

**LEGISLATIVE AUDIT ADVISORY COUNCIL**  
**Minutes of Meeting**  
**March 21, 2017**  
**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 9:15 a.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  
Senator John Smith  
Representative Julie Stokes, Vice Chairman  
Representative Jimmy Harris  
Representative Marcus Hunter  
Representative Blake Miguez  
Representative Clay Schexnayder

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

**Approval of Minutes**

Vice Chairman Stokes made a motion to approve the minutes for the January 26, 2017, meeting and with no objection, the motion was approved.

**Extension Requests**

Mr. Bradley Cryer, Director of Local Government Audit Services, presented four lists of entities requesting more time to complete and submit their financial audits to the LLA.

Senator Luneau made a motion to approve the five entities on the Emergency Extension Requests 90 Days or Less list, and with no objection, the motion was approved

Senator Bishop made a motion to approve the seven entities on the Nonemergency Extension Requests 90 Days or Less list, and with no objection, the motion was approved.

Representative Miguez made a motion to approve the one entity requesting an Emergency Extension Request Greater than 90 Days, and with no objection, the motion was approved.

Representative Hunter made a motion to approve the five entities on the Nonemergency Extension Requests Greater than 90 Days list, and with no objection, the motion was approved.

**Regulation of the Dental Profession – Louisiana State Board of Dentistry – Issued October 26, 2016 by LLA’s Performance Audit Services**

The State Board of Dentistry (Board) was invited to testify as a follow up from the Legislative Audit Advisory Council (LAAC) meeting held on December 15, 2016.

Mr. Chris Magee, Performance Senior Auditor, provided an overview of the findings of the audit, and the additional information requested by the LAAC members at the prior meeting.

Dr. Rusty Hickham, Board Executive Director, said they are currently implementing the recommendations from the Legislative Auditor. Dr. Claudia Cavallino, Board President, provided the status of their inspection process of all dental offices across the state. The Board is waiting on the State Office of Contractual Review’s approval to hire another inspector.

Senator Martiny commented that the Board has greatly improved in communication and cooperation.

Representative Schexnayder said he asked dentists in his four parishes about the Board and received mostly positive responses, but many dentists believe that Board’s office rental space in New Orleans is too expensive.

Dr. Ronnie Marks, past president of the Board and current member, said they are saving the state money by not being in Benson Tower and received an excellent price on One Canal Place. When the lease ends in 2019, they will look for lower rent. Dr. Hickham said their rent is \$4,652 per month rent which is \$23.57 per square foot and believe they received a very good rate when the lease was signed in 2009. Dr. Cavallino said they have no affinity to staying in that location, and will look for a better location if allowed to stay in New Orleans or Jefferson area. Senator Martiny said that Representative Hoffman filed a bill to leave the Board in New Orleans and has no problem with it, but was previously frustrated with the Board. There was further discussion about whether a non-dental board member would be helpful and Dr. Hickman said he would prefer to add a new non-dental member than lose a dentist on the Board.

**Louisiana International Deep Water Gulf Transfer Terminal Authority (LIGTT) – Financial Audit Services – Procedural Report Issued November 23, 2016**

Mr. Ricky Rodriguez, Financial Audit Manager, presented an overview of the report, explaining that this was the first audit of LIGTT by the LLA. Mr. Purpera stated that the audit is a roadmap for success showing where improvements in controls, policies and procedures can be made.

LIGTT President A.G. Crowe commended the Authority members for all their hard work. Mr. Larry Roedel, LIGTT Legal Counsel, explained that they have a corrective action plan in place. They only have one employee so it is difficult to have checks and balances, but every dollar is accounted for. The funding from private development is \$20,000 per month and direct deposited into their account.

Ms. Crystal Hutchinson, Administrative Assistant, explained their accounting process and commented that the audit was very helpful. Senator Walsworth said he is glad they learned from the audit and all boards need controls and accountability.

**Louisiana State Penitentiary at Angola – Department of Public Safety and Corrections – Investigative Audit Issued January 18, 2017**

Mr. Kevin Kelley, Investigative Audit Manager, presented an overview of the audit and findings. Mr. Purpera said that Department of Public Safety and Corrections (DPS&C) Secretary Jimmy LeBlanc has been very responsive and correcting problems. Senator Bishop questioned the \$6M deposited into a private checking account. Mr. Kelley explained that since the beginning of the Angola rodeo they have always put the money in a separate account. Mr. Purpera commented that previous audits should have caught this because the rodeo funds should go into the State Treasury and through budgetary controls.

Representative Hunter asked for the process to move the funds and if all funds have been accounted for. He commented that had legislators known these funds existed that might have affected how much was given to Angola from the state. Mr. Kelley said that the audit did not track every purchase but the Department of Corrections (DOC) can report on all expenses. Representative Hunter asked if any of the Cain family members made restitution to Angola, and Mr. Kelley responded that he was unaware of any.

Senator Luneau said the whole situation was appalling; that the auditors failed to catch this separate account. Mr. Purpera explained that the audit of DOC is done, but his office does not have the resources to thoroughly audit every agency. Also financial audits are based on sampling and not designed specifically to find fraud, so every tip and allegation received assists in finding fraud.

Secretary LeBlanc agreed that the mistakes should not happen again and were embarrassing for his agency. Undersecretary Thomas Bickham commented that there was an issue about destroyed emails. He outlined their progress on better timekeeping, tracking leave balances, securing emails, controlling use of guest houses, preventing future purchases not sanctioned, and implementing proper controls and depositing of rodeo funds into the Treasury. Mr. Bickham stated that the rodeo funds were used to benefit the inmates, including the reentry court program and a new icehouse. He said that other findings were turned over to the District Attorney of West Feliciana and the Inspector General for further determination.

Secretary LeBlanc provided historical information about the Angola rodeo, committee, and budget. Angola Warden Daryl Vannoy stated that the stadium was built with funds donated by the Pennington Foundation. He sees the rodeo as a valuable tool to control and motivate the inmates because the money made from selling hobby crafts is for the inmates' families.

Senator Bishop questioned if the work by Angola employees on Warden Burl Cain's private home was sanctioned. Mr. Bickham said the employee manual has been updated that the employee must do that work on his own time and clarified the chain of command.

Senator Bishop asked where all the money went since the rodeo started. Secretary LeBlanc said the rodeo committee manages the funds and reinvests all for the inmate population. He offered to send the rodeo profit and loss statements to Senator Bishop in response to his concerns about the separate account not being properly managed.

Senator Walsworth suggested looking at their policy again because even though requiring an employee to take leave to do work for a supervisor, that employee may fear losing their job if they do not do whatever the supervisor requests.

Representative Schexnayder asked how much in state funds was used on the reentry program. Mr. Bickham said they used Angola rodeo funds and inmates as instructors as well as donations. Mr. Vannoy further explained that the rodeo funds also pay for the contractors, clowns and inmates who work. Representative Schexnayder requested a breakdown of what was paid with the Angola rodeo funds and who was responsible for those funds. He asked why Warden Cain remained on payroll for nine months after stepping down. Secretary LeBlanc said that the investigative audit came out after the leave was approved, but now the policy is 160 hours maximum.

Representative Harris pointed out that criminal justice reform is at the forefront of the upcoming regular legislative session. He expressed hope that DOC will take this audit seriously because their funding will be questioned. He does not want to see employees be scapegoats for doing what told to do by their bosses.

Senator Luneau asked how many wardens are at Angola Prison, and Warden Vannoy responded about 14 assistant wardens. Senator Luneau pointed out that this is not the first time a scandal has been associated with the rodeo. He believes that under no circumstances should employees work on an employer's home because it is very inappropriate, and the prison needs serious cleaning up and rules put in place.

Senator Luneau asked who owned the home in Tennessee. Warden Vannoy answered that it is rental property owned by Warden Burl Cain. Senator Luneau asked how many employees work at Angola, and Secretary LeBlanc responded there are about 5,000 employees. Senator Luneau said they need rules not allowing employees to work for the warden and provide safe anonymous reporting of violations.

Secretary LeBlanc said their budget is \$180M but lost many good staff and needed positions. Senator Luneau believes DOC is underfunded but the systemic virus throughout the administration must stop.

Representative Hunter requested the auditor look for fraud and abuse at Angola for all the years run by Warden Cain. He requested further explanations about the Angola employees who went to Tennessee to work at Warden Cain's property. Mr. Gary Duty, Investigative Senior Auditor, explained that two Angola employees said they volunteered to do the work and was on leave from their Angola job.

Senator Walsworth suggested that Secretary LeBlanc and Mr. Purpera figure out how far back they can audit because of records retention, and five years may be reasonable to audit. Representative Hunter requested an audit as far back as they have records.

### **Key Audit Issues and Act 461 Report – Annual Report to the Legislature – February 2017**

Mr. Purpera briefly discussed the annual report. Representative Miguez requested an update on the audit of the Louisiana State Police (LSP) and asked that the audit be expanded to look at meals and housing expenditures. Mr. Purpera said they started a financial audit and if they receive credible information will expand to an investigative audit. Representative Miguez commented that the problem is that officials get

too big for their britches, and asked if input was received from past employees or retirees. Mr. Purpera responded that they receive information from all over and the goal is to get the facts, then if they find fraud get the U.S. Attorney and FBI involved. Representative Miguez clarified that his request is not because of one particular man at LSP.

### **Legislative Auditor's Budget**

Mr. Purpera discussed the legislation passed during the special session withdrawing \$2M from the legislative auditor ancillary funds. He explained that the legislature has not fully funded his office in the past four years and, when needed, draws from the ancillary enterprise fund for operating expenses. Senator Walsworth said he believes the public gets bang for their buck at the LLA.

Representative Stokes said she does not like to see the watchdog's budget cut because it is necessary to ensure good government. She asked if other states rely on auditees to pay for audits or fully funded by the state government. Mr. Purpera explained how the LLA's budget is comprised of one-third general fund and the rest is allocated billing for audits. General funds are necessary to pay for the LLA's local government work, investigative audits and performance audits.

They further discussed the increased retirement cost for the LLA and all agencies to pay for the unfunded accrued liability (UAL). Representative Stokes commented that the UAL is an enormous cost buried in every agency.

### **Other Business**

No other business was discussed.

### **Adjournment**

Senator Smith offered the motion to adjourn and with no objection, the meeting adjourned at 12:05 p.m.

Approved by LAAC on: July 20, 2017