

ACT 461 REPORT ON FISCAL
DEFICIENCIES, INEFFICIENCIES,
FRAUD, OR OTHER SIGNIFICANT ISSUES
DISCLOSED IN GOVERNMENTAL AUDITS

FOURTH QUARTER, FISCAL YEAR 2016



REPORT TO THE JOINT LEGISLATIVE
COMMITTEE ON THE BUDGET
ISSUED JUNE 2016

**LOUISIANA LEGISLATIVE AUDITOR
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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

June 29, 2016

Chairman Eric LaFleur and Members of the
Joint Legislative Committee on the Budget

Dear Chairman LaFleur and Members of the Joint Legislative Committee on the Budget:

Act 461 of the 2014 Regular Session requires the Legislative Auditor to make quarterly and annual reportings to the Joint Legislative Committee on the Budget of certain audits which have findings with a dollar impact of \$150,000 or more relative to waste or inefficiencies, missed revenue collections, erroneous or improper payments or overpayments by the state, theft of money, failure to meet funding obligations such as pension or health benefits, failure to comply with federal fund or grant requirements, failure to comply with state funding requirements, misappropriation of funds, errors in or insufficient support for disaster expenditures, accountability of public money associated with various disasters such as the Deepwater Horizon event, and repeat findings.

Attached is our report to meet the requirements of Act 461 for the fourth quarter of Fiscal Year 2016. That report is linked and referenced to the full reports which contain the applicable findings of interest, as well as management's responses.

We are available to present the information that is of interest to your committee. We hope that this report assists you in your legislative decision-making process.

Sincerely,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

DGP/ch

ACT 461 REPORTING – JUNE 2016

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STATE AGENCIES

Agency Name	Parish	Issue Date	Fiscal Year End/ Scope	Link to LLA report	Finding Description	Page No.	Amount
Department of Public Safety and Corrections - Corrections Services	Statewide	4/13/2016	12/31/2015	Report	Nearly half of the Transitional Work Program (TWP) slots are not filled. If TWP facilities operated at capacity, the state could save an additional \$7 million a year.	3	\$7 million annually
Department of Public Safety and Corrections - Corrections Services	Statewide	4/13/2016	12/31/2015	Report	Corrections does not ensure that providers deduct court-ordered restitution and other offender obligations TWP offenders owe from their wages, as required by law and internal policy. As a result, providers only deducted .05% (\$19,184 out of \$38.8 million) of total restitution and other obligations owed from offenders, including \$5 million owed to victims and \$29 million owed to Corrections during calendar year 2015.	9	According to DOC, they will start collecting an additional \$1-\$2 million in obligations owed to Corrections

Agency Name	Parish	Issue Date	Fiscal Year End/ Scope	Link to LLA report	Finding Description	Page No.	Amount
Department of Revenue - Louisiana Tax Commission	Statewide	6/1/2016	1996-2014	Report	Approximately \$157 million has been or will be claimed in potential excess tax credits for tax years 2007 through 2014.	3	\$157 million from tax years 2007 through 2014
Department of Revenue - Louisiana Tax Commission	Statewide	6/1/2016	1996-2014	Report	Amending the inventory tax credit law to specify that only companies with a primary business activity of manufacturing, distributing, or retailing are eligible for the inventory tax credit would reduce the cost of the credit but would not affect local governments' ability to levy the tax.	5	\$229.5 million from tax years 2007 through 2013
Division of Administration, Office of Risk Management	Statewide	6/23/2016	6/30/2015	Report	We calculated that FARA owes the state \$185,288 for not achieving the required \$50 million in guaranteed savings; however, ORM only invoiced FARA for \$59,252 due to concerns about the inflation rate applied to property lines of insurance.	4	\$185,288

LOCAL GOVERNMENT AGENCIES

Agency Name	Parish	Issue Date	Fiscal Year End	Link to LLA report	Finding Description	Page No.	Amount
Choctaw Road Landfill (Repeat)	Washington	5/18/2016	12/31/2015	Report	Landfill is a joint venture between Washington Parish Government and the City of Bogalusa. Management letter comment 2015-01 discloses that the landfill has a receivable balance of more than \$1 million due from the city. This receivable has been increasing since 2013. The city collects an ad valorem tax dedicated to landfill operations, but the proceeds from the tax do not appear to be sufficient to support the city's annual share of the landfill's operations.	Mgt. letter page 2	\$1,072,408