017 and February 2019, LDH paid \$46,973 in monthly premiums for A.B., C.D., and their children to the managed care organizations overseeing the state's Medicaid program. The MCOs paid providers \$8,451 for covered health care services for the family.

Conclusion

Calendar Year 2020 was a tumultuous year. Amid the chaos, however, LLA staff members persevered with their work, adjusted as necessary, and continued to keep a watchful eye on the state's finances, agencies, and programs.

As has been noted in previous Annual Reports, three major themes dominated audit report findings: the need for strong internal financial controls at state and local government levels; the importance of data collection, tracking, and analysis; and the failure to address the same audit findings year after year.

Repeat audit findings were common across many agencies and municipalities in 2020, and that is a concern because it means problems remain unaddressed, programs may not be as effective as they could be, and state funds may not be used in the most efficient manner possible.

At the local level, auditors continued to find problems related to non-compliance with state laws covering budgets, public bids, and open meetings; failure to reconcile bank accounts; errors in accounting records; misappropriation of money and assets; deficits in various funds; and other issues.

In addition, the LLA's list of Fiscally Distressed Municipalities contained 20 names at the end of 2020, signifying the ongoing fragile state of many entities' finances.

These are not new problems, but given the uncertainty surrounding state and local finances going forward from the pandemic, the LLA has never had a more important role to play than in continuing to call these issues to the attention of lawmakers, agency management, and the public so that open, transparent discussion can occur on how best to resolve them, and the efficiency and effectiveness of state government can be improved for every resident.



Act 461 Annual Report

Act 461 of the 2014 Regular Legislative Session, requires the Louisiana Legislative Auditor to make quarterly and annual reports to the Joint Legislative Committee on the Budget when audits identify more than \$150,000 in: waste or inefficiencies; missed revenue collections; erroneous or improper payments or overpayments by the state; theft of money; failure to meet funding obligations such as pension or health benefits; failure to comply with federal fund or grant requirements; failure to comply with state funding requirements, including failure to report as required; misappropriation of funds; errors in or insufficient support for disaster expenditures; accountability of public money associated with various disasters such as the Deepwater Horizon event; or repeat findings.

Overall, the cumulative financial impact of these reports from 2020 is **more than \$20 billion**.

January-March 2020

Third Quarter, Fiscal Year 2020

State Agencies

Executive Department

- **(Repeat)** The Division of Administration, Office of Community Development (OCD), Disaster Recovery Unit identified \$155,000 in noncompliant Homeowner Assistance Program awards for two homeowners through post-award monitoring. Failure to recover benefits from noncompliant homeowners could result in disallowed costs that the state could be liable to repay to the federal government. *(Amount: \$155,000) (p.1)*
- **(Repeat)** OCD identified \$7,585,337 in SRPP loans for 85 property owners who failed to comply with one or more of their loan agreement requirements and were assigned to loan recovery status. Failure to recover loans from property owners could result in disallowed costs that the state could be liable to repay to the federal government. *(Amount: \$7,585,337) (p.2)*

Louisiana Department of Health

- **(Repeat)** LDH failed to design and maintain adequate internal control over MAGI-based eligibility determinations in the Medical Assistance Program (Medicaid) and Children's Health Insurance Program (LaCHIP). Because LDH has not implemented the use of tax information for MAGI-based determinations, LDH continues to be unable to verify all critical eligibility factors. LDH paid approximately \$7.9 billion in Healthy Louisiana managed care premiums, with \$5.5 billion in premiums paid on behalf MAGI-based recipients. *(p.1)*

- LDH made premium payments totaling approximately \$4.8 billion to the Healthy Louisiana MCOs without first receiving required contract amendment approvals. Also, LDH made payments totaling approximately \$868 million for service dates outside of the certification period provided by the actuary’s Rate Certification Letter. *(Amount: \$4.8 billion) (p.4)*
- **(Repeat)** LDH did not enroll and screen Healthy Louisiana managed care providers and dental managed care providers as required by federal regulations. Currently, the managed care plans continue to enroll and screen all providers, in violation of federal regulations. As a result, LDH cannot ensure the accuracy of provider information obtained from the Louisiana Medicaid managed care plans and cannot ensure compliance with enrollment requirements defined by law and the Medicaid and LaCHIP state plan. *(Amount: \$7.9 billion) (p.6)*
- **(Repeat)** LDH failed to accurately complete the required quarterly reports of federal expenditures resulting in \$17,279,582 (\$14,683,758 federal) in expenditures for Substance Use Disorder (SUD) waiver services not identified and reported separately as required by CMS. *(Amount: \$17,279,582) (p.8)*

Louisiana’s Management of Water Resources

- Since 1956, Louisiana has spent at least \$5.3 million to conduct 12 studies on water resources and management strategies, and many of these recommended that the state develop a comprehensive management plan. However, Louisiana still does not have a comprehensive water management plan. *(Amount: \$5.3 million) (p.15)*

Louisiana Quality Jobs Program

- The state could improve the performance of the QJ program by capping the SUTR and PFER rebates similar to the caps already in place for the Louisiana Enterprise Zone. Capping SUTR and PFER to 21 percent of gross payrolls would have resulted in an estimated \$49.9 million increase in the net gain of the program and \$84.8 million in net savings to the State Treasury (under the average scenario) for the 59 QJ projects that started in calendar years 2011 and 2012. *(Amount: \$84.8 million) (p.12)*
- The state could improve the performance of the QJ program by incentivizing QJ recipient companies to direct more of their investment spending on equipment, materials, and construction labor towards Louisiana-based businesses. *(Amount: For every percentage point increase in purchases from Louisiana businesses, the overall net gain of the QJ program would increase by approximately \$538,000.) (p.16)*
- LED did not always notify LDR when a company did not meet job creation requirements of the program, as required by state law. We found that from calendar years 2010 through 2018, LDR paid \$669,912 in QJ rebates to six companies for creating 155 jobs. However, these companies either did not maintain the required number of new jobs through the third year of their QJ contract or did not submit documentation showing they had done so. *(Amount: \$669,912) (p.12)*
- Amending the definition of “new direct job” in state law would clarify that companies are allowed to receive QJ rebates for re-hiring previous employees who have been away from the company for a defined length of time, consistent with LED’s interpretation. One of the eligibility requirements in state law mandates that only employees “not previously on an employer’s payroll in Louisiana” are eligible for rebates. *(Amount: \$2.1 million was paid in QJ rebates for employees who had previously worked for the company or a related entity) (p.14)*

Louisiana State University and Related Campuses

- LSU and Related Campuses did not have formal written policies in place over administrative allowances totaling approximately \$4.9 million as of January 1, 2019. In a review of 30 employees out of 439 receiving administrative allowances as of January 1, 2019, three employees (10 percent) lacked appropriate documented approvals in the Workday system and one employee (3.3 percent) lacked supporting documentation over the administrative allowance that included the reason for the allowance and support regarding the calculated amount of the administrative allowance. *(Amount: \$4.9 million) (p.3)*

Louisiana State University Health Sciences Center in Shreveport

- **(Repeat)** The Center failed to implement its policy to notify debtors, past the initial billing, of past due balances or to refer delinquent accounts to the Louisiana Attorney General's Office (AG) or the Office of Debt Recovery (ODR) to pursue collection per its contracts with the AG and ODR. The Center reported \$1.8 million of state and private grants and contracts gross accounts receivable as of June 30, 2019, which were outstanding from fiscal years 2005 to 2018. While the Center did establish an allowance for doubtful accounts for \$1.7 million of this balance, the Center did not actively pursue collection on those accounts. *(Amount: \$1.8 million) (p.1)*

South Louisiana Community College

- The College may have violated state law when it granted its employees one-time payments of 2 percent to 7 percent of each employee's gross salary. The one-time payments, totaling \$1,248,072 during state fiscal year 2019 were made under the College's Rewards and Recognition Program policies. However, the College's rewards and recognition policies do not provide for written objective criteria or performance indicators that provide how the unclassified or classified employees will be reviewed and determined to merit reward and recognition. *(Amount: \$1,248,072) (p.1)*

Southeastern Louisiana University

- Southeastern did not have a process in place to determine if students were eligible to receive student financial assistance, resulting in noncompliance with federal regulations. Our review disclosed that 94 students with subsidized and unsubsidized loans were allowed to borrow \$552,647 in excess of the aggregate loans limits for Federal Direct Student Loans (CFDA 84.268). In addition, some of these students incorrectly received payment totaling \$34,123 in Federal Pell grants (CFDA 84.063) and \$3,000 in Federal Perkins Loans (CFDA 84.038). *(Amount: \$589,770) (p.1)*

Local Government Agencies

Caddo Parish School Board

- In July 2018, an electronic bank transfer of approximately \$988,000 was made with the intent that it would be deposited in an account for Magnolia Charter School. The information provided via email for the transfer was fraudulent and the charter school did not receive the funds. The Caddo Parish Sheriff along with the FBI investigated the theft. The authorities were able to locate a large portion of the money. A total of \$832,864 was recovered which includes \$100,000 received from the insurance claim. The School Board experienced a weakness in internal control, which resulted in a misappropriation of assets. The School Board did not have adequate internal controls in place to prevent or deter the fraud. *(Amount: \$988,000) (p.12)*

Lafourche Parish Sheriff

- Currently unknown individual(s) and/or organizations external to the Sheriff’s Office created a false company and a false bank account. They then sent an email from a fictitious email account closely resembling an email account from a trusted source, with a falsified document appearing to be on the vendor’s letterhead with instructions to change the banking information for the transfer. This information went through the proper controls of the Sheriff’s Office and the funds were sent to the account. As a result, \$347,707 was embezzled by an individual or organization outside of the Sheriff’s Office. The matter was timely reported to the Louisiana Legislative Auditor and the Lafourche Parish District Attorney, in writing, in accordance with LRS 24:523. The Louisiana Attorney General’s Office and the Federal Bureau of Investigation were also alerted. A criminal investigation was opened and search warrants obtained. The bank informed the Sheriff’s Office that the funds were transferred out of the criminals’ bank account shortly after they were received. The Sheriff’s Office did not have the proper insurance to cover this kind of loss. Unrecovered funds are \$344,241 at this time. *(Amount: \$347,707) (p.61)*

New Orleans Sewerage and Water Board

- S&WB paid consultants approximately \$1.7 million to help determine the causes of its billing issues, but has not yet implemented many of the consultants’ recommendations as of January 2020. *(Amount: \$1.7 million) (p.11)*
- According to S&WB data, it provided approximately \$19.7 million in water and sewer services free of charge to the City of New Orleans during fiscal year 2018 through fiscal year 2019. *(Amount: \$19.7 million) (p.14)*

Analysis of Residential and Commercial Property Appraisals in Orleans Parish for Tax Year 2020

- The Orleans Assessor may be undervaluing vacant land. As a result, owners of properties with structures (i.e., non-vacant land) may pay disproportionately more in taxes than vacant land owners. From tax years 2016 through 2020, vacant land was appraised at approximately 37.6 percent of its fair market value, based on sales ratios for vacant land parcels, indicating that vacant land may have been undervalued by 62.4 percent. *(Amount: We estimate that vacant land properties were undervalued by \$1.2 billion.) (p.14)*
- The Orleans Assessor engaged in “sales-chasing,” which means that it appraised individual residential and commercial properties that recently sold based on their sales price, which violates LTC rules and international best practices. We estimated that sold properties were assessed 14.9 percent higher than unsold properties as a result of this practice. *(Amount: Sales chasing caused appraised values to rise by \$385.8 million in tax year 2020.) (p.16)*

State Agencies

Governor's Office of Homeland Security and Emergency Preparedness - Hazard Mitigation Program (GOHSEP)

- Completed work was not within the scope of the approved project. *(Amount: \$353,938) (p.2)*
- Expense reimbursements were not supported by invoices, receipts, lease agreements, contracts, labor policies, time records, equipment logs, HUD settlement statements, appraisals, elevation certificates, duplication of benefits verifications, engineer plans, inspection photographs, or other applicable documentation. *(Amount: \$503,539) (p.2-3)*
- Contracts and purchases totaling more than \$10,000 per vendor per calendar year did not comply with applicable federal and state procurement requirements. *(Amount: \$234,272) (p.3)*

Since March 31, 2008, the LLA has noted exceptions totaling \$287,058,262, which includes \$1,091,749 noted this period, and GOHSEP has resolved \$192,415,459, which includes \$771,318 resolved this period.

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

- Completed work was not within the scope of the approved project. *(Amount: \$1,849,778) (p.3)*
- Expense reimbursements were not supported by invoices, receipts, lease agreements, contracts, labor policies, time records, equipment logs, inventory records, or other applicable documentation. *(Amount: \$7,725,048) (p.3)*
- Contracts and purchases totaling more than \$30,000 per vendor per calendar year did not comply with applicable federal and state procurement requirements. *(Amount: \$3,447,757) (p.3)*
- Work reflected in the expense reimbursements did not comply with applicable FEMA regulations and guidance. *(Amount: \$2,220,642) (p.3)*
- GOHSEP's cost estimating tool and/or expense review form either omitted or contained duplicate and/or incorrectly categorized expenses. *(Amount: \$219,748) (p.3-4)*

Since April 1, 2008, the LLA has noted exceptions totaling \$1,290,181,052, which includes \$15,462,973 noted this period, and GOHSEP has resolved \$1,214,771,505, which includes \$21,125,920 resolved this period.

Florida Parishes Human Services Authority (FPHSA)

- FPHSA did not maintain adequate controls over accounts receivable. At December 31, 2019, based on management's representation, FPHSA had \$2.4 million of private insurance and \$6.1 million of self-pay long-term account receivables that were deemed uncollectible but had not been written off. *(Amount: \$8.5 million) (p.2)*

Louisiana Department of Health - New Horizon Counseling Agency

- New Horizon Counseling Agency billed the Louisiana Medicaid Program and was paid \$211,231 for services New Horizon does not appear to have provided, in whole or in part, from December 2, 2015, through January 29, 2020. *(Amount: \$211,231) (p.6)*
- Based on our review of New Horizon records, it appears New Horizon improperly billed Medicaid for \$656,907 in services from November 23, 2015, through February 27, 2019, consisting of services allegedly performed by a New Horizon employee or contractor while services were: (1) being provided to other recipients; (2) provided when the recipient was not present; (3) provided as a result of improper assessment; (4) billed based on data entry errors; (5) not documented; or (6) billed at the wrong service rate. *(Amount: \$656,907) (p.10)*

Louisiana Department of Health – Medicaid Recipient Report No. 3

- An individual referred to as A.B. appears to have provided incomplete and inaccurate information to the Louisiana Department of Health (LDH) to obtain Louisiana Medicaid (Medicaid) benefits for her four dependent children. From January 2012 through December 2018, LDH paid Managed Care Organizations (MCOs) \$27,826 for monthly premiums and other benefits on behalf of A.B.'s dependent children and paid providers \$6,625 directly for Medicaid services. The MCOs paid \$79,638 to providers for covered health care services for A.B.'s dependent children from June 2013 through November 2018. This amount included \$49,125 paid to Business Entity No. 1, a business entity that provides Medicaid services and is owned by A.B. and her husband, C.D.. During this period, A.B. failed to identify all household members to LDH and disclose all of the income earned by members of her household. Had A.B. provided complete and accurate information to LDH, her dependent children may have been ineligible to receive Medicaid benefits. By providing incomplete and inaccurate information to LDH, A.B. may have violated state law. *(Amount: \$163,214) (p.2)*

Local Government Agencies

Ouachita Parish Hospital Service District - G.B. Cooley

- The Finance Director, while managing the Accounting department, fraudulently misappropriated Hospital resources of approximately \$400,000 by redirecting cash received to personal bank accounts. The Finance Director turned himself in to the Ouachita Parish Sheriff's Office in October 2019 and confessed to the misappropriation of hospital funds prior to discovery. He was arrested and bonded out, and the case has not been adjudicated as of the date of the audit report. The misappropriation occurred from 2012 to 2019. \$209,506 was identified as being misappropriated during 2019. An insurance claim was filed for \$150,000. The remaining \$69,506 was recorded as a loss on the June 30, 2019, financial statements. The funds stolen came mostly from Medicaid revenues. *(Amount: \$400,000) (p.26)*

July-September 2020

First Quarter, Fiscal Year 2021

State Agencies

Acadiana Area Human Services District (AAHSD)

- **(Repeat)** AAHSD did not bill Medicare, Medicaid, and private insurance companies in accordance with insurers' contracts and therefore potentially failed to collect \$384,070 of self-generated revenues for services provided. *(Amount: \$384,070) (p.1)*

Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) - Hazard Mitigation Program

- Completed work was not within the scope of the approved project. *(Amount: \$894,681) (p.2)*
- Expense reimbursements were not supported by invoices, receipts, lease agreements, contracts, labor policies, time records, equipment logs, federal settlement statements, appraisals, elevation certificates, duplication of benefits verifications, engineer plans, inspection photographs, or other applicable documentation. *(Amount: \$1,713,334) (p.2-3)*

Since April 1, 2008, the LLA has noted exceptions totaling \$289,782,784, which includes \$2,724,523 noted this period, and GOHSEP has resolved \$197,482,781, which includes \$5,067,322 resolved this period.

Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) - Public Assistance Program

- Completed work was not within the scope of the approved project. *(Amount: \$2,880,459) (p.3)*
- Expense reimbursements were not supported by invoices, receipts, lease agreements, contracts, labor policies, time records, equipment logs, inventory records, or other applicable documentation. *(Amount: \$15,003,668) (p.3)*
- Contracts and purchases totaling more than \$30,000 per vendor per calendar year did not comply with applicable federal and state procurement requirements. *(Amount: \$3,448,500) (p.3)*
- Work reflected in the expense reimbursements did not comply with applicable federal regulations and guidance. *(Amount: \$2,419,146) (p.3)*
- GOHSEP's cost estimating tool and/or expense review form either omitted or contained duplicate and/or incorrectly categorized expenses. *(Amount: \$291,691) (p.3-4)*

Since April 1, 2008, the LLA has noted exceptions totaling \$1,314,224,516, which includes \$24,043,464 noted this period, and GOHSEP has resolved \$1,229,061,977, which includes \$14,264,232 resolved this period.

Louisiana Department of Health

- From August 1, 2019, through March 9, 2020, we identified 315 individual providers who billed for more than 12 hours of combined PSR and/or CPST services in a single calendar day. These providers improperly billed at least \$293,080 for services provided in excess of 12 hours. *(Amount: \$293,080) (p.2)*

Louisiana State University at Eunice (LSUE)

- LSUE failed to maintain adequate controls over cash receipts and, as a result, was unable to account for missing receipt numbers from handwritten receipt booklets. We tested cash receipts from October 23, 2019, through November 7, 2019, and identified 146 receipt numbers that were unable to be accounted for by LSUE. *(Amount: Unknown) (p.2)*

Louisiana State University at Shreveport (LSUS)

- **(Repeat)** For the second consecutive engagement, LSUS does not have adequate controls over its outstanding student account balances. Students are allowed to register in current semester classes while owing prior semester balances. Also the aged receivables report in its student accounting system has issues with the data output, and the reports do not reconcile with the general ledger. *(Amount: \$2.4 million) (p.1)*

River Parishes Community College (RPCC)

- **(Repeat)** For the second consecutive engagement, RPCC did not have adequate controls over outstanding student account balances, increasing the risk for delinquent accounts to continually increase and become uncollectible resulting in lost revenue. This finding included that RPCC did not write off student-related account balances as required by Louisiana Community and Technical College System and RPCC policies. Based on reports provided by management, account balances totaling approximately \$1,056,568 that were more than two years old were not written off. *(Amount: \$1,056,568) (p.2)*

Local Government Agencies

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

October-December 2020

Second Quarter, Fiscal Year 2021

State Agencies

Department of Public Safety and Corrections - Public Safety Services

- **(Repeat)** Weaknesses in Controls over Property of Louisiana State Police and Office of State Fire Marshal. *(Amount: \$152,606) (p.3)*

Louisiana Community and Technical College System (System)

- The System did not have adequate controls to ensure its annual financial report was accurately prepared. The LCTCS Facilities Corporation's net position, totaling \$88.7 million, was misclassified as unrestricted rather than restricted – expendable, and Delgado Community College's direct lending receipts and disbursements of \$52.9 million were omitted on the Statement of Cash Flows. *(Amount: \$141.6 million) (Exhibit A.2)*

Louisiana Department of Health (LDH)

- LDH is not routinely analyzing Non-Emergency Medical Transport (NEMT) encounter data to ensure that the managed care organizations (MCOs) are in compliance with their contracts and identifying potentially improper payments that violate NEMT program rules. As a result of our procedures, we identified the following:
 - **(Repeat)** 190,299 NEMT encounters totaling \$4,325,205 with no medical service on the date of transportation during calendar years 2016 through 2018 which we consider to be potential improper payments. *(Amount: \$4,325,205) (p.8)*
 - 35,117 NEMT encounters totaling \$1,214,008 that only had pharmacy or value-added services on the date of transport, meaning they potentially should have been identified as value-added services and excluded from the calculation of capitation rates. *(Amount: \$1,214,008) (p.8)*
 - **(Repeat)** 10,621 NEMT encounters totaling \$237,326 during calendar years 2016 through 2018 where non-ambulance NEMT for a nursing facility resident was paid by MCOs instead of the nursing facility and 501 encounters totaling \$73,254 where NEMT provided to recipients on hospice was paid by MCOs instead of hospice providers which we consider to be potential improper payments. *(Amount: \$310,581) (p.8)*

Office of Group Benefits (OGB)

- **(Repeat)** For the third consecutive year, OGB's annual fiscal reports were submitted to the Office of Statewide Reporting and Accounting Policy with errors requiring audit adjustments. *(Amount: \$125 million) (p.1)*

Local Government Agencies

City of Shreveport

- The City discovered a misappropriation when a City employee was arrested while in the process of purchasing fuel with a stolen City Fuelman card on October 16, 2019. The City employee was in possession of three stolen Fuelman cards that were originally issued for vehicles in the Solid Waste Division of Public Works. The former City employee was indicted by a Federal Grand Jury for credit card fraud and aggravated identity theft. According to the indictment, there were more than \$400,000 in unauthorized transactions. The City has notified the Louisiana Legislative Auditor in writing, as required by Louisiana Revised Statute 24:523. *(Amount: \$400,000) (Internal Control Report p.17)*



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Better Information, Better Louisiana

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

This document is produced by the Louisiana Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. One hundred fifty-five copies of this public document were produced at an approximate cost of \$178.25. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's website at www.la.la.gov.

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