

# **ACT 461 REPORT ON FISCAL DEFICIENCIES, INEFFICIENCIES, FRAUD, OR OTHER SIGNIFICANT ISSUES DISCLOSED IN GOVERNMENTAL AUDITS THIRD QUARTER, FISCAL YEAR 2026**

**Report to the Joint Legislative  
Committee on the Budget  
Issued April 20, 2026**

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April 20, 2026

Chairman Jack McFarland and Members of the  
Joint Legislative Committee on the Budget

Dear Chairman McFarland and Members of the Joint Legislative Committee on the Budget:

Act 461 of the 2014 Regular Legislative Session (Louisiana Revised Statute 24:516.1) requires the Louisiana Legislative Auditor to make quarterly and annual reports to the Joint Legislative Committee on the Budget of certain audits which have findings with a dollar impact of \$150,000 or more relative to 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, and repeat findings.

Attached is our report to meet the requirements of Act 461 for the third quarter of Fiscal Year 2026. That report is linked and referenced to the full reports which contain the applicable findings of interest, as well as management's responses.

We are available to present the information that is of interest to your committee. We hope that this report assists you in your legislative decision-making process.

Sincerely,



Michael J. "Mike" Waguespack, CPA  
Legislative Auditor

MJW/ch

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## STATE AGENCIES

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### Louisiana Department of Health (LDH) ([Report Link](#))

- For the fifth consecutive year, LDH did not have adequate controls over financial reporting to ensure financial reports were accurate. As a result, LDH submitted an inaccurate Annual Fiscal Report for LDH Medical Vendor Payments for the fiscal year ended June 30, 2025, to the Division of Administration, Office of Statewide Reporting and Accounting Policy. **(Repeat)** *(Amount: Annual Fiscal Report -adjustments ranging from \$30.1 million to \$111.5 million) (p.2)*
- For the sixth consecutive year, LDH lacked adequate internal controls over eligibility determinations in the Louisiana Grants to States for Medicaid (Medicaid) and Children’s Health Insurance Program (CHIP) programs for the state fiscal year ending June 30, 2025. **(Repeat)** *(Amount: \$423,408) (p.4)*
- LDH exceeded the federally-allocated 2020 Disproportionate Share Hospital (DSH) funding limit by \$3.2 million, resulting in federal questioned costs of \$2.1 million. This is the second consecutive year that LDH exceeded a federally-allocated DSH funding limit. **(Repeat)** *(Amount: \$2,114,237) (p.6)*
- For the seventh consecutive year, LDH, the managed care organizations, and Magellan Health Services 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: \$15.8 million) (p.7)*
- LDH, Office of Behavioral Health (OBH) exceeded certain earmarking requirements for the Block Grants for Prevention and Treatment of Substance Abuse (SAPT) program. Two of the four SAPT grants that ended during fiscal year 2025 exceeded the 5% maximum amount allowed to be expended related to intervention services for the HIV disease, resulting in federal questioned costs of \$341,408. *(Amount: \$341,408) (p.9)*
- LDH, OBH did not comply with Federal Funding Accountability and Transparency Act reporting requirements for the SAPT program. As of June 30, 2025, OBH had not entered subaward information into the federal system for 10 subawards of \$30,000 or more totaling \$23.5 million. *(Amount: \$23.5 million) (p.9)*

## LOCAL GOVERNMENT AGENCIES

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### **Louisiana National Guard Foundation ([Report Link](#))**

- A wire erroneously believed to be from the organization's attorney was fraudulently initiated and forwarded to its financial firm through a spoofed email. As a result, a total of \$5 million was misappropriated. Since then, the foundation has recovered \$4,319,524 of the funds; \$680,476 remains missing. (*Amount: \$680,476*) (p.31)

### **Orleans Parish Charter School - Noble Minds D/B/A Noble Minds Institute for Whole Child Learning ([Report Link](#))**

- Charter School Incurred Questionable Costs After Relinquishment of Its Charter. (*Amount: \$606,010*) (p.5)