

LOUISIANA
LEGISLATIVE
AUDITOR



2023 ANNUAL REPORT

& ACT 461 REPORT





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This annual report was prepared to comply with Louisiana Revised Statute 24:513 D(1).

The purpose is to review the work of the Louisiana Legislative Auditor's (LLA) office over calendar year 2022 and to highlight significant issues involving state and local governments. The goal of summarizing these issues is to encourage corrective actions, such as improved procedures or legislative actions that will resolve or reduce the impact of these concerns and increase accountability and transparency in Louisiana government.

This report also helps satisfy the annual reporting requirement of Act 461 of the 2014 Regular Legislative Session.

The report is organized into two main categories – *State Government* and *Local Government*. The State Government category is divided into specific agencies listed alphabetically. The report summaries that follow reflect only a portion of the more than 4,000 reports released in calendar year 2022 and are representative of those issues, findings, and/or problems deemed most significant by the LLA. These summaries do not include every finding or weakness identified in 2022, but focus on the major concerns or issues facing Louisiana.

The reports contain specific recommendations and/or matters for legislative consideration and can be found on the LLA website at lla.la.gov. These reports include agency responses. In some instances, changes already may have been implemented or be in progress.

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Our Mission

To foster accountability and transparency in Louisiana government by providing the Legislature and others with audit services, fiscal advice, and other useful information.

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FROM THE AUDITOR

2022 brought some significant changes to the LLA.

Among these changes, we embarked on a top-to-bottom project to rebrand the LLA, the results of which we formally unveiled in October 2022. While our mission did not change, our reports, our website, our social media, our recruiting materials, and our overall appearance all received a fresh new look, designed to reflect a 21st-century sensibility.

At its core, our rebranding effort refocused our vision of who we are and highlighted our message that we want to be the trusted advisors to our legislators, state and local officials, and members of the public, working collectively with them to improve our communities and build a better Louisiana.

We also expanded our use of the LLA's social media so that our platforms not only showcase our reports, but also provide a glimpse into all we have to offer current and potential employees, the diverse personalities who make up our staff, and the importance of the work we do.

The mainstay of the LLA, of course, is our reports. Here, too, we made some changes. We introduced Informational Reports and Informational Briefs, which are shorter than our traditional audit reports and are designed to provide information and analysis in a more timely manner than standards-based audits.

In addition, we created an Economic Advisory Services section, which will allow our staff economist to delve more deeply into the financial implications of issues of interest to the state.

2022 By the Numbers

In 2022, we released 142 staff reports covering a variety of topics and state agencies, and oversaw the work of approximately 290 independent contract audit firms that conducted 4,038 audits and other types of engagements on state and local government.

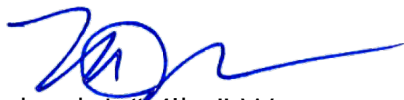
In addition, we prepared fiscal notes related to 21 bills affecting the expenditures of political subdivisions and actuarial notes for 14 retirement bills affecting the 13 state and statewide public retirement systems. We also reviewed 2,719 millages and prepared 16 legal opinions.

Approximately 240 employees work for the LLA. The majority conduct audit work in Financial Audit Services, Investigative Audit Services, Performance Audit Services, and Recovery Assistance Services.

Other staff members work in Actuarial Services, Advisory Services, Economic Advisory Services, Legal Services, and Local Government Services. Staff members in these sections provide guidance and training to state and local officials and quasi-public entities, conduct research, monitor legislative changes, provide legal opinions for staff and public officials as requested by the Legislative Auditor, and help ensure the audit law is enforced.

Staff members in the Accounting, Human Resources and Professional Development, Information Services, Publishing, and other administrative areas provide necessary support for the work of the LLA.

Much of our work is required by state or federal law. Other work is the result of complaints, lawmaker requests, and our identification of risk areas in state and local governmental entities. As always, however, all of our work is driven by our mission and by our goal of helping to create a [**#BetterLouisiana**](#).



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

142

LLA released 142 staff reports in 2022.

290/4,038

Approximately 290 independent contract audit firms conducted an additional 4,038 engagements.

21/14

LLA prepared fiscal notes for 21 financial bills and actuarial notes for 14 retirement bills.

240

LLA is 240 employees strong and consists of an expert team of trusted advisors collectively working to improve communities and build a better Louisiana.

SOCIAL MEDIA

In 2022, the LLA continued its efforts to better use social media to keep members of the Legislature, public officials, and the public informed about audit reports, local government training sessions, audit resources, staff hires, staff awards and promotions, and other matters.

LLA on Social Media



Facebook:

[@LouisianaLegislativeAuditor](#)



Twitter:

[@LALegisAuditor](#)



LinkedIn:

[Louisiana Legislative Auditor](#)



Instagram:

[louisianalegislativeauditor](#)

The LLA's YouTube channel – at www.youtube.com/user/LouisianaAuditor – features videos from the Center for Local Government Excellence's 2022 training sessions, the LLA Legal Minute series, and the 2022 Millage Workshops.



In 2022, the LLA produced 15 podcasts that focused on highlights from select audit reports. The podcasts are available at www.lla.la.gov/reports/podcasts, or listeners can subscribe to LLA Reports through iTunes, Google Podcasts, Stitcher, Spotify, and Amazon Alexa.

Podcasts Released in 2022

Improper Payments in the Unemployment Insurance Program
February 14, 2022

Louisiana Housing Corporation
February 21, 2022

Election Integrity
March 14, 2022

GOHSEP – Hurricane Ida Preparation and Response
March 28, 2022

Use of Room Confinement in Juvenile Detention Facilities
April 25, 2022

Unemployment Insurance Program: Accuracy of IRS Form 1099-G Filings
May 23, 2022

Teacher Qualifications and Pay
May 25, 2022

Louisiana State Board of Examiners of Psychologists
June 6, 2022

Status Update: Regulation and Valuation of Surface Water
July 11, 2022

*Louisiana Charter School Compliance with Economically-Disadvantaged
Enrollment Requirements*
August 8, 2022

Sufficiency of the Transportation Trust Fund
September 6, 2022

Regulation of Residential Property Insurance
September 26, 2022

Southeast Louisiana Flood Protection Authority – East
September 28, 2022

Financial Condition of the Residential Property Insurance Market
October 17, 2022

Louisiana Office of Tourism
December 12, 2022



LEGAL SERVICES

Legal Services staff members represent the LLA in court matters, issue opinions, provide assistance to CPAs, local government officials, and public employees, answer public records requests, and give presentations.

In 2022, Legal issued 16 written opinions, answered 818 calls from CPAs and officials, and answered 60 public records requests.

Legal also updated and amended the LLA website's FAQs and White Papers. Three new White Paper topics were created on "Sexual Harassment," "Required Training (Public Employees)," and "American Rescue Plan" - bringing the total number of topics covered in the FAQs/White Papers section to 45.

Legal has continued to update and maintain new guidance information in its existing COVID-19 Guidance, COVID-19 Charts, and COVID-19 Audits FAQs, including a video presentation on the U.S. Department of the Treasury's ARPA Final Rule, which is posted on the LLA's website and YouTube channel.

In addition, Legal staff members gave 26 public law presentations to 12 organizations, certified 2,719 ad valorem taxes, and presented two online millage workshops attended by about 545 participants. The Millage Workshops are available on the LLA's website and YouTube channel.

Our Vision

We envision an accountable, transparent, responsive government that provides efficient and effective services for the benefit of the people of Louisiana.

Our Goals

Plan and perform quality audit and advisory services of state and local governments and not-for-profit organizations in an efficient and effective manner.

Communicate the results of our audit services to the public, Legislature, public officials, and other decision makers timely and effectively.



STATE GOVERNMENT

The Financial, Performance, and Recovery Assistance sections of the LLA perform audits involving state agencies.

Financial Audit Services focuses on whether agencies and universities have adequate controls in place to ensure accountability over public funds and compliance with state and federal laws, regulations, and grant agreements.

Performance Audit Services evaluates the economy, efficiency, and effectiveness of state agency programs, functions, and activities.

Recovery Assistance Services ensures federal disaster recovery funds are spent in accordance with federal and state laws, rules, and regulations.

In addition to these audit services, the LLA prepares actuarial cost notes for all proposed legislation affecting Louisiana public employee retirement systems, reviews the actuarial valuations and audited financials of all 13 state and statewide public retirement systems, certifies cost-of-living allowances for the entities, and prepares the Annual Report on Louisiana Public Retirement Systems for the Legislature and the Governor.

Board of Regents

SOWELA Technical Community College

February 23, 2022

SOWELA failed to terminate access to its electronic administrative system in a timely manner for ten employees who no longer worked for the college. *A previous report finding related to inappropriate system access was resolved.* As a result of a prior-report finding of possible improper one-time salary supplements to employees, auditors performed a review of payroll transactions that occurred between July 1, 2019, and December 31, 2020, and determined all payments were properly authorized, supported, and paid.

Baton Rouge Community College

April 6, 2022

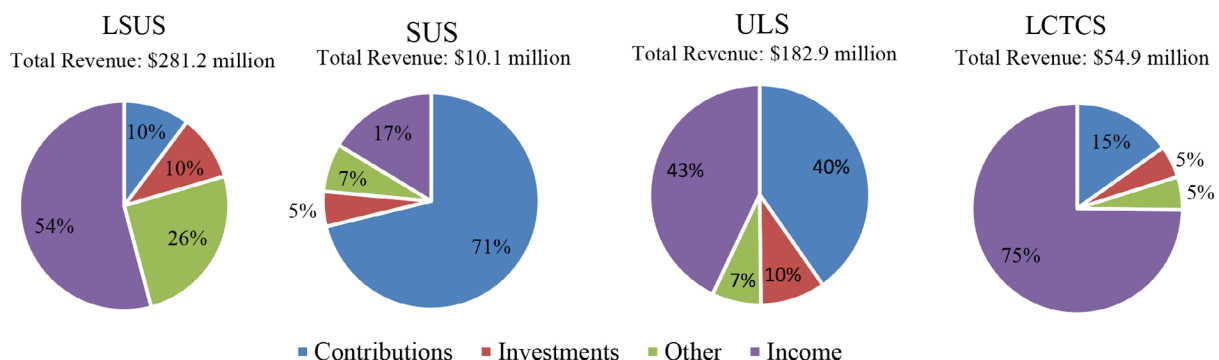
For the *second consecutive year*, BRCC did not have adequate controls in place to ensure returns of Title IV funds were calculated accurately and sent to the U.S. Department of Education in a timely manner. BRCC also did not ensure that quarterly reports for the Higher Education Emergency Relief Funds program were accurate or that the reports were publicly posted by the required deadlines. *Prior-year findings related to disbursement of CARES (Coronavirus Aid, Relief, and Economic Security) Act funds to ineligible students and untimely deactivation of fuel card personal identification numbers were resolved.*

Higher Education Foundations and Affiliates in Louisiana

May 12, 2022

At least 75 foundations are affiliated with public higher education institutions in Louisiana. In 2020, these foundations collectively held approximately \$4 billion in assets across all four higher education systems. In comparison, the fiscal year 2020 enacted budget for higher education institutions was \$2.4 billion. The top 10 foundations held a collective \$2.9 billion (72.1%) of the \$4 billion in total foundation assets. The two foundations with the highest total of assets were the LSU Foundation and the Tiger Athletic Foundation, which accounted for approximately \$1.2 billion, or 29%, of the \$4 billion. The foundations collectively took in about \$529.1 million in revenue in 2020 and spent about \$476.5 million.

Revenue Type by System
Fiscal Year End June 30, 2020 or December 31, 2020*



*For one foundation, asset amounts came from its 2017 financial audit.

Source: Prepared by legislative auditor's staff using foundation financial audits/statements.

Louisiana State University Health Sciences Center – New Orleans

May 11, 2022

For the *second consecutive year*, LSUHSC-NO did not have adequate controls over project closeouts or accounting records for the Research and Development (R&D) Cluster federal program. In addition, LSUHSC-NO did not have adequate controls over sub-recipient monitoring for the R&D Cluster federal program.

South Louisiana Community College

May 18, 2022

The college failed to return federal Student Financial Assistance funds timely to the U.S. Department of Education for funds that were not received by a student or parent. In addition, SLCC did not have a formal risk assessment documented or related safeguards to address the minimum requirements of the Gramm-Leach-Bliley Act standards for safeguarding student information. SLCC also did not remove terminated employees' access to its electronic administrative system in a timely manner. *Prior-report findings related to unallowed CARES Act payroll expenditures and unallowed disbursement of CARES Act funds to students were resolved.* As a result of a prior-report finding of possible improper payments to employees, auditors performed a review of payroll transactions that occurred between July 1, 2020, and June 30, 2021, and found there were no one-time payments, and retroactive payments had adequate supporting documentation.

Louisiana State University and Related Campuses

May 23, 2022

The Pennington Biomedical Research Center did not adequately monitor sub-recipients of the federal R&D Cluster to ensure required audits were completed within nine months of the sub-recipient's fiscal year-end. In addition, Louisiana State University and A&M College did not have adequate controls in place to accurately maintain active and inactive Federal Perkins Loan records in accordance with federal regulations. LSU A&M also improperly requested and received reimbursement from the Higher Education Emergency Relief Fund for costs totaling \$40,897 that did not comply with program requirements. In addition, LSU A&M did not ensure compliance with the Higher Education Emergency Relief Fund's public reporting requirements for the Institutional and Student Aid Portion funds. *Prior-year findings related to noncompliance with and inadequate controls over federal Special Tests and Provisions requirements and noncompliance with Gramm-Leach-Bliley Act student information security requirements were resolved.*

Northwest Louisiana Technical Community College

May 25, 2022

For the *second consecutive audit*, the college failed to report and remit outstanding checks more than one year old to the State Treasurer as unclaimed property, as required by state law. Twenty-two outstanding checks totaling \$5,882 dated from August 2019 through June 2020 were not submitted to the Treasurer. *Prior-year findings related to inaccurate financial reporting, inadequate controls over the assessment and refunding of student tuition and fees, and inadequate controls over the finance and student information systems were resolved.*

Grambling State University

June 8, 2022

The university granted some employees inappropriate access to the university's electronic administrative system. In addition, monthly reconciliations of School Account Statement data files to the university's financial records were not performed as required by federal regulations. The university also did not have adequate controls in place to ensure Title IV funds required to be returned to the U.S. Department of Education were calculated accurately and remitted. In addition, the university did not have a formal documented risk assessment or related safeguards to meet the minimum requirements of the Gramm-Leach-Bliley Act standards for protecting student information.

Northwestern State University

June 22, 2022

NSU did not have adequate controls in place that could have helped prevent or detect a cyberattack that occurred in January 2021 affecting the payroll disbursement of 13 employees. In addition, NSU did not have adequate controls in place to correctly calculate the return of Title IV funds to the U.S. Department of Education for the Federal Pell Grant and Federal Direct Student Loans programs. NSU also did not have adequate controls in place to ensure that financial aid packages awarded to students did not exceed the limits set by federal regulations. In addition, NSU did not have adequate controls in place to make required returns of Title IV funding to the U.S. Department of Education within required timeframes. Additionally, NSU did not have a formal risk assessment documented or related safeguards to address the minimum requirements of the Gramm-Leach-Bliley Act standards for safeguarding student information. *A prior-year finding related to noncompliance with timekeeping rules and policies was resolved.*

Louisiana State University Health Sciences Center – Shreveport

June 23, 2022

For the *second consecutive year*, LSUHSC-S did not receive revenues for physician services it provided at the Monroe facility as specified in its Joint Venture agreements with the hospital partner. Also, for the *second consecutive year*, LSUHSC-S did not adequately monitor billing and collection services performed by a third-party servicer and the related sub-service organization, and did not maintain adequate controls over payroll processing. For the *fourth consecutive year*, LSUHSC-S did not have adequate controls over state and non-governmental grants and contracts to pursue collection of monies owed to it. For the *third consecutive year*, LSUHSC-S did not ensure internal control over documentation of personnel services for its federal R&D Cluster programs. Also, for the *third consecutive year*, LSUHSC-S did not have adequate controls in place to ensure compliance with Special Tests and Provisions requirements under the R&D Cluster programs. In addition, for the *second consecutive year*, LSUHSC-S did not adequately monitor sub-recipients under the R&D Cluster programs.

University of Louisiana at Lafayette

June 29, 2022

For the *second consecutive year*, the university did not have adequate controls in place to ensure returns of Title IV funds were accurately calculated as required by federal regulations. Also, for the *second consecutive year*, the university did not have a formal documented risk assessment or related safeguards to address the minimum requirements of the Gramm-Leach-Bliley Act standards for safeguarding student information. In addition, the university failed to inform students and/or parents receiving Federal Direct Student Loans of their right to cancel all or a portion of their loan disbursements and the procedures and time by which they had to notify the institution. The university also did not adequately implement controls to ensure compliance with certain reporting requirements for the Higher Education Emergency Relief Fund. Additionally, the university did not have adequate controls in place to ensure personnel expenses and effort charged to federal R&D awards accurately reflected work performed, and did not adequately monitor sub-recipients of the R&D Cluster programs. *Prior-year findings related to inappropriate system access and changes in enrollment status not reported were resolved.*

River Parishes Community College

September 7, 2022

For the *third consecutive report*, RPCC did not have adequate controls over student account balances and had problems with its bank reconciliations.

Louisiana State University at Eunice

September 19, 2022

For the *second consecutive report*, the university had inadequate controls over student refunds and did not submit past-due student accounts receivable to the Louisiana Attorney General for collection in accordance with state law and the university's written procedures. Also, for the *second consecutive report*, unclassified employees of the university who earn leave did not certify time and attendance records monthly as required by state law. *Prior-report findings related to failure to reconcile student online payments, inadequate controls over cash receipts, and loss of data and functions were resolved.*

Central Louisiana Technical Community College

October 31, 2022

CLTCC did not have adequate controls in place for the preparation of financial statements related to the areas of cash reconciliations, due from the federal government, due to the federal government, and receivable reconciliation between the electronic finance system and the student receivable subsidiary system.

Louisiana Delta Community College

November 30, 2022

LDCC submitted an inaccurate Annual Fiscal Report to the Louisiana Community and Technical College System (LCTCS), which required adjustments to the college's Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows. *A prior-report finding related to inadequate controls over the Banner System was resolved.*

Delgado Community College

December 15, 2022

Delgado submitted an inaccurate Annual Fiscal Report to LCTCS that required adjustments to the college's Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows. *Previous report findings related to untimely recording of movable property additions and noncompliance with borrower data reconciliation requirements were resolved.*

University of New Orleans

January 11, 2023

UNO management personnel circumvented university policies and procedures for public works projects when they used a pre-existing maintenance and repair contract to purchase and install a new boiler. The boiler cost \$214,979. In addition, UNO Athletics Department management found approximately \$3,600 in cash receipts was stolen from two different secure locations. For the *third consecutive audit*, UNO employees did not follow payroll policies and procedures for the certification and approval of time and attendance records. *Prior-year findings related to overpayments to employees and noncompliance with borrower data reconciliation requirements were resolved.*

Boards, Commissions, and Other Governing Bodies

Louisiana State Board of Examiners of Psychologists - Regulation of the Psychology Profession

June 1, 2022

(Podcast Available)

The Louisiana State Board of Examiners of Psychologists (LSBEP) needs to strengthen some aspects of its regulatory activities, such as background checks, to better protect the public and ensure licensees comply with the Louisiana Psychology Practice Act. For example, LSBEP does not query the National Practitioner Data Bank (NPDB) for enforcement information when making licensure decisions; as a result, it could issue a license to an applicant who was disciplined in another state. LSBEP also received 71 complaints containing 152 allegations during fiscal years 2019 through 2021, and closed 63 complaints that took an average of 338 days to resolve. However, LSBEP does not have internal timeframes for resolving complaints, and its process for tracking complaints does not record accurate and complete information. Additionally, LSBEP did not report four (44.4%) of the nine adverse actions it issued during fiscal years 2019 through 2021 to the NPDB, as required by federal law. The nature of these cases included sexual harassment of clients, unprofessional conduct, treatment without informed consent, and substandard care.

Louisiana Tax Free Shopping Commission

June 22, 2022

For the *second consecutive report*, the commission did not have adequate controls over its bank reconciliations. In addition, the commission did not deposit fees and sales tax reimbursements in a timely manner. Commission staff also did not certify and approve time and attendance records, and the commission did not ensure all employees and commission members completed required ethics and sexual harassment training. *Prior-report findings related to written policies and procedures, contracts, and budgets were resolved.*

Louisiana Sales and Use Tax Commission for Remote Sellers

September 7, 2022

The commission contracted with a service organization for critical functions without obtaining adequate assurance related to the service organization's internal controls. In addition, the commission did not complete monthly reconciliations for its three bank accounts during fiscal year 2021. The commission also did not have written policies and procedures for its primary financial and business functions.

Boards, Commissions, and Like Entities

October 6, 2022

Louisiana had 478 boards as of June 30, 2022, which was a decrease of four from fiscal year 2021. One board was added in fiscal year 2022, but five boards were removed, resulting in the decrease. In addition, three boards did not respond to a request for personnel data and financial information. Of the three, two did not answer a similar request the previous year. Fourteen boards were identified as inactive, including eight that were listed as inactive in fiscal 2021. Thirty-eight boards reported their status as active, but had not reported any meeting notices or minutes since December 31, 2018. Five of the 38 also did not list any board members on the Boards & Commissions website. For fiscal year 2022, the boards collectively reported budgeted payments to board members of approximately \$1.3 million for per diems, \$2.3 million for salaries, and \$1.9 million for travel expenses.

Thrive Academy

November 21, 2022

For the *third consecutive report*, Thrive did not ensure all payroll records were maintained and did not have adequate controls over employee leave records. In addition, Thrive failed to obtain proper approval for four contracts before incurring expenditures and procured professional, personal, consulting, and social services without initiating formal contracts as required. Thrive employees also did not accurately report information in the state's movable property system and did not maintain adequate documentation to support the information entered in the system. *Prior-report findings related to noncompliance with records retention laws and weaknesses in controls over LaCarte card purchases were resolved.*

Department of Children and Family Services

Louisiana Department of Children and Family Services

June 20, 2022

DCFS did not provide case management services to cash assistance recipients of the Temporary Assistance for Needy Families (TANF) program. This is the *10th consecutive year* exceptions with internal controls and compliance related to TANF have been reported. In addition, DCFS did not have a process in place to ensure \$16 million of TANF grant funds transferred to the Social Services Block Grant (SSBG) were only used for programs or services for children or their families whose income was less than 200% of the poverty level. Also, the SSBG Post Expenditure Report included all individuals who received services through other federal programs that can be supported with SSBG funds, rather than only those individuals who actually received services paid for in whole or in part with SSBG funds, as required. *A prior-year finding related to control weaknesses over foster care sub-recipient monitoring was resolved.*

Department of Education

Louisiana Department of Education

June 22, 2022

DOE officials discovered a former employee misappropriated \$74,250 in Child Care Assistance Program funds by manipulating provider information and submitting and receiving payments for four alleged fraudulent grant applications. In addition, DOE incorrectly reported Child and Adult Care Food Program expenditures totaling \$70.8 million as National School Lunch Program expenditures on the Schedule of Expenditures of Federal Awards for fiscal year 2021. DOE also did not comply with Federal Funding Accountability and Transparency Act reporting requirements for the Title I Grants to Local Educational Agencies and Education Stabilization Fund Elementary and Secondary School Emergency Relief Fund programs. Additionally, DOE provided supplemental payments totaling \$2.7 million to schools participating in the Student Scholarships for Educational Excellence Program without ensuring the payments did not exceed the maximum allowed and did not submit the annual report on the program to state legislative committees and individual legislators within the required timeframe.

Louisiana Charter School Compliance with Economically-Disadvantaged Enrollment Requirements

August 8, 2022

(Podcast Available)

Between academic years 2016-17 and 2021-22, 27 of 123 charter schools – or 22% – did not meet their required enrollment rate for economically-disadvantaged students for at least one year, and most failed to do so repeatedly. In addition, even though state law requires most types of charter schools to enroll a certain percentage of economically-disadvantaged students, it does not provide specific guidance on how to enforce the requirement.

Department of Health

Louisiana Department of Health

June 22, 2022

The audit report had 18 findings, 10 of which were repeated from last year. Among the findings: The Office of Public Health (OPH) could not provide a detailed listing of food benefits paid, including dollar value, to eligible participants in fiscal year 2021 for the WIC Special Supplemental Nutrition Program for Women, Infants, and Children. For the *fourth consecutive year*, LDH did not enroll and screen Healthy Louisiana managed care providers and dental managed care providers as required by federal regulations. Also, for the *fourth consecutive year*, LDH did not perform five-year revalidations; screenings based on categorical risk of fraud, waste, or abuse; and monthly checks of the federal excluded party database, as required by federal regulations for all Medicaid and Children's Health Insurance Program fee-for-service providers. In addition, OPH lacked internal controls to ensure compliance with regulations over the Epidemiology and Laboratory Capacity for Infectious Diseases program. LDH also did not have adequate controls to ensure its financial reports were accurate, complete, and prepared in accordance with instructions from the Office of Statewide Reporting and Accounting Policy. OPH submitted inaccurate information for the Schedule of Expenditures of Federal Awards for the year ended June 30, 2021.

For the *second consecutive year*, LDH lacked adequate internal controls over eligibility determinations in Medicaid and Children's Health Insurance Program (CHIP) for fiscal year 2021. LDH failed as well to properly implement and monitor National Correct Coding Initiative Requirements for Medically Unlikely and Procedure-to-Procedure edits for the Medicaid fee-for-service claims. LDH did not have adequate controls in place to monitor its contract with Magellan Medicaid Administration, Inc. and was unable to identify a control that would address the timely collection of partially paid drug rebate invoices. For the *third consecutive year*, LDH, the managed care organizations, and Magellan did not have adequate controls in place to ensure behavioral health services in the Medicaid and CHIP programs were properly billed and improper encounters were denied. OPH also did not ensure payroll expenditures for the Public Health Emergency Preparedness program, the HIV Prevention Activities Health Department Based program, the Epidemiology and Laboratory Capacity for Infectious Diseases program, the WIC Special Supplemental Nutrition Program for Women, Infants, and Children, and the Coronavirus Relief Fund program were certified and approved in a timely manner. This is the *second consecutive year* payroll internal control deficiencies have been reported for Public Health Emergency Preparedness, HIV Prevention Activities Health Department Based, and Coronavirus Relief Fund programs. Additionally, the Office of Behavioral Health did not ensure payroll expenditures were approved in accordance with agency policy.

For the *10th consecutive year*, LDH paid Medicaid Home and Community Based Services claims for the New Opportunities Waiver for services that were not documented in accordance with established policies. On October 20, 2021, an Office of Technology Services employee unknowingly deleted critical supporting financial records on an OPH server during a workstation operating system upgrade. OTS recovered the previously deleted records on December 22, 2021, two months after the initial loss. In addition, an OTS contractor performed periodic backups on a USB drive rather than using more secure and reliable processes.

For the *third consecutive year*, LDH did not have adequate controls to ensure compliance with federal regulations prohibiting the use of federal funding for abortion claims and failed to implement controls to ensure compliance with third-party liability requirements for prenatal and pregnancy related services. For the *second consecutive year*, LDH paid claims totaling \$6,833 with service dates occurring after the service providers were no longer enrolled. For the *fifth consecutive year*, LDH failed to maintain evidence of notification of third-party liability assignment as required for eligibility in the Medicaid and CHIP programs. *Prior-year findings related to inadequate controls over consideration of lottery winnings for Medicaid eligibility, weaknesses in controls over LaMEDS, lack of internal controls over and noncompliance with sub-recipient monitoring requirements, and lack of internal controls over program expenditures were resolved.*

Central Louisiana Human Services District

August 8, 2022

For the *third consecutive report*, the district did not bill Medicare and Medicaid in accordance with its contracts and failed to collect \$160,802 in self-generated revenues. In addition, the district lacked adequate controls to ensure employee time and attendance records were certified and/or approved in a timely manner and failed to comply with its agreement with the Office of Debt Recovery for the collection of delinquent debt. *Prior-report findings related to inappropriate system access and contract documents lack required identifying information were resolved.*

Florida Parishes Human Services Authority

August 15, 2022

The authority did not follow state bid law or agency procedure when it purchased a new electronic health record system. *Prior-report findings related to weaknesses in controls over payroll and weaknesses in controls over accounts receivable were resolved.*

Acadiana Area Human Services District

September 7, 2022

For the *second consecutive report*, the district failed to comply with federal regulations over sub-recipients of federal awards. In addition, the district did not bill for patient services in a timely manner. *Prior-report findings related to not billing in accordance with insurers' contract terms, failure to submit delinquent accounts receivable for collection, and inadequate segregation of duties were resolved.*

Department of Insurance

Regulation of Residential Property Insurance

September 22, 2022

(Podcast Available)

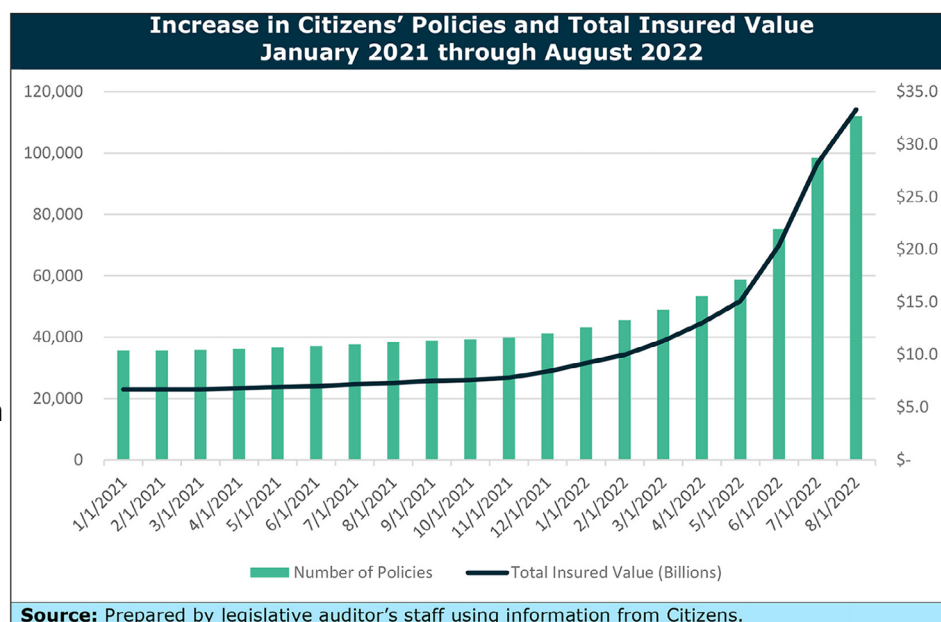
The Louisiana Department of Insurance (LDI) has procedures and practices in place to ensure insurance companies comply with the law and handle claims in a fair and timely manner. These include licensing most adjusters, investigating complaints, monitoring insurance companies and individuals for insurance code violations, and issuing regulatory actions for violations of the insurance code. However, LDI could strengthen these activities. For example, most adjusters for the 2020 and 2021 hurricanes were licensed, but catastrophe adjusters are not required to be licensed, and before the 2020 and 2021 hurricanes, no qualification requirements were in place for an individual to act as a catastrophe adjuster. Most complaints LDI received for the 2020 and 2021 hurricanes were a result of claims handling issues, and legislators could consider whether to revise state law to include more timeframe requirements related to claims handling. LDI could further enhance its monitoring activities by conducting additional market conduct investigations focused on claims handling. In addition, LDI issued 25 regulatory actions against homeowners insurance companies and 1,902 regulatory actions against adjusters during calendar years 2017 through 2021.

Financial Condition of the Residential Property Insurance Market

October 13, 2022

(Podcast Available)

Eleven insurance companies became financially insolvent between July 2021 and September 2022. As a result of the insolvencies, the cost of claims and premium refunds paid by the Louisiana Insurance Guaranty Association (LIGA) rose from approximately \$4.8 million in 2020 to about \$268.1 million in the first eight months of 2022, because LIGA had to assume the claims of these insurance companies. In addition, the 11 insolvencies and the departure of other insurance companies increased the number of policies held by the Louisiana Citizens Property Insurance Corporation (Citizens). According to Citizens staff, its total policies and the insured value of those policies rose from 35,670 policies totaling approximately \$6.7 billion in January 2021 to 112,035 policies totaling \$33.3 billion in August 2022. LDI does monitor the financial condition of insurance companies in accordance with state law and best practices. During calendar years 2017 through 2021, LDI conducted 228 financial analyses and 13 examinations of the 13 Louisiana-domiciled homeowners insurance companies.



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Department of Public Safety and Corrections

Louisiana Department of Public Safety and Corrections – Corrections Services

March 16, 2022

For the *second consecutive report*, the department did not have an adequate review process in place for inmate time computations to ensure they complied with department policies related to the application of credits and forfeitures and to ensure complete and accurate information was kept in the department's computer system. The department also did not follow State Civil Service rules or its own internal policy regarding employee compensatory time. As a result, employees were credited with a total of 33,591 hours of compensatory time for hours that were not actually worked. *A previous report finding on lack of adherence to payroll policy at Headquarters was resolved.*

Louisiana Department of Public Safety and Corrections – Youth Services – Office of Juvenile Justice

October 24, 2022

For the *third consecutive engagement*, OJJ did not maintain adequate internal controls over employee time and attendance records. *A prior-report finding related to weakness in controls over professional services medical expenditures was resolved.*

Department of Revenue

Louisiana Department of Revenue

April 13, 2022

For the *second consecutive year*, LDR failed to submit a comprehensive return on investment analysis to the Legislature for all tax incentives for which the revenue loss was \$1 million or more in fiscal year 2019. In addition, LDR failed to submit the annual tax exemption budget for 2020-2021 to the Governor and the Legislature by March 1, 2021. LDR also did not maintain an adequate Continuity of Operations Plan and granted inappropriate access to the system it uses for collecting, retaining, and processing tax return information and related transactions.

Department of State

Election Integrity

March 9, 2022

(Podcast Available)

The Department of State (DOS) has procedures and practices in place to ensure election integrity. However, DOS could strengthen its processes for ensuring the accuracy of the voter registration list, handling absentee ballot affidavits with missing information, and making sure results from pre-election testing of voting machines are consistently verified, documented, and reviewed. In addition, legislators could consider revisions to the state Election Code. DOS also could improve its complaints process by consistently categorizing complaints, tracking the status of complaints, and making the information available to the public.

Department of Transportation and Development

Louisiana Highway 3034 Sullivan Road Improvement Project

March 3, 2022

An evaluation of the Department of Transportation and Development's (DOTD) progress on the Louisiana Highway 3034 Sullivan Road improvement and sanitary sewer system installation project in the City of Central found several reasons for delays in the work. For instance, DOTD was unable to follow its typical process when it took over the project in 2011. Instead, it had to rely on East Baton Rouge Parish's design plans, did not have the expertise to oversee the sanitary sewer system installation work, and had to find additional funding for the project. In addition, multiple changes in the project delayed work because DOTD had to coordinate with East Baton Rouge Parish, Central, and its engineering consultant every time. Utility companies also took more than three years to move electricity, water, gas, and telecommunication lines, which delayed the sanitary sewer system installation work, as did underground soil conditions and drainage issues. The contractor for the sewer system project stopped work in November 2021. In February 2022, to avoid further road construction delays, DOTD decided to remove the roundabout at the intersection of Sullivan and Hooper roads from the project.

Louisiana Department of Transportation and Development

April 20, 2022

For the *third consecutive year*, the department did not have adequate controls in place to make sure closeout documentation for federal projects related to the Highway Planning and Construction Cluster was completed in a timely manner. *A prior-year finding related to deficiencies in controls over electronic payroll certifications and approvals was resolved.*

Executive Branch

Governor's Office of Homeland Security and Emergency Preparedness – Hurricane Ida Preparation and Response

March 23, 2022

(Podcast Available)

The Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) reviewed most parish Emergency Operation Plans in a timely manner, but the agency does not have the authority to require parishes to include important components in their plans, such as fuel requirements for first responders. In addition, pre-awarded emergency contracts were not always sufficient to meet the demand for resources after Ida. GOHSEP also had difficulty determining whether parish requests for resources made through the WebEOC system were answered in a timely fashion, and the Louisiana Wireless Information Network did not work effectively as a backup communications system during Ida. The state's Hurricane Ida Sheltering Program did move more quickly than FEMA's housing program.

**Governor's Office of Homeland Security and Emergency Preparedness –
Public Assistance and Hazard Mitigation Programs – July 1, 2021, to June 30, 2022**
March 31, 2022, and September 19, 2022

Auditors evaluated the completeness and accuracy of documentation submitted in support of federal reimbursements under the Public Assistance and Hazard Mitigation programs. In fiscal year 2022, auditors conducted 5,280 reviews of federal reimbursement requests totaling \$1,159,846,178 and identified \$207,835,172 in requests that were not supported by sufficient documentation at the time of the review. During the same period, GOHSEP management resolved \$140,779,797 in requests that were not supported by sufficient documentation noted during the current and previous fiscal years.

Road Home Corporation d/b/a Louisiana Land Trust
May 11, 2022

For the *second consecutive year*, LLT did not have adequate controls in place over its financial reporting. The agency's Annual Fiscal Report, financial statements, and note disclosures contained errors that required adjustments. In addition, LLT failed to maintain vacation and sick leave balances for a part-time employee and did not ensure it consistently followed its internal control processes for expense transactions.

Coastal Protection and Restoration Authority
June 8, 2022

CPRA did not comply with certain sub-recipient monitoring requirements for Gulf of Mexico Energy Security Act (GoMESA) funds that were disbursed.

Executive Department
June 23, 2022

The Louisiana Office of Community Development (LOCD) identified \$4.3 million in Small Rental Property Program loans for 42 property owners who failed to comply with one or more of their loan agreement requirements and were assigned to loan recovery status. In addition, 1,194 noncompliant loans identified in previous years totaling \$110.4 million remain outstanding. LOCD also identified \$901,739 in noncompliant Restore Louisiana Homeowner Assistance Program awards for 58 homeowners. The LOCD and the Office of Community Development – Local Government Assistance did not comply with Federal Funding Accountability and Transparency Act reporting requirements for the Community Development Block Grant program. For the *second consecutive year*, the Office of Technology Services did not have adequate controls over certain information technology security functions. *Prior-year findings related to inaccurate Annual Fiscal Reports, inadequate controls over certain Coronavirus Relief Fund transactions, inadequate controls over vendor record changes, and lack of written policies and procedures were resolved.* The prior-year finding related to inadequate grant recovery of Homeowner Assistance Program awards was not repeated in the current year because LOCD did not identify any new noncompliant HAP awards for the CDBG program in fiscal year 2021. However, as of June 30, 2021, 27,468 noncompliant files totaling \$907.2 million identified in previous years were still outstanding.

Office of Financial Institutions

September 7, 2022

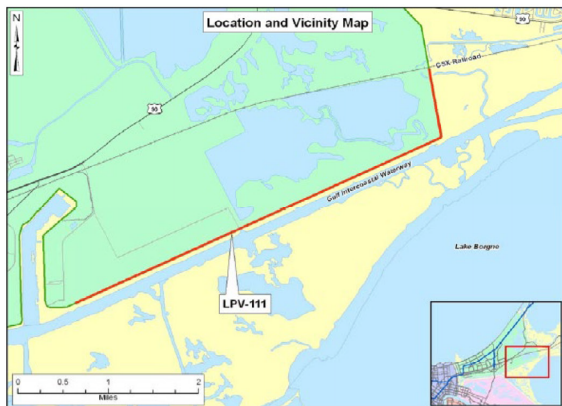
For the *fourth consecutive report*, auditors found OFI did not examine the records of all residential mortgage lenders at least once every three years as required by state law. *A prior-report finding related to inadequate controls over payroll function was resolved.*

Coastal Protection and Restoration Authority – Greater New Orleans Hurricane and Storm Damage Risk Reduction System

September 19, 2022

Auditors analyzed the state's share of the costs for segments of the Lake Pontchartrain and Vicinity and the West Bank and Vicinity levee projects to confirm there was supporting documentation. They found applicable documentation to support the total \$191,559,289 analyzed. The levee is part of the Greater New Orleans Hurricane and Storm Damage Risk Reduction System.

LPV 111.01:
Michoud Canal to CSX Railroad



LPV 145:
Bayou Bienvenue to Bayou Dupree Levee



Photos Source: USACE Project Description Documents

Southeast Louisiana Flood Protection Authority – East

September 26, 2022

(Podcast Available)

An evaluation of the Southeast Louisiana Flood Protection Authority – East's (SLFPAE) organizational culture found concerns with the grievance process, disciplinary actions, leadership training, and employee morale. Specifically, the survey results indicated that most SLFPAE employees were passionate about the work they do, but the agency could improve the leadership of the board and executive management by providing additional training and ensuring executive management receives ongoing feedback on performance. In addition, the authority had four unclassified positions that were not legally authorized and were not approved by the State Civil Service Commission, meaning they should be classified positions, according to the Louisiana Constitution.

Office of Group Benefits

December 29, 2022

For the *fifth consecutive year*, auditors found OGB's annual fiscal reports submitted to the Office of Statewide Reporting and Accounting Policy contained errors requiring audit adjustments.

Louisiana Workforce Commission

Improper Payments in the Unemployment Insurance Program: Ineligible Recipients Based on State Employment

February 9, 2022

(Podcast Available)

The Louisiana Workforce Commission (LWC) made approximately \$6.1 million in state and federal unemployment benefit payments to 1,054 state employees who did 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 have been victims of identity theft, unemployment benefit payments to others appeared to be potentially improper.

Unemployment Insurance Program: Accuracy of IRS Form 1099-G Filings

May 18, 2022

(Podcast Available)

LWC filed accurate Internal Revenue Service Form 1099-Gs for 698,372 (99.7%) of 700,204 claimants in calendar year 2020. However, LWC did not file accurate 1099s for 1,832 claimants during calendar year 2020, which resulted in approximately \$2.1 million in over-reported unemployment benefits or benefits attributed to incorrect Social Security numbers.

Louisiana Workforce Commission

June 6, 2022

For the *second consecutive year*, LWC had inadequate controls over and did not comply with requirements of the federal Unemployment Insurance program. In addition, LWC did not comply with requirements of the federal Reemployment Services and Eligibility Assessment Program, which mandates participation by claimants as a condition of continued UI eligibility. LWC reported 60% of identified participants did not respond or could not be contacted in the month that they were identified for the program, but did not take further action to determine if UI benefits should be discontinued. LWC also did not have adequate controls in place to ensure discrepancies in information received from other states for unemployment compensation claims were adequately resolved in a timely manner. For the *third consecutive year*, LWC did not adequately monitor the sub-recipients of the Workforce Innovation and Opportunity Act (WIOA) Cluster programs as required by federal regulations. In addition, LWC did not comply with Federal Funding Accountability and Transparency Act reporting requirements for the WIOA Cluster programs. For the *fifth consecutive year*, LWC did not have a fully-executed contract with Geographic Solutions, Inc. to provide for extended escrow services between LWC and GSI. As of November 2021, the escrow fees had not been paid and the source codes had not been provided to the escrow agent. As a result, LWC may be unable to use the source code in the event of GSI's contractual default. *Prior-year findings related to inaccurate financial reporting and weak security controls were resolved.*

Office of the Lieutenant Governor - Department of Culture, Recreation, and Tourism

Louisiana Office of Tourism

December 7, 2022

(Podcast Available)

An evaluation of the Louisiana Office of Tourism's management of tourism dollars found the office could better measure the effectiveness of its advertising dollars by using an independent vendor to review its advertising campaigns. In addition, the office could increase its transparency by reporting publicly on what entities receive grants and sponsorships and by developing clear criteria for sponsorship awards. The office also could improve its internal controls and overall documentation for tourism grants and sponsorships.

General Statewide Reports

Louisiana Housing Corporation

February 17, 2022

(Podcast Available)

An evaluation of the Louisiana Housing Corporation's (LHC) organizational culture found the agency's sexual harassment policy should be updated to include additional provisions required by state law. In addition, the agency could better define and communicate its values, principles, and acceptable behavior for employees and board members by developing a formal code of conduct. LHC's grievance policy also did not include all Department of State Civil Service recommendations. Additionally, LHC could help its board members better fulfill their roles by providing timely orientation and ongoing training, while board members could improve their evaluation of the executive director by seeking input from staff and other stakeholders.

Use of Room Confinement/Isolation in Juvenile Detention Centers and Secure Care Facilities

April 20, 2022

(Podcast Available)

An examination of the use of room confinement/isolation in juvenile detention centers (local) and secure care facilities (state) in the state during calendar years 2019 and 2020 found 6,188 instances of room confinement in detention centers involving at least 1,318 youth. The average length of confinement was 20.7 hours. The most common reason for room confinement was youth-on-youth fighting and physical aggression, and most instances involved 16-year-old black males. In addition, 751 instances of room confinement involving approximately 217 youth in secure care facilities were found. The average length of room confinement was 137 hours. The most common reason for room confinement was threats, cursing or violence toward staff, followed by disruptive behavior. Most instances involved 16-year-old black males.

Teacher Qualifications and Pay: Impact on Teacher Retention and Student Performance

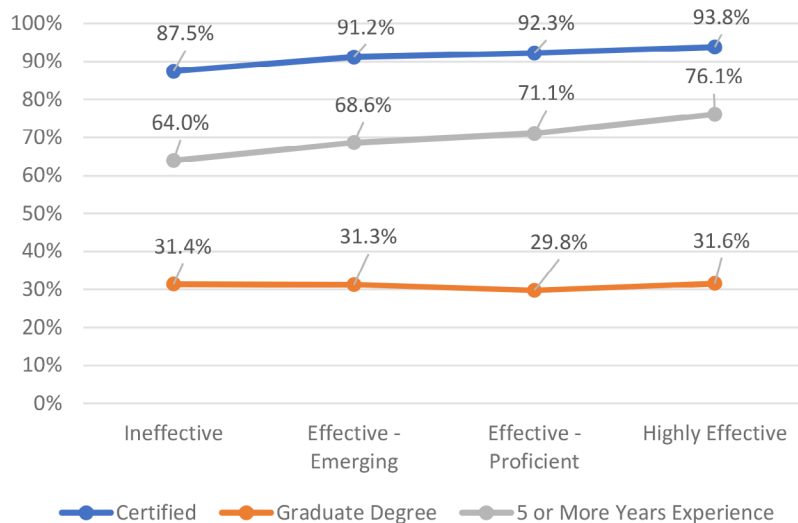
May 25, 2022

(Podcast Available)

An evaluation of how differences in qualifications, pay, and other attributes affect teacher retention and student performance in Louisiana found that teachers with more experience tended to be more effective; certified teachers were more effective on average than uncertified teachers; and teachers in schools with more economically disadvantaged students were less likely to be certified and had fewer years of experience.

In addition, lower-rated schools had fewer certified teachers than more highly rated schools, and charter school teachers were less likely to be certified and had fewer years of experience on average than teachers in traditional public schools. Additionally, the state could improve teacher retention by increasing salaries and improving retirement benefits through the public retirement systems.

**Certifications, Experience, and Graduate Degree Attainment by VAM Score
Academic Year 2018-19**



Source: Prepared by legislative auditor's staff using data from LDE.

Status Update: Regulation and Valuation of Surface Water

July 6, 2022

(Podcast Available)

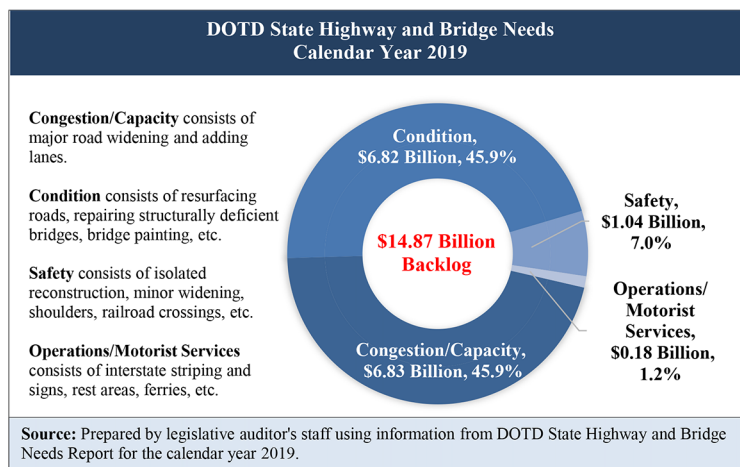
An evaluation of Louisiana's progress in regulating and valuing surface water resources based on recommendations from a February 2020 report found that the state does not have a statewide water management plan and that the delay in developing such a plan has been caused in part by the lack of a water code and the need for more data on water use. In addition, the Department of Natural Resources' Surface Water Management Program is voluntary. During fiscal years 2020 through 2021, the Department of Natural Resources (DNR) had 87 active cooperative endeavor agreements in place for surface water withdrawals totaling 1.54 trillion gallons. DNR needs a more robust regulatory process, even if the CEAs remain voluntary. State law also caps fair market value for surface water at 15 cents per 1,000 gallons, which does not allow for increases based on inflation and market demands.

Sufficiency of the Transportation Trust Fund in Meeting the State's Transportation Needs

September 1, 2022

(Podcast Available)

The Transportation Trust Fund (TTF) is not sufficient to meet Louisiana's \$14.87 billion in infrastructure needs. Among the reasons: Motor fuel taxes, which are the TTF's largest source of revenue, have not increased since 1990 and are not indexed for inflation. In addition, the average fuel efficiency of passenger cars in the United States has increased, which has decreased the amount of revenue going into the fund. Also, from fiscal years 2015 through 2021, \$309.6 million in TTF-Regular revenues was used to supplement the debt service for the Transportation Infrastructure Model for Economic Development (TIMED) program and for constitutionally allowed local transportation needs, which further reduced the amount of revenue for state transportation needs. Projections showed that increases in the number of higher fuel efficiency and external electric charging vehicles will result in \$563.6 million less in motor fuel tax revenues from calendar years 2023 to 2032. Act 578 of the 2022 Regular Legislative Session will enable the state to begin collecting a road usage fee for these types of vehicles, but even if the fee is collected as required, the revenue will just offset the impact of external electric charging vehicles on motor fuel tax collections and not that of more fuel-efficient vehicles. As a result, the state still could lose \$322.9 million from calendar years 2023 to 2032.



Informational Briefs/Reports

In 2022, the LLA began publishing informational briefs and reports on topics of interest to state legislators. These briefs and reports are intended to provide more timely information than standards-based audits. While these briefs and reports do not follow all Government Auditing Standards, auditors who put them together conduct quality assurance activities to ensure the information presented is accurate.

Hospital and Physician Payments and Related Funding

April 12, 2022

A compilation of information about the state's Medicaid hospital and physician payment methodologies for fiscal years 2016 through 2020 yielded hospital and physician payment information, including disproportionate share hospital payments, supplemental payments, hospital and physician payments made by the managed care plans as part of a program known as Full Medicaid Pricing, and managed care incentive payments made by the Louisiana Department of Health as part of the managed care contracts. These payments represented, on average, 22% of the total medical vendor payments for the five-year period.

Residential Property Insurance Complaint Statistics

May 18, 2022

An analysis of Louisiana Department of Insurance (LDI) data related to insurance complaints and claims filed during calendar years 2017 through 2021 found most complaints involved residential property insurance, and the number of such complaints increased significantly after hurricanes Laura and Ida – rising 208% from 2019 to 2020 and 288% from 2020 to 2021. LDI completed investigations for 5,154 complaints filed for the 2020 and 2021 hurricanes, and found in favor of the complainant in 64% of the cases. Twenty-two percent of homeowners insurance companies had a higher number of complaints against them than would have been expected based on the amount of premium they had written.

Louisiana Watershed Initiative

August 10, 2022

A review of information and statistics related to the Louisiana Watershed Initiative (LWI) found that, as of May 2022, \$656.1 million (54.1%) of \$1.2 billion in Community Development Block Grant Program for Mitigation funding had been contracted or awarded to four LWI program areas, plus Non-Federal Cost Share Assistance and administration costs. In addition, LWI is overseeing the allocation of \$24.8 million in CDBG Disaster Recovery funding for flood mitigation planning activities. Not all of the funding has been allocated yet. Among the projects receiving funding were drainage improvements, property buyouts, dam/spillway improvements, drainage and facility improvements, facility improvements, flood storage, infrastructure improvements, and flood plain preservation.

Optional Pay Adjustments for Classified Employees

August 18, 2022

A review of information related to optional pay increases for classified employees found that under Civil Service rules, such adjustments can be given for four reasons: retention (matching a job offer), compression pay, additional duties, or recruitment. Between fiscal years 2017 and 2022, 2,023 classified employees representing 91 personnel areas received 2,193 optional pay adjustments. The most frequently used adjustment was compression pay, for 953 (43.5%) of the 2,193. Salary increases related to difficulty in recruiting were second with 548 (25.0%) of the adjustments.

Louisiana State Police – Comparison with Law Enforcement Agencies in Southern States

September 12, 2022

A comparison of certain aspects of Louisiana State Police with those of nine other southern law enforcement agencies looked at organizational placement; functions, staffing, and budget; qualifications and appointment processes for agency heads; investigations of complaints of officer misconduct; records retention requirements; and retirement benefits. Differences in how these areas are addressed were found among all the law enforcement agencies. The nine states were Alabama, Arkansas, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Texas.

Industrial Tax Exemption Program – Program Statistics and Fiscal Impact on Local Governments

October 10, 2022

An analysis of data from the Louisiana Department of Economic Development and the Louisiana Tax Commission provided statistics and information on the fiscal impact of the Industrial Tax Exemption Program (ITEP) on local governments, as well as information on the amount of property taxes levied in each parish and the types of industries that benefit from ITEP. Estimates showed that ITEP cost local governments in Louisiana \$1.5 billion in foregone property tax revenue in calendar year 2021. Chemical manufacturers accounted for 80.7% of ITEP tax exemptions. Of the 25 parishes with the highest ITEP exempt taxes per capita, chemical manufacturing received the largest amount of exemptions. Among the remaining 33 parishes that had ITEP exemptions, the wood product, chemical, food, and machinery manufacturing industries were tied for receiving the most exemptions.

State Central Registry: Comparison of Selected Processes to Other States

October 26, 2022

A comparison of selected processes related to the State Central Registry maintained by the Department of Children and Family Services (DCFS) to those in 17 other states found that while 14 of the other states require a preponderance of evidence to determine an abuse/neglect allegation is valid, Louisiana and three of the states require a lower level of evidence. In addition, Louisiana and seven states limit the types of findings that result in addition to their registries and/or reduce the time individuals with less severe findings stay on their registries. DCFS also sends notification letters by regular mail, which does not provide verification of delivery, whereas 10 of the states use certified mail, and DCFS' notification letters do not contain as much detail as those of other states. Additionally, DCFS' 20-business-day deadline for filing appeals is comparable to that of other states, and Louisiana's due process protections are stronger than those of some other states. Louisiana and some states also have additional processes available to remove individuals from their registries and/or review individuals' fitness to work in otherwise prohibited professions after their appeal rights are exhausted.

Child Welfare Job Satisfaction Survey

December 1, 2022

A survey of Child Welfare employees in DCFS found concerns about job satisfaction, barriers that prevent employees from doing their jobs, and agency leadership and accountability. Survey respondents said the most important issues that needed to be addressed were pay, caseload and unrealistic expectations, and a lack of support and respect from supervisors and managers. The survey showed that 88.8% of respondents were passionate about their work, but only 54.1% were satisfied with their job. Specifically, respondents were concerned about high caseloads and limited resources that keep them from providing quality services to children and families. The survey found as well that half of the respondents agreed that Child Welfare leadership modeled such qualities as accountability, respect, and empathy.

"They keep piling more work on us to make it look like they're doing 'something,' but none of those new policies actually address the issue leadership had a knee-jerk reaction to. People leave DCFS because leadership constantly makes our jobs even harder to do without ever listening to us. Certain offices have notoriously high turnover because no one is ever willing to address when a person is a bad supervisor or manager either."

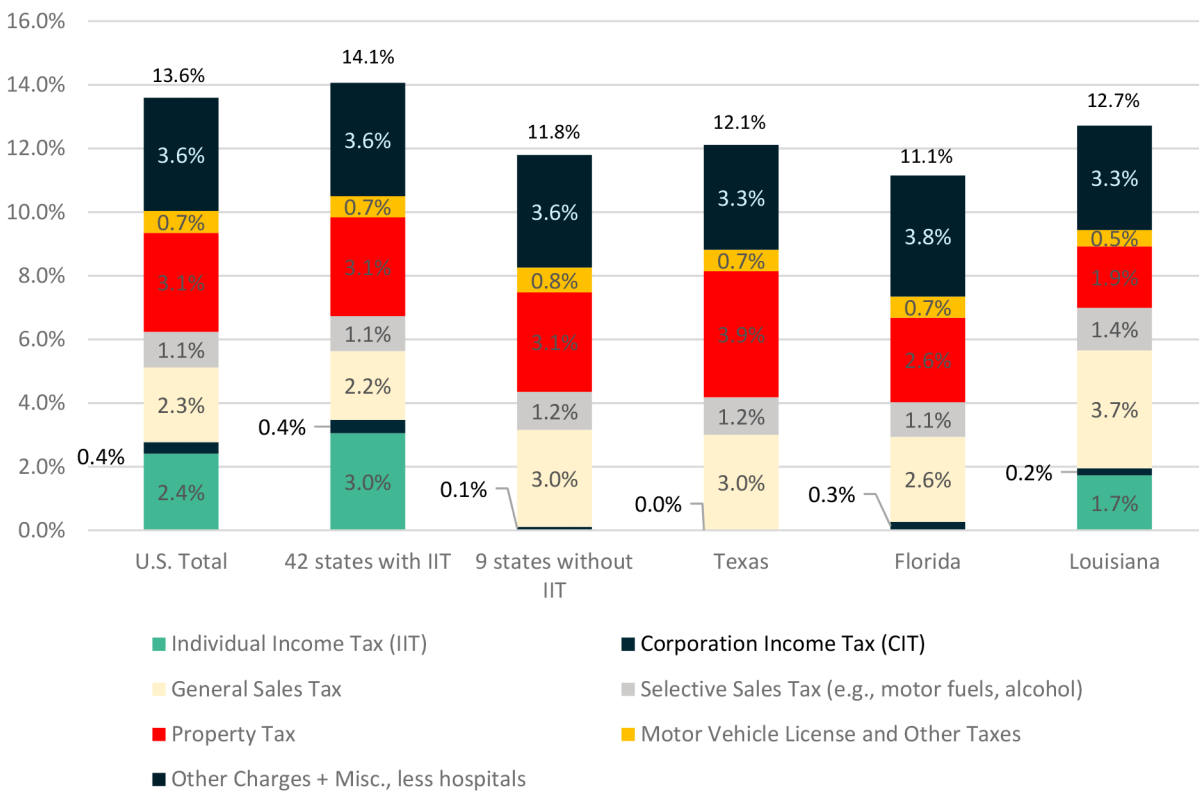
Source: October 2022 LLA survey of DCFS CW employees

Comparison of Tax Structures in Louisiana and Other States with and Without Income Taxes

December 12, 2022

A comparison of tax structures among the 50 states and the District of Columbia found Louisiana is one of 42 states that levy an individual income tax and one of 46 states that impose a corporation income tax. In fiscal year 2022, Louisiana's IIT generated an estimated \$4.4 billion, while its CIT generated an estimated \$672.8 million. The comparison showed that Louisiana's IIT and CIT accounted for 15.3% of state and local general revenues (excluding hospital revenues) in fiscal year 2019; states without IITs on average collect more in sales taxes to fund government than states with IITs; even with these additional sales taxes, states without IITs take in less revenue overall as a percentage of personal income; Louisiana has relatively low property taxes and relatively high sales taxes; state governments in states with IITs take in a larger share of state and local government revenues than states without IITs; and local governments in Louisiana are less reliant on the state for their financial support than other local governments in states with IITs.

**Composition of State and Local General Revenues
Percentage of Personal Income
Fiscal Year 2019**



Source: Prepared by legislative auditor's staff using data from the U.S. Census Bureau and Bureau of Economic Analysis.

Special Reports

City of New Orleans Specialty Pavement and Streetscape Improvements Contract

June 6, 2022

An evaluation of the City of New Orleans' contract for specialty pavement and streetscape improvements services found the city did not comply with the Public Bid Law. The evaluation of expenditures totaling \$47.7 million also found instances in which supporting documentation for some expenditures did not provide adequate detail; amounts charged did not appear to be reasonable based on the scope of the project; and invoices contained charges for items that either were not included or did not agree to the unit cost per the original bid tabulation, plan change log, or the change order plan. In addition, some supporting documentation did not include evidence of approval by the project manager and/or the city's fiscal section, and some documentation either did not include a purchase order (PO) or notice to proceed (NTP), or the PO/NTP was dated after the invoice period.

Other Reports

Annual Comprehensive Financial Report

December 31, 2022

The Annual Comprehensive Financial Report (ACFR) is the official financial report for the State of Louisiana and presents the state's financial position as of June 30, 2022, and the operating activities of the state's primary government and its component units for the fiscal year. The financial information included in the ACFR is intended to be used by the general public, investment companies, bond holders, and bond rating agencies to evaluate the state's financial integrity and to set bond rates.

LLA's audit of the ACFR was performed in accordance with *Government Auditing Standards*, and the audit report was issued on December 31, 2022. *For the fifth consecutive report, auditors found the state's records and statements fairly presented Louisiana's financial position.*

The auditor's report also noted that as of November 2022, the Louisiana Workforce Commission had identified approximately 23,000 claims totaling \$187 million paid from July 1, 2021, through June 30, 2022, with various issues indicating potential overpayments to claimants. In addition, there were 100,600 claims totaling \$819 million from prior years (March 15, 2020, through June 30, 2021) with unresolved issues indicating potential overpayments to claimants.



Single Audit Report for 2021

July 29, 2022

The Single Audit Report recaps many findings related to financial reporting, including the state's expenditures of federal awards, and federal programs, most of which have been reported previously by the Legislative Auditor in individual agency reports. Federal law requires the state to compile the Single Audit every year. Officials use the information to monitor whether the state has adequate controls over financial reporting and whether it has materially complied with the requirements of federal assistance programs deemed major for the period under audit.

The 2021 Single Audit identified 69 findings, including 29 repeated from the prior audit, involving 23 state entities. This was an increase of eight findings compared to the Single Audit report issued in the prior year.

Certain findings resulted in modified opinions on nine of the state's 22 major federal programs because they did not comply with certain requirements.

The programs given a modified (disclaimer or qualified) opinion were:

Research and Development Cluster:

- For the *third consecutive year*, Louisiana State University Health Sciences Center - Shreveport (LSUHSC-S) did not ensure internal controls over documentation of personnel services were operating effectively, and in addition, did not ensure compliance with federal guidance regarding cost transfers applicable to the Research and Development (R&D) Cluster. Also, for the *third consecutive year*, LSUHSC-S did not have adequate controls in place to ensure compliance with Special Tests and Provisions requirements.
- For the *second consecutive year*, LSUHSC-S did not ensure required audits were completed within nine months of the sub-recipient's fiscal year-end, as required by federal regulations. In addition, LSUHSC-S did not fully implement controls to evaluate the sub-recipient's risk of noncompliance or make timely payments to the sub-recipient as required by federal regulations.
- The University of Louisiana at Lafayette (UL Lafayette) did not have adequate controls in place to ensure personnel expenses and effort charged to federal R&D awards accurately reflected work performed. UL Lafayette also did not adequately monitor sub-recipients of the R&D Cluster programs.

WIC Special Supplemental Nutrition Program for Women, Infants, and Children (WIC):

- The Louisiana Department of Health, Office of Public Health (OPH) could not provide a detailed listing of food benefits paid, including dollar value, to eligible participants during fiscal year 2021 for the WIC program. In fiscal year 2021, OPH reported \$75.3 million in WIC program expenditures on its Schedule of Expenditures of Federal Awards. Since OPH was unable to provide a detailed listing of food benefits paid in fiscal year 2021, including dollar value, auditors were unable to obtain sufficient appropriate audit evidence to adequately test the activities allowed or unallowed compliance requirement for the program.

Unemployment Insurance and Presidential Declared Disaster Assistance to Individuals and Households – Other Needs:

- For the *second consecutive year*, the Louisiana Workforce Commission (LWC) did not have adequate internal controls and did not comply with requirements of the federal Unemployment Insurance program. Because of the large amount of funding provided during the COVID-19 pandemic and the lack of identity or wage requirements at the beginning of the year, these programs have been exposed to identity theft and fraud schemes.

WIOA Cluster:

- LWC did not comply with Federal Funding Accountability and Transparency Act reporting requirements for the Workforce Innovation and Opportunity Act (WIOA) Cluster programs. During fiscal year 2021, LWC disbursed approximately \$50.6 million in sub-awards to 15 sub-recipients. These sub-awards accounted for approximately 86% of the programs' fiscal year expenditures. For the *third consecutive year*, LWC did not adequately monitor sub-recipients under the WIOA Cluster programs. WIOA program expenditures totaled \$58.8 million in fiscal year 2021, with approximately \$50.6 million provided to sub-recipients who were not adequately monitored.

Education Stabilization Fund:

- Louisiana State University and A&M College did not ensure compliance with U.S. Department of Education public reporting requirements of the Higher Education Emergency Relief Fund for the Institutional and Student Aid Portion funds.

Epidemiology and Laboratory Capacity for Infectious Diseases:

- OPH lacked internal controls to ensure compliance with regulations over the Epidemiology and Laboratory Capacity for Infectious Diseases program related to activities allowed or unallowed and the allowable costs/cost principles compliance requirements.

Children's Health Insurance Program and Medicaid Cluster:

- For the *fourth consecutive year*, the Louisiana Department of Health (LDH) did not enroll and screen Healthy Louisiana managed care providers and dental managed care providers as required by federal regulations. Currently, the managed care plans continue to enroll and screen all managed care providers, in violation of federal regulations. As a result, LDH cannot ensure the accuracy of provider information obtained from the Louisiana Medical Assistance Program (Medicaid) managed care plans and cannot ensure compliance with enrollment requirements defined by law and the Medicaid and Children's Health Insurance Program (CHIP) state plan. LDH accepted 89.9 million Healthy Louisiana encounter claims totaling \$6.6 billion and 3.1 million dental encounter claims totaling \$116.3 million in fiscal year 2021 from the managed care plans and paid \$9.7 billion in Healthy Louisiana premiums and \$289.6 million in dental premiums.
- For the *fourth consecutive year*, LDH did not perform five-year revalidations; screenings based on categorical risk of fraud, waste, or abuse; and monthly checks of the federal excluded party database, as required by federal regulations for all Medicaid and CHIP fee-for-service providers. Approximately 76% of providers with claims activity in fiscal year 2021 have not had a risk-based screening with a majority of those providers enrolled more than five years ago. In addition, LDH did not routinely check one of the required federal databases to determine if providers have been excluded from participation in federal programs.

As a result of the findings included in the 2021 Single Audit, \$12,360,467 in costs were questioned by auditors, for which the state could be liable. The resolution of these questioned costs will be determined by the respective federal grantors.

For the fiscal year ending June 30, 2021, the state received about \$28.7 billion in federal funds, including loan programs, which is an increase over the approximately \$22.3 billion Louisiana received in fiscal year 2020.



LOCAL GOVERNMENT

The Local Government Services, Advisory Services, and Investigative Audit Services sections assist and provide services to local governments across the state.

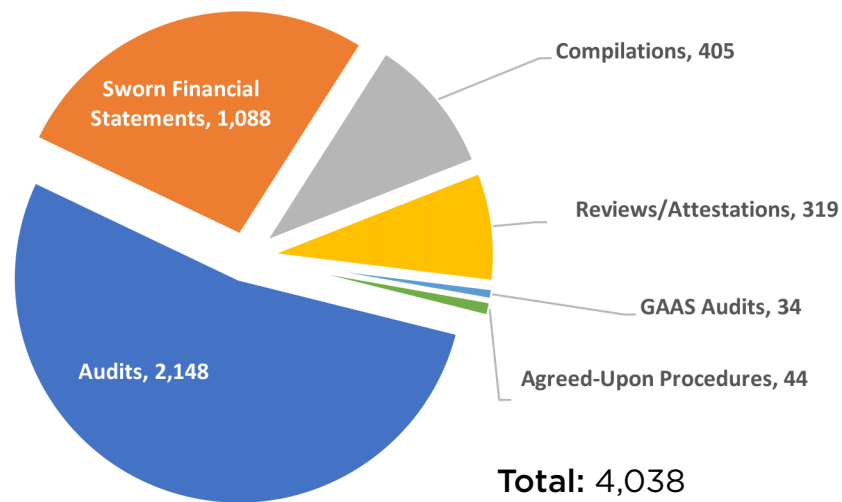
The Local Government Services section provides important services to local governments by enforcing the audit law, processing statutorily-required reports, monitoring legislative changes, providing guidance to local governments and quasi-public entities (local auditees), and overseeing the work of independent auditors who audit those entities.

The Advisory Services staff serves as fiscal advisers and operational consultants to local government entities and officials.

Auditors with Investigative Audit Services gather evidence regarding fraudulent or abusive activity affecting governmental entities. Their audits are designed to detect and deter the misappropriation of public assets and to reduce future fraud risks. Employees who conduct investigative audits have degrees in accounting or advanced degrees with at least 15 hours in accounting. Investigative auditors are based in Baton Rouge, but travel throughout the state to respond to complaints.

Local Government Services

Local Government Services staff reviewed and processed the following local auditee engagements and reports during 2022:



During the 2022 calendar year, local auditee reports contained hundreds of findings related to deficiencies in operations, controls, and compliance with laws and regulations. These findings included:

- Misappropriations and ethics violations
- Noncompliance with federal regulations in local governments' administration of federal programs
- Noncompliance with bond covenants or loan agreements
- Noncompliance with state laws covering budgets, public bids, open meetings, untimely deposits, and late filings of financial statements
- Lack of reconciliation of bank and other accounts
- Errors in accounting records
- Deficit fund balances

Extension Requests

Local auditees may request an extension of time to submit their reports to the LLA because of delays caused by declared emergencies and other non-emergencies that are nevertheless beyond the control of the local auditee. Local Government Services presented 782 extension requests to the Legislative Audit Advisory Council for approval in 2022, a 30.9% decrease over the prior year.

- Emergency (hurricanes Laura, Delta, and Ida; ice storms; COVID-19)
 - *90 days or less:* 397
 - *Greater than 90 days:* 155
- Non-emergency (turnover or illness in key staff; software implementation; other):
 - *90 days or less:* 153
 - *Greater than 90 days:* 77

Statewide Agreed-Upon Procedures

Statewide agreed-upon procedures, which were first prescribed in 2017 and were suspended because of the coronavirus pandemic for fiscal years ending after December 31, 2019, were required for fiscal years ending after November 30, 2021. Four of the 14 procedures were updated to include board oversight of resolving audit findings and safeguarding data on IT networks. The agreed-upon procedures are designed to look more closely at high-risk areas of interest to the public, which may be immaterial to the financial statements, and to improve internal controls.

Act 87

Act 87 of the 2020 Regular Legislative Session required the LLA and the Louisiana Supreme Court to develop a uniform reporting format for local and state entities that assess, collect, or receive revenue from pre- or post-adjudication costs, fines, and fees. The justice system funding reporting schedules were required to be included in reports beginning with fiscal years ending on or after December 31, 2020. In fiscal year 2022, 927 schedules were submitted.

Educational Outreach to Local Governments

Center for Local Government Excellence

In 2022, the LLA expanded its Center for Local Government Excellence training by offering sessions in February and November that were available to participants both in-person and online. In addition, the sessions were recorded and uploaded to the LLA's YouTube channel so that they are available to anyone interested in local governance.

The sessions focused on:

- The American Rescue Plan Act, effective board governance, and preventing disbursement fraud;
- State laws regarding public bid, budgeting, and legislative changes; and
- Operations of local governments, including internal controls and best practices, statewide agreed-upon procedures, the annual accounting cycle, and preparing for the audit, including Level 3 courses.



Almost 2,300 individuals from 966 different agencies participated in the two sessions that offered a total of 19 hours of continuing professional education. Since the Center began in late 2015, almost 3,800 government officials and staff members, certified public accountants, and attorneys have received the training. The proactive goal of these training sessions is to enable local officials and their staffs to immediately apply the knowledge and skills they learn to their respective governments and use that knowledge to make a positive difference for those they serve, which will ultimately improve the services provided by local governments and the quality of local government audits.

Making Presentations as Invited Guests

From January through December 2022, seven Local Government and Advisory staff members made presentations to two auditing firms, one state agency, a graduate-level university class, and the following professional organizations:

- Association of Government Accountants
- Clerks of Court Institute
- Government Finance Officers Association of Louisiana
- International Legislative Drafting Institute
- Louisiana Association of Municipal Secretaries and Assistants
- Louisiana Association of Public Charter Schools
- Louisiana Association of School Business Officials
- Louisiana Municipal Association
- Louisiana Municipal Clerks' Association
- Organization of Parish Administrative Officials
- Society of Louisiana Certified Public Accountants.

Advisory Services

The Advisory Services staff serves as fiscal advisers and operational consultants to local government entities and officials.

Over the past year, Advisory Services staff provided fiscal and programmatic guidance (such as fiscal monitoring with fiscal best practices and internal control recommendations) that directly touched approximately 100 local government entities. In addition, Advisory Services reached thousands of local government officials and staff by participating in training conferences sponsored by organizations such as the Government Finance Officers Association of Louisiana, the Louisiana Municipal Association, and the LLA's Center for Local Government Excellence. Furthermore, staff provided services when called upon by agencies such as the Louisiana Department of Health, the Louisiana Rural Water Association, and the Louisiana Legislature.

The following is a summary of the services the advisers provide:

- Advice to assist governments in fiscal distress
- Recommendations to improve overall internal controls
- Recommendations to help governments and officials comply with applicable state laws
- Consulting and monitoring related to the fiscal status and health of government entities
- Follow-up on certain complaints received from officials and residents
- Advice to newly elected local government officials regarding overall best practices and effective financial management
- Advice to assist governments with resolving audit findings
- Training to guide the implementation of sound fiscal and operational practices and instructor support for the Center for Local Government Excellence
- Support for the Louisiana Fiscal Review Committee and Legislative Audit Advisory Council

- Annual assessments of sheriffs participating in the Federal Equitable Sharing Program to ensure compliance with U.S. Department of Justice and Treasury requirements
- Approval of water rate studies conducted by the Louisiana Rural Water Association

In 2021, three local governments had completed the fiscal administration process and had submitted three-year plans to establish and maintain fiscal stability in accordance with Act 358 of the 2020 Regular Legislative Session. At the end of 2022, two local governments were under fiscal administration.

The LLA is also responsible for preparing fiscal notes for the legislative instruments affecting expenditures of political subdivisions as well as receipts, expenditures, allocations, and dedications of funds of any state board, commission, or other entity not appropriated funds in an appropriations bill. Advisory Services is involved with overseeing this function. During the 2022 Regular Legislative Session, the office's analysts received requests and prepared fiscal notes related to 21 bills. Advisory Services also assisted with the preparation of fiscal analyses for actuarial notes related to 14 retirement bills related to local governments.

The following summaries highlight Advisory Services reports released in 2022:

Village of Sun

March 9, 2022

To address the requirements of Act 774 of the 2014 Regular Legislative Session, auditors assisted the village in evaluating certain controls used to ensure accurate financial reporting, compliance with applicable laws and regulations, and overall accountability over public funds. Specifically, auditors examined whether the village had implemented recommendations made in a 2019 Legislative Auditor's report. They found the village implemented some of the recommendations, but not all of them. In addition, auditors examined whether the village had complied with state laws related to ethics training and prevention of sexual harassment in the workplace. Auditors found the village could not provide documentation for one official indicating the individual had completed the training.

Louisiana District Public Defenders - Compliance with Reporting Requirements for the Fiscal Year Ended June 30, 2021

November 7, 2022

As of June 30, 2021, 11 public defender offices reported spending more money than they brought in for the fiscal year, which is a decrease of 11 from the previous year. The revenues of the public defender offices ranged from a high of \$9.59 million to a low of \$81,733, and their combined revenues totaled \$66.75 million. Over the same time period, their expenditures ranged from a high of \$8.08 million to a low of \$80,060, while their combined expenditures totaled \$58.78 million.

Investigative Audit Services

Auditors with Investigative Audit Services gather evidence regarding fraudulent or abusive activity affecting governmental entities. Their audits are designed to detect and deter the misappropriation of public assets and to reduce future fraud risks. Employees who conduct investigative audits have degrees in accounting or advanced degrees with at least 15 hours in accounting. Investigative auditors are based in Baton Rouge, but travel throughout the state to respond to complaints.

The following summaries highlight Investigative Audit Services reports released in 2022:

City of Oakdale

January 12, 2022

Investigative auditors found that, between January 2014 and March 2021, the former city clerk paid herself \$769,136 more than her authorized salary by diverting electronic transfers of city funds. In addition, she signed and received 93 city checks totaling \$59,945 between January 2014 and March 2021. City records showed she was not entitled to \$13,378 of that amount. Auditors also found that \$115,304 in city funds was used to make 63 payments to two of her credit card accounts between August 2014 and December 2019. Documentation could not be found to show that the former clerk was entitled to the payments or that the purchases were made for the city's benefit.

Catahoula Parish Fire Protection District No. 4

February 16, 2022

Investigative auditors found the district's former fire chief was paid \$12,269 in excess of his salary and received \$4,687 in unsubstantiated reimbursements between

Number of Payments	Type of Payment	Amount
30	Payments in Excess of Compensation	\$12,269
11	Improper Reimbursements	4,687
31	Personal Expenses	22,495
265	Questionable Purchases	57,067
337	Total Improper Payments	\$96,518

December 2017 and July 2020. In addition, the former chief appeared to have used \$22,495 of the district's money for personal expenses and to have authorized \$57,067 in questionable purchases. Auditors also found that, between 2017 and 2019, the former chief entered into three lease purchase agreements and one loan without State Bond Commission approval. Auditors found as well that the district had not filed its required annual fiscal reviews for fiscal years 2018, 2019, and 2020, and that minutes from meetings of the district's Board of Commissioners from 2016 to 2019 may have been falsified.

Jeanerette City Marshal

February 23, 2022

Investigative auditors found that deputy marshals sent to work private security details in Lake Charles and Texas after Hurricane Harvey were paid \$10,925 in their regular wages/salaries without taking leave, used Marshal's Office vehicles to travel to and from the details, and bought fuel using office fuel cards totaling \$1,790. The city marshal also appeared to have loaned money to a representative of the firm that arranged the security details and who offered to repay the loan with proceeds from the details. In addition, the city marshal was improperly paid \$119,639 in overtime and auto allowance payments between January 2012 and June 2021. Auditors found as well that between August 2017 and February 2020, the city marshal simultaneously served as the elected Jeanerette city marshal, the appointed police chief of the City of Jeanerette, and a full-time employee of the Iberia Parish School Board. Auditors also found that between December 2013 and November 2018, the Marshal's Office improperly paid Christmas bonuses totaling \$19,450 to employees, including \$4,400 to the city marshal. Additionally, since January 2009, the city marshal has participated in two public retirement systems – the Teachers' Retirement System of Louisiana and the Municipal Employees' Retirement System of Louisiana – which is not permitted under state law.

Oakdale Recreation District No. 1

April 6, 2022

Investigative auditors found \$86,889 in Oakdale Recreation District No. 1 funds were used to make 93 payments to two personal credit card accounts belonging to the district's former bookkeeper. The payments were made between January 2012 and February 2018. Documentation could not be found to show that the former bookkeeper – who was also the city clerk – was entitled to the payments or that the purchases were made for the district's benefit.

Village of Noble

April 13, 2022

Investigative auditors found the village's former clerk issued 18 unauthorized checks totaling \$7,463 to herself between February 2020 and August 2021. The former clerk deposited the checks, which included duplicate payroll checks and reimbursement checks for which there was no supporting documentation, into her personal bank account and used the funds to pay personal bills. In addition, auditors found the former clerk forged signatures on the checks and altered the village's electronic accounting records to hide her actions.

Village of Longstreet

April 27, 2022

Investigative auditors found the former village clerk appeared to have paid herself excess wages totaling \$45,428 between January 2019 and May 2021. The clerk, who resigned from her job, was authorized to work a maximum of 30 hours per week; however, available time sheets showed she paid herself for an average of 46 hours per week during this period.

**Louisiana Department of Education and the Board of Elementary
and Secondary Education**

May 18, 2022

Investigative auditors found that, between May and November 2021, the Louisiana Department of Education paid \$486,050 on two emergency contracts without first obtaining approval from the Louisiana Board of Elementary and Secondary Education, as required by the Louisiana Administrative Code. Under the provisions of the LAC, professional and consulting services contracts recommended by the state superintendent of education at, or above, a certain amount (currently \$50,000) must be approved by BESE.

Caldwell Parish Sheriff

June 1, 2022

Investigative auditors found that the Caldwell Parish Sheriff's Office collected \$586,811 more in taxes and fines and fees than was deposited into its bank accounts between July 1, 2017, and June 30, 2021. The chief civil deputy during that time said she took cash payments collected by the sheriff's office and deposited the money into her and/or her daughters' bank accounts. Bank records show \$167,398 in cash was deposited into the chief civil deputy's bank account, and \$9,489 in cash was deposited into her daughters' bank accounts between January 1, 2017, and September 14, 2021.

Ouachita Parish Clerk of Court

June 1, 2022

Investigative auditors found that a former deputy clerk used PayPal to divert \$344,226 of public funds from the Clerk of Court's office to himself between December 24, 2014, and October 10, 2018.

Town of Eros

June 22, 2022

Investigative auditors found the mayor, a maintenance operator, and the former police chief provided inaccurate and incomplete information to the Louisiana Workforce Commission to obtain COVID-19 pandemic unemployment benefits. Auditors found LWC paid \$13,047 in unemployment benefits to the mayor, \$11,633 to the maintenance operator, and \$11,406 to the former police chief between April 13 and September 18, 2020. In addition, auditors found that, between April 9, 2019, and December 28, 2021, the town paid the mayor and other town employees excess compensation totaling \$7,930, including improper leave payouts and Christmas bonuses. Auditors also found town records indicated utility payment transactions totaling \$28,088 were received and/or recorded in the utility system but were not deposited into the town's bank accounts between January 1, 2020, and December 31, 2021. Additionally, auditors found the town appeared to be improperly classified under the provisions of the Lawrason Act. Because it has fewer than 1,000 inhabitants, it should be classified as a village.

Washington Parish Fire Protection District No. 7

July 27, 2022

Investigative auditors found the district's secretary provided inaccurate and incomplete information to the Louisiana Workforce Commission and collected COVID-19 pandemic unemployment benefits despite continuing to work for the district. She received a total of \$28,490 in benefits between April 2020 and August 2021. In addition, the president and the secretary of the fire district board knew the district secretary had applied for and received the benefits while continuing to work for the district. Auditors also found that a former employee contracted with the fire district to provide landscaping services during the time he was working for the district. The district paid \$11,687 to the company between April 2018 and November 2020 for services. State ethics laws prohibit public servants from contracting with and/or participating in transactions involving their governmental entity.

Town of Gibsland

October 5, 2022

Investigative auditors found the town could not provide records demonstrating it properly adopted its budget for fiscal year 2022, as required by state law. In addition, the town failed to budget its American Rescue Plan Act (ARPA) funds, failed to seek public bids for vehicle purchases, and improperly paid incentives to town officials. Auditors also found that the town's part-time clerk received a salary but did not record the hours she worked, and the town's last annual audit report was for fiscal year 2020. Additionally, Gibsland appeared to be improperly classified under state law. Because the town has fewer than 1,000 inhabitants, it should be classified as a village.

City of Shreveport

October 6, 2022

Investigative auditors found the city changed the agent of record for its excess workers' compensation insurance and property insurance policies without using a request for proposal as required by city policy. In addition, the amount of the workers' compensation coverage was not approved by the City Council, as required by the City Charter. Auditors also found that the mayor may have failed to follow city travel policies and procedures. The mayor took 23 trips, totaling \$35,845, between January 2019 and December 2021. Sixteen of the trips included expenses totaling \$3,210 that may have violated the city's policies. In addition, 16 of the mayor's 23 travel expense statements were completed between 31 and 101 days after the event, in violation of city policy.

Pinecrest Supports and Services Center – Office for Citizens with Developmental Disabilities

October 26, 2022

Investigative auditors found that, between July 2020 and December 2021, a former PSSC police captain was paid \$15,099 for 391 hours of COVID-19 overtime that he either did not work or did not go through the center's mandatory screening process for. During this time period, the center required all employees and visitors to be screened for COVID-19 and to have their names recorded on a screening log sheet. Records show the former police captain's name was not recorded on the screening log sheets for 62 of the 67 weekend days he allegedly worked overtime. In addition, 15 officers whose time overlapped with the former captain's weekend overtime said they did not recall him working.

Louisiana Workforce Commission

December 14, 2022

Investigative auditors found that, from May 15 to October 14, 2020, the Louisiana Workforce Commission issued pandemic unemployment benefits totaling \$151,907 for 49 separate claims that appear to have been fabricated. The majority of the claimants' names and Social Security numbers did not correspond to a Louisiana driver's license/identification card, and no Louisiana wages were reported for the majority of these claimants. LWC records showed these claimants used the same and/or similar mailing addresses, and their LWC accounts were accessed from the same IP addresses to change their names, contact information, and bank account information.

Louisiana Workforce Commission

December 14, 2022

Investigative auditors found that LWC and bank records showed A.B. received pandemic unemployment benefits totaling \$87,380 on behalf of 10 claimants other than himself from April 2 to November 19, 2020. This included \$52,901 in benefits for six in-state claimants that either were deposited into A.B.'s bank account or issued on debit cards and \$34,479 in benefits issued on debit cards on behalf of four out-of-state claimants who did not appear to have applied for benefits in Louisiana. Auditors found that seven of the 10 claimants' LWC accounts were accessed from the same IP address used by A.B. to change their mailing addresses to A.B.'s mailing address before they received debit cards. In addition, records show the debit cards issued to these seven claimants were used to withdraw cash at the same locations and times when A.B. withdrew his own cash.

Louisiana Workforce Commission

December 14, 2022

Investigative auditors found that LWC and bank records showed claimant A.B. received pandemic unemployment benefits totaling \$81,786 on behalf of 10 claimants other than herself from May 6 to October 10, 2020. This included \$49,224 for five claimants, four of whom claimed their identities were used without their knowledge and one of whom died several years ago. Applications for four of the five remaining claimants showed they worked for the same employer as A.B. before the pandemic. Further, all 10 claimants' LWC accounts were accessed from the same IP addresses as A.B., and several used the same or similar addresses, phone numbers, and email addresses for their contact information.



ACT 461 REPORT

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 when audits identify more than \$150,000 in: 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; or repeat findings.

Third Quarter, Fiscal Year 2022

(January-March 2022)

State Agencies

Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) - Public Assistance Program

- 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

- 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

- 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

- 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

Fire Protection District No. 4 of the Parish of Catahoula

- 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

- 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

- 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)*

Fourth Quarter, Fiscal Year 2022

(April-June 2022)

State Agencies

Delgado Community College

- Delgado did not enter information for 321 items purchased during fiscal year 2021, totaling \$1,059,085, into the state's movable property system within 60 calendar days after receipt of these items, as required by state property regulations. For these exceptions, the items were tagged between 61 and 191 days after receipt.
(Amount: \$1,059,085) (p.1)

Department of Education (DOE) and the State Board of Elementary and Secondary Education

- From May 21, 2021, to November 9, 2021, DOE paid \$486,050 on two emergency contracts without first obtaining the Louisiana Board of Elementary and Secondary Education's (BESE's) approval. The Louisiana Administrative Code requires that professional and consulting services contracts recommended by the Superintendent of Education at, or above, a certain amount (currently \$50,000) be approved by BESE. By paying contractors for professional and consulting services prior to obtaining BESE's approval, DOE may have violated a provision of the Louisiana Administrative Code.
(Amount: \$486,050) (p.5)

Executive Department

- The Division of Administration (DOA), Louisiana Office of Community Development (LOCD) identified \$4,335,784 in Small Rental Property Program loans for 42 property owners under the Community Development Block Grant/State's Program (CDBG) who failed to comply with one or more of their loan agreement requirements and were assigned to loan recovery status. In addition, 1,194 noncompliant loans identified in previous years totaling \$110.4 million remain outstanding. **(Repeat)**
(Amount: \$4,335,784) (p.2)
- The DOA, LOCD identified \$901,739 in noncompliant Restore Louisiana Homeowner Assistance Program awards for 58 homeowners through established program implementation and monitoring procedures for the CDBG program.
(Amount: \$901,739) (p.3)

Louisiana Department of Children and Family Services (DCFS)

- DCFS did not have a process in place to ensure \$16 million of TANF grant funds transferred to the Social Services Block Grant (SSBG) were only used for programs or services for children or their families whose income is less than 200% of the poverty level. While DCFS was unable to initially provide support that showed TANF funds transferred to SSBG were used only for services to clients who met the income threshold, it subsequently gathered data and developed a methodology to substantiate the federal expenditures. In addition, the SSBG Post Expenditure Report included all individuals who received services through other federal programs which can be supported with SSBG funds rather than only those individuals who actually received services paid for in whole or in part with SSBG funds, as required.
(Amount: \$16,000,000) (p.2)

Louisiana Department of Health (LDH)

- LDH, Office of Public Health (OPH) could not provide a detailed listing of food benefits paid, including dollar value, to eligible participants during fiscal year 2021 for the WIC Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). In fiscal year 2021, OPH reported \$75.3 million in WIC program expenditures in its Schedule of Expenditures of Federal Awards (SEFA). (Amount: \$75,300,000) (p.2)
- LDH did not enroll and screen Healthy Louisiana managed care providers and dental managed care providers as required by federal regulations. As a result, LDH cannot ensure the accuracy of provider information obtained from the Medicaid managed care plans and cannot ensure compliance with enrollment requirements defined by law and the Medicaid and Children's Health Insurance Program (CHIP) state plan. **(Repeat)** (p.3)
- LDH, OPH lacked internal controls to ensure compliance with regulations over the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) program related to the activities allowed or unallowed and the allowable costs/cost principles compliance requirements. In a sample of 60 payments made in fiscal year 2021 to vendors who provided services related to the ELC program, the following payments were noted with exceptions, some with multiple exceptions: Three (5%) were not approved by an appropriate supervisor. Five (8%) did not include enough information to determine if the expenditure was appropriate and in accordance with federal regulations. Eleven (18%) did not include enough information to determine if the account coding was accurate. (Amount: \$4,800,000) (p.5)
- LDH did not have adequate controls over financial reporting to ensure its financial reports were accurate, complete, and prepared in accordance with instructions from the Division of Administration, Office of Statewide Reporting and Accounting Policy (OSRAP). As a result, LDH submitted an inaccurate Annual Fiscal Report (AFR) for LDH Medical Vendor Payments for the fiscal year ended June 30, 2021, to OSRAP. In addition, LDH also submitted inaccurate federal schedules used to prepare the SEFA. (Amount: \$200,000,000) (p.5)

- LDH, OPH submitted inaccurate information for the SEFA for the year ended June 30, 2021. As a result, Immunization Cooperative Agreements program expenditures were understated by \$6,873,390; Commodity Supplemental Food program expenditures and amounts provided to non-state subrecipients were understated by \$109,281; and HIV Care Formula Grants program expenditures were overstated by \$7,669,832 and amounts provided to non-state subrecipients were understated by \$7,967,375. In addition, a note disclosure for the Human Immunodeficiency Virus program was not submitted to OSRAP. Also, the required reconciliation of the SEFA information to OPH financial statements was not completed prior to submitting the SEFA information to OSRAP. *(Amount: \$22,619,878) (p.6)*
- LDH failed to properly implement and monitor National Correct Coding Initiative Requirements (NCCI) for Medically Unlikely Edits (MUE) and Procedure-to-Procedure (PTP) edits for the Medicaid Fee-for-Service (FFS) claims. In a test of 11,744,241 paid claims, 21,195 claims were paid but should have been evaluated by an NCCI edit and denied. *(Amount: \$605,766) (p.9)*
- For the third consecutive year, LDH, the managed care organizations (MCOs), and Magellan did not have adequate controls in place to ensure that behavioral health services in the Medicaid and CHIP programs were properly billed and that improper encounters were denied. For fiscal year 2021, we identified approximately \$8.4 million in encounters for services between July 1, 2020, and June 30, 2021, that were paid by the MCOs and Magellan even though the encounters do not appear to comply with LDH's encounter coding requirements and/or approved fee schedules. **(Repeat)** *(Amount: \$8,409,176) (p.11)*
- LDH, OPH did not ensure payroll expenditures were timely certified and approved for the Public Health Emergency Preparedness program, the HIV Prevention Activities Health Department Based program, the Epidemiology and Laboratory Capacity for Infectious Diseases program, the WIC Special Supplemental Nutrition Program for Women, Infants, and Children, and the Coronavirus Relief Fund program. **(Repeat)** *(Amount: \$3,197,767) (p.11)*

Louisiana Department of the Treasury

- The Department of the Treasury did not consistently follow its policies and procedures for all grants awarded through the Main Street Recovery Program, which provided reimbursement from the federal Coronavirus Relief Fund to eligible Louisiana businesses for their COVID-19-related expenses, including business interruption. Of the \$262 million in awards to businesses, the Treasury's post-disbursement grant reviews identified awards totaling approximately \$1.9 million containing various issues indicating ineligible recipients or unsupported award calculations. *(Amount: \$1,942,595) (p.1)*

Louisiana State University Health Sciences Center in Shreveport (LSUHSC-S)

- For the second consecutive year, LSUHSC-S did not receive net physician claims revenue for physician services provided at the Monroe facility in accordance with the joint venture agreements (agreements) with the hospital partner nor were these amounts reported to LSUHSC-S. **(Repeat)** *(Amount: \$8,466,085) (p.1)*

- For the fourth consecutive year, LSUHSC-S does not have adequate controls over state and private grants and contracts to pursue collection of accounts receivable. LSUHSC-S did not send the 30- and/or 60-day collection notices timely from the date of the original invoice. **(Repeat)** (Amount: \$389,973) (p.3)

Louisiana Workforce Commission

- For the second consecutive year, LWC did not have adequate internal controls and did not comply with requirements of the Unemployment Insurance (UI) federal program. LWC issued more than \$5.6 billion in benefit payments to more than 619,000 claimants during fiscal year 2021. Because of the large amount of funding provided during the COVID-19 pandemic and the lack of identity or wage requirements at the beginning of the year, these programs have been exposed to identity theft and fraud schemes. **(Repeat)** (Amount: \$257,728) (p.1)
- Overall, we found that LWC filed accurate Internal Revenue Service (IRS) Form 1099-Gs (1099s) with the IRS for unemployment benefits paid to 698,372 (99.7%) of 700,204 claimants in calendar year 2020. However, we found that LWC did not file accurate 1099s with the IRS for 1,832 claimants during calendar year 2020, resulting in approximately \$2.1 million in over-reported unemployment benefits or benefits attributed to incorrect Social Security numbers (SSNs). Due to issues in its Helping Individuals Reach Employment (HiRE) system, LWC has not filed corrected 1099s with the IRS for calendar year 2020 for the claimants affected by these issues. These inaccurate 1099s could result in the IRS determining that these claimants owe taxes on unemployment benefits they were not paid. (Amount: \$2,109,650) (p.3)

Local Government Agencies

Caldwell Parish Sheriff

- The Caldwell Parish Sheriff's Office (CPSO) received \$586,811 more in taxes and fines and fees than was deposited from July 1, 2017, to June 30, 2021. The Chief Civil Deputy at the time said she took cash collected by CPSO and deposited it into her and/or her daughters' bank accounts. (Amount: \$586,811) (p.4)

City of Oakdale

- During the year it was discovered that beginning on a date prior to June 30, 2020, an employee of the City initiated ACH transactions to transfer funds to her personal bank accounts without authorization. The total of unauthorized transactions is estimated to be \$248,564 and \$203,753 for the years ending June 30, 2020 and 2021, respectively. Additionally, the City had intergovernmental revenues totaling \$236,919 seized through the United States Treasury Offset Program for payroll taxes, penalties, and interest assessed relating to the year 2016 and believed to be a result of unauthorized fraudulent payroll transactions. The employee suspected of the theft is no longer employed with the City due to her death. This matter was investigated by the Louisiana Legislative Auditor's Investigative Audit Division who issued a report dated January 12, 2022, in which potential misappropriations totaling \$897,818 were identified during the period January 1, 2014, to March 17, 2021. *[Amount: \$452,317 (2020 and 2021)] (p.75)*

Ouachita Parish Clerk of Court

- The former Clerk of Court Deputy Clerk used an online money transfer system (PayPal) to divert \$344,226 of public funds from the Clerk of Court to himself from December 24, 2014, to October 10, 2018. *(Amount: \$344,226) (p.4)*

Rapides Parish Council on Aging, Inc.

- The bookkeeper stole approximately \$217,980 by manipulating bank statements which were not reviewed appropriately. Law enforcement has been notified and an investigation is open and ongoing. The bookkeeper is no longer employed by the Council. The theft is believed to have occurred through July 1, 2020, and June 30, 2021. *(Amount: \$217,980) (p.42)*

First Quarter, Fiscal Year 2023

(July-September 2022)

State Agencies

Central Louisiana Human Services District

- Central Louisiana Human Services District (CLHSD) did not bill Medicare and Medicaid in accordance with insurers' contract terms. CLHSD failed to collect \$160,802 of self-generated revenues billed during the two fiscal years ending June 30, 2022, as of May 13, 2022. **(Repeat)** *(Amount: \$160,802) (p.1)*

Florida Parishes Human Services Authority

- The Florida Parishes Human Services Authority (FPHSA) did not ensure the purchase of its new electronic health record system was in accordance with state bid law and agency procedure. FPHSA personnel researched several possible vendors and obtained the assistance of a contracted consultant to evaluate the vendors. FPHSA selected the vendor whose software was most compatible with its day-to-day behavioral health and clinical processes. The vendor selected resulted in a contract being signed with a system cost of more than \$1.2 million during the initial contract term of 60 months. As part of this process, FPHSA failed to advertise for the software purchase in accordance with state law and agency procedure. *(Amount: \$1,200,000) (p.1)*

Governor's Office of Homeland Security and Emergency Preparedness - Public Assistance Program

- Completed work was not within the scope of the approved project. *(Amount: \$3,162,607) (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: \$72,085,156) (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: \$13,688,865) (p.3)*
- Work reflected in the expense reimbursements did not comply with applicable FEMA regulations and guidance. *(Amount: \$8,046,342) (p.3)*
- The Cost Estimate Tool and the Expense Review Form did contain duplicate, omitted, and/or miscategorized expenses. *(Amount: \$988,406) (p.4)*

Since April 1, 2008, the LLA has noted exceptions totaling \$1,621,710,395, which includes \$97,971,376 noted this period, and GOHSEP has resolved \$1,439,025,336, which includes \$66,076,607 resolved this period.

Governor's Office of Homeland Security and Emergency Preparedness - Hazard Mitigation Program

- 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: \$1,245,432) (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: \$999,067) (p.3)*

Since April 1, 2008, the LLA has noted exceptions totaling \$309,470,295, which includes \$2,321,737 noted this period, and GOHSEP has resolved \$212,822,496, which includes \$1,351,387 resolved this period.

Louisiana Sales and Use Tax Commission for Remote Sellers

- The Commission did not complete monthly bank reconciliations for its three bank accounts during fiscal year 2021. For one account, the Commission identified variances between the deposits and the monthly collections; however, these variances were not researched and resolved timely, resulting in undetected errors. The subsequent research of these variances identified a \$1,556,697 liability at year-end. *(Amount: \$1,556,697) (p.2)*

Louisiana State University at Eunice

- LSU Eunice did not submit past-due student accounts receivable to the Louisiana Attorney General for collection in accordance with state law and its written procedures. **(Repeat)** *(Amount: \$2,161,254) (p.2)*

River Parishes Community College

- For the third consecutive engagement, River Parishes Community College (RPCC) did not have adequate controls over student account balances, increasing the risk that accounts receivable balances may be overstated. **(Repeat)** *(Amount: \$1,346,511) (p.1)*
- RPCC did not ensure bank reconciliations were properly prepared and reviewed, increasing the risk that errors and/or fraud could occur and not be detected in a timely manner. The bank reconciliations for the months of July 2020 through October 2021 did not balance, with differences between bank balances and the general ledger ranging from \$548,602 to negative \$2,138,421. As of July 20, 2022, bank reconciliations were not completed for the months of November 2021 through June 2022. This is the third consecutive engagement in which auditors noted issues related to bank reconciliations. **(Repeat)** *[Amount: Ranges from \$548,602 to (\$2,138,421)] (p.2)*

Local Government Agencies

Caldwell Parish Sheriff (CPSO)

- Subsequent to year-end, the Sheriff contacted the Legislative Auditor's Office and requested a full investigation of a theft he discovered that was committed by the Chief Civil Deputy. It was discovered that the Sheriff's office received \$586,811 more in taxes and fines and fees than was deposited from July 1, 2017 to June 30, 2021. The Chief Civil Deputy at the time said she took cash collected by CPSO and deposited it into her and/or her daughters' bank accounts. Her and her daughters bank records show \$176,887 of cash was deposited into their bank accounts from January 1, 2017, to September 14, 2021. The Louisiana Legislative Auditor issued a report on this on June 1, 2022. *(Amount: \$586,811) (p.50)*

District Attorney for the 42nd Judicial District

- The Diversion Fund transferred \$300,000 to the General Fund. There was a letter of explanation from the prior District Attorney that the transfer was to cover operating expenses, specifically salaries. No detailed records were required or obtained for most of the salaries allocated to administering the traffic diversion program or victims' assistance programs. The District Attorney did not keep records of the types of victims' assistance programs it operated, if any. There was no reasonable allocation scheme for transferring the monies to the General Fund. There were no local policies or procedures regarding the transferred expenses. \$500,000 was transferred during 2019 with the same explanation. The annual report was turned in late to the Louisiana Legislative Auditor, and there were some miscalculations of payroll taxes and violations of the Local Government Budget Act as well. *(Amount: \$800,000) (p.46)*

Second Quarter, Fiscal Year 2023

(October-December 2022)

State Agencies

Delgado Community College

- 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

- 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

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

Office of Group Benefits (OGB)

- 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

- 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

- 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

- 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

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

FIGHT FRAUD, WASTE & ABUSE!

Contact the **Louisiana Legislative Auditor (LLA) Hotline** if you suspect the misappropriation (theft), fraud, waste or abuse of public funds by anyone.

Information provided to the LLA Hotline may result in an investigation, audit or other review.

When providing information to the LLA Hotline, please include sufficient detail (*describing who, what, where, when, why and how*) to allow us to fully evaluate your information. Although we will consider anonymous information, providing us with your name and telephone number will allow us to contact you with any additional questions that we have. **Your name and telephone number, as well as the status of complaints, are confidential.**



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This document is required per R.S. 24:523.1, effective August 1, 2014.



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. One copy of this public document was produced at an approximate cost of \$1.50. 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 lla.la.gov.

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