

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

FIRST QUARTER, FISCAL YEAR 2022



REPORT TO THE JOINT LEGISLATIVE  
COMMITTEE ON THE BUDGET  
ISSUED OCTOBER 2021

**LOUISIANA LEGISLATIVE AUDITOR  
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LOUISIANA LEGISLATIVE AUDITOR  
MICHAEL J. "MIKE" WAGUESPACK, CPA

October 1, 2021

Chairman Bodi White and Members of the  
Joint Legislative Committee on the Budget

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

Act 461 of the 2014 Regular Session requires the Legislative Auditor to make quarterly and annual reportings 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 first quarter of Fiscal Year 2022. 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,

A handwritten signature in blue ink, appearing to be "Mike Waguespack", written over a circular stamp or seal.

Michael J. "Mike" Waguespack, CPA  
Legislative Auditor

MJW/ch

ACT 461 REPORTING – OCTOBER 2021

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## STATE AGENCIES

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### Executive Department ([Report Link](#))

- **Inaccurate Annual Fiscal Reports** - The Office of Finance and Support Services submitted inaccurate Annual Fiscal Reports (AFR) for the Division of Administration (DOA) and the Office of Technology (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. *(Amount: \$1.05 billion) (p.1)*
- **Inadequate Recovery of Small Rental Property Program Loans - (Repeat)** The DOA, Office of Community Development, Disaster Recovery Unit identified \$34.2 million in Small Rental Property Program loans for 321 property owners under the Community Development Block Grant 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. *(Amount: \$34,233,732) (p.2)*
- **Inadequate Controls over Certain Coronavirus Relief Fund Transactions** - 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. *(Amount: \$7,761,339) (p.3)*
- **Inadequate Controls over Vendor Record Changes** - 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. *(Amount: \$5,213,363) (p.7)*

**Louisiana Schools for the Deaf and Visually Impaired ([Report Link](#))**

- **Untimely Approvals of LaCarte Card Purchases** - Louisiana Schools for the Deaf and Visually Impaired (LSDVI) management did not ensure that purchases made with the LaCarte card were electronically signed off in WORKS, the Bank of America online banking system, in a timely manner and in accordance with LSDVI and state policies. *(Amount: \$154,253) (p.4)*

## LOCAL GOVERNMENT AGENCIES

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### City of Oakdale ([Report Link](#))

- The City Clerk used ACH transactions to transfer cash to three personal bank accounts. \$248,564 in funds were possibly misappropriated in the audited fiscal year and approximately \$109,462 subsequently. The alleged theft occurred between July 1, 2019, and March 11, 2021. The suspect is now deceased, so there are no charges and is no adjudication in progress. All appropriate law enforcement bodies have been notified. The suspect died before any charges or restitution could be made. Fidelity bond insurance claims have been filed in the amounts of \$35,000 and \$50,000. (*Amount: \$358,026*)  
(p.87)