

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

SECOND QUARTER, FISCAL YEAR 2022



REPORT TO THE JOINT LEGISLATIVE
COMMITTEE ON THE BUDGET
ISSUED JANUARY 2022

**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

January 27, 2022

Chairman Bodi White and Members of the
Joint Legislative Committee on the Budget

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

Act 461 of the 2014 Regular Session requires the Legislative Auditor to make quarterly and annual reportings 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 2022. 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,

A handwritten signature in blue ink, appearing to read "Mike Waguespack", is written over a faint circular stamp.

Michael J. "Mike" Waguespack, CPA
Legislative Auditor

MJW/ch

ACT 461 REPORTING -- JANUARY 2022

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STATE AGENCIES

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

- **Weaknesses in Controls over Property of the Office of State Police and Office of State Fire Marshal (Repeat)** - The Office of State Police (OSP) and the Office of State Fire Marshal (OSFM) 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 fourth and second consecutive engagements in which this issue related to OSP and OSFM movable property, respectively, was noted. *(Amount: \$221,416) (p.3)*

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

- Completed work was not within the scope of the approved project. *(Amount: \$964,938) (p.4)*
- Expense reimbursements were not supported by invoices, receipts, lease agreements, contracts, labor policies, time records, equipment logs, inventory records, or other applicable documentation. *(Amount: \$39,180,010) (p.4)*
- Contracts and purchases totaling more than \$30,000 per vendor per calendar year did not comply with applicable federal and state procurement requirements. *(Amount: \$5,126,013) (p.4)*
- Work reflected in the expense reimbursements did not comply with applicable FEMA regulations and guidance. *(Amount: \$6,056,968) (p.4)*
- GOHSEP's cost estimating tool and/or expense review form either omitted or contained duplicate and/or incorrectly categorized expenses. *(Amount: \$1,104,814) (p.5)*

During the period April 1, 2008 through June 30, 2021, the LLA has noted exceptions totaling \$1,422,732,440, which includes \$52,432,743 noted this period, and GOHSEP has resolved \$1,304,226,847, which includes \$37,418,744 resolved this period.

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

- Completed work was not within the scope of the approved project. *(Amount: \$179,028) (p.2)*
- Expense reimbursements were not supported by invoices, receipts, lease agreements, contracts, labor policies, time records, equipment logs, HUD settlement statements,

appraisals, elevation certificates, duplication of benefits verifications, engineer plans, inspection photographs, or other applicable documentation. *(Amount: \$1,195,519) (p.2)*

- Contracts and purchases totaling more than \$10,000 per vendor per calendar year did not comply with applicable federal and state procurement requirements. *(Amount: \$866,860) (p.3)*

During the period April 1, 2008, through June 30, 2021, the LLA has noted exceptions totaling \$300,613,078, which includes \$2,245,407 noted this period, and GOHSEP has resolved \$206,841,188, which includes \$5,022,077 resolved this period.

Louisiana Supreme Court ([Report Link](#))

- **Lack of Controls over Movable Property** - The Court did not enter information in the state's movable property system within the timeframe required by state equipment management regulations. *(Amount: \$622,302) (p.1)*

Northwest Louisiana Technical Community College ([Report Link](#))

- **Inaccurate Financial Reporting** - The College did not have adequate internal controls to ensure that the annual fiscal report was accurately prepared. We noted errors exceeding \$1.5 million that affected the financial statements as well as the related note disclosures. *(Amount: >\$1.5 million) (p.2)*

Office of the State Fire Marshal ([Report Link](#))

- A former Office of the State Fire Marshal Emergency Management Officer used his position to improperly direct state funds totaling \$846,140 to companies doing business with or on behalf of his brother from August 30, 2020 to April 29, 2021. *(Amount: \$846,140) (p.5)*

LOCAL GOVERNMENT AGENCIES

Louisiana District Public Defenders ([Report Link](#))

- **(Repeat)** Twenty-two public defender reports included deficit spending for the fiscal year ended June 30, 2020. *(Amount: \$2.1 million) (p.4)*

City of Zachary ([Report Link](#))

- The City paid two vendors \$4,141,604 to perform maintenance and utility services from July 2019 to May 2021. Eighty-five percent (\$3,521,007) of those services were provided without benefit of a written contract. *(Amount: \$3,521,007) (p.1)*