

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

**Report to the Joint Legislative
Committee on the Budget
Issued January 13, 2025**

**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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January 13, 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 second 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

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STATE AGENCIES

Louisiana State University at Shreveport (LSUS) ([Report Link](#))

- For the third consecutive engagement, LSUS did not ensure bank reconciliations were properly and timely prepared and did not accurately and timely record transactions in its accounting systems. Bank reconciliations contained an unexplained net difference of more than \$160,000, which has remained since the prior report. The unexplained net difference is due, in part, to a large number of reconciling items that are dated prior to January 2022 and not resolved, including \$1.8 million in transactions recorded in Integrow that did not appear on the bank statement, and \$1.7 million in deposits on the bank statement that were not recorded in Integrow. **(Repeat)** *(Amount: \$167,800 unexplained net difference on bank reconciliation) (p.3)*

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

- For the second consecutive year, and despite some improvements noted, the Louisiana Office of Student Financial Assistance did not have adequate controls over financial reporting to ensure START Programs' financial statements were accurate and complete. Failure to perform adequate review over financial reporting caused the financial statements, related note disclosures, required supplementary information, and supplementary information to have numerous errors requiring adjustment, some of which were material. **(Repeat)** *(Amount: Various amounts, with the largest being a \$5.5 million overstatement of interest receivable) (Exhibit A.2)*

Tensas Basin Levee District ([Report Link](#))

- One of the District's vendors' email security was compromised, and fraudulent wire instructions were sent to the District resulting in the misappropriation of \$235,000 of District funds. *(Amount: \$ 235,000) (p.44)*

LOCAL GOVERNMENT AGENCIES

Town of Abita Springs ([Report Link](#))

- The Public Works Supervisor and Finance Clerk utilized Town credit cards to make unauthorized purchases that were personal in nature. The Finance Clerk also misappropriated funds through the Town's Venmo account. Cash was misappropriated upon payment of the Town credit card statements that included unauthorized purchases. Preliminary estimates are approximately \$245,000 in theft. Civil suits have been brought against both parties, and the trial is pending at the date of the report. Insurance covered approximately \$150,000. The investigation has been turned over to federal authorities. *(Amount: \$245,000) (p.57 and 60-61)*

Institute of Women and Ethnic Studies (IWES) ([Report Link](#))

- Funds had been misappropriated by the Chief Operating Officer (COO) and included: the use of an IWES credit card for unauthorized and personal items; payment of personal expenses by submitting vendor bills for payment by IWES; payment of vendors and purchases for the COO's husband's birthday party and their anniversary party; receiving excess payroll by increasing their salary without authorization, taking a bonus and an "extra nontaxed" payment, and adjusting accrued vacation hours for payment; and the purchase of gift cards with an IWES credit card for apparent personal use. Funds/assets that were subject to the misappropriation included credit cards and cash. Total potentially fraudulent transactions totaled \$334,930. No formal charges have been brought against the COO, and no restitution has been made. The COO is no longer employed by the agency. *(Amount: \$334,930) (p.9 and 11 of the Auditor's reports on Uniform Guidance)*

St. John the Baptist Parish Clerk of Court ([Report Link](#))

- Accounting Contractors Were Paid for Work That Was Grossly Inadequate for the Payment Received and Misrepresented Himself as a Certified Public Accountant *(Amount: \$ 285,709) (p.4)*

Southern Center for Children and Families, Inc. (CFCF) ([Report Link](#))

- During the year, it was discovered that the accountant of the Center engaged in deliberate actions to misappropriate organization funds. Actions include activities such as the unauthorized use of the bank debit card. Also, analysis of transaction records such as payroll checks and accounts payable checks showed multiple instances of unauthorized fund transfers to her personal account. Supporting documents, including transfer confirmations, were linked to the employee. Upon discovery of the employee theft, CFCF contacted the fiscal auditor to verify the employee theft. Once verified, the suspected employee was placed on administrative leave while the internal investigation was completed. It was then determined that the suspected employee made unauthorized purchases using the company debit card and issued additional payroll checks to herself. It was also determined that the employee acted alone. The employee was then terminated. The CFO conducted a full revision of the internal controls. These controls were then reviewed by the Executive Team and approved by the Board of Directors. CFCF also filed a theft report with the Legislative Auditor and contacted all federal and state funding sources. CFCF also filed a police report with the city of Monroe. Based on the recommendation of the auditor, a training will be conducted to staff on ethics and the whistleblowing policy. (*Amount: \$170,000*) (p.26)