

LEGISLATIVE AUDIT ADVISORY COUNCIL

Minutes of Meeting July 12, 2021 House Committee Room 5 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 10:05 a.m. Ms. Liz Martin called the roll confirming quorum was present.

Members Present: Representative Barry Ivey, Chairman
Senator Louie Bernard
Senator Fred Mills
Senator Cleo Fields, proxy for Senator Beth Mizell
Representative Aimee A. Freeman
Representative Stephanie Hilferty
Representative Edmond Jordan
Representative Rodney Schamerhorn

Members Absent: Senator Jay Luneau, Vice Chairman
Senator Jimmy Harris
Senator Beth Mizell

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

Approval of Minutes

(Video Archive Time 0:03:21)

Representative Schamerhorn offered the motion to approve the minutes of the March 8, 2021 meeting and with no opposition, the motion was approved.

Legislative Auditor Mike Waguespack introduced Ms. Diane Allison, who became the Director of Local Government Services in May, and shared some of her education and vast experience. He complimented her public speaking skills which will be beneficial for training across the state on best practices and more. Mr. Waguespack also introduced Ernie Summerville, recently promoted to First Assistant Legislative Auditor who is also the director of Financial Audit Services and has been with the LLA for nearly 31 years. Mr. Roger Harris was promoted to Executive Counsel and was in meetings with District Attorney Clayton recently regarding an investigative audit that will be released in approximately eight weeks.

Mr. Waguespack complimented the many professionals working at the LLA and shared how he flattened the organization chart so he could be more engaged with midlevel management. He did not fill the vacancy for Assistant Legislative Auditor for State Audit Services and eliminated the Chief Administrative Officer position as he would handle those responsibilities. By having more direct report positions it will help him know more of the day to day operations and get to know the staff better. The office is saving approximately a half million dollars just by eliminating those positions and flattening the organizational chart. This will allow the office to have more boots on the ground and bring in more entry level staff. He intends to spend a lot of time in the field helping locals and when they are distressed he will be there personally, like he was for the Village of Powhatan with Senator Bernard in Natchitoches Parish.

Mr. Waguespack also visited the Town of Clayton regarding their water, infrastructure and rate issues. His staff will be closely looking at audits performed by third party CPAs and going into the field to do best practices. Mayors sometime needs help and a fiscal administrator may need to be appointed. The LLA will be diving in deep and reaching out to help those in need.

Extension Requests

(Video Archive Time 0:11:24)

Ms. Allison presented four extension lists with a total of 568 extension requests. She began with the 22 page list of 422 Emergency Extensions – 90 Days or Less. Eighty-three percent of the audits are for fiscal year ending 12/31/2020 and were due June 30, 2021. The main reasons for the emergencies sited were COVID-19, hurricanes from last summer and recent winter storms which caused delays for some auditing firms as well as for the local auditees. LLA received 75 of these reports as of July 6th. All the requests have been reviewed and are recommended for approval.

Chairman Ivey explained that in the interim between Council meetings, he authorized extensions until able to have a meeting for the full Council to vote.

Senator Mills requested additional information be provided on the extension lists showing entities that had major audit findings in their previous audits because concerned about granting those extensions. Ms. Allison explained that her staff does take prior findings into account and also contacts the CPA to ascertain the truth. She noted some entities received federal funds therefore required changing from a compilation to an audit which required engaging a different accounting firm due to independence issues.

Chairman Ivey agreed with Senator Mills' comments and suggested providing additional information that would aid the Council. Mr. Waguespack and Ms. Allison agreed.

Representative Jordan offered a motion to approve the list of 422 Emergency Extensions – 90 Days or Less and with no objections, the motion was adopted.

Ms. Allison continued to the 129 Emergency Extensions – Greater than 90 Days, and noted 65 of the reports have been received as of July 6th. She reviewed all the requests and definitely recommend their approval for extension. Representative Ivey commented that these have been unprecedented times for municipalities not only because of COVID but also the natural disasters in such frequency.

Representative Freeman asked about Orleans Parish Juvenile Court's reason being COVID-19 and cyberattack when the entire City of New Orleans was impacted by cyberattacks prior to the COVID-19 declaration and wondered if other entities gave that reason. Ms. Allison responded that she just came from the Orleans Parish School Board and could attest that every city agency was impacted by the cyberattack and had to work hard to retrieve information to complete their audits. Chairman Ivey commented that sure many of the agencies across the state could have sited multiple reasons for their extension requests and may have just submitted the obvious emergency declaration.

Senator Bernard offered the motion to approve the 129 entities on the Emergency Extensions –Greater than 90 Days list and with no objections, the motion was approved.

Ms. Allison shared that her local government audit staff did a deeper dive into how all these emergency extension requests and particularly into how COVID was affecting local governments ability to provide financial reports on time. For the June 30, 2020 fiscal year end, 59% submitted their reports on time which means 41% requested

extensions. By December 31, 2020, that number was down to 30%, and 70% submitted their reports timely. For the December 31, 2020 fiscal year ends, many of the agencies had figured out how to do the work and still follow all the COVID protocols. Mr. Waguespack commented that many small and regional CPA firms in private practice had to juggle many deadlines such as extensions granted by the IRS for tax filing as well as the adjust schedules due to declared emergencies.

Ms. Allison continued to the Non-Emergency Extension list of 12 auditees for 90 Days or Less and the list of four auditees for Greater Than 90 Days. Of the 16 on both lists, 10 had reasons of illness or change in key financial personnel at the local government. Three had to change auditors because of receiving more federal funds which requiring an audit or single audit. One entity had a cyberattack and two others had miscellaneous reasons for extensions. She reviewed all the extension requests and found them to be in order and recommended for approval.

Representative Schamerhorn questioned if the Town of Richwood and West Monroe City Marshal would be able to catch up because so far behind on their fiscal year end 6/30/20 audits and need to be working on their 6/30/21 audits. Mr. Waguespack replied they would reach out to those entities and check on their progress.

Motion by Representative Jordan to approve the twelve Non-Emergency Extensions - 90 Days or Less and with no objection, the motion was approved.

Motion by Representative Jordan to approve the four Non-Emergency Extensions – Greater Than 90 Days and with no objection, the motion was approved.

Senator Bernard commented that he was grateful for Mr. Waguespack attending the meeting in the Village of Powhatan and handling it very professionally, courteously and listening to their point of view.

Discussion of Legislative Auditor’s Compensation – Executive Session

(Video Archive Time 0:29:20)

Representative Schamerhorn made the motion for the Council to go into Executive Session.

Decision on Legislative Auditor’s Compensation

(Video Archive Time 1:22:17)

Chairman Ivey asked for a roll call and verified that eight members were present for quorum. Motion by Representative Jordan to return to a public meeting and exit Executive Session passed with no objection.

Senator Mills offered the motion to set the annual salary for Legislative Auditor Mike Waguespack at \$195,000 plus a housing allowance of \$22,800 and automobile expense allowance of \$18,000 per year. He asked that his motion also include annual and starting as soon as possible for Mr. Waguespack to bring to the Council the goals that he is setting for his department and to concentrate on diversity. The Council would like the leeway to discuss that during the annual basis but even discuss on a quarterly or semi-annual basis how things are going in the department, and how Mr. Waguespack’s performance is going.

Chairman Ivey asked if any objection to the compensation package as stated by Senator Mills, and with no objection, the motion was approved.

Mr. Waguespack expressed his appreciation for the vetting on this topic. He looks forward to being evaluated and believes it is important for him to hear from the legislators' perspective. He agreed that diversity is an issue that needs to be addressed.

Chairman Ivey complimented Mr. Waguespack restructuring the office and hitting the ground running. He asked Mr. Waguespack to prepare for possibly the September meeting a high-level vision with some initial and some long-term goals. He thanked Mr. Waguespack for his service and commitment including traveling to local municipalities who are struggling and providing invaluable assistance to constituents.

Other Business

(Video Archive Time 1:27:00)

Mr. Waguespack congratulated Director of Performance Audit Services Karen LeBlanc and her team for these awards:

- a) [2021 Notable Document Award from National Conference of State Legislatures' \(NCSL\) Legislative Research Librarians Section](#) for LLA's Performance Audit "[Challenges with Telework During the COVID-19 Public Health Emergency: Executive Branch Agencies](#)" The audit manager was Krista Baker-Hernandez.
- b) [2021 National Legislative Program Evaluation Society \(NLPES\) Award for Excellence in Research Methods](#) to LLA's Performance Audit team for their report "[Effect of COVID-19 on Local Government Revenues](#)". The auditor in charge was economist Edward Seyler.
- c) [2021 National State Auditors Association \(NSAA\) Excellence in Accountability Award](#) for the Performance Audit "[Detection and Prevention of Worker Misclassification](#)". The audit manager was Emily Dixon.

He commented that boards and committees scrutinize reports from across the country and it is an honor to receive these awards. LLA auditors do a great job and they will continue to focus on some interesting projects which will be shared in his next update. He was grateful to inherit a great staff and currently has 11-12 vacancies. The reorganization as well as the additional money that the Legislature provided for the LLA will all certainly help.

Representative Freeman requested the auditors who won awards come to a meeting to be recognized and share more with the public. Chairman Ivey noted some areas he would like to see improvement including LLA's website and directing reports to the Legislators based on their committee assignments and interests.

Adjournment

(Video Archive Time 01:31:50)

Representative Schamerhorn offered the motion to adjourn and with no objection, the meeting adjourned at 11:42 a.m.

Minutes Approved by Council Members: November 15, 2021

The video recording of this meeting is available in [House Broadcast Archives](#):
https://house.louisiana.gov/H_Video/VideoArchivePlayer?v=house/2021/jul/0712_21_LegisAudit