

2011

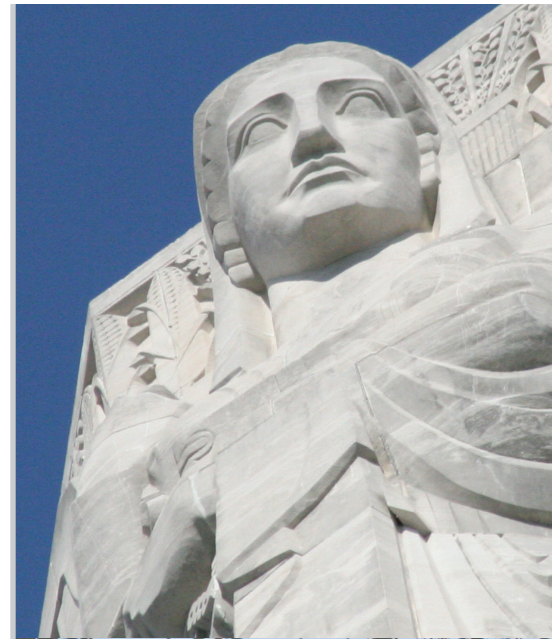
Louisiana Legislative Auditor

Annual Report to the **Legislature**

April 2012



Daryl G. Purpera, CPA, CFE



What's Inside

3

Organizational
Structure of LLA

4

Financial Audit
Services

7

Performance Audit
and Actuarial Services

9

Compliance Audit
Services

10

Recovery Assistance
Services

11

Advisory Services



A message from the auditor

I am pleased to provide this report on the activities of the Louisiana Legislative Auditor (LLA) during 2011, highlighting the various audit services performed by my office and summarizing significant issues addressed.

During 2011, the LLA provided the legislature and others with a wide range of audit services, fiscal advice, and other useful information. I trust this report will provide valuable insight into the role the Legislative Auditor plays in fostering accountability and transparency throughout government in Louisiana.

The LLA invests the vast majority of our resources providing audit services for state government. Our audit of the State of Louisiana financial statements is our largest endeavor annually. This audit encompasses all state departments and provides the legislature, agency management, and the public with assurance that our state resources are properly accounted for and used in compliance with state and federal laws.

Our performance audits examine the economy, efficiency, and effectiveness of state government programs, functions, and activities.

Suspected fraud and/or abuse is examined by our forensic auditors, and our recovery assistance teams provide assurance that federal funds received by state agencies for recovery purposes are spent for appropriate purposes and in accordance with federal guidelines.

The LLA is responsible for providing oversight for the audit of approximately 4,600 units of local government and non-profit organizations. We partner with private practicing certified public accountants to ensure that local government is audited in a timely, efficient, and effective manner as required in state law.

The LLA plays a key role in ensuring quality audits of local government through our engagement, enforcement, and quality assurance efforts.

When appropriate, the LLA works closely with the Legislative Audit Advisory Council in its oversight efforts aimed at correcting reported deficiencies. Our local government experts routinely provide guidance and training to assist local government

in improving accounting practices and improving their delivery of government services.

The LLA communicates the results of our efforts primarily through written public reports. These reports are accessible at www.lla.la.gov.

The LLA is committed to providing quality audit and fiscal advisory services for our customers including the legislature; state, local, and federal government agencies; financial rating entities; and the public.

We are confident that our efforts are making a difference, fostering accountability and transparency, throughout Louisiana government.

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Legislative Auditor

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Our Vision

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

Organizational Structure of LLA



The LLA is structurally organized to provide effective audit and fiscal advisory services throughout the state. Staff members with expertise in various areas are organized to provide the following specialized services for state and/or local government entities and non-profit organizations that receive public funds: *financial auditing, performance auditing, actuarial analysis and advice, compliance auditing, recovery assistance, and advisory services.*

To meet the needs of our clients, staff in these service areas often collaborate on projects that require multiple skill sets and expertise. Underlying support services are provided through our human resources, legal, accounting, information technology, professional development, and general administrative functions.

During 2011, the LLA staff conducted 146 audits and other specialized engagements. The resulting reports address a variety of issues ranging from our professional opinion on the fairness of state agency financial statements, to our assessments of the management and performance of state programs, to evidence uncovered by our forensic experts in response to allegations of fraud and abuse. The reports include recommendations to agency management which, if implemented, should improve the overall control environment and management of state and local agencies and programs.

Type of Report	State Agencies	State Universities	State Courts	Local Government	Total
Financial Statement Audit	15	7			22
Management Letter	11	14			25
Procedural Report	18	5	5		28
Performance Audit	13				13
Compliance Audit	2	1		19	22
Agreed-Upon Procedures	18	8			26
Informational Report	6	1			7
Advisory Report	1			2	3
Total	84	36	5	21	146

During the same time period, the LLA also oversaw audits of approximately 4,600 units of local government and non-profit organizations that received public funds, which were performed by independent certified public accountants (ICPAs). ICPAs submitted 4,600 audit reports to LLA during 2011. These reports represent the ICPAs’ work and conclusions rather than those of the LLA. The LLA’s role regarding ICPA audits has historically been one of oversight, enforcement, and quality assurance: LLA staff approve the engagement agreements between the ICPAs and the entities they audit, and LLA staff review the resulting audit reports to ensure that the audits were conducted in conformity with generally accepted auditing standards. In addition, LLA staff provided consultation and technical assistance to local government entities and non-profit organizations throughout the state. During the regular and special legislative sessions that took place in 2011, LLA staff provided more than 120 versions of fiscal impact analysis and statements for more than 40 bills affecting local government units and state boards and commissions.

Also, Actuarial Services was recently separated from Performance Audit. Through the 2011 calendar year, it was combined with Performance Audit. In recent months, the Actuarial staff has released reports on the state’s retirement systems for 2008, 2009, and 2010.

LLA Management Team	Daryl G. Purpera, CPA, CFE	Paul E. Pendas, CPA	Allen Brown, CPA, CFE	Kerry Fitzgerald, CPA	Jenifer Schaye
	Legislative Auditor	First Assistant Legislative Auditor and State Audit Services	Assistant Legislative Auditor for Local Government Audit Services	Chief Administrative Officer	General Counsel

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.



Financial Audit Services

In addition to the financial statement audit reports, management letters, and procedural reports completed for fiscal year 2011, we issued an unqualified opinion on the State of Louisiana’s Comprehensive Annual Financial Report (CAFR), which is the best opinion that an auditee can receive from an audit.

We also issued the annual Single Audit report for the State of Louisiana, which contained 53 findings and cited over \$11.6 million in questioned costs. The Single Audit encompasses our audit of the state’s financial statements and our audit of federal programs for which the state expended federal funds. The term “Single Audit” means that all federal programs are included in one report rather than a separate report for each program. The allowability of a federally reimbursable cost is ultimately determined by the responsible federal grantor agencies. Therefore, we only question the costs when we find that federal rules may not have been followed by the state.

The following paragraphs highlight some of the more significant state and federal issues noted for the period ended June 30, 2011. We classified these issues into the following general categories: *Federal Programs, Movable Property, Education, and Travel.*

Federal Programs:

Our financial audits disclosed numerous findings related to federal programs, which may have adversely impacted state services or resulted in federal disallowed costs.

The state’s 2011 CAFR shows \$311 million in estimated liabilities from disallowances and settlement agreements with the federal government. Some or all of this amount may have to be repaid with state funds. As disclosed in the state’s 2011 Single Audit, we reported an additional \$11.6 million in questioned costs, which could result in additional federal disallowances and liabilities to the state.

Significant federal findings include the following:

» Our review of 45 homeowners participating in the Homeowners Assistance Program under the Community Development Block Grant Program (CFDA 14.228) disclosed that 24 (53%) of these homeowners with awards totaling \$1,547,795 had not provided adequate evidence of compliance with one or more award covenants to the Office of Community Development (OCD), Disaster Recovery Unit as required, which results in questioned costs. Sixteen (36%) of those homeowners were completely unresponsive to OCD’s request for evidence of compliance. An award covenant is a requirement that must be met to participate in the program. As of November 21, 2011, OCD has not initiated grant recovery for any of these homeowners.

» Our review of 30 property owners with Small Rental Property Program loans under the Community Development Block Grants Program/State’s Program disclosed that 13 (43%) of these property owners, with loans totaling \$1,414,541, failed to provide adequate evidence of compliance with one or more requirements in the loan agreement to the Division of Administration, OCD, which indicates a potential default on the loans. Because these property owners have not provided evidence of compliance with the loan agreement and OCD has not initiated loan recovery, we consider these loan amounts to be questioned costs which, if disallowed, may be due back to the federal grantor.

LLA Directors	Thomas H. Cole, CPA	Nicole Edmonson, CIA, CGAP, MPA	Eric Sloan, CPA	Joy Irwin, CPA	John Morehead, CPA
	Director of Financial Audit Services	Director of Performance Audit Services	Director of Compliance Audit and Advisory Services	Director of Local Government Services	Director of Recovery Assistance Services

Our Goals

Plan and perform the right work (quality audit and advisory services of state government, local governments, and non-profit organizations) the best way.

» The Department of Children and Family Services (DCFS) Bureau of Audit and Compliance Services investigated a WAFB news report that confidential files of food stamp recipients belonging to DCFS were recovered from Baton Rouge streets. In response to the incident, DCFS launched an internal audit to evaluate the department's general compliance with record retention and destruction requirements. The internal audit revealed that (1) in 35 of 323 cases tested, records were not retained in accordance with the department's approved record retention schedule; (2) in 46 of 56 cases tested, records were destroyed prior to obtaining authorization from the Louisiana Secretary of State and without maintaining a certificate of destruction; and (3) in four of 10 cases tested, records were not disposed of in accordance with the approved Secretary of State disposal form.

» In administering the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) program (CFDA 10.557), the Office of Public Health (OPH) did not perform the required one-to-one reconciliations of Food Instruments (FIs) and Cash Value Vouchers (CVVs) or comply with requirements relating to above-50-percent vendors and the statewide cost neutrality assessment.

- Since OPH does not reconcile its records to issued FIs and CVVs on a one-to-one basis, it cannot be determined how much was expended as a result of error, fraud, or abuse.
- OPH did not request the above-50-percent vendors to reimburse the program for excess amounts charged for WIC food items. The billing for overages has not been completed since September 2009 because the Statistical Analysis System report needed to determine the amount to bill the above-50-percent vendor had not been updated to include additional food items from implementation of a revised USDA food rule.
- Only one quarterly cost neutrality assessment was completed during the year. Cost neutrality assessments should be conducted at least quarterly throughout the year.

Movable Property:

» For the seventh consecutive year, Grambling State University was unable to locate significant numbers of movable property items totaling \$1,614,191 or 6.7% of its \$24 million movable property inventory. In addition, the university currently has \$873,227 in items that have been unlocated for two consecutive years and will be written off in 2012 unless those items are located before the next property certification.

» OPH reported unlocated movable property items with an original cost of \$1,270,077 as a result of its physical inventory procedures. Of that amount, items totaling \$341,813 were removed from the property records because they had not been located for three consecutive years. Of the unlocated property reported on OPH's physical inventory certification, the amount of unlocated computers and computer-related equipment totaled approximately \$744,188.

Education:

» The Recovery School District (RSD) has no written policy or control procedures for retaining, maintaining, and securing records and equipment for RSD direct-run schools that are closed or transferred to a charter organization. As a result, RSD was unable to locate requested payroll records for the period of June 2010 to December 2010 for Hope Academy, an RSD direct-run school that was previously closed.

- » Our procedures at SOWELA Technical Community College (SOWELA) disclosed the following:
- Travel overpayments and questionable expenses paid to employees by SOWELA totaled \$983, which included a reimbursement for alcohol. In addition, no justification for the use of a SOWELA vehicle for out-of-state travel was documented by SOWELA. For this same trip, the Daily Vehicle Log listed locations of Baton Rouge, Louisiana; Natchez, Mississippi; and Alexandria, Louisiana, when the actual travel was to Memphis, Tennessee, and Alexandria, Louisiana.
 - SOWELA transactions were not posted timely to its accounting system (PeopleSoft) and certain financial

Our Goals

Improve communication among all areas of the organization
and coordinate work efforts.

information was not accurately included in the annual fiscal report. These weaknesses required audit adjustments for corrections.

- SOWELA did not perform collection follow-up procedures on student account receivables totaling \$183,388 in accordance with Louisiana Administrative Code Title 4, Part XIII.
- SOWELA did not deposit funds totaling \$1,240 from the sale of copper wiring and may have spent those funds in violation of Article 7, Section 14 of the Louisiana Constitution as most of the funds were spent on snacks, meals, coffee, and cook-out related expenses.
- SOWELA did not report misappropriations of college-owned property to the legislative auditor and the local district attorney as required by R.S. 24:523.

» The Southern University System (SUS) had the following weaknesses related to its implementation of the Banner Finance and HR/Payroll system in July 2010:

- SUS lacks adequately defined information technology policies and procedures and roles and responsibilities at a system level to ensure that system strategies and objectives are aligned and delivered efficiently and effectively, which will likely result in inefficient and ineffective operations.
- Access to the Banner system was not granted on a business-need-only basis and there was an inadequate segregation of duties in the purchasing and payroll processes, which increases the risk of improper payments. In addition, changes to database tables were not properly logged and reviewed, increasing the risk of invalid or incorrect data.
- SUS did not ensure that monthly fiscal periods were closed timely. Failure to close monthly fiscal periods causes SUS delays in completing their financial statements in a timely manner and delays the completion of other critical business practices, such as bank reconciliations, in an accurate and timely manner. It also increases the risk that transactions could be posted to incorrect periods, and creates inefficiencies and delays in the audit of the SUS financial statements and in the compilation and audit of the State of Louisiana's CAFR.

Travel:

» Between February 1, 2009, and September 30, 2011, the State of Louisiana lost \$385,845 and potentially violated the Louisiana Constitution because it did not adequately monitor and pursue the collection of state agency and university employees' delinquent credit card balances within the Statewide Travel Card program.

During this period, the credit card issuer for the Statewide Travel Card program wrote off \$385,845 of state agency and university employees' uncollected balances that had remained delinquent for six months. Since the card issuer deducts uncollected balances from the state's annual rebate from the program and the state did not adequately monitor and pursue collection of the delinquent balances from the employees, the state lost these funds and potentially violated Article VII Section 14 of the Louisiana Constitution which prohibits the donation or loaning of public money. There were 404 employees at 47 state agencies and universities with unpaid balances which were written off by the card issuer. We reviewed the internal controls over monitoring delinquent balances at 12 of the 47 agencies and universities. Our review of the 12 agencies and universities disclosed:

- Three (25%) failed to monitor the monthly delinquent reports provided by the card issuer.
- Four (33%) failed to notify and advise employees with delinquent balances to pay their outstanding balances.
- Ten (83%) failed to notify the employees' supervisors of the delinquent balances.

In addition, 170 of 319 (53%) employees at the 12 agencies and universities we reviewed are no longer employed by that entity, which limits the ability to collect on outstanding balances and/or recoup balances that have been written off and offset from the state's annual rebates.

Although OSP sent a memo to agency administrators in 2005 addressing the responsibility to monitor delinquent balances, and OSP represents that it addresses this responsibility in the administrator training, the results of our testing disclose that participating agencies are not adequately monitoring delinquent balances.

Our Goals

Improve communication of information to the legislature, public officials, and other decision makers.

Performance Audit and Actuarial Services



Performance Audit Services

In 2011, we issued a total of 17 reports, including 13 performance audits and four informational reports. These reports included a total of 110 recommendations. Agencies agreed with 96% of our recommendations. **Exhibit 1** summarizes the percentage of recommendations with which agencies agreed, partially agreed, and disagreed.

» *Impact of Reports*

In 2011, our reports identified at least \$8 million in potential annual and one-time cost-savings resulting from our findings and recommendations. Depending on the level of implementation of our recommendations, these savings could be significantly greater. These reports and an explanation of the potential cost-savings are summarized in **Exhibit 2**.

Exhibit 1 • Status of Audit Recommendations

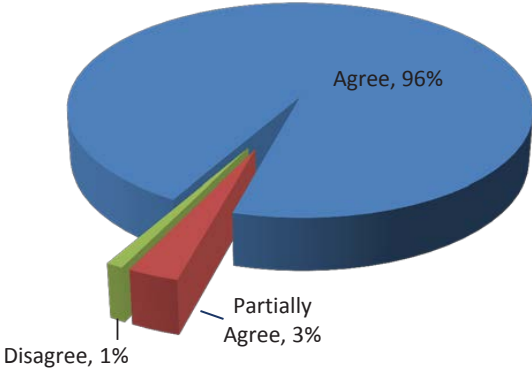


Exhibit 2 • Summary of Cost-Savings from Audits

Report	Explanation	Total Cost Savings
Department of Public Safety and Corrections: Corrections Services (DPSC-CS)	<ul style="list-style-type: none"> • DPSC-CS could realize cost-savings by increasing its use of electronic monitoring for eligible non-violent/non-sexual offenders as an alternative to incarceration. • DPSC-CS could realize cost-savings by increasing the number of offenders who earn good time credit for completing Certified Treatment and Rehabilitation Programs (CTRP), which will reduce the total number of incarceration days for these offenders. 	<ul style="list-style-type: none"> • \$1.1 million annually for every 100 offenders • \$337,950 annually for every 100 eligible offenders who earn 180 days of good time credit by completing one CTRP
Secretary of State: Special Elections	<ul style="list-style-type: none"> • Louisiana held more special elections than other states primarily because it does not allow temporary appointments or have any timeframe restrictions for when legislative special elections can be held. 	<ul style="list-style-type: none"> • Reducing the number of special elections would save from \$12,000 to \$137,000 per election not held
Division of Administration (DOA): State Wireless Devices	<ul style="list-style-type: none"> • If DOA evaluated the usage and costs of wireless devices in state agencies, it could reduce costs associated with overage charges and underutilized devices. 	<ul style="list-style-type: none"> • \$1.3 million in one-time cost-savings for eliminating wireless devices that had no activity and \$126,347 in eliminating overage charges
Department of Health and Hospitals (DHH): Improper Payments in Home and Community Based Services	<ul style="list-style-type: none"> • Many elderly recipients of home services lived together and were being cared for by two different direct care workers. Allowing one worker to care for individuals residing at the same address would reduce costs to the program. • Lack of edit checks in the Medicaid claims and tracking systems resulted in payments to providers who claimed they were providing services when they were not. 	<ul style="list-style-type: none"> • Approximately \$3.5 million in annual savings if the Long-term Personal Care Services Programs used shared supports • Up to \$1.5 million in improper payments to recoup from providers

Our Goals
 Recruit, develop, and maintain a diverse, credible, professional work staff while balancing quality of life.

» *Report Topic Areas*

Education

- Recovery School District (RSD). This report examined the progress of the RSD in improving the performance of failing schools. The audit also found issues with the state's oversight over charter schools which comprised most of the schools in the district.
- Board of Regents (BOR). This report examined the BOR's oversight over higher education institutions and found that laws addressing BOR's responsibilities related to planning, coordinating, and exercising budgetary responsibility were broad and unclear, making it difficult for BOR to effectively fulfill some of its responsibilities, meet the needs of stakeholders, and be held accountable for doing so.
- Post-Secondary Education System. This informational report provided information on each of the four systems, including staffing levels, functions, revenues, and expenditures.

Improper Payments

Because of federal interest in improper payments, we conducted an audit on improper payments in the Medicaid program within DHH. This audit identified several weaknesses in DHH's processes to prevent and monitor improper payments in programs that provide services to the elderly and individuals with disabilities in their homes. For example, direct care workers claimed up to \$1 million in improper overlapping payments because of the lack of a computer edit check to prevent direct care workers who worked for two different companies from charging time for separate clients at the same time.

Disaster Recovery

Because of complaints against the Hazard Mitigation Grant Program (HMGP), we conducted a joint audit with Recovery Assistance Services that evaluated the OCD and the Governor's Office of Homeland Security and Emergency Preparedness' (GOHSEP) management and monitoring of HMGP. The audit found that (1) OCD's method of processing and tracking HMGP applications lacked structure, guidance, and monitoring; (2) that the tracking system was not reliable; and (3) that OCD provided incorrect elevation guidance to homeowners prior to September 2009. The audit also found that GOHSEP's monitoring could be improved and found approximately \$1.2 million in questioned costs and \$1.9 million in costs that could potentially be questionable.

Actuarial Services

» *Actuarial Notes*

We completed 347 versions of actuarial notes for 44 retirement bills during the 2011 Regular Legislative Session. These notes provided legislators with valuable information on the fiscal impact of the proposed legislation, allowing for more informed decision making. Calculating and reporting the fiscal impact for retirement bills is especially important because of the potential for large monetary impact of these bills to the state. During this session, our actuarial notes routinely showed potential costs of \$20 million or higher to the state. Our actuarial notes also identified bills with large potential savings to the state, again, allowing the legislators to make informed decisions on the bills.

» *Public Retirement System Actuarial Committee (PRSAC)*

In 2011, we conducted independent reviews and/or valuations for the 13 state and statewide retirement systems. We used this information to assist PRSAC in its review and approval of the systems' actuarial valuations and recommended employer contributions. Our review provided independent information to members of PRSAC to assist them in making informed decisions regarding the systems' actuarial valuations.

» *Actuarial Valuation Reviews*

We assisted Financial Audit Services (FAS) by reviewing the reliability of the financial information in the CAFR pertaining to Post-employment Benefits Other than Pensions, comely referred to as OPEB. The OPEB liability was significant to the CAFR because it is estimated to be \$9.4 billion in 2010. We found the calculations to be reasonable.

We also assisted FAS by reviewing the reasonableness of the estimated liability for the Patient Compensation Fund. We found the liability, which is estimated to be approximately \$771 million, to be reasonable.

» *Informational Reports*

We issued a joint actuarial and performance audit report that provided information on the contribution rates of the four state retirement systems and how these rates are allocated between the initial unfunded accrued liability, the unfunded accrued liability, and normal costs. This report was designed to provide legislators with simplified information on a complex topic.

Our Goals

Obtain and maintain resources and a work environment conducive to efficient and effective work.

Compliance Audit Services



Compliance audits are designed to detect and deter the misappropriation of public assets and to reduce future fraud risks. During 2011, LLA's forensic audit team participated in 31 audits that resulted in 20 written (public) reports. Our public reports covered approximately \$90.6 million of transactions involving public funds in which we questioned whether \$15.5 million (17.2%) was used in the best interest of the state.

Furthermore, of the questioned costs, we determined that approximately \$1 million may be involved in violations of criminal statutes.

The following table presents the breakdown of transactions by agency type:

Breakdown of Transactions by Agency Type

Agency Type	Audit Coverage	Questioned Costs ¹	Possible Criminal Infractions ²
State Government	\$496,823	\$66,802	\$66,802
Local Government	66,654,554	12,983,531	932,138
Not-for-Profit	23,471,745	2,539,519	0
Total	\$90,623,122	\$15,589,852	\$998,940

In addition, our reports included a total of 242 recommendations to assist officials/entities in their efforts to ensure compliance and improve controls over operations.

One common problem noted in almost every investigative/compliance audit report is the lack of effective management over entity operations (in general or in the areas of the specific abuse or misappropriation of funds and assets). Many of the 2011 audit reports also contain findings related to poor governance by the entities' boards.

Some of the more significant and/or recurring issues reported in our audits are listed below:

- » Misappropriation of public funds to the benefit of agency heads, family members, and other third parties
- » Improper use of dedicated public funds
- » Abuse of public credit cards
- » Improper transactions with related parties
- » Improper gifts to agency heads
- » Improper donations of public funds
- » Violations of the public bid law
- » Lack of formal policies and procedures governing the use of public assets
- » Poor cash management practices
- » Poor accounting controls for transactions and asset management
- » Poor records management and retention
- » Poor timekeeping records and practices

¹ Questioned costs are public fund expenditures that may result in violations of the Louisiana State Constitution and laws, violations of a state or federal program, or public funds spent in an abusive manner.

² Possible criminal infractions are the portions of questioned costs that may violate state criminal law and/or federal criminal law.

Did You Know?

All of our audit reports can be found online.
Log on to www.la.gov to find current and archived reports.



Recovery Assistance Services

During 2011, the LLA issued 15 recovery assistance reports. The findings included in these reports can be classified into the following categories: *Lack of Sufficient Supporting Documentation, Noncompliance With Contract Provisions, and Noncompliance With Federal Regulations or Program Policies.*

Lack of Sufficient Supporting Documentation:

» *Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP)*

A total of \$154,826,450 of \$1,813,721,737 in sub-grantee requests for reimbursement under GOHSEP's Public Assistance and Hazard Mitigation programs lacked sufficient documentation to support the amount requested. In most cases, GOHSEP required the sub-grantee to provide complete documentation before receipt of additional funds. A total of \$17,240,187 of \$209,922,395 in sub-grantee requests for reimbursement under GOHSEP's Public Assistance Express Pay System lacked sufficient documentation to support the amount requested.

» *Division of Administration, Office of Community Development – Disaster Recovery Unit (OCD-DRU)*

A total of \$1,704,326 of the \$37,802,787 in labor, unit costs, and other direct costs billed to OCD-DRU by its contractors lacked sufficient documentation to support the charges.

» *Louisiana Land Trust (LLT)*

A total of \$832,505 of the \$46,828,641 in labor and lab costs billed to LLT by its contractor lacked sufficient documentation to support the charges.

Noncompliance With Contract Provisions:

» *OCD-DRU*

A total of \$1,105,956 of \$37,802,787 in labor, unit costs, and other direct costs billed to OCD-DRU by its contractors was not billed in accordance with contract terms.

» *Office of Coastal Protection and Restoration (OCPR)*

A total of \$856,598 of the \$251,080,339 in labor and other direct costs billed to OCPR by its contractor was not billed in accordance with contract terms.

» *LLT*

A total of \$108,903 of the \$46,828,641 in labor and lab costs billed to LLT by its contractor was not billed in accordance with contract terms.

Noncompliance With Federal Regulations or Program Policies:

» *GOHSEP*

A total of \$1,801,697 of \$1,813,721,737 in sub-grantee requests for reimbursement under GOHSEP's Public Assistance and Hazard Mitigation programs did not comply with federal regulations. A total of \$7,983,969 of \$209,922,395 in sub-grantee requests for reimbursement under GOHSEP's Public Assistance Express Pay System did not comply with federal regulations.

» *Louisiana Department of Wildlife and Fisheries (LDWF)*

A total of \$320,340 of \$14,059,086 in expense documentation submitted by Louisiana resident commercial fishermen and wholesale/retail seafood dealers (vendors) for payment under LDWF's Gustav/Ike 2009 Fisheries Assistance Program did not comply with program policies.

» *LLT*

A total of \$59,281 of the \$46,828,641 in labor and lab costs billed to LLT by its contractor did not comply with program policies.

Did You Know?

We offer assistance and training, from internal audit training programs to use of public dollars seminars, for all manner of governmental entities, from local fire districts to state departments.

Advisory Services



An important portion of our work efforts in the advisory services area involved enforcing the audit law, processing the statutorily required reports, providing guidance to local governments and quasi-public entities and the independent auditors who audit those entities, and monitoring legislative changes. Our staff reviewed and processed the following engagements and reports during 2011:

Our advisors provided training resources for numerous governments and their advocacy groups, the Society of Louisiana CPAs, and various other professional organizations. Our professionals also provided technical assistance and management consulting advice to numerous local government auditees, including municipalities, parish governments, school boards, sheriffs, assessors, water districts, road districts, and non-profit organizations. Projects were completed on 24 municipalities, 2 assessors, 11 police juries, 6 school board, 4 sheriffs, 13 miscellaneous other governments and quasi-public organizations. We also provided monthly articles for the Louisiana Municipal Association newsletter pertaining to recommended fiscal management practices. Our staff prepared brochures and other guidance for use on our Web site providing advice to local governments, and in 2011, we provided guidance and speakers on technical issues in nine classroom sessions and through Web-based learning modules.

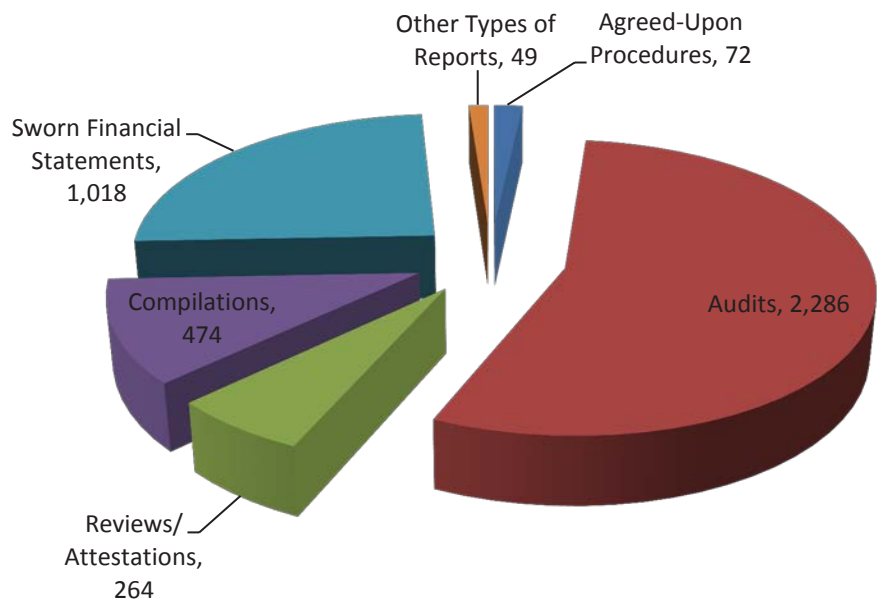
Our staff is responsible for preparing fiscal notes for legislative instruments affecting expenditures of political subdivisions as well as receipts, expenditures, allocations, and dedications of funds of any state board, commission, or other entity not appropriated funds in any appropriation bill. During the 2011 Regular Legislative Session, our analysts prepared 120 versions of fiscal impact statements or fiscal notes.

In 2011, our staff developed and implemented a quality assurance program for monitoring the audits of local government performed by independent auditors. The staff performed four quality reviews under the new program.

Also in 2011, our staff, in cooperation with the Division of Administration, developed and maintained a comprehensive database on Louisiana boards and commissions. In addition, we provided special reports to the legislature, including an annual report on public defenders, and assistance to legislative committees upon request.

LLA has statutory authority to approve all millages levied in the state. In that capacity, our millage experts approved 2,649 millages in 2011, and our tax review officer verified all assessors' salaries and certified pension contributions to certain retirement systems. Our tax review staff approved reassessment for 156 taxing districts and conducted 8 state-wide training sessions to assist local governments with the legal requirements of levying millages.

Advisory Services Reports in 2011



Total number of reports in 2011 - 4,163

Did You Know?

The Office of the Legislative Auditor was formed in 1962. However, similar duties had been performed by various agencies since 1907. In 1964, J.B. Lancaster was appointed the first Legislative Auditor.



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