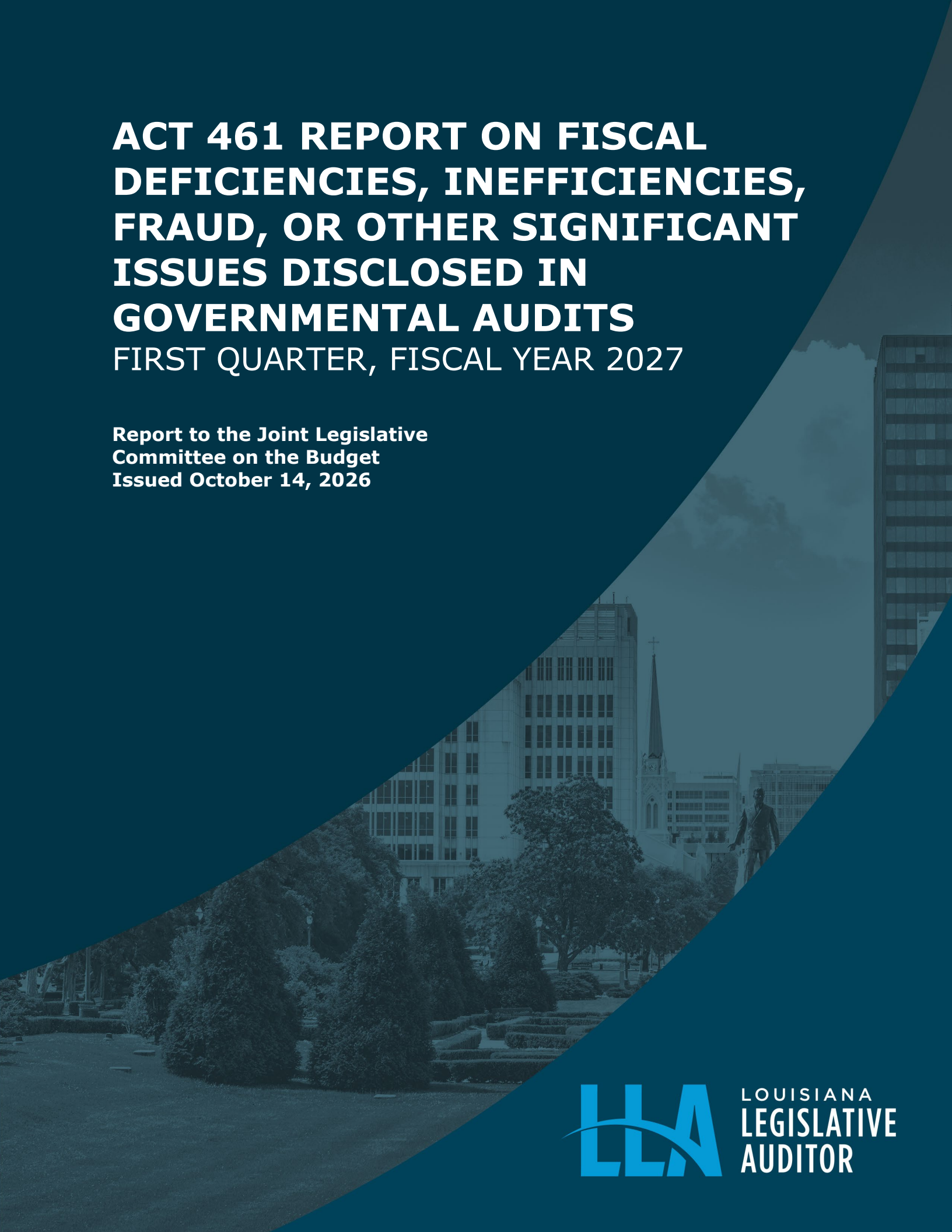
ACT 461 REPORT ON FISCAL DEFICIENCIES, INEFFICIENCIES, FRAUD, OR OTHER SIGNIFICANT ISSUES DISCLOSED IN GOVERNMENTAL AUDITS

FIRST QUARTER, FISCAL YEAR 2027

Report to the Joint Legislative Committee on the Budget
Issued October 14, 2026



LOUISIANA LEGISLATIVE AUDITOR

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LOUISIANA LEGISLATIVE AUDITOR

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

October 14, 2026

Chairman Jack McFarland and Members of the
Joint Legislative Committee on the Budget

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

Act 461 of the 2014 Regular Legislative Session (Louisiana Revised Statute 24:516.1) 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, and repeat findings.

Attached is our report to meet the requirements of Act 461 for the first quarter of Fiscal Year 2027. 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 – Q1 FY27

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STATE AGENCIES

Central Louisiana State Hospital (CLSH) (Report Link)

- CLSH did not have adequate controls in place to ensure patient billing was performed in a timely manner and all funds owed for services were received and properly recorded. *(Amount: Various amounts, the largest of which is $308,466) (p.1)*

Conservation & Energy, Department of - Infrastructure Investment and Jobs Act and the Inflation Reduction Act (Report Link)

- Grant payments were not supported by sufficient documentation. *(Amount: $177,313) (p.3)*

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

- Completed work included in reimbursement requests was not within the approved scope of the project. *(Amount: $849,066) (p.3)*
- Expenses included in reimbursement requests were not supported by sufficient documentation. *(Amount: $4,646,487) (p.3)*
- Contracts and purchases included in reimbursement requests did not show evidence of compliance with applicable procurement guidelines. *(Amount: $1,254,372) (p.4)*

Since April 1, 2008, the LLA has noted exceptions totaling $338,990,341, which includes $6,838,536 noted this period, and GOHSEP has resolved $270,337,939, which includes $9,389,168 resolved this period.

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

- Completed work included in reimbursement requests was not within the approved scope of work and/or the cost estimate was exceeded. *(Amount: $49,278,096) (p.4)*
- Expenses included in reimbursement requests were not supported by sufficient documentation. *(Amount: $266,912,084) (p.4)*

- Contracts and purchases included in reimbursement requests did not show evidence of compliance with applicable procurement guidelines. *(Amount: $22,517,408) (p.4)*

- Expenses included in reimbursement requests were not in compliance with applicable FEMA regulations and guidance. *(Amount: $6,186,844) (p.4)*

- Expenses included in reimbursement requests were duplicated, omitted, and/or miscategorized. *(Amount: $525,379) (p.4)*

Since April 1, 2008, the LLA has noted exceptions totaling $2,970,990,979, which includes $345,419,811 noted this period, and GOHSEP has resolved $2,714,401,711, which includes $449,208,405 resolved this period.

Louisiana State University at Eunice (LSU Eunice) (Report Link)

- For the fourth consecutive engagement, 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. In addition, students with past-due balances were able to register for the Fall 2025 semester and incur additional debt. **(Repeat)** *(Amount: $3.8 million + $155,833) (p.2)*

Louisiana State University at Shreveport (LSUS) (Report Link)

- For the fourth consecutive engagement, LSUS did not ensure bank reconciliations were properly prepared. LSUS uses Workday as the accounting system of record; however, bank statements are reconciled to Integrow and not to Workday because of the level of detail maintained in the Integrow system, and there is no complete reconciliation between Integrow and Workday. Failure to properly prepare bank reconciliations increases the risk that errors and/or fraud could occur and not be detected in a timely manner and increases the risk of inaccurate financial reporting. **(Repeat)** *(Amount: $1.3 million) (p.2)*

Transportation and Development, Department of (DOTD) (Report Link)

- DOTD's Weights and Standards Stationary Enforcement Program weighed fewer trucks, identified fewer violations, and issued and collected fewer penalties from fiscal years (FY) 2023 to 2025 despite increasing its staff and budget. *(Amount: DOTD had a decrease of $457,697 in weight enforcement penalties issued from FY 2023 to FY 2025.) (p.8)*

- DOTD has not used its statutory authority to fine trucks that illegally bypassed weigh stations. As a result, it has potentially cost the state significant revenue in fines that DOTD could use to maintain Louisiana's roads. We observed that 15.6% of trucks illegally bypassed six weigh stations during our field visits. *(Amount: According to DOTD, from May through December 2025, it recorded high rates of illegal bypassing, resulting in much greater revenue losses from unissued penalties. DOTD stated it could have assessed penalties ranging from $3.0 million to $15.2 million, depending on the gross vehicle weight of the trucks. In addition, during our two-hour observations at six weigh stations, we counted 733 trucks that illegally bypassed weigh stations without consequences from DOTD. We estimate the state could have issued between $73,300 and $366,500 in fines to these trucks.) (p.13)*

Treasury, Department of - K-12 School Transparency (Report Link)

- School system contract amounts were not supported by sufficient documentation. *(Amount: $953,364) (p.4)*

- School system expenditure coding was not consistent with the Louisiana Accounting and Uniform Governmental Handbook requirements. *(Amount: $249,844) (p.4)*

- School system financial reports included variances. *(Amount: $534,177,374) (p.5)*

LOCAL GOVERNMENT AGENCIES

City of New Orleans - Sanitation and Recycling Service Fees and Locations (Report Link)

- We found that the City's list of 164,625 eligible service locations improperly included 442 (0.3%) duplicate addresses, resulting in the City overpaying contractors $318,767 for sanitation and recycling services during December 2022 through March 2026. *(Amount: $318,767) (p.10)*