

# **CAPITAL AREA HUMAN SERVICES DISTRICT**

LOUISIANA DEPARTMENT OF HEALTH

STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

**Management Letter**  
**Issued March 11, 2026**

**LOUISIANA LEGISLATIVE AUDITOR  
1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
BATON ROUGE, LOUISIANA 70804-9397**

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

**FIRST ASSISTANT LEGISLATIVE AUDITOR**  
BETH Q. DAVIS, CPA

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# Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA

Capital Area Human Services District



March 2026

Audit Control # 80250117

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## Introduction

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As a part of our work related to the Single Audit of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2025, we performed procedures at the Capital Area Human Services District (CAHSD) to evaluate the effectiveness of CAHSD's internal controls over federal compliance and determine whether CAHSD complied with applicable laws and regulations.

## Results of Our Procedures

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### Current-year Findings

#### **Inadequate Controls over and Noncompliance with Activities Allowed and Unallowed Requirements**

CAHSD did not have adequate controls in place to ensure that activities charged to the Block Grants for Prevention and Treatment of Substance Abuse (SAPT) federal program were allowed, per SAPT program regulations. A nonstatistical sample of 40 expenditures, from a population of 1,568 payroll and non-payroll transactions, identified that CAHSD inappropriately charged an employee's salary to the SAPT program, resulting in \$103,594 of questioned costs due to an unallowed activity. Failure to adequately review expenditures for proper coding increases the risk that unallowable activities are charged to the SAPT program.

Federal regulations require that non-federal entities receiving federal awards establish, document, and maintain effective internal control designed to reasonably ensure compliance with federal statutes, regulations, and the terms and conditions of the federal awards. Federal regulations over the SAPT program provide the appropriate uses of the SAPT program.

CAHSD did not have adequate controls in place to review employees' job functions to ensure compliance with the purpose of the SAPT program and allowability under grant requirements.

Management should strengthen its internal controls over the expenditure review process to ensure all charges are allowed per the SAPT program regulations.

Management partially concurred with the finding and provided a corrective action plan (see Appendix A, pages 1-2).

### **Inadequate Controls over and Noncompliance with Earmarking Requirements**

CAHSD did not have adequate controls in place to ensure that expenditures charged to the SAPT federal program met the earmarking requirements. CAHSD did not comply with the required threshold of expending at least 20% of funding for primary prevention programs, only expending 16.75% of CAHSD's SAPT funds for primary prevention programs. Also, in a nonstatistical sample of 40 expenditure transactions out of 1,568, five (13%) transactions were not coded to the correct statistical internal order number within the LaGov accounting system. Failure to adequately review expenditure transactions for proper coding and track overall amounts expended for primary prevention programs increases the risk that earmarking compliance requirements will not be met.

Federal regulations require that non-federal entities receiving federal awards establish, document, and maintain effective internal control designed to reasonably ensure compliance with federal statutes, regulations, and the terms and conditions of the federal awards.

Federal regulations over the SAPT program require the state to expend not less than 20% for primary prevention programs for individuals who do not require treatment for substance abuse. CAHSD is required by the Louisiana Department of Health – Office of Behavioral Health to code these program expenditures to specific LaGov statistical internal order numbers to ensure the appropriate tracking of expenditures.

The noncompliance occurred because of inadequate controls in place to review and track amounts expended on primary prevention programs.

Management should strengthen internal controls over the review of expenditure transactions and develop internal controls over the tracking of primary prevention program expenditures through a periodic review of actual costs incurred to ensure the earmarking requirements are met. Management concurred with the finding and provided a corrective action plan (see Appendix A, pages 3-4).

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### **Federal Compliance - Single Audit of the State of Louisiana**

As a part of the Single Audit for the year ended June 30, 2025, we performed internal control and compliance testing as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) on CAHSD's major federal program, Block Grants for Prevention and Treatment of Substance Abuse (Assistance Listing 93.959).

Those tests included evaluating the effectiveness of CAHSD's internal controls designed to prevent or detect material noncompliance with program requirements and tests to determine whether CAHSD complied with applicable program requirements.

Based on the results of these Single Audit procedures, we reported findings related to Inadequate Controls over and Noncompliance with Activities Allowed and Unallowed Requirements and Inadequate Controls over and Noncompliance with Earmarking Requirements. These findings will also be included in the Single Audit for the year ended June 30, 2025.

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### **Trend Analysis**

We compared the most current and prior-year financial activity using CAHSD's system-generated reports and obtained explanations from CAHSD's management for any significant variances.

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### **Other Report**

On September 10, 2025, a report was issued by Louisiana Legislative Auditor's Financial Audit Services. The report covered the procedural engagement for the fiscal years 2024 and 2025. This report is available on the Louisiana Legislative Auditor's website.

The recommendations in this letter represent, in our judgment, those most likely to bring about beneficial improvements to the operations of CAHSD. The nature of the recommendations, their implementation costs, and their potential impact on the operations of CAHSD should be considered in reaching decisions on courses of action. The findings related to CAHSD's compliance with Activities Allowed or Unallowed and Earmarking requirements should be addressed immediately by management.

Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA  
Legislative Auditor

TL:EBT:BH:BQD:aa

CAHSD2025



## **APPENDIX A: MANAGEMENT'S RESPONSES**

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**CAPITAL AREA HUMAN SERVICES  
ADMINISTRATION**

*Mission: To deliver caring and responsive services, leading to a better tomorrow.*

February 27, 2026

Michael J. “Mike” Waguespack, CPA  
Legislative Auditor  
1600 North Third Street  
Baton Rouge, LA 70804

Re: Inadequate Controls over and Noncompliance with Activities Allowed and Unallowed Activities

Dear Mr. Waguespack,

Capital Area Human Services District (CAHSD) concurs in part with the finding regarding inadequate controls over and noncompliance with Activities Allowed and Unallowed Requirements under the Substance Use Prevention, Treatment, and Recovery Services Block Grant (SUBG) program.

CAHSD has adequate controls in place to review employees’ job functions to ensure compliance with the purpose of the SUBG program and allowability under grant requirements

An employee was promoted into a position that had previously been funded by the SUBG program; however, the payroll coding was not updated to reflect the correct funding source. Although updated coding information was provided, the payroll system was not revised accordingly. Upon review of SUBG program expenditures, it was determined that the employee’s funding source had not been properly updated within the payroll system. A payroll correction was subsequently processed and completed on November 17, 2025, to ensure the funding source was accurately reflected.

CAHSD is committed to strengthening its internal control environment and ensuring full compliance with all federal grant requirements.

As a corrective action plan, CAHSD will implement periodic internal reviews of grant expenditures to ensure continued compliance. A review of expenditures and coding will be completed by April 15, 2026.

**CAHSD Administration**

12301 Coursey Boulevard, Baton Rouge, LA 70816 | Mail: PO Box 66558, Baton Rouge, LA 70896  
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Outpatient Treatment: Mental Health (Adults)  
Outpatient Treatment: Mental Health (Children and Adolescents)  
Outpatient Treatment: Substance Use Disorders/Addictions (Adults)  
Outpatient Treatment: Substance Use Disorders /Addictions (Children and Adolescents)  
Residential Treatment: Substance Use Disorders /Addictions (Adults)

A.1



Any discrepancies identified will be promptly corrected and documented. The CAHSD Accountant Administrator, Linda Roquemore, under the direction of Deputy Director, Ms. Shaketha Carter will be responsible for ensuring implementation of this corrective action plan to ensure utilization of the correct statistical internal order numbers within the LaGov accounting system.

Sincerely,

**Janzlean**

**Laughinghouse**

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Laughinghouse  
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Janzlean Laughinghouse, Ph.D., LCSW-BAC, LAC  
Executive Director

Copy: Shaketha Carter, Deputy Director  
Linda Roquemore, Accountant Administrator



**CAPITAL AREA HUMAN SERVICES  
ADMINISTRATION**

*Mission: To deliver caring and responsive services, leading to a better tomorrow.*

February 25, 2026

Michael J. “Mike” Waguespack, CPA  
Legislative Auditor  
1600 North Third Street  
Baton Rouge, LA 70804

Re: Inadequate Controls over and Noncompliance with Earmarking Requirements

Dear Mr. Waguespack,

Capital Area Human Services District (CAHSD) concurs with the finding regarding inadequate controls and noncompliance with earmarking requirements under the Substance Use Prevention, Treatment, and Recovery Services Block Grant (SUBG) program.

Management acknowledges that existing controls were not sufficient to ensure compliance with the requirement to expend at least 20 % of SUBG funds on primary prevention programs. Although 20 % of the funds were allocated at the beginning of the fiscal year, some contracts were not fully utilized. In addition, controls were not sufficient to ensure that expenditures were consistently coded to the correct statistical internal order numbers within the LaGov accounting system. As a result, only 16.75 % of SUBG funds were expended on primary prevention activities.

CAHSD recognizes the importance of strengthening its monitoring and review processes to ensure full compliance with earmarking requirements.

As a corrective action plan, CAHSD Fiscal Department will conduct a monthly review of all SUBG related expenditures to verify that transactions are coded to the appropriate LaGov statistical internal order numbers.

CAHSD Fiscal Department will also conduct quarterly internal reviews to compare actual expenditures to earmarking requirements. Any variances identified will be addressed promptly by working closely with the program manager to identify underutilized contracts so that funding can be reallocated in accordance with the approved Intended Use Plan.

**CAHSD Administration**

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Outpatient Treatment: Substance Use Disorders/Addictions (Adults)  
Outpatient Treatment: Substance Use Disorders /Addictions (Children and Adolescents)  
Residential Treatment: Substance Use Disorders /Addictions (Adults)

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A review of expenditures and coding will be completed by April 15, 2026, to review the current percentage of funding used and to ensure proper statistical internal order numbers are used.

CAHSD is committed to strengthening its internal control environment and ensuring full compliance with all federal grant requirements moving forward.

The CAHSD Accountant Administrator, Linda Roquemore, under the direction of Deputy Director Shaketha Carter, will be responsible for implementing this corrective action plan and ensuring ongoing compliance with the requirement to expend at least 20% of SUBG funds on primary prevention programs, as well as ensuring the proper use of statistical internal order numbers within the LaGov accounting system.

Sincerely,

**Janzlean**

**Laughinghouse**

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Janzlean Laughinghouse, Ph.D., LCSW-BAC, LAC  
Executive Director

Copy: Shaketha Carter, Deputy Director  
Linda Roquemore, Accountant Administrator

## APPENDIX B: SCOPE AND METHODOLOGY

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We performed certain procedures at the Capital Area Human Services District (CAHSD) for the period from July 1, 2024, through June 30, 2025, to evaluate relevant systems of internal control in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Our procedures, summarized below, are a part of our work related to the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2025.

- We evaluated CAHSD’s operations and system of internal controls through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to CAHSD.
- We performed procedures on the Block Grants for Prevention and Treatment of Substance Abuse (Assistance Listing 93.959) for the year ended June 30, 2025, as a part of the 2025 Single Audit.
- We compared the most current and prior-year financial activity using CAHSD’s system-generated reports to identify trends and obtained explanations from CAHSD’s management for significant variances.

The purpose of this report is solely to describe the scope of our work at CAHSD, and not to provide an opinion on the effectiveness of CAHSD’s internal control over financial reporting or on compliance. Accordingly, this report is not intended to be, and should not be, used for any other purposes.

We did not audit or review CAHSD’s Annual Fiscal Report, and accordingly, we do not express an opinion on that report. CAHSD’s accounts are an integral part of the State of Louisiana’s Annual Comprehensive Financial Report, upon which the Louisiana Legislative Auditor expresses opinions.