

# LEGISLATIVE AUDIT ADVISORY COUNCIL

## **Minutes of Meeting Thursday, December 14, 2023 Senate Room E State Capitol Building**

The items listed on the Agenda are incorporated and considered to be part of the minutes herein.

Chairman Luneau called the Legislative Audit Advisory Council (Council) meeting to order at 2:09 p.m. Ms. Tanya Phillips called the roll confirming that a quorum was present.

**Members Present:** Senator Jay Luneau, Chairman  
Senator Beth Mizell  
Senator Louie Bernard  
Senator Fred Mills  
Senator Jimmy Harris  
Representative Barry Ivey, Vice Chairman  
Representative Edmond Jordan  
Representative Rodney Schamerhorn

**Members Absent:** Representative Stephanie Hilferty  
Representative Aimee Adatto Freeman

**Also Present:** Michael J. "Mike" Waguespack  
Louisiana Legislative Auditor (LLA)

**Approval of Minutes** *(Video Archive Time 01:03)*

Vice Chairman Ivey offered a motion to approve the minutes of the October 9, 2023 meeting and, with no opposition, the motion was approved.

*(Video Archive Time 03:20)*

Louisiana Legislative Auditor Performance Audit Services Report – Summary of Performance Audit Reports and Matters for Legislative Consideration Calendar Year 2023

Presented by:  
Performance Audit Manager Gina V. Brown, MPA, CIA, CGAP, CRMA

The committee had requested that we compile all the recommendations we have made to the Legislature over the last year. This past year we completed 29 reports

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including 16 performance audits, seven informational briefs, and six informational reports. Performance audits are comprehensive evaluations that follow standards and include recommendations. Our informational briefs provide information about a particular focus subject area and do not include recommendations and informational reports. Overall, these reports contained 135 recommendations to the agencies and the agencies agreed with 98% of them.

*(Video Archive Time: 4:33)*

The first report is the LDH Progress Report, Medicaid Behavioral Health Services. We recommended that you may wish to clarify whether exceptions are allowed in state law regarding the national provider identifier.

The second report that had matters for legislative consideration was the Aviation Fuel Sales Tax Revenue Report. In this report, we recommended items to work with LDR to consider whether amending state law would help them collect the information needed to more accurately estimate the revenue from the aviation fuel sales taxes, increase the penalty amount if the aviation fuel dealers failed to this information, and also work with LDR to ensure that they have sufficient resources to enforce aviation fuel dealers compliance.

The next report that had a matter for legislative consideration is the Elderly Protective Services under the Governor's Office of Elderly Affairs. We recommended that the legislature may wish to consider establishing an elder abuse fatality review team to further review suspicious elder deaths in Louisiana. Unlike other states, Louisiana does not have a specialized team to review suspicious elder fatalities. These teams are similar to fatality review teams for deaths linked to child abuse and domestic violence, both of which have been established in Louisiana.

*(Video Archive Time: 6:47)*

The next report is the Violence Against Peace Officers Registry and we recommended that the legislature may wish to require documenting VAPO status during sentencing in order to help ensure the registry is complete and to make the identification and registration process more efficient. Department of Corrections has to manually determined which offenders have convictions for VAPO related offenses by reviewing each offender's records. We also recommended to amend current state law to include additional offenses against peace officers, including aggravated assault on a peace officer with a motor vehicle and battery of a peace officer.

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*(Video Archive Time: 7:59)*

The next report, which has not been presented as of this date, is our report on the Structure and Use of Learning Pods in Public Schools. This report actually contained 11 out of the 21 matters for legislative consideration. The use of learning pods in Louisiana is a newly created kind of program by the legislature in 2021. It's kind of in its infant stages and so there's a real opportunity to strengthen the oversight laws of this program while it's only impacting approximately 250 students right now. We found that the legislature may wish to consider strengthening the laws regarding the learning pods in order to better oversee and regulate their use in Louisiana. One of the main findings we had of the use of learning pods is that these pods can be used to inflate student performance at low performing charter schools or traditional public schools in order to avoid consequences for chronically poor student performance. Schools may be able to improve their academic performance by opening learning pods in locations likely to attract higher income families, essentially recruiting wealthier students rather than improving the performance of existing students. Because the pod students are at a separate location, any economic and racial segregation caused by the strategy may go undetected because learning pod student demographics are not reported separately from the demographics of the main campus.

*(Video Archive Time: 11:28)*

On the DCFS Child Welfare Centralized Intake report, we had a matter for legislative consideration to consider amending state law to require all mandated reporters to complete DCFS' mandatory reporter training annually and to require monitoring of this annual training by the oversight/licensing entities of the various mandatory reports.

Senator Mizell asked about the recommendations - you're only saying what is uniquely only a solution that could be from the legislature. There was a lot of things that needed to be redone, but those were in-house agency adjustments.

Ms. Brown responded yes. We had about 135 recommendations to the agency for this report.

Senator Mizell asked where legislative oversight needs to fall into play on the gap between what they're doing and what the report recommended they do. We desperately need to know that the agency's taking it upon themselves to do.

Ms. Brown discussed our follow-up process. We typically give an agency two years to fully implement our recommendations and then we go back in there to see if they have actually been implemented. We see where they are implementing, knowing that they might not have fully, but it might give some comfort to where they are in that process and if they're actually addressing the recommendations.

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Our recommendations are typically more policy recommendations in nature to the agency, like to change their processes to be able to fully implement the law essentially.

*(Video Archive Time: 15:56)*

We issued a report on Louisiana Department of Education, the complaint process for students with disabilities receiving special education services. One of the recommendations for the legislature that came out of that audit is to consider requiring school systems to post dispute resolution information on their websites such as the informal complaint process information, a link to LDOE's dispute resolution webpage, informal complaint representatives, contact information, and other resources for the parents to use. Right now, state law does not require school systems to post on their websites but state regulations require each school to establish an internal informal complaint process that includes designating a representative to help provide information. It would help the parents find where they need to go if they are having issues. Other states do require this. We found that 65% of the 20 school system websites reviewed did not mention this informal complaint process. 16 of the 20 we reviewed or 80% did not link to the LDOE dispute resolution option. That's just one way to potentially help the parents.

*(Video Archive Time: 17:24)*

The last report is the Office of State Procurement evaluation of contracts and state government. We had a recommendation where the legislature may wish to consider adding language to existing legislation that requires agencies to provide more specific information related to contract performance to OSP over the course of a contract.

*(Video Archive Time 18:16)*

Presented by:

Assistant Legislative Auditor and Director of Local Government Services  
Diane B. Allison, CPA, CGMA, CGFO

Ms. Allison stated we have 33 extension requests to review. For calendar year 2023 we reviewed 464 extension requests.

We have 33 extensions, 30 different agencies. 55% of these are due to personnel issues at agencies which means CPA firms have kind of leveled out with their staffing and their right sizing their clients for their staffing. The agencies are still struggling with a lot of turnover in key positions that affect the audit.

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- » Non-Emergency Extension Requests – 90 days or Less. There are 14 requests and the vast majority are due to these personnel issues. We do have a couple of requests by auditors who just need more time. All are for fiscal years 2023 because it's Emergency 90 days or less. We have reviewed these requests and LLA recommends the committee approve. Senator Bernard moved to grant the extensions and, with no opposition, the extensions were granted.
- » Non-Emergency Extension Requests – Greater Than 90 Days. We have 12 requests from 10 different agencies. We have just one for fiscal year 2021 and all the others are for fiscal year end in 2022. We have reviewed these requests and LLA recommends the committee approve. Senator Mills moved to grant the extensions and, with no opposition, the extensions were granted.
- » Emergency Extension Requests – Greater than 90 Days. The Diocese of Lake Charles. They have that extensive Laura and Delta damage. Many, many buildings were damaged and we see this in organizations out there as well. The reduction in staff. So they're working real hard. They are asking for one month at a time. We have reviewed this request and LLA recommends the committee approve. Vice Chairman Ivey moved to grant the extension and, with no opposition, the extension was granted.
- » Reports Received from Agencies that Requested Extensions. This is the one for reports that have been received. There are five of those. All of those are non-emergency and all are for fiscal years ending in 2022. Because they asked for extensions and we received those reports, we recommend approval of those. Senator Bernard moved to grant the extensions and, with no opposition, the extensions were granted.

*(Video Archive Time 26:33)*

Ms. Allison reminded the Committee that LLA's Center for Local Government Excellence Program is March, 2024. Our fall program had 1,148 in attendance which is the largest attendance we've ever had.

*(Video Archive Time 28:38)*

- » Orleans Parish Community Action Agency - Total Community Action. Mr. Waguespack explained that we would typically not approve this extension request but we asked her to come along and explain what's going on. She made a request to 3/31/24 for the 2022 year end audit.

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Ms. Thelma Harris French, President and CEO of Total Community Action, which is located in New Orleans, Louisiana. We are one of the Community Act 60 -- 42 community action agencies in the state of Louisiana. Our mission is to reduce poverty in our community through providing services, opportunities and all of those things that connect low income people to economic stability. Over the last three years, beginning in 2019, I've had 11 turnovers in my fiscal unit. My entire fiscal unit retired at Covid. The average lifespan of those individuals was over 30 years. So they had been with the agency and we put in a new financial system because of all the problems we had prior to that. They didn't want to learn the financial system and we never closed in Covid. We were the emergency assistance people. We paid over 7,000 rents. We still did utilities, food pantry every day. We never closed. The audit firm that we had at that time under our RFP last year, they had serious personnel problems and they actually held us. We started getting further behind after getting the 2020 audit caught up and the 2021 audit caught up, we went to our board and got a new emergency auditor because that other firm could not, they still had staff in trouble.

I've asked my board for increase in pay so we can retain some of these young people and train them to stay. I have a brand new team except for my CFO and I was able to hire another, take a former controller of the City of New Orleans out of retirement to teach. So we have a plan. The current auditor has met with us three times and he has said that if they get the books closed, completely closed, we have two federal programs, the two largest ones that need to be closed by the 31st. He can complete this audit. And I too am very concerned about closing 2023. But we do have a plan to put 2023 on schedule and have it closed by March 31st.

Senator Harris added that before he came to the meeting, he spoke with the in-House person who advised him that they would have the information to the person that you all have by early next month. That's the reason why they're trying to, they're asking for the extension. He's also talked to former senator Ed Murray, who's the vice chair of that particular board and Senator Murray is working with them as well. So I just wanted to let everybody know they really are trying. I'm glad that you gave the history because I wanted to give the history. Also, we are talking right now providing food, paying rent, paying utility bills, paying water bills.

Chairman Luneau asked if Mr. Waguespack will recommend approval of the extension. Mr. Waguespack stated yes, we are satisfied with an extension here. We want to make sure that they continue to be able to fund their operation. We don't want to see them going to non-compliance in their world stops some state funding and they serve a vital function. We would recommend approval to March 31, 2024. Senator Harris moved to grant the extension and, with no opposition, the extension was granted to March 31, 2024.

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*(Video Archive Time: 36:13)*

» St. John the Baptist Parish Clerk of Court. Mr. Waguespack stated we received a request for extension from the St. John Baptist Clerk of Court. They still haven't turned in their 2021 and 2022 audits. The Clerk came before us, I think last year sometime or sometime a couple of meetings back and there were just too many issues there to get resolved. They finally are in the process of changing contract accountants to get things cleaned up. The actual accountant who's been there for several years actually ended up getting arrested by state police. So I think she finally decided that they needed to part ways. She is making progress on moving with a reputable firm in New Orleans to help get her books caught up. So the CPA firm is working hard to get this caught up. It's just that we don't see any need to approve this extension. There's no issue of non-compliance. There's no state funding involved. So I just think we'll deny it for now and she'll keep the pressure for her to keep pushing forward. She is now, we'll assume will be retired, but I think her chief of staff is now going to be the newly elected clerk.

Vice Chairman Ivey moved to deny the extension and, with no opposition, the extension was denied.

*(Video Archive Time: 39:06)*

Senator Mills asked for a status report on the Town of Sterlington.

Mr. Waguespack said the bank sent a letter stating that a debt that was owed the bank was not included in the financial statements of the audit and they wanted to see us request a correction. Bottom line is they entered into a lease that was eventually sold to this bank as in form of loan. The lease itself had to do with some water meters that were newly installed. The ones that are electronically read as well as the construction of a well on a piece of property. The fiscal administrator looked at it, I think there was some issues with the meters. The meters weren't working properly, the well was going to go on private property. According to the fiscal administrator, he decided to exercise what's called a non-appropriation clause. The town itself properly noticed them that they're going to exercise their right under the non-appropriation clause as well. It appears to me that the fiscal administrator did it right.

Mr. Waguespack explains this is currently in litigation, and we typically don't like to get into a whole lot when there's ongoing litigation. The reason it's not on the books is that they exercised their non-appropriation clause. You're allowed to do that in structuring a lease with a government entity or political subdivision. And it's clearly stated in there that it was a non-appropriation clause.

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## **Public Comment**

No public comment.

## **Other Business**

None.

## **Adjournment**

Senator Bernard offered a motion to adjourn and, with no opposition, the meeting was adjourned at 2:57 p.m.

***Minutes Approved: Minutes Approved at the Legislative Audit Advisory Council meeting on March 6, 2024.***

The video recording of this meeting is available at:

[https://senate.la.gov/s\\_video/VideoArchivePlayer?v=senate/2023/12/121423LAAC](https://senate.la.gov/s_video/VideoArchivePlayer?v=senate/2023/12/121423LAAC)