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

FIRST QUARTER, FISCAL YEAR 2018



REPORT TO THE JOINT LEGISLATIVE
COMMITTEE ON THE BUDGET
ISSUED OCTOBER 2017

LOUISIANA LEGISLATIVE AUDITOR 1600 NORTH THIRD STREET POST OFFICE BOX 94397 BATON ROUGE, LOUISIANA 70804-9397

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FIRST ASSISTANT LEGISLATIVE AUDITOR LOCAL GOVERNMENT SERVICES THOMAS H. COLE, CPA

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October 4, 2017

Chairman Eric LaFleur and Members of the Joint Legislative Committee on the Budget

Dear Chairman LaFleur and Members of the Joint Legislative Committee on the Budget:

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

Attached is our report to meet the requirements of Act 461 for the first quarter of Fiscal Year 2018. That report is linked and referenced to the full reports which contain the applicable findings of interest, as well as management's responses.

We are available to present the information that is of interest to your committee. We hope that this report assists you in your legislative decision-making process.

Sincerely,

Daryl G. Purpera, CPA, CFE

Legislative Auditor

DGP/ch

ACT 461 REPORTING - OCTOBER 2017

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STATE AGENCIES

		Issue	Fiscal Year End/	Link to LLA		Page	
Agency Name	Parish	Date	Scope	Report	Finding Description	No.	Amount
Central							
Louisiana							
Technical							
Community							
College					Inadequate Controls		
(Partial	Domidos	8/9/2017	2016/2017	Domont	over Student Receivables	4-5	¢407 415
Repeat) Governor's	Rapides	8/9/2017	2016/2017	Report	1	4-5	\$487,415
Office of					Improper Allocation of Senior Center		
Elderly Affairs	Statewide	8/23/2017	6/30/2017	Report	Funds	1	\$2,070,657
Governor's	Statewide	0/23/2017	0/30/2017	Keport	Tunds	1	Ψ2,070,037
Office of							
Homeland							
Security and							
Emergency							
Preparedness –					Completed work was		
Public					not within the scope of the approved		
Assistance Program	Statewide	9/27/2017	6/30/2017	Report	project.	3	\$9,268,038
riogram	Statewide	7/2//2017	0/30/2017	Keport	Expense	3	\$7,200,030
					reimbursements were		
C					not supported by		
Governor's Office of					invoices, receipts,		
Homeland					lease agreements,		
Security and					contracts, labor		
Emergency					policies, time records,		
Preparedness –					equipment logs,		
Public					inventory records, or		
Assistance	C	0/07/2017	6/20/2017	D .	other applicable		ф17 020 017
Program	Statewide	9/27/2017	6/30/2017	Report	documentation.	3	\$17,038,917

			Fiscal Year	Link to			
		Issue	End/	LLA		Page	
Agency Name	Parish	Date	Scope	Report	Finding Description	No.	Amount
					Contracts and		
Governor's					purchases totaling		
Office of					more than \$10,000		
Homeland					per vendor per calendar year did not		
Security and					comply with		
Emergency							
Preparedness –					applicable Federal and State		
Public							
Assistance	Statewide	9/27/2017	6/30/2017	Doport	procurement	3	\$22.810.612
Program Governor's	Statewide	3/41/4U1/	0/30/2017	Report	requirements.	3	\$22,819,612
Office of							
Homeland					Work reflected in the		
Security and					expense		
Emergency					reimbursements did		
Preparedness –					not comply with		
Public					applicable FEMA		
Assistance					regulations and		
Program	Statewide	9/27/2017	6/30/2017	Report	guidance.	3	\$3,524,356
Governor's							
Office of					COHGEDI		
Homeland					GOHSEP's cost		
Security and					estimating tool and/or		
Emergency					expense review form		
Preparedness –					either omitted or		
Public					contained duplicate		
Assistance	Ctatavvida	9/27/2017	6/30/2017	Donort	and/or incorrectly	2.4	\$486,425
Program	Statewide	9/2//201/	0/30/2017	Report	categorized expenses.	3-4	\$480,423
					We found \$2,440,965		
					in improper payments		
					for 160,100		
Louisiana					laboratory claims when the provider did		
Department of					not have the		
Health -							
Medicaid					appropriate CLIA certification at the		
	East Baton						
Laboratory		0/6/2017	FY 2016	Danort	time the specific test	2	\$2,440,065
Program	Rouge	9/6/2017	FY 2016	Report	was performed.	3	\$2,440,965

		Issue	Fiscal Year End/	Link to LLA		Paga	
Agency Name	Parish	Date	Scope	Report	Finding Description	Page No.	Amount
Louisiana	2 002 1021	2	Беоре		We found \$1,744,178	2100	220
Department of					was paid for 43,449		
Health -					claims that involved		
Medicaid					invalid procedure		
Laboratory	East Baton	0/6/2017	EV 2016	D .	codes for waived	4	Φ1 7 44 1 7 0
Program	Rouge	9/6/2017	FY 2016	Report	tests.	4	\$1,744,178
					Although LDH implemented an edit		
					check to prevent		
Louisiana					direct care workers		
Department of					who work for two		
Health -					different companies		
Progress					from claiming		
Report:					overlapping times for		
Prevention,					different recipients, a		
Detection, and					more comprehensive		
Recovery of					edit is needed. We identified		
Improper Medicaid					approximately		
Payments in					\$620,000 in		
Home and					potentially improper		
Community-					payments for		
Based Services					overlapping services		
Programs	East Baton				that the edit did not		
(Repeat)	Rouge	7/12/2017	FY 2016	Report	identify.	4	\$620,000
Louisiana							
Department of Health -							
Progress					LDH has not		
Report:					implemented an		
Prevention,					effective process to		
Detection, and					prevent payments to		
Recovery of					providers while		
Improper					recipients were		
Medicaid					hospitalized or in		
Payments in					nursing facilities. We		
Home and					identified \$326,915 in		
Community- Based Services					potentially		
Programs	East Baton				overlapping claims that were not		
(Repeat)	Rouge	7/12/2017	FY 2016	Report	identified by LDH	5	\$326,915
(Mepeat)	Kouge	1/12/2017	1 1 2010	Keport	Identified by LDH	<i>J</i>	Ψ320,913

			Fiscal Year	Link			
		Issue	End/	to LLA		Page	
Agency Name	Parish	Date	Scope	Report	Finding Description	No.	Amount
	1 W1 1 521	2	Боро		LDH has not fully	2100	2 22220 62220
					implemented the use		
Louisiana					of a call-in system to		
Department of					capture actual time		
Health -					worked. We		
Progress					identified 52,222		
Report:					instances where direct		
Prevention,					care workers were		
Detection, and					required to travel		
Recovery of					from 10 miles to 100		
Improper					miles between two		
Medicaid					different locations		
Payments in					where they worked		
Home and					consecutive hours,		
Community					but did not indicate		
Based Services	East Baton				travel time at a cost of	0	\$2.10.000
Programs	Rouge	7/12/2017	FY 2016	Report	\$340,000	8	\$340,000
Louisiana					1 D 1 1		
Department of					LDH does not have a		
Health -					sufficient process to		
Progress					verify that workers on		
Report:					the Direct Service		
Prevention,					Worker Registry are		
Detection, and					not providing services. We		
Recovery of					identified		
Improper Medicaid							
					1		
•	East Raton				_		
		7/12/2017	FY 2016	Report		12	\$2,500,000
Medicaid Payments in Home and Community Based Services Programs	East Baton Rouge	7/12/2017	FY 2016	Report	approximately 100 workers who provided services totalling \$2.5 million even though they were on the registry.	12	\$2,500,000

Note: For Public Assistance - Since March 2008, the LLA has noted exceptions totaling \$1,067,367,966, which includes the \$53,137,348 noted this period, and GOHSEP has resolved \$970,139,005, which includes the \$66,271,108 resolved this period.

LOCAL GOVERNMENT AGENCIES

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