

ACT 461 REPORT ON FISCAL DEFICIENCIES, INEFFICIENCIES, FRAUD, OR OTHER SIGNIFICANT ISSUES DISCLOSED IN GOVERNMENTAL AUDITS FOURTH QUARTER, FISCAL YEAR 2025

**Report to the Joint Legislative
Committee on the Budget
Issued July 23, 2025**

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July 23, 2025

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 (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 fourth quarter of Fiscal Year 2025. 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 – Q4 FY25



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STATE AGENCIES

Department of Education (DOE) ([Report Link](#))

- DOE employees did not ensure that all purchases of movable property were properly recorded in the state property system in accordance with state property regulations. *(Amount: Largest noncompliance reported in the finding was \$3.9 million) (p.2)*

Department of Public Safety and Corrections - Public Safety Services ([Report Link](#))

- For the third consecutive engagement, the Office of State Fire Marshal did not timely certify and approve timesheets. Audit procedures noted 558 timesheets that were not certified by the employee, and 999 timesheets totaling \$3.3 million in salaries, wages, leave, and overtime paid were not approved by the supervisor prior to payroll processing. **(Repeat)** *(Amount: \$3.3 million) (p.1)*
- For the sixth consecutive engagement, the Office of State Police did not ensure that all property purchased was timely tagged and recorded in the state property system in accordance with state property regulations. **(Repeat)** *(Amount: \$9.4 million) (p.2)*

Department of Transportation and Development ([Report Link](#))

- Had the legislature started adjusting permitting fees for inflation using the Consumer Price Index since their origination, the state would have collected, assuming the same number of permits were issued, \$111.2 million instead of \$31.4 million in fiscal year 2024. *(Amount: \$79.8 million) (p.15)*

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

- For the fourth consecutive year, 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. In addition, LDH also submitted inaccurate federal schedules used to prepare the Schedule of Expenditures of Federal Awards (SEFA). **(Repeat)** *(Amount: Annual Fiscal Report adjustments ranging from \$0.9 million to \$768 million; SEFA adjustments ranging from \$9.9 million to \$75 million) (p.2)*
- LDH did not have evidence that the state share of Medicaid expenditures associated with \$248 million of federal expenditures reported on the June 30, 2024, Centers for Medicare and Medicaid Services (CMS)-64 quarterly federal

expenditure report was expended using state funds as of the date of the report. This resulted in federal questioned costs of \$168 million. (*Amount: \$248 million*) (p.6)

- LDH did not have adequate controls in place to ensure the Federal Medical Assistance Percentage was appropriately updated in the cost share tables within LaGov for two out of four quarters in the fiscal year ending June 30, 2024, for the Medicaid program. This error resulted in federal questioned costs of \$87.6 million. (*Amount: \$87.6 million*) (p.7)
- For the second consecutive year, LDH did not have adequate controls in place to ensure compliance with reporting and matching requirements for the Medicaid and CHIP programs for all four quarters of fiscal year 2024. As a result, LDH failed to detect multiple errors between the financial statements and CMS quarterly federal expenditure reports, as well as errors on various schedules in the quarterly reports. **(Repeat)** (*Amount: Errors ranging from \$0.8 million to \$244 million*) (p.7)
- LDH exceeded the federally-allocated 2016 Disproportionate State Hospital (DSH) funding limit by \$4.2 million, resulting in questioned costs. The overage occurred due to an inadequate reconciliation between the agency's actual DSH expenditures and the federal allotment. (*Amount: \$4.2 million*) (p.9)
- For the second consecutive year, LDH did not adhere to established policies and procedures regarding maternity kick payments for fiscal year 2024. 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 do not have satisfactory supporting evidence. **(Repeat)** (*Amount: \$172,802*) (p.10)
- For the sixth 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)** (*Amount: \$14.4 million*) (p.16)

Louisiana Department of Health – Progress Report: Medicaid Residency **([Report Link](#))**

- LDH paid \$774,051 in per-member per-month payments (PMPMs) for 1,195 beneficiaries from March 2023 through December 2024 identified as residing out-of-state in LDH's eligibility system. **(Repeat)** (*Amount: \$774,051*) (p.4)

- LDH paid approximately \$102.3 million in PMPMs for 20,883 beneficiaries from March 2023 through December 2024 who, according to Louisiana Office of Motor Vehicles data, obtained a driver's license in another state. **(Repeat)** (Amount: \$102,390,550) (p.6)

**Louisiana Department of Health, Office of Public Health –
Drinking Water Revolving Loan Fund (DWRLF) ([Report Link](#))**

- For the second consecutive year, the Office of Public Health did not have adequate controls over the preparation of the DWRLF financial statements and related note disclosures (Financial Report). Failure to perform an adequate review over the DWRLF's Financial Report resulted in undetected errors in the note disclosures to the financial statements, some of which were material. **(Repeat)** (Amount: Errors ranging from \$5.6 million to \$42.4 million) (Exhibit A.2)

Louisiana Stadium and Exposition District (LSED) ([Report Link](#))

- LSED did not perform adequate technical reviews over several financial statement accounts, note disclosures, and required supplementary information, resulting in multiple inconsistencies with applicable accounting standards requiring adjustments, some of which were material. (Amount: Largest error was \$281 million) (Exhibit A.2)

Louisiana State University at Eunice ([Report Link](#))

- For the third 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. **(Repeat)** (Amount: \$3.3 million) (p.2)
- LSU Eunice did not maintain adequate controls over payroll to ensure payments were properly approved and in accordance with LSU Eunice policy or applicable laws and regulations. (Amount: \$216,496) (p.4)

**Louisiana State University Health Sciences Center in Shreveport
(LSUHSC-S) ([Report Link](#))**

- LSUHSC-S did not ensure compliance and did not have adequate internal controls in place over federal Research and Development Cluster expenses. During our procedures related to requisition transactions, it was noted that LSUHSC-S lacked proper segregation of duties in the online requisition process. **(Repeat; however, the repeated portion of the finding was not related to this dollar amount.)** (Amount: \$7.2 million) (p.2)

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

- For the sixth consecutive year, LWC did not adequately monitor the submission of and follow-up on Single Audit reports under the Workforce Innovation and Opportunity Act (WIOA) Cluster programs. LWC's total WIOA expenditures during state fiscal year 2024 totaled more than \$50 million, with approximately \$40.7 million provided to subrecipients. **(Repeat)** *(Amount: \$40.7 million) (p.1)*
- For the second consecutive year, LWC was not able to produce evidence of its process to review and approve data submissions required by the Federal Funding Accountability and Transparency Act for the WIOA Cluster programs. In addition, certain data submissions occurred after the due date specified by federal regulations, and there were errors in the reported amounts of two subawards. The 11 subawards submitted late each exceeded \$30,000 and collectively totaled more than \$25.2 million. **(Repeat)** *(Amount: \$25.2 million) (p.2)*

Port of New Orleans - Nashville B Substructure Repairs Project ([Report Link](#))

- The cost in the construction contract (\$5.2 million) for the project was inaccurate because the estimated units of fiberglass wrap for the piles included in the contract were insufficient to complete the work. This resulted in a \$1.2 million change order. *(Amount: \$1.2 million) (p.4)*

Southern University System (SUS) ([Report Link](#))

- SUS did not maintain adequate controls over payroll processing. Based on audit procedures performed, we identified 19 employees from multiple campuses who approved their own timesheets, as well as two employees who had the ability to approve their own timesheets, though no timesheets were submitted for these positions during fiscal year 2023. *(Amount: More than \$417,000) (Exhibit A.2)*

LOCAL GOVERNMENT AGENCIES

Jefferson Parish Sheriff's Office (JPSO) ([Report Link](#))

- During the fiscal year ended June 30, 2024, the email server of a governmental agency that JPSO works with, the Tax Collector Bureau, in the normal course of business appears to have been compromised by malicious actors who utilized an employee's agency email address to submit a change request to their agency's bank account information utilized for payment purposes. JPSO personnel who received the request accepted the change request at face value and subsequently implemented the change request in the JPSO online banking platform. The result was a series of wire transfers to a bank account not affiliated with the above referenced agency. JPSO lost \$1,106,086 and has recovered only \$292,964. *(Amount: \$1,106,086) (p.203)*