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# Report Highlights

## Executive Department

Audit Control # 80200073  
Financial Audit Services • July 2021

### Why We Conducted This Audit

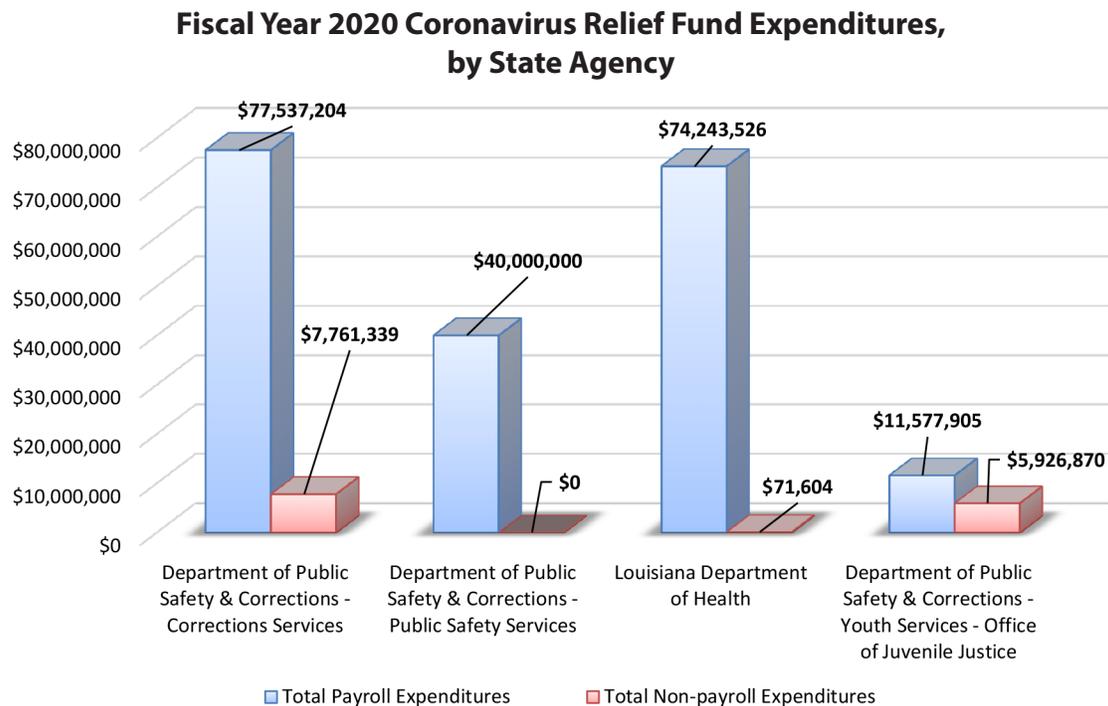
We performed certain procedures at the Executive Department as a part of the Comprehensive Annual Financial Report of the State of Louisiana, the Single Audit of the State of Louisiana, and to evaluate the department's accountability over public funds for the period July 1, 2019, through June 30, 2020.

### What We Found

- The Office of Finance and Support Services submitted inaccurate Annual Fiscal Reports (AFR) for the Division of Administration (DOA) and the Office of Technology Services (OTS) for the fiscal year ending June 30, 2020. The DOA AFR was submitted with payments totaling \$1.03 billion incorrectly reported on the operating lease note disclosure instead of the lessor lease disclosure. This total was also overstated by \$80.4 million. The OTS AFR was submitted with a \$20.3 million overstatement of operating expenses.
- The DOA, Office of Community Development (OCD), Disaster Recovery Unit (DRU) identified \$34.2 million in Small Rental Property Program loans for 321 property owners under the CDBG program who failed to comply with one or more of their loan agreement requirements and were assigned to loan recovery status. In addition, 916 noncompliant loans identified in previous years totaling \$80.2 million remain outstanding. This is a repeat finding from the prior year.
- DOA did not thoroughly review certain state agency expenditures prior to approving reimbursement using Coronavirus Relief Fund (CRF) monies. Louisiana reported CRF expenditures totaling \$217,118,448 on its fiscal year 2020 Schedule of Expenditures of Federal Awards. Included in the \$217.1 million were CRF reimbursements of certain non-payroll expenditures for the Department of Public Safety and Corrections - Corrections Services (DOC) totaling \$7,761,339, or 3.6% of the total. DOA decided that 100% of the non-payroll expenditures DOC submitted would be considered allowable for CRF funding as long as the costs were incurred during the allowed period and, therefore, did not require DOC to submit support that each expenditure incurred was a COVID-19-related expenditure. The exhibit below displays the state agency payroll and non-payroll expenditures that were covered using CRF funds.

*Continued on next page*

## What We Found (Cont.)



Source: 2020 SEFA expenditure detail

- DOA, OCD-DRU identified \$38,359 in noncompliant Homeowner Assistance Program awards for two homeowners through post-award monitoring for the Community Development Block Grant/State's Program (CDBG). In addition, 27,932 noncompliant files totaling \$930.6 million identified in previous years are still outstanding. This is a repeat finding from the prior year.
- The Office of Statewide Reporting and Accounting Policy (OSRAP) did not have adequate controls over vendor record changes, which resulted in inappropriate changes to five vendor records. As a result, inappropriate payments totaling \$5.2 million were sent to the bank for payment. Of the \$5.2 million, OSRAP represented that payments totaling \$4.8 million were detected by the bank as potentially improper and were stopped before the payments cleared.
- OTS did not have adequate controls over information technology security and lacked agency-supported data recovery functions. The issues noted related to the ransomware attack that occurred on November 15, 2019; the lack of business impact analyses for certain state agencies; and the lack of fully documented standards and procedures for certain security areas.
- The Louisiana Federal Property Assistance Agency (LFPAA) did not have written policies and procedures governing the administration of the Fixed Price Vehicle program, in which LFPAA acquires vehicles and property from the U.S. General Services Administration for resale to state and local governments, or other tax supported agencies.