

# **STATE OF LOUISIANA**

## **OFFICE OF STATE INSPECTOR GENERAL**



### **Follow-up of Prior Audits 5/31/05 – 11/20/06**

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**STATE OF LOUISIANA**

**OFFICE OF**  
**STATE INSPECTOR GENERAL**



**Follow-up of Prior Audits**  
**5/31/05 – 11/20/06**

**Sharon B. Robinson, CPA**  
**State Inspector General**

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**Approved by:**  
**Governor Kathleen Babineaux Blanco**

**June 4, 2007**

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June 4, 2007

Honorable Kathleen Babineaux Blanco  
Governor of the State of Louisiana  
P.O. Box 94004  
Baton Rouge, LA 70804-9004

Re: Follow-ups of Prior Audits

Dear Governor Blanco:

This report addresses a follow-up study we conducted to determine what, if any, corrective actions agencies have implemented and the status of ongoing implementations from recommendations made in 13 audit reports issued between May 2005 and November 2006.

As a result of this follow-up study, we found that 87% of our recommendations have either been completely implemented or partially implemented. Agencies have not taken action on the remaining 13% of our recommendations for various reasons.

A detailed listing of actions each agency has taken toward addressing recommendations made in the audit reports is included as Appendix A.

Respectfully submitted,

Sharon B. Robinson, CPA  
State Inspector General

SBR/CS

Enclosure

## **Report Summary**

The Office of State Inspector General investigates allegations of fraud, waste, or abuse within the executive branch of state government and issues reports of its findings. Between May 2005 and November 2006, we issued 13 audit reports, which included 62 findings and 109 recommendations. The reports issued during that time period addressed such concerns as the following:

- violations of state travel and fleet management regulations
- various payroll irregularities
- lack of formal policies and procedures
- improper sale of state property

We conducted this follow-up study to determine what, if any, corrective actions agencies have implemented and the status of ongoing implementations. As a result of this follow-up study, we found that 87% of our recommendations have either been completely implemented or partially implemented.

Agencies took no action in regards to the remaining 13% of our recommendations for different reasons. In some cases, we found that agency management did not agree with a recommendation(s). In other cases, legislation is needed to fully implement the recommendations.

## **Study Methodology**

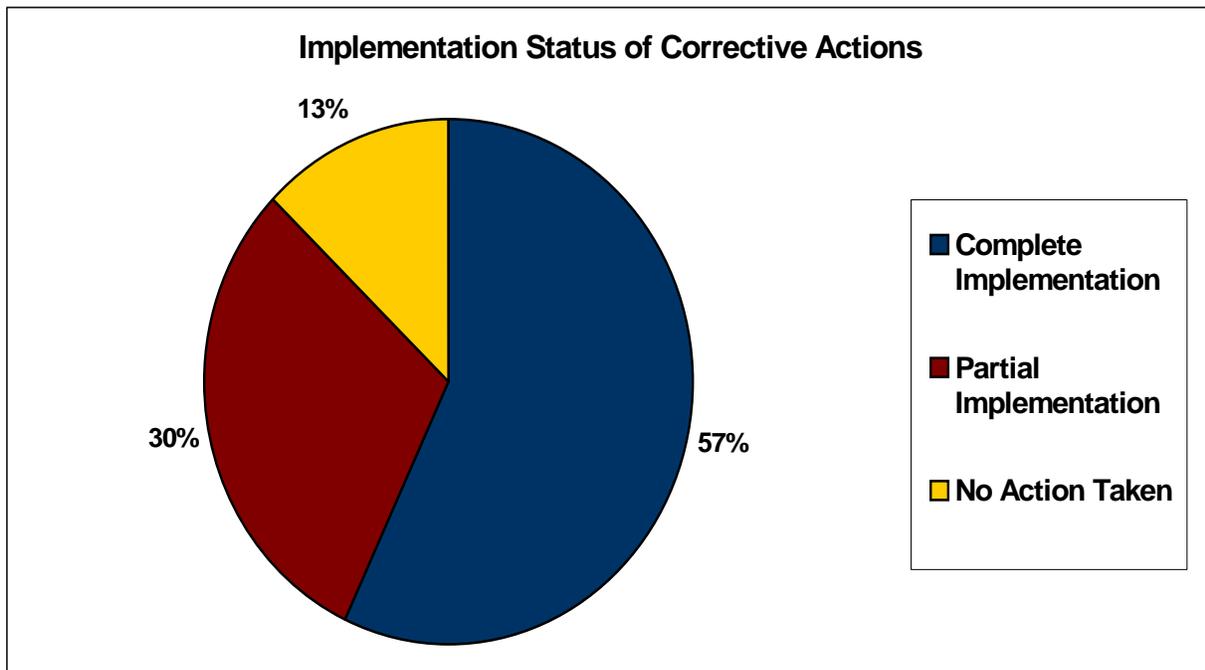
Our procedures for this follow-up study included interviewing management and other pertinent staff of the affected agencies and reviewing the following:

1. New policies and procedures
2. New and/or amended contracts
3. New forms used to document procedures
4. Additional documentation, as considered necessary to verify the status of audit recommendations.

This follow-up study does not constitute an audit, therefore, it does not conform to the standards and principles that we would have followed had this been an audit.

## **Summary of Audit Outcomes**

As shown in the chart below, corrective actions have been completely implemented for 57% of the 109 recommendations on the 13 previously issued audit reports. Corrective actions for an additional 30% have been partially implemented. No action was taken on 13% of our recommendations.



On the following page is a table of the audit outcomes, which includes the number of findings and recommendations for each of the 13 audit reports issued between May 2005 and November 2006. Also included are the number of corrective actions completely or partially implemented and the number of recommendations for which no action was taken.

<b>SUMMARY OF AUDIT OUTCOMES</b>						
<b>Audit Report Name</b>	<b>Date Issued</b>	<b>Number of Findings</b>	<b>Number of Recommendations</b>	<b>Verified Implementation of Corrective Actions</b>		
				<b>Number Completely Implemented</b>	<b>Number Partially Implemented</b>	<b>Number No Action Taken</b>
Louisiana State Wrestling and Boxing Commission	5/31/2005	15	23	13	8	2
Non-public Schools Early Childhood Development Program	11/23/2005	8	18	12	4	2
Louisiana Motor Vehicle Commission	11/23/2005	6	9	2	3	4
Louisiana Gaming Control Board	11/23/2005	4	9	6	3	0
Sabine River Authority	11/23/2005	2	3	0	0	3
Louisiana Manufactured Housing Commission	4/3/2006	9	16	6	8	2
Dental Services Contracts	4/3/2006	2	4	4	0	0
Orleans Levee Board	4/3/2006	5	9	8	1	0
LSU Fire & Emergency Training Institute	7/19/2006	2	5	3	2	0
Louisiana Recreational & Used Motor Vehicle Commission	8/23/2006	1	1	1	0	0
Louisiana State Board of Private Security Examiners	8/23/2006	1	2	0	1	1
Louisiana School Employees Retirement System	11/20/2006	3	4	3	1	0
Louisiana Department of Transportation and Development Consultant Contracts	11/20/2006	4	6	4	2	0
<b>Total from 13 Reports</b>		<b>62</b>	<b>109</b>	<b>62</b>	<b>33</b>	<b>14</b>

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## **Implementation Status of Corrective Actions**

Of the 109 recommendations made in the 13 audit reports, corrective actions for 62 (57%) of the recommendations were completely implemented. Additionally, corrective actions for 33 (30%) of the recommendations were partially implemented. Reasons that attribute to the lack of complete implementation of audit recommendations include, but are not limited to:

- Amendments to existing statutes have been proposed, but not yet enacted into law.
- Policies and procedures have been implemented, but not put into writing.
- Policies and procedures have been implemented, but require clarification.
- Time constraints and staffing has limited the ability for complete implementation of corrective actions.

No action has been taken for only 14 (13%) of the 109 recommendations. Reasons for the lack of implementation include:

- Conditions causing the initial findings have not reoccurred.
- Legislation was enacted that made implementing our recommendations unnecessary.
- Time constraints and staffing issues have limited the ability for implementation of corrective actions.
- The agency disagrees with the initial findings and recommendations.

The Louisiana Motor Vehicle Commission (LMVC) disagreed with the initial findings and recommendations in its audit report, and, therefore, has not implemented corrective measures. Ms. Lessie House, the Executive Director of LMVC, responded that Section 1502 (b) of Policy and Procedure Memorandum No. 49 (PPM-49) specifically exempts the LMVC from the Division of Administration's travel regulations.

However, the correctly cited Section 1502 (A) (b) of PPM-49 does not exempt LMVC's Executive Director and staff from following the policy. This definition section of the policy states, "Authorized Persons - members of boards, commissions, and advisory councils required by federal or state legislation or regulation. Travel allowance levels for all such members and any staff shall be those authorized for state employees unless specific allowances are legislatively provided." Specific allowances have not been legislatively provided for the LMVC's Executive Director and staff. We verified with the Assistant Commissioner for Procurement that LMVC's Executive Director and staff are subject to the provisions of PPM-49.

The Appendix of this report provides a detailed listing of actions each agency has taken toward addressing recommendations made in the audit reports.

## **APPENDIX**

### **Detailed Listing of Corrective Actions Taken**

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**Audit: 1050005, Louisiana Boxing and Wrestling Commission**

Finding	Recommendation	Status	Implementation Status Comments
<p><b>Finding Number: 1</b></p>			
<p><b>Subject: Duplicate Payments to Chairman Embanato</b></p>			
<p>Mr. Anthony "Buddy" Embanato, Chairman, received at least \$6,940 of duplicate compensation pay and travel expenses. Additionally, by receiving these payments, Mr. Embanato may have violated the state statute governing the Commission and the state ethics law governing public servants.</p>	<p>Mr. Embanato should reimburse the applicable boxing promoters \$6,940 in duplicate payments received between July 2003 and January 2005.</p> <p>The Commission should develop policies for members to follow that are aligned with state law.</p> <p>The Commission should research similar payments made to Mr. Embanato and other Commissioners prior to July 2005 or after January 2005 and recover reimbursement from those individuals.</p>	<p>No Action Taken</p> <p>Completely Implemented</p> <p>No Action Taken</p>	<p>The Commission does not agree with this finding and argues that the amount paid was not "in addition" to Mr. Embanato's regular salary, as he did not draw the \$8,200 in salary provided by LSA-R.S. 4:67. The event coordinator fees, travel fees, and salary actually drawn each year did not exceed Mr. Embanato's regular salary of \$8,200.</p> <p>The Commission has stopped using Commissioners as event coordinators. In addition, House Bill 348 has been filed for the 2007 Regular Legislative Session to amend the Commission's statutes.</p> <p>The Commission does not agree with the finding, and, therefore, has taken no action.</p>

**Audit: 1050005, Louisiana Boxing and Wrestling Commission (Continued)**

Finding	Recommendation	Status	Implementation Status Comments
<p><b>Finding Number: 2</b></p>			
<p><b>Subject: Attempted Intimidation</b></p>			
<p>In a November 12, 2004 telephone conversation between Mr. Embanato and Edgar Lee, a wrestling promoter, Mr. Embanato attempted to intimidate Mr. Lee because Mr. Embanato believed Mr. Lee complained to the Office of State Inspector General. The intimidation threatened to cause the cancellation of a wrestling event Mr. Lee had scheduled for November 13, 2004.</p>	<p>The Chairman and all Commission members should perform their duties within the guidelines of state statute and all properly established rules and regulations.</p>	<p>Completely Implemented</p>	<p>All duties regarding the wrestling and mixed martial arts events have been delegated to Commissioner John Green.</p>
<p><b>Finding Number: 3</b></p>			
<p><b>Subject: Open Meetings Law Violation</b></p>			
<p>The Commission may have violated the state open meetings law when Mr. Embanato conducted a telephone vote in regard to Commission rule changes.</p>	<p>The Commission should comply with all aspects of the state open meetings law; specifically, holding public meetings to properly promulgate its rules and regulations.</p>	<p>Completely Implemented</p>	<p>The Commission has retained the services of a paralegal to ensure that all future regulations are correctly promulgated. Current rules and regulations are voted on by the Commission in meetings open to the public.</p>
<p><b>Finding Number: 4</b></p>			
<p><b>Subject: Administrative Procedure Act Violations</b></p>			
<p>The Commission may have violated the Administrative Procedure Act when it did not promulgate emergency rules as required, by enacting an emergency rule for wrestling events that is contrary to state law with regards to commission taxes and expenses, and when it set arbitrary fees for wrestling events without promulgating the fees as required.</p>	<p>The Commission should seek assistance in amending its enabling statutes to meet current situations and financial demands.</p>	<p>Partially Implemented</p>	<p>The Commission has been trying to amend its current statutes. House Bill 348 has been filed for the 2007 Regular Legislative Session to amend its statutes.</p>

**Audit: 1050005, Louisiana Boxing and Wrestling Commission (Continued)**

Finding	Recommendation	Status	Implementation Status Comments
	<p>Commission members should be adequately educated concerning the stipulations and processes of the Administrative Procedure Act.</p> <p>The Commission should ensure that all of its rules are properly promulgated in accordance with the Administrative Procedure Act.</p> <p>The Commission should cease collecting all fees it is improperly collecting from wrestling events until its rules are properly promulgated.</p>	<p>Completely Implemented</p> <p>Completely Implemented</p> <p>Completely Implemented</p>	<p>The Commission has received training from the Office of State Register concerning the stipulations and processes of the Administrative Procedure Act.</p> <p>The Commission has obtained the assistance of the Office of State Register concerning the stipulations and processes of the Administrative Procedure Act. All current rules and regulations have been properly promulgated with the assistance of the Office of State Register. In addition, the Commission has hired a paralegal to ensure the proper promulgation of all future rules and regulations.</p> <p>The Commission has stopped collecting improper fees for wrestling events.</p>
<p><b>Finding Number: 5</b></p>			
<p><b>Subject: Failure to Maintain Central Office</b></p>			
<p>The Commission has failed to maintain an office in New Orleans as required by state law.</p>	<p>The Commission should seek assistance in amending the current law requiring that it maintain a central office or obtain and maintain a bona fide central office in New Orleans as required by state law.</p>	<p>Partially Implemented</p>	<p>The Commission's address and phone number is still listed in Monroe, Louisiana. However, the Commission is currently changing its mailing address to that of Commissioner Patrick C. McGinity's office. In addition, House Bill 348 has been filed for the 2007 Regular Legislative Session to amend the statute allowing the office to be maintained in East Baton Rouge.</p>

**Audit: 1050005, Louisiana Boxing and Wrestling Commission (Continued)**

Finding	Recommendation	Status	Implementation Status Comments
	The Commission should seek assistance in amending its enabling statutes to allow it to generate more funding.	Partially Implemented	House Bill 348 has been filed for the 2007 Regular Legislative Session to amend the Commission's statutes.
<p><b>Finding Number: 6</b></p>			
<p><b>Subject: Failure to Maintain Records</b></p>			
The Commission failed to maintain its records at a central location as required by state law.	The Commission should seek assistance in amending its current statute or maintain all of its records at a central office in New Orleans as required by state law.	Partially Implemented	House Bill 348 has been filed for the 2007 Regular Legislative Session to amend the Commission's statutes.
<p><b>Finding Number: 7</b></p>			
<p><b>Subject: Physician Fees for Boxing Events</b></p>			
The Commission may have violated state law when it charged boxing promoters fees for physicians.	The Commission should seek assistance to amend the current law or discontinue the practice of charging boxing promoters for physicians in cities where boxing events are held with a population of 200,000 people or less.	Completely Implemented	The Commission obtained an opinion from the Attorney General. The Attorney General's opinion is that the broad language of LSA-R.S. 4:67(C)(2) authorizes the payment of additional fees to physicians over the \$50 maximum for examination of contestants.

**Audit: 1050005, Louisiana Boxing and Wrestling Commission (Continued)**

Finding	Recommendation	Status	Implementation Status Comments
<p><b>Finding Number: 8</b></p>			
<p><b>Subject: Deputy Commissioner/Event Referee</b></p>			
<p>The Commission may have violated state ethics laws when it allowed Mr. Russell Naquin to serve as both a Deputy Commissioner for wrestling events and as a referee/judge at boxing events under the jurisdiction of the Commission.</p>	<p>The Commission should discontinue the practice of allowing Deputy Commissioners to serve as a boxing referee and judge or get an advisory opinion from the Louisiana Board of Ethics.</p>	<p>Partially Implemented</p>	<p>The Commission stated that Mr. Naquin is a Deputy Commissioner, was not appointed by the Governor and has no monthly salary. The Commission does not agree that Mr. Naquin is either a public employee or a public servant, and therefore, does not agree with the finding. However, House Bill 348 has been filed for the 2007 Regular Legislative Session which clarifies the Deputy Commissioner's role as a contractor. In addition, the Commission plans to obtain an opinion from the Louisiana Board of Ethics.</p>
<p><b>Finding Number: 9</b></p>			
<p><b>Subject: Relaxing of Physician Rules</b></p>			
<p>The Commission has allowed wrestling promoters to use an emergency medical technician (EMT) instead of a medical doctor at wrestling events in violation of its rules.</p>	<p>The Commission should enforce all of its laws and rules.</p>	<p>Completely Implemented</p>	<p>The Commission did agree that it relaxed the requirement for a physician to be in attendance at all wrestling events contrary to its statutes. However, the Commission now requires physicians be present at all boxing and wrestling events.</p>
<p><b>Finding Number: 10</b></p>			
<p><b>Subject: Payments to Boxing Officials</b></p>			
<p>The Commission has failed to comply with its rules and its governing statute regarding payments to boxing officials.</p>	<p>The Commission should seek assistance in amending its enabling statute or discontinue the practice of setting fees paid to boxing officials.</p>	<p>Partially Implemented</p>	<p>House Bill 348 has been filed for the 2007 Regular Legislative Session to amend the Commission's statutes.</p>

**Audit: 1050005, Louisiana Boxing and Wrestling Commission (Continued)**

Finding	Recommendation	Status	Implementation Status Comments
<p><b>Finding Number: 11</b></p>			
<p><b>Subject: Unreported Compensation to Boxing Officials</b></p>			
<p>The Commission has failed to report \$27,920 in boxing official compensation to the Internal Revenue Service for calendar year 2004. The boxing officials were paid from the Commission's checking account.</p>	<p>The Commission should follow the federal tax laws concerning compensation it has paid to individuals.</p>	<p>Completely Implemented</p>	<p>The Commission now reports all compensation to officials on federal form 1099.</p>
<p><b>Finding Number: 12</b></p>			
<p><b>Subject: Accounting Practices</b></p>			
<p>The confusion created by the Commission concerning the employment status of boxing officials has created problems in its accounting practices with regards to receipt for and payments to boxing officials.</p>	<p>The Commission should properly account for income and expenses relative to boxing officials.</p>	<p>Completely Implemented</p>	<p>The Commission has implemented new forms required to be completed at boxing events by all officials noting the receipt of monies from promoters and the services provided.</p>
<p><b>Finding Number: 13</b></p>			
<p><b>Subject: Unsupported Transactions</b></p>			
<p>The Commission has not kept a full and true record of its receipts and expenditures as required by state law. The Commission has received \$15,385 from boxing promoters and paid \$8,585 to boxing officials, which is not supported by documentation to substantiate these transactions.</p>	<p>The Commission should establish a system which provides sufficient documentation in its records to support all Commission receipts and disbursements.</p>	<p>Completely Implemented</p>	<p>The Commission has implemented new forms properly documenting all events, the amounts paid to boxing officials, the amounts charged to promoters, and licenses issued.</p>

**Audit: 1050005, Louisiana Boxing and Wrestling Commission (Concluded)**

Finding	Recommendation	Status	Implementation Status Comments
	The Commission should direct the Secretary to establish and maintain accurate records of the Commission's receipts and expenditures. The Commission should also require regular financials reports from the Secretary.	Partially Implemented	The Commission has implemented new forms to maintain accurate records of receipts and expenditures. These records are maintained with the Commission's accountant. Financial reports are also obtained from the Commission's accountant. House Bill 348, filed for the 2007 Regular Legislative Session, amends the statute to allow records be maintained by the Secretary or his/her designee.
<p><b>Finding Number: 14</b></p>			
<p><b>Subject: Mr. Naquin's Unreported Pay</b></p>			
For calendar year 2004, Mr. Naquin received \$3,325 in compensation from the Commission that was not reported as income by the Commission to the Internal Revenue Service.	The Commission should follow all applicable federal tax laws.	Completely Implemented	The Commission has reported all compensation to Mr. Naquin on federal form 1099.
<p><b>Finding Number: 15</b></p>			
<p><b>Subject: Un-remitted Fees by Mr. Naquin</b></p>			
Mr. Naquin may have violated the Commission's enabling statute when he failed to remit at least \$375 of Deputy Commissioner fees he received from wrestling promoters for wrestling events. The Commission never accounted for these fees.	<p>Mr. Naquin should give the Commission a full accounting of all fees he has remitted to the Commission. He should then make full restitution of the un-remitted amounts.</p> <p>The Commission should implement controls that will ensure full accounting for all funds received for boxing and wrestling events.</p>	<p>Partially Implemented</p> <p>Completely Implemented</p>	<p>The Commission has not required Mr. Naquin to remit any fees. The Commission stated it reviewed Mr. Naquin's income tax report and all fees were reported to the IRS. However, this does not ensure that Mr. Naquin reported all fees received to the Commission and to the IRS.</p> <p>The Commission has implemented new forms properly documenting all events, the amounts paid to boxing officials, the amounts charged to promoters, and licenses issued.</p>



**Audit: 1050013, Nonpublic Schools Early Childhood Development Program (NSECD)**

Finding	Recommendation	Status	Implementation Status Comments
<p><b>Finding Number: 1</b></p>			
<p><b>Subject: Perrault Kiddy Kollege (Perrault)</b></p>			
<p>Perrault's monthly reimbursement invoices and supporting attendance documentation are unreliable. As a result, the attendance of 13 students and reimbursement claims totaling \$7,020 are questionable.</p>	<p>The NSECD Program should require Perrault and other participating schools to adopt policies and procedures for recording student attendance that can be reconciled to monthly reimbursement invoices.</p>	<p>Completely Implemented</p>	<p>The Program Manager met with the administrative staff of each provider of the program and trained each on the proper procedures for documenting student attendance for reconciliation to monthly invoices, calculating the percentage of days present during the month, and completing the monthly reimbursement form. Perrault is no longer a participating school of the program.</p>
<p><b>Finding Number: 2</b></p>			
<p><b>Subject: Invoice Submission Requirements</b></p>			
<p>The Memorandum of Understanding (MOU) between the Department of Social Services and the Governor's Office of Community Programs does not provide sufficient time for the NSECD Program to submit invoices to Social Services, but allows excessive time between the submission of invoices and payment to NSECD Program. In addition, NSECD Program policies and procedures do not provide sufficient time for participating schools to submit invoices to the NSECD Program.</p>	<p>The MOU between Social Services and the Governor's Office of Community Programs should be amended to provide sufficient time for the NSECD Program to submit complete and accurate invoices, and reduce the time allowed for Social Services to transfer funds to the NSECD Program after its receipt of invoices.</p>	<p>Partially Implemented</p>	<p>A review of the current MOU between Social Services and the Governor's Office of Community Programs revealed that the MOU has been amended. The NSECD Program is now required to submit invoices by the 15th of each month, instead of the 10th. However, payments to the NSECD Program are still 30 days after the submission of complete and accurate invoices.</p>

**Audit: 1050013, Nonpublic Schools Early Childhood Development Program (NSECD) (Continued)**

Finding	Recommendation	Status	Implementation Status Comments
	<p>NSECD Program guidelines should require schools to submit invoices by a certain date. However, the required date should allow schools sufficient time to prepare accurate invoices.</p>	<p>Completely Implemented</p>	<p>The NSECD Program still requires schools to submit invoices by the 4th of each month. However, they have obtained signed memorandums from each school agreeing to submit invoices by the required due date and acknowledging that failure to do so would delay that schools reimbursement.</p> <p>The NSECD Program is in the process of implementing a Web-based management program, which will enable schools to automatically create invoices based on student attendance entered into the database. The program is estimated to be completely implemented during the 2007/2008 school year.</p>
<p><b>Finding Number: 3</b></p>			
<p><b>Subject: Attendance Requirements</b></p>			
<p>The MOU, NSECD Program guidelines, and NSECD Program certification forms fail to adequately communicate attendance requirements. As a result, participating schools and parents lack awareness of requirements, and, therefore, inadvertently fail to comply. Additionally, schools may be motivated to falsify reimbursement claims because schools are only reimbursed if students have at least 74% attendance for the month.</p>	<p>Upon reviewing the MOU for the 2005/2006 school year, the attendance requirements should be clarified to define the type of hours a student must attend on a given school day as instructional hours.</p>	<p>Completely Implemented</p>	<p>The MOU now clarifies that students must be present a minimum of four of the required six instructional hours to be counted as present on a school day.</p>

**Audit: 1050013, Nonpublic Schools Early Childhood Development Program (NSECD) (Continued)**

Finding	Recommendation	Status	Implementation Status Comments
	<p>The NSECD Program guidelines, Parental Choice Certification form, and Provider Certification form should include all of the MOU attendance requirements, including the minimum of five instructional hours per school day requirement.</p>	<p>Completely Implemented</p>	<p>The revised NSECD Program guidelines and revised Parental Choice Certification form have been updated to include complete attendance requirements for reimbursement. Students are presently required to attend 74% of the school days per month. In order to be counted as present on a school day, students must be present a minimum of four of the required six instructional hours. The Provider Certification form has not been updated. However, the provider keeps a copy of the NSECD Program guidelines and the Parental Choice Certification form and should, therefore, be aware of the stipulation.</p>
	<p>The Parental Choice Certification form and the Provider Certification form should also clearly specify that the consequences of noncompliance with attendance requirements could result in the school dropping the child from the program.</p>	<p>Completely Implemented</p>	<p>The NSECD Program guidelines and the Parental Choice Certification form now clearly stipulate that the provider will not be paid if a child is not in attendance as required, and that a child will be dropped from the program if not in attendance on a regular enough basis for the school to be reimbursed over two consecutive months. The Provider Certification form has not been updated. However, the provider keeps a copy of the NSECD Program guidelines and the Parental Choice Certification form and should, therefore, be aware of the stipulation.</p>



**Audit: 1050013, Nonpublic Schools Early Childhood Development Program (NSECD) (Continued)**

Finding	Recommendation	Status	Implementation Status Comments
	<p>The NSECD Program should consider the feasibility of requiring participating schools to install school management database software, or subscribe to a Web-based school management database program.</p>	<p>Completely Implemented</p>	<p>The NSECD Program is developing a Web-based program for the management of providers, teachers and assistants, student's attendance, reimbursement invoices, and monitoring reports. When complete, the Web-based program will allow the NSECD Program to manage and track all parts of the program.</p>
<p><b>Finding Number: 5</b></p>			
<p><b>Subject: Program Monitoring</b></p>			
<p>Monitor assessment reports contain subjective and unverified ratings. In addition, the reports contain student headcounts, which hold no value because the counts do not determine which children are present and may not account for only NSECD Program children. As a result, the reports are inaccurate and possibly biased.</p>	<p>The rating scales on each section of the monitor assessment report should be defined for all ratings allowed to be given, and a comment section should be included for explanation of the ratings.</p> <p>The NSECD Program should verify accuracy of ratings given to schools.</p> <p>Monitors should be required to call roll over a one-day period to account for the NSECD Program children present during the onsite assessment and compare it to the school's attendance record at that time.</p>	<p>Completely Implemented</p> <p>No Action Taken</p> <p>No Action Taken</p>	<p>Ratings are still given between the defined scale. However, the basis for doing so is now consistently applied and sound. Comments are included for explanation of the ratings.</p> <p>The NSECD Program still does not verify the accuracy of ratings.</p> <p>Monitors take head counts of children after the 10:00 a.m. report of attendance is submitted to the NSECD Program. However, the children who checked in after the attendance report has been submitted will not be included in the report. Children on the report who have later checked out will not be included in the head count. In addition, the head count may include children who are not NSECD Program children.</p>

**Audit: 1050013, Nonpublic Schools Early Childhood Development Program (NSECD) (Continued)**

Finding	Recommendation	Status	Implementation Status Comments
<p><b>Finding Number: 6</b></p>			
<p><b>Subject: Required Curriculum Training</b></p>			
<p>The NSECD Program does not provide an adequate number of workshops for teachers to attend its required three-day curriculum training. As a result, teachers hired after available workshops are held will not meet the training requirements.</p>	<p>The NSECD Program guidelines should spread out workshops through the year or provide other methods for all teachers to receive the three-day curriculum workshop.</p>	<p>Completely Implemented</p>	<p>The Program Manager recorded the required three-day curriculum training on videos, which are available for teachers hired after the actual workshops have been given. The videos are available online through the new NSECD Program website. A calendar listing of the approved NSECD Program courses that are required in order to meet the additional 18 hours of continuing education are also available online.</p>
<p><b>Finding Number: 7</b></p>			
<p><b>Subject: Equipment and Material Requirements</b></p>			
<p>The title of the NSECD Program guidelines' equipment and material list is misleading, and its requirement regarding 25 or more books per topic is unclear. As a result, participating schools may find it difficult to comply with the requirement.</p>	<p>"Suggested" should be dropped from the title of the NSECD Program guidelines' equipment and material list.</p> <p>The equipment and materials list should clarify its intentions regarding the number of topics in its 25 or more books per topic requirement.</p>	<p>Completely Implemented</p> <p>Partially Implemented</p>	<p>The word "Suggested" has been eliminated from the current equipment and materials list.</p> <p>The number of topics required to meet the 25 or more books per topic requirement has not been clarified on the equipment and materials list. However, the required number of topics are included in each providers planned curriculum.</p>





**Audit: 1050023, Louisiana Motor Vehicle Commission (LMVC)**

Finding	Recommendation	Status	Implementation Status Comments
<p><b>Finding Number: 1</b></p>			
<p><b>Subject: State Travel Regulations Violations</b></p>			
<p>The LMVC has not abided by state travel regulations (PPM-49) as it relates to travel expense allowances. At least four employees' allowances for meal and/or hotel expenses violated PPM-49. In some cases, employees received meal allowances although they were not entitled. In other cases, the meal and/or hotel cost exceeded the maximum amount allowed.</p> <p>Meals are generally paid with a LMVC credit card.</p>	<p>LMVC staff should abide by PPM-49. As an alternative, the LMVC could establish in-house travel regulations based on PPM-49. Ms. Lessie House, Executive Director, should establish procedures, with Commission approval, to ensure compliance with the regulations.</p> <p>The LMVC should ensure all meal receipts identify all meal participants and the business purpose of the meal.</p> <p>The LMVC should establish a written policy for the use of LMVC credit cards. The policy should require that the business purpose of all charges be properly documented and detailed receipts maintained.</p>	<p>No Action Taken</p> <p>Partially Implemented</p> <p>No Action Taken</p>	<p>LMVC has responded that Section 1502 (b) of PPM-49 specifically exempts the LMVC from the Division of Administration's travel regulations. However, the correctly cited Section 1502 (A) (b) of PPM-49 does not exempt LMVC staff from following the policy. This definition section of the policy states, "Authorized Persons - members of boards, Commissions, and advisory councils required by federal or state legislation or regulation. Travel allowance levels for all such members and any staff shall be those authorized for state employees unless specific allowances are legislatively provided." Specific allowances have not been legislatively provided for the LMVC.</p> <p>The LMVC maintains copies of all meal receipts for business purposes. However, the LMVC does not follow PPM-49 regulations and employees are reimbursed in full for these receipts.</p> <p>The LMVC has not established a written policy for the use of credit cards.</p>

**Audit: 1050023, Louisiana Motor Vehicle Commission (LMVC) (Continued)**

Finding	Recommendation	Status	Implementation Status Comments
<p><b>Finding Number: 2</b></p>			
<p><b>Subject: Fleet Management Program Violations</b></p>			
<p>Ms. House and Assistant Executive Director Ginger Gunter did not maintain accurate travel logs for vehicles assigned to them for business purposes.</p>	<p>The LMVC should adopt policies and procedures that require all MV3 forms (Daily Vehicle Usage Logs) be completed according to Louisiana Property Assistance Agency (LPAA) policies.</p>	<p>Completely Implemented</p>	<p>The LMVC has adopted LPAA Fleet Management policies. The LMVC is maintaining MV3 forms and completing required LPAA reports.</p>
<p><b>Finding Number: 3</b></p>			
<p><b>Subject: Inappropriate Use of Public Funds</b></p>			
<p>In FY 2005, Ms. House approved expenditures of LMVC funds on two separate occasions for employee lunches in violation of Article 7, Section 14 (A) of the Louisiana Constitution. The inappropriate expenditures totaled \$654.57.</p>	<p>The LMVC should establish policies and procedures to ensure all expenditures are in compliance with the state constitution and state law.</p>	<p>Partially Implemented</p>	<p>The LMVC has not written formal policies and procedures. However, the LMVC no longer reimburses employees for any expenditures other than those that are for legitimate business purposes.</p>
<p><b>Finding Number: 4</b></p>			
<p><b>Subject: Overtime</b></p>			
<p>The LMVC has not adequately addressed human resource needs resulting in employees working and being paid for excessive overtime. All staff employees, including Ms. House and Ms. Gunter, were credited with various amounts of overtime.</p>	<p>The LMVC should evaluate its staffing needs of the agency and take action to ensure human resource utilization is efficient and in the best interest of the state.</p>	<p>Partially Implemented</p>	<p>Since our initial report, the LMVC hired an additional employee. However, the new employee has already resigned. LMVC is having a difficult time obtaining new personnel, and, therefore, staff is still working overtime.</p>





**Audit: 1050026, Louisiana Gaming Control Board (LGCB)**

Finding	Recommendation	Status	Implementation Status Comments
<p><b>Finding Number: 1</b></p>			
<p><b>Subject: Payroll Irregularities</b></p>			
<p>Gloria Anne Neeb, the former LGCB Executive Director, and staff attorney, Douglas Allen, did not comply with a directive from Governor Blanco and recommendations from a Department of Public Safety (DPS) payroll audit report regarding time and attendance. Ms. Neeb and Mr. Allen were paid for hours that they did not work or take appropriate leave hours.</p>	<p>All LGCB employees, including the Executive Director, should complete daily sign-in sheets as required.</p> <p>Ms. Neeb should reimburse the state \$2,700 as she is no longer employed by LGCB.</p> <p>Mr. Allen should immediately begin working 40 hours per week. He should also submit leave slips for the 56 hours of absences or reimburse the state \$1,777 if he lacks sufficient leave balances.</p> <p>LGCB should establish written policies and procedures that sufficiently outline requirements for both the employee and supervisor regarding time and attendance.</p>	<p>Completely Implemented</p> <p>Partially Implemented</p> <p>Completely Implemented</p> <p>Partially Implemented</p>	<p>Chairman Charles Gaudin has implemented daily sign-in sheets as recommended for all employees. Chairman Gaudin is monitoring time and attendance.</p> <p>DPS has requested reimbursement from Ms. Neeb on two occasions. However, she has not complied with the request. No further action has been taken.</p> <p>DPS has requested and received reimbursement from Mr. Allen.</p> <p>Although Chairman Gaudin has implemented new procedures for daily sign-in sheets and monitoring time and attendance, written procedures outlining time and attendance requirements have not been developed.</p>

**Audit: 1050026, Louisiana Gaming Control Board (LGCB) (Continued)**

Finding	Recommendation	Status	Implementation Status Comments
	Chairman Gaudin should exercise his fiduciary responsibilities to adequately supervise LGCB staff by ensuring that all staff work their required hours and perform necessary duties.	Completely Implemented	Chairman Gaudin is monitoring time and attendance of staff.
<p><b>Finding Number: 2</b></p>			
<p><b>Subject: Non-compliance with Governor's Directive</b></p>			
Chairman Charles Gaudin did not work in the LGCB office in Baton Rouge a minimum of four days per week as required by Governor Blanco's directive.	Chairman Gaudin should strictly adhere to Governor Blanco's directive and conduct LGCB business a minimum of four days per week in the Baton Rouge office. Should the Chairman not be able to adhere to this directive, he should consult directly with Governor Blanco about having the directive amended.	Completely Implemented	As an appointed official, Chairman Gaudin is not required to sign-in. He need only certify his time in office. Chairman Gaudin stated that he currently works the required four days per week or more in the Baton Rouge office.
<p><b>Finding Number: 3</b></p>			
<p><b>Subject: Improper Salary for LGCB Chairman</b></p>			
Chairman Gaudin's salary exceeded the amount allowed by state law by approximately 10%. Chairman Gaudin received an annual salary of \$112,041 since his appointment to LGCB on April 14, 2004, until July 28, 2005. According to the State Court of Appeals, the current annual salary of an active appeals court judge is approximately \$101,841. The supplemental compensation currently provided to active judges is \$10,200, which when added to their salary pays \$112,041.	DPS should seek to recover the \$13,185 in salary overpayments made to Chairman Gaudin since his appointment in April 14, 2004.	Partially Implemented	DPS has corrected Chairman Gaudin's salary and has made requests for reimbursement on two occasions for the overpayments. Chairman Gaudin has not reimbursed DPS and is contesting the salary change before a three-person review panel. As of May 2, 2007, the panel has not issued a decision.

**Audit: 1050026, Louisiana Gaming Control Board (LGCB) (Concluded)**

Finding	Recommendation	Status	Implementation Status Comments
<p><b>Finding Number: 4</b></p>			
<p><b>Subject: Violations of State Vehicle Regulations</b></p>			
<p>Chairman Gaudin did not comply with Policy and Procedure Memorandum No. 63 (PPM 63), governing the use and management of the 2004 Dodge Durango SUV assigned to him.</p>	<p>Chairman Gaudin should immediately begin complying with PPM 63.</p> <p>DPS should ensure that LGCB submits the required annual vehicle management forms or take immediate steps to revoke Chairman Gaudin's vehicle privileges.</p>	<p>Completely Implemented</p> <p>Completely Implemented</p>	<p>Chairman Gaudin is now following PPM 63 and completing the required MV3 and personal assignment annual reports required by PPM 63.</p> <p>DPS has ensured that Chairman Gaudin has submitted the required reports to the DOA.</p>



**Audit: 1050028, Sabine River Authority (SRA)**

Finding	Recommendation	Status	Implementation Status Comments
<p><b>Finding Number: 1</b></p>			
<p><b>Subject: Inappropriate Process Used</b></p>			
<p>SRA used the wrong process for the bidding of a state land lease. SRA used request for proposal (RFP) guidelines as specified in the Louisiana Procurement Code, LSA-R.S. 39:1551 et seq. However, SRA's use of the Procurement Code is not applicable for this venture since the proposed lease of its property is a situation where SRA seeks to generate revenue.</p>	<p>For future leases of state land, SRA officials should use the provisions as set forth in the Public Lease Law, and ensure the Commissioner of Administration is a party to all state land transactions.</p> <p>SRA officials should seek proper legal counsel before bidding and entering into any future contracts.</p>	<p>No Action Taken</p> <p>No Action Taken</p>	<p>Corrective action for this recommendation could not be taken because SRA has not entered into any further lease agreements.</p> <p>Corrective action for this recommendation could not be taken because SRA has not entered into any further lease agreements.</p>
<p><b>Finding Number: 2</b></p>			
<p><b>Subject: Unapproved RFP</b></p>			
<p>SRA did not obtain proper approvals from the Director of State Purchasing and the Commissioner of Administration prior to using the RFP process. However, state law requires these approvals.</p>	<p>SRA officials should always obtain the approvals of the Commissioner of Administration and Director of State Purchasing, as required by law, for any future RFP's when the SRA uses the Procurement Code.</p>	<p>No Action Taken</p>	<p>Corrective action for this recommendation could not be taken because SRA has not entered into any further lease agreements.</p>



**Audit: 2050002, Louisiana Manufactured Housing Commission (LMHC)**

Finding	Recommendation	Status	Implementation Status Comments
<p><b>Finding Number: 1</b></p>			
<p><b>Subject: Unlicensed Salesman Initiates Sales</b></p>			
<p>LMHC member Mr. Gary Millet, Sr., allowed an unlicensed salesman to initiate sales on his retail lot, America's Best Homes, which violates state law. On August 5, 2005, because of its investigation, LMHC imposed fines on both Mr. Millet and the unlicensed salesman. However, at its September 20, 2005 meeting, LMHC reduced both of the fines after hearing a presentation by Mr. Millet, and a subsequent discussion by the LMHC involving the lack of a definition for "offer for sale" and industry practices. Since LMHC has not defined or obtained a legal definition for the term "offer for sale," the Commission has been inconsistent with imposing fines to retailers and unlicensed salesmen.</p>	<p>LMHC should immediately request an Attorney General's opinion regarding clarification of the term "offer for sale." Then, LMHC should seek to amend LSA-R.S. 51:911.24 (A) (1) as appropriate.</p> <p>LMHC should adopt, and follow rules that will ensure its fines are imposed consistently.</p>	<p>Completely Implemented</p> <p>Partially Implemented</p>	<p>LMHC has obtained Attorney General's Opinion #06-0089 for clarification on the term "offer to sale." It is the Attorney General's office opinion "that LSA-R.S. 51:911.24 requires a manufacturer, retailer, salesman, developer, or an employee of a developer must have a valid manufacturers, retailers, or salesman license to sell or offer to sell a manufactured home."</p> <p>LMHC Executive Director Deane Frazier is currently obtaining model rules from neighboring states. However, she stated that it would take approximately one year to completely update LMHC rules.</p>
<p><b>Finding Number: 2</b></p>			
<p><b>Subject: Administrative Rules Not Properly Amended</b></p>			
<p>LMHC has imposed and collected fines based on amounts adopted during Commission meetings without amending its rules in accordance with the Louisiana Administrative Procedure Act (LAPA).</p>	<p>LMHC should seek assistance from the Office of State Register to promulgate rules for its new fine amounts in compliance with the LAPA.</p>	<p>Completely Implemented</p>	<p>Although rules for fines have not been updated, LMHC has changed other rules in compliance with LAPA and with the assistance of the Office of State Register.</p>

**Audit: 2050002, Louisiana Manufactured Housing Commission (LMHC) (Continued)**

Finding	Recommendation	Status	Implementation Status Comments
<p><b>Finding Number: 3</b></p>			
<p><b>Subject: Lack of Policy and Procedures Manual</b></p>			
<p>LMHC has not provided its employees with an adequate policy and procedures manual governing operational and reporting activities.</p>	<p>The Executive Director should develop a detailed policy and procedures manual governing all LMHC's internal operations, to include the various recommendations noted within this report related to policy and procedures, subject to review and approval by the LMHC. This manual should be kept updated and include expected timelines for completing various tasks and procedures for cross-training employees.</p>	<p>No Action Taken</p>	<p>Executive Director Deane Frazier stated that a policy and procedure manual will not be developed until completion of revised LMHC rules. Policies and procedures are being updated as needed, but not in writing.</p>
<p><b>Finding Number: 4</b></p>			
<p><b>Subject: LMHC Databases Not Properly Maintained</b></p>			
<p>LMHC databases contain incomplete and inaccurate information. LMHC maintains individual databases that record information received from numerous operations such as sales of installation permits, licenses issued, installation complaints, et cetera.</p>	<p>LMHC should develop written input validation procedures to guide its employees in proper data entry and verification.</p> <p>LMHC should ensure its database systems contain proper system edit checks to prevent invalid data entries.</p>	<p>Partially Implemented</p> <p>No Action Taken</p>	<p>LMHC is currently working with Technology Engineers to create a database with a Web-based module for all data entry. However, the only process that LMHC will automate in the near future is the installation inspection process because it is LMHC's major funding source. Modules for other processes will be added at a later date.</p> <p>There are still no edit checks in place to verify accurate entry of information into the current Access databases and Excel spreadsheets.</p>

**Audit: 2050002, Louisiana Manufactured Housing Commission (LMHC) (Continued)**

Finding	Recommendation	Status	Implementation Status Comments
<p><b>Finding Number: 5</b></p>			
<p><b>Subject: Cash Management Procedures Need Improvement</b></p>			
<p>LMHC has not implemented formal cash management procedures. As a result, LMHC risks losing funds and potential interest earnings.</p>	<p>LMHC should develop written cash management procedures that ensure timely submission of funds to the Division of Administration (DOA) for deposit into the State Treasury.</p>	<p>Partially Implemented</p>	<p>New procedures have been implemented for cash management. Deposits are now made on a daily basis. Copies of all checks are attached to a copy of the remittance to DOA and the deposit receipt from State Treasury. However, the procedures are not in a written format.</p>
<p><b>Finding Number: 6</b></p>			
<p><b>Subject: Weaknesses in Accounting for Installation Permits</b></p>			
<p>LMHC has not developed adequate written procedures that ensure it has properly accounted for the sale and issuance of installation permits, which could lead to a loss of revenue.</p>	<p>LMHC should develop formal written procedures that ensure proper accounting for the sale and issuance of installation permits.</p>	<p>Partially Implemented</p>	<p>New procedures have been implemented to ensure proper accounting for the sale and issuance of installation permits. However, the procedures are not in writing.</p>
	<p>LMHC should conduct regular reconciliations of its installation permits and investigate the outstanding installation permits noted in the report.</p>	<p>Completely Implemented</p>	<p>LMHC has implemented new procedures for the issuance and reconciliation of permit stickers. LMHC now maintains all permit stickers in a locked environment, a log of all permits issued and/or voided, and reconciles all permits issued to revenues received on a regular basis.</p>



**Audit: 2050002, Louisiana Manufactured Housing Commission (LMHC) (Continued)**

Finding	Recommendation	Status	Implementation Status Comments
	LMHC should evaluate its staffing needs for complaint handling to speed up complaint resolution.	Completely Implemented	New field inspectors have been hired to handle complaints in a more timely fashion.
<b>Finding Number: 8</b>			
<b>Subject: Inadequate Tracking &amp; Collection of Past Due Fines</b>			
LMHC does not ensure past due fines are properly tracked and aggressively collected.	LMHC should develop written procedures to ensure past due fines are properly tracked and aggressively collected.	Partially Implemented	LMHC is currently using a manual tickler system to send notification letters of violations to installers and turn fines over for collection to the Attorney General's office. These new procedures, in conjunction with new procedures over complaints, should ensure past due fines are properly tracked and aggressively collected. However, these procedures have not been put in writing.
	LMHC should promulgate rules imposing penalties or authorizing other actions, such as license suspension or revocation, for violators who do not pay fines timely.	Partially Implemented	The Executive Director is in the process of requesting model rules from other jurisdictions, which will be utilized to comprehensively update LMHC rules and regulations, including rules which will ensure LMHC fines are imposed consistently.
	LMHC should turn over unresolved cases to the Attorney General.	Completely Implemented	LMHC sends three demand letters to the installer before collections for unpaid fines. Cases are then turned over to the Attorney General's office for collection.

**Audit: 2050002, Louisiana Manufactured Housing Commission (LMHC) (Concluded)**

Finding	Recommendation	Status	Implementation Status Comments
<p><b>Finding Number: 9</b></p>			
<p><b>Subject: Inconsistent Installation Inspection Reporting</b></p>			
<p>LMHC lacks uniform reporting requirements to ensure its field investigators accurately report the number of home installation inspections conducted.</p>	<p>LMHC should include reporting procedures in its policies and procedures manual to ensure its employees report their work activities accurately and uniformly.</p>	<p>Partially Implemented</p>	<p>LMHC has developed a new Monthly Inspection Count form to be completed by all field inspectors for reporting purposes. Ms. Frazer stated that all field inspectors have been trained in the proper use of the new form. However, documentation supporting the training was not available and procedures are not in writing.</p>

**Audit: 1060002, Dental Services Contracts**

Finding	Recommendation	Status	Implementation Status Comments
<p><b>Finding Number: 1</b></p>			
<p><b>Subject: Improper Payments</b></p>			
<p>For the fiscal year that ended June 30, 2005, the Huey P. Long Medical Center (HPL) paid Dr. Phillips the maximum amount of his contract (\$178,000) although he only provided services 28% of his required time. As a result, Dr. Phillips was overpaid by approximately \$128,160 in FY 2005.</p>	<p>HPL management should immediately seek reimbursement of \$128,160 improperly paid to Dr. Phillips during FY 2005. In addition, future payments of contractors should be made in strict accordance with provisions of the contract.</p>	<p>Completely Implemented</p>	<p>HPL is collecting the reimbursement through withholdings of \$4,272 from each monthly payment to Dr. Phillips for the term of his current contract which ends June 30, 2008.</p>
<p><b>Finding Number: 2</b></p>			
<p><b>Subject: Time Sheet Discrepancies</b></p>			
<p>Thirty-six percent (36%) of the audited work dates in timesheets submitted by Dr. Phillips to HPL conflicted with records from Angola and/or Avoyelles. Due to this high discrepancy rate, we believe the timesheets that Dr. Phillips submitted to HPL have little reliability. Thus, the credit hours added to Dr. Phillips' actual hours worked each month in FY 2005 were calculated using unreliable records.</p> <p>Dr. Phillips' contract with Pinecrest required him to complete a Payment Request form outlining services provided and times of arrival and departure. The form was to be submitted monthly. However, Dr. Phillips did not fill out and submit this form. As a result, we were unable to determine if additional time conflicts existed.</p>	<p>HPL management should evaluate its contract monitoring practices to ensure monitoring efforts give reasonable assurance that contractors are providing services in accordance with contract requirements. Specifically, in the case of Dr. Phillips, it is imperative, as part of his fiduciary responsibility, that Dr. Barnard or his designee should periodically verify work times reported by Dr. Phillips for accuracy and reliability.</p>	<p>Completely Implemented</p>	<p>HPL amended the payment terms of Dr. Phillips' contract, and added special provisions regarding tracking hours worked and verifying timesheets with more favorable terms than prior contracts. Dr. Phillips now submits time sheets, which are verified and maintained by HPL.</p>

**Audit: 1060002, Dental Services Contracts ( Concluded)**

Finding	Recommendation	Status	Implementation Status Comments
	<p>Pinecrest management should require Dr. Phillips to complete the Payment Request form outlining services provided and time of arrival and departure as required by his contract.</p> <p>The Office of Contractual Review should review all of Dr. Phillips state contracts for appropriateness and to check for any other conflicts.</p>	<p>Completely Implemented</p> <p>Completely Implemented</p>	<p>Dr. Phillips' current contract has been amended. He is now paid a monthly rate of \$1,583.33 for planning and coordination of surgical services performed at Huey P. Long Hospital in Pineville, LA. In addition to this monthly rate, he is paid at the hourly rate of \$125 for services performed at Pinecrest Developmental Center. He maintains a time and attendance record that reflects the time he arrives at Pinecrest and the time he leaves. This record is used to compute his hourly monthly payment.</p> <p>OCR has received and approved Dr. Phillips' current contracts for services at Huey Long Medical Center and Pinecrest Developmental Center. The more favorable terms of the contracts assured OCR that the contracts were appropriate and did not conflict with each other.</p>

**Audit: 1060009, Orleans Levee District (OLD)**

Finding	Recommendation	Status	Implementation Status Comments
<p><b>Finding Number: 1</b></p>			
<p><b>Subject: Improper Salary Authorization</b></p>			
<p>The President of the Board, Mr. James Huey, authorized his own salary of \$1,000 per month, in lieu of per diem, without obtaining board approval. Also, the salary request was not submitted to the Commissioner of Administration and the Joint Legislative Committee on the Budget for review, prior to implementation of the salary, as required by state law. The Attorney General has opined the salary was improperly granted.</p>	<p>OLD should adopt policies and procedures to ensure any future requests to pay the President a salary are presented to the Board of Commissioners for approval, and submitted to the Commissioner of Administration and the Joint Legislative Committee on the Budget for review prior to implementation of the salary.</p> <p>The Governor may wish to seek to have LSA-R.S. 38:308 amended to clarify whether Levee Boards with salaried day-to-day Executive Directors or similar positions should also have a salaried board President. In addition, this statute should clarify what makes a Levee Board President qualify for a salary rather than a per diem.</p> <p>In addition, this statute needs to clearly state whether the review required by the Commissioner of Administration and the Joint Legislative Committee on the Budget would constitute an approval or merely a notification.</p>	<p>Partially Implemented</p>	<p>Mr. Huey has reimbursed the OLD for the improper salary received.</p> <p>The new Southeast Flood Protection Authority boards have not developed new board policies yet, but will take the Inspector General's report into consideration when formulating policies and procedures. Policies prior to 1/1/07 were reviewed for completeness and accountability.</p>

**Audit: 1060009, Orleans Levee District (OLD) (Continued)**

Finding	Recommendation	Status	Implementation Status Comments
<p><b>Finding Number: 2</b></p>			
<p><b>Subject: Improper Retroactive Salary Payment</b></p>			
<p>Mr. Huey directed the OLD staff to issue him a check for the retroactive salary back to June 1996. The OLD issued the check to Mr. Huey totaling \$91,425 (gross) for the retroactive salary. Subsequent to his October 26, 2005, resignation, Mr. Huey refunded the retroactive salary payment on November 14, 2005.</p>	<p>The Executive Director should always ensure that the Board of Commissioners have given approval for all expenditure not included in the OLD's approved budget.</p>	<p>Completely Implemented</p>	<p>The current Executive Directors have been instructed to ensure that the Boards have given approval for all expenditures not approved in the budget. All expenditures over \$250 require Executive Director approval. The staff has been further instructed to forward unusual or non-recurring matters to their respective department managers, as well as Executive Directors.</p>
<p><b>Finding Number: 3</b></p>			
<p><b>Subject: Boat Salvage Operation Not Authorized</b></p>			
<p>Mr. Huey, on behalf of the board, authorized Marine Recovery and Salvage, LLC (MRS) to conduct a project of recovery and storage of vessels damaged during Hurricane Katrina located in the Orleans Marina and the South Shore Harbor. Mr. Huey did not obtain Board authorization by resolution as required by OLD's by-laws.</p>	<p>The Board should establish policies and procedures to ensure the Board President performs his/her duties under proper authority.</p> <p>The Board should consider amending the by-laws to allow the President certain discretion in emergencies. The by-laws should require that any emergency action taken by the President be presented to the Board for approval within a specified period.</p>	<p>Completely Implemented</p> <p>Completely Implemented</p>	<p>The current Executive Directors have been instructed to ensure that the Boards have given approval for all expenditures not approved in the budget. The new Southeast Flood Protection Authority boards are still in the process of creating their new by-laws and policies. The issues of concern in the Inspector General's report are being addressed.</p> <p>Mr. Huey resigned in October 2005 prior to the time of the report. His immediate successor reinforced compliance with policy and procedure and the by-laws.</p>

**Audit: 1060009, Orleans Levee District (OLD) (Continued)**

Finding	Recommendation	Status	Implementation Status Comments
<p><b>Finding Number: 4</b></p>			
<p><b>Subject: Unauthorized Leases</b></p>			
<p>Mr. Max Hearn, OLD's Executive Director, entered into two lease arrangements without Board approval.</p> <p>In connection with the MRS salvage and storage project, Mr. Heam, representing the Board, signed a lease agreement in which the OLD leased its Naval Reserve Station grounds to MRS for storage of vessels salvaged from the OLD marinas. This lease was not authorized by the Board and appears to have ethical ramifications. The lease agreement was signed by Mr. Heam and Scott Carmouche. Scott Carmouche's father, George Carmouche, and Mr. Huey's wife are cousins.</p> <p>Mr. Heam also signed a lease agreement for 3,000 square feet of office space in Baton Rouge from George Carmouche. Mr. Carmouche's business relationship as an OLD contract attorney and his family relationship to Mr. Huey's wife raises ethical questions.</p>	<p>The OLD Board of Commissioners should review the lease agreement with MRS and ratify or revoke it.</p> <p>Should the lease arrangement with MRS continue, the OLD Board of Commissioners should determine whether the lease rate is at market rental rates for this property.</p> <p>The Executive Director should always ensure that the Board of Commissioners have given approval before signing any lease agreements.</p>	<p>Completely Implemented</p> <p>Completely Implemented</p> <p>Completely Implemented</p>	<p>The Board declined to ratify the MRS lease for salvaged vessels. MRS was notified at the October 2005 meeting, as well as in writing and rents were refunded. The Federal Emergency Management Administration (FEMA) has not reimbursed OLD for these rents.</p> <p>The MRS lease was revoked and rents refunded.</p> <p>The office space in Baton Rouge was leased until March 1, 2006. A six-month lease was required by FEMA. This lease agreement was ratified by the OLD board in its October 2005 meeting.</p> <p>The Southeast Flood Protection Authority boards are still developing policies and procedures. Current Executive Directors have been instructed to ensure proper board approval.</p>







**Audit: 1060013, Louisiana Recreational and Used Motor Vehicle Commission**

Finding	Recommendation	Status	Implementation Status Comments
<p><b>Finding Number: 1</b></p>			
<p><b>Subject: Commission Practice May Conflict with State Law</b></p>			
<p>The long-standing practice of the Commission to protect dealer territories may conflict with state law. The Commission requires an applicant for a dealer license to submit an agreement with a manufacturer or distributor of the marine products, new and unused motorcycles, trailers, motor homes, recreational vehicles, travel trailers, or all-terrain vehicle, or vehicles proposed to be dealt in. If the agreement is not submitted, the license is denied. This practice appears to conflict with LSA-R.S. 32:775(B), which prohibits the Commission from denying an application for a license based upon consideration of an existing or anticipated economic or competitive effect on other licenses in the surrounding community or territory. In addition, Commission Executive Director Jack Torrance and Commission contract attorney Robert Hallack disagree whether the practice is based on state law or administrative policy. As a result, Commission members are receiving conflicting advice. In December 2005, Commission members ratified suspension of the practice Mr. Torrance initiated in September 2005.</p>	<p>The Commission should seek an opinion from the Office of Attorney General regarding the legality of its practice of requiring applicants for a dealer license to submit an agreement with a manufacturer or distributor, especially if the Commission uses the agreement to limit the scope of products a licensee can sell.</p>	<p>Completely Implemented</p>	<p>LSA-R.S. 32:81 (K)(1) has been amended to require new product dealers to file contracts or franchises in order to obtain a license, which resolves the conflict with LSA-R.S. 32:775(B). Therefore, an opinion from the Attorney General is no longer necessary.</p>



**Audit: 1060017, Louisiana State Board of Private Security Examiners (BPSE)**

Finding	Recommendation	Status	Implementation Status Comments
<p><b>Finding Number: 1</b></p>			
<p><b>Subject: Improper Licensing Requirements Waiver</b></p>			
<p>Following Hurricane Katrina, Mr. Wayne Rogillio, BPSE Executive Secretary, and Mr. Louis Gurvich, Jr., BPSE Chairman, improperly allowed unlicensed out-of-state private security companies to operate in Louisiana without either requiring the companies to apply for a license as required by state law or obtaining an Executive Order from Governor Blanco authorizing emergency waiver of state law licensing requirements.</p>	<p>Should the pending legislation pass, BPSE should develop and implement procedures for licensing out-of-state companies in the event of an emergency.</p> <p>Should the pending legislation not pass, BPSE should implement procedures for requesting an Executive Order from the Governor, upon the declaration of a state emergency, to authorize either the waiver of licensing procedures or to extend the time allowed between the filing of an application and the final determination of the application.</p>	<p>Partially Implemented</p> <p>No Action Taken</p>	<p>LSA-R.S. 37:3274 (B) (11) was enacted which authorizes out-of-state companies to operate in Louisiana during state of emergencies. Although Mr. Rogillio plans to follow LSA-R.S. 37:3274 (B) (11), he has not developed written policies and procedures.</p> <p>Since legislation passed, corrective action for our second recommendation is not necessary.</p>





**Audit: 1060005, Louisiana School Employees Retirement System (LSERS) (Concluded)**

Finding	Recommendation	Status	Implementation Status Comments
<b>Finding Number: 2</b>			
<b>Subject: Questionable Additional Compensation Payments</b>			
<p>The Board authorized over \$10,000 in additional compensation over a three-month period to Mr. Cosper as an incentive to remain in his position and assist with the search for his replacement. However, as stated previously, Mr. Cosper worked only, in effect, part-time while receiving his regular salary plus this additional compensation.</p>	<p>The Board should ensure that any additional compensation paid to any unclassified employee (other than salary or wages) is commensurate with the work performed and hours worked.</p>	<p>Completely Implemented</p>	<p>The new leave policy requires the Director to approve all leave taken by unclassified employees. The policy also requires compensatory leave be approved by an appropriate authority and entered into LSERS payroll records. It also requires all employees use compensatory leave prior to taking annual leave.</p>
<b>Finding Number: 3</b>			
<b>Subject: Noncompliance with Policy and Procedure Memo 73</b>			
<p>The housing allowance paid to Mr. Cosper should have been reported to the Commissioner of Administration in order to comply with PPM 73.</p>	<p>LSERS should develop and implement procedures to comply with PPM 73.</p>	<p>Partially Implemented</p>	<p>LSERS has not developed written policies and procedures for PPM 73. However, LSERS has submitted the Annual Report to the Division of Administration as required by PPM 73.</p>



**Audit: 1060027, Louisiana Department of Transportation and Development Consultant Contracts (Concluded)**

Finding	Recommendation	Status	Implementation Status Comments
<p><b>Finding Number: 2</b></p>			
<p><b>Subject: Committee Meetings Not Documented Action Plan</b></p>			
<p>The Consultant Evaluation Committee does not document its meetings showing the date held, the members who attended, the agenda, and any decisions made by the committee. The only documentation maintained are approved ratings reports generated from the mainframe program, which are initialed and dated by at least three committee members.</p>	<p>The committee should maintain records of all meetings to document, at a minimum, the meeting date, the purpose, members present at the meeting, and any significant discussions and decisions made during the meetings.</p>	<p>Completely Implemented</p>	<p>The committee now maintains minutes for each meeting.</p>
<p><b>Finding Number: 3</b></p>			
<p><b>Subject: Insufficient Documentation for the Receipt of Responses Action Plan</b></p>			
<p>CCS insufficiently documents the receipt of responses on advertised projects, and does not always maintain the documentation, which indicates the timely receipt of responses.</p>	<p>CCS should develop procedures to ensure that the date and time of the receipt of responses is documented on the original response and all copies required to be submitted. The documentation should also include the word "Received" and who received it.</p>	<p>Partially Implemented</p>	<p>DOTD has corrected its procedures and is stamping all 24-102 documents with the date and time of the receipt of responses. However, the procedures are not in a written format.</p>
<p><b>Finding Number: 4</b></p>			
<p><b>Subject: Ethics Matter Action Plan</b></p>			
<p>Babak Naghavi, Ph.D., P.E., P.H., former CCS Administrator and Committee Chair for the Consultant Evaluation Committee, retired from DOTD on July 17, 2006. Immediately following retirement, Dr. Naghavi became an employee for one of the DOTD consultants (TRC) that he had been responsible for evaluating.</p>	<p>DOTD should consult with the Louisiana Board of Ethics administrative staff as to how the Code of Governmental Ethics may affect similar employees who leave DOTD for employment with a consultant. The outcome of this discussion should then become the basis for a department ethics policy.</p>	<p>Completely Implemented</p>	<p>Dr. Naghavi has obtained an opinion from the Louisiana Board of Ethics, which concluded the he is not prohibited from employment with TRC since performance of any contract is supervised by agencies other than his former agency, Consultant Contract Services.</p>

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A copy of this report has been made available for public inspection at the Office of State Inspector General and is posted on the Office of State Inspector General's website at [www.doa.louisiana.gov/oig/inspector.htm](http://www.doa.louisiana.gov/oig/inspector.htm). Reference should be made to Follow-up Reports 5/31/05 – 11/20/06. If you need any assistance relative to this report, please contact Bruce J. Janet, CPA, State Audit Director at (225) 342-4262.

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