

# LEGISLATIVE AUDIT ADVISORY COUNCIL

**Minutes of Meeting  
Wednesday, March 9, 2022  
Senate Committee Room E  
State Capitol Building**

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

Chairman Ivey called the Legislative Audit Advisory Council (Council) meeting to order at 2:10 p.m. Ms. Tanya Phillips called the roll confirming that a quorum was present.

**Members Present:** Representative Barry Ivey, Chairman  
Senator Jay Luneau, Vice Chairman  
Senator Beth Mizell  
Representative Aimee Adatto Freeman  
Representative Barbara Freiberg, Proxy for Representative Stephanie Hilferty  
Representative Edmond Jordan  
Representative Rodney Schamerhorn

**Members Absent:** Senator Louie Bernard  
Senator Jimmy Harris  
Senator Fred Mills

**Also Present:** Michael J. “Mike” Waguespack, Louisiana Legislative Auditor (LLA)

## **Approval of Minutes**

*(Video Archive Time 01:14)*

Senator Luneau offered a motion to approve the minutes of the November 15, 2021 meeting and, with no opposition, the motion was approved.

## **Election of Chairman and Vice Chairman**

Representative Ivey stated that the law requires the House and Senate alternate every other year serving as Chairman of LAAC. Chairman Ivey made motion to nominate Senator Luneau as Chairman of the Audit Advisory Council. Senator Mizell seconded the motion. Senator Luneau will now serve as Chairman of LAAC.

Chairman Luneau thanked former Chairman Ivey for his service and doing a great job. Chairman Luneau then nominated Representative Ivey to serve as Vice Chairman of Audit Advisory Committee. No opposition.

## **Extension Requests**

*(Video Archive Time 03:52)*

Ms. Diane Allison, Director of Local Government Services, presented four extension lists (Attachment A):

- ✚ Emergency Extension Requests - Greater Than 90 Days (76 entities)
- ✚ Emergency Extension Requests - Less Than 90 Days (275 entities)
- ✚ Non-Emergency Extension Requests - Less Than 90 Days (15 entities)
- ✚ Non-Emergency Extension Requests - Greater Than 90 Days (1 entity)

Ms. Allison provided an overview of the extension requests. There is a total of 367 extension requests. She began with a review of 15 Non-Emergency Extension Requests for less than 90 days, of which there were 15. LLA recommended the committee approve. Vice Chairman Ivey asked about the Village of Waterproof and why they have not filed audit reports for the last few years. Ms. Allison advised that the Clerk who took care of filing the audits is no longer at the Village. Vice Chairman Ivey requested LLA continue to monitor the Village of Waterproof and provide assistance, if needed. Representative Freiberg moved to approve the extensions and, with no opposition, the motion was approved.

Ms. Allison then provided an overview of the Non-Emergency Extension Requests greater than 90 days. There is one agency listed on this report, Dryades Young Men's Christian Association - YMCA. LLA recommended the committee approve. Vice Chairman Ivey asked if we are receiving information we need. Ms. Allison advised the process has started and meetings have been scheduled with the CPA. Mr. Waguespack stated their audit report is due March 31 and the CPA states he is on task to complete. Vice Chairman Ivey moved to approve the extensions and, with no opposition, the motion was approved.

Ms. Allison advises we have 275 Emergency Extension Requests less than 90 days. This has to be for declared emergencies. Of the emergency extension requests, 139 or about 50% are due to Hurricane Ida and 35% are due to Covid only and, in part, because of a delay in the US Office and Management and Budget releasing audit guidance on the CARES Act funding and Covid funding. Numerous CPA's did not want to issue the audit report without those guidelines. The remaining 15% of the extension requests are because of Hurricane Laura and Hurricane Delta. Out of the 275 requests, we have received 74 reports. Chairman Luneau asked if there are any that are problematic to which Ms. Allison stated no, there were none. If the auditee requests an extension due to Covid related matters, LLA requests a written plan including a timeline for how they are going to comply with getting current. At a future meeting, LLA will bring a flow chart on the extension process. Mr. Waguespack advised that we are making sure it is not an over-used excuse. The CPA firms are pushing to get all of these audits finalized. Vice Chairman Ivey moved to approve the extensions and, with no opposition, the motion was approved.

The final list is the Emergency Extension Requests greater than 90 days. Of these requests, 76 or 59% are related to Hurricane Ida with 32% due to Hurricanes Laura and Delta. The remaining 7 of these are due to Covid only. Ms. Allison states that we are seeing the work get done. Chairman Luneau asks that we relay to auditees and auditors the significance of getting the audit reports in on time. Mr. Waguespack suggested LLA craft an email to re-urge getting the reports in on time and that the Audit Advisory

Committee is concerned as well. Vice Chairman Ivey suggests we obtain more details on why an agency requests an extension so that we can offer services, if applicable. Vice Chairman Ivey moved to approve the extensions and, with no opposition, the motion was approved.

### **Legislative Auditor Budget (2022-2023)**

*(Video Archive Time 19:48)*

Legislative Auditor Mike Waguespack presented the 2022-2023 budget for LAAC approval. The request from state general fund is \$12,500,000 as compared to \$10,000,000 in prior years. Mr. Waguespack explained that LLA self-generates funds and we anticipate \$16,000,000 allocated audit costs for various state agencies and universities. Local Government Services generates about \$100,000 and advisory work generates about \$15,000. Other self-generating engagements of about \$1,323,000 and recovery services work with GOHSEP, etc. is about \$5,700,000. Total self-generating funds is \$23,500,000 and total means of financing LLA's office we are budgeting for is roughly \$36,000,000. 90% of our expenditure is personnel which equates to \$32,500,000, including travel and professional development; where we move across the state and do various educational programs are roughly \$500,000; operating services are \$1,071,000; leased office space is on a good decline of about \$227,000; supplies of \$142,000 and professional services outsourced for actuarial work with fiscal notes and actuarial studies of \$963,000; and capital outlay for technology is \$276,000 – total budget spend is \$36,000,000 as opposed to \$35,000,000 last year. As for personnel, Mr. Waguespack testified that it is a fluke year where every 11 or 12 years there is a 27<sup>th</sup> pay period – that will hit LLA for an additional \$1,118,000 which is the most significant portion of this ask. The LLA is embarking on a salary study – we are getting hit and recruited pretty hard by some of the state agencies that are being funded by federal dollars and are being robbed of really good talent who are receiving a \$12-\$13,000 salary increase. We are in the midst of a salary study to figure out how we can better compensate and raise starting salaries from the recruitment point. Due to competing with CPA firms and other state agencies, so we want to take \$500,000 and put it to use on adjusting salary levels so we can retain our talent. We are obtaining new valuation software for the new actuary – this will lessen the reliance for outside services. We have really been working across the state with our educational program showing them best practices, etc. This all shows a need of about \$2,500,000 additional funds. Mr. Waguespack referred to a graph that showed in 2012 his predecessor was blessed with a fund balance of around \$9,000,000 for use on a set aside for a building – we are not building a building so the legislature asked for a spend down of our general fund to less than \$1,000,000. As of LLA's last audit, we relied less on state fund general revenue but were able to spend down \$9,000,000 that is why there wasn't a strong ask for more money in the past. In 2012 there was 304 employees at LLA -- today we are at 226 employees with 12 or so vacancies. Average salary is about \$83,500. With reduction of staff and reduction of some state general fund funding our responsibility as far as auditing the state and revenue sources – it has constantly gone up and this doesn't include all of the CARES Act and COVID funding that has come in which has increased the budget spend. Predecessor did a great job with doing more with less but we can't do any more if we go any lower. The legislature gave LLA a budget increase last year but he thinks it's a situation where historically it hasn't been properly funded -- LLA has certain priorities to take care of and needs to expand recruitment, diversity, our whole image – this office has gotten complacent with assuming they are going to apply and show up. We need to become active with

recruits. We are rebranding and starting to touch the younger crowd as well as experienced hires in the accounting field. Senator Luneau asked about the 27<sup>th</sup> pay period and how often that happens. Mr. Waguespack stated it happens every 11-12 years and that it hits us hard because 90% of our budget is personnel/payroll. Senator Luneau – I applaud Mr. Waguespack on the reductions in the budget. He also asked if Mr. Waguespack wanted to talk about the merit increase up to 4%. Mr. Waguespack stated that LLA they skipped a year on merit raises but provided a merit increase last year because people are on the fence with leaving our office but on our salary study we will take the tiers and adjust salaries accordingly. Employees are leaving our office for a roughly \$13,000 increase in salary.

Vice Chairman Ivey stated that LLA is doing a phenomenal job. He always believed the role that LLA plays is the most critical role in government -- the source of truth and accountability that everything government does. He then requested information regarding starting pay. Mr. Waguespack stated he would forward that to him.

Representative Freeman voiced agreement with Vice Chairman Ivey's comments and support for LLA.

Chairman Luneau also voiced strong agreement for the work of the Legislative Auditor and support for needed funding. Senator Mizell moves favorably and, with no opposition, the motion is approved.

### **Performance Audit Report – Challenges in Louisiana's Effort to Address Domestic Violence**

Performance Audit Manager, Emily Dixon and Senior Auditor Kristen Jacobs presented their report released in March, 2022 on the Challenges in Louisiana's Efforts to Address Domestic violence. There has been a ton of research and work on this issue and even more on human trafficking and there are multiple entities involved in this challenge. LLA initially decided to do this audit in 2017 because Louisiana ranked 2<sup>nd</sup> in the nation for the number of female homicides and in 2018 we were 5<sup>th</sup> -- roughly 60% majority of the victims were killed by their partners. Victims of domestic abuse come from all backgrounds, communities, education levels, economic levels, and religions. Louisiana's DCFS and LCLE administers federal grants to service providers, law enforcement, and the judicial system. We also have a Domestic Violence Prevention Commission within the Office of the Governor and the federally designated Domestic Violence Coalition which addresses domestic violence. LLA provided LAAC members with a list of Domestic Violence matters for Legislative Consideration:

1. The legislature may wish to consider more consistent and flexible funding for programs that address domestic violence so that providers are better able to address gaps in services.
2. The legislature may wish to urge the Supreme Court to work with Domestic Violence Prevention Commission to use the data collected in the Louisiana Protective Order Registry to identify best practices and strategies to improve the number of protective orders successfully served.
3. The legislature may wish to consider a mechanism to ensure that the sheriffs in each parish comply with state law requirements in the Louisiana Code of Civil Procedure, Article 1292 regarding transmitting proof of serving a protective order to LPOR.

4. The legislature may wish to consider a mechanism to ensure that the sheriffs in each parish comply with state law requirements in Title XXXV of the Louisiana Code of Criminal Procedure, Articles 1001 – 1004 regarding the relinquishments of firearms.
5. The legislature may wish to urge the Louisiana Supreme Court or another entity to create in-depth domestic violence guidance for judges.
6. The legislature may wish to require that DAIP programs follow statewide standards.
7. The legislature may wish to designate an entity responsible for oversight of DAIP programs, such as a commission, to improve consistency, collect data, and determine the effectiveness of the state's DAIP program.
8. The legislature may wish to request an entity, such as the Department of Education or the Board of Elementary and Secondary Education, to disseminate information to each school regarding the dating violence requirements in state law.

Senator Mizell appreciates the work of LLA. Senator Mizell is concerned about the number of shelters listed on the map and asks about other options. Ms. Jacobs advised there are flexible housing grants to help with immediate needs. Senator Mizell also questions if there is any measure on calls to the hotline. Ms. Jacobs advises DCFS receives that information.

Chairman Luneau states there is a huge disconnect between the agencies and they need to looking at funding. He appreciates LLA's efforts on the great work.

Vice Chairman Ivey asked about a centralized point of sources or is there a disconnect. He asked if other states have a centralized department. Ms. Jacobs said she would look into that and get back with him.

#### **Legislative Auditor's Policy on Non-Compliance List**

*(Video Archive Time 1:13:40)*

Diane Allison explained that LLA has a Non-Compliance List for entities that fail to comply with the audit law and submit reports on time. Ms. Allison discussed the development of written procedures on how we handle that list – those procedures will have an active list and an inactive list. Inactive means agencies that do not have a way to comply like constables and justices of the peace that are no longer in office, death, agency no longer in existence. There is also an issue with compliance in subsequent years – an entity may be on the list for not providing a report in 2010 but have supplied a report since then. If they have submitted 2 of the last 3 audit reports timely then the one report not submitted would be taken off of the list. We will also provisionally remove entities that are under fiscal administration. A lot of times getting the state funding flowing is critical to them. Chairman Luneau asked about how many agencies we had under fiscal administration and how many agencies were on our watch list. Mr. Waguespack advised that we have one that is under fiscal administration but did not know off the top of his head how many agencies were on the watch list. We also have a provision for temporarily removing an entity from the non-compliance list. The entity will sign a contract for services they are receiving - we want them to honor that contract and for the contract to move forward. We will temporarily remove them after verifying the contract was signed. The state funding would come in and they would be put back on the list. Disclaimed opinions – this happens when an auditor is unable to obtain sufficient audit evidence

to render an opinion for any number of reasons – destruction of records, etc. They will be placed on the non-compliance list if they have a disclaimed opinion but they may be waived by our office by looking at extenuating circumstances. If it pertains to a unit of a government, for example, an audit may be disclaimed on beginning fund balance in those situations they will not automatically be placed on the non-compliance list for that. If they have a disclaimed opinion they have to have a corrective action plan. We may notify any applicable oversight authority when they get placed on the non-compliance list. We wanted to put our procedures in writing and will post on our website so both auditees and auditors are aware of the process.

### **Update on Training by Legislative Auditor's office**

*(Video Archive Time 1:19:25)*

Mike Waguespack advised that LLA held 2 virtual classes. Roughly 750 individuals participated in the first class which covered topics such as Public Bid Law, ARPA, Act 87, and Open Meetings Law. We held another in February and had another 740 individuals and representing roughly 440 agencies, which is good coverage. We've teamed with LMA for training and, not a lot of attendance, but it covered a lot of entities. We are also holding millage workshops and have done several speaking engagements. We are feeling good about bringing this to the State. I want to emphasis or express that we want to be your trusted advisor. We are doing a lot of proactive work with some of the best resources. Between the directors and myself we have over 200 years of experience working in public accounting.

Mr. Waguespack circled back to Chairman Luneau's question regarding fiscal administration. Our watch list includes about 15 entities and two or three are concerning. With the fiscal administration side, it becomes an issue and maybe something the Legislature could consider. There is a revolving loan fund of about \$450,000 that's budgeted through HB 1 that an entity can borrow and pay for a fiscal administrator. A lot of these entities cannot afford to borrow anything. We will continue to monitor these entities.

### **Public Comment**

Chairman Luneau asked for public comments and none were offered.

### **Other Business**

Chairman Luneau asked if there was other business that needed to be discussed and none were offered.

### **Adjournment**

*(Video Archive Time 01:25:24)*

Senator Mizell offered a motion to adjourn and, with no objection, the meeting was adjourned at 3:35 p.m.

***Minutes Approved: Minutes Approved at the Legislative Audit Advisory Council meeting on July 20, 2022***

The video recording of this meeting is available in [Senate Broadcast Archives](https://senate.la.gov/s_video/VideoArchivePlayer?v=senate/2022/03/030922LAAC):  
[https://senate.la.gov/s\\_video/VideoArchivePlayer?v=senate/2022/03/030922LAAC](https://senate.la.gov/s_video/VideoArchivePlayer?v=senate/2022/03/030922LAAC)