KEY Audit Issues 2018

and Act 461 Report

Better Information, Better Louisiana

Annual Report to the Legislature • February 2018

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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 2017 and to highlight significant issues involving state and local governments. This report also summarizes 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. In addition, this report helps satisfy the annual reporting requirement of Act 461 of the 2014 Regular Legislative Session.

The report is organized into three main categories – Medicaid Audit Unit, 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 more than 4,300 reports released in calendar year 2017 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 2017, 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 www.lla.la.gov. These reports include agency responses. In some instances, changes already may have been implemented or be in progress.

Act 461 Reporting Requirements

Act 461, which was passed in the 2014 Regular 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;
- 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 2017 is **$621,976,312**

Our Mission

To foster accountability and transparency in Louisiana government by providing the Legislature and others with audit services, fiscal advice, and other useful information.

In 2017, the LLA released 163 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 more than 4,200 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 2017, the office prepared 158 fiscal notes for legislation affecting the expenditures of political subdivisions and 61 actuarial notes for legislation affecting the 13 state and statewide public retirement systems. The LLA also reviewed 2,798 millages levied in the state and prepared 15 legal opinions.

Approximately 240 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 three sections provide guidance and training to state and local officials and quasi-public entities, conduct research, monitor legislative changes, provide written and 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 and concerns, requests from lawmakers, and the LLA's identification of risk areas in state and local government entities. All work, however, is driven by the mission of the office.

Daryl G. Purpera, *CPA, CFE*
Legislative Auditor

Our Vision

We envision an accountable, transparent, responsive government that provides efficient and effective services for the benefit of the people of Louisiana.

Our Goals

Plan and perform quality audit and advisory services of state and local governments and not-for-profit organizations in an efficient and effective manner.

Communicate the results of our audit services to the public, Legislature, public officials, and other decision makers timely and effectively.

Medicaid Audit Unit

In an effort to establish a comprehensive approach to address fraud, waste, abuse, and other improper payments in the Louisiana Medicaid Program, the LLA created the Medicaid Audit Unit (MAU). The MAU combines the expertise of several disciplines, including that of financial, performance, and investigative auditors, and data analysts. Using the monthly Medicaid data extracts LLA receives from the Louisiana Department of Health, the managed care plan data LLA receives from the managed care organizations, and the data of various state agencies to which LLA has direct access, auditors can audit both the fee-for-service and managed care programs.

Program Rule Violations in the Medicaid Dental Program

March 22, 2017

LDH made approximately $6.4 million in payments in violation of program rules in the Medicaid Dental Program in fiscal year 2017. Violations included certain procedures performed on children younger than 3 and procedures that required prior authorization but did not have evidence of such authorization in the data. According to LDH, these payments could have occurred because provider manuals were not updated to account for changes to program rules that were decided within the Department.

Duplicate Payments for Medicaid Recipients with Multiple Identification Numbers

March 29, 2017

LDH does not have an adequate process in place to avoid duplicate payments in cases where Medicaid recipients have multiple Medicaid identification numbers. In reviewing the Medicaid Eligibility file and Medicaid claims data to identify duplicate Medicaid payments, auditors found 1,624 unique Social Security numbers linked to 3,255 original Medicaid recipient IDs and identified questionable payments totaling $2,790,099. This amount includes both appropriate payments and inappropriate duplicate payments. As a result, approximately one-half, or $1.4 million, likely were inappropriate payments. LDH would need to identify which payments were appropriate in order to determine the actual amount paid in error. Additionally, LDH does not have a process in place to identify and recoup duplicate payments across different managed care health plans and from fee-for-service providers.

Progress Report: Prevention, Detection, and Recovery of Improper Medicaid Payments in Home- and Community-Based Program

July 12, 2017

This report, which followed up on recommendations made in a 2011 report, found that while LDH had implemented an edit check to prevent direct care workers from claiming overlapping times for different recipients, the edit implemented was not comprehensive. As a result, auditors identified approximately $620,000 in payments for overlapping services that the edit did not catch. Auditors also identified $326,915 in payments to direct care workers while recipients were hospitalized or in nursing facilities. LDH still has not implemented a call-in system to capture actual time worked and reduce instances of improper payments. Auditors identified two new issues as well: 14 percent of monitoring visits that required observation of services occurred when direct care workers were not present, and LDH did not have a sufficient process in place to verify that individuals on the Direct Service Worker Registry were not providing services.

Improper Payments in the Medicaid Laboratory Program

September 6, 2017

Auditors evaluating Medicaid claims for laboratory services found approximately $4.2 million in improper payments over five years that violated certification rules for laboratory services or involved invalid laboratory procedure codes. Of the $4.2 million, LDH paid $2.4 million for 160,110 laboratory claims for which the provider did not have the appropriate certification. Sixty percent of the payments went to providers who had a lower-level certification than what the laboratory test required, while 40 percent went to providers who did not appear to have any certification. The $4.2 million included $45,278 in fee-for-service payments for 2,878 laboratory claims and $2.4 million paid to the five managed care organizations that oversee the State's Medicaid benefits. LDH also paid out $1.7 million for 43,449 claims involving invalid procedure codes for waived tests.

Monitoring of Medicaid Claims Using the All-Inclusive Code (T1015)

October 4, 2017

LDH did not monitor T1015 all-inclusive claims paid by the managed care plans from February 1, 2012, through December 30, 2016. Of the $348,093,877 paid by the managed care plans, the claims data submitted to LDH lacked accompanying detail lines for $150,196,886 (43 percent). The T1015 all-inclusive code encounter claims are paid at provider specific agreed-upon rates, with required detail lines identifying specific services provided. Without the claim detail, LDH could not ensure that appropriate services were provided and proper claim amounts were paid. Additionally, without the required detail lines linked to the T1015 claims, there is a risk the detail lines were "unbundled," meaning they were paid separately by the health plan rather than paid together using previously agreed-upon rates. There is also a risk the services provided were non-covered services. These instances could represent improper payments by the health plans.

Improper Payments for Deceased Medicaid Recipients

November 29, 2017

An examination of LDH's processes for identifying deceased Medicaid recipients found that the Department made $717,820 in improper payments for 712 deceased recipients between July 2013 and August 2017. While the numbers were an improvement over an October 2013 report that found the Department paid approximately $1.85 million in per member per month fees for 1,727 deceased individuals between February 2012 and June 2013, auditors concluded that LDH needed to further improve its identification processes. Specifically, auditors found that the Department improperly paid $637,745 in per member per month fees for 203 deceased Medicaid recipients between July 2013 and August 2017. The Department also made $80,075 in fee-for-service payments directly to providers who submitted claims for services provided to 517 deceased Medicaid recipients. In addition, the managed care organizations responsible for the administration of the Medicaid program paid $42,602 for services involving 181 recipients that occurred after the recipients died. Of that, $22,879 (53 percent) went to pharmacy providers.

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 that 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 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 Governor.

Boards, Commissions, and Districts

Louisiana Public Service Commission – Water Rates in Louisiana

March 22, 2017

Louisiana has 850 water systems that bill customers, including private for-profit, private nonprofit, and governmental systems. The PSC is required to regulate the rates of private for-profit systems and, until 2016, was also responsible for approving the rates of private nonprofit systems. The rates for governmental systems are approved by their local councils, mayors, or management boards. Auditors found that the PSC did not approve water rates for six (19 percent) of 31 rate reviews between 2013 and 2015 within the required 12-month period. In addition, auditors found 14 systems for which the PSC did not approve initial rates or did not receive their required annual reports to ensure rates were not increased without approval. Further, 87 (41 percent) of 212 governmental water systems had expenses that exceeded revenues in fiscal year 2015, which may indicate their rates are not high enough. Aging infrastructure, poor collection practices, and water loss also may contribute to these systems having expenses that exceed revenues.

Board of Regents

Louisiana Board of Regents for Higher Education – Management Letter

July 19, 2017

Noncompliance with Subrecipient Monitoring Requirements

BOR did not adequately monitor subrecipients of federal Research and Development Cluster programs. BOR did not have controls in place to ensure that required audits were completed within nine months of the end of the subrecipient's audit period or that any with findings had a management decision and that the subrecipient took appropriate corrective action. In addition, BOR did not ensure that subawards included all required information per federal regulations nor did it adequately evaluate each subrecipient's risk of noncompliance to determine the appropriate monitoring.

Inadequate Controls over Payroll

BOR did not have adequate controls in place to ensure that manual time sheets were correctly entered into the LaGov system. Specifically, BOR could not ensure that manual leave slips entered were obtained and maintained within the payroll files; that employees' time sheets were certified and approved before the payroll processing date; and that the overall payroll documentation prepared by the primary time administrator for each pay period was reviewed by the secondary time administrator in accordance with BOR policy.

Inadequate Internal Audit Function

BOR did not have an adequate internal audit function in place to examine, evaluate, and report on its internal control and to evaluate compliance with its policies and procedures. In addition, BOR did not establish an internal audit function that adheres to the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing, which is a violation of state law. Auditors also found the audit charter was not approved by management; no audit plan or risk assessment was performed; only one audit was performed and it was not a result of a risk assessment; and a quality assurance and improvement program was not developed, all of which are required by internal auditing standards.

Noncompliance with State LaCarte Purchasing Policy

BOR did not have adequate controls in place to ensure it was in compliance with the State's "LaCarte" purchasing card policy. Documentation could not be located for employees' online training certifications, for approver's agreement forms for employees who approved purchases, or for proper approvals for food purchases.

Central Louisiana Technical Community College

August 9, 2017

Inadequate Cash Controls

For the second consecutive engagement, the College did not have adequate controls in place over cash, increasing the risk that errors or fraud could occur and remain undetected. Auditors found improper segregation of duties, accounting periods not closed before bank reconciliations were performed, and no evidence of review of the monthly bank reconciliations for two months.

Inadequate Controls over Student Receivables

For the second consecutive engagement, the College did not have adequate controls in place over student receivables, thereby increasing the risk that delinquent accounts could become uncollectible and weakening the College's funding of ongoing operations. The College allowed students to attend classes while owing outstanding balances and did not bill for dual enrollment and Workforce Investment Act students' tuition and fees in a timely manner. Also, the College did not transfer any delinquent student accounts to the Louisiana Office of Debt Recovery in fiscal 2016 or write off any delinquent accounts as required by the Louisiana Community and Technical College System's policy.

Inappropriate System Access

For the third consecutive engagement, the College granted its employees inappropriate access to its Banner system and failed to develop written information system policies and procedures, increasing the risk of errors or fraud.

Inadequate Controls over FISAP Reporting

The College did not have adequate controls in place to ensure its 2015-2016 Fiscal Operations Report and Application to Participate (FISAP) report data were accurate before submitting them to the U.S. Department of Education, or to ensure corrections were made by the required deadline. As a result, the College had to return $31,729 to the U.S. Department of Education.

Inadequate Controls over Contracts

The College did not have adequate controls in place over its contracts to ensure that contract terms were adhered to. The College paid $3,000 to a contractor for construction training during July 2016 without obtaining proper approval and paid $505 to another contractor in excess of the contract amount. Also, the College did not maintain written evidence of contract monitoring.

Inadequate Controls over Travel Expenses

The College did not have adequate controls in place over travel expenses during fiscal year 2017 to ensure compliance with state laws and regulations. The College paid $674 in hotel costs above the amount allowed by state travel regulations during two months. Also, travel expense account forms were not submitted in a timely manner after each out-of-town trip.

Elaine P. Nunez Community College

September 21, 2017

Improper Retroactive Pay

Two unclassified employees were improperly granted retroactive pay raises totaling $79,691 in violation of the Louisiana Constitution. One employee was granted retroactive pay totaling $64,482, while the other was granted $15,209.

Lack of Controls over Payroll

Nunez did not maintain adequate controls over payroll records, increasing the risk that errors and/or fraud could be committed and not detected in a timely manner. Auditors found that one position was underpaid by $22,150; two employees recorded overlapping hours on time and attendance records; and time and attendance records could not be located or did not have proper approvals.

Inadequate Controls over Bank Accounts

Nunez did not have adequate controls over its bank accounts, including bank reconciliations that did not reconcile, did not have evidence of management review, and indicated approval by management more than a year past the month being reconciled, or completion before the end of the month being reconciled.

Lack of Controls over Deposits

Nunez did not timely deposit monies collected or ensure adequate review of deposit transactions, placing assets at risk of loss due to theft or misuse. Twelve deposits included funds received from two to 23 days prior to the date of deposit, and 13 deposit transactions did not have supervisory approval.

Inadequate Controls over the Banner System

Nunez did not maintain adequate controls over its Banner Enterprise Resource Planning system that processes transactions and maintains data related to student records and registration, financial aid, human resources, payroll, and financial operations during fiscal years 2016 and 2017. Two employees had the ability to execute the entire procurement process; eight manual journals had incomplete support; and three manual journals were prepared and approved by the same employee.

Noncompliance with Purchase Regulations and Reporting Requirements

Nunez did not comply with regulations for purchasing goods and services and did not provide complete contract reports to the Louisiana Community and Technical College System Board office as required. Nunez also did not comply with the competitive process of the Small Purchase Executive Orders for three vendors and submitted five incomplete quarterly contract reports to the LCTCS Board office.

Inadequate Controls over the Assessment and Refunding of Student Tuition and Fees

Nunez did not maintain adequate controls over the assessment and refunding of student tuition and fees, which resulted in undercharges and overcharges to students. Two students were undercharged $4,855, and two students were overcharged $561. Also, refund periods and refund percentages were inconsistently defined in the Banner student system, and a refund schedule was not made available to the students.

Noncompliance with Tuition Discount Policy

Nunez was unable to provide records showing that the reduced tuition rate allowed for some students was adequate to cover the costs of providing instruction as required by its policy. Four students received discounted tuition and fees totaling $8,313 without supporting documentation for the amount of the reduction.

Noncompliance with Hardship Waiver Requirements

Nunez had not posted the application process for hardship and waivers of tuition and fees on its website as of April 9, 2017, so that students could apply for the waivers before registration, as required by LCTCS policy and state law. Also, a student was awarded a hardship waiver of $604 at the recommendation of the instructor without completing an application as required.

Southeastern Louisiana University

November 22, 2017

Inadequate Billing for Child Care Services

Southeastern's Rec Kids program, an afterschool program for children ages 3-13, did not charge for all services rendered for fiscal year 2017; failed to collect on unpaid invoices; did not charge the allowed fees for delinquent payments; and allowed children with unpaid balances to continue attending the program. In addition, an internal audit report issued in May 2017 reported that two employees of the university had received 100 percent discounts for their children attending the Rec Kids and summer camp programs without the university's approval.

Failure to Maintain Adequate Inventory of Movable Property

Southeastern's Athletic Department did not maintain a complete and accurate inventory of its movable property, increasing the risk of loss and unauthorized use. Auditors found that 51 (14 percent) of 365 items assigned to the Department were not tagged, and another 47 items (13 percent) did not have an accurate location listed in the inventory system. Additionally, four items could not be located during the auditors' property search.

LSU Health Care Services Division

December 6, 2017

Weaknesses in Agreements for Use of State Assets

For the second consecutive year, the LSU Health Sciences Center, Health Care Services Division and Louisiana State University administration did not have complete, signed agreements for all equipment being used by the partner managing the University Medical Center New Orleans. Allowing the partner to use state assets without complete, signed agreements increases the risk that the State has not been properly compensated, and that assets will be misused, misappropriated, or become unlocated. In addition, there is an increased risk of misunderstandings and/or nonpayment without protection for the State, including remedies for default.

Weaknesses over Property Control

For the third consecutive year, HCSD identified a significant amount of unlocated movable property associated with the now-closed Earl K. Long Medical Center. EKLMC's annual certification of property disclosed unlocated property totaling $1,658,333 identified during the previous three years' certifications that remained unlocated in fiscal year 2017. This total represents 96 percent of the $1,730,337 in remaining EKLMC movable property not being leased by the hospital's private partner. Failure to establish adequate controls over property increases the risk of misstatements, loss arising from theft or unauthorized use, and noncompliance with state laws and regulations.

Delgado Community College

December 13, 2017

Inadequate Controls over Movable Property

Delgado was unable to locate $1,326,376 of the College's total movable property. Of the total reported as unlocated, $282,554 was identified during the current year, the majority of which were computers and computer-related equipment. Failure to establish sufficient controls over property increases the risk of loss arising from theft or unauthorized use, noncompliance with state laws and regulations, and possible errors and misstatements in financial reporting. Further, because of the nature of services provided by Delgado, there is a risk that sensitive information could be improperly recovered from missing computers and/or computer-related equipment. This is the second consecutive year for this finding.

Bossier Parish Community College

December 20, 2017

Lack of Controls over Banner System

BPCC did not have adequate controls over its Banner system, increasing the risk of errors or fraud in a system that processed more than $50 million in revenues and expenses during fiscal year 2017. Audit procedures identified unreconciled data, untimely bank reconciliations, untimely closing of accounting periods, and untimely removal of system access.

Grambling State University

December 20, 2017

Inaccurate Annual Fiscal Report

The University failed to prepare an accurate Annual Fiscal Report, resulting in inaccurate financial information being submitted to the University of Louisiana System for fiscal year 2017. The AFR submitted had significant errors that required adjustment. These errors resulted from the lack of an independent review of the AFR and supporting schedules by the University prior to the submission of the AFR. In addition, the AFR was submitted six weeks late.

University of New Orleans

December 20, 2017

Failure to Timely Submit Past-due Student Accounts for Collection

UNO did not submit past-due student accounts receivable to the Louisiana Attorney General for collection. The last date past-due accounts were sent to the Attorney General's office was April 24, 2017. These accounts totaling $423,331 were submitted eight to 669 days past the 90-day period stated in UNO's policy. Failure to submit these accounts for collection in a timely manner increases the risk that the accounts will become uncollectible.

Baton Rouge Community College

December 27, 2017

Noncompliance with Student Technology Fee Plan

BRCC incorrectly used student technology fees to pay salaries and related benefits totaling $174,597 and $86,136, respectively, for five employees. In addition, BRCC was unable to provide records to show the approval of the current student technology fee plan that restructured the technology fee committee membership from a majority student membership to a minority student membership.

Inadequate Controls over Movable Property

BRCC did not maintain and accurately report equipment as required by state equipment regulations. BRCC's annual certification of property inventory for the Mid-City campus was disapproved by the Louisiana Property Assistance Agency because of the amount of unlocated items reported. The certification disclosed $1,967,708 in unlocated movable property for fiscal 2017, mostly computers and computer-related equipment, and $58,237 for items reported as unlocated in the previous three years that remained unlocated in fiscal year 2017.

South Louisiana Community College

January 10, 2018

Inadequate Administration over Federal Direct Student Loans Program

For the third consecutive year, the College did not ensure compliance with the Federal Direct Student Loans program regulations by properly calculating Direct Loan Funds awards. As a result, students who were eligible for Direct Loan Funds may not have received the appropriate amount of subsidized and/or unsubsidized loans. Audit procedures revealed that for five (13 percent) of 40 students tested, the College incorrectly awarded unsubsidized loans when the students were eligible to receive additional subsidized loan funds. This resulted in under-awarded subsidized loans and over-awarded unsubsidized loans totaling $6,225. By having more unsubsidized loans, these students will pay more interest than if they had subsidized loans.

Unlocated Movable Property

The College's campuses submitted annual certifications of property inventory to the Louisiana Property Assistance Agency during fiscal year 2017 that reported unlocated movable property items totaling $1,216,885, of which $805,020 was unlocated computers and computer-related equipment.

Department of Agriculture & Forestry

Statutorily-Dedicated Funds & Boards and Commissions

February 22, 2017

LDAF spent all 16 of its statutorily-dedicated funds in accordance with their purposes in law. According to management, the Division of Administration has instructed the agency since at least 2009 to use dedicated funds for administrative costs because of decreases in LDAF's General Fund allocation. As a result, LDAF used $17,171,759 (23 percent) of $76,112,186 from seven of its 16 statutorily-dedicated funds to subsidize administrative costs within the Office of Management and Finance from fiscal years 2013 to 2015. Auditors found that all 23 of LDAF's boards and commissions met their statutory purposes or powers and duties. However, auditors also found that Louisiana does not have a process to review and sunset boards and commissions on a regular basis and recommended that the Legislature consider creating such a process.

Department of Children and Family Services

Oversight of the Foster Care Program

August 9, 2017

Approximately 8,300 children were in foster care at some point during federal fiscal year 2016. Expenditures totaled $122 million in state fiscal year 2016, with approximately 69 percent from federal funds. DCFS faces significant challenges in performing its required duties, including low staffing levels, high caseloads, frequent staff turnover, retention of foster parents, and ineffective data systems. The audit also identified concerns with criminal background checks for foster care providers and safety assessments for foster children. DCFS did not always ensure that foster care providers had undergone the required criminal background checks and did not have adequate procedures in place to ensure that caseworkers assessed the safety of children placed with foster care providers. For example, one provider with a prior valid case of neglect was allowed to care for children and subsequently had a valid case of neglect with those children. In addition, DCFS did not always ensure that children in foster care received services to address their physical and behavioral health needs. According to Medicaid data, of the 2,794 foster children who entered care in 2016, 1,079 (38.6 percent) did not receive an initial medical visit within seven days as required by policy.

Control Weakness over Temporary Assistance for Needy Families Work Verification Plan – Management Letter

November 15, 2017

For the sixth consecutive year, DCFS did not ensure that all documentation required under the federal TANF program cluster was maintained, potentially subjecting the Department to financial penalties from the federal government. DCFS paid the Louisiana Workforce Commission nearly $456,000 during fiscal year 2017 to perform case management services, including documenting and entering work participation hours into the job-tracking system. DCFS did not adequately monitor LWC to ensure it complied with documentation requirements per the contract and per DCFS policy.

Department of Education

Evaluation of Charter School Monitoring

October 4, 2017

LDOE's charter school monitoring process could be strengthened, leading to improved charter school accountability. Auditors found that LDOE weighed critical and non-critical violations equally when reviewing schools, which did not reflect the severity of critical violations. LDOE also failed to ensure that charter schools gave appropriate preference to at-risk students and allowed schools that failed to meet at-risk enrollment requirements to give preferential admission to siblings of current students, in violation of state law. Additionally, LDOE had not developed specific and consistent procedures about how to address concerns and violations at charter schools, and it may not have sufficiently informed parents about its complaint process.

Use of Academic Performance in the Charter School Renewal Process

October 18, 2017

LDOE has not developed specific guidelines to ensure that charter schools are renewed in accordance with state law. Specifically, LDOE does not have guidelines regarding how to determine if a charter school is able to “demonstrate, using standardized test scores, improvement in the academic performance of pupils over the term of the charter school’s existence,” as required by state law. While LDOE does consider academic performance when determining whether to recommend a charter school for renewal, it primarily relies on a school’s School Performance Score and corresponding letter grade. However, the scores for middle and high schools include factors other than standardized test scores, which may obscure changes in test scores over time. This lack of specific guidelines creates a risk that LDOE will recommend schools for renewal that do not meet the guidelines of state law. Auditors found that seven (39 percent) of 18 schools evaluated did not appear to demonstrate improvement in students’ standardized test scores prior to being renewed.

Inadequate Controls over Movable Property – Recovery School District – Management Letter

December 18, 2017

For the 11th consecutive year, RSD did not maintain and accurately report equipment as required by state equipment regulations and did not maintain accurate information in the State’s movable property system. RSD’s annual certification of property inventory, which was submitted to the Louisiana Property Assistance Agency in April 2017, disclosed $217,870 in unlocated movable property for fiscal 2017 and $5,421,629 for items reported as unlocated in the previous three years that remained unlocated in fiscal year 2017.

Department of Health

Northwest Louisiana Human Services District

June 7, 2017

Not Billing in Accordance with Insurers’ Contract Terms

The Northwest Louisiana Human Services District did not bill Medicaid, Medicare, and private insurance companies in accordance with insurers’ contract terms. As a result, the District did not collect all self-generated revenues earned for services provided to its clients. Auditors identified $2,649 in billings denied by the insurer because of the lack of pre-authorizations, the lack of required clinical credentials by the master social worker, the fact that the services were not covered by contract, or unspecified reasons. Management’s analysis identified $255,000 in denied claims that were not collected mostly because of a lack of pre-authorizations and a lack of required clinical credentials for the services provided.

Network Adequacy of Specialized Behavioral Health Providers – Office of Behavioral Health
October 18, 2017

OBH needs to strengthen its monitoring activities to ensure that the managed care organizations overseeing the State's Medicaid benefits have an adequate network of licensed and qualified specialized behavioral health providers. Auditors found that 1,539 (44.8 percent) of 3,438 providers listed as Licensed Mental Health Professionals did not meet licensure requirements. Auditors also found that approximately 5 million specialized behavioral health services were performed by providers not coded as specialized behavioral health providers in the Medicaid data. In addition, secret shopper calls to psychiatrists conducted by OBH showed that 940 (61.5 percent) of 1,529 psychiatrists did not accept Medicaid or did not provide services at the location listed by the managed care organization.

Accuracy of Medicaid Rates for Nursing Facilities
November 15, 2017

Although LDH does ensure that nursing facilities spend the required amount on patient care, improvements need to be made in other oversight areas. In calculating Medicaid rates for nursing facilities, state law requires LDH to include the level of need for all residents (private pay, Medicare, and Medicaid). Other states, however, only consider those residents who receive Medicaid when determining their Medicaid rates. Louisiana could have saved approximately $19.7 million in fiscal 2016 if only Medicaid residents were included in the calculations. In addition, state law requires LDH to use a minimum factor of 9.25 percent to calculate a nursing facility's fair rental value, which is also included in the Medicaid rate. Other states use rental factors between 6 percent and 9 percent. If Louisiana were to use the Treasury bond rate of 2.5 percent plus a risk factor of 2.5 percent in calculating fair rental values for the nursing facilities, the State could save about $57 million per year. LDH also failed to assess $274,864 in late cost report penalties for 16 facilities from fiscal years 2014 to 2016 and paid out $3.2 million for nursing facility residents who were not Medicaid eligible in fiscal 2014. LDH made no attempt to recover the payments.

Department of Natural Resources

Atchafalaya Basin Program – Administration of Water Management Projects
July 19, 2017

The Atchafalaya Basin Program needs to strengthen its administration of water management projects conducted in the Basin. The audit found that ABP did not properly administer certain aspects of its first two water management projects, Bayou Postillion and Schwing Chute, which resulted in issues related to transparency, landowner concessions regarding project design, potential conflicts of interest, and insufficient monitoring. While ABP has improved its administration of projects since 2008, it should strengthen its process further by having each project formally approved before construction begins and by consistently conducting project monitoring. Additionally, the audit found that the State Master Plan for the Atchafalaya Basin Floodway System expired in 2013 and no longer adequately guides ABP's operations.

Department of Public Safety & Corrections

Corrections Services – Procedural Report – Noncompliance with Public Bid Law for Building Renovations

August 23, 2017

Corrections, acting on behalf of the Louisiana Correctional Facilities Corporation, did not comply with the requirements of the Public Bid Law in the renovations performed on the building located adjacent to headquarters and referred to as Building 10. The total cost of the Building 10 renovations equaled approximately $5.9 million. Corrections incorrectly presumed bidding was not required in accordance with the Louisiana Procurement Code. However, in this case, the Building 10 renovations were considered a public works project; therefore, the Public Bid Law, rather than the Procurement Code, applied. In addition, Corrections relied on an Executive Order signed by then Gov. Bobby Jindal that improperly authorized the use of inmate labor for the Building 10 renovations. Corrections officials also did not properly let architectural services for the renovations. Contracts for architects, engineers, and landscape architects under the provisions the Public Bid Law must be let through a Request for Qualifications process and must use the various licensing boards for these professions. Noncompliance with the Public Bid Law resulted in not all potential architects being notified of the project. The cost for the design work provided for the Building 10 renovation totaled approximately $557,000.

Corrections Services – Management of Offender Data: Processes for Ensuring Accuracy

October 25, 2017

The Department of Corrections needs to implement or strengthen existing policies and procedures to more effectively manage offender data, including better tracking of offender locations and instituting a consistent method of calculating release dates. In addition, data stored in the Criminal and Justice Unified Network system (CAJUN), which is DOC's primary mechanism for tracking state offenders, is not always accurate, which can limit DOC's and stakeholders' decision-making abilities. Auditors found that offender locations were not always accurate in CAJUN, particularly for offenders housed in local facilities, because DOC policy did not include a timeframe for when local facilities had to notify the Department of a transfer to another local facility. In addition, DOC's procedures for monitoring offender data entry, especially for offenders in local facilities, were not sufficient to identify all data errors. Auditors also found that DOC did not have any policies, procedures, manuals, or standardized guidance outlining the correct way to calculate release dates. Former DOC employees also still had access to CAJUN and the ability to change data. Auditors found that 38 percent of CAJUN user IDs were assigned to former DOC employees.

Department of Revenue

Louisiana Department of Revenue – Management Letter

December 20, 2017

Overpayment of Sales Tax Distributions to Local Government

LDR continued to overpay Algiers Economic Development District No. 1. The overpayment, which has occurred since the beginning of a Cooperative Endeavor Agreement executed in 2004 is $7.9 million, including

$497,060 in fiscal year 2017. LDR concurred with the prior year finding; however, no changes to the agreement or to the method of calculation for distributions were made during fiscal year 2017. Rather than using the excess of 1.25 cents of the sales tax collections in its calculation, LDR continued to use the total sales tax collections from the taxpayers in the District, which resulted in the overpayments.

Ineffective Controls over Severance Tax Collections and Refunds

LDR did not effectively implement or adequately monitor controls over severance tax collections and refunds. LDR did not ensure required forms were on file supporting severance tax reductions and exemptions prior to accepting reduced payments or issuing related refunds. Five of the 40 transactions tested totaling a net $2.6 million included reductions and/or exemptions of $339,887 that were not supported by the required reduced and/or exempt well documentation. In an extended review of the accounts for these five exceptions, auditors identified an additional 48 refund transactions totaling $1.8 million that were issued without adequate support that the taxpayer was eligible for the reduced rate or exemption. In addition, the threshold for review of severance tax refunds is $250,000 per LDR policy. As a result, only $4 million in severance refunds out of the $30 million issued in fiscal year 2017 were required by policy to be reviewed for accuracy and compliance prior to issuance.

Department of Wildlife and Fisheries

Lack of Control over Fill Material Licenses and Royalties – Procedural Report

August 23, 2017

The Department did not have adequate controls in place over licenses and royalties for the dredging of fill material from state water bottoms, resulting in a potential loss of revenue to the State. LDWF used a process in which it estimated fill material for one-time dredge projects and collected the royalty at the time of licensing with no additional monitoring; however, commercial pit operators were required to submit monthly dredging activity reports. LDWF management provided a spreadsheet it used to track the monthly activity for commercial pit operators; however, it did not include details such as license numbers, dates issued, and deposit information (transaction date, deposit number, coding, etc.). The tracking spreadsheet indicated that some licensees previously overpaid royalties; however, the LDWF finance department was not aware that the royalty overpayments existed and did not have procedures in place to properly account for overpayments. In addition, reconciliations were not performed to ensure that license fees and royalty payments were received for all licenses issued.

Executive Department

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

September 6, 2017

Auditors evaluated the completeness and accuracy of documentation submitted in support of expenditures reimbursable through the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act (RESTORE Act), the National Resource Damage Assessment, and National Fish and Wildlife Foundation settlements and/or grants. In 2017, auditors conducted 193 reviews of expenditures totaling $81,227,610 and identified $2,203 in expenditures that were not supported by sufficient documentation at the time of the review.

Governor's Office of Elderly Affairs – Procedural Report

August 23, 2017

Improper Allocation of Senior Center Funds

GOEA did not properly allocate state appropriations for senior centers as required by law, resulting in incorrect allocations to all 64 parish councils on aging. Of the allocations for fiscal years 2015 through 2017, 55 councils were over-allocated funds totaling $2,070,657, while the remaining nine were under-allocated by $2,070,657. The differences ranged from $591,462 over-allocated to Jefferson Parish to $1,449,973 under-allocated to Ouachita Parish.

Governor's Office of Homeland Security and Emergency Preparedness – Public Assistance and Hazard Mitigation Grant Programs

July 1, 2016, to June 30, 2017

Auditors evaluated the completeness and accuracy of documentation submitted in support of federal reimbursements under the Public Assistance and Hazard Mitigation Grant programs. In 2017, auditors conducted 8,444 reviews of federal reimbursement requests totaling $1,431,494,514 and identified $129,601,043 that were not supported by sufficient documentation at the time of the review.

Governor's Office of Homeland Security and Emergency Preparedness – Management Letter

December 20, 2017

Hazard Mitigation Grant Program Awards Identified for Grant Recovery

For fiscal year 2017, GOHSEP identified $106,061 in noncompliant Hazard Mitigation Grant Program awards through the project closeout process. GOHSEP identified additional instances of contractor abandonment, incomplete work, or potential contractor fraud that were not reported in the prior fiscal year, amounting to $626,982. Because these noncompliant awards and contractor overpayments were not recovered as of June 30, 2017, the outstanding grant recovery balance identified during the fiscal year was $733,043. Outstanding grant recovery balances from previous years were $38 million, with awards in recovery at June 30, 2017, totaling approximately $39 million. Because of the known overpayments in grant recovery, GOHSEP reduced its federal funding requests to minimize the amounts due back to the federal awarding agency. Therefore, of the $39 million in grant recovery, $8.2 million is considered to be federal questioned costs.

Inadequate Control over Subgrantee Refunds

GOHSEP did not have adequate controls over refunds from subgrantees to ensure funds were deposited immediately into the State Treasury as required by the Louisiana Constitution. The Office of Statewide Reporting and Accounting Policy's policy and procedures manual generally defines "immediately" as within 24 hours of receipt. Of the 39 items tested totaling $665,334, 37 (94.9 percent) items totaling $654,974 were deposited between two and 32 days after receipt, with an average of 15 days between receipt and deposit of refunds. GOHSEP received more than $10.3 million in subgrantee refunds during fiscal year 2017.

Office of Financial Institutions

July 12, 2017

Inadequate Controls over Payroll and HR Functions

OFI did not have adequate controls over payroll processing and timekeeping records, resulting in approximately 900 hours of uncredited compensatory time for employees and missing or unapproved time sheets to support employee payroll expenditures. In addition, upon hire, four employees were incorrectly classified according to the Fair Labor Standards Act, resulting in the wrong rates applied to compensatory time earned.

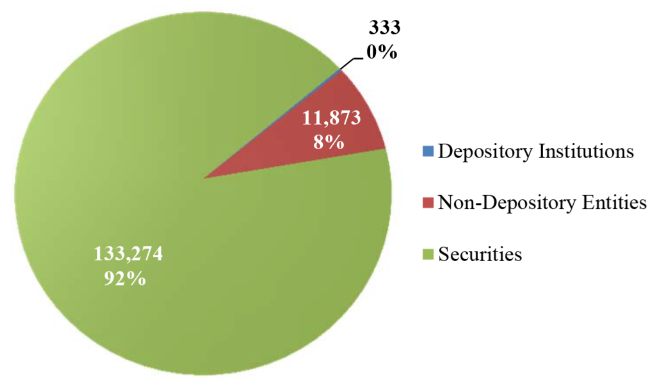
No Examination Penalties Assessed

OFI did not enforce penalties and/or fines related to examinations performed on regulated non-depository entities as authorized by statute, increasing the risk that the entities may not be deterred from repeatedly violating the law and resulting in lost revenue.

Examinations of Regulated Entities Not Performed

Auditors found that OFI did not perform examinations of its non-depository entities in accordance with laws and policies and did not have a formal examination schedule for some of its regulated entities, increasing the risk that entities will not receive the required examinations, and deficiencies will go undetected.

OFI Regulated Entities as of June 30, 2016
Total: 145,480



Source: OFI Quarterly Report

Louisiana Tax Commission – Procedural Report

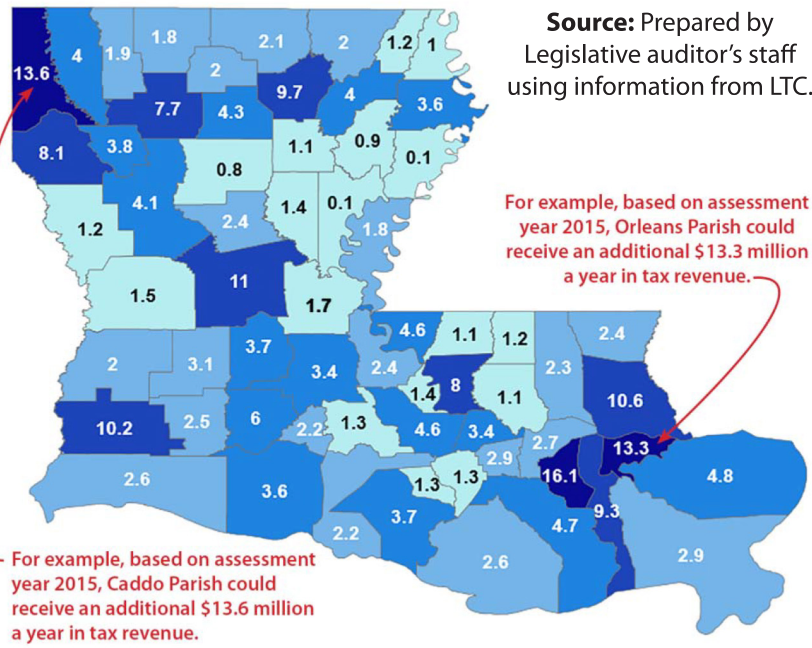
June 7, 2017

The Louisiana Tax Commission did not have an adequate process in place for collecting change order fees from local tax assessors, resulting in the inconsistent collection and remittance of fees and the possible loss of revenues to the State. Although the Louisiana Administrative Code provides for LTC to collect a $20 fee for late change orders for reduced assessments, management had not formally defined the types of change orders this fee was applicable to and had told auditors no guidance had been provided to assessors to ensure consistency of collection. In addition, LTC did not timely deposit (within 24 hours of receipt) checks received for fees related to audits, assessments, and change orders, increasing the risk of loss due to error or fraud. In a review of 30 checks, all were deposited between seven and 84 days after receipt by LTC.

Louisiana Tax Commission – Appraisal of Public Service Companies

June 7, 2017

Increase in Revenues for Accounting for Expected Income Growth, by Parish Assessment Year 2015 (in Millions)



During the 2015 assessment year, LTC appraised 716 public service companies, resulting in a total assessed value of $5.5 billion and approximately $557 million in taxes for local governments. Auditors found that if LTC were to use an appraisal method accounting for expected future income growth, as recommended by national standards, the assessed values of public service companies might increase by $2.4 billion and result in local governments receiving an additional $249 million in annual tax revenue. LTC also had not developed rules and regulations defining how to appraise public service companies. As a result, different companies within the same industry were appraised differently. In addition, the procedure LTC used to allocate the value of nuclear power plants differed from its procedure for other public service companies and effectively decreased the assessed value of the companies that own these plants by $50.5 million in St. Charles Parish and $67.5 million in West Feliciana Parish.

Louisiana Tax Commission – Appraisal of Public Service Companies, Report Supplement

November 16, 2017

The report provided additional options to what was recommended in the June 2017 report. The supplemental analysis showed that instead of accounting for expected future income growth when valuing public service companies, LTC also could increase the companies' assessed value by decreasing the capitalization rates used to value them. If that were done, LTC's valuations would be closer to the market and cost-approach values of each company.

Impact on Annual Tax Revenues if Capitalization Rates Are Reduced • Assessment Year 2017	
Reduction in Capitalization Rate	**Additional Tax Revenue (statewide)**
0 percentage points	$0
1 percentage point	$37 million
2 percentage points	$84 million
3 percentage points	$144 million
4 percentage points	$224 million
5 percentage points	$336 million
Source: Prepared by legislative auditor's staff using information from the Louisiana Tax Commission.	

Louisiana Workforce Commission

Louisiana Workforce Commission – Management Letter

January 24, 2018

Weaknesses over the Helping Individuals Reach Employment System

The Louisiana Workforce Commission did not adequately resolve issues reported in the prior year resulting from the implementation of the Helping Individuals Reach Employment (HiRE) system. For the second consecutive year, LWC did not establish adequate policies and procedures over changes made to the computer systems; did not properly secure HiRE and its systems by reviewing security reports, monitoring system activity, and classifying data; and did not ensure full compliance with federal regulations over benefit overpayments and federal reporting requirements. HiRE is the system used to administer the Unemployment Insurance program. As a result, HiRE could not produce reliable reports to support all the amounts reported in LWC's Annual Fiscal Report for fiscal year 2017, and therefore, auditors could not confirm or verify the accuracy of more than $23.9 million in net claimant receivables, and $9 million due to the federal government. In addition, LWC's contract with Geographic Solutions, Inc. lacked key essential terms, which increases the risk of misunderstandings and/or non-performance of services and may lead to LWC's inability to continue to operate the unemployment insurance program if GSI can no longer provide services.

Improper Eligibility Determination for Pre-Employment Transition Services

LWC improperly determined eligibility for students participating in the Pre-Employment Transition Services program. As a result, LWC improperly determined that 103 students were eligible based solely on wearing prescription eyeglasses, even though this is not considered a disability under the program requirements. During fiscal year 2017, LWC paid $272,782 in Vocational Rehabilitation Program funds for services for these students.

Deficiencies in Control over Payroll

LWC did not adhere to internal policies and procedures designed to ensure compliance with federal documentation requirements for compensation of personal services. As a result, time and attendance records were not properly certified by employees, approved by supervisors, and monitored by assigned personnel, as required by federal and state regulations, which increases the risk of payroll error or fraud.

General Statewide Reports

Evaluation of the Internal Audit Function in State Agencies and University Systems

January 11, 2017

Louisiana law does not specify the reporting structure for internal audits or require the use of an internal audit committee as recommended by professional standards. The Institute of Internal Auditors recommends that internal auditors report administratively to the highest level of authority and functionally to an audit committee. Auditors found that 20 (57 percent) of 35 internal audit functions surveyed did not report to an audit committee, which would help provide independent oversight. Auditors also found that internal auditors cited limited budgets as their greatest challenge. Internal audit budgets for fiscal year 2017 ranged from $60,000 to

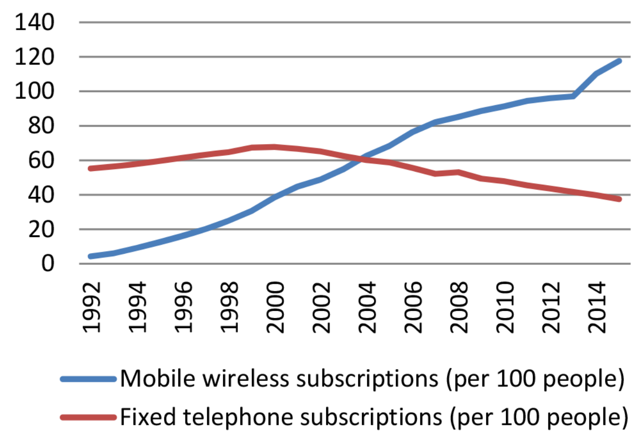
$1.8 million, and half of the internal audit functions evaluated were staffed with only one auditor. Twenty-six (74.3 percent) did not have a current quality assurance review as required by professional standards and state law. Without a quality assurance review, auditors cannot assert that their audits follow standards. In addition, helping management better understand the role and value of internal audits could result in more effective and risk-based audits. Auditors found that 15 (42.9 percent) of the 35 survey respondents were required to perform non-internal audit duties, and 11 (31.4 percent) reported that mandated audits or management requests hindered their ability to produce risk-based audits.

Evaluation of the Telephone Company Ad Valorem Tax Credit

April 26, 2017

Assessing both wireless and landline providers at the same level would eliminate the need for the Telephone Company Ad Valorem Tax Credit. Wireless service providers are not assessed as public service companies because of a state law that says public service companies include telegraph and landline telephone companies, but not businesses that provide cellular service, paging service, or other forms of mobile or portable communications service. The exclusion clause was added to the law in 1992 when wireless communications were less prevalent. Since then, however, wireless communication subscriptions per capita have grown 2,667 percent, and landline telephone subscriptions per capita have declined 32 percent. Several options exist that could reduce the difference in assessment levels among providers. Each would require legislation to amend state law, and two options would require a constitutional amendment. The exhibit summarizes each option and the annual effect on local revenue and annual savings to the State.

Growth in Wireless and Landline Telephone



Options for Eliminating the Telephone Ad Valorem Tax Credit		
Option	**Annual effect on local revenue (in millions)**	**Annual savings to State (in millions)***
A. Assessing both wireless providers and landline companies as public service properties, but at a revenue neutral assessment level of 15%	$0	$23.4
B. Assessing wireless providers as public service companies, including taxing both tangible and intangible properties	$40.4	$23.4
C. Assessing wireless providers as public service companies, exempting intangibles	$12.2	$23.4
D. Assessing landline companies the same as wireless providers	($9.2) to ($17.2)	$23.4

*These options show the effect of eliminating the Telephone Company Ad Valorem Tax Credit and used LDR's 2017 Tax Exemption Budget and the projected credit amount for FY 2018.

Options for Eliminating the Telephone Ad Valorem Tax Credit (Cont.)		
Option	**Annual effect on local revenue (in millions)**	**Annual savings to State (in millions)***
E. Assessing landline companies the same as wireless providers, but tax the intangibles of both	($0.1) to $7.9	$23.4
F. Amending R.S. 47:6014 to repeal the Tax Credit without adjusting any assessment levels	$0	$23.4
*These options show the effect of eliminating the Telephone Company Ad Valorem Tax Credit and used LDR's 2017 Tax Exemption Budget and the projected credit amount for FY 2018.		

Louisiana Cancer Research Center – Progress toward Achieving National Cancer Institute Designation

December 13, 2017

The Louisiana Cancer Research Center, which was created by the Legislature in 2002, has not yet achieved the National Cancer Institute designation that would allow it and its consortium members to compete for additional federal funding. Since 2003, the Center has received $144.2 million from tobacco tax proceeds for cancer research and $92.4 million in capital outlay funds to build and equip its facility. The Center has made scientific progress, such as increasing its funding base and its enrollment of patients into cancer trials, but changes in its administrative structure are needed to make progress toward achieving NCI designation. However, the Board of Directors has not hired a director to lead the effort, nor has it adopted a strategic plan outlining how the Center will achieve the designation despite such a plan being required by law and the National Cancer Institute. The Center also has not developed a required written agreement that explains how each institution will contribute to achieving the NCI designation.

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 at June 30, 2017, and the operating activities of the State's primary government and its component units for the fiscal year then ended. The financial information included in the CAFR is intended for use 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 29, 2017, with qualified opinions based on work performed by financial auditors spread across state agencies, departments, colleges, universities, and numerous other entities such as boards, commissions, districts, and public corporations. LLA's opinion qualifications resulted from the following:

- Management did not record the primary government's liability for the Coastal Protection and Restoration Authority's (CPRA) 35 percent cost share related to two project partnership agreements with the U.S. Army Corps of Engineers (Corps) to construct and improve the levee systems in the greater New Orleans area. Based on the deferred payment calculation reports provided by the Corps, the total project costs were approximately $3.4 billion as of June 30, 2017, and CPRA's cost share obligation was $1.5 billion, which includes accrued interest during construction of $400 million. In addition, the component unit levee districts, which are responsible for the operation and maintenance of the projects completed by the Corps, did not capitalize project assets. This includes the previously mentioned cost share projects totaling $3.4 billion and additional projects estimated at $11 billion that are funded solely by the Corps. Management contended these amounts were not verifiable because the Corps had not permitted CPRA to examine the calculations and other documentation supporting the project costs and, therefore, CPRA's liability and the levee districts' assets could not be reasonably estimated.

- Material weaknesses were identified in the Louisiana Workforce Commission's implementation of a new system for processing unemployment insurance benefits in the prior fiscal year that have not been fully corrected. As a result, auditors were unable to rely on the system to provide sufficient, appropriate audit evidence to support overpayments due back from claimants as well as the portion of those overpayments that are due back to the federal government. The accounts receivable, net of the allowance for uncollectible accounts, and the amounts due to the federal government that auditors were unable to confirm or verify by alternate means totaled $23,954,000 and $9,059,000, respectively, at June 30, 2017.

In addition to LLA's opinions, the audit report disclosed that the State's net pension liability at June 30, 2017, was estimated to be approximately $7.1 billion. The related actuarial valuations were performed by pension systems' actuaries using various assumptions. Because actual experience may differ from the assumptions used, there is a risk that this amount at June 30, 2017, could be under or overstated.

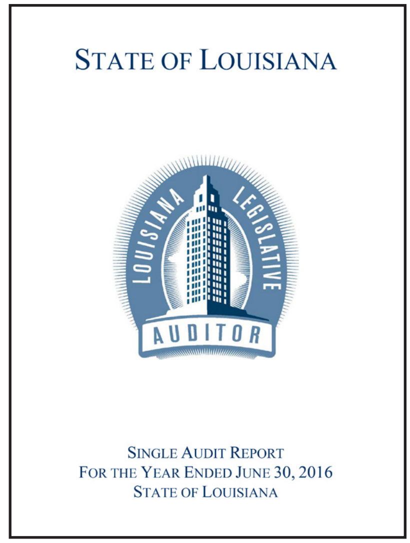
The primary government's proportionate share of the Louisiana State Employees' Retirement System (LASERS) net pension liability was $6.3 billion as of June 30, 2017. The actuarial valuation of the total pension liability is very sensitive to the underlying actuarial assumptions, including a discount rate as of June 30, 2016, of 7.75 percent. A 1 percent reduction in the current discount rate would increase the primary government's net pension liability by $1.4 billion. For future valuations, LASERS currently intends to reduce the 7.75 percent discount rate by 0.05 percent annually, until it reaches 7.50 percent.

Also, the actuarial valuation of the total pension liability for LASERS does not include projections for future ad hoc cost-of-living adjustments (COLAs). LASERS determined these COLAs were not substantively automatic and, therefore, future COLAs were not included in the valuation. Statutory provisions should be met and approval of both the Legislature and the Governor is required to grant a COLA. The inclusion of future COLAs in the valuation would increase the net pension liability.

Single Audit

The 2016 Single Audit Report for the State of Louisiana, issued on March 22, 2017, included 38 findings, 17 of which were repeated from fiscal 2015. LLA cited questioned costs of $186,481,265 for all federal programs. The related federal awarding agencies will make a determination as to whether the State will have to repay these questioned costs.

The report also contained LLA's opinions on the State's administration of its 20 major federal programs and a detailed schedule of the State's expenditures of federal awards, which totaled more than $15 billion for the fiscal year ended June 30, 2016.


STATE OF LOUISIANA

LOUISIANA LEGISLATIVE AUDITOR

SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2016
STATE OF LOUISIANA

Based on LLA's procedures, five major federal programs had modified opinions:

- The Research and Development Cluster was administered by various entities including the Board of Regents for Higher Education (BOR), Louisiana State University – Agricultural Center, and LSU and Related Campuses. The BOR did not adequately monitor subrecipients, and the LSU Agricultural Center and LSU and Related Campuses did not comply with federal equipment management regulations.

- The Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii administered by the Division of Administration, Office of Community Development (OCD), had more than $176 million in questioned costs because of awards identified by OCD for ineligible homeowners and small rental property owners.

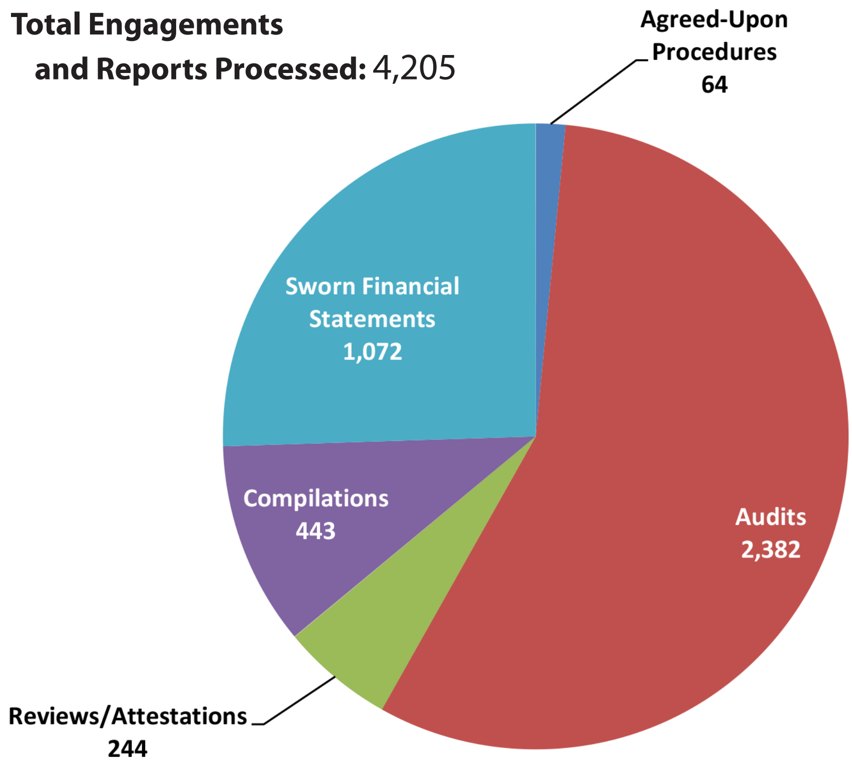
- Unemployment Insurance, administered by the Louisiana Workforce Commission, issued payments to ineligible claimants and overpaid and underpaid benefits to claimants during the fiscal year; did not have proper change management policies and procedures over the Helping Individuals Reach Employment (HiRE) system, which is used to administer unemployment insurance; did not adequately manage the implementation of the HiRE system; did not have adequate controls in place to ensure required federal reports were accurate, complete, and properly prepared and did not submit the required reports timely; did not ensure compliance with unemployment insurance regulations to improve program integrity and reduce overpayments; did not properly report unemployment claims information to other states; did not document its business case for licensing the HiRE system or ensure key contract terms were formalized with Geographic Solutions, Inc., the vendor of the web-based HiRE system; and did not have adequate security controls over the HiRE system.

- The Children's Health Insurance program and the Medicaid Cluster, administered by the Louisiana Department of Health (LDH), failed to maintain required processes to identify and recover paid claims where a third party was liable and, for at least eight months of the year, did not establish alternate procedures to pursue and recover more than $29 million in previously identified instances of third-party liability. Also, LDH's third-party liability recovery contractor, Health Management Systems (HMS), has identified more than $18 million in recoveries with claim service dates more than three years old. LDH did not establish any new third-party liability receivable amounts for fiscal year 2016 financial reporting because of unsupported documentation from its contractor. While HMS estimated approximately $42 million in third-party liability at the end of the fiscal year, LDH did not have adequate support for this amount and continued to report the $29 million in receivables noted in the prior audit as outstanding.

Local Government Services

Local Government Services

The Local Government Services section provides other 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. Local Government Services staff reviewed and processed the following local auditee engagements and reports during 2017 (See chart at right):



During the 2017 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
- Noncompliance with federal regulations in local governments' administration of federal programs
- Noncompliance with bond covenants or loan agreements
- Noncompliance with state laws covering 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 2017, the LLA continued its Center for Local Government Excellence training and certification program, holding Level 1 sessions in Baton Rouge, New Orleans, and Alexandria. The two-day workshops introduced participants to the basics of internal control, accounting, and financial reporting for local governments, as well as to legal issues faced by local government officials and their staffs. 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 750 government officials and staff members, certified public accountants, and attorneys have received training.

Level 2 workshops began in early 2018 in St. Tammany Parish. Level 2 classes build on the basics of Level 1 classes and include more detailed topics in the areas of internal control, high-risk areas and fraud, and additional legal issues pertaining to local government entities. Levels 1, 2, and 3 are part of an overall certification program to improve transparency and accountability in local government.

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 more than 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:

- 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

- Support for the Louisiana State Fiscal Review Committee

- 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

- Performing procedures in St. Tammany Parish under Act 774 of 2014

In addition, advisers worked with the Fiscal Review Committee to monitor the fiscal status of Madison Parish Hospital, the Town of Melville, and the City of Jeanerette.

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 any appropriations bill. Advisory Services is involved with overseeing this function. During the 2017 Regular Legislative Session, the office's analysts received 38 requests and prepared 158 fiscal notes in response. Advisory Services also assisted with the preparation of fiscal analyses for 14 actuarial notes related to retirement bills.

The following summaries highlight a couple of the reports and letters issued by Advisory Services in 2017.

Washington Parish Reservoir Project: Status and Reasons for Delays

August 23, 2017

This Advisory Services report addressed the status and reasons for delays with the Washington Parish Reservoir Project. The review was conducted based on legislative concerns that approximately $3 million had been committed to the project since 2002 and construction had not yet begun. The report pointed out that the project still had not received all necessary permits, nor had it acquired the necessary property rights to move forward. Auditors noted that the Legislature might wish to direct the Washington Parish Reservoir Commission to evaluate the viability of the project, including ways to obtain enough funding for completion, whether to revise the scope and design of the project, or whether to continue it.

Act 774 Annual Report

September 27, 2017

The Act 774 Annual Report on St. Tammany Parish summarized the results of the second year of the Act, with the referenced procedures being performed by both Legislative Auditor staff and independent certified public accountants. Based on the auditors' evaluation, 74 entities within St. Tammany Parish were found to be subject to the additional risk assessment required by Act 774, resulting in 66 separately-issued reports. The most common deficiencies identified in the reports were a lack of written policies and procedures, a lack of supporting documentation for credit card purchases, and a lack of written supervisory review/approval.

Investigative Audit Services

Investigative auditors 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.

The following summaries highlight some of the reports issued by Investigative Audit Services in 2017.

Louisiana State Penitentiary at Angola - Department of Public Safety & Corrections

January 18, 2017

An investigative audit found that three Angola employees failed to take leave while working on the warden's personal residence. The audit also found that free lodging and meals were provided to the warden's family; the warden's personal property was refinished by Prison Enterprises at no cost; revenue from the Angola Rodeo was not deposited with the State Treasury or included in the Department of Corrections' budget; and an Angola employee made personal purchases and undocumented cash withdrawals totaling $101,044 from the Angola Employee Recreation Committee account. The report was turned over to the District Attorney for the 19th Judicial District of Louisiana, the District Attorney for the 20th Judicial District of Louisiana, the Louisiana Attorney General, and the U.S. Attorney for the Middle District of Louisiana.

District Attorney for the 15th Judicial District and the Acadia Parish Sheriff's Office

January 18, 2017

An investigative audit found that an employee of the Acadia Parish Sheriff's Office received $194,900 in seized cash assets from local law enforcement agencies from January 21, 2003, through February 3, 2016, that were not deposited into the District Attorney's Special Asset Forfeiture Fund, as required by state law. The former employee acknowledged that she failed to deposit the seized cash assets and that she used the funds for personal purposes. The report was turned over to the District Attorney for the 15th Judicial District of Louisiana.

Town of Haynesville

January 18, 2017

An investigative audit found that Town records showed $50,048 in traffic citation revenue was not deposited into the Town's bank account from September 5, 2007, through September 16, 2015. The former Haynesville police dispatcher responsible for accepting traffic citation fines stated she did not take the missing funds. However, 137 cash deposits totaling $40,615 were made into her bank accounts during the same period. The audit also found that a former police dispatcher appeared to have altered public records at the Police Department that resulted in (1) an improperly reduced fine and reinstated driver's license and (2) an uncollected fine for speeding by changing a bench warrant to a warning. The report was turned over to the District Attorney for the Second Judicial District of Louisiana.

Tangipahoa Parish Council - Parish Landfill

February 15, 2017

An investigative audit found that Tangipahoa Parish Government's former landfill manager may have violated state law by personally receiving $18,533 from the sale of parish-owned scrap metal to a local scrap yard. Parish records show that it did not receive payment from a local scrap yard for $27,681 of scrap metal sale tickets. The audit also found that the former landfill manager allowed a contractor to dispose of roofing debris at the Parish Landfill without paying $49,330 in fees. The contractor claimed he paid the landfill manager a reduced fee in cash instead of paying the required fee to the landfill. The report was turned over to the District Attorney for the 21st Judicial District of Louisiana.

East Baton Rouge Council on the Aging, Inc.

May 3, 2017

An investigative audit found that East Baton Rouge Council on the Aging, Inc. management and staff used public resources to operate Support Our Seniors, a political action committee formed to support a tax proposition to increase the Council's funding, during work hours. The audit also found that the Council donated funds totaling $24,830 to SOS and used $6,523 in public funds to pay SOS' expenses. The Louisiana Constitution and state law prohibit the use of public funds to urge any elector to vote for or against any candidate or proposition, or be appropriated to a candidate or political organization. The report was turned over to the District Attorney for the 19th Judicial District of Louisiana.

Grambling State University

October 25, 2017

An investigative audit found that three former GSU cashiers improperly increased the GFlex Account balances of 35 students, including the GFlex Accounts of two of the former cashiers, by an aggregate of $164,442. Since the former GSU cashiers used public funds for the personal benefit of themselves and others, their actions may have violated state and federal laws. The audit also found that GSU was not reconciling its student accounts to the accounting system; cashiers shared their user IDs to post transactions to student accounts; financial aid was advanced to students up to 88 days before GSU received student financial aid; and Aramark (GSU's cafeteria vendor) provided at least $12,682 in free meals to select GSU employees, which may violate state law. The report was turned over to the District Attorney for the Third Judicial District of Louisiana and the U.S. Attorney for the Western District of Louisiana.

Housing Authority of the Village of Fenton

November 15, 2017

An investigative audit found that the former executive director for the Housing Authority of the Village of Fenton converted $34,105 of Authority funds for her personal use from March 31 to September 20, 2017. The former executive director issued and negotiated 52 unauthorized checks, including extra payroll checks to herself and other Authority employees, checks to her family members for which no services were performed, and checks made payable to petty cash. The report was turned over to the U.S. Attorney for the Western District of Louisiana and the District Attorney for the 31st Judicial District of Louisiana.

Department of Public Safety & Corrections - Public Safety Services - Office of State Police

December 14, 2017

An investigative audit into Louisiana State Police operations found questionable travel expenses incurred by some troopers, improper use of public resources by the former Superintendent and his family members, and possible violations of state law, the Louisiana Constitution, and the Internal Revenue Code. DPS, under which the LSP operates, spent $85,486 in public funds for 16 employees to attend one or more conferences in San Diego in October 2016 – $34,131 in travel expenses and $51,355 for employees' regular time and overtime. In addition, the former Superintendent improperly used hotel rooms paid for by the City of New Orleans for troopers working during the 2013 to 2016 Mardi Gras seasons. The former Superintendent also had troopers run personal errands for him and his family and friends and perform services for nonprofit organizations with which he was affiliated during work hours. Further, the former Superintendent and his family lived at the DPS Compound without legal authority, and the benefit of living at the compound, which was estimated at $434,720 over the nine-year period from February 2008 to March 2017, was not reported as a taxable benefit to him as required by the Internal Revenue Code. Among the audit's other findings:

- The former Superintendent appeared to have received free meals from the DPS cafeteria.
- The former Superintendent obtained a DPS credit card that he used to buy special meals without approval from the Division of Administration.
- The former Superintendent had DPS' Fleet Operations personnel perform minor repairs, washing, and detailing services on his family members' vehicles.
- The former Superintendent and troopers assigned to the Governor's Mansion used the Mansion's free dry cleaning service for their uniforms and other clothing while also receiving a daily allowance from LSP to clean their uniforms.
- LSP improperly allowed its training facilities to be used by certain DPS employees at no charge and without a public purpose, including several members of LSP management and the current Commissioner of the Office of Motor Vehicles.

The report was turned over to the District Attorney for the 19th Judicial District of Louisiana, the U.S. Attorney for the Middle District of Louisiana, and the Louisiana Board of Ethics.

In Conclusion

The reports highlighted in this year's Annual Report document ongoing problems among state and local governmental entities related to sound financial controls. Whether it is a lack of adequate policies and procedures or a failure to monitor the implementation of these policies and procedures, the fact remains that much-needed revenue is being lost or going uncollected.

As this report also shows, several of the State's public colleges and universities, in particular, continued to have problems in 2017 with maintaining control over their administrative computer systems, their federal funding, and their property and equipment. The failure and/or inability to correct these problems means these institutions are losing money and resources at a time when the State's ability to provide them with funding is uncertain.

By calling these issues to the attention of lawmakers, agency management, and the public, the Legislative Auditor hopes to encourage open, transparent discussion on how best to address the problems, and, ultimately, to improve the efficiency and effectiveness of government for all of the State's residents.

Did you know?

All LLA audit reports, including those discussed in this report, can be found online.
Log on to **www.lla.la.gov** to find current and archived reports.

Act 461 Annual Report

Third Quarter, Fiscal Year 2017

State Agencies

Agency Name	Issue Date	Finding Description	Amount
Department of Corrections - Louisiana State Penitentiary at Angola	1/18/2017	The Department of Corrections did not include the revenue or expenditures from the semi-annual Angola Rodeo in the budget approved by the Legislature.	$6,294,587
Department of Corrections - Louisiana State Penitentiary at Angola	1/18/2017	The Angola Employees Recreation Committee treasurer used the Committee's funds for personal purchases or did not deposit them into the Committee's bank account.	$128,962
Department of Corrections - Louisiana State Penitentiary at Angola	1/18/2017	Angola management improperly donated funds from the Angola Rodeo to the Angola Museum Foundation to purchase a bus. The prison could not purchase the bus unless it forfeited a vehicle, so the Museum Foundation received a donation from the prison to purchase the bus and pay the insurance.	$67,620
Louisiana Department of Health	1/27/2017	Noncompliance with Third-Party Liability Requirements **(Repeat)**	$29,000,000
Louisiana Department of Health	1/27/2017	Inadequate Controls over Quarterly Federal Expenditure Reporting **(Repeat)**	$250,000,000
Louisiana Department of Health	1/27/2017	Inadequate Controls over Reporting of Subrecipients **(Repeat)**	$19,400,000
Louisiana Department of Health	3/22/2017	Program Rule Violations in the Medicaid Dental program	$6,431,811
Louisiana Department of Health	3/29/2017	Duplicate Payments for Medicaid Recipients with Multiple Identification Numbers	$1,400,000

Local Government Agencies

Agency Name	Issue Date	Finding Description	Amount
Algiers Development District No. 1	1/11/2017	The audit report for the Algiers Economic Development District No. 1 (Algiers) does not include any amounts or disclosures about a potential liability of $7.3 million relating to sales tax overpayments to Algiers by the state Department of Revenue.	$7.3 million
Caddo Parish School Board	2/22/2017	Between 2014 and 2016, a former employee in the transportation department made approximately $260,000 in unauthorized purchases using the Board's business credit card. The former employee was arrested in January 2017.	$260,000
District Attorney for the 15th Judicial District	1/18/2017	Seized Cash Assets Not Deposited	$194,900

Fourth Quarter, Fiscal Year 2017

State Agencies

Agency Name	Issue Date	Finding Description	Amount
Louisiana Tax Commission (LTC)	6/7/2017	Over assessment years 2011 through 2015, LTC assigned eight barge and railcar companies to the wrong parish. As a result, some parishes received tax revenue that should have gone to another parish.	$2.4 million
Governor's Office of Homeland Security and Emergency Preparedness	4/24/2017	Completed work was not within the scope of the approved project.	$4,762,376
Governor's Office of Homeland Security and Emergency Preparedness	4/24/2017	Expense reimbursements were not supported by invoices, receipts, lease agreements, contracts, labor policies, time records, equipment logs, inventory records, or other applicable documentation.	$16,592,194
Governor's Office of Homeland Security and Emergency Preparedness	4/24/2017	Contracts and purchases totaling more than $10,000 per vendor per calendar year did not comply with applicable federal and state procurement requirements.	$31,040,706

Agency Name	Issue Date	Finding Description	Amount
Governor's Office of Homeland Security and Emergency Preparedness	4/24/2017	Work reflected in the expense reimbursements did not comply with applicable FEMA regulations and guidance.	$1,833,688
Governor's Office of Homeland Security and Emergency Preparedness	4/24/2017	GOHSEP's cost estimating tool and/or expense review form either omitted or contained duplicate and/or incorrectly-categorized expenses.	$394,734
Governor's Office of Homeland Security and Emergency Preparedness	4/24/2017	Completed work was not within the scope of the approved project.	$558,994
Governor's Office of Homeland Security and Emergency Preparedness	4/24/2017	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.	$3,309,036
Governor's Office of Homeland Security and Emergency Preparedness	4/24/2017	Contracts and purchases totaling more than $10,000 per vendor per calendar year did not comply with applicable federal and state procurement requirements.	$6,304,199

Notes:

For Public Assistance - Since March 2008, the LLA has noted exceptions totaling $1,014,230,618, which includes the $54,623,698 noted this period, and GOHSEP has resolved $903,867,891, which includes the $51,484,000 resolved this period.

For Hazard Mitigation - Since March 2008, the LLA has noted exceptions totaling $250,074,672, which includes the $10,376,554 noted this period, and GOHSEP has resolved $134,860,335, which includes the $11,683,156 resolved this period.

Local Government Agencies

Agency Name	Issue Date	Finding Description	Amount
City of Jeanerette	5/17/2017	Improper Management of the Water System - Uncollected customer accounts greater than 60 days	$188,837

Agency Name	Issue Date	Finding Description	Amount
Iberia Parish Clerk of Court	4/26/2017	From May 2013 to May 2016, the Clerk of Court improperly retained $314,495 in unused advance court costs that state law requires to be refunded to the persons who originally deposited those monies. Of this amount, the Clerk of Court transferred $218,021 from the advance deposit fund to the Clerk of Court's salary fund to pay salaries and other expenses. All advance deposit funds should have either been returned to the persons who made the original deposits or turned over to the State Treasurer as unclaimed property.	$314,495

First Quarter, Fiscal Year 2018

State Agencies

Agency Name	Issue Date	Finding Description	Amount
Central Louisiana Technical Community College (Partial Repeat)	8/9/2017	Inadequate Controls over Student Receivables	$487,415
Governor's Office of Elderly Affairs	8/23/2017	Improper Allocation of Senior Center Funds	$2,070,657
Governor's Office of Homeland Security and Emergency Preparedness – Public Assistance Program	9/27/2017	Completed work was not within the scope of the approved project.	$9,268,038
Governor's Office of Homeland Security and Emergency Preparedness – Public Assistance Program	9/27/2017	Expense reimbursements were not supported by invoices, receipts, lease agreements, contracts, labor policies, time records, equipment logs, inventory records, or other applicable documentation.	$17,038,917

Agency Name	Issue Date	Finding Description	Amount
Governor's Office of Homeland Security and Emergency Preparedness – Public Assistance Program	9/27/2017	Contracts and purchases totaling more than $10,000 per vendor per calendar year did not comply with applicable Federal and State procurement requirements.	$22,819,612
Governor's Office of Homeland Security and Emergency Preparedness – Public Assistance Program	9/27/2017	Work reflected in the expense reimbursements did not comply with applicable FEMA regulations and guidance.	$3,524,356
Governor's Office of Homeland Security and Emergency Preparedness – Public Assistance Program	9/27/2017	GOHSEP's cost estimating tool and/or expense review form either omitted or contained duplicate and/or incorrectly categorized expenses.	$486,425
Louisiana Department of Health - Medicaid Laboratory Program	9/6/2017	Auditors found $2,440,965 in improper payments for 160,100 laboratory claims when the provider did not have the appropriate CLIA certification at the time the specific test was performed.	$2,440,965
Louisiana Department of Health - Medicaid Laboratory Program	9/6/2017	Auditors found $1,744,178 was paid for 43,449 claims that involved invalid procedure codes for waived tests.	$1,744,178

Agency Name	Issue Date	Finding Description	Amount
Louisiana Department of Health - Progress Report: Prevention, Detection, and Recovery of Improper Medicaid Payments in Home and Community-Based Services Programs (Repeat)	7/12/2017	Although LDH implemented an edit check to prevent direct care workers who work for two different companies from claiming overlapping times for different recipients, a more comprehensive edit is needed. Auditors identified approximately $620,000 in potentially improper payments for overlapping services that the edit did not identify.	$620,000
Louisiana Department of Health - Progress Report: Prevention, Detection, and Recovery of Improper Medicaid Payments in Home and Community-Based Services Programs (Repeat)	7/12/2017	LDH has not implemented an effective process to prevent payments to providers while recipients were hospitalized or in nursing facilities. Auditors identified $326,915 in potentially overlapping claims that were not identified by LDH.	$326,915
Louisiana Department of Health - Progress Report: Prevention, Detection, and Recovery of Improper Medicaid Payments in Home and Community Based Services Programs	7/12/2017	LDH has not fully implemented the use of a call-in system to capture actual time worked. Auditors identified 52,222 instances where direct care workers were required to travel from 10 miles to 100 miles between two different locations where they worked consecutive hours, but did not indicate travel time.	$340,000

Agency Name	Issue Date	Finding Description	Amount
Louisiana Department of Health - Progress Report: Prevention, Detection, and Recovery of Improper Medicaid Payments in Home and Community Based Services Programs	7/12/2017	LDH does not have a sufficient process to verify that workers on the Direct Service Worker Registry are not providing services. Auditors identified approximately 100 workers who provided services totaling $2.5 million even though they were on the registry.	$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.

Second Quarter, Fiscal Year 2018

State Agencies

Agency Name	Issue Date	Finding Description	Amount
Baton Rouge Community College	12/27/2017	BRCC did not return $520,628 of Federal Title IV funds to the U.S. Department of Education within 45 days of the date of determination of withdrawal as required by Federal regulations.	$520,628
Baton Rouge Community College	12/27/2017	BRCC incorrectly used student technology fees to pay salaries and related benefits totaling $174,597 and $86,136, respectively, for five employees in the Student Help Desk Center, during fiscal year 2017.	$260,733
Baton Rouge Community College	12/27/2017	BRCC's annual certification of property inventory for the Mid-City campus was disapproved by LPAA because of an unacceptable amount of current-year discrepancies. The certification disclosed $1,967,708 in unlocated movable property for the current period.	$1,967,708
Delgado Community College	12/13/2017	Delgado was unable to locate $1,326,376 of the College's total movable property.	$1,326,376

Agency Name	Issue Date	Finding Description	Amount
Department of Health	10/4/2017	Auditors identified $150 million in payments by the managed care plans where LDH claims data did not include required accompanying detail lines. Without the required detail lines, LDH could not monitor these claims to determine the specific services provided and ensure that the claims were paid for the proper amount.	$150,196,866
Department of Health - Accuracy of Nursing Facility Payments	11/15/2017	LDH did not penalize nursing facilities for submission of late cost reports between fiscal years 2014 and 2016.	$274,864
Department of Health - Accuracy of Nursing Facility Payments	11/15/2017	LDH has not adequately addressed resident trust fund findings in cost report audits. As a result, $3.2 million in Medicaid payments were made for ineligible recipients in fiscal year 2014, and LDH did not recoup any of these payments.	$3.2 million
Department of Revenue	12/20/2017	LDR did not effectively implement or adequately monitor controls over severance tax collections and refunds. Auditors identified five transactions totaling $339,887 that were not supported by the required reduced and/or exempt well documentation. In an extended review of the accounts for these five exceptions, auditors identified an additional 48 refund transactions totaling $1.8 million that were issued without adequate support that the taxpayer was eligible for the reduced rate or exemption to support the refund.	$2,139,887
Department of Revenue (Repeat)	12/20/2017	LDR has continued to overpay the Algiers Economic Development District No. 1, including $497,060 in fiscal year 2017.	$497,060
Governor's Office of Homeland Security and Emergency Preparedness (Repeat)	12/20/2017	GOHSEP identified $106,061 in noncompliant Hazard Mitigation Grant Program awards through the project closeout process. GOHSEP identified additional instances of contractor abandonment, incomplete work, or potential contractor fraud that were not reported in the prior fiscal year, amounting to $626,982.	$733,043
Governor's Office of Homeland Security and Emergency Preparedness	12/20/2017	GOHSEP did not adequately monitor Hazard Mitigation Grant Program subgrantees to ensure that they provided the required payment support within the correct timeframe after reimbursement.	$270,991
Governor's Office of Homeland Security and Emergency Preparedness	12/20/2017	GOHSEP does not have adequate controls over refunds from subgrantees to ensure that funds are deposited immediately in the State Treasury. Of the 39 items tested totaling $665,334, 37 (94.9%) items totaling $654,974 were deposited between two and 32 days after receipt, with an average of 15 days between receipt and deposit of refunds.	$654,974

Agency Name	Issue Date	Finding Description	Amount
Grambling State University	10/25/2017	Funds Improperly Posted to Student Accounts	$164,442
Grambling State University	10/25/2017	Tiger1 Student Accounts Not Reconciled	$202,960
LSU Health Care Services Division (Repeat)	12/6/2017	The now-closed Earl K. Long Medical Center's annual certification of property disclosed unlocated property totaling $1,658,333 identified during the previous three years' certifications that remained unlocated in fiscal year 2017.	$1,658,333
Recovery School District (Repeat)	12/18/2017	RSD's annual certification of property inventory disclosed $217,870 in unlocated movable property for the current period and $5,421,629 for items reported as unlocated in the previous three years that remained unlocated in fiscal year 2017.	$5,639,499
University of New Orleans	12/20/2017	Past-due student accounts were submitted eight to 669 days late to the Louisiana Attorney General for collection.	$423,331

Local Government Agencies

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

Total Amount for Act 461 Findings, Calendar Year 2017

$621,976,312

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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 forty-six copies of this public document were produced at an approximate cost of $160.60. 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.lla.la.gov.