

Assurance Report

1816 Annuitant Verification

August 3, 2018

Cindy Rougeou, LASERS Executive Director
The LASERS Audit Committee

BACKGROUND, SCOPE, OBJECTIVES, AND METHODOLOGY

This was a planned engagement on the fiscal year end (FYE) 2018 Audit Plan. The fieldwork for this engagement was completed on June 27, 2018.

The scope of this engagement included a review of all annuitants over the age of 95 and any annuitants residing outside of the United States.

The primary objectives of this engagement were to verify:

- All annuitants over 95 are not deceased.
- All annuitants living outside of the United States are not deceased.

Procedures used to complete this engagement included:

- Contacting all benefit recipients over the age of 95.
- Contacting all benefit recipients living outside of the United States.
- Conducting other inquiries considered necessary to achieve engagement objectives.

This engagement was conducted in accordance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and the policies and procedures of the Audit Services Division.

BOARD OF TRUSTEES:

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Cindy Rougeou, Executive Director

ENGAGEMENT SUMMARY

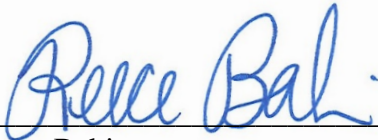
Audit Services compiled a listing of LASERS 19 benefit recipients living internationally and 348 benefit recipients age 95 years or older. Benefit confirmation forms were mailed to both groups of recipients.

Of the benefit recipients living internationally, approximately 95 percent (18) of them returned the verification form to LASERS. The remaining individual passed away and LASERS was notified during the course of the project, prior to sending the form back.

Of the benefit recipients age 95 and over, approximately 74 percent (258) of the forms were completed and returned to LASERS. Of those who did not complete a form, Audit Services made contact with 53 individuals over the telephone. Additionally, 31 of these recipients passed away during the course of the audit, prior to sending their forms back. There was one individual identified during this audit who passed away in 2013, but LASERS was never notified of this recipient's death. This resulted in a benefit overpayment of \$67,082.84. After review, it was determined to be a possible fraud case and has been turned over to the Attorney General's Office for investigation. The remaining five individuals had their benefits placed on hold after approval from the LASERS Board of Trustees at their July 2018 meeting and continue to be on hold as of the date of this report. The total monthly benefit amount for these five individuals combined is \$5,521.27.

FOLLOW-UP

No follow-up is necessary.



Reece Babin
Auditor



Ryan Babin, CIA, CISA
Audit Services Director

Cc: Maris LeBlanc
Trey Boudreaux
Tricia Gibbons
Jonathan Drago