

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

## **SECOND QUARTER, FISCAL YEAR 2026**

**Report to the Joint Legislative  
Committee on the Budget  
Issued January 23, 2026**

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January 23, 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 such as the Deepwater Horizon event, and repeat findings.

Attached is our report to meet the requirements of Act 461 for the second quarter of Fiscal Year 2026. That report is linked and referenced to the full reports which contain the applicable findings of interest, as well as management's responses.

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

Sincerely,



Michael J. "Mike" Waguespack, CPA  
Legislative Auditor

MJW/ch

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## STATE AGENCIES

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

- LDH does not use Medicaid data as part of its Quality Strategy to identify beneficiaries who have not received any services. We found that LDH paid the Managed Care Organizations \$1.23 billion to manage the care of 50,299 beneficiaries who appear to have been continuously enrolled in Medicaid for 36 to 84 months between January 2018 and December 2024 but received no services. **(Repeat)** (*Amount: \$1,233,547,133*) (p.3)

### **Department of State Civil Service ([Report Link](#))**

- For the fifth consecutive engagement, the Louisiana Board of Ethics (BOE) is not timely submitting delinquent debts to the Attorney General for collection. As of 5/27/25, the BOE website noted 3,173 outstanding late fees totaling \$2.7 million from campaign finance disclosure reports, lobbying expenditure reports, and personal financial disclosure statements. **(Repeat)** (*Amount: \$2,700,000*) (p.2)

### **Student Tuition Assistance and Revenue Trust (START) Program ([Report Link](#))**

- The START Program maintained 3,266 START accounts totaling \$2,668,155 that were originally created with scholarship funds awarded under the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) federal program, with no mechanism to ensure compliance with federal regulations over the redistribution and/or return of these funds that have gone unused by the recipient within the prescribed number of years. (*Amount: \$2,668,155*) (p.A.2)

## LOCAL GOVERNMENT AGENCIES

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### **Jefferson Parish Council ([Report Link](#))**

- The auditor noted one instance of misappropriation of funds totaling \$354,550 involving the federal Emergency Rental Assistance Program. The incident was committed by a landlord, not staff. A landlord falsified client information to submit fraudulent rental applications totaling \$354,550. The incident was not reported to the Jefferson Parish District Attorney's office or the Legislative Auditor's office in a timely manner, as required by law. At the time of the report, the case was being investigated by the FBI. (*Amount: \$354,550*) (p.346)

### **Monroe City School Board ([Report Link](#))**

- Athletic Department Revenue Diverted to Former School Bookkeeper's Bank Account (*Amount: \$281,561*) (p.4)

### **St. Charles Parish Council ([Report Link](#))**

- The auditor noted that the Parish was the victim of a cyberattack in which one of its third-party vendors was hacked, and the information taken was used to change the vendor's banking information. As a result, the Parish made a payment of \$1,264,603 to an unauthorized account. The Parish has since recovered \$360,180 from the financial institution involved and \$500,000 from its insurance policies. The investigation was ongoing as of the date of the report. (*Amount: \$1,264,603*) (p.198)