



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE



OFFICE OF STATE INSPECTOR GENERAL
STEPHEN B. STREET, JR., CIG

January 29, 2016

JOINT INVESTIGATION OF VETERANS AFFAIRS FINDS PROBLEMS WITH USE OF MONEY, HIRING PRACTICES, REPORTING OF POTENTIAL CRIMES

A joint investigation into the Louisiana Department of Veterans Affairs (LDVA) by the Louisiana Legislative Auditor and the Office of State Inspector General (OIG) found improper use of funds, improperly documented work and travel, and a failure to inform authorities about potential crimes involving residents at three War Veteran Homes.

The investigation began after the OIG and state auditor received complaints about actions occurring under the tenure of former Veterans Affairs Secretary David LaCerte.

In a report released today, the LDVA paid \$44,128 to a company owned by law school classmates of Mr. LaCerte for improperly documented work without having a contract, in violation of state law. The department also spent \$27,560 in federal money to buy a Ford Expedition for the Southeast Louisiana Veterans Cemetery that instead was used exclusively by headquarters staff. The audit found as well that LDVA employees received \$19,414 in improperly authorized, advanced and/or reimbursed travel expenses.

Further, an employee's theft of a resident's funds was not reported to law enforcement or the resident's family, while medical documents related to the death of a different resident were falsified, and the family never informed. The OIG is continuing to investigate these matters.

The audit also found that former Secretary LaCerte engaged in questionable organizational, hiring, and pay practices, and the department did not properly budget parish Veteran Service Office operations, which means some parishes were paying too much for services, while others were not paying enough.

Finally, the audit disclosed that former Secretary LaCerte's military service record did not match the military service cited in his biography posted on the LDVA website.

In their responses to the audit, both Interim Secretary Thomas Enright and newly-appointed Secretary Joey Strickland agreed with the findings and said they have taken steps to correct the problems. In a separate response, former Secretary LaCerte's attorney denounced the report's findings as blatantly false.

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Report Highlights

Department of Veterans Affairs Joint Investigation



Audit Control #40150018
Louisiana Legislative Auditor/Office of State Inspector General • January 2016

STEPHEN B.
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Why We Conducted This Audit

This audit was initiated after the Louisiana Legislative Auditor (LLA) and the State Office of Inspector General (OIG) received separate allegations involving actions occurring under the direction of now former Secretary David LaCerte at the Louisiana Department of Veterans Affairs (LDVA). LLA and OIG conducted a joint investigation as there were some areas of overlap in the allegations.

What We Found

The preliminary results of our investigation identified the following issues, some of which remain under investigation by the OIG:

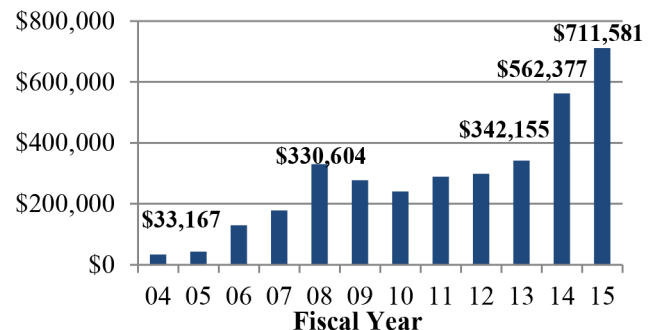
- LDVA paid \$44,128 to a company for improperly documented work without having a contract, as required by law.
- LDVA used \$27,560 in federal funds designated specifically for the Southeast Louisiana Veterans Cemetery in Slidell to purchase a Ford Expedition for use exclusively by headquarters' staff.
- LDVA employees failed to disclose information of potential crimes involving veteran residents at multiple War Veteran Homes.
- LDVA employees had \$19,414 in improperly authorized, advanced, and/or reimbursed travel expenses.
- LDVA did not properly budget for Veteran Service Office (VSO) operations, resulting in some parishes paying too much for services and others not paying enough.
- Former Secretary LaCerte engaged in questionable organizational, hiring, and pay practices that appear to have contributed to an environment with little accountability.
- The service record of former Secretary LaCerte does not support the military service cited in his biography posted on the LDVA website.

Travel Violations June 2013 through August 2015

Policy Violation	Amount	Violations
Travel not authorized	\$12,724	6
Travel advances given to ineligible employees	3,769	4
Lack of proper documentation	2,317	3
Reimbursed over allowable amounts	604	8
Total	\$19,414	21

Source: Prepared by legislative auditor staff using information from different versions of PPM-49, which is the state's travel policies and procedures, and LDVA travel records.

Total Amounts Overcharged to Parishes for VSO Operations, Fiscal Years 2004-2015



Source: Prepared by legislative auditor's staff using information from LDVA.

View the full report, including management's response, at www.la.gov.

LOUISIANA DEPARTMENT OF VETERANS AFFAIRS



LOUISIANA LEGISLATIVE AUDITOR AND
LOUISIANA OFFICE OF STATE INSPECTOR GENERAL

JOINT INVESTIGATIVE REPORT
ISSUED JANUARY 27, 2016

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**FOR QUESTIONS RELATED TO THIS JOINT INVESTIGATION, CONTACT
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Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report is available for public inspection at the Baton Rouge office of the Louisiana Legislative Auditor.

This document is produced by the Louisiana Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Eight copies of this public document were produced at an approximate cost of \$7.00. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's website at www.la.la.gov. When contacting the office, you may refer to Agency ID No. 9726 or Report ID No. 40150018 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Elizabeth Coxe, Chief Administrative Officer, at 225-339-3800.



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

January 27, 2016

The Honorable John A. Alario, Jr.,
President of the Senate
The Honorable Taylor Barras,
Speaker of the House of Representatives

Dear Senator Alario and Representative Barras:

This report provides the results of a joint investigation we conducted with the Louisiana Office of State Inspector General on the Louisiana Department of Veterans Affairs (LDVA). We conducted this audit to determine the validity of allegations we received against the department. I hope this report will benefit you in your legislative decision-making process.

Our audit consisted of inquiries and the examination of financial records and other documentation. The scope of our audit was less than that what is required by generally-accepted *Government Auditing Standards*.

The accompanying report presents our findings and recommendations, as well as responses from the Interim LDVA Secretary, former Secretary David LaCerte, and the current LDVA Secretary. Several matters presented in this report remain under investigation by the Office of Inspector General. This is a public report. Copies of this report have been delivered to the Attorney General's Office, the District Attorney for the 19th Judicial District, and others as required by law.

Sincerely,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

DGP/aa

LDVA JOINT INVESTIGATION 2016



Louisiana Legislative Auditor/ Office of State Inspector General



Louisiana Department of Veterans Affairs Joint Investigation

January 2016
Audit Control # 40150018

Introduction

The purpose of this report is to outline the findings related to the joint investigation of the Louisiana Department of Veterans Affairs (LDVA) conducted by the Louisiana Legislative Auditor (LLA) and the Louisiana Office of State Inspector General (OIG). Both the LLA and OIG independently received allegations regarding various LDVA activities and coordinated the investigation. Between July 1, 2010, and October 8, 2015, David LaCerte served in several capacities within LDVA, including Deputy Secretary, Interim Secretary, and Secretary. This report presents findings identified so far in our investigation; however, the OIG is in the process of further investigating some of these issues. The preliminary results of our investigation identified the following issues:

- LDVA paid \$44,128 to a company for improperly documented work without having a contract, as required by state law.
- LDVA used \$27,560 in federal funds designated specifically for the Southeast Louisiana Veterans Cemetery in Slidell to purchase a Ford Expedition for use exclusively by headquarters' staff.
- LDVA employees failed to disclose information of potential crimes involving veteran residents at three of the five War Veteran Homes.
- LDVA employees had \$19,414 in improperly authorized, advanced, and/or reimbursed travel expenses.
- LDVA did not properly budget for Veteran Service Office (VSO) operations over the years, resulting in some parishes paying too much for services and others not paying enough.
- Former Secretary LaCerte engaged in questionable organizational, hiring, and pay practices that appear to have contributed to an environment with little accountability.
- The service record of former Secretary LaCerte does not support the military service cited in his biography posted on the LDVA website.

Each of these issues is discussed in more detail in the sections that follow. Mr. LaCerte resigned on October 8, 2015, amidst our joint investigation. At that time, the former governor appointed an Interim Secretary who took steps to address many of the issues cited in this report, including stopping payment to the company that had improperly documented work and operated without a contract, moving the Ford Expedition to the cemetery, changing data editing capabilities at the War Veteran Homes, stressing the importance of following proper travel procedures, and addressing budgeting issues with the VSO positions and filling vacancies.

Appendix A-1 contains the Interim Secretary's response to this report, Appendix A-2 contains former Secretary David LaCerte's response, and Appendix A-3 contains the current LDVA Secretary's response. Appendix B contains our scope and methodology, and Appendix C shows the amount of money paid by parishes for the operation of their parish VSOs.

LDVA paid \$44,128 to a company for improperly documented work without having a contract, as required by state law.

Between January 2014 and September 2015, LDVA paid a company owned by two of Mr. LaCerte's law school classmates \$44,128 for consulting and professional services without entering into a contract, as required by law. According to Louisiana Revised Statute (R.S.) 39:1482A,¹ a valid contract must be executed for professional, personal, consulting, or social services for amounts of \$2,000 or more and submitted to and approved by the Office of Contractual Review (OCR) if those services were rendered prior to January 1, 2015. In 2015, the dollar amount for contract requirements for the above listed services was removed, thus requiring a contract regardless of the dollar amount. In addition, R.S. 39:1554B requires expenses paid to contractors to be reimbursed in accordance with state travel policies; however, this did not occur. At the time of our initial inquiry, evidence of work supporting the \$44,128 in invoices was not at the agency. Upon his appointment, the Interim Secretary stopped payment on the most recent check sent to the company. The OIG is in the process of further investigating this matter.

Recommendation 1: LDVA should ensure that employees are trained in and follow state contracting requirements, including when contracts are required.

Recommendation 2: LDVA should ensure that it obtains documentation or other deliverables supporting work performed by contractors.

Summary of Management's Response: LDVA agrees with these recommendations. See Appendix A-1 and A-3 for LDVA's full response.

¹ Act 684 of the 2014 Legislative Session repealed this revised statute.

LDVA used \$27,560 in federal funds designated for the Southeast Louisiana Veterans Cemetery to purchase a Ford Expedition for use exclusively by headquarters' staff.

The Southeast Louisiana Veteran's Cemetery in Slidell opened in June of 2014 and was funded with a grant from the United States Department of Veterans Affairs (USDVA), which included \$399,981 for equipment. This grant provided 100% funding for all necessary aspects of initial planning and construction, and it allowed for the purchase of certain equipment on a federally-approved equipment list.² The expenditures from the list are submitted to Louisiana's Division of Administration for approval and payment, and then to the USDVA for reimbursement for necessary equipment.

At the direction of Mr. LaCerte, LDVA included in its grant the purchase of a 2014 Ford Expedition for \$27,560 to be used at the newly-constructed cemetery. While the SUV was purchased with federal grant funds designated specifically for the cemetery, an ongoing investigation revealed that the vehicle was never given to the cemetery or used for its intended purpose. Instead, the vehicle was kept at headquarters and used by headquarters staff to transport Mr. LaCerte and other employees to meetings and events. However, Mr. LaCerte should not have routinely used this vehicle because he received a \$500 monthly stipend for the use of his personal vehicle when conducting state business. From June 2014 to October 2015, he received a total of \$8,308 in stipend payments for use of his vehicle. According to the Division of Administration, employees who receive this stipend should not use a state vehicle on a regular basis. While vehicle logs show that Mr. LaCerte did not personally drive the vehicle, LDVA employees stated that he often took staff away from their regular duties to drive him to meetings and events instead of using his personal vehicle. Upon his appointment, the Interim Secretary moved the vehicle to the Southeast Louisiana Veterans Cemetery to be used for its intended purpose. OIG is in the process of further investigating this matter.

According to RS 49:121 and 49:123, a license plate with a public tag and the name of the agency in a stencil or decal must be on a vehicle for that vehicle to be used, and employees cannot drive, operate, or request another public official or employee to drive or operate a vehicle that does not meet this requirement. While a decal was put onto the vehicle, the public license plate was never put on the SUV. That law further states that the head of any department who operates or who orders, requests, or permits any employee under his control or supervision to operate a vehicle not marked in accordance with this requirement shall be guilty of a violation. Every day the violation is committed shall be considered a separate offense, and the fine associated with each offense shall be no less than \$25 and no more than \$50. The vehicle was in LDVA's possession for approximately 447 days during Mr. LaCerte's tenure, and LDVA travel logs show that the SUV was used on at least 73 different days.

Recommendation 3: LDVA should ensure that procedures are in place to follow grant requirements for future grants.

² This list includes maintenance, burial, and office equipment.

Recommendation 4: LDVA should follow state policies, procedures, and law in matters regarding the operation of state vehicles.

Summary of Management's Response: LDVA agrees with these recommendations. See Appendix A-1 and A-3 for LDVA's full response.

LDVA employees failed to disclose information of potential crimes involving veteran residents at three of the five War Veteran Homes.

Mr. LaCerte did not report an employee's theft of a veteran resident's funds to law enforcement or the resident's family. LDVA policy states that employees of War Veteran Homes are not allowed to take or accept gifts, including cash, from residents. However, there was a case in 2013 where an employee withdrew cash from a resident's account on multiple occasions.

Medical documents were falsified surrounding a death of a resident at one of the War Veteran Homes, and the family was never informed. Based on information provided by staff at the home, a resident's death was investigated by the administration of the home and LDVA headquarters staff. LDVA's investigation determined that an employee did not check on a resident following a fall and falsified medical documents to show that the resident was indeed checked multiple times and was fine. The LPN was suspended the next day and later terminated.

Employees at the War Veteran Homes deleted 116 incident reports, with most related to falls. An incident or accident is an event or series of unplanned events that cause or could have caused personal injury or property damage. According to LDVA policy, the supervisor responsible for the area in which the incident occurred must investigate all incidents, no matter the scale of the incident. The nursing department is responsible for initiating an incident entry into the database and entering any necessary follow-up information into the database. The administrator or director of nursing at the home maintains an incident log for tracking and trending purposes. A determination is made as to whether or not risk management or loss prevention should be notified, and statistical information is gathered based on the information in this log. While LDVA policies do not explicitly state it, LDVA staff said that incident reports should not be deleted.

Using data from all five War Veteran Home databases, we identified 116 total deletions at all of the homes. Of these, we found 82 had duplicate records that were still in the system about the particular incident, but 34 did not. After this issue was brought to the attention of current LDVA officials, the Interim Secretary helped to change agency policy to state that no deletions will be made from the system and took away the ability for employees to delete reports.

The OIG is in the process of further investigating all of these matters.

Recommendation 5: LDVA should ensure that procedures are in place and are followed to ensure that the proper authorities and family members are notified of certain events.

Recommendation 6: LDVA should ensure that employees receive proper training and remain informed of policy updates and changes.

Summary of Management's Response: LDVA agrees with these recommendations. See Appendix A-1 and A-3 for LDVA's full response.

LDVA employees had \$19,414 in improperly authorized, advanced, and/or reimbursed travel expenses.

From February 2013 through September 2015, 13 LDVA employees traveled out of state 31 times costing a total of \$42,001. These trips included visits to New York City for three days to visit an adult day care at a veterans home, multiple trips to Destin, Florida to earn Louisiana State Bar Association (LSBA) continuing legal education credits, as well as trips to San Diego, California; Washington, D.C; and Charleston, South Carolina. However, we found that \$19,414 (46%) of this travel for 15 total trips was not properly authorized or reimbursed in accordance with state travel policies and procedures. The policy violations include travel not being properly authorized, a lack of proper documentation, and reimbursements for hotels, meals, and other items over the allowable limits. Mr. LaCerte took 11 trips over this timeframe costing a total of \$14,431, of which \$4,841 (34%) was improperly reimbursed or authorized. Exhibit 1 summarizes these travel policy violations and the amount associated with each.

Exhibit 1 Travel Violations June 2013 through August 2015			
Policy Violation	Description	Amount	Violations*
Travel not authorized	The state's travel authorization form must be completed with an estimate of travel expenses, the purpose of the trip, and written approval by the employee's supervisor.	\$12,724	6**
Travel advances given to ineligible employees	The two individuals who received travel advances did not meet any of the 10 requirements to be eligible to receive a travel advance.	3,769	4
Lack of proper documentation	Missing documentation included hotel receipts, the state's mandatory hotel planner not being used, mileage being reimbursed without support, and lack of receipts for baggage fees.	2,317	3
Reimbursed over allowable amount	Examples include no business purpose for the trip being given, meals being reimbursed on days when state business wasn't conducted, being reimbursed over the allowable lodging and parking rates, the same baggage fee being claimed twice, being reimbursed for mileage within official domicile, and tipping above the allowable rate.	604	8
Total		\$19,414	21
<p>*While there were 15 trips with travel violations, some trips had violations in multiple categories. **If travel was not authorized, we only included the violation in this category even if other violations were identified. Source: Prepared by legislative auditor staff using information from different versions of PPM-49, which is the state's travel policies and procedures, and LDVA travel records.</p>			

An example of one trip that did not follow state travel policies and procedures was a trip taken by Mr. LaCerte and LDVA's internal auditor to Destin, Florida in June 2015 to earn LSBA continuing legal education credits. Mr. LaCerte did not have a travel authorization for this trip, and it was instead included on the internal auditor's travel authorization form that Mr. LaCerte himself approved. State travel policies mandate that employees' travel must be approved by their supervisor in writing, which means that approving one's own travel is not allowed. Since Mr. LaCerte's travel authorization was not properly approved, he should have taken leave on the days that he attended this trip. However, records indicate that he did not take any leave. The Interim Secretary has since stressed the importance of following proper travel procedures.

Recommendation 7: LDVA should ensure that it conducts and reimburses all travel in accordance with state travel policies.

Summary of Management's Response:³ LDVA agrees with these recommendations. See Appendix A-1 and A-3 for LDVA's full response.

³ LLA's internal quality control process resulted in an adjustment to the dollar amount after receiving responses from the Interim Secretary and former Secretary LaCerte. Both were given an opportunity to amend their responses, but they chose not to. As a result, the dollar value depicted in the responses in Appendix A-1 and A-2 differ from the results shown in the report.

LDVA did not properly budget for Veteran Service Office (VSO) operations over the years, resulting in some parishes paying too much for services and others not paying enough.

Because LDVA is not using actual expenditures and staffing for each parish to determine how much to charge each parish, some parishes are paying too much for services, and others are not paying enough. VSOs are located across the state and are responsible for advising and assisting veterans in obtaining state and federal benefits. State law mandates that LDVA must contribute no more than 75% of the expense of the operation and maintenance of the VSOs, meaning that parishes must contribute at least 25%.⁴ However, we found that LDVA budgeting practices have led to some parishes paying more than they should and others paying less due to LDVA not using actual expenditures or staffing when developing VSO budgets. Instead, LDVA employees stated that the Office of Planning and Budget gives LDVA the amount of self-generated funds it needs to obtain from the parishes. LDVA then uses past budgets to revise the parish budget amounts.

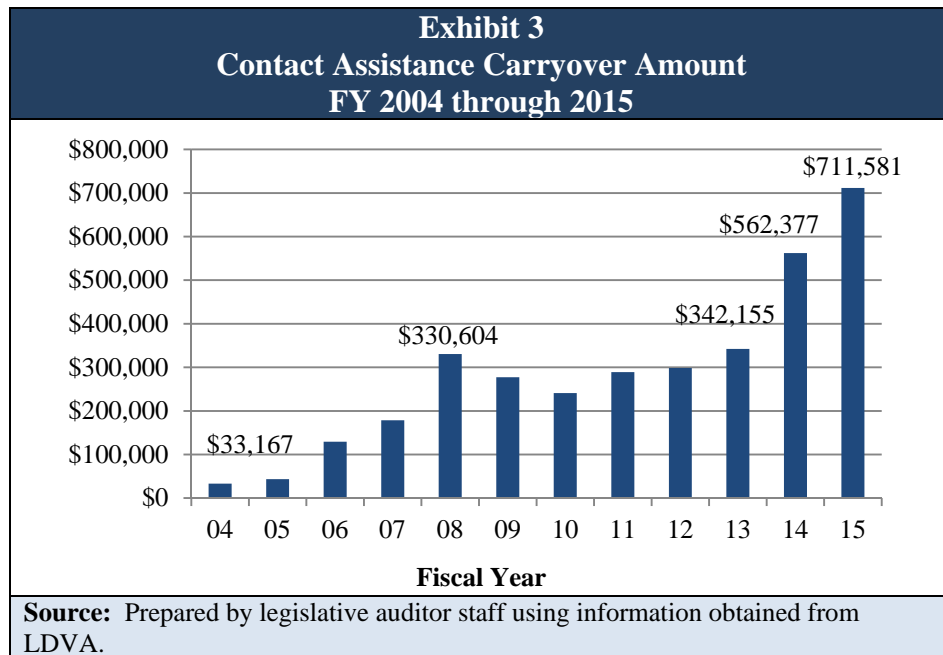
These budgeting practices have resulted in parishes that are both overpaying and underpaying for services. As shown in Exhibit 2, the budgets for the parishes of Avoyelles, Franklin, Richland, and Washington had \$56,746 more budgeted than was actually spent in fiscal years 2014 and 2015. The funding budgeted for Orleans Parish was \$29,290 less than was actually spent over fiscal years 2014 through 2015. In spite of the under-funding for the parish of Orleans, these five parishes were still overfunded by \$27,455. Appendix C breaks down parish payments in fiscal years 2014 and 2015.

⁴ This funding is mainly obtained from local parish police juries, while the rest of the parish funding is obtained from cities within the parish.

Exhibit 2						
Over and Underpayments by Parishes						
Fiscal Year 2014 through 2015						
Parish	Year	Budget			Actual Expenditures*	Difference
		Local	State	Total		
Avoyelles	2014	\$11,400	\$47,520	\$58,920	\$52,983	\$5,936
	2015	16,452	43,740	60,192	56,722	3,470
	Total	\$27,852	\$91,260	\$119,112	\$109,705	\$9,406
Franklin	2014	\$17,148	\$37,848	\$54,996	\$44,148	\$10,848
	2015	18,828	37,392	56,220	48,289	7,930
	Total	\$35,976	\$75,240	\$111,216	\$92,437	\$18,778
Richland	2014	\$12,048	\$27,648	\$39,696	\$33,614	\$6,082
	2015	13,152	27,960	41,112	36,225	4,886
	Total	\$25,200	\$55,608	\$80,808	\$69,839	\$10,969
Orleans	2014	\$9,000	\$30,279	\$39,279	\$51,114	\$(11,834)
	2015	9,000	30,279	39,279	56,735	(17,456)
	Total	\$18,000	\$60,558	\$78,558	\$107,849	\$(29,290)
Washington	2014	\$16,104	\$41,172	\$57,276	\$47,141	\$10,135
	2015	18,324	38,940	57,264	49,807	7,457
	Total	\$34,428	\$80,112	\$114,540	\$96,948	\$17,592
Total		\$141,456	\$362,778	\$504,234	\$476,778	\$27,455

*Actual expenditures include supplies, VSO salary and benefits, and a share of regional manager salaries, but it does not include items such as computer equipment.
Note: The difference may not be exact due to rounding.
Source: Prepared by legislative auditor staff using information from Business Objects, ISIS HR, and LDVA

Because some parishes have overpaid and LDVA has not filled VSO positions, funds have built up in a carryover account that has increased 108% from fiscal year 2013 to fiscal year 2015. LDVA's finance section stated that it expends all state general fund money first, interagency transfers second, and then self-generated revenues received from the parishes last. It spends in this manner because it is allowed to keep any unspent self-generated revenue in a carryover account, which can be used in subsequent years for the Contact Assistance program. According to LDVA, if it used the self-generated revenues received from the parishes first and had any unspent general fund or interagency transfers, then LDVA would not get to keep this money because it would be kept in the general fund. The amount left over in the carryover account, which is, in effect, overpayments made by the parishes, has risen from \$33,167 in 2004 to \$711,581 in 2015. Exhibit 3 shows the increase in this amount over time.



Another factor contributing to the large carryover amount in fiscal years 2014 and 2015 is multiple VSO positions that were not filled during these years, such as the positions for Acadia and Jackson/Winn Parishes. While neither of these positions was filled in fiscal year 2014 or 2015, the budgets for these parishes were developed based on the position being filled. For example, Acadia's budget increased from \$29,424 in fiscal year 2015 to \$61,488 in fiscal year 2016 even though the position was not filled at any point in fiscal year 2014 or 2015. The amount asked to be contributed by the parish increased from \$9,420 to \$23,400 over the same time period. Instead of the parish receiving the services they paid for, which included a designated VSO, the parish is instead paying for a VSO from another parish to provide services one day per week and for a vacant VSO position.

Some parishes are not receiving services that they are paying for because their assigned VSO is covering other parishes that have vacant VSO positions. As mentioned earlier, when VSO positions are vacant, VSOs from other parishes have to cover the parish. A 2009 LLA audit of LDVA recommended that it equalize workload among the VSOs, and R.S. 29:261 allows the consolidation of VSOs to serve more than one parish. However, as mentioned earlier, LDVA has not properly budgeted when this occurs, because it does not account for actual staffing. Because VSOs are providing services in parishes that are not paying for the VSO positions, those parishes with filled VSO positions are paying for a level of service that they are not receiving. For example, a VSO responsible for covering Ouachita Parish five days per week services Ouachita Parish three days per week and Lincoln and Morehouse Parish each one day per week. According to LDVA staff, Mr. LaCerte ordered these positions to remain vacant due to a lack of money in the budget.

According to LDVA, it has built up the carryover account in case these funds are needed for the program. However, LDVA has not used this money for VSOs even though VSOs have voiced numerous complaints about inadequate staffing, lack of or untimely receipt of supplies, and outdated equipment. The current Interim Secretary has pushed for supply requests to be

filled in a more timely manner, and new equipment has been purchased for the VSOs out of the carryover account. In addition, LDVA has filled all vacant VSO positions. LDVA stated that after training is received for the new hires, VSOs will be able to properly serve the parishes that they are supposed to serve. The Interim Secretary has taken steps to re-evaluate the budgeting process, as well as filling vacant positions.

Recommendation 8: LDVA should revise its budgeting process to determine proper amounts to budget for each parish based on actual expenditures and staffing by each parish.

Recommendation 9: LDVA should ensure that each parish is receiving the services that it is paying for.

Recommendation 10: LDVA should strive to keep VSO staffing at a full level so veterans in each parish have an opportunity to receive assistance with needed services.

Summary of Management's Response: LDVA agrees with these recommendations. See Appendix A-1 and A-3 for LDVA's full response.

Former Secretary LaCerte engaged in questionable organizational, hiring, and pay practices that appear to have contributed to an environment with little accountability.

Mr. LaCerte changed the organizational chart of LDVA to keep headquarters staff reporting directly to him even after he was no longer the Interim Secretary. Although not required, Mr. LaCerte opted to not fill the Deputy Secretary position in his time as Secretary. Also, the Undersecretary position was not filled during his time as Secretary. Mr. LaCerte was hired as the Deputy Secretary of LDVA in 2010 and became the Interim Secretary in 2013. While Mr. LaCerte was Interim Secretary, four positions reported specifically to him. When he learned that he would not be made the permanent Secretary and would instead be moving back to his old position of Deputy Secretary, Mr. LaCerte changed LDVA's organizational chart so that the following four positions would report to him as Deputy Secretary instead of to the Secretary, as they had in the past:

- Confidential Assistant to the Secretary, an unclassified position that he renamed Chief of Staff;
- Internal Auditor, which was a classified position;
- Press Secretary, which was an unclassified position; and
- Outreach Director, which was an unclassified position.

The series of moves described above resulted in the Deputy Secretary being the only position that reported directly to the Secretary. Upon Mr. LaCerte's appointment to Secretary in June of 2014, the positions were moved back under the Secretary position on the organizational chart so they could continue reporting to him. In addition, upon the resignation of the Chief of Staff, a fellow law school graduate's brother was hired into the renamed position of Executive Assistant. Mr. LaCerte stated in an interview that this employee conducted the "grunt work" for the agency, while the employee stated in an interview that his job duties varied from day to day and included driving Mr. LaCerte around and learning the ropes of running the department.

In his time as the Secretary from June 2014 through October 2015, the positions of Deputy Secretary and Undersecretary remained vacant. R.S. 36:785 states that the Deputy Secretary position is appointed by the Secretary of the Department, though this position is not required to be filled, to perform duties at the pleasure of the Secretary. R.S. 36:786 states that there shall be an Undersecretary appointed by the governor responsible for the functions of the office of management and finance.⁵ These two positions are the second and third highest positions within LDVA and are critical for agency operations. According to LDVA staff, it is important for these positions to be filled since they help ensure that operations run the way they are supposed to and that the Secretary does not have too much unchecked authority.

Mr. LaCerte's hiring of a classmate as the Internal Auditor and his treatment of staff appears to have contributed to an environment with little accountability. Interviews with LDVA staff revealed that employees were aware of the circumstances surrounding the way the Internal Auditor was hired, his relationship with Mr. LaCerte, as well as the auditor's personal violations of regulations. Upon further investigation, we discovered that Mr. LaCerte created the position of Internal Auditor in March of 2013 by using an unfilled position allocated to one of the War Veteran Homes. The employee hired for this position went to law school with Mr. LaCerte and continued reporting directly and exclusively to him while Mr. LaCerte was in the Deputy Secretary, Interim Secretary, and Secretary positions. In addition, of the 17 individuals who applied and were qualified for the position, this individual was the only one interviewed and was interviewed only by Mr. LaCerte.

In addition, as shown on pages 5-6, the Internal Auditor did not always follow state travel policies when he traveled with Mr. LaCerte. The Internal Auditor stated in an interview that he is familiar with state travel policies, but "it is not his job to audit travel documents." Additionally, when questioned in the interview about compliance with payroll regulations, he stated that it is his belief that headquarters personnel, including himself, do not have to follow the same rules as the rest of LDVA staff. The Interim Secretary and LDVA staff stated that payroll policies are uniform for all LDVA employees.

According to multiple interviews with LDVA staff, Mr. LaCerte used his position of authority to threaten the jobs of employees who questioned certain actions such as travel. Staff also stated that the general culture was that you do as you are told, regardless of what the proper policies and procedures are, such as being forced to approve travel reimbursements for trips that did not meet documentation requirements.

⁵ These functions include being responsible for accounting and budget control, procurement and contract management, data processing, management and program analysis, personnel management, and grants management.

Mr. LaCerte engaged in questionable expenditure and pay practices upon his move from Interim Secretary back to the position of Deputy Secretary in September of 2013. In addition to the movement of staff mentioned earlier, Mr. LaCerte also did not move out of the office designated for the Department Secretary. He instead directed his staff to purchase \$3,580 worth of furniture and convert a conference room into an office for the new Secretary without the new Secretary's knowledge. These actions left the office designated for the Deputy Secretary vacant.

Mr. LaCerte also kept the same annual pay of \$130,000 that he was receiving during his time as Interim Secretary instead of moving back down the Deputy Secretary's annual salary of \$85,000. The new Secretary signed and approved the position change without a change in pay even though there was no documentation proving its legitimacy. As a result of this approval, both the Secretary and Mr. LaCerte were receiving \$130,000 in annual pay from September 2013 to June 2014.

The service record of former Secretary LaCerte does not support the military service cited in the biography posted on the LDVA website.

While Mr. LaCerte was the Secretary of LDVA, his biography on the LDVA and Governor's Office website reported the following information:

"Prior to joining LDVA, LaCerte served in the Marine Corps infantry in the First Marine Division. Under the command of General James Mattis, he led the first Marines into Afghanistan and Pakistan only weeks after 9/11, helping to drive the Taliban from Kandahar and establish several forward operating bases in hostile territory. He has led over 100 combat patrols and missions in Afghanistan and Pakistan, and also served as a member of interrogations teams for high value Al Qaeda targets."

In addition, the resume and cover letter Mr. LaCerte sent to LDVA in 2010 when he applied for the position of Deputy Secretary stated that he was a decorated combat veteran, had won several medals and awards for combat in Operation Enduring Freedom, and commanded an infantry platoon of 100 Marines. LDVA personnel stated that complaints alleging that Mr. LaCerte's biography was false started coming into the department as soon as he was named Interim Secretary in January of 2013. In the midst of these allegations, the Governor's Office removed the biography from its website.

To verify Mr. LaCerte's service record, we obtained a copy of Mr. LaCerte's DD 214⁶ from Headquarters Marine Corps, as well as his official military file from the United States Department of Veterans Affairs (USDVA). According to these documents, he was an enlisted Marine who, after initial training, was assigned to a post in Kings Bay, Georgia, as a Marine Security Force Guard. Two years later he was assigned to the 1st Battalion, 1st Marine Regiment

⁶ The DD 214 is a certificate of release from active duty and is a summary of service provided.

and, at the rank of Corporal, went on a sea deployment with the unit. His DD 214 shows seven months of sea service, but only three months and nine days of foreign service.⁷

Based on the claims in his resume, cover letter, and biography, he likely would have also received awards other than those listed in his DD 214 for his actions during his deployment.⁸ According to the information received from Headquarters Marine Corps, Mr. LaCerte would have, at minimum, received a Global War on Terrorism Expeditionary Medal if he indeed conducted the activities listed in his biography.⁹ However, this service medal is not listed in his service record. Finally, his DD 214 does not confirm that he received any interrogation training.¹⁰ According to LDVA staff, Mr. LaCerte told them that he worked security for interrogations while deployed. These actions potentially violate R.S. 14:133, which states that “filing false public records is the filing or depositing for record in any public office or with any public official, or the maintaining as required by law, regulation, or rule, with knowledge of its falsity ... of any document containing a false statement or false representation of a material fact.”

⁷ Foreign service is defined as service performed outside the 50 United States or its territories.

⁸ He does have the National Defense Service Medal, issued to any Marine on active duty after September 11, 2001; the Sea Service Deployment Ribbon, issued to Marines who deployed aboard ships; and the Good Conduct Medal, issued to Marines for good behavior for three consecutive years.

⁹ The only training reflected on his DD 214 is infantry training.

¹⁰ Per Headquarters Marine Corps, the process for getting awards validated is simple and free. If there were any awards missing, he could have gotten those corrected when his biography came under question.

APPENDIX A: AGENCY'S RESPONSES

Interim Secretary's Response – A-1

Former Secretary LaCerte's Response – A-2

Current Secretary's Response – A-3

State of Louisiana

BOBBY JINDAL
GOVERNOR



THOMAS ENRIGHT, JR.
INTERIM SECRETARY

Louisiana Department of Veterans Affairs

January 8, 2016

Mr. Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
1600 N. Third Street
Baton Rouge, LA 70804

RE: Joint Investigative Report Issued January, 2016

Dear Mr. Purpera:

The following serves as the official response from Louisiana Department of Veterans Affairs (LDVA) to the Louisiana Legislative Joint Investigative Report issued January 7, 2016:

LDVA paid \$44,128 to a company for improperly documented work without having a contract as required by state law.

LDVA agrees with this finding and immediately upon appointment, the Interim Secretary directed staff to stop payment on any checks recently issued for the improperly contracted work, resulting in a savings of over \$9,000. The Interim Secretary has taken steps to ensure that all employees are properly trained and are held accountable to following state contracting requirements. All fiscal staff reviewed LDVA procedures and will issue payments only when proper documentation exists to support the work performed by contractors.

LDVA used \$27,560 in federal funds designated for the Southeast Louisiana Veterans Cemetery to purchase a Ford Expedition for use exclusively by headquarters' staff.

LDVA agrees with this finding and the vehicle has been moved to the Southeast Louisiana Veterans Cemetery. The vehicle is being used for its intended purpose as a part of the facility's approved vehicle fleet. LDVA staff will ensure that all future purchases are directed to the facilities or units for which their use is intended.

LDVA employees failed to disclose information of potential crimes involving Veteran residents at three of the five War Veterans Homes.

LDVA agrees with this finding. Care and respect for our Veterans is of the utmost importance and LDVA does not tolerate mistreatment or failure to report mistreatment at any of its facilities.

LDVA has taken appropriate disciplinary action with staff involved in the cited incidents including termination of employment and reporting violations to the appropriate licensing board(s). LDVA will fully cooperate with authorities in any ongoing investigations related to these incidents, and will take any additional actions deemed appropriate upon the conclusion of the investigations.

Upon the appointment of the Interim Secretary, the LDVA Veterans Homes' electronic charting software was changed to ensure that all information is accurately reported. LDVA has retrained employees so department-wide policies and facility-procedures are followed and employees remain informed of policy updates and changes.

LDVA employees had \$21,793 in improperly authorized, advanced, and/or reimbursed travel expenses.

LDVA agrees with this finding. If appropriate and in conjunction with the Office of the Inspector General, LDVA will seek reimbursement for improperly paid funds.

LDVA will enforce compliance with all state travel policies and procedures with all staff.

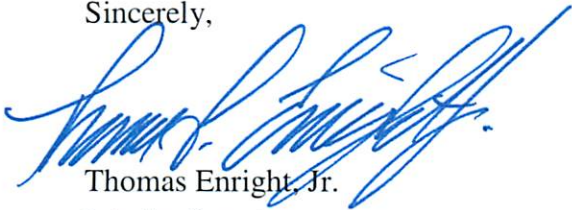
LDVA did not properly budget for Veteran Service Office (VSO) operations resulting in some parishes paying too much for services and others not paying enough.

LDVA agrees with this finding. LDVA acknowledges that over the course of several years, operational changes have occurred regionally within the VSO program, but fiscal procedures have not been updated accordingly. LDVA management is in the process of correcting these budgets to more accurately forecast and track expenditures on a parish-by-parish basis.

I would like to personally thank you and your staff for allowing me to work so closely with you throughout this process and for providing me the opportunity to immediately address many of the issues reported by your team.

Thank you for your support of Louisiana Veterans, please do not hesitate to contact me if you have any questions or require any further information.

Sincerely,

A handwritten signature in blue ink, appearing to read "Thomas Enright, Jr.", written in a cursive style.

Thomas Enright, Jr.
Interim Secretary

THE AMBEAU LAW FIRM, LLC

JARRETT P. AMBEAU

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January 12, 2016

VIA: U.S. Mail and Facsimile: (225)339-3870

Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
1600 North Third Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Mr. David LaCerte – Joint Investigative report

Dear Mr. Purpera,

I have been hired to represent Mr. David LaCerte in all matters related to this investigation, and would kindly ask that all communication be directed to my office going forward. I would also respectfully request notice of an anticipated publication date.

Please find following a detailed written response to the audit report dated December 29, 2015:

The Joint Investigation Report's findings are patently false, blatant character assassination and appear to be a calculated attack on the integrity and credibility of former Veterans Affairs Secretary, Mr. David LaCerte.

RE: "LDVA paid #44,128 to a company for improperly document work without having a contract as required by state law."

Professional services for project site selection and due diligence were contracted for two potential LDVA construction projects. The Division of Administration notified LDVA that it required specific professional services that demanded extreme expedience in order to move

forward with property donation and construction on the Northeast Louisiana Veterans Cemetery in Rayville. This work included the abstracting of the property, professional appraisal--which needed to be coordinated and negotiated with the landowners--and similar tasks. Given the time frame provided, the failure to procure the services within less than a week would have resulted in Louisiana forfeiting the project, the funding and no cemetery for the veterans in NELA.

On an expedited basis, these services were obtained at market rate within the budget authority delegated to LDVA.

Secretary LaCerte also directed the same contractor to conduct similar site review tasks in anticipation of applying for a federal grant to rebuild the Louisiana Veterans Home in Jackson, La. The Jackson, La. facility is over 30 years old, has had declining census over the past several years, indicating a lack of placement interest. The Home also has had trouble recruiting direct care personnel on both a qualitative and quantitative basis, houses residents in an archaic squadbay-type setting, and has several millions of dollars in backlogged capital outlay upgrades. Many of the issues can be attributed to the facility's remote location and lack in proximity to a large population base. Secretary LaCerte also sought to pair this prospective facility with an adult day-health care license to provide the veterans of the capital area with expanded services.

The contractor reviewed dozens of prospective site locations areas within distinct segments of the Baton Rouge metro area over a seventeen month period. The geographic scope of the analysis was unforeseeably expanded on three occasions due to issues in identifying a suitable site and landowner willing to donate land within a given radius of an ideal location. In each instance, an agreement was made with a rate of pay in line with the most recent large volume Request for Proposals for similar professional services, with a stipulation to not exceed a sum of \$10,000. This is within small purchase guidelines and well under the \$20,000 permitted under the delegated budget for the budgetary group. To be clear—the use of this contractor saved the taxpayers money. In each instance, former Secretary LaCerte requested the terms be confirmed in a letter contract to the agency, a form of contract acknowledged under R.S. 38:1556(11). Secretary LaCerte informed the budgetary group head of the initial agreement and directed him to seek any additional necessary information from the vendor as required.

Although this was the contractor's first experience performing work for a state agency, the land management project manager has subsequently secured large volume contracts with other state agencies.

Re: "LDVA used \$27,560 in federal funds designated for the Southeast Louisiana Veterans Cemetery to purchase a Ford Expedition for use exclusively by headquarters' staff"

LDVA vehicles are pooled. The reallocation of vehicles across the department motor pool is a relatively common occurrence. New vehicles have been transferred to LDVA headquarters from subordinate budgetary groups under previous Secretaries and Secretary LaCerte. This policy makes sense for several reasons. Utilizing low mileage vehicles for long haul routes minimizes risk of vehicle failure in a location far from an employee's domicile.

Occasional redistribution maintains a more uniform vehicle mileage when compared to the vehicle's age. Such a practice also is important for emergency preparedness purposes.

At the time of purchase of the Ford SUV, all LDVA cemeteries were assigned a passenger van. In the interest of diversifying the LDVA pool, it was decided an American-made full sized SUV should be purchased in lieu of a passenger van. This Ford Expedition was the only option available for purchase according to state purchasing. The purchase was delayed in delivery for nearly a year. During that extended time, a passenger van from LDVA headquarters was assigned to the SELA Cemetery. Also during this time, the Division of Administration issued a directive to surplus all vehicles scheduled to travel less than 15,000 miles a year. The passenger vehicles at all cemeteries were scheduled to be surplused in accordance with that directive.

At any given time, several staff members might be needed to attend a meeting or event. Occasionally, Secretary LaCerte was one of those staff members and he rode in a state vehicle with other state employees on official state business. Secretary LaCerte did not divert employees from their regular duties. Rather, outreach, public affairs, managerial, or policy employees traveled in the field as an integral part of their regular job duties. This policy predated Secretary LaCerte at LDVA and is standard procedure at every other state agency.

Often, Secretary LaCerte covered staff meals out of his own pocket when staff traveled with him in order to minimize per diem payments to save the taxpayers' money.

Secretary LaCerte used his personal vehicle extensively, especially when traveling in the evenings or while on official business over the weekend, which was very common given the scope and breadth of his position.

The joint investigative report alludes to a violation of RS 49:121 and 49:123 because the license plate was not fixed to the vehicle's bumper. This report conveniently ignores the fact that the license plate was on display in the rear window, satisfying such requirement.

Re: "LDVA employees failed to disclose information of potential crimes involving veteran residents at multiple War Veteran Homes."

In independent interviews with the alleged victim, the resident stated the employee was authorized to use his funds and claims he fully consented to the transactions. Secretary LaCerte always acted in the best interest of the victim, and could find no direct evidence to indicate any of the transactions constituted a gift as the joint report suggests. Instead, it appeared based on evidence that the money was spent to help others: including paying for meals for National Guard members, the resident's laundry, and similar transactions. The resident was fully competent to handle his financial affairs at all times, and although this is not a practice Secretary LaCerte necessarily condoned or believes should continue in the future, the resident was presumably free to make his own decisions with his money.

The employee admitted he put himself in a bad position, resigned, and agreed to pay back the family for the transactions. As a result, LDVA implemented several new policies to ensure this type of situation never happened again.

LDVA recently implemented an electronic medical records system in accordance with federal regulations and best practices. Veterans Home administration was authorized to delete entries with clear errors. To the knowledge of Secretary LaCerte, the abuse of this system was limited to a single nurse.

When brought to his attention of Secretary LaCerte, he immediately requested the software and hardware vendor remove the ability to delete an entry and replace it with a strikethrough function.

Re: “LDVA employees had \$21,795 in improperly authorized, advanced, and/or reimbursed travel expenses.”

Secretary LaCerte has always traveled in the best interest of the state and veterans and has often declined reimbursement of allowable costs. This travel has brought him to Washington D.C. somewhat frequently to deal with issues such as the authorization of USDVA clinics in Lake Charles and Lafayette, Choice Act provisions—which blocked tens of thousands of veterans from receiving GI Bill benefits in Louisiana—and fighting potentially crippling reductions in force at Fort Polk. As is the custom across the Country, Secretary LaCerte attended an annual mid-winter meeting with USDVA staff to receive updates from his federal counterparts.

Secretary LaCerte also had a standing annual meeting with USDVA Secretary and his staff in conjunction with the National Association of State Directors of Veterans Affairs. When this meeting was scheduled in a location which may reflect poorly on the department, he routinely declined the meeting. Examples of these conference locations included San Juan, Puerto Rico, a vineyard on the Oregon coast, or Disneyworld in Orlando, Florida. The only location with a higher cost which Secretary LaCerte attended, was the 2014 annual meeting in San Diego, which was important due to a new VA secretary being appointed upon the resignation of Secretary Shinseki and pointed concern regarding the continued delay in clinics opening in Lafayette and Lake Charles. Again, the taxpayer dollar was of paramount concern in all of these actions.

The only other out of state travel during Secretary LaCerte’s five years with the department was to tour an adult day-health care program at the CUNY-Stony Brook Veterans Home on Long Island NY, and to teach judges continued education and advocate for Veterans’ Treatment Courts at the annual bar and judicial conference.

To Secretary LaCerte’s knowledge, authorization forms were filled out for travel, however, Secretary LaCerte was not personally notified on every occasion if authorization forms were properly returned or were properly filed.

Travel advances were awarded on a case by case basis in the absence of the state travel card, as outlined by the PPM.

The hotel planner’s use was waived if a government rate or otherwise better price could be obtained outside of the hotel portal.

Re: “LDVA did not properly budget for Veteran Service Office (VSO) operations, resulting in some parishes paying too much for services and others not paying enough.”

The Joint Investigative report states that parishes did not receive the services they paid for, but ignores the fact that trends indicate more veterans have been traveling to nearby population hubs to seek veteran benefits. The related benefits obtained from such a visit follows the veteran and benefits the rural parish. The current methodology is much closer to a methodology on the basis of veteran population, but would take statutory changes to implement a pure system on that basis.

Despite hiring freezes and the Division of Administration restricting the hiring of Veteran Service Office Counselors, LDVA doubled compensation and pension dollars under Secretary LaCerte to over \$1,100,000,000 in the last fiscal year.

Re: “Former Secretary LaCerte engaged in questionable organizational, hiring, and pay practices which appear to have contributed to an environment with little accountability.”

One of the first decisions Secretary LaCerte made upon appointment was the establishment of an Internal Audit function. Upon review of the applicants, one candidate had the best credentials. This candidate has performed admirably for the state, including service as a senior auditor with the LLA.

The contents of the report leave little doubt that his statement were taken out of context or manipulated in order to strangely discredit his work, function, and independence.

Secretary LaCerte never improperly threatened the jobs of employees and was never approached by an employee over travel reimbursements. Any statement otherwise is patently false. Secretary LaCerte had an open door policy for suggestions from employees and has always welcomed criticism and opportunity for improvement.

Secretary LaCerte’s pay was set by the Governor’s Chief of Staff at the time he returned to the Deputy Secretary post. This was not at his request. At that time, LDVA HQ did not have a vacant office but did have an unused conference room. Used office furniture was purchased to utilize that space at that time.

Upon the resignation of the Deputy Chief of Staff, Secretary LaCerte appointed a disabled Marine Corps veteran of the Iraq war to the renamed position of Executive Staff Officer. This employee was a recent graduate of Southern University School of Law and had experience in policy and foreign affairs. The employee was tasked with policy and outreach related work.

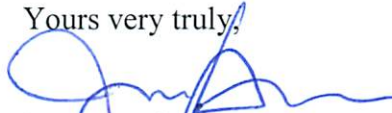
LaCerte chose to not fill the Deputy Secretary position because in addition to near constant executive order hiring freezes, the Division of Administration froze positions elsewhere and it is important to lead by example. The Undersecretary position remained vacant at the will of the Governor.

To label anything in this section as “questionable” is outrageously arbitrary and without merit.

Finally, attacks on Secretary LaCerte's service record are below the standard of a public office in the state of Louisiana, and will not be given the dignity of response herein. Secretary LaCerte served his country honorably and his service record speaks for itself.

With kindest regards, I remain,

Yours very truly,



Jarrett Ambeau
The Ambeau Law Firm
758 Royal St.
Baton Rouge, LA 70802

State of Louisiana

JOHN BEL EDWARDS
GOVERNOR



JOEY STRICKLAND
SECRETARY

Louisiana Department of Veterans Affairs

January 20, 2016

Mr. Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
1600 N. Third Street
Baton Rouge, LA 70804

RE: Joint Investigative Report Recently Issued

Dear Mr. Purpera:

The following serves as the official response from Louisiana Department of Veterans Affairs (LDVA) to the Louisiana Legislative Auditor and Office of Inspector General Joint Investigative Report recently issued.

In addition to the responses contained herein, I would like you to know that I have ordered a review of any recent Legislative Performance Audits issued to LDVA so that I and my staff can ensure that all previously cited issues have been properly addressed. I am also in the process of scheduling meet and greets at all five LDVA Veterans Homes where staff, residents, family, and any other members of the public who would like to attend can speak with me directly to discuss any concerns they may have.

I am disturbed to learn that the previous LDVA Secretary deviated from a Veteran-focused mindset, and that this contributed to many of the problems cited in your report. I believe in open, transparent and ethical operations and I look forward to working with my staff to instill this philosophy throughout the Department. I firmly believe that once the reforms I put in place are fully implemented, LDVA will be back on track and again focused on its mission of supporting Louisiana Veterans and their families.

Thank you for your support of Louisiana Veterans, please do not hesitate to contact me if you have any questions or require any further information.

Sincerely,

A handwritten signature in blue ink that reads "Joey Strickland".

Joey Strickland
Secretary, Louisiana Department of Veterans Affairs

LDVA paid \$44,128 to a company for improperly documented work without having a contract as required by state law.

Recommendation 1: LDVA should ensure that employees are trained in and follow state contracting requirements, including when contracts are required.

Response: LDVA agrees with this finding. The current Secretary is requiring that all headquarters personnel as well as all top and mid-level managers statewide complete the 1-hour online Ethics Contract Training as required by Act 422 of 2014 to be given annually to cabinet secretaries, by February 12, 2016. The Secretary has mandated that employees renew this training annually.

Recommendation 2: LDVA should ensure that it obtains documentation or other deliverables supporting work performed by contractors.

Response: LDVA agrees with this finding. Effective January 11, 2016 the current Secretary appointed the agency's first Executive Counsel who will verify all contracts are executed properly and that all Office of Contractual Review processes are followed. The Secretary is requiring an annual review of all contracts by the Executive Counsel as an additional measure to ensure all contracts comply with policy.

LDVA used \$27,560 in federal funds designated for the Southeast Louisiana Veterans Cemetery to purchase a Ford Expedition for use exclusively by headquarters' staff.

Recommendation 3: LDVA should ensure that procedures are in place to follow grant requirements for future grants.

Response: LDVA agrees with this finding. The current Secretary has instructed staff that all equipment is required to be utilized and housed in the program for which it was intended. Noncompliance with this mandate will result in the appropriate disciplinary action.

Recommendation 4: LDVA should follow state policies, procedures, and law in matters regarding the operation of state vehicles.

Response: LDVA agrees with this finding. To ensure that this issue will not reoccur, the current Secretary has re-established that proper checks and balances are in place by filling the vacant Undersecretary position and by hiring an Executive Counsel who will each provide oversight of applicable state policies.

LDVA employees failed to disclose information of potential crimes involving Veteran residents at three of the five War Veterans Homes.

Recommendation 5: LDVA should ensure that procedures are in place and are followed to ensure that the proper authorities and family members are notified of certain events.

Response: LDVA agrees with this finding. LDVA values its resident Veterans and their families above all else and will not tolerate employees who take advantage of our state's heroes.

The current Secretary has taken several steps to ensure that the failings cited within will not reoccur. LDVA, in conjunction with the software developer that manages the electronic charting system at all Veterans Homes, has activated an auditing function within the software to remove the ability to delete incident reports without being detected, and to notify key management staff should an employee attempt to improperly alter a resident's medical information. In addition, all Veterans Homes staff are required to attend multiple in-service trainings to ensure they are properly utilizing the charting software, and all administrators and managers have been retrained on the proper steps to follow should an adverse event occur, with an emphasis on proper reporting procedures.

Recommendation 6: LDVA should ensure that employees receive proper training and remain informed of policy updates and changes.

Response: LDVA agrees with this finding. LDVA Veterans Homes' staff have been retrained on key policies and administrators and managers have been directed to ensure all policies and procedures are properly followed. Noncompliance with this mandate will result in the appropriate disciplinary action.

LDVA employees had \$19,414 in improperly authorized, advanced, and/or reimbursed travel expenses.

Recommendation 7: LDVA should ensure that it conducts and reimburses all travel in accordance with state travel policies.

Response: LDVA agrees with this finding. To ensure that this issue will not reoccur, the current Secretary has re-established proper checks and balances are in place by filling the vacant Undersecretary position who will serve as the signature approval authority for the Secretary's travel. In addition, all LDVA staff who are authorized to travel must review and sign an acknowledgement of receipt of Louisiana state travel policy guidelines as well as LDVA travel policies and procedures by February 12, 2016 and must renew this training annually.

LDVA did not properly budget for Veteran Service Office (VSO) operations resulting in some parishes paying too much for services and others not paying enough.

Recommendation 8: LDVA should revise its budgeting process to determine proper amounts to budget for each parish based on actual expenditures and staffing by each parish.

Response: LDVA agrees with this finding. LDVA has established a formal internal approval process to document any temporary or permanent changes to an employee's duty location so that any fiscal impacts are captured and budgets are adjusted as necessary. To ensure that this issue will not reoccur, the current Secretary has re-established proper checks and balances are in place by filling the vacant Undersecretary position who will oversee the parish budgeting process and ensure that actual expenditures and staffing levels are properly accounted for.

Recommendation 9: LDVA should ensure that each parish is receiving the services that it is paying for.

Response: LDVA agrees with this finding. LDVA has implemented a quarterly review process of all parish contributions and is revising the way it develops parish budgets to ensure better tracking and forecasting of expenses.

In addition, LDVA has recently authorized the purchase of new computer equipment, printers, software upgrades, etc to upgrade aging equipment in Veteran parish service offices, to be paid for by funds from the carryover account. If any funds remain, LDVA will evaluate and determine the best way to utilize these funds in support of Veterans parish service offices.

Thanks to the work of the Veterans Assistance Counselors who staff Veteran parish service offices, all of Louisiana's 64 parishes saw an increase in the amount of VA compensation and pension dollars their Veterans received last Fiscal Year. In Fiscal Year 2014, Louisiana Veterans received over \$1.2 billion dollars in federal VA compensation and pension funds, and increase of more than \$200,000,000 over the previous Fiscal Year. (www.va.gov/vetdata/Expenditures.asp)

Recommendation 10: LDVA should strive to keep VSO staffing at a full level so Veterans in each parish have an opportunity to receive assistance with needed services.

Response: LDVA agrees with this finding. LDVA is in the process of filling all authorized vacant positions to ensure that Veterans parish service offices are fully staffed.

Former Secretary LaCerte engaged in questionable organizational, hiring, and pay practices that appear to have contributed to an environment with little accountability.

Response: LDVA agrees with this finding. Upon the resignation of David LaCerte, many of the issues cited in this section were remedied. The current Secretary has revised the Department's organizational table to reflect proper lines of supervision and has taken steps, such as filling the vacant Undersecretary position and appointing an Executive Counsel, to re-establish proper checks and balances.

The service record of former Secretary LaCerte does not support the military service cited in the biography posted on the LDVA website.

Response: As this finding falls outside LDVA's scope of responsibilities, LDVA accepts the findings cited within and supports any ongoing investigations pertaining to these findings.

In addition, LDVA senior staff have been instructed to review their current bios to ensure they match their military service.

APPENDIX B: SCOPE AND METHODOLOGY

We produced this joint investigation report under the provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended. To gather information to address the allegations received by LLA and OIG, as well as areas of concern found throughout the investigation, we performed the following steps:

- Received documentation from LDVA employees and outside stakeholders including, but not limited to, personnel and military files, organizational charts, supporting documents for contracts and work agreements, federal grant information, vehicle travel logs, out-of-state travel documents, nursing notes and incident reports, and budgets, revenues, and expenditures for the VSOs in the parishes.
- Researched relevant laws, policies, and procedures related to the matters discussed in the report.
- Received a backup of the databases of all five War Veteran Homes.
- Used ISIS/HR and Business Objects to download relevant pay, turnover, employee, and expenditure information.
- Interviewed current and former LDVA employees, as well as outside stakeholders including, but not limited to, the Real Estate Commission, Division of Administration, Governor's Office, Civil Service, Office of State Lands, Office of Contractual Review, and Headquarters Marine Corps.

APPENDIX C: PAYMENTS MADE BY PARISH

Fiscal Year 2014-2015				
Parish	2014	2015	Total	2014 Veteran population***
Acadia	\$7,425	\$9,420	\$16,845	3,798
Allen	6,924	7,698	14,622	1,880
Ascension	17,784	17,784	35,568	6,913
Assumption	15,048	15,048	30,096	1,442
Avoyelles	11,400	11,400	22,800	3,014
Beauregard	1,605	1,605	3,210	3,613
Bienville	9,636	9,636	19,272	1,101
Bossier	31,056	25,241	56,297	14,207
Caddo	45,151	40,469	85,620	22,230
Calcasieu	31,164	27,153	58,317	15,973
Caldwell	13,537	14,346	27,883	777
Cameron*	3,600	0	3,600	574
Catahoula	4,440	4,626	9,066	619
Claiborne	9,960	10,536	20,496	1,225
Concordia	10,308	11,106	21,414	1,239
DeSoto	9,622	10,337	19,959	2,022
East Baton Rouge	48,900	48,904	97,804	29,376
East Carroll	4,728	5,028	9,756	522
East Feliciana**	0	0	0	1,910
Evangeline	16,200	19,508	35,708	1,942
Franklin	17,028	17,988	35,016	1,333
Grant	2,850	1,464	4,314	1,941
Iberia	14,640	16,828	31,468	4,767
Iberville	11,732	8,000	19,732	2,407
Jackson	5,148	3,012	8,160	1,201
Jefferson	120,384	120,384	240,768	27,608
Jefferson Davis	13,632	10,416	24,048	2,054
Lafayette	38,850	40,022	78,872	15,017
Lafourche	15,617	17,925	33,542	4,959
LaSalle	10,572	10,712	21,284	976
Lincoln	9,476	9,476	18,952	2,448
Livingston	14,196	12,396	26,592	9,270

Parish	2014	2015	Total	2014 Veteran population***
Madison	\$13,788	\$14,022	\$27,810	721
Morehouse	11,688	12,271	23,959	2,077
Natchitoches	13,500	14,298	27,798	2,629
Orleans	9,000	6,750	15,750	19,100
Ouachita	32,544	32,984	65,528	10,808
Plaquemines	8,000	6,156	14,156	1,601
Pointe Coupee	7,776	5,886	13,662	1,711
Rapides	31,386	32,754	64,140	11,383
Red River	4,392	4,763	9,155	522
Richland	12,048	12,600	24,648	1,361
Sabine	14,328	15,072	29,400	1,858
St. Bernard	5,802	11,604	17,406	2,424
St. Charles	8,628	5,592	14,220	4,088
St. Helena	4,836	4,836	9,672	760
St. James	6,384	8,022	14,406	1,527
St. John the Baptist	11,436	7,080	18,516	3,135
St. Landry	24,490	30,994	55,484	5,805
St. Martin	8,916	9,108	18,024	3,297
St. Mary	16,427	16,288	32,715	3,405
St. Tammany	32,364	32,364	64,728	21,659
Tangipahoa	20,028	22,758	42,786	8,962
Tensas	4,704	4,704	9,408	441
Terrebonne	19,404	20,898	40,302	7,266
Union	8,664	9,792	18,456	1,750
Vermilion	15,756	16,524	32,280	3,315
Vernon	15,576	14,406	29,982	7,973
Washington	16,320	17,352	33,672	3,858
Webster	23,508	22,421	45,929	3,477
West Baton Rouge	4,656	4,656	9,312	1,358
West Carroll	8,064	8,490	16,554	825
West Feliciana**	0	0	0	1,418
Winn	4,667	4,128	8,795	1,273
Total	\$991,692	\$988,041	\$1,979,733	330,145

*Cameron no longer has a VSO parish office. Residents are seen by appointment only.
**Residents in East and West Feliciana obtain services from the VSO at the Louisiana War Veteran's Home in Jackson, Louisiana. There is no VSO parish office in these two parishes.
***Veteran population estimates, as of September 30, 2014, produced by the VA Office of the Actuary (VetPop 2014)
Source: Prepared by legislative auditor staff using revenue information from LDVA.