

LEGISLATIVE AUDIT ADVISORY COUNCIL
Minutes of Meeting
September 15, 2016
Senate Committee Room A-B
State Capitol Building

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

Senator Mike Walsworth called the meeting to order at 1:45 p.m. Ms. Liz Martin called the roll confirming quorum was present.

Members Present: Senator Mike Walsworth, Chairman
Senator Wesley Bishop
Senator W. Jay Luneau
Senator Danny Martiny
Representative Julie Stokes, Vice Chairman
Representative Jimmy Harris

Members Absent: Senator John Smith
Representative Marcus Hunter
Representative Blake Miguez
Representative Clay Schexnayder

Also Present: Daryl G. Purpera, Legislative Auditor (LLA)

Approval of Minutes

Vice Chairman Stokes made a motion to approve the minutes for the December 17, 2015, meeting and with no objection, the motion was approved.

Brief on Duties of the Council

Mr. Purpera and Ms. Jenifer Schaye, LLA General Counsel, provided a briefing on the Legislative Auditor's duties as fiscal advisor to the state and the legal authority and powers of the Council.

Extension Requests

Mr. Bradley Cryer, Director of Local Government Audit Services, explained the audit law and extension policy. He presented three extension request lists for the Council's approval. Senator Walsworth moved to approve the 30 nonemergency extension requests ninety days or less and with no objection, the motion was approved.

Mr. Cryer explained that he did not recommend approval of the Town of White Castle's (Town) request for an extension from the three entities listed on the emergency extension request greater than 90 day list. He said the mayor's concerns were that four grants being held because the Town is on the noncompliance list may expire. Senator Bishop asked if any harm in granting the extension. Mr. Cryer explained that their prior audit indicated control issues and accounting problems, as well as

allegations raised in the media about six months prior. Senator Martiny offered the motion to approve the extension until October 31. Senator Luneau amended the motion to allow until November 15 for the Town to turn in their audit. Chairman Walsworth asked if any objection, and with none the amended motion was approved. He asked Mr. Cryer to urge the mayor to file their audit as soon as possible.

Mr. Cryer said that Healing Place Serve's audit had been turned in, and that the YMCA of Greater Baton Rouge requested more time because of flooding at their main facility as well as employees flooded. Senator Luneau moved to approve the YMCA's extension request and with no opposition, the motion was approved.

Town of St. Joseph's Fiscal Administrator Update

Mr. David Greer was appointed by the court on June 6, 2016, as the fiscal administrator for the Town of St. Joseph (St. Joseph). Mr. Greer provided an update on the progress since his appointment and the time frame for the water system repairs and replacements to be complete by the end of 2017.

Mr. Purpera answered Senator Martiny's question about fiscal administration explaining the legal and financial conditions that prompted the Fiscal Review Committee to ask the Attorney General (AG) to petition the court for the appointment of a fiscal administrator. The Fiscal Administrator Revolving Loan Fund created by Act 735 to help small towns pay a fiscal administrator has no money.

Mr. Greer said he has to make the decision whether to pay bills or himself and usually he pays the bills. Senator Walsworth commented that it is hard to find good quality people to serve as fiscal administrators and need to find a way to pay them.

Safe Drinking Water Program – Office of Public Health – Louisiana Department of Health – Performance Audit Issued August 10, 2016

Ms. Emily Wilson, Performance Audit Manager, presented the highlights of the report.

Dr. Guidry explained the budget cuts caused the loss of staff to test water systems and rely on the towns' test results provided. The Office of Public Health (OPH) is going to receive an increase in their budget starting April 2017, but they will try to start testing in January. The discussed the confusion about an email sent by OPH that asked private water systems to notify OPH within five days if they wanted OPH to do their water testing.

Dr. Guidry said the legislation passed recently was to return to the old way of testing because the state saves money if OPH does the testing and helps the small systems that cannot afford testing. He explained the importance of testing chlorine levels throughout and at the end of the system so all are protected from amoebas. Senator Walsworth thanked OPH's fast response and education about how contaminants can enter a system.

LLA's Response to Flood

Mr. Purpera shared the history of how the previous Legislative Auditor Steve Theriot created the Recovery Assistance Services (RAS) after Hurricanes Katrina and Ike to have a continuous audit process to stop waste and abuse before the money was spent. After the flooding in August, his Director of RAS John Morehead met with GOHSEP to make his staff available to review documentation before federal money is paid out.

Mr. Morehead said the largest complaint from state entities is lack of knowledge of FEMA rules, so his staff is involved in briefing and checking the federal funds being received and spent on flood recovery.

Litigation Update

Ms. Schaye provided an update on the litigation that the LLA has been involved with including the Patrick DeJean case which was won in the District and First Circuit Courts. Mr. Purpera said that after 1 ½ years the audit will finally be issued and a new statute passed in the recent legislative session will expedite these cases.

Ms. Schaye also provided updates on successfully ended litigation with the Upper Room voucher school and Slidell Memorial Hospital. Currently pending was a lawsuit about tax millages for a parish not properly notifying the constituents.

Senator Martiny asked about the DeJean case and how justice of the peaces can distinguish between public and private funds. Ms. Schaye referred to an AG opinion and the Judicial Commission which also had pleadings against Mr. DeJean.

Update on Medicaid Audit

Mr. Purpera said that Representative Stokes filed a bill in the first special session for more Medicaid auditing. Approximately \$12 billion in Medicaid funds are paid by the federal government. The U.S. Government Accountability Office (GAO) estimates that 10-12% of Medicaid payments are fraud, waste and abuse. He has met with other state auditors and the GAO to create a pilot project to do continual audit work to prevent fraud and abuse and save federal and state money.

Adjournment

Representative Harris offered the motion to adjourn and with no objection, the meeting adjourned at 3:15 p.m.

Approved by LAAC on: December 15, 2016