

Office of Legislative Auditor

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Informational Report: Potential Duplication With Water Quality Programs

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About This Informational Report

Louisiana Revised Statute (R.S.) 24:522(C) requires the Louisiana Legislative Auditor (LLA) to evaluate programs and services of state government agencies and identify areas needing improvement. In the last regular session, the legislature formed the Commission on Streamlining Government (Commission), and the LLA was assigned to assist the Commission. One of the topics the Commission is focusing on is duplication of services provided by two or more programs.

To assist the Commission, we will report on areas of potential duplication by two or more agencies in delivering services. We defined duplication as identical or similar activities performed by more than one agency leading to accomplishment of the same or similar goal. We will issue individual reports addressing different areas of duplication.

We obtained information from state law, budget documents, agency interviews, and other sources. We did not conduct an audit in accordance with all government auditing standards. Though we performed procedures adequate to identify potential duplication, we did not perform sufficient procedures to make definitive conclusions or estimate potential savings, if any, that may result from any action taken by these entities to eliminate such potential duplication.

We identified potential duplication among three agencies that administer water quality programs. These agencies are the Department of Environmental Quality (LDEQ), the Department of Health and Hospitals (DHH), and the Department of Agriculture and Forestry (LDAF).

Potential Duplication Among LDAF, LDEQ, and DHH

We identified potential duplication in the following areas:

- LDEQ and DHH administer loans to finance improvement of water and wastewater systems.
- LDEQ and DHH certify labs that test water quality.
- LDAF, LDEQ, and DHH collect and test water samples for water quality programs administered by their respective agencies.

**Potential Duplication Between LDEQ and DHH -
Improvements to Water and Wastewater Systems**

Potential duplication exists because both LDEQ and DHH provide communities with low-interest loans to finance improvements to public water and wastewater systems. The LDEQ’s Clean Water State Revolving Loan Fund program has a staff of eight full-time employees. The DHH’s Drinking Water Revolving Loan Fund (DWRLF) program has a staff of 13 full-time employees. Total administrative expenditures for the two programs were \$749,107 in fiscal year 2009, and both are funded by federal Environmental Protection Agency (EPA) grants. Exhibit 1 presents information on revolving loan fund programs.

According to officials at LDEQ and DHH, both agencies have submitted budget requests to administer and streamline both revolving loan fund programs into one revolving loan fund program for both clean water and drinking water. The agencies submitted their requests through the Division of Administration’s Activity Performance Review (APR) system.

Exhibit 1 Loan Programs Administered by LDEQ and DHH			
Program	Program Activities	Staff	Administrative Expenditures FY 2009
LDEQ			
Clean Water State Revolving Loan Fund Program	Reviews loan applications and awards low-interest loans to communities for the construction or upgrade of wastewater treatment works or other water quality improvement projects	8 employees	\$350,192
DHH			
Drinking Water Revolving Loan Fund	Reviews loan applications and awards low interest loans to public water systems to institute improvements	13 employees	\$398,915
Total		21 employees	\$749,107
Source: Prepared by legislative auditor’s staff based on information provided by LDEQ and DHH.			

LDEQ

LDEQ’s Financial Services Division administers the Clean Water State Revolving Loan Fund program. R.S. 30:2078 established the loan program to offer low-interest loans to communities for the construction or upgrade of wastewater treatment complexes and other water quality improvement projects. LDEQ reviews applications and awards loans from the Clean Water State Revolving Loan Fund to communities that plan on constructing or upgrading a wastewater treatment project. The applicant for a loan must be a public entity with jurisdiction over collection, treatment, and disposal of sanitary sewage within its service area. Communities have 22 years to repay the loan to LDEQ.

LDEQ receives grant funds for the program from the EPA, which totaled \$7,456,000 for fiscal year 2009. The funding mechanism requires a 20% state match (\$1,491,200) for the EPA grants funds received. LDEQ raises the funds necessary for the 20% state match by selling state match revenue bonds. LDEQ uses interest from loan repayments by local communities that received loans to retire state match revenue bond debt. LDEQ retains 4% of the EPA grant for administrative expenses, which were \$350,192 for fiscal year 2009.

DHH

DHH's Center for Environmental Health administers the DWRLF program. The DWRLF program reviews applications and provides loans from the DWRLF to local communities to assist in financing infrastructure improvements for public water systems. Communities have 22 years to repay the loan.

DHH receives grant funds for the DWRLF program from the EPA, which awarded \$11,540,000 to the program for fiscal year 2009. The DWRLF funding mechanism also requires a 20% match for the EPA funds received. DHH raises these funds by selling state match bonds. DHH uses interest from loan repayments by local communities that received loans to retire state match revenue bond debt.

The DWRLF program loans 69% of its funds directly to public water systems that qualify for a loan and uses up to 4% for administrative expenses, which were \$398,915 for fiscal year 2009. DHH spends the remaining 27% of its funds for various drinking water quality activities.

Potential Duplication Between LDEQ and DHH - Certification of Labs

Potential duplication exists because both LDEQ and DHH certify public and private laboratories that process water quality samples. LDEQ's Louisiana Environmental Laboratory Accreditation Program (LELAP) has a staff of eight employees. DHH's Laboratory Services Section's Laboratory Accreditation Program has a staff of five employees who perform various other activities along with their accreditation work. Total fiscal year 2009 expenditures for the two programs were \$648,164, which are funded through state funds and self-generated revenue. Exhibit 2 on the following page presents information about the laboratory accreditation programs.

Exhibit 2			
Laboratory Accreditation Programs Administered by LDEQ and DHH			
Program	Program Activities	Staff	Administrative Expenditures FY 2009
LDEQ			
Louisiana Environmental Laboratory Accreditation Program	Accredits water testing laboratories that provide chemical analysis, analytical results, or other test data to evaluate the quality of water sources for LDEQ	8 employees	\$436,156
DHH			
Laboratory Accreditation Program	Accredits drinking water testing laboratories for both microbiological and chemical parameters to meet EPA standards	5 employees who work varying amounts of time	\$212,008
Total		13 employees	\$648,164
Source: Prepared by legislative auditor's staff based on information provided by LDEQ and DHH.			

LDEQ

LDEQ's Permit Support Services Division administers the LELAP. The LELAP requires accreditation of commercial laboratories that provide chemical analysis, analytical tests, or other test data to determine quality of water sources for LDEQ. The LELAP has two components: a state accreditation program and a national accreditation program.

The LELAP staff performs multiple tasks to accredit labs that conduct analysis for LDEQ. Program activities consist of proficiency testing, and initial/periodic audits to confirm compliance with methods and quality assurance systems. Fiscal year 2009 expenditures for the LELAP were \$436,156. Self-generated revenue (fees) deposited in the Environmental Trust Fund provides funding for the LELAP program.

DHH

DHH's Office of Public Health's Laboratory Services Section administers the Laboratory Accreditation Program. The accreditation activities performed by the program staff are directed at certifying laboratories that test water or food products for organisms or chemicals that harm human health.

The program staff performs multiple tasks to accredit labs that perform water quality testing activities, specifically labs that conduct analysis on the quality of water for both microbiological and chemical parameters to meet federal EPA standards. The program staff reviews the operations of laboratories to determine if the laboratories meet the requirements for the scope of accreditation sought. This includes reviewing qualifications of staff personnel, the standard operating procedures of the laboratory, and laboratories' proficiency testing data.

In addition, the program staff provides EPA Drinking Water certifications in chemistry and microbiology to Louisiana's state and municipal laboratories. State statutory funds of \$176,558 and self-generated revenue of \$35,540 (fees collected from labs that become accredited through DHH) fund the program. Fiscal year 2009 program expenditures were \$212,008.

Potential Duplication Among LDAF, LDEQ, and DHH - Collection and Testing of Water Samples

Potential duplication exists because LDAF, LDEQ, and DHH collect and test water samples to make sure water is safe to use. They use a staff of 273 employees to perform water quality collection and testing activities.

LDAF's Office of Agricultural and Environmental Sciences Pesticide program, LDEQ's Surveillance Division, DHH's Office of Public Health's Sanitarian Services Section, and DHH's Office of Public Health's Engineering Services Section collect water samples. However, all 10 LDAF staff, 22 of LDEQ's staff, all 190 of DHH's Sanitarian Services staff, and all 19 of DHH's Engineering Services staff have other job responsibilities in addition to collecting water for testing.

All three agencies also perform water testing activities. LDAF and DHH have 32 staff who test, but all 32 of these employees spend varying amounts of time performing water quality testing. As of June 1, 2009, LDEQ contracted out activities involving testing water quality to private labs, according to an agency official. This official stated that LDEQ has saved more than \$2 million as a result of contracting out testing activities.

Total fiscal year 2009 expenditures for LDAF and DHH to administer water collection and testing activities were \$4,047,034. However, this amount does not include LDAF's testing expenditures because LDAF's accounting system does not track water testing expenditures. In addition, LDEQ's accounting system does not track water sample collection expenditures, and as stated above, LDEQ has contracted out testing activities. Exhibit 3 on the following page provides more information about the programs that collect and test water samples.

Exhibit 3			
LDAF, LDEQ, and DHH Programs That Collect and Test Water Samples			
Program	Program Activities	Staff	Expenditures FY 2009
LDAF			
Pesticide Program	Collects water samples from rivers, streams, and ground water and performs tests to evaluate the current use of pesticides in Louisiana ground and surface waters	10 inspectors spend varying amounts of time collecting samples	\$141,743
		3 lab technicians spend varying amounts of time testing samples	*
LDEQ			
Surveillance Division	Collects water samples from rivers, lakes, and streams to compile data for water quality monitoring	22 employees spend varying amounts of time collecting water samples**	***
Water Quality Assessment Division	Outsources testing to ensure water quality meets its designated use (e.g., for fishing, swimming, and drinking)	Outsourced	
DHH			
Sanitarian Services Section	Collects water samples from drinking water systems for water quality monitoring programs administered by DHH's Engineering Services Section	190 sanitarians spend varying amounts of time collecting water quality samples****	\$1,417,444
Engineering Services Section		19 sanitarians spend varying amounts of time collecting water quality samples	
Lab Services Section	Tests water samples to determine if quality meets health standards established by the Safe Drinking Water Program	29 employees spend varying amounts of time testing water quality samples	\$2,487,847
Total		273 employees	\$4,047,034
<p>*LDAF's accounting system does not separate out expenditures specifically for testing of water samples. **A LDEQ official estimated that the amount of time spent by the 22 staff collecting samples amounted to one full-time equivalent employee. ***LDEQ's accounting system does not separate out expenditures specifically for the collection of water samples. LDEQ outsources its water testing activities. ****A DHH official estimated that the amount of time spent by the 190 sanitarians collecting samples amounted to 19 full-time equivalent employees. Source: Prepared by legislative auditor's staff based on information provided by LDAF, LDEQ, and DHH.</p>			

LDAF

Collection: LDAF's Office of Agricultural and Environmental Science's Pesticide program (Pesticide program) collects water samples from specified sampling sites around the state. The sites are typically in rivers, streams, and wells and are located to monitor the areas

most likely to be impacted by any agricultural pesticide usage. The Pesticide program receives its funding from EPA grants and the Pesticide Fund. LDAF has a staff of 10 inspectors who perform water quality collection activities for the program. However, the 10 inspectors are not solely dedicated to being groundwater inspectors and also work in other activities of the Pesticide program. The fiscal year 2009 expenditures for the collection mechanism of the program were \$141,743, of which \$97,713 were federal funds received through an EPA grant and the remaining \$44,030 were state funds received from the Pesticide Fund.

Testing: The Pesticide program performs tests on samples to evaluate them for the current use of pesticides in Louisiana's rivers, streams, and ground waters. The program performs tests according to the standards established by the Federal Insecticide, Fungicide, and Rodenticide Act. The program analyzes test results and takes necessary regulatory action. Two lab technicians spend varying amounts of time performing water quality tests. In addition, a third person spends approximately 50 percent of his time performing water quality testing activities. LDAF's accounting system does not allow it to separate out expenditures specifically for the testing of water samples, according to a program official.

LDEQ

Collection: LDEQ's Surveillance Division collects water quality samples from rivers, lakes, streams, and ground water to compile data for the water quality monitoring programs that LDEQ's Water Quality Assessment Division administers. Twenty-two employees spend varying amounts of time collecting water samples. An official estimated that the total amount of time spent on collection activities would be equivalent to one full-time employee. LDEQ's Surveillance Division receives its funding for the collection activities from federal EPA grants and self-generated revenue, which LDEQ collects from state water fees. LDEQ's accounting system does not allow it to separate out expenditures specifically for the collection of water samples, according to a program official.

Testing: To comply with the federal Clean Water Act, programs within the Water Quality Assessment Division outsource the testing of water to ensure that water is safe for such uses as swimming, fishing, drinking, and other uses. LDEQ's Laboratory Services Division used to test and analyze water samples for quality standards. However, LDEQ began to outsource testing activities during fiscal year 2009. As of June 1, 2009, LDEQ no longer tests and analyzes water samples for quality standards. The outsourcing of testing activities has saved LDEQ more than \$2 million, according to an agency official.

DHH

Collection: DHH's Center for Environmental Health's Sanitarian Services Section collects water quality samples from drinking water systems for monitoring programs administered by DHH's Office of Public Health's Engineering Services section. According to DHH, sanitarians also collect water samples for LDAF.

POTENTIAL DUPLICATION - WATER QUALITY PROGRAMS

A staff of 190 field sanitarians spends varying amounts of time collecting water quality samples. In addition, 19 sanitarians within DHH's Office of Environmental Health's Engineering Services Section also collect water quality samples. The fiscal year 2009 expenditures for collection services administered by Sanitarian Services and Engineering Services were \$1,417,444, which were funded by state general funds.

Testing: DHH's Laboratory Services section tests collected water samples to determine if the quality of the samples meets standards established by the Safe Drinking Water Program. According to DHH, its water quality testing program performs tests on drinking water samples that DHH's sanitarians collect from sources that are not contaminated. Twenty-nine employees spend varying amounts of time testing samples. These employees receive special training and use specialized equipment to perform water quality tests. Fiscal year 2009 expenditures for the safe drinking water testing activities were \$2,487,847. The Laboratory Services section receives funding for its testing activities from federal grants (\$408,256), self-generated revenue (\$1,271,041), and other state and local sources (\$808,550).

FOR QUESTIONS RELATED TO THIS INFORMATIONAL REPORT,
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A copy of this report is available at our Web site www.lla.la.gov.

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