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

## FOURTH QUARTER, FISCAL YEAR 2026

**Report to the Joint Legislative Committee on the Budget**
**Issued July 13, 2026**

LOUISIANA LEGISLATIVE AUDITOR

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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.

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LOUISIANA LEGISLATIVE AUDITOR

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

July 13, 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 fourth 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

ACT 461 REPORTING – Q4 FY26

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# STATE AGENCIES

**Department of Children and Family Services (DCFS) (Report Link)**

- DCFS did not comply with Federal Funding Accountability and Transparency Act reporting requirements during fiscal year 2025 for the Foster Care Title IV-E program and the Temporary Assistance for Needy Families (TANF) program. **(Repeat)** *(Amount: $22.3 million for Foster Care and $66.6 million for TANF) (p.8)*

**Department of Conservation & Energy (OC) (Report Link)**

- Administrative Fee Increase Exceeded Contractual Cap (These are not public funds, but were funds collected due to LAC 43:XIX.1.104 by a corporation that contracted with OC.) *(Amount: $1,851,841) (p.11)*

- Improper Loans to OC Assistant Commissioner, Two of His Family Members, and Three of LORA's Owners (These are not public funds, but were funds collected due to LAC 43:XIX.1.104 by a corporation that contracted with OC.) *(Amount: $2,386,246) (p.14)*

- Louisiana Oilfield Restoration Association, Inc. (LORA) Contracted with a Related Party for Investment Services that Resulted in Little Financial Return to LORA (These are not public funds, but were funds collected due to LAC 43:XIX.1.104 by a corporation that contracted with OC.) *(Amount: $602,148) (p.27)*

- OC Released Site-Specific Trust Account Funds to LORA, Which Replaced Cash Security with a Letter of Credit (These are not public funds, but were funds collected due to LAC 43:XIX.1.104 by a corporation that contracted with OC.) *(Amount: $2,404,564) (p.32)*

**Department of Military Affairs (LMD) (Report Link)**

- For the second consecutive year, LMD incorrectly reported expenditures on the Schedule of Expenditures of Federal Awards (SEFA) information for the fiscal year ended June 30, 2024. STARBASE Program (Assistance Listing 12.020) expenditures totaling $1,340,718 were incorrectly reported as National Guard Military Operations and Maintenance Projects (Assistance Listing 12.401) on the SEFA information in fiscal year 2024. In addition, for the second consecutive engagement, LMD did not draw federal funds for the National Guard Military Operations and Maintenance Projects in a timely manner, resulting in delays in federal reimbursements and potential lost interest revenues relating to $1,266,819 of untimely federal drawdowns. **(Repeat)** *(Amount: Incorrect reporting - $1.3 million; untimely federal drawdowns - $1.3 million) (p.1)*

**Department of Public Safety and Corrections - Public Safety Services (Report Link)**

- The Office of State Police (OSP) did not ensure that all property purchased was timely tagged and recorded in the state property system in accordance with state property regulations. This is the seventh consecutive engagement in which this issue related to OSP movable property was noted. **(Repeat)** *(Amount: There were 150 items totaling $528,799 not entered into the system timely. Acquisition cost was overstated $351,089 for five assets.) (p.1)*

**Ecole Pointe-Au-Chien (EPAC) (Report Link)**

- EPAC employees did not ensure that all purchases of movable property were properly tagged and recorded in the state's movable property system in accordance with state property regulations. *(Amount: Various amounts, with the largest being 10 assets with acquisition costs totaling $109,207 that were entered into the state's movable property system from 27 to 483 days after the required 60-day period.) (p.4)*

**Louisiana Department of Health (Report Link)**

- During federal fiscal years 2021 through 2024, the state did not use $111.6 million (34.6%) of available WIC funding. *(Amount: $111,600,000) (p.18)*

**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 for the fiscal year ended June 30, 2025, resulting in inconsistencies with applicable accounting standards requiring adjustments, some of which were material, but none of which resulted in an overpayment or underpayment to District vendors. **(Repeat)** *(Amount: Various amounts, with the largest being reinvested bond reserve funds of $38.3 million misclassified as cash instead of investments.) (p.A.2)*

**Louisiana State University (LSU) System - Stephenson Technologies Corporation (STC) (Report Link)**

- STC Improperly Paid Compensation and Benefits to an LSU Employee and Other STC Executive Management Team Members *(Amount: $2,418,408) (p.11)*

- STC Management Obtained Research and Development Projects for an Unaffiliated Entity *(Amount: $5,513,134) (p.20)*

- STC Improperly Funded Office Space for an Unaffiliated Entity *(Amount: $626,554) (p.25)*

**State Board of Certified Public Accountants of Louisiana (Report Link)**

- The Board did not have adequate controls over financial reporting to ensure the financial statements were accurate and complete. Failure to perform adequate review over financial reporting caused the financial statements, related note disclosures, and required supplementary information to have numerous errors requiring adjustment, some of which were material. *(Amount: Various amounts, with the largest being an understatement to capital and right-to-use asset note disclosure of $140,467) (p.A.2)*

# LOCAL GOVERNMENT AGENCIES

**Orleans Parish Sheriff (OPSO) (Report Link)**

- OPSO appears to have violated Louisiana's constitution and state law related to the procurement of public works projects and materials in calendar year 2025. In addition, OPSO's computer systems are not integrated, preventing it from generating basic financial reports and operating efficiently. OPSO appears to have violated the Local Budget Act in 2023 by not amending its budget and may have violated the Louisiana Constitution by paying bills late. *(Amount: $2,294,161) (p.8)*