

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

**Report to the Joint Legislative
Committee on the Budget
Issued February 13, 2023**

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February 13, 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 second 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
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STATE AGENCIES

Delgado Community College ([Report Link](#))

- Delgado Community College submitted an inaccurate Annual Fiscal Report to the Louisiana Community and Technical College System that contained errors requiring adjustments. (*Amount: \$21,608,320*) (p.1)

Louisiana Delta Community College ([Report Link](#))

- Louisiana Delta Community College submitted an inaccurate Annual Fiscal Report to the Louisiana Community and Technical College System that contained errors requiring adjustments. (*Amount: \$5,544,110*) (p.1)

Louisiana Workforce Commission ([Report Link](#))

- Claimants Received Unemployment Benefits for Multiple Individuals (*Amount: \$151,907*) (p.4)

Office of Group Benefits (OGB) ([Report Link](#))

- OGB, through the Office of Finance and Support Services, submitted Annual Fiscal Reports to the Office of Statewide Reporting and Accounting Policy with errors requiring adjustments. **(Repeat)** (*Amount: \$152.6 million*) (p.1)

LOCAL GOVERNMENT AGENCIES

Town of Gibsland ([Report Link](#))

- Town Did Not Comply with the Local Government Budget Act (*Amount: \$287,993*) (p.5)
- Town Failed to Budget American Rescue Plan Act Funds, Did Not Publicly Bid Vehicle Purchases, and Improperly Paid Incentives to Town Officials (*Amount: \$162,365*) (p.7)
- Noncompliance with Louisiana Audit Law (*Amount: \$202,940*) (p.13)

City of New Orleans Firefighters' Pension and Relief Fund ([Report Link](#))

- An outside fund manager, who did not work for the Pension Fund, failed to remit fund proceeds of certain insurance policies to the pension fund, converting them to his personal use. The investment firm was American Pension Consultants. Insurance policy proceeds diverted were \$937,659. The fraud occurred between 2004 and 2017. The perpetrator was indicted in an indictment filed in 2016 with the U.S. Attorney's office. A plea deal was signed with the U.S. Attorney in 2022. This fraud was never reported to the Louisiana Legislative Auditor until now and was discovered by the auditor during his review of subsequent events. Restitution was ordered, and there was no insurance applicable to cover this theft. (*Amount: \$937,659*) (p.44)

Port of South Louisiana Commission ([Report Link](#))

- During the year ended April, 30, 2022, the Port was the victim of a cyber-attack. As a result of this attack, approximately \$420,319 was misappropriated from the Port. The Port was able to recover \$250,000 through insurance providers, and is still in the process of filing proofs of loss for additional insurance reimbursement for the loss. As required by law, the Port informed the St. John the Baptist Parish District Attorney's Office and applicable law enforcement, including the Federal Bureau of Investigation. (*Amount: \$420,319*) (p.43)

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

- City's Purchase of Insurance did not Comply with City Charter or City Policy (*Amount: \$1,456,547*) (p.4)