

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

THIRD QUARTER, FISCAL YEAR 2022



REPORT TO THE JOINT LEGISLATIVE  
COMMITTEE ON THE BUDGET  
ISSUED APRIL 27, 2022

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

April 27, 2022

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 third 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 mark.

Michael J. "Mike" Waguespack, CPA  
Legislative Auditor

MJW/ch

ACT 461 REPORTING – APRIL 2022

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## STATE AGENCIES

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### **Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) - Public Assistance Program ([Report Link](#))**

- Completed work was not within the scope of the approved project. *(Amount: \$2,229,937) (p.3)*
- Expense reimbursements were not supported by invoices, receipts, lease agreements, contracts, labor policies, time records, equipment logs, inventory records, or other applicable documentation. *(Amount: \$80,145,135) (p.3)*
- Contracts and purchases totaling more than \$30,000 per vendor per calendar year did not comply with applicable federal and state procurement requirements. *(Amount: \$10,437,917) (p.3)*
- Work reflected in the expense reimbursements did not comply with applicable FEMA regulations and guidance. *(Amount: \$8,150,239) (p.3)*

*Since April 1, 2008, the LLA has noted exceptions totaling \$1,523,739,019, which includes \$101,006,579 noted this period, and GOHSEP has resolved \$1,372,948,729, which includes \$68,721,882 resolved this period.*

### **Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) - Hazard Mitigation Program ([Report Link](#))**

- Expense reimbursements were not supported by invoices, receipts, lease agreements, contracts, labor policies, time records, equipment logs, HUD settlement statements, appraisals, elevation certificates, duplication of benefits verifications, engineer plans, inspection photographs, or other applicable documentation. *(Amount: \$927,522) (p.2)*
- Contracts and purchases totaling more than \$10,000 per vendor per calendar year did not comply with applicable federal and state procurement requirements. *(Amount: \$5,524,532) (p.3)*

*Since April 1, 2008, the LLA has noted exceptions totaling \$307,148,558, which includes \$6,535,480 noted this period, and GOHSEP has resolved \$211,471,109, which includes \$4,629,921 resolved this period.*

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

- Overall, we found that LWC made approximately \$6.1 million in state and federal unemployment benefit payments to 1,054 state employees who do not appear to have been eligible for these programs during the period of February 2, 2020, through July 24, 2021. While some of these employees may be victims of identity theft, unemployment benefit payments to others appear to potentially be improper. **(Repeat)**  
*(Amount: \$6,109,430) (p.4)*

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

- The Office of Group Benefits submitted annual fiscal reports to the Office of Statewide Reporting and Accounting Policy with errors requiring significant adjustments. **(Repeat)**  
*(Amount: more than \$400 million) (p.1)*

## LOCAL GOVERNMENT AGENCIES

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### Fire Protection District No. 4 of the Parish of Catahoula ([Report Link](#))

- Former Fire Chief Robert Squyres entered into three lease purchase agreements and one loan between 2017 and 2019 without State Bond Commission (SBC) approval. State law requires political subdivisions to obtain SBC approval prior to incurring debt. Two of the three leases were re-negotiated in 2019 by pledging multiple District 4 vehicles for the third lease purchase agreement of \$566,721. *(Amount: \$566,721) (p.11)*

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

- Former City of Oakdale (City) Clerk Melissa Schaefer manipulated Automated Clearing House transfers to pay herself \$769,136 more than her authorized salary from January 1, 2014 to March 17, 2021. *(Amount: \$769,136) (p.4)*

### Orleans Parish Charter School - Inspire NOLA Charter Schools ([Report Link](#))

- During the year ended June 30, 2021, it was discovered that correspondence between Inspire NOLA and a vendor had been compromised by an illegal third party. Upon closer review, it was discovered that email addresses had a slight change in the email string. Over the period of three months (October 2020 through December 2020), an email requesting a payment information change was sent by the illegal third party and acted upon by Inspire NOLA's Finance department. A wire was processed for \$221,079.52 for July 2020 through October 2020 rent for one of Inspire NOLA's school facilities. A second wire for \$31,255.88 was sent for November 2020 rent. Both wires were sent to a fraudulent bank account. The fraud was discovered on December 31, 2020, when Inspire NOLA and the vendor were communicating about payment outside of this altered email string. Inspire NOLA promptly alerted the relevant authorities including the local office of the FBI, New Orleans' District Attorney's Office, the New Orleans Police Department, its insurance company, the Louisiana Legislative Auditor, and its independent CPA firm to report the illegal activity. The identity of the illegal third party has not been determined, and that remains unlikely to occur given the nature of the fraud scheme. *[Amount: \$252,336 (insurance reimbursed \$247,335)] (Management Letter)*