

ACT 461 REPORT ON FISCAL DEFICIENCIES, INEFFICIENCIES, FRAUD, OR OTHER SIGNIFICANT ISSUES DISCLOSED IN GOVERNMENTAL AUDITS THIRD QUARTER, FISCAL YEAR 2023

**Report to the Joint Legislative
Committee on the Budget
Issued April 26, 2023**

**LOUISIANA LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

LEGISLATIVE AUDITOR
MICHAEL J. "MIKE" WAGUESPACK, CPA

FIRST ASSISTANT LEGISLATIVE AUDITOR
ERNEST F. SUMMERVILLE, JR., CPA

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report is available for public inspection at the Baton Rouge office of the Louisiana Legislative Auditor.

This document is produced by the Louisiana Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's website at www.la.la.gov.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Jenifer Schaye, General Counsel, at 225-339-3800.

April 26, 2023

Chairman Jerome Zeringue and Members of the
Joint Legislative Committee on the Budget

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

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 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 2023. 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 – APRIL 2023



TABLE OF CONTENTS

	Page
State Agencies	2
Local Government Agencies	4

STATE AGENCIES

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

- 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) ([Report Link](#))

- 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) ([Report Link](#))

- 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 ([Report Link](#))

- 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 ([Report Link](#))

- 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 occurred, it contacted the 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 ([Report Link](#))

- 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 auditors' report, no other legal proceedings have occurred. *(Amount: \$344,226) (p.50)*

St. Mary Parish Hospital Service District - Claire House ([Report Link](#))

- 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 2019-2021. 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 on 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 ([Report Link](#))

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