

ACT 461 REPORT ON FISCAL DEFICIENCIES, INEFFICIENCIES, FRAUD, OR OTHER SIGNIFICANT ISSUES DISCLOSED IN GOVERNMENTAL AUDITS THIRD QUARTER, FISCAL YEAR 2024

**Report to the Joint Legislative
Committee on the Budget
Issued June 17, 2024**

**LOUISIANA LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

LEGISLATIVE AUDITOR
MICHAEL J. "MIKE" WAGUESPACK, CPA

FIRST ASSISTANT LEGISLATIVE AUDITOR
BETH Q. DAVIS, CPA

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. 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 www.la.la.gov.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Jenifer Schaye, General Counsel, at 225-339-3800.

June 17, 2024

Chairman Glen Womack and Members of the
Joint Legislative Committee on the Budget

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

Act 461 of the 2014 Regular Legislative Session requires the Louisiana Legislative Auditor to make quarterly and annual reports to the Joint Legislative Committee on the Budget of certain audits which have findings with a dollar impact of \$150,000 or more relative to waste or inefficiencies, missed revenue collections, erroneous or improper payments or overpayments by the state, theft of money, failure to meet funding obligations such as pension or health benefits, failure to comply with federal fund or grant requirements, failure to comply with state funding requirements, including failure to report as required, misappropriation of funds, errors in or insufficient support for disaster expenditures, accountability of public money associated with various disasters such as the Deepwater Horizon event, and repeat findings.

Attached is our report to meet the requirements of Act 461 for the third quarter of Fiscal Year 2024. That report is linked and referenced to the full reports which contain the applicable findings of interest, as well as management's responses.

We are available to present the information that is of interest to your committee. We hope that this report assists you in your legislative decision-making process.

Sincerely,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

MJW/ch
ACT 461 REPORTING - JUNE 2024



TABLE OF CONTENTS

	Page
State Agencies	2
Local Government Agencies	4

STATE AGENCIES

Central Louisiana Technical Community College (CLTCC) ([Report Link](#))

- CLTCC did not have adequate controls in place over the preparation of certain areas of its financial statements, resulting in an overstatement of \$627,951 for scholarships and fellowships expenses, an understatement of the same amount for receivables, and classification errors in the related note disclosure. This is the second consecutive year we have reported weaknesses over financial reporting related to student receivables. **(Repeat)** (\$627,951) (Exhibit A.2)

Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) ([Report Link](#))

- GOHSEP did not comply with Federal Funding Accountability and Transparency Act (FFATA) reporting requirements for the Flood Mitigation Assistance program. As of June 30, 2023, GOHSEP had not entered subaward information into the FFATA Subaward Reporting System for any of the 50 subawards of \$30,000 or more, totaling \$125,920,379. (\$125,920,379) (p.1)

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

- Expenses included in reimbursement requests were not supported by sufficient documentation. (\$3,063,174) (p.3)
- Contracts and purchases included in reimbursement requests did not show evidence of compliance with applicable procurement guidelines. (\$241,220) (p.4)

Since April 1, 2008, the LLA has noted exceptions totaling \$319,453,323, which includes \$3,355,763 noted this period, and GOHSEP has resolved \$223,631,074, which includes \$5,386,954 resolved this period.

Louisiana Department of Health (LDH) ([Report Link](#))

- For the third consecutive year, LDH submitted an inaccurate Annual Fiscal Report for LDH Medical Vendor Payments to OSRAP. In addition, LDH submitted inaccurate federal schedules used to prepare the Schedule of Expenditures of Federal Awards (SEFA). **(Repeat)** (Annual Fiscal Report adjustments ranging from \$1.9 million to \$90 million; SEFA adjustments ranging from \$9 million to \$39 million) (p.2)

- LDH improperly included the same \$16.6 million Medicaid expenditure on both the September 30, 2022, and March 31, 2023, quarterly federal expenditure reports, resulting in \$14.9 million in federal questioned costs for the year ending June 30, 2023. In addition, LDH failed to detect the misreporting of a \$1.7 million recoupment of Disproportionate Share Hospital payments on the wrong federal year schedule for the June 30, 2023, quarterly federal expenditure report. (*\$18.3 million*) (p.6)
- LDH did not adhere to established policies and procedures regarding maternity kick payments for fiscal year 2023. As a result, there is an increased risk that maternity kick payments are being paid to Healthy Louisiana Managed Care Organizations (MCOs) for triggering events that may not have taken place or no longer have satisfactory supporting evidence. (*\$967,137*) (p.7)
- For the fourth consecutive year, LDH lacked adequate internal controls over eligibility determinations in the Medicaid and CHIP programs for the state fiscal year ending June 30, 2023, resulting in questioned costs. **(Repeat)** (*\$232,275*) (p.8)
- For the fifth consecutive year, LDH, the MCOs, and Magellan Health Services 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. **(Repeat)** (*\$16,004,009*) (p.13)

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

- For the fifth consecutive year, LWC did not adequately monitor subrecipients under the Workforce Innovation and Opportunity Act (WIOA) Cluster programs. LWC's total WIOA expenditures during state fiscal year 2023 totaled over \$56.5 million, with approximately \$47.1 million provided to subrecipients. **(Repeat)** (*\$47.1 million*) (p.1)
- LWC was not able to produce evidence of its process to review and approve data submissions required by FFATA for the WIOA Cluster programs. In addition, the data submissions occurred after the due date specified by federal regulations. All 15 subawards executed and submitted during state fiscal year 2023 exceeded \$30,000, and collectively totaled over \$38.7 million. (*\$38.7 million*) (p.3)

LOCAL GOVERNMENT AGENCIES

Grant Parish School Board (GPSB) ([Report Link](#))

- Contractor May Have Overbilled GPSB for Mold Remediation Services (\$1,865,056) (p.6)
- GPSB May Have Improperly Paid Contractor for Services Outside the Scope of Its Contracts (\$2,311,576) (p.17)
- Contractor May Have Billed GPSB for Labor, Materials, and Equipment That Was Not Provided or Was Unnecessary (\$435,139) (p.36)

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

- Improper Use of Dedicated Funds (\$192,579) (p.18)