

ACT 461 REPORT ON FISCAL DEFICIENCIES, INEFFICIENCIES, FRAUD, OR OTHER SIGNIFICANT ISSUES DISCLOSED IN GOVERNMENTAL AUDITS THIRD QUARTER, FISCAL YEAR 2025

**Report to the Joint Legislative
Committee on the Budget
Issued April 30, 2025**

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April 30, 2025

Chairman Glen Womack and Members of the
Joint Legislative Committee on the Budget

Dear Chairman Womack 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 2025. 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

ACT 461 REPORTING – Q3 FY25



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STATE AGENCIES

Department of Children and Family Services (DCFS) ([Report Link](#))

- 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 2024 for the Foster Care - Title IV-E and Temporary Assistance for Needy Families programs. This is the third consecutive year we have reported noncompliance with FFATA reporting. **(Repeat)** *(Amount: \$10.5 million for Foster Care Title IV-E program and \$172 million for TANF) (p.5)*

Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) ([Report Link](#))

- GOHSEP did not fully comply with FFATA reporting requirements for the Hazard Mitigation Grant (HM) and Flood Mitigation Assistance (FMA) programs. This is the second consecutive year in which the FMA program was not compliant with FFATA reporting requirements. **(Repeat)** *(Amount: \$3.9 million for HM Grant and \$21.2 million for FMA program) (p.1)*

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

- **Potential Violation of State Constitution** - No documentation to support expenditures for management fees and "other costs," resulting in \$46,696,031 of the Quality and Outcome Improvement Network's (QIN's) payments to Ochsner for these items, potentially violating the Louisiana State Constitution. *(Amount: \$46,696,031) (p.17)*
- **Potential Waste or Improper Payment** - No documentation existed to support any of the \$138,000,001 of viability payments other than QIN's contracts with the participating hospitals. *(Amount: \$138,000,001) (p.20)*

Louisiana Tech University (La Tech) ([Report Link](#))

- In December 2024, La Tech discovered that, during the period from February 2024 through November 2024, nine electronic fund transfer (EFT) payments to an out-of-state university totaling \$206,451 had been fraudulently diverted to unknown person(s). The misappropriation of funds occurred after an unknown individual(s) submitted fraudulent emails impersonating La Tech's point of contact with the out-of-state university, requesting a change in payment method from physical check to EFT. La Tech processed the request under the incorrect assumption that it was legitimate. *(Amount: \$206,451) (p.1)*

Thrive Academy ([Report Link](#))

- For the second consecutive engagement, Thrive failed to obtain proper approval for contracts prior to incurring expenditures and also procured professional and consulting services without the initiation of formal contracts as required by the Louisiana Administrative Code. In addition, Thrive failed to properly monitor contracts, failed to complete vendor performance evaluations in a timely manner, and made payments against current-year contracts for services provided during the prior-year contract period. **(Repeat)** *(Amount: \$ 193,909) (p.2)*

University of New Orleans (UNO) ([Report Link](#))

- UNO did not comply with the University of Louisiana System's (System) Students with Debt policy, including calculating the allowance for doubtful accounts for student receivables. UNO also failed to provide adequate support that delinquent student accounts and delinquent accounts related to separated employees who were overpaid in fiscal year 2019 as a result of the execution of a change in payment structure for its non-academic, unclassified employees were timely reported to the Louisiana Attorney General for collection in accordance with System and UNO policies, as well as with state law. *(Amount: \$240,000) (p.2)*

Veterans Affairs, Department of (LDVA) ([Report Link](#))

- LDVA employees did not ensure that all purchases of movable property were properly recorded in the state property system in accordance with state property regulations. *(Amount: \$521,503) (p.3)*
- LDVA did not comply with Louisiana Revised Statute 47:1676, which requires that all debts owed to the state be referred to either the Louisiana Attorney General's office, or to the Office of Debt Recovery within the Louisiana Department of Revenue, for collection, when the debt has been final for 60 days. *(Amount: \$328,068) (p.7)*

LOCAL GOVERNMENT AGENCIES

East Baton Rouge Parish Charter School - Education Explosion, Inc. d/b/a Impact Charter School ([Report Link](#))

- Chief Executive Officer (CEO) Diverted Charter School Funds to Nonprofit Corporation (*Amount: \$1,675,927*) (*p.7*)
- CEO Diverted Fees Paid by Parents and Students to Nonprofit Corporation and Financial Accounts Not Associated with the School (*Amount: \$292,993*) (*p.15*)
- School Contractor Appears to Have Shared Proceeds from School Contracts with the CEO (*Amount: \$50,625*) (*p.26*)
- CEO May Have Used Charter School Funds for Work on Personal Residence (*Amount: \$111,153*) (*p.31*)
- CEO Used Charter School Funds for Personal Travel (*Amount: \$114,094*) (*p.38*)
- Charter School Funds Used to Lease and/or Purchase Vehicles Used by CEO (*Amount: \$171,798*) (*p.47*)
- Charter School Used Funds to Obtain, Repair, and Improve a Building the School Did Not Own (*Amount: \$129,493*) (*p.54*)
- CEO May Have Used School Funds for Additional Personal Expenses (*Amount: \$88,607*) (*p.58*)