



LOUISIANA  
**LEGISLATIVE  
AUDITOR**

**2024**

**ANNUAL REPORT & ACT 461 REPORT**

## OUR MISSION

*To foster accountability and transparency in Louisiana government by providing the Legislature and others with audit services, fiscal advice, and other useful information.*



**1600 NORTH THIRD STREET • P.O. BOX 94397 • BATON ROUGE, LOUISIANA 70804-9397**  
**225-339-3800 PHONE • 225-339-3870 FAX • [www.lla.la.gov](http://www.lla.la.gov) ONLINE**

**This annual report was prepared to comply with Louisiana Revised Statute 24:513 D(1).**

The purpose is to review the work of the Louisiana Legislative Auditor's (LLA) office over calendar year 2023 and to highlight significant issues involving state and local governments. The goal of summarizing these issues is to encourage corrective actions, such as improved procedures or legislative actions that will resolve or reduce the impact of these concerns and increase accountability and transparency in Louisiana government. This report also helps satisfy the annual reporting requirement of Act 461 of the 2014 Regular Legislative Session.

The report is organized into two main categories – State Government and Local Government. The State Government category is divided into specific agencies listed alphabetically. The report summaries that follow reflect only a portion of the nearly 4,300 reports released in calendar year 2023 and are representative of those issues, findings, and/or problems deemed most significant by the LLA. These summaries do not include every finding or weakness identified in 2023, but focus on the major concerns or issues facing Louisiana.

The reports contain specific recommendations and/or matters for legislative consideration and can be found on the LLA website at [lla.la.gov](http://lla.la.gov). These reports include agency responses. In some instances, changes already may have been implemented or be in progress.

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## A HISTORY OF AUDITORS



**J.B. Lancaster**  
1964-1972



**Joseph H. Burris**  
1972-1989



**Daniel G. Kyle**  
1989-2003



**Steve J. Theriot**  
2004-2010



**Daryl G. Purpera**  
2010-2021



**Michael J. Waguespack**  
2021-Present



## KEY PERSONNEL

**Michael J. “Mike” Waguespack, CPA**  
Legislative Auditor

**Beth Q. Davis, CPA**  
First Assistant Legislative Auditor

**Roger W. Harris, JD, CCEP, CFI**  
Executive Counsel and Assistant Legislative Auditor for Investigations

**Jenifer Schaye, JD, CFE**  
General Counsel

**Diane B. Allison, CPA, CGMA, CGFO**  
Assistant Legislative Auditor and Director of Local Government Services

**Victoria Hayes, CPA**  
Assistant Legislative Auditor and Director of Recovery Assistance Services

**Kenneth J. “Kenny” Herbold, ASA, EA, MAAA, CFA**  
Director of Actuarial Services

**Karen C. Leblanc, CIA, CGAP**  
Assistant Legislative Auditor and Director of Performance Audit Services

**Kathleen Stewart Richey, JD**  
State of Louisiana Child Ombudsman

**Edward P. Seyler, PhD, CIA, CGAP**  
Economist and Director of Economic Advisory Services

# A HISTORIC YEAR

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2023 brought a few more changes to the Legislative Auditor's office.

For the first time in the office's history, a woman was named to the First Assistant Legislative Auditor's position. Long-time LLA staff member Beth Davis became the First Assistant and the Director of Financial Audit Services with the retirement of her predecessor



## Your Trusted Advisors

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Michael J. "Mike"  
**Waguespack**

CPA

**Louisiana  
Legislative  
Auditor**

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in June. Not only is she the first woman to hold these positions, but she is also the first Assistant Director to be promoted directly to First Assistant Legislative Auditor.

Another big change was the creation of the Office of the State Child Ombudsman, which is housed within the LLA. Retired Juvenile Court Judge Kathleen Richey was named as the state's first child ombudsman.



Kathleen Stewart  
**Richey**

JD

**State of Louisiana  
Child Ombudsman**

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In that role, Richey monitors and evaluates agencies involved in providing services to children, reviews state policies and procedures, and develops recommendations for educational advocacy, system reform, public awareness, and training. As part of that effort, the LLA has created a website ([www.Kids4.La](http://www.Kids4.La)) to give residents several different ways to connect with her.

Our staff members earned some well-deserved honors last year, too.

Local Government Services Director Diane Allison was elected as a member at-large to the board of the Society of Louisiana Certified Public Accountants, which is the first time an LLA staff member has served on the board. Allison also received the Government Finance Officers Association of Louisiana's Pelican Award for making a significant contribution to government finance.

Actuarial Services Director Kenny Herbold was elected to the Board of Directors of the national Conference of Consulting Actuaries.

Performance Audit Services brought home some national awards for three of its reports – the National State Auditors Association’s Excellence in Accountability Award for “Election Integrity,” the National Legislative Program Evaluation Society’s Innovative Research Methods Award for “Sufficiency of the Transportation Trust Fund in Meeting the State’s Transportation Needs,” and the NLPES Impact Award for “Teacher Qualifications and Pay: Impact on Teacher Retention and Student Performance.”

Congratulations to all of you!



Michael J. “Mike” Waguespack, CPA  
Legislative Auditor



The Louisiana Legislative Auditor places a heavy emphasis on continuing professional education. This includes staying up-to-date on *Government Auditing Standards* and Ethics, among other subjects. Above, LLA staff members participate in the office’s annual Winter Training Conference in February 2024.

# CRUNCHING THE NUMBERS

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In 2023, we released **145** staff reports covering a variety of topics and state agencies, and oversaw the work of approximately **280** independent contract audit firms that conducted **4,139** audits and other types of engagements on local government entities.



In addition, we prepared fiscal notes related to **33** bills affecting the expenditures of political subdivisions and actuarial notes for six retirement bills affecting the **13** state and statewide public retirement systems. We also reviewed **2,705** millages and prepared eight legal opinions.

Approximately **240** employees work for the LLA. The majority conduct audit work in Economic Advisory Services, Financial Audit Services, Investigative Audit Services, Performance Audit Services, and Recovery Assistance Services.



Other staff members work in Actuarial Services, Advisory Services, Legal Services, and Local Government Services. Staff members in these sections provide guidance and training to state and local officials and quasi-public entities, conduct research, monitor legislative changes, provide legal opinions for staff and public officials as requested by the Legislative Auditor, and help ensure the audit law is enforced.

Staff members in the Accounting, Human Resources and Professional Development, Information Services, Publishing, and other administrative areas provide necessary support for the LLA's work.

Much of our work is required by state or federal law. Other work is the result of complaints, lawmaker requests, and our identification of risk areas in state and local governmental entities. As always, however, all of our work is driven by our mission and by our goal of helping to create a **#BetterLouisiana**.

## EMPLOYEE SPOTLIGHT



### Nora's Story

CPA, CFE, MSFAF • Investigative Audit Services

***“The most exciting thing about working here is that I get to make a real difference for the taxpayers of Louisiana. I get to make people feel heard and feel like their concerns are valid. It’s a great place to work. Everyone truly cares about their work, the mission of the agency, and helping the citizens of Louisiana.”***



# SOCIAL MEDIA

Through its different social media platforms, the LLA works to keep members of the Legislature, public officials, and the public informed about audit report releases, local government training sessions, recruiting efforts, audit resources, staff hires, staff awards and promotions, and other matters.

The LLA's YouTube channel - [www.youtube.com/user/LouisianaAuditor](http://www.youtube.com/user/LouisianaAuditor) - features videos from the Center for Local Government Excellence's 2023 training sessions, a variety of video blogs from Legal Services covering such topics as the "Lawrason Act," "Salaries in Municipalities," and "Piggybacking," and the 2023 Millage Workshops.



**Facebook:**  
*@LouisianaLegislativeAuditor*

**Twitter:**  
*@LALegisAuditor*

**LinkedIn:**  
*Louisiana Legislative Auditor*

**Instagram:**  
*louisianalegisativeauditor*



In 2023, the LLA produced 14 podcasts that focused on highlights from select audit reports. The podcasts can be found at [www.la.gov/reports/podcasts](http://www.la.gov/reports/podcasts), or listeners can subscribe to LLA Reports through iTunes, Google Play, Spotify, and Amazon Alexa.

## 2023 Episodes

*Administration of the Supplemental Nutrition Assistance Program*  
March 6, 2023

*Office of State Museum*  
March 13, 2023

*Progress Report: Medicaid Behavioral Health Services*  
March 20, 2023

*Justice Reinvestment Initiative*  
April 3, 2023

*Belle Chasse Bridge and Tunnel Replacement Project; Use of Public-Private Partnership (P3)*  
April 10, 2023

*Supplemental Nutrition Assistance Program – Employment and Training*  
April 10, 2023

*Louisiana Schools for the Deaf and Visually Impaired*  
June 26, 2023

*Elderly Protective Services*  
July 10, 2023

*Office of State Parks*  
July 17, 2023

*Medicaid Residency*  
August 21, 2023

*Child Welfare Centralized Intake*  
September 11, 2023

*Workforce Innovation and Opportunity Act*  
September 18, 2023

*Complaint Process for Students with Disabilities*  
September 25, 2023

*Evaluation of Contracts in State Government*  
November 20, 2023

## EMPLOYEE SPOTLIGHT



### Lidia's Story

CPA • Financial Audit Services

***“At LLA, we foster a friendly and collaborative culture where we work together to meet our goals. Sharing our expertise and knowledge across teams and sections is second nature, as we lend a hand to help each other succeed. Being able to work alongside intelligent, professional, and dedicated people while making a meaningful impact in the State of Louisiana by auditing various state agencies and universities is an exciting opportunity. With the prospect of learning new things every day, I am eager to be a part of such a dynamic team.”***

# LEGAL SERVICES

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Legal Services staff members represent the LLA in court matters, issue opinions, provide assistance to CPAs, local government officials, and public employees, answer public records requests, and give presentations.

In 2023, Legal issued eight written opinions to internal LLA staff, answered 969 calls from CPAs and public officials, and answered 96 public records requests.

Legal has reviewed and, when necessary, updated and amended all FAQs and White Papers located on the LLA’s website. These resources total 55 and range in topics from Public Bid Law to Sexual Harassment. Legal also has produced and posted a variety of video blogs ranging in topics from the “Lawrason Act” to defining “Immediate Family” to “Salaries in Municipalities” to “Piggybacking.” These blogs total 19.

In addition, the General Counsel and Senior Attorneys gave 17 public law presentations to 11 organizations and various public entities (e.g., St. Bernard Parish’s new Council and City of New Orleans Procurement Office and City Attorneys). They also participated in the Center for Local Government Excellence’s (CLGE) workshops in March and October. These CLGE presentations were presented in person and via streaming. Legal’s presentation topics included Governance Guidelines for New Officials, Public Laws that Affect Governments Daily, Public Bid Issues & Procedures, and Laws Impacting Local Government Entities.

The Tax Review Officer certified 2,705 ad valorem taxes in 2023, and presented four Millage Workshops – two in person and two streaming. Approximately 479 people participated in the workshops. The Millage Workshops are available on the LLA’s website and YouTube channel.

In addition, the Yearly Millage Documentation procedure was converted fully to an electronic processing procedure to provide a more streamlined and efficient method for submission of yearly millage documents by tax assessors and political subdivisions across the state.

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## Your Trusted Advisor

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Jenifer  
**Schaye**  
JD, CFE  
General Counsel

## EMPLOYEE SPOTLIGHT



### **Kristen's Story**

CIA, CGAP, MA • Performance Audit Services

*“I chose performance auditing because of the dynamic work environment. There is always something fresh to learn as our audit topics and teams change regularly. LLA’s culture provides a good work/life balance, great benefits, and a lot of professional development.”*

# STATE GOVERNMENT

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The Actuarial, Economic Advisory, Financial, Performance, and Recovery Assistance sections of the LLA perform audits and issue reports involving state agencies.

*Actuarial Services* prepares actuarial cost notes for all proposed legislation that would affect Louisiana’s public retirement systems, reviews the actuarial evaluations and audited financials of the 13 state and statewide public retirement systems, certifies cost-of-living allowances for the entities, and prepares the Annual Report on Louisiana Public Retirement Systems for the Legislature and the Governor.

*Economic Advisory Services* delves deeply into the financial implications of issues of interest to the state.

*Financial Audit Services* focuses on whether agencies and universities have adequate controls in place to ensure accountability over public funds and compliance with state and federal laws, regulations, and grant agreements.

*Performance Audit Services* evaluates the economy, efficiency, and effectiveness of state agency programs, functions, and activities.

*Recovery Assistance Services* ensures federal disaster recovery funds are spent in accordance with federal and state laws, rules, and regulations.

## Annual Comprehensive Financial Report December 31, 2023

The Annual Comprehensive Financial Report (ACFR) is the official financial report for the State of Louisiana and presents the state’s financial position as of June 30, 2023, and the operating activities of the state’s primary government and its component units for the fiscal year. The financial information included in the ACFR is intended to be used by the general public, investment companies, bond

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## Your Trusted Advisors

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Beth Q.  
**Davis**

CPA

**First Assistant  
Legislative  
Auditor and  
Director of  
Financial Audit  
Services**

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Victoria  
**Hayes**

CPA

**Assistant  
Legislative Auditor  
and Director  
of Recovery  
Assistance  
Services**

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Kenneth J. “Kenny”  
**Herbold**

ASA, EA, MAAA, CFA

**Director of  
Actuarial Services**

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holders, and bond rating agencies to evaluate the state's financial integrity and to set bond rates.

LLA's audit of the ACFR was performed in accordance with *Government Auditing Standards*, and the audit report was issued on December 31, 2023. For the **sixth consecutive report**, auditors found the state's records and statements fairly presented Louisiana's financial position.

The auditor's report also noted that as of August 2023, the Louisiana Workforce Commission had identified approximately 113,000 paid claims totaling \$922 million filed from March 15, 2020, through June 30, 2023, with various issues indicating potential overpayments to claimants.

### **Single Audit Report for 2022** *May 31, 2023*

The Single Audit Report recaps many findings related to financial reporting, including the state's expenditures of federal awards, and federal programs, most of which have been reported previously by the Legislative Auditor in individual agency reports. Federal law requires the state to compile the Single Audit every year. Officials use the information to monitor whether the state has adequate controls over financial reporting and whether it has materially complied with the requirements of federal assistance programs deemed major for the period under audit.

The 2022 Single Audit identified 35 findings, including 23 repeated from the prior audit, involving 16 state entities. This was a decrease of 34 findings compared to the Single Audit report issued in the prior year.

Certain findings resulted in modified opinions on five of the state's 20 major federal programs because they did not comply with certain requirements.

The programs given a modified (qualified) opinion were:

- *Research and Development Cluster* – For the **fourth consecutive year**, Louisiana State University Health Sciences Center - Shreveport (LSUHSC-S) did not ensure internal controls over documentation of personnel services were operating effectively and did not ensure compliance with federal guidance regarding cost transfers applicable to the Research and Development (R&D) Cluster. In addition, LSUHSC-S did not ensure that costs charged to federal awards were allowable in accordance with federal regulations and the terms and conditions of the award.

## **Your Trusted Advisors**

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**Karen C.**  
**LeBlanc**  
CIA, CGAP  
**Assistant  
Legislative Auditor  
and Director  
of Performance  
Audit Services**



**Edward P.**  
**Seyler**  
PhD, CIA, CGAP  
**Economist  
and Director  
of Economic  
Advisory Services**

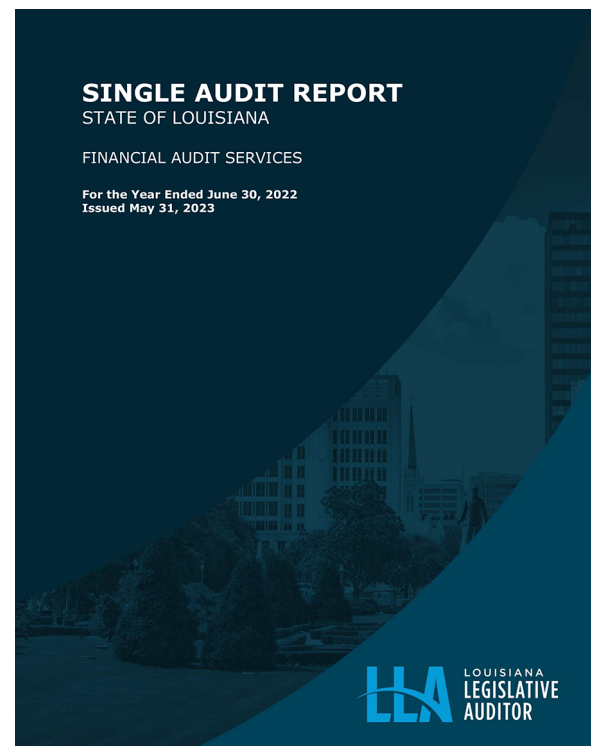
For the **second consecutive year**, the University of Louisiana at Lafayette (UL Lafayette) did not have adequate controls in place to ensure personnel expenses and effort charged to federal R&D awards accurately reflected work performed.

Also for the **second consecutive year**, UL Lafayette did not adequately monitor subrecipients of the R&D Cluster programs.

For the **fourth consecutive year**, LSUHSC-S did not have adequate controls in place to ensure compliance with special tests and provisions requirements.

- *Unemployment Insurance* - For the **third consecutive year**, the Louisiana Workforce Commission (LWC) did not have adequate internal controls and did not comply with requirements of the Unemployment Insurance federal program.
- *WIOA Cluster* - For the **fourth consecutive year**, LWC did not adequately follow up on subrecipient monitoring reports under the Workforce Innovation and Opportunity Act (WIOA) Cluster programs. WIOA program expenditures totaled \$56.5 million during state fiscal year 2022, with approximately \$46 million provided to subrecipients who were not adequately monitored.
- *Children's Health Insurance Program and Medicaid Cluster* - The Louisiana Department of Health (LDH) did not have adequate controls in place to ensure that the Magellan Medicaid Administration (Magellan) Service Organization Control (SOC) 1 type 2 report was reviewed in accordance with the Automated Data Processing (ADP) Risk Analysis and System Security Review federal requirements. LDH contracted with Magellan in fiscal year 2022 to provide services that include maintaining system controls related to the drug rebates program. LDH received the required SOC 1 type 2 report from Magellan, but was unable to provide any evidence to support its review and did not have written procedures regarding the review of the SOC report.

For the **fifth consecutive year**, LDH did not enroll and screen Healthy Louisiana managed care providers and dental managed care providers as required by federal regulations. During fiscal year 2022, the managed care plans continued to enroll and screen some managed care providers, in violation of federal regulations. As a result, LDH cannot ensure the accuracy of provider information obtained from the Louisiana Medical Assistance Program (Medicaid) managed care plans and cannot ensure compliance with enrollment requirements defined by law and the Medicaid and Children's Health Insurance Program (CHIP) state plan. LDH accepted 96 million Healthy Louisiana encounter claims totaling \$7.5 billion and 2.8 million dental encounter claims totaling \$125.8 million in fiscal year 2022 from the managed care plans and paid \$14.7 billion in Healthy Louisiana premiums and \$375.8 million in dental premiums.



Also for the **fifth consecutive year**, LDH did not perform five-year revalidations; screenings based on categorical risk of fraud, waste, or abuse; and monthly checks of the federal excluded party database, as required by federal regulations for all Medicaid and CHIP fee-for-service providers. Approximately 71% of providers with claims activity in fiscal year 2022 have not had a risk-based screening, with a majority of those providers enrolled more than five years ago. In addition, LDH did not routinely check one of the required federal databases to determine if providers have been excluded from participation in federal programs.

LDH's control over compliance with federal regulations regarding the refunding of provider overpayments to the Centers for Medicare and Medicaid Services (CMS) was not operating effectively for all quarters for the fiscal year ending June 30, 2022. In addition, LDH did not provide proper supporting documentation for the auditor to determine if the federal portion of provider overpayment collections was returned to CMS in the appropriate quarter. Provider overpayments that reached the one-year deadline in September 2021 were not accurately reported until the December 2021 CMS 64 report was completed, causing them to be late and not in compliance with federal regulations.

- *Medicaid Cluster* - For the **third consecutive year**, LDH lacked adequate internal controls over eligibility determinations in the Medicaid Program, resulting in recipients tested not having adequate documentation to support the eligibility determination or redetermination within the recipient's case record.

As a result of the findings included in the 2022 Single Audit, \$5,888,572 in costs were questioned by auditors, for which the state could be liable. The resolution of these questioned costs will be determined by the respective federal grantors.

For the fiscal year ending June 30, 2022, the state received about \$27 billion in federal funds, including loan programs, a decrease from the approximately \$28.7 billion Louisiana received in fiscal year 2021.



## **Louisiana State University Athletics Department**

*January 23, 2023*

The head football coach was overpaid \$1,001,368 in supplemental payments in fiscal year 2022 when the university made double payments in May and June 2022. In May 2022, LSU began making supplemental payments to the coach's LLC. However, LSU also erroneously continued to make supplemental payments to the coach directly, resulting in monthly double payments until management detected it in November 2022. LSU management and the coach enacted an adjusted payment schedule so the overpayment would be recouped by the end of fiscal year 2023.



## **South Louisiana Community College**

*March 13, 2023*

For the **second consecutive year**, SLCC did not remove terminated employees' access to its electronic accounting system in a timely manner. **Prior-report findings related to failure to return Title IV funds in required time frames and noncompliance with Gramm-Leach-Bliley Act requirements regarding student information security were resolved.**

## **University of Louisiana at Lafayette**

*March 27, 2023*

UL Lafayette did not bill for federal, state, local, and non-governmental grants and contracts revenue in a timely manner in accordance with contract terms and internal policy. For the **second consecutive year**, the university did not have adequate controls in place to ensure personnel expenses and effort charged to federal Research and Development (R&D) awards accurately reflected work performed. Also, for the **second consecutive year**, the university did not adequately monitor subrecipients of the R&D Cluster programs. For the **third consecutive year**, the university did not design or implement related safeguards or relate them to the risks identified in its formal Gramm-Leach-Bliley Act Regarding Student Information Security risk assessment. **Prior-year findings related to control weakness and noncompliance over return of Title IV funds, disbursements to or on behalf of students, and Higher Education Emergency Relief Fund reporting requirements were resolved.**

## **Louisiana State University and Related Campuses**

*March 29, 2023*

For the **second consecutive year**, Louisiana State University and A&M College did not have adequate controls in place to accurately maintain active and inactive Federal Perkins Loan records in accordance with federal regulations. **Prior-report findings related to noncompliance with and inadequate controls over subrecipient monitoring requirements at Pennington Biomedical Research Center, Higher Education Emergency Relief Fund costs, and Higher Education Emergency Relief Fund reporting requirements were resolved.**

## **Louisiana State University Health Sciences Center - New Orleans**

*April 3, 2023*

For the **third consecutive year**, LSUHSC-NO did not have adequate controls over project closeouts or accounting records for the Research and Development (R&D) Cluster federal program. **A prior-report finding related to weakness in controls over subrecipient monitoring of R&D projects was resolved.**

## **Baton Rouge Community College**

*April 24, 2023*

For the **third consecutive report**, BRCC did not have adequate controls in place to ensure returns of Title IV funds were calculated accurately and sent to the U.S. Department of Education in a timely manner. For the **second consecutive report**, BRCC did not ensure quarterly reports for the Higher Education Emergency Relief Funds program were accurate or the reports were publicly posted by the required deadlines. In addition, BRCC did not maintain adequate controls over the college's payroll.

## **Louisiana State University Health Sciences Center in Shreveport**

*May 10, 2023*

For the **third consecutive year**, LSUHSC-S did not adequately monitor the billing and collection services performed by a third-party servicer and the related sub-service organization. Also, for the **third consecutive year**, LSUHSC-S did not maintain adequate controls over payroll processing. For the **fourth consecutive year**, LSUHSC-S did not ensure its internal controls over documentation of personnel services were operating effectively, and did not ensure compliance with federal guidance related to cost transfers applicable to the Research and Development (R&D) Cluster.

In addition, LSUHSC-S did not ensure that costs charged to federal awards were allowable in accordance with federal regulations and the terms and conditions of the award when requesting reimbursement. For the **fourth consecutive year**, LSUHSC-S did not have adequate controls in place to ensure compliance with Special Tests and Provisions requirements. Additionally, LSUHSC-S did not follow its controls over compliance with the cash management requirements of R&D programs. **Prior-year findings related to noncompliance with joint venture agreements, inadequate controls over accounts receivable, and noncompliance with and weakness in controls over subrecipient monitoring requirements were resolved.**

## **Louisiana Board of Regents**

*June 28, 2023*

The Louisiana Universities Marine Consortium (LUMCON), a program of Regents, did not ensure all purchases of movable property were tagged properly and in a timely manner and recorded in the state property system as required by regulations.

## **Elaine P. Nunez Community College**

*August 16, 2023*

The college did not have adequate controls over student accounts that had suspected fraudulent activity. **A prior-report finding related to inadequate controls over refund tables was resolved.**

## **L.E. Fletcher Technical Community College**

*August 23, 2023*

The college did not have adequate controls over its bank reconciliations and did not maintain adequate controls over its accounts receivable and payable.

## **Louisiana State University at Shreveport**

*August 23, 2023*

For the **second consecutive report**, LSUS did not ensure bank reconciliations were properly prepared. In addition, LSUS did not accurately and timely record transactions in its accounting systems. Also, for the **second consecutive report**, LSUS did not maintain adequate controls over payroll processing. **Prior-report findings related to lack of controls over outstanding student account balances and possible improper one-time salary supplement to employees were resolved.**

## **Student Tuition Assistance and Revenue Trust (START) Programs**

*December 11, 2023*

The Louisiana Office of Student Financial Assistance did not have adequate controls over financial reporting to ensure the programs' financial statements were accurate and complete. As a result, numerous adjustments were required, some of which were material.



## **BOARDS, COMMISSIONS, AND OTHER GOVERNING BODIES**

### **Louisiana State Board of Optometry Examiners**

*March 13, 2023*

For the **second consecutive year**, the board did not have proper controls over non-payroll disbursements, bank reconciliations, or collections. In addition, the board allowed the Louisiana Optometry Association – a private entity – to use some of its resources, which is a potential violation of state law. The board engaged a CPA firm, which reported \$428,849 in potential shared expenses from 2014 to 2021, of which \$59,288 was expended in 2021. Also, for the **second consecutive year**, the board did not have written policies and procedures for some of its primary financial and business functions, and did not maintain sufficient documentation for its 2021 budget. Additionally, the board did not have contracts with three vendors who provided accounting, legal, and continuing education auditing services totaling \$30,997 in calendar year 2021. **Prior-report findings related to insufficient payroll records, potential prohibited payment to employee, untimely payroll tax filings, noncompliance with sexual harassment laws and regulations, and required ethics training not completed were resolved.**

## **Louisiana Utilities Restoration Corporation**

*May 24, 2023*

The corporation did not ensure all of its bank deposits were secured in accordance with state law. As of June 30, 2022, deposits totaling \$19.7 million were uninsured, uncollateralized, and exposed to potential loss. The corporation was created in 2007 in the wake of hurricanes Katrina and Rita to provide electric utilities with low-cost capital through the issuance of system restoration bonds. The outstanding bonds and system restoration charges assessed to pay the bond obligations increased in fiscal year 2022 because of the issuance of \$3.2 billion in bonds as a result of hurricanes Laura, Delta, Zeta, and Ida, and winter storm Uri.

## **Louisiana Cemetery Board**

*May 25, 2023*

For the **third consecutive report**, the board credit card was used to pay for four lunches that appeared to have no public purpose. Also, for the **third consecutive report**, the board did not obtain an appropriate approved contract for a vendor who was paid \$14,456 for providing information technology services in fiscal years 2021 and 2022. In addition, the board did not have written policies and procedures regarding disaster recovery/business continuity and did not ensure bank reconciliations were properly prepared and reviewed. The board did not comply with the state law requiring it to institute a policy to prevent sexual harassment that includes annual training for board members and staff, annual reporting to the Division of Administration, and the posting of the board's harassment prevention policy, as well as complaint and grievance procedures, on its website.

## **Road Home Corporation d/b/a Louisiana Land Trust**

*June 28, 2023*

For the **third consecutive year**, the Louisiana Land Trust (LLT) did not have adequate controls in place over its financial reporting. The agency's Annual Fiscal Report, financial statements, and note disclosures contained errors that required adjustments. **Prior-report findings related to failure to maintain accurate leave balances and weakness in controls over expenses were resolved.**

## **Louisiana Tax Free Shopping Commission**

*August 16, 2023*

The commission did not report or remit \$149,894 in outstanding checks held for more than a year to the State Treasurer as unclaimed property, as required by state law. In addition, some of the money, which was owed to international shoppers for the refund of sales taxes, was spent on operations costs. **Prior-report findings related to lack of controls over bank reconciliations, untimely deposits of fees and sales tax reimbursements, failure to certify and approve time and attendance records, and required ethics and sexual harassment training not completed were resolved.**

## Boards, Commissions, and Like Entities

October 18, 2023

The Louisiana Boards & Commissions website contained information on 483 boards as of June 30, 2023, which was an increase of five from fiscal year 2022. Eleven boards were added in fiscal year 2023, but six boards were removed, resulting in the increase. In addition, two boards did not respond to a request for personnel data and financial information. Of the two, one did not answer a similar request the previous year. Fourteen boards were identified as inactive, including 10 that were listed as inactive in fiscal 2022. Thirty-nine boards that reported their status as active had not reported any meeting notices or minutes since December 31, 2019. Nine of the 39 also did not list any board members on the Boards & Commissions website. For fiscal year 2023, the boards collectively reported budgeted payments to board members of approximately \$1.5 million for per diems, \$2.5 million for salaries, and \$2.3 million for travel expenses.



## DEPARTMENT OF CHILDREN AND FAMILY SERVICES

### Supplemental Nutrition Assistance Program - Employment and Training

April 5, 2023

(Podcast Available)

While the Department of Children and Family Services (DCFS) increased the number of Supplemental Nutrition Assistance Program employment and training (SNAP E&T) providers that offered voluntary services from four in federal fiscal year (FFY) 2018 to 29 in FFY 2022, not all SNAP recipients had in-person access to these services. In addition, the number of SNAP E&T participants decreased from 19,628 in FFY 2018 to 1,370 in FFY 2022 because the program became voluntary in October 2020. However, the number of voluntary participants increased from 486 to 1,370 over the same period. SNAP E&T expenditures also increased from \$1.8 million in FFY 2018 to \$8.3 million in FFY 2022. However, more than half of participants did not receive supportive services through SNAP E&T. Federal performance outcome measures showed mixed results. For example, median quarterly wages after program completion increased from \$3,225 in FFY 2018 to \$3,614 in FFY 2021, but the percentage of participants completing program components decreased from 70% to 40.8%. DCFS also could enhance its oversight and identify potential instances of noncompliance by analyzing service and expenditure data on a routine basis.

SNAP E&T offers a way for SNAP recipients to meet work requirements stipulated in federal law through SNAP E&T programs that may assist participants in job searches, job skills training, education, and work experience, and provide supportive services like transportation and child care to help reduce barriers to employment and training.

## Louisiana Department of Children and Family Services

May 8, 2023

For the **11th consecutive year**, DCFS did not ensure all work activity supporting documentation for cash assistance recipients was accurate and maintained as required by the Temporary Assistance for Needy Families (TANF) program. In addition, DCFS did not have a formalized process in place to ensure \$16 million in TANF grant funds transferred to the Social Services Block Grant (SSBG) was used only for programs or services for children or their families whose income was less than 200% of the poverty level. This is the **second consecutive year** weaknesses over TANF transfers to SSBG have been reported. DCFS also failed to follow its policies and procedures related to the certification and approval of time sheets and did not report sub-awards in compliance with the Federal Funding Accountability and Transparency Act for the Foster Care – Title IV-E and TANF programs, as required by federal regulations.

Additionally, DCFS did not accurately enter federal award expenditure information into its financial management system. During fiscal year 2022, DCFS' Fraud and Recovery Unit identified one former employee who received improper benefits under the Supplemental Nutrition Assistance Program and two former employees who violated department policy as well as state law related to payroll. DCFS also did not adequately review subrecipient Foster Care invoices submitted by the Office of Juvenile Justice to ensure billings were calculated accurately.

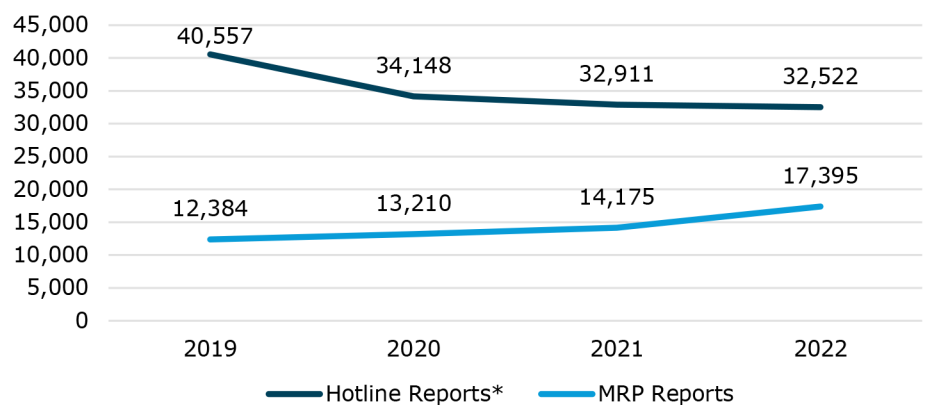
### Child Welfare Centralized Intake

September 6, 2023

(Podcast Available)

The majority of reports of potential child abuse/neglect made through the DCFS Centralized Intake processes in fiscal years 2018 through 2022 came from mandatory reporters such as school personnel and medical professionals. In addition, emergency reports submitted through the Mandated Reporter Portal increased from 239 reports in fiscal year 2019 to 352 reports in fiscal year 2022, even though mandatory reporters were instructed to make emergency reports through the Centralized Intake hotline. DCFS also did not have performance targets for the hotline, including wait time, callbacks, and the number of calls abandoned, that would help it evaluate Centralized Intake's performance and determine appropriate staffing levels. DCFS did reduce the risk of incorrectly accepting or not accepting reports of child abuse and neglect by requiring two levels of review for each intake decision.

**Reports of Child Abuse/Neglect Received, by Method  
Fiscal years 2019 through 2022**



\*Includes reports made in person at DCFS local offices.

Source: Prepared by legislative auditor's staff using data received from DCFS' ACCESS system

## DEPARTMENT OF EDUCATION

### Louisiana Department of Education

May 17, 2023

For the **second consecutive report**, the Louisiana Department of Education (LDOE) did not comply with Federal Funding Accountability and Transparency Act reporting requirements. Specifically, LDOE reported incorrect information, did not submit reports in a timely manner, reported duplicate amounts, and did not enter certain sub-awards. In addition, LDOE overpaid six child care providers by a total of \$59,063. During its review of payments to child care providers, LDOE also identified overpayments to 11 providers totaling \$887,212. **Prior-report findings related to misappropriated funds in the Child Care Assistance Program, incorrect reporting of expenditures on the Schedule of Expenditures of Federal Awards, and noncompliance with Student Scholarships for Educational Excellence Program scholarship payment and reporting requirements were resolved.**

### Complaint Process for Students with Disabilities Receiving Special Education Services

September 20, 2023

(Podcast Available)

As of October 2022, 89,681 (13.1%) of 685,606 kindergarten through 12th grade public-school students in Louisiana had a disability and were receiving special education services. The Louisiana Department of Education (LDOE) investigated and rendered decisions on 61 formal complaints in academic year 2021-2022. However, it did not address allegations in 42 additional emails it received through its dispute resolution email. LDOE could increase trust in its complaint process by making it more accessible, user friendly, and transparent. In addition, LDOE should increase its outreach to parents of students with disabilities, help them navigate the system, and answer questions about the dispute resolution process. A parent survey, interviews with parents and other stakeholders, and interviews described in LDOE's consultant's report on the dispute resolution process found many parents lacked trust in this process. For example, of the 17 complaints LDOE dismissed during academic year 2021-2022, eight (47.1%) were because of insufficient or incomplete information. LDOE did not always reach out to parents during a complaint investigation, but did reach out to the school systems, which may have contributed to parents' perception that the process was unfair and complaints were not thoroughly investigated.

## DEPARTMENT OF HEALTH

### **Progress Report: Medicaid Behavioral Health Services**

*March 15, 2023*

(Podcast Available)

The Louisiana Department of Health's (LDH) progress in addressing issues identified by the Louisiana Legislative Auditor's Office (LLA) in the behavioral health program was mixed in terms of LDH's implementation of previous recommendations. Between May 2019 and March 2021, the LLA released five reports that identified ways LDH could strengthen its oversight of Specialized Behavioral Health (SBH) services. LDH implemented three of the recommendations, resulting in a decrease in potential improper payments from \$10.7 million to \$631,195. LDH contracted with a vendor to implement two of the recommendations, but did not implement two other recommendations. As a result, approximately \$13.5 million in potentially improperly billed or paid services was identified. Additional procedures LDH could put into place to identify high risk providers and potentially improper SBH claims and encounters were suggested, such as monitoring for services provided to children under age 2 and instances where individuals received more than four hours of services in a day.

### **Louisiana Department of Health**

*April 12, 2023*

For the **fifth consecutive year**, LDH did not enroll and screen Healthy Louisiana managed care providers and dental managed care providers as required by federal regulations and did not perform five-year revalidations; screenings based on risk of fraud, waste, or abuse; and monthly checks of the federal excluded party database, also as required by federal regulations for all fee-for-service providers. For the **second consecutive year**, LDH did not have adequate controls in place to ensure its financial reports were accurate, complete, and prepared in accordance with instructions from the Division of Administration, Office of Statewide Reporting and Accounting Policy. For the **third consecutive year**, LDH lacked adequate internal controls over eligibility determinations in the Medicaid program and the Children's Health Insurance Program (CHIP). LDH's control over compliance with federal regulations related to the refunding of provider overpayments to the Centers for Medicare & Medicaid Services did not operate effectively for fiscal year 2022.

LDH also did not have adequate controls in place to ensure that the Magellan Medicaid Administration Service Organization Control 1 type 2 report was reviewed according to federal requirements for fiscal year 2022. Additionally, the Office of Public Health (OPH) did not ensure payroll expenditures were certified and approved in a timely manner for the WIC Special Supplemental Nutrition Program for Women, Infants, and Children, the Public Health Emergency Preparedness program, the Epidemiology and Laboratory Capacity for Infectious Diseases program, and the HIV Prevention Activities Health Department Based program. This is the **third consecutive year** this finding has been reported for the Public Health Emergency Preparedness program and the HIV Prevention Activities Health Department Based program, and the **second consecutive year** for the WIC Special Supplemental Nutrition Program for Women, Infants, and Children and the Epidemiology and Laboratory Capacity for Infectious Diseases program.



LDH also did not follow established payroll policies and procedures for the certification and approval of time sheets and the approval of leave requests. For the **second consecutive year**, LDH failed to properly implement and monitor National Correct Coding Initiative Requirements for Medically Unlikely Edits and Procedure-to-Procedure Edits for Medicaid fee-for-service claims. Also, for the **second consecutive year**, LDH did not have adequate controls in place to monitor its contract with Magellan and was unable to identify a control to address the timely collection of partially paid drug rebates invoices. For the **fourth consecutive year**, LDH, the managed care organizations, and Magellan did not have adequate controls in place to ensure that behavioral health services in the Medicaid and CHIP programs were properly billed and that improper encounters were denied. In addition, for the **fourth consecutive year**, LDH did not have adequate controls in place to ensure compliance with federal regulations prohibiting the use of federal funding for abortion claims.

Prior-year findings related to failure to provide a listing of food benefits paid for the WIC program, lack of internal controls over program expenditures, inadequate controls over required reporting on the Schedule of Expenditures of Federal Awards, inadequate controls over payroll for the Office of Behavioral Health, inadequate controls over waiver and support coordination service providers, inadequate controls over backup and recovery for OPH, noncompliance with prenatal service third-party liability requirements, inadequate controls over service providers with closed enrollment, and noncompliance with third-party liability assignment were resolved.

### **Northwest Louisiana Human Services District**

*July 5, 2023*

For the **second consecutive year**, the district failed to submit delinquent account balances to the Office of Debt Recovery in a timely manner. In addition, the district did not maintain adequate controls over payroll processing. As a result, time and attendance records were not certified and/or approved in a timely manner.

### **Imperial Calcasieu Human Services Authority**

*August 16, 2023*

For the **fourth consecutive report**, the authority failed to submit delinquent patients' account balances to the Office of Debt Recovery (ODR) in accordance with contract terms and internal policy. In addition, for the **second consecutive report**, employees failed to reconcile patient accounts with ODR records. **Prior-report findings related to inaccurate reporting of accounts receivable and inadequate controls over subrecipient agreements and monitoring were resolved.**

## **Medicaid Residency**

*August 16, 2023*

(Podcast Available)

LDH paid approximately \$112.6 million in per-member per-month (PMPM) fees to managed care entities (MCEs) for 13,771 adult Medicaid beneficiaries who did not appear to have lived in Louisiana during the period covered by the PMPMs. Of that amount, approximately \$3.0 million was paid from June 2019 through February 2023 for 380 beneficiaries who were identified as living out-of-state in LDH's Medicaid eligibility system. In addition, the MCEs paid \$92,087 to out-of-state service providers after LDH's Medicaid eligibility system listed these individuals as living outside of Louisiana. From September 2016 through February 2023, LDH paid approximately \$109.5 million for 13,391 beneficiaries who had obtained a driver's license in another state according to Office of Motor Vehicles data. The MCEs paid about \$2.8 million to out-of-state service providers after these beneficiaries obtained an out-of-state driver's license. In addition, 3,633 beneficiaries were enrolled in Louisiana's Medicaid program from May 2017 to February 2023 who only received services from out-of-state providers.

## **South Central Louisiana Human Services Authority**

*December 11, 2023*

The authority may have violated several state laws through the improper use of its Employee Social Affairs Committee (ESAC) bank account. The authority used the account to give optional pay to an ineligible probationary employee, and deposited the proceeds from office football pools into the account. In addition, the authority may have violated the Local Government Budget Act by failing to include the ESAC funds in a properly adopted budget.



**DEPARTMENT OF JUSTICE**

## **Louisiana Department of Justice**

*August 30, 2023*

The Department of Justice (DOJ) did not have adequate controls in place to ensure that proceeds received were classified in a timely manner to the Legal Support Fund or that notification of deposits into the fund was provided in a timely manner to the state treasurer, the Joint Legislative Committee on the Budget, and the commissioner of administration, as required by state law. In addition, DOJ did not remit deposits held within the Going-Out-of-Business (GOB) Escrow Fund for more than one year to the unclaimed property division of the State Treasury, as required by state law. As of June 30, 2022, the fund contained \$65,167 in deposits that had been held for more than a year.

## DEPARTMENT OF NATURAL RESOURCES

### Louisiana Department of Natural Resources

May 1, 2023

For the **second consecutive report**, the Department of Natural Resources (DNR) did not work with the Office of Technology Services to provide adequate continuity of operations planning for each of the agency's offices. Although DNR improved its existing plans, the plans still lacked complete information for certain areas.



## DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS

### Justice Reinvestment Initiative - Savings and Expenditures

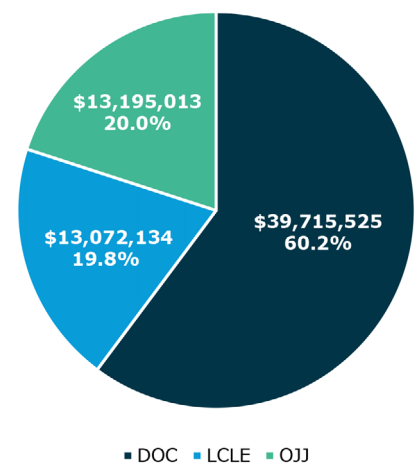
March 29, 2023

(Podcast Available)

The Justice Reinvestment Initiative (JRI) was reviewed to determine whether the Department of Corrections (DOC) correctly calculated savings from the initiative and how DOC, the Louisiana Commission on Law Enforcement (LCLE), and the Office of Juvenile Justice (OJJ) spent their JRI funds. DOC made data entry errors that overstated total actual JRI savings by \$202,714, or 0.5%, of the \$37.8 million in savings the department calculated.

In addition, during fiscal years 2019 through 2022, DOC spent \$39.7 million of its \$54.6 million JRI allocation on efforts to enhance reentry services and reduce recidivism. LCLE spent \$13.1 million in JRI funds on services for crime victims. Additionally, during fiscal years 2020 through 2022, OJJ spent \$4.5 million of JRI funds on alternatives to detention contracts, \$4.7 million on diversion programs, and \$4 million on its non-secure residential program.

**JRI Expenditures by Agency  
Fiscal Years 2019-2022**



**Source:** Prepared by legislative auditor's staff using information from LaGov, DOC, OJJ, and LCLE

### Louisiana Department of Public Safety and Corrections - Youth Services - Office of Juvenile Justice

April 19, 2023

OJJ did not adequately review Foster Care invoices submitted to DCFS for reimbursement to ensure billings were accurately calculated. Based on the methodology used, DCFS overpaid OJJ by \$128,236 in the quarter ending December 2021.

## **Louisiana Department of Public Safety and Corrections – Corrections Services**

*September 6, 2023*

For the **third consecutive report**, the department did not have an adequate review process in place for subsequent changes to inmate time computations to ensure they complied with department policies related to application of credits and forfeitures and to ensure complete and accurate information was kept in the department’s computer system. **Prior-report findings related to noncompliance with Civil Service rules and inadequate controls over inventory were resolved.**

## **Louisiana Department of Public Safety and Corrections – Public Safety Services**

*December 11, 2023*

For the **second consecutive report**, the Office of the State Fire Marshal (OSFM) did not certify and approve time sheets in a timely manner, as required by department payroll policies. In addition, the Office of State Police (OSP) (for the **fifth consecutive report**) and OSFM (for the **third consecutive report**) did not ensure all property purchased was tagged and recorded in the state property system in a timely fashion. Also, for the **third consecutive report**, OSP did not ensure certain purchases made with the LaCarte card followed state purchasing regulations. **A prior-report finding related to untimely deposit of fees for the Concealed Handgun Permit Fund was resolved.**



## **DEPARTMENT OF REVENUE**

## **Louisiana Department of Revenue**

*March 1, 2023*

The Louisiana Department of Revenue (LDR) incorrectly reported revenue received and the accounts receivable balances in its 2022 Annual Fiscal Report. Sales, corporate, and individual tax modified revenues were understated by \$39.5 million and modified receivables were understated by \$32.2 million because of the omission of \$7.3 million of hotel/motel sales tax revenues and \$32.2 million of pending sales, corporate, and individual tax receivables. In addition, LDR did not have adequate controls over its payroll processing. Some employee time statements were not certified and/or approved in a timely manner or at all. Also, LDR did not have adequate controls over procedures related to making changes to the agency’s Human Resources master data. **Prior-report findings related to weaknesses in controls over the Gentax System and noncompliance with tax incentive and exemption reporting to the State Legislature and the Governor were resolved.**

## DEPARTMENT OF STATE CIVIL SERVICE

### Louisiana Department of State Civil Service

September 20, 2023

For the **fourth consecutive report**, the Louisiana Board of Ethics (BOE) did not submit delinquent debts to the Attorney General's office in a timely manner for collection. As of April 19, 2023, the BOE website noted 2,476 outstanding late fees totaling \$3.6 million from campaign finance disclosure reports, lobbying expenditure reports, and personal financial disclosure statements.



## DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT

### Belle Chasse Bridge and Tunnel Replacement Project; Use of Public-Private Partnership

April 5, 2023

(Podcast Available)

The Department of Transportation and Development (DOTD) did not have a process to determine when to use a public-private partnership for a project, although it developed a set of procurement guidelines for the Belle Chasse P3 project. In addition, the total contract cost was expected to be \$170 million, DOTD negotiated a reduced toll rate for Plaquemines Parish residents driving a Class 1 automobile with a toll tag, and the developer potentially could collect toll revenues in excess of \$748.2 million over the 30-year contract. DOTD also could receive a share of toll revenue in excess of \$22.2 million over this 30-year period. Had the state identified at least \$111.1 million in additional funding, DOTD could have built the bridge without a toll.

#### Expected Use of Toll Revenues



Source: Prepared by legislative auditor's staff using information provided by the developer.

### Louisiana Department of Transportation and Development

April 26, 2023

For the **fourth consecutive year**, DOTD did not have adequate controls in place to make sure close-out documentation for federal projects was completed and submitted in a timely manner.

## DEPARTMENT OF THE TREASURY

### **Louisiana Main Street Recovery Program: Louisiana Loggers Relief Program and Louisiana Save Our Screens Program**

*April 5, 2023*

More than \$7.36 million in grants awarded through the Main Street Recovery Program for the Louisiana Loggers Relief Program and the Louisiana Save Our Screens Program was examined. One exception totaling \$25,000, or 0.34%, of the \$7.36 million was found. Treasury management issued a formal demand letter to recover the associated grant award funds.

The Louisiana Department of the Treasury is the state agency responsible for administering the Main Street Recovery Program: Louisiana Loggers Relief Program and the Louisiana Save Our Screens Program under the authority granted to it by Act No. 410 of the 2021 Regular Legislative Session and Act No. 497 of the 2022 Regular Legislative Session.



## EXECUTIVE DEPARTMENT

### **Coastal Protection and Restoration Authority**

*March 6, 2023*

The Coastal Protection and Restoration Authority (CPRA) submitted an inaccurate Annual Fiscal Report to the Office of Statewide Reporting and Accounting Policy for the state's Annual Comprehensive Financial Report. The Annual Fiscal Report had errors that resulted in a net understatement of nearly \$12 million and required audit adjustments. [A prior-year finding related to noncompliance with certain subrecipient monitoring requirements related to Gulf of Mexico Energy Security Act \(GoMESA\) funds was not repeated in the audit report because CPRA management has been working to get clarification from the federal government on the issue.](#)

### **Governor's Office of Homeland Security and Emergency Preparedness - Public Assistance and Hazard Mitigation Programs - July 1, 2022, to June 30, 2023**

*April 10 and April 12, 2023; September 13 and September 21, 2023*

Auditors evaluated the completeness and accuracy of documentation submitted in support of federal reimbursements under the Public Assistance and Hazard Mitigation programs. In fiscal year 2023, auditors conducted 6,131 reviews of federal reimbursement requests totaling \$1,541,815,931 and identified \$294,394,346 in requests that were not supported by sufficient documentation at the time of the review. During the same period, the management of the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) resolved \$131,150,477 in requests that were not supported by sufficient documentation noted during the current and previous fiscal years.

## Executive Department

May 11, 2023

The Louisiana Office of Community Development (LOCD) identified \$2.6 million in Small Rental Property Program loans for nine property owners who failed to comply with one or more of their loan agreement requirements and were assigned to loan recovery status. In addition, 1,147 noncompliant loans identified in previous years totaling \$104.5 million remain outstanding. LOCD also identified \$121,650 in noncompliant Restore Louisiana Homeowner Assistance Program awards for eight homeowners. For the **second consecutive year**, the office did not comply with Federal Funding Accountability and Transparency Act reporting requirements for the Community Development Block Grant (CDBG) program.

Also, the Office of Finance and Support Services did not have effective controls over financial reporting for the Office of Technology Services. **A prior-year finding related to weakness in controls over information technology security was resolved. A previous finding related to inadequate grant recovery of Homeowner Assistance Program awards was not repeated this year because LOCD did not identify any new noncompliant HAP awards for the CDBG program in fiscal year 2022. However, as of June 30, 2022, 27,491 noncompliant files totaling \$899.8 million identified in previous years were still outstanding.**

## Elderly Protective Services

July 5, 2023

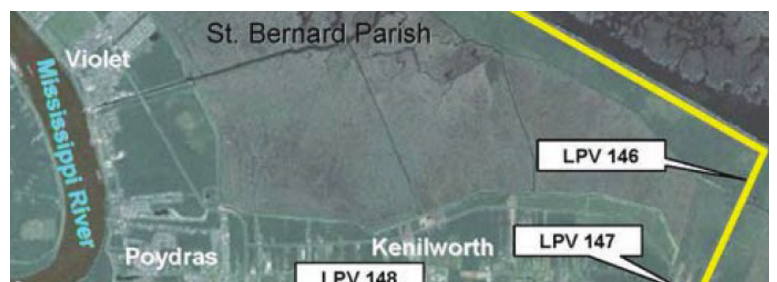
(Podcast Available)

The Elderly Protective Services (EPS) program might not be receiving all reports of elder abuse and neglect, has not developed sufficient criteria to help ensure its intake staff make consistent and appropriate decisions about which cases are eligible for assistance, and needs to develop clear guidance on what circumstances might warrant an escalated response priority. In addition, EPS does not always meet required timeframes when assigning reports of abuse and neglect or investigating and closing cases, does not detail investigation procedures for physical abuse and neglect cases that involve a client's death, and does not always develop service plans to address each problem identified during case investigations and follow up to ensure clients receive specified services.

## Coastal Protection and Restoration Authority - Greater New Orleans Hurricane and Storm Damage Risk Reduction System

August 2, 2023

Auditors analyzed the state's share of the costs for a segment of the Lake Pontchartrain and Vicinity levee project to confirm there was supporting documentation. They found applicable documentation to support the total \$98,483,718 analyzed. The levee is part of the Greater New Orleans Hurricane and Storm Damage Risk Reduction System.



**LPV 146 is a project segment of the Lake Pontchartrain and Vicinity Projects designed to bring the HSDRRS to the 100-year level of flood protection. LPV 146 is located in St. Bernard Parish, Louisiana.**

## **Coastal Protection and Restoration Authority - Gulf of Mexico Oil Spill Restoration**

*September 20, 2023*

Auditors performed procedures on documentation for 1,233 expenditures totaling \$191,888,432 and no exceptions were found.

## **Evaluation of Contracts in State Government**

*November 15, 2023*

(Podcast Available)

The Office of State Procurement (OSP) reviewed and approved 440,783 contracts totaling \$44.6 billion from fiscal years 2016 through 2022. The Medical Vendor Administration (Medicaid), Office of Group Benefits (OGB), and Office of Public Health (OPH) combined had the highest dollar amount of contracts at \$24.3 billion. Under state law, OSP can delegate authority to state agencies to enter into contracts under certain circumstances and within certain dollar limits. State agencies used this delegated purchase authority for 14,677 contracts totaling approximately \$3.3 billion. However, OSP did not have a process to monitor agencies to ensure they did not exceed their delegated authority. In fiscal year 2022, the average completion time for the Request for Proposals process was 286 days, which is higher than OSP's internal goal of 232 days.

In addition, OSP used multiple data systems and applications to manage its procurement activities, which created inefficiencies in the process. State law only requires agencies to evaluate contract vendors at the end of the contract, and OSP did not review the evaluations or work with agencies to ensure the evaluations contained needed information. Between fiscal years 2016 and 2022, turnover at OSP ranged from 13.0% to 21.2%. Additionally, the state agencies surveyed for this report said OSP could improve its communication and the training it provides to user agencies.

## **Coastal Protection and Restoration Authority - Natural Resource Damage Assessment and Restoration (NRDAR) Funds - April 20, 2011, to December 31, 2019**

*December 11, 2023*

Auditors performed procedures on NRDAR funds reported on Statements of Receipts and Expenditures totaling \$351,433,230 for receipts and \$233,050,101 for expenditures and found no exceptions.

## **Office of Group Benefits**

*December 27, 2023*

For the **sixth consecutive year**, OGB's annual fiscal reports submitted to the Office of Statewide Reporting and Accounting Policy contained errors requiring audit adjustments.



## LOUISIANA SUPREME COURT

### Louisiana Supreme Court

September 20, 2023

The court's Office of the Judicial Administrator is paying administrative expenses for the Judges' Supplemental Compensation Fund (JSCF) with state general funds appropriated for the office's operations. Under state law, the administrative expenses are required to be paid with the proceeds of the JSCF. In addition, civil filing fees collected by the clerks of court are being sent to the judicial administrator's office instead of the State Treasurer for deposit into the JSCF, as required by state law. Also, two judges were overpaid a total of \$1,828 for lodging expenses. [Prior-report findings related to lack of controls over movable property and weaknesses in controls over payroll taxes were resolved.](#)



## LOUISIANA WORKFORCE COMMISSION

### Louisiana Workforce Commission

May 1, 2023

For the [third consecutive year](#), the Louisiana Workforce Commission (LWC) had inadequate controls over and did not comply with requirements of the federal Unemployment Insurance program. For the [fourth consecutive year](#), LWC did not adequately follow up on subrecipient monitoring reports under the Workforce Innovation and Opportunity Act Cluster programs. [Prior-year findings related to noncompliance with requirements for the Reemployment Services and Eligibility Assessment Program, inadequate controls over interstate billing and employer charging requirements, noncompliance with reporting requirements for the Federal Funding Accountability and Transparency Act, and unexecuted source code escrow agreement were resolved.](#)

### Workforce Innovation and Opportunity Act

September 13, 2023

(Podcast Available)

The administration of the Workforce Innovation and Opportunity Act (WIOA) Title I and Title III programs involves many agencies and entities. During fiscal years 2018 through 2022, Louisiana spent \$274.6 million on the Title I and III programs. In addition, in fiscal years 2019 and 2022, the two programs enrolled only a small percentage of the individuals potentially eligible for them. Louisiana participants gained credentials and skills at a higher rate than participants in other states, but obtained jobs at a lower rate. Additionally, while the majority of participants who exited the programs in fiscal years 2019 and 2021 found employment afterward, their earnings were often lower than before they participated in the programs and were not high enough to make them self-sufficient.

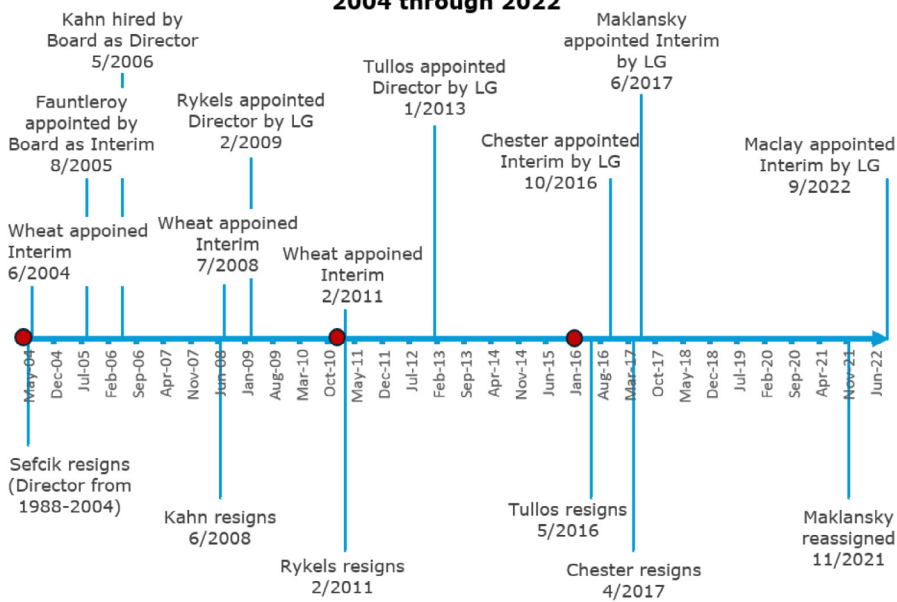
**Office of State Museum**

March 8, 2023

(Podcast Available)

The Office of State Museum (OSM), which manages a nine-museum system, has not had a permanent museum director since May 2016, which has resulted in inconsistent leadership. In addition, OSM does not have a comprehensive strategic plan or a detailed budget for the museum system or its exhibits. Reduced staffing has led to low employee morale and OSM does not have accurate visitation data for each museum. OSM also does not have dedicated resources for museum marketing, including a budget, plan, and specialized staff. OSM should work to increase its fundraising efforts and strengthen its internal controls over the grants and contracts that flow through support organizations.

**Museum Director Timeline  
2004 through 2022**



● Indicates Lieutenant Governor change  
 Source: Prepared by legislative auditor's staff using information from LaGov.

**Department of Culture, Recreation, and Tourism**

May 17, 2023

For the **second consecutive report**, the Department of Culture, Recreation, and Tourism's (CRT) Office of State Museum (OSM) did not have appropriate policies or sufficient internal controls related to guest stays at a specially designated apartment in the Lower Pontalba Building. OSM also did not ensure prior authorization was obtained for purchases made with funds dedicated through the Irby Public Trust. For the **third consecutive report**, OSM did not ensure admission fees for the Wedell-Williams Aviation and Cypress Sawmill Museum were deposited in a timely manner. For the **second consecutive report**, the Office of State Parks did not have adequate controls over admission fee waivers and discounts, which may have resulted in uncollected revenue. CRT did not have adequate controls in place to ensure proper prior authorization was obtained for travel expenditures. **Prior-report findings related to weakness in controls over payroll, incorrect admission fees for the Rosedown Plantation and Historic Site, and weaknesses in controls over contracts were resolved.**

## Office of State Parks

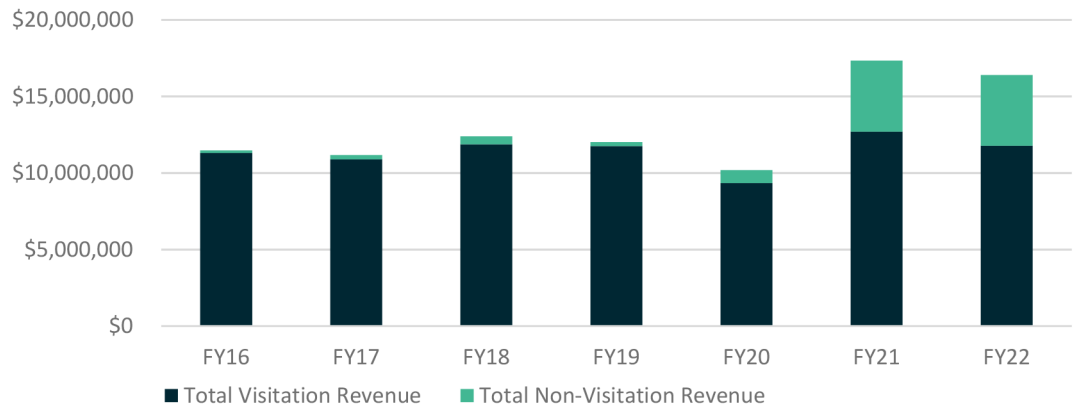
July 12, 2023

(Podcast Available)

The Office of State Parks (OSP) faces challenges because of low staffing levels, has had to use money from the Louisiana State Parks Improvement and Repair Dedicated Fund Account to pay for operations, which has contributed to a backlog of

repair and improvement needs, and does not have a current master plan. In addition, OSP's revenue rose 42.9% from fiscal years 2016 through 2022 largely because of short-term revenues, including COVID-19 relief funds. During fiscal years 2019 through 2022, OSP took in \$350,424 from revenue-generating agreements, including public-private partnerships to provide services that improve the visitor experience. OSP also has increased various fees and implemented differential pricing since fiscal year 2017, but further increases may be warranted. In addition, OSP needs to develop a more cohesive marketing strategy.

**OSP Total Visitation and Non-Visitation Revenue\***  
**Fiscal Years 2016 through 2022**



\*Excludes state general fund appropriations.

Source: Prepared by legislative auditor's staff using information provided by OSP.



## SPECIAL SCHOOLS AND COMMISSIONS

### New Orleans Center for Creative Arts

May 10, 2023

For the **second consecutive report**, NOCCA's payment of employee leave balances was not consistent with state laws and regulations. As a result, eight employees who resigned from the school were improperly paid \$28,465 in sick leave.

## **Louisiana Schools for the Deaf and Visually Impaired – Special School District**

*June 21, 2023*

(Podcast Available)

The Special School District (SSD) has organizational culture issues and staffing difficulties. SSD has not resolved all staff grievances and does not have a way to track grievances. It also does not have comprehensive policies and procedures for the district or schools, and the SSD board needs orientation and ongoing training to better do its job. Additionally, SSD needs to strengthen its philosophy of deaf education and improve staff credentials at the Louisiana School for the Deaf. SSD does not always provide speech therapy services as outlined in student Individual Education Programs. In addition, during fiscal year 2022, SSD did not spend approximately \$747,000 of \$2.1 million in federal IDEA funds, and, as of April 2023, had not spent about \$788,000 of its \$1.5 million budget for fiscal year 2023.

### **Jimmy D. Long, Sr. Louisiana School for Math, Science, and the Arts**

*August 23, 2023*

The school did not ensure it consistently followed established internal controls over non-payroll expense transactions in fiscal years 2022 and 2023. [A prior-report finding related to inadequate controls over timekeeping records was resolved.](#)

### **Special School District**

*November 15, 2023*

For the [fourth consecutive report](#), the Louisiana Schools for the Deaf and Visually Impaired (LSDVI) – now part of the Special School District (SSD) – did not have adequate controls in place to ensure complete and accurate inventory records were maintained for its food services inventory. For the [second consecutive report](#), LSDVI did not ensure LaCarte card purchases were electronically signed off in the online banking system in a timely manner and in accordance with SSD and state policies. In addition, SSD failed to run and review required monthly reports. SSD also has not established an internal audit function in accordance with state law. Additionally, SSD employees failed to obtain proper approval in a timely manner for nine contracts before incurring expenditures, made payments that exceeded contract amounts or occurred before the contracts were executed, and procured consulting services without initiating formal contracts. SSD did not have adequate controls over employee leave records, and SSD employees did not ensure all movable property purchases were properly tagged and recorded in the state property system. [Prior-report findings related to untimely submission of Medicaid claims and weaknesses in controls over on-campus housing were resolved.](#)

## INFORMATIONAL BRIEFS/REPORTS

In 2022, the LLA began publishing informational briefs and reports on topics of interest to state legislators that are intended to provide more timely information than standards-based audits. While these briefs and reports do not follow all *Government Auditing Standards*, auditors conduct quality assurance activities to ensure the information presented is accurate.

### Pharmacy Utilization Data

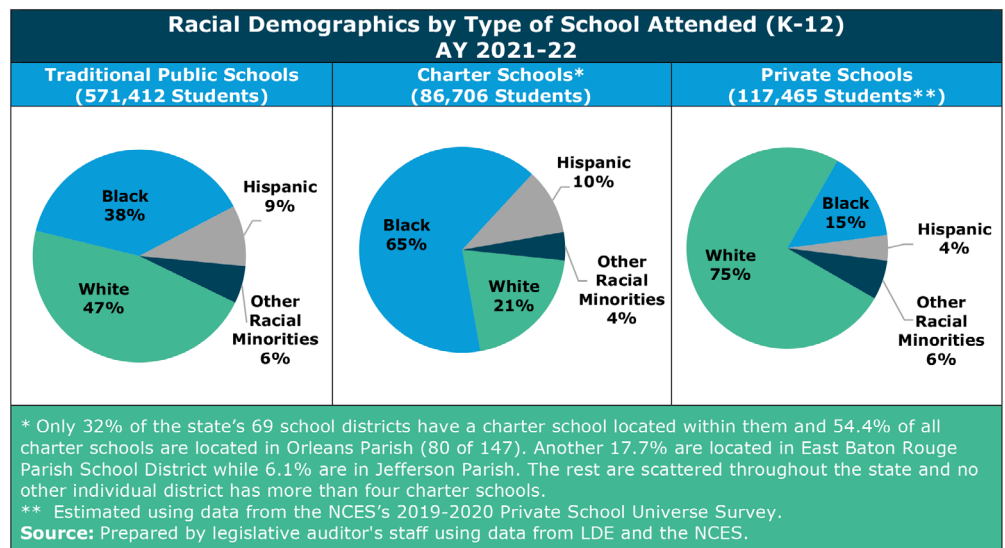
January 18, 2023

An analysis of pharmacy utilization data from the Office of Group Benefits (OGB) looked at the impact of pharmacies opting out of the state health network on plan participants. Of the 199,419 OGB plan participants enrolled in a state health insurance plan with prescription coverage as of December 21, 2022, 5,167 (2.6%) only visited pharmacies in calendar year 2022 that opted out of the CVS Caremark network, meaning these participants had to find new pharmacies to fill their prescriptions. Plan participants who use pharmacies in municipalities in rural parishes appeared to be more affected by the pharmacy opt-outs than members in more populated parishes.

### Student Racial Demographics - Louisiana Elementary and Secondary Public and Private Schools

January 25, 2023

An analysis of data from the Louisiana Department of Education and the National Center for Education Statistics examined the racial demographics of traditional public, charter, and private schools in Louisiana. In 2021-2022, an estimated 775,583 K-12 students were enrolled in a traditional public school, charter school, or private school.



Of these, approximately 48% were white, 37.8% were Black, 8.6% were Hispanic, and 5.6% represented another racial minority. Most students of all races attended traditional public schools. However, white students were most likely to attend private schools, Black students were most likely to attend charter schools, and Hispanic students were most likely to attend traditional public schools. Black public school students were more than five times as likely to attend D- or F-rated schools compared to white public school students. Of the state's 69 traditional school districts, 21 had minority enrollment that exceeded the percentage of minority children who lived in the district by more than 10 percentage points.

## **Property Insurance Affordability**

*January 30, 2023*

An analysis of possible approaches the Legislature could take to address the availability and affordability of property insurance in the voluntary market focused on three options. (1) The Insure Louisiana Incentive Program (ILIP), if funded, would provide insurers with incentives to expand in Louisiana, offering consumers insurance that may cost 45% to 57% less than insurance provided through the Louisiana Citizens Property Insurance Corporation (LCPIC). (2) Improved construction standards could reduce hurricane losses by as much as 72% to 76% and enable insurance policyholders to benefit from wind mitigation premium credits averaging \$839 for a typical policy south of interstates 10 and 12. (3) The state could provide a \$50 million capital investment to LCPIC that might enable it to increase its reinsurance by an estimated \$65 million to \$204 million or provide savings to policyholders.

## **Supplemental Information on Louisiana's Transportation Trust Fund**

*February 13, 2023*

Additional questions raised by the Task Force on Administration of State Transportation and Development Services and the Louisiana Electric Vehicle Task Force related to transportation funding and how the funds are used by the Department of Transportation and Development (DOTD) were addressed. The questions focused on Transportation Trust Fund uses for DOTD operations, potential revenue sources to eliminate the state's transportation backlog and its motor fuels tax, and electric vehicle road-usage fees.

## **Administration of the Supplemental Nutrition Assistance Program**

*March 1, 2023*

(Podcast Available)

An evaluation of the Department of Children and Family Services' (DCFS) administration of the Supplemental Nutrition Assistance Program (SNAP) found that most SNAP cases were closed because of non-financial procedural reasons instead of financial reasons such as earning too much income, and most participants who lost benefits began receiving them again within three months. In addition, the percentage of SNAP cases DCFS reviewed for Quality Control that had errors rose from federal fiscal years 2018 through 2022. While DCFS has a process to track SNAP complaints, data issues limit the agency's ability to efficiently use the information. DCFS' Customer Service Call Center vendor has not consistently met its contractual obligations, but agency officials said they have worked with the company to address compliance issues.

## **Lafitte Area Independent Levee District**

*March 22, 2023*

A review of the Lafitte Area Independent Levee District's operations found that, from fiscal years 2018 to 2022, the district's revenues increased from approximately \$1.6 million to \$17.6 million primarily because of reimbursements for Hurricane Ida expenses. Its expenses rose from about \$3.4 million to \$20 million because of hurricane and tropical storm expenditures and capital outlay spending. As of February 2023, the district had 30 contracts in place - 28 for levee construction or drainage engineering projects and two for project managers to oversee the other 28 projects.

## Supplemental Nutrition Assistance Program – COVID-19 Impact

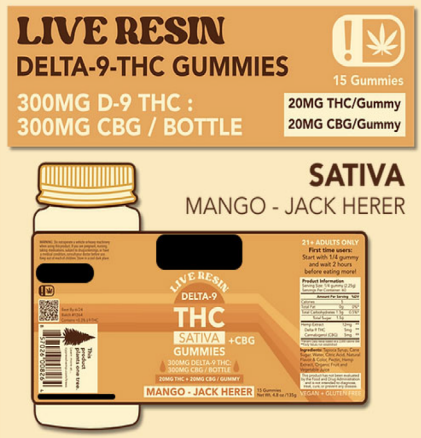
March 27, 2023

A review of the Supplemental Nutrition Assistance Program (SNAP) to identify the impacts of the COVID-19 pandemic found the number of SNAP recipients increased 27.5%, from 769,768 in February 2020 to a high of 981,751 in January 2021. In addition, average benefit amounts rose 107%, from \$272 per month per household in February 2020 to \$563 in December 2022. The federal government pays the full cost of SNAP benefits. As part of allowed federal government “flexibilities,” DCFS extended certification periods, waived interview requirements, and suspended quality control reviews. DCFS restarted recipient interviews in May 2022, while quality control reviews began again with the September 2021 cases.

## Oversight of Consumable Hemp Products

April 10, 2023

A review of the Louisiana Department of Health’s (LDH) oversight of consumable hemp products (CHPs) found the department’s process for registering CHPs had multiple issues. For example, LDH’s list of registered products included 36 CHPs intended for inhalation that are prohibited by law, such as vape pens. LDH also inadvertently removed prohibited dosage methods from its rules in May 2022. In addition, LDH’s list of registered products included 198 edible CHPs that exceeded the 8-milligram maximum THC per serving requirement, 52 of which LDH approved after the law setting the limit became effective. Further, LDH has not enforced its emergency rule to remove ineligible products, which became effective in January 2023; as a result, products that do not comply with state law are still on the list of registered products.

Example Label and Cannabinoid Profile from Certificate of Analysis				
Label	Cannabinoid Profile from COA*			
	Cannabinoid Profile			
	1 Unit = 1/4 gummy, 4 servings per gummy, 2.17g.			
	Analyte	%	mg/g	mg/unit
	THCa	ND	ND	ND
	Delta-9 THC	0.267	2.67	5.79
	Delta-8 THC	ND	ND	ND
	THCV	ND	ND	ND
	CBDa	ND	ND	ND
	CBD	0.002	0.02	0.05
	CBDV	ND	ND	ND
	CBN	0.002	0.02	0.04
	CBGa	ND	ND	ND
	CBG	0.3	3.00	6.51
	CBC	0.005	0.05	0.10
<b>Total THC</b>	<b>0.27</b>	<b>2.67</b>	<b>5.79</b>	
<b>Total CBD</b>	<b>0</b>	<b>0.02</b>	<b>0.05</b>	
*ND means none detected.				
Source: Prepared by legislative auditor’s staff using information from the COA of one of LDH’s registered products.				

## Aviation Fuel Sales Tax Revenue Estimation and Allocation

April 24, 2023

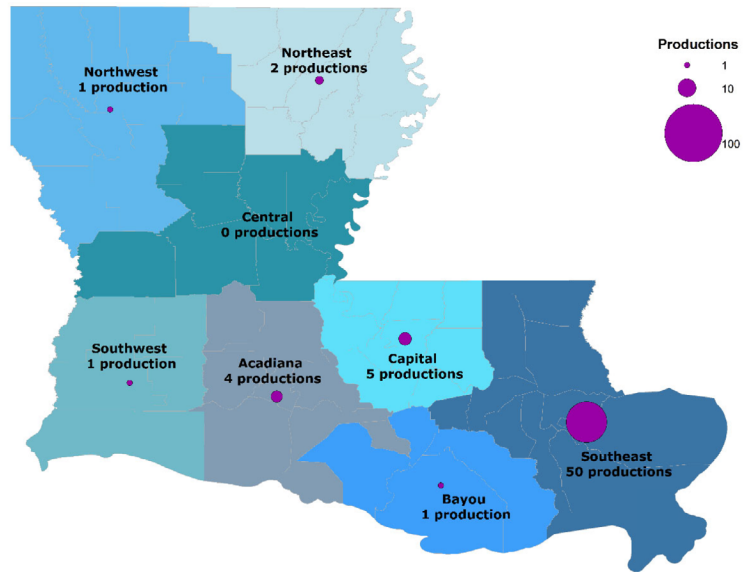
A review of how aviation fuel sales tax revenues are estimated and allocated for airport capital improvement projects in Louisiana found the Louisiana Department of Revenue (LDR), which collects the state’s sales taxes, is unable to determine how much aviation fuel sales tax revenue is collected because of a lack of information. As a result, the state allocates a set amount of sales tax revenue each year for airport projects that may or may not match actual collections. DOTD evaluates airport improvement projects based on a point system. As of fiscal year 2023, DOTD had identified a total of \$671.2 million in unfunded airport capital improvement projects.

## Motion Picture Investor Tax Credit

May 8, 2023

An examination of the state’s Motion Picture Investor Tax Credit program found the credit generates more household income than it costs the state, but does not generate enough tax revenue to make up for the revenue the state loses. In addition, the benefits of the program are geographically concentrated in the New Orleans metropolitan statistical area. Specifically, 72% of the jobs and 78% of the productions were located in the New Orleans area, and only 19% of projects qualified for an additional 5% incentive for producing films outside the New Orleans area. The exhibit at right shows the number of motion picture productions by region for fiscal years 2021 and 2022.

## Number of Productions by Region Fiscal Years 2021 and 2022



**Note:** The filming locations for 18 out of 80 projects could not be determined. Two projects were counted twice because they occurred in two regions each.

**Source:** Prepared by legislative auditor’s staff using information from LED, the Internet Movie Database, industry websites, and news articles.

## Violence Against Peace Officers Registry

July 26, 2023

A review of the implementation of the Violence Against Peace Officers Registry found that while the registry was established in 2005, neither the Louisiana State Police (LSP) nor the Department of Corrections (DOC) set up processes to ensure the registry contained all applicable offenders’ information until September 2022. In addition, local law enforcement agencies either were not aware of the registry or had only recently become aware of it.

## Structure and Use of Learning Pods in Louisiana Elementary and Secondary Public Schools

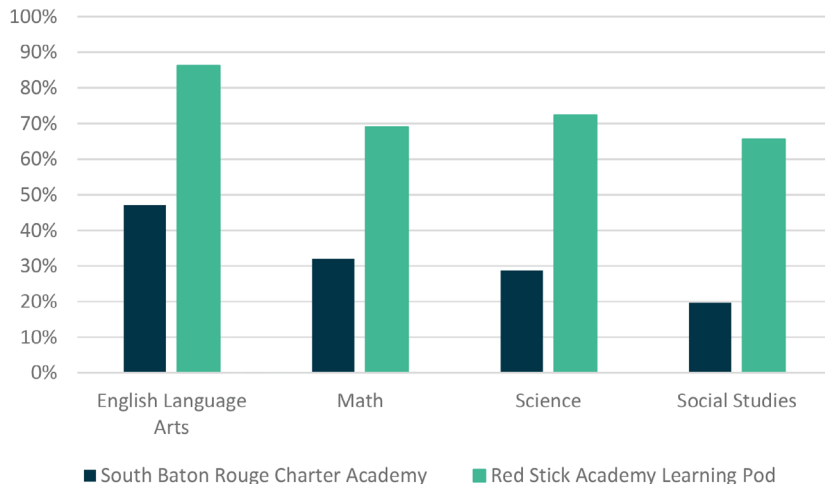
August 2, 2023

A review of learning pods in Louisiana’s elementary and secondary public schools found the Louisiana Department of Education (LDOE) must approve learning pods for charter schools authorized by the Board of Elementary and Secondary Education (BESE), while local school boards are responsible for adopting policies and procedures for learning pods established by traditional public schools or locally authorized charter schools. In addition, BESE-authorized charter schools do not have to amend their charter contracts to open a learning pod, except in certain circumstances, while locally authorized charter schools must follow the policies and procedures of the authorizing school board. Learning pods may not charge tuition or attendance fees and do not have to offer the same services as the main school campus with which they are associated. Additionally, students enrolled in learning pods are counted as part of the main school campus enrollment for purposes of Minimum Foundation Program (MFP) funding and calculation of School Performance Scores. It is possible for learning pods to artificially improve School Performance Scores at poorly performing schools.



For example, South Baton Rouge Charter Academy was renewed by the East Baton Rouge Parish School Board (EBRPSB) in January 2023, after it received a C rating on its 2022 School Performance Score, a measure that is largely based on students' standardized test performance. According to EBRPSB's charter school renewal policy, schools must receive a C or higher to be eligible for renewal. 2022 was the first time that South Baton Rouge Charter Academy had ever earned a C or higher rating, having received D and F ratings in all previous years. The test scores for its associated learning pod – Red Stick Academy – were attributed to South Baton Rouge Charter Academy and were incorporated into the school's 2022 School Performance Score. Students who attended Red Stick Academy were significantly less likely to be economically disadvantaged, and scored much higher than South Baton Rouge Charter Academy students, as shown in the exhibit.

### Red Stick Academy and South Baton Rouge Charter Academy Percent Students Scoring Basic or Above on LEAP Test • Academic Year 2021-22



Source: Prepared by legislative auditor's staff using information provided by LDOE.

### Fiscal Year 2024 Capital Outlay Budget September 6, 2023 (Interactive Dashboard)

An analysis of Louisiana's capital outlay budget for fiscal year 2024, as detailed in Act 465 (House Bill 2) of the 2023 Regular Legislative Session found capital outlay funding totaled \$11.6 billion across all means of finance after subtracting line-item vetoes. The largest source of funding was general obligation bonds, which accounted for \$7.7 billion of the \$11.6 billion. The bulk of the 2024 capital outlay funding was designated for state government entities, which collectively were appropriated \$8.4 billion in the original act. This report also introduced an interactive dashboard that allows for a closer examination of and ongoing status updates for the Fiscal Year 2024 Capital Outlay Budget. The exhibit shows a screenshot of one panel from the most recent update to the dashboard and provides a link to the dashboard in the caption.

### Screenshot of LLA Capital Outlay Dashboard

Means of Finance Group	HB 2 Enrolled	Line-Item Vetoes	Appropriated in Act 465 (HB2, Net of Line-Item Vetoes)	IEB Priority Changes - November 2023	Total Appropriations (Including IEB Changes)
Priority 1	\$1,737,394,389	(\$2,823,981)	\$1,734,570,408	(\$293,688,847)	\$1,440,881,561
Priority 2	\$101,741,000		\$101,741,000	\$0	\$101,741,000
Priority 5	\$5,921,860,597	(\$43,765,000)	\$5,878,095,597	\$293,688,847	\$6,171,784,444
Capital Outlay Savings Fund, General Fund, General Fund Non-Recurring	\$741,744,885	(\$12,260,000)	\$729,484,885	\$0	\$729,484,885
All Federal (TTF and Other)	\$1,225,836,381		\$1,225,836,381	\$0	\$1,225,836,381
All Other	\$1,977,506,031		\$1,977,506,031	\$0	\$1,977,506,031
<b>Grand Total</b>	<b>\$11,706,083,283</b>	<b>(\$58,848,981)</b>	<b>\$11,647,234,302</b>	<b>\$0</b>	<b>\$11,647,234,302</b>

Means of Finance Group	State	Local	NGO	Grand Total
Priority 1	\$863,584,507	\$475,428,139	\$101,868,915	\$1,440,881,561
Priority 5	\$4,013,904,900	\$1,892,034,794	\$265,844,750	\$6,171,784,444

Note: The dashboard can be viewed at <https://lla.la.gov/go/CapitalOutlayDashboard>.

## **Pharmacy Benefit Costs**

*September 20, 2023*

This report provides information on the costs associated with pharmacy benefits provided by LDH, OGB, and Louisiana State University (LSU) in fiscal years 2018 through 2022. The cost to provide pharmacy benefits varied among the plan sponsors (LDH, OGB, and LSU) because of rebates, plan participants' demographics and use, and the design of the benefit plan. Due to these factors, the average annual cost per participant to provide pharmacy benefits ranged from \$649 for LDH to \$1,622 for OGB. In addition, the price plan sponsors pay for medications varied depending on the terms in the Pharmacy Benefits Manager (PBM) contract or Medicaid requirements. As a result, the average ingredient price for a commonly-dispensed generic medication ranged from \$29.01 for OGB to \$43.79 for LSU. For a commonly-dispensed brand-name medication, the price ranged from \$877.09 for OGB to \$910.52 for LSU. The administrative costs plan sponsors pay also varied based on the specific services and compensation negotiated between the PBMs, other vendors, and the plan sponsor. Specifically, the administrative costs to manage the pharmacy benefit plans ranged from an average of \$23.39 for OGB to \$28.54 for LDH per plan participant per year. Additionally, plan sponsors monitor PBMs and other vendors that provide pharmacy benefit services in various ways. For instance, OGB plans to implement near real-time monitoring based on an emerging practice in contract monitoring. Real-time monitoring uses computer software to electronically review 100% of prescription drug claims in real time to identify deviations from the PBM contract.

## **Louisiana Judiciary: Comparison with Other States**

*September 25, 2023*

This review compared selected aspects of the Louisiana judiciary to courts in other states and territories and found the number of judges in each state is set either by constitution or by statute. As of June 2023, Louisiana had 219 trial/district court judges, 53 appellate judges, and seven Supreme Court justices. Louisiana had more judges per capita than states with similar populations; however, the analysis did not consider the caseloads of courts in each state. The majority of judges in other states are elected, as in Louisiana. Judicial salaries in Louisiana and 23 other states are set by a judicial compensation commission, and Louisiana, along with 28 states, constitutionally protects judicial salaries from any reductions. Louisiana, Georgia, and Texas are the only states that provide supplemental pay to judges. Additionally, states use various methods to reimburse judges for meals, lodging, and mileage, including set per diems, actual cost reimbursement, or federal rate requirements. Finally, at least 33 states in addition to Louisiana offer defined benefit retirement plans for judges.

## **Medicaid Dental Benefit Program Managers**

*October 4, 2023*

An examination of LDH's Medicaid dental benefit program managers - DentaQuest USA Insurance Company (DentaQuest) and MCNA Insurance Company (MCNA) found LDH paid approximately \$513.9 million in per-member per-month fees (PMPMs) to the companies for dental coverage for approximately 2.0 million Medicaid members from January 1, 2021, through December 31, 2022. The companies paid dental providers approximately \$407.4 million over the same period for dental services and Full Medicaid Pricing. Because neither company spent at least 85% of its PMPMs on dental benefits and services, they had to refund about \$11.4 million to LDH in calendar year 2021. Neither company met all network adequacy requirements. DentaQuest had more provider complaints and formal claims disputes than MCNA, and, while the companies had a similar number of member grievances, DentaQuest had more member appeals. Between January 2021 and August 2023, LDH issued \$1.1 million in penalties to DentaQuest for 19 instances of contract noncompliance and \$617,000 in penalties to MCNA for 11 instances of noncompliance.

## **Tax Year 2024 Quadrennial Reappraisal - Orleans Parish Assessor**

*December 22, 2023*

An evaluation of the Orleans Parish Assessor's Office's (OPAO) 2024 quadrennial property reappraisal found that while OPAO did not overvalue or undervalue properties citywide and met overall standards for accuracy, the office likely did use the Louisiana Tax Commission-prohibited practice of sales chasing for tax year 2024. When sales chasing occurs, recently sold properties are overvalued relative to properties that have not been recently sold. For the owners of 3,803 single-family and two-family houses that were potentially sales-chased, this meant their assessed values were 13.3% higher than those of similar properties without recent sales, equating to \$611 in extra taxes per house.

## EMPLOYEE SPOTLIGHT



### Barry's Story

MBA, CIA • Local Government Services

***“As a father of two young children, I know how important it is to be able to balance work and family responsibilities. Working for LLA has given me the opportunity to do just that, thanks to the agency’s flexible work schedule policy. I am grateful to work for an agency that values its employees’ well-being and recognizes the importance of family. The flexible work schedule has made a positive impact on my life, and I am proud to work for an agency that prioritizes work-life balance.”***

# LOCAL GOVERNMENT

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The Local Government Services, Advisory Services, and Investigative Audit Services sections assist and provide services to local governments across the state.

The Local Government Services section provides important services to local governments by enforcing the audit law, processing statutorily-required reports, monitoring legislative changes, providing guidance to local governments and quasi-public entities (local auditees), and overseeing the work of independent auditors who audit those entities.

The Advisory Services staff serve as fiscal advisers and operational consultants to local government entities and officials.

Auditors with Investigative Audit Services gather evidence regarding fraudulent or abusive activity affecting governmental entities. Their audits are designed to detect and deter the misappropriation of public assets and to reduce future fraud risks. Employees who conduct investigative audits have degrees in accounting or advanced degrees with at least 15 hours in accounting. Investigative auditors are based in Baton Rouge, but travel throughout the state to respond to complaints.

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## Your Trusted Advisors

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**Diane B.**  
**Allison**  
CPA, CGMA, CGFO  
**Assistant  
Legislative  
Auditor and  
Director of Local  
Government  
Services**



**Roger W.**  
**Harris**  
JD, CCEP, CFI  
**Executive Counsel  
and Assistant  
Legislative  
Auditor for  
Investigations**



## LOCAL GOVERNMENT SERVICES

Local Government Services staff reviewed and processed the following local auditee engagements and reports during 2023:

- GAAS Audits – 32
- Agreed-Upon Procedures – 69
- Reviews/Attestations – 322
- Compilations – 400
- Sworn Financial Statements – 1,084
- Audits – 2,232

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**Total – 4,139**

During the 2023 calendar year, local auditee reports contained hundreds of findings related to deficiencies in operations, controls, and compliance with laws and regulations. These findings included:

- Misappropriations and ethics violations
- Noncompliance with federal regulations in local governments' administration of federal programs
- Noncompliance with bond covenants or loan agreements
- Noncompliance with state laws covering budgets, public bids, open meetings, untimely deposits, and late filings of financial statements
- Lack of reconciliation of bank and other accounts
- Errors in accounting records
- Deficit fund balances

## **Extension Requests**

Local auditees may request an extension of time to submit their reports to the LLA because of delays caused by declared emergencies and other non-emergencies that are nevertheless beyond the control of the local auditee. Local Government Services presented 464 extension requests to the Legislative Audit Advisory Council for approval in 2023, a 41 percent decrease over the prior year.

- Emergency (hurricanes Laura, Delta, and Ida; ice storms; COVID-19)
  - *90 days or less: 42*
  - *Greater than 90 days: 20*
- Non-emergency (turnover or illness in key staff; software implementation; other):
  - *90 days or less: 288*
  - *Greater than 90 days: 118*

## **Statewide Agreed-Upon Procedures**

The objective of the statewide agreed-upon procedures, which have been required by those entities submitting an audit report since 2017, is to correct internal control processes of local entities in order to lessen their risks of fraud, waste, or abuse in the future. In 2023, two of the 14 procedures were updated to verify that the review of the bank statement reconciliation occurred within one month of the date of the reconciliation and to verify that applicable employees received the cybersecurity training required by R.S. 42:1267. Beginning with reports submitted in March 2023, the LLA began tracking the results of these procedures in a database for further analysis.

## **2020 Act 87: Justice System Funding Schedules**

Act 87 of the 2020 Regular Legislative Session required the LLA and the Louisiana Supreme Court to develop a uniform reporting format for local and state entities that assess, collect, or receive revenue from pre- or post-adjudication costs, fines, and fees. The justice system funding reporting schedules were required to be included in reports beginning with fiscal years ending on or after December 31, 2020. In fiscal year 2023, 883 schedules were submitted.

## EDUCATIONAL OUTREACH TO LOCAL GOVERNMENTS

### Center for Local Government Excellence

In 2023, the Center for Local Government Excellence offered complimentary training sessions in March and October that were available to participants both in-person and online, including four hours each on basic and intermediate governmental accounting. In addition, the sessions were recorded and uploaded to the LLA's YouTube channel so that they are available to anyone interested in local governance.



The 2023 sessions focused on:

- Effective board governance, cybersecurity, and fraud prevention
- State laws regarding public bid, budgeting, and legislative changes, and
- Operations of local governments, including internal controls, statewide agreed-upon procedures, financial policies, leadership, and human resources.

More than 3,500 individuals from 876 different agencies participated in the two sessions that offered a total of 24 hours of continuing professional education. Since the Center began in late 2015, more than 5,700 government officials and staff members, certified public accountants, and others have received the training. The proactive goal of these training sessions is to enable local officials and their staffs to immediately apply the knowledge and skills they learn to their respective governments and use that knowledge to make a positive difference for those they serve, which will ultimately improve the services provided by local governments and the quality of local government audits.

### Making Presentations as Invited Guests

From January through December 2023, seven Local Government and Advisory staff members made 52 presentations to a CPA firm, two state agencies, and the following professional and other organizations:

- Government Finance Officers Association of the United States and Canada
- Government Finance Officers Association of Louisiana
- Greater New Orleans Collaborative of Charter Schools
- International Legislative Drafting Institute
- JP Morgan | Chase Government Banking
- Kiwanis of Downtown Baton Rouge
- Louisiana Association of Public Charter Schools
- Louisiana Association of School Administrators of Federally Assisted Programs
- Louisiana Association of School Business Officials
- Louisiana Court Administrators Association
- Louisiana Municipal Association
- Louisiana Municipal Clerks' Association
- Public Defenders Association of Louisiana
- Rapides Parish School Board
- Society of Louisiana Certified Public Accountants
- University of Holy Cross

## ADVISORY SERVICES

The Advisory Services staff serve as fiscal advisers and operational consultants to local government entities and officials.

Over the past year, Advisory Services staff provided fiscal and programmatic guidance (such as fiscal monitoring with fiscal best practices and internal control recommendations) that directly touched approximately 117 local government entities. In addition, Advisory Services reached thousands of local government officials and staff by participating in training conferences sponsored by organizations such as the Government Finance Officers Association of Louisiana, the Louisiana Municipal Association, and the LLA's Center for Local Government Excellence. Furthermore, staff provided services when called upon by agencies such as the Louisiana Department of Health, the Louisiana Rural Water Association, and the Louisiana Legislature.

The following is a summary of the services the advisers provide:

- Advice to assist governments in fiscal distress
- Recommendations to improve overall internal controls
- Recommendations to help governments and officials comply with applicable state laws
- Consulting and monitoring related to the fiscal status and health of government entities
- Follow-up on certain complaints received from officials and residents
- Advice to newly elected local government officials regarding overall best practices and effective financial management
- Advice to assist governments with resolving audit findings
- Training to guide the implementation of sound fiscal and operational practices and instructor support for the Center for Local Government Excellence
- Support for the Louisiana Fiscal Review Committee and Legislative Audit Advisory Council
- Annual assessments of sheriffs participating in the Federal Equitable Sharing Program to ensure compliance with U.S. departments of Justice and Treasury requirements
- Approval of water rate studies conducted by the Louisiana Rural Water Association

The LLA is also responsible for preparing fiscal notes for legislative instruments affecting expenditures of political subdivisions as well as receipts, expenditures, allocations, and dedications of funds of any state board, commission, or other entity not appropriated funds in an appropriations bill. Advisory Services is involved with overseeing this function. During the 2023 Regular Legislative Session, the office's analysts received requests and prepared fiscal notes related to 33 bills. Advisory Services also assisted with the preparation of fiscal analyses for actuarial notes for six retirement bills related to local governments.



## **Fiscal Administration**

In January 2023, two local governments were under fiscal administration. One local government entered fiscal administration during the year, and one local government was released from fiscal administration.

Act 358 of the 2020 Regular Legislative Session requires that, once fiscal administration is terminated, local governments submit a proposed three-year plan with the goal of establishing and maintaining financial stability to the State Treasurer, the Attorney General, and the Legislative Auditor for approval. In 2023 LLA staff were actively monitoring five local governments for implementation of and compliance with their respective three-year financial sustainability plans.



## **INVESTIGATIVE AUDIT SERVICES**

### **Louisiana Board of Examiners of Nursing Facility Administrators**

*February 15, 2023*

Investigative auditors found the board's former executive director used his office-issued credit card to incur charges totaling \$98,080 from June 2019 through July 2022. Of that amount, auditors identified charges totaling \$18,979 that either appeared personal in nature or did not have a clear business purpose. In addition, records showed several items purchased by the former executive director were shipped directly to his personal residence, and items totaling at least \$7,677 were stored at his residence.

### **West Baton Rouge Parish Sheriff**

*February 15, 2023*

Investigative auditors found that, between July 1, 2018, and July 31, 2022, the sheriff's office collected \$158,852 more in traffic ticket revenue than was deposited in its bank account. The employee primarily responsible for traffic tickets told auditors she took cash collected for traffic tickets for her personal use, and accounting records showed false transactions were recorded to conceal the cash that was taken. In addition, auditors found that, between January 1 and August 2, 2022, the sheriff's office received \$6,996 more in fiduciary funds than was deposited in its fiduciary bank accounts. Another employee who was primarily responsible for accounting for the fiduciary funds told the chief civil deputy that she took cash from some deposits. Bank records also showed that two checks totaling \$1,680 from the fiduciary account were improperly paid to the same employee responsible for the fiduciary accounts.

## **St. Tammany Parish Fire Protection District No. 7**

*April 26, 2023*

Investigative auditors found St. Tammany Parish Fire Protection District No. 7 failed to withhold payroll deductions for full premium amounts for health, dental, and vision insurance for dependents and/or spouses of four full-time employees. Instead, the district paid the premiums. As a result, the four employees were overpaid a total of \$17,597 between March 2014 and April 2022. The district administrative assistant was responsible for calculating all payroll deductions, including her own. Records show the administrative assistant failed to deduct the appropriate amounts owed by employees, recalculate the deductions after annual premium increases, and make any deductions for one employee.

## **Town of Arcadia**

*May 10, 2023*

Investigative auditors found the town did not comply with the Local Government Budget Act since it could not provide records to demonstrate a properly adopted budget for fiscal years 2021 and 2022. In addition, the town failed to budget its American Rescue Plan Act funds, and the mayor improperly paid incentives to town officials. Auditors also found that the mayor authorized payment of unbudgeted expenses totaling more than \$1 million that may have increased the deficits in the General Fund and other governmental funds. Auditors found that the town paid two employees for leave hours they had not accrued and may have violated the Open Meetings Law since it could not produce minutes for multiple working meetings between the mayor and the Town Council.

## **Red River Parish Sheriff's Office**

*December 6, 2023*

Investigative auditors found detectives with the Red River Parish Sheriff's Office worked off-duty details that coincided with their regular working hours. Records showed that, between September 2021 and May 2023, five detectives' off-duty detail hours overlapped with 160 hours recorded on their sheriff's office time sheets for which they did not record leave, as required by office policy. The sheriff's office paid the five detectives a total of \$4,821 for these hours. In addition, the detectives may have violated the Code of Governmental Ethics by receiving payment for the details from the third-party security company coordinating the work and by using their official vehicles for the details for which the sheriff's office was not reimbursed.

# ACT 461 ANNUAL REPORT

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**Act 461 of the 2014 Regular Legislative Session** requires the Louisiana Legislative Auditor to make quarterly and annual reports to the Joint Legislative Committee on the Budget when audits identify more than \$150,000 in: waste or inefficiencies; missed revenue collections; erroneous or improper payments or overpayments by the state; theft of money; failure to meet funding obligations such as pension or health benefits; failure to comply with federal fund or grant requirements; failure to comply with state funding requirements, including failure to report as required; misappropriation of funds; errors in or insufficient support for disaster expenditures; accountability of public money associated with various disasters such as the Deepwater Horizon event; or repeat findings.



## THIRD QUARTER, FISCAL YEAR 2023

*(January-March 2023)*

### State Government

#### Louisiana Department of Health (LDH)

- We found that 411 claims totaling \$48,658 were paid by Managed Care Entities (MCEs) and submitted as encounters to LDH by 28 providers for Psychosocial Rehabilitation (PSR) and Community Psychiatric Support and Treatment (CPST) services billed from March 20, 2019, through April 16, 2020, but did not include the National Provider Identifier (NPI) of the individual who provided the service, which is required by state law. In addition, we found that another provider, which has a special contracted rate approved by LDH, submitted and was paid for 3,920 claims totaling \$3,486,555 between April 4, 2019, and September 22, 2022, that did not include the required NPI and may violate this state law. **(Repeat)** *(Amount: \$3,535,213) (p.5)*
- We found that 825 individual providers billed for more than 12 hours of combined PSR and/or CPST services during a single calendar day from August 2, 2019, through September 7, 2022. These providers improperly billed at least \$582,537 for the services provided in excess of 12 hours, which appears to violate state law. **(Repeat)** *(Amount: \$582,537) (p.6)*
- We found that the MCEs and LDH have not implemented sufficient edit checks to ensure Specialized Behavioral Health (SBH) services are properly billed, as we identified approximately \$11,267,643 paid for 178,342 claims and encounters for services provided between July 1, 2021, and September 19, 2022, even though they did not comply with LDH's fee schedule. **(Repeat)** *(Amount: \$11,267,643) (p.8)*

- We identified \$223,372 paid for 2,367 encounters billed from September 9, 2020, through September 22, 2022, where a recipient received PSR, CPST, or Crisis Intervention services while in an inpatient setting, which is prohibited by the Provider Manual. **(Repeat)** *(Amount: \$223,372) (p.10)*
- We identified \$1,998,778 in payments for 29,406 encounters billed from March 31, 2020, through September 22, 2022, where SBH providers did not properly code SBH services delivered via telehealth. **(Repeat)** *(Amount: \$1,998,778) (p.11)*

### **Louisiana Department of Revenue (LDR)**

- LDR incorrectly reported revenue received and the accounts receivable balances in its 2022 Annual Fiscal Report. Sales, corporate, and individual tax modified revenues were understated by \$39.5 million, and modified receivables were understated by \$32.2 million due to the omission of \$7.3 million of hotel/motel sales tax revenues and \$32.2 million of pending sales, corporate, and individual tax receivables. *(Amount: \$39,500,000) (p.1)*

### **University of New Orleans (UNO)**

- UNO did not ensure that the purchase and installation of a new boiler, costing \$214,979, was in accordance with university policies and procedures over public works projects. UNO management personnel deliberately circumvented university policies and procedures for public works projects by using a pre-existing maintenance and repair contract to purchase and install the boiler. *(Amount: \$214,979) (p.1)*

## **Local Government Agencies**

### **Town of Ball**

- An investigation by FEMA of assistance received in connection with Hurricane Gustav resulted in the prosecution of several former town officials. As a result of these prosecutions, a former Mayor, Town Clerk, and Police Chief have entered guilty pleas in criminal proceedings. In addition to the criminal prosecutions, the town has been required to repay a portion of FEMA assistance in the amount of \$163,102. *(Amount: \$163,102) (p.40)*

## **Livingston Parish School Board**

- In January 2022, the School Board received emails requesting changes in the electronic funds transfer (EFT) payment details for two vendors. The emails were generated by a scammer posing as the legitimate vendors. The requested EFT payment details changes were made without following the procedure in place to call the vendors to verify the changes. Since the requested changes took place without verifying the changes, several EFT payments were made to fraudulent bank accounts. Payments in the amount of \$2,251,861 were issued between January 12, 2022, and February 8, 2022. Once the School Board realized what had occurred, it contacted local law enforcement, and an investigation was immediately started. The amount of funds recovered was \$1,907,894. \$343,967 was not recovered, and an insurance claim has been filed. The investigation is still ongoing, and the scammer has not been identified. The School Board reported the fraudulent activity to local law enforcement and the district attorney. *(Amount: \$2,251,861) (p.122)*

## **Ouachita Parish Clerk of Court**

- During the previous fiscal year, it was discovered that beginning on a date prior to June 30, 2021, a former Ouachita Parish Clerk of Court Deputy Clerk used an online money transfer system (PayPal) to divert \$344,226 of public funds from the Clerk to himself from December 24, 2014, to October 10, 2018. These were funds paid by subscribers to access the electronic database of the Clerk. By improperly transferring and receiving public funds he was not entitled to receive, the employee may have violated state and federal law. Management of the Clerk's office notified the Louisiana Legislative Auditor and the local District Attorney once it was made aware of the possible fraud. The Louisiana Legislative Auditor began an investigation in December 2021 and completed and published its findings in June 2022. Charges were filed against the former employee in October 2022. As of the date of the auditor's report, no other legal proceedings have occurred. *(Amount: \$344,226) (p.50)*

## **St. Mary Parish Hospital Service District - Claire House**

- Potential misappropriation of Temporary Assistance for Needy Families funds occurred by billing after discharge from Claire House for both women and children for approximately \$218,000 from 2019 to 2021. The alleged misappropriation occurred in the Claire House Treatment Center. The theft was believed to be committed by the Director and an employee. No charges have been brought against either person as of the date of the auditor's report. Neither party is still employed by the entity. Law enforcement and LLA were notified. *(Amount: \$218,000) (Fraud Template, p.1)*

## **West Baton Parish Sheriff**

- Traffic Ticket Revenue Not Deposited. *(Amount: \$158,852) (p.4)*

## FOURTH QUARTER, FISCAL YEAR 2023

(April-June 2023)

### State Government

#### Louisiana Department of Children and Family Services (DCFS)

- DCFS did not have a formalized process in place to ensure \$16 million of Temporary Assistance for Needy Families (TANF) grant funds transferred to the Social Services Block Grant (SSBG) were only used for programs or services for children or their families whose income is less than 200% of the poverty level. This is the second consecutive year we have reported weaknesses over TANF transfers to SSBG. **(Repeat)** *(Amount: \$16,000,000) (p.2)*
- DCFS did not report subawards in compliance with the Federal Funding Accountability and Transparency Act (FFATA) in the FFATA Subaward Reporting System during fiscal year 2022 for the Foster Care - Title IV-E (\$8.8 million) and the TANF program (\$76.6 million), as required by federal regulations. *(Amount: \$85,400,000) (p.3)*

#### Louisiana Department of Education (DOE)

- For the second consecutive audit, DOE did not comply with Federal Funding Accountability and Transparency Act reporting requirements. For the Education Stabilization Fund (ESF) Elementary and Secondary School Emergency Relief program funded by the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) and American Rescue Plan (ARP) Act, DOE reported incorrect information, did not submit reports timely, and reported duplicate amounts. In addition, DOE did not enter subawards of \$30,000 or more totaling \$173,984,187 for the Supporting Effective Instruction State Grants, ESF Discretionary Grants: Rethink K-12 Education Models Grants, and ESF ARP - ESSER - Homeless Children and Youth programs. **(Repeat)** *(Amount: \$173,984,187) (p.1)*
- DOE overpaid six child care providers who received ARP Child Care Stabilization funds by a total of \$59,063. During DOE's review of payments to child care providers who received grant payments funded with CRRSA and ARP funds, DOE identified overpayments to 11 child care providers totaling \$887,212. *(Amount: \$946,275) (p.3)*

#### Louisiana Department of Health (LDH)

- LDH submitted an inaccurate Annual Fiscal Report for LDH Medical Vendor Payments for the fiscal year ended June 30, 2022, to OSRAP. In addition, LDH submitted inaccurate federal schedules used to prepare the Schedule of Expenditures of Federal Awards. **(Repeat)** *[Amount: Understated Audit Payables (\$276M) and Due from Medical Providers (\$345M); Overstated SEFA Medical Vendor Payments (\$76M) and SEFA Medical Vendor Administration (\$38.3M); and SEFA misclassification between COVID and non-COVID totals (\$283M)] (p.4)*

- LDH failed to properly implement and monitor National Correct Coding Initiative (NCCI) Requirements for Medically Unlikely edits and Procedure-to-Procedure edits for the Medicaid Fee for Service claims. In a test of more than 10 million paid claims, we noted 19,952 claims were paid but should have been evaluated by an NCCI edit and denied. **(Repeat)** (Amount: \$765,564) (p.11)
- LDH, the managed care organizations, and Magellan did not have adequate controls in place to ensure that behavioral health services in the Medicaid and CHIP programs were properly billed and that improper encounters were denied. **(Repeat)** (Amount: \$8,818,936) (p.13)

## **Executive Department**

- The Division of Administration, Louisiana Office of Community Development identified \$2,635,609 in Small Rental Property Program loans for nine property owners under the Community Development Block Grant/State's Program who failed to comply with one of more of their loan agreement requirements and were assigned to loan recovery status. In addition, 1,147 noncompliant loans identified in previous years totaling \$104.5 million remain outstanding. **(Repeat)** (Amount: \$2,635,609) (p.2)
- DOA, Office of Finance and Support Services (OFSS) did not have effective controls over financial reporting for the Office of Technology Services (OTS). Our procedures identified errors and exceptions in the Annual Fiscal Report submitted by OFSS to the Office of Statewide Reporting and Accounting Policy for OTS. (Amount: \$24.9 million cash flow reporting errors; \$1.3 million overstated lease asset/liability; and \$600,000 unsupported lease asset/liability) (p.5)

## **Governor's Office of Homeland Security and Emergency Preparedness - Public Assistance Program**

- Completed work included in reimbursement requests was not within the approved scope of work and/or the cost estimate was exceeded. (Amount: \$1,983,411) (p.4)
- Expenses included in reimbursement requests were not supported by sufficient documentation. (Amount: \$86,388,162) (p.4)
- Contracts and purchases included in reimbursement requests did not evidence compliance with applicable procurement guidelines. (Amount: \$12,792,515) (p.4)
- Expenses included in reimbursement requests were not in compliance with applicable FEMA regulations and guidance. (Amount: \$4,307,612) (p.4)
- Expenses included in reimbursement requests were duplicated, omitted, and/or miscategorized. (Amount: \$1,288,589) (p.4)

Since April 1, 2008, the LLA has noted exceptions totaling \$1,728,470,684, which includes \$106,760,289 noted this period, and GOHSEP has resolved \$1,498,929,794, which includes \$59,904,458 resolved this period.

## **Governor's Office of Homeland Security and Emergency Preparedness - Hazard Mitigation Program**

- Completed work included in reimbursement requests was not within the approved scope of the project. *(Amount: \$1,120,814) (p.3)*
- Expenses included in reimbursement requests were not supported by sufficient documentation. *(Amount: \$2,103,445) (p.3)*
- Contracts and purchases included in reimbursement requests did not evidence compliance with applicable procurement guidelines. *(Amount: \$1,364,607) (p.4)*

*Since April 1, 2008, the LLA has noted exceptions totaling \$314,059,161, which includes \$4,588,866 noted this period, and GOHSEP has resolved \$216,308,016, which includes \$3,485,520 resolved this period.*

### **Louisiana Utilities Restoration Corporation**

- The Corporation did not ensure that all of its bank deposits were secured in accordance with Revised Statute 49:321. At June 30, 2022, deposits totaling \$19,713,951 were uninsured, uncollateralized, and exposed to potential loss. *(Amount: \$19,713,951) (Exhibit A.2)*

### **Road Home Corporation d/b/a Louisiana Land Trust (LLT)**

- For the third consecutive year, LLT did not have adequate control over financial reporting. LLT submitted an inaccurate Annual Fiscal Report to OSRAP that contained errors that required adjustments. In addition, LLT's financial statements and note disclosures contained other errors requiring adjustment. **(Repeat)** *(Amount: Multiple over and understatements of various accounts and multiple footnote misstatements, including one overstated by \$593,000) (Exhibit A.2)*

## **Local Government Agencies**

### **Town of Arcadia**

- Town Failed to Budget American Rescue Plan Act Funds, and the Mayor Improperly Paid Incentives to Town Officials. *(Amount: \$500,114) (p.7)*
- Mayor Authorized Payment of Unbudgeted Expenses That May Have Increased the Deficits of the General Fund and Other Governmental Funds. *(Amount: \$1,075,075) (p.11)*



## FIRST QUARTER, FISCAL YEAR 2024

(July-September 2023)

### State Government

#### **Ascension-St. James Airport and Transportation Authority**

- The Authority did not record on its general ledger \$248,500 in expenses that had been incurred during the year ended June 30, 2023. The Authority also did not record the related receivables and revenues. *(Amount: \$248,500) (p.40)*

#### **Governor's Office of Homeland Security and Emergency Preparedness - Hazard Mitigation Grant Program**

- Completed work included in reimbursement requests was not within the approved scope of the project. *(Amount: \$391,098) (p.3)*
- Expenses included in reimbursement requests were not supported by sufficient documentation. *(Amount: \$1,637,876) (p.3)*

*Since April 1, 2008, the LLA has noted exceptions totaling \$316,097,560, which includes \$2,038,399 noted this period, and GOHSEP has resolved \$218,244,120, which includes \$1,936,104 resolved this period.*

#### **Governor's Office of Homeland Security and Emergency Preparedness - Public Assistance Program**

- Completed work included in reimbursement requests was not within the approved scope of work and/or the cost estimate was exceeded. *(Amount: \$8,866,287) (p.4)*
- Expenses included in reimbursement requests were not supported by sufficient documentation. *(Amount: \$95,071,999) (p.4)*
- Contracts and purchases included in reimbursement requests did not evidence compliance with applicable procurement guidelines. *(Amount: \$72,417,569) (p.4)*
- Expenses included in reimbursement requests were not in compliance with applicable FEMA regulations and guidance. *(Amount: \$3,565,646) (p.4)*
- Expenses included in reimbursement requests were duplicated, omitted, and/or miscategorized. *(Amount: \$1,085,291) (p.4)*

*Since April 1, 2008, the LLA has noted exceptions totaling \$1,909,477,476, which includes \$181,006,792 noted this period, and GOHSEP has resolved \$1,630,080,271, which includes \$131,150,477 resolved this period.*

## **L.E. Fletcher Technical Community College (FTCC)**

- FTCC did not maintain adequate internal controls over accounts receivable and payable. Subsequent to audit inquiries, FTCC began the process of identifying uncollectible accounts receivable and any other errors within accounts receivable and payable, resulting in accounts receivable write-offs of \$226,421, and accounting entries to correct prior-year general ledger errors of \$90,889 to accounts receivable and \$61,808 to accounts payable. *(Amount: \$379,118) (p.2)*

## **Louisiana Department of Health (LDH)**

- LDH paid \$2,314,805 in per-member per-month (PMPM) payments for 324 beneficiaries during the months after the beneficiaries' addresses were changed in LDH's eligibility system to an out-of-state address. These beneficiaries had no services paid by Medicaid in the months after their addresses were changed to out-of-state. *(Amount: \$2,314,805) (p.5)*
- LDH paid MCEs \$699,271 in PMPMs for 56 beneficiaries during the months after the beneficiaries' addresses were changed in LDH's eligibility system as living out-of-state. In addition, these beneficiaries received \$92,087 of services from providers located out-of-state in the months after LDH identified them as living out-of-state. *(Amount: \$699,271) (p.6)*
- While LDH uses the Public Assistance Reporting Information System (PARIS) to identify Louisiana Medicaid beneficiaries who are concurrently enrolled in Medicaid in other states, it does not always remove beneficiaries from Medicaid when PARIS indicates the beneficiary lives out-of-state and LDH's eligibility system lists the address as out-of-state. *(Amount: \$328,392) (p.7)*
- LDH paid \$84,261,731 in PMPMs for 11,107 beneficiaries who received no services beginning in the month after the out-of-state notification was received. *(Amount: \$84,261,731) (p.9)*
- LDH paid \$25,335,445 in PMPMs for 2,284 beneficiaries who only received services from providers located outside of Louisiana after the beneficiaries' out-of-state driver's license notifications were received. Managed care entities (MCEs) paid \$2,803,128 for services provided to these beneficiaries by providers located out-of-state after the beneficiaries obtained driver's licenses in other states. *(Amount: \$25,335,445) (p.9)*
- We analyzed service utilization data and found that LDH paid MCEs \$38,406,124 in PMPMs for 3,633 beneficiaries enrolled in Louisiana's Medicaid program between May 2017 and February 2023 who only received services from out-of-state providers, which totaled \$3,949,917. *(Amount: \$38,406,124) (p.11)*

## Louisiana Department of Justice (DOJ)

- The DOJ did not have adequate controls in place to ensure that proceeds received were classified timely to the Legal Support Fund (the fund) within the state’s accounting records or to ensure timely notification of deposits into the fund to the State Treasurer, the Joint Legislative Committee on the Budget (JLCB), and the Commissioner of Administration in accordance with Louisiana Revised Statute (R.S.) 49:259B(2).

In our test of four deposits into the fund during the period of July 1, 2020, through June 30, 2022, totaling \$41,913,948, three (75%) of these deposits were classified into the fund within the state’s accounting system between 27 and 122 days after DOJ had knowledge of the deposit being received. In addition, notification of the deposits into the fund to the State Treasurer, the JLCB, and the Commissioner of Administration in accordance with R.S. 49:259B(2) was not made timely for 100% of our sample items, occurring between 33 and 180 days after the DOJ first had knowledge of the deposit received. *(Amount: \$41,913,948) (p.1)*

## Louisiana State University at Shreveport (LSUS)

- For the second consecutive engagement, LSUS did not ensure bank reconciliations were properly prepared. In addition, LSUS did not accurately and timely record transactions in its accounting systems. The reconciliations identified \$62 million that cleared the bank but remained on reconciliations as reconciling items for 10 months. In addition, reconciliations contained an unexplained difference of more than \$160,000 for over a year. **(Repeat)** *(Amount: \$62 million) (p.1)*

## Sabine River Authority

- Certain capital asset activity was not properly tracked and recorded. Additionally, the Authority was depreciating certain assets that had been determined to be non-depreciable. The financial statements required adjustments to prevent them from being materially misstated. *(Amount: \$15.5 million) (p.55)*

## Local Government Agencies

### City of Baton Rouge

- The city-parish’s use of \$612,283 in Coronavirus State and Local Fiscal Recovery Program (SLRF) funds to replace the Twin Oaks Bridge may not have been an allowable use of the money. *(Amount: \$612,283) (p.294)*

## **Calcasieu Parish School Board**

- During year ended June 30, 2022, the School Board identified two incidences where fraudulent requests were received through seemingly valid emails to change the profile and electronic payment instructions for two vendors to direct vendor payments to bank accounts owned by scammers. This type of fraudulent scheme is commonly referred to as phishing. School Board personnel made the changes to the vendor records based on the email request and fraudulent form submissions with no further verification being completed.

Seven EFT payments were made to the scammers totaling \$1,607,620 between the two vendors from July 2021 and January 2022. The School Board was able to recover \$837,771 through requesting a payment reversal with the bank, with \$789,849 still unrecovered. The School Board notified the Sheriff, the District Attorney, and the Louisiana Legislative Auditor of the fraud occurrence as required by Louisiana Revised Statute 24:523 and notified its cyber insurance carrier. This matter is still under investigation to identify the scammers and to attempt to recover the remaining \$789,849. Once discovered in December 2021, the School Board began requiring a follow-up verification via telephone call to the vendor contact phone number on file to confirm change requests are authentic prior to making any changes. The School Board personnel did not separately verify the legitimacy or the authorization for changes to vendor payment information. *(Amount: \$789,849) (Exhibit E, p.4)*

## **Espee Lafayette, LLC**

- The Company was subject to a business email compromise resulting in wire transfer fraud. The Company's sole member, Lafayette Public Trust Financing Authority, performs all administrative and accounting duties. The Company wired cash in the amount of \$178,795 to unknown scammers posing as its construction contractor. The Company's email was compromised from May 2022 through August 2022, and a staff member was manipulated into believing the payment was going toward outstanding invoices to a contractor currently providing services. On August 3, 2022, the Company determined its email account was compromised and immediately contacted its email provider to shut down the account.

The Company filed a report with the FBI's Internet Crimes Complaint Center and received support from the local FBI field office. The District Attorney and the Louisiana Legislative Auditor's office were notified in accordance with Louisiana Revised Statute 24:523. The Company did not have procedures in place to confirm the wire instructions sent through email were valid, and the cyberattack was not covered by insurance. The investigation began during August 2022 and remains open with no initial success finding the stolen funds. The only physical location of the scammer determined by the investigation was a server located somewhere in South Africa. On November 16, 2022, the Company was able to recover \$68,350 of the stolen funds. The case is currently ongoing, with minimal chance of recovering any remaining funds. The total loss was \$110,445. *(Amount: \$110,445) (p.13)*

## SECOND QUARTER, FISCAL YEAR 2024

(October-December 2023)

### State Government

#### Board of Directors of the Louisiana Tuition Trust Authority - Student Tuition Assistance and Revenue Trust Programs (START)

- The Louisiana Office of Student Financial Assistance did not have adequate controls over financial reporting to ensure the START Programs' financial statements were accurate and complete. Failure to perform adequate review over financial reporting caused the financial statements, related note disclosures, required supplementary information, and supplementary information to have numerous errors requiring adjustment, some of which were material. *(The largest error was \$29,935,787.) (Exhibit A.2)*

#### Department of Public Safety and Corrections (DPS) - Public Safety Services

- For the second consecutive engagement, the DPS Office of State Fire Marshal did not timely certify and approve time sheets. **(Repeat)** *(Time sheets totaling approximately \$3.5 million in salaries, wages, leave, and overtime paid were not approved timely.) (p.2)*

#### Office of Group Benefits (OGB)

- For the sixth consecutive year, OGB, through the Office of Finance and Support Services, submitted annual fiscal reports to the Office of Statewide Reporting and Accounting Policy with errors requiring adjustments. Multiple misstatements occurred in the custodial fund, governmental fund, and government-wide financial statements. **(Repeat)** *(Errors ranged from \$16.2 million to \$35.9 million.) (p.1)*

### Local Government Agencies

We did not issue any local government agency reports that met the Act 461 criteria this quarter.

# LOUISIANA STATE CHILD OMBUDSMAN

The Child Ombudsman works to improve outcomes for Louisiana's children. The Louisiana Legislature created the ombudsman's office within the Louisiana Legislative Auditor's office to ensure the role was impartial and independent in the monitoring and evaluating of public and private agencies that protect and deliver services to children.

## What can the Ombudsman do?

- Reviews complaints concerning the actions of any state agency or entity providing services to children with state resources.
- Acts as a liaison for a child or family, including but not limited to advocating with an agency, provider, or others on behalf of the best interest of the child.
- Makes appropriate referrals and coordinates as needed when it is determined that a child or family may need assistance.
- Makes recommendations regarding systemic issues that are raised by a complaint.

## Who can contact the Child Ombudsman?

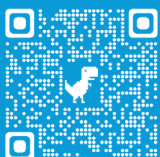
Anyone who has concerns regarding Louisiana's child services programs in state agencies such as the Department of Children & Family Services (DCFS), Office of Juvenile Justice (OJJ), Department of Education (DOE), and Louisiana Department of Health (LDH) can contact the Ombudsman.

## What can I contact the Ombudsman about?

Issues and concerns with the services a child is or is not receiving from the departments and agencies created to meet the needs of children, as well as concerns that a child's safety is not being addressed. We serve by helping you find answers to your questions and solutions to your issue(s) with the state agency. We can help you navigate the complex child-serving systems and connect you with resources.

## How do I contact the Ombudsman?

- Phone: (833) KIDS4LA (543-7452)
- Fax: (225) 388-4008
- Mail: P.O. Box 94397, Baton Rouge, LA 70804
- Online: <https://lla.la.gov/ombudsman-reporting>



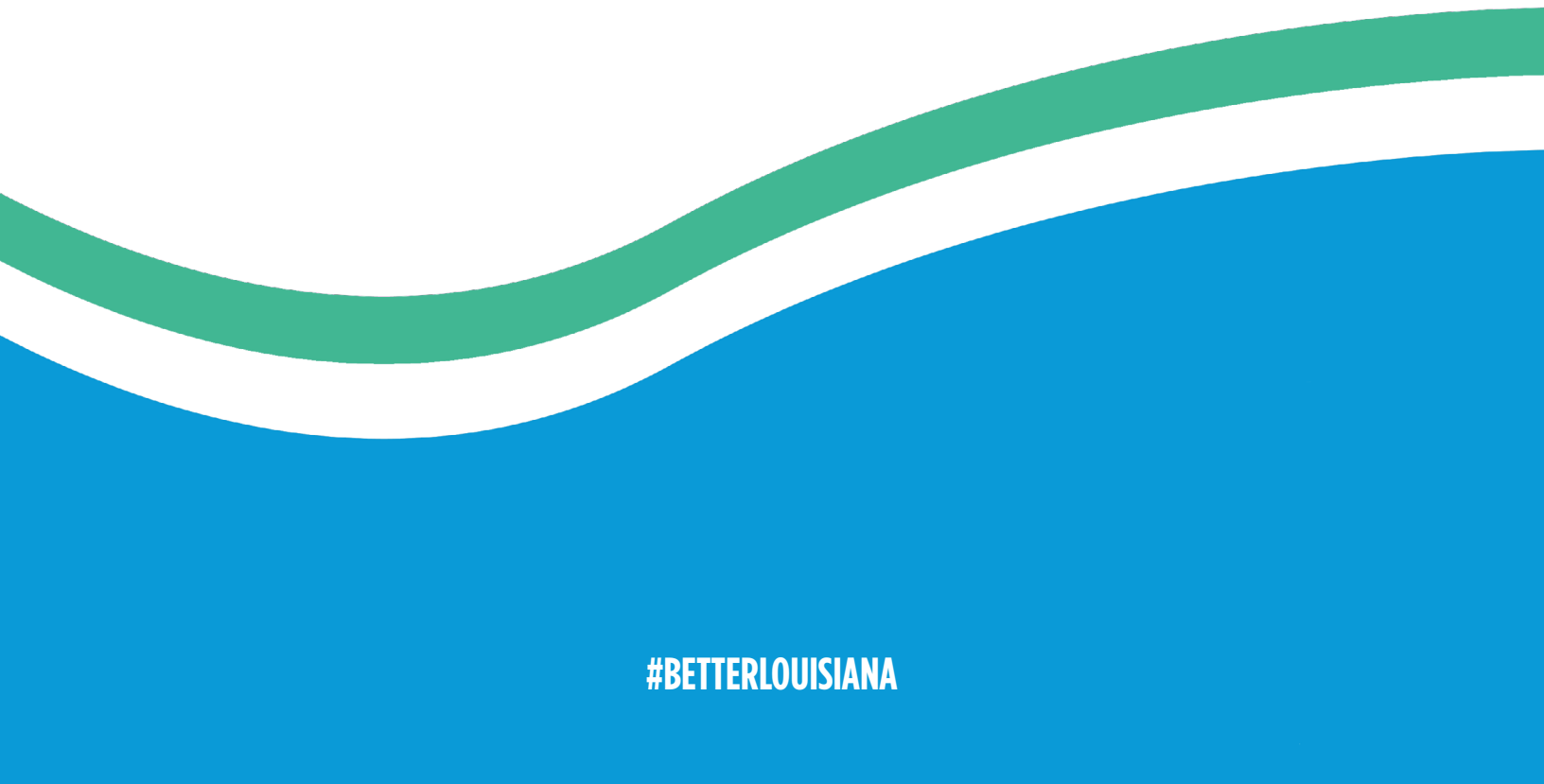
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