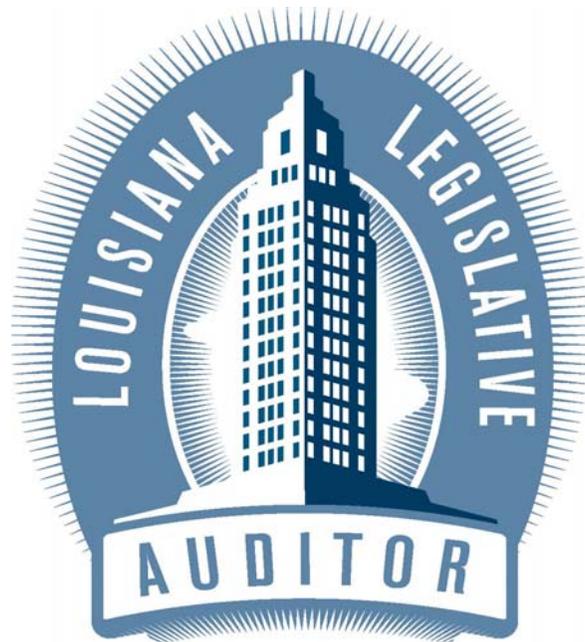


LOUISIANA DEPARTMENT OF JUSTICE
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
PROCEDURAL REPORT
ISSUED MAY 13, 2020

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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE

Louisiana Department of Justice



May 2020

Audit Control # 80200022

Introduction

The primary purpose of our procedures at the Louisiana Department of Justice (DOJ) was to evaluate certain controls the DOJ uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds.

Results of Our Procedures

We evaluated the DOJ's operations and system of internal control through inquiry, observation, and review of its policies and procedures, including a review of the applicable laws and regulations. Based on the documentation of the DOJ's controls and our understanding of related laws and regulations, and the results of our analytical procedures, we performed procedures on selected controls and transactions relating to the DOJ's debt collection activities, LaGov user access, payroll and personnel, professional service contracts, travel expenditures, and the internal audit function. In addition, we performed procedures to ensure recommendations made in the Louisiana Legislative Auditor's (LLA) performance audit report of the Medical Assistance Programs Fraud Detection Fund were implemented.

Debt Collection Activities

The Collections Section of the DOJ is responsible for the management of debt collections for state agencies, colleges, and universities. Its goal is to recover monies due to these agencies in a timely manner. Upon collection of the debt, the DOJ retains a collection fee from the proceeds and forwards the remaining balance to the agency.

We obtained an understanding of the DOJ's controls over the debt collection process, and we reviewed transactions for the two-year period ending June 30, 2020, as of December 31, 2019. For collections, we examined supporting documentation to determine if the monies were deposited and classified timely, and were properly posted to the debtor's account. We also reviewed selected transactions to ensure the DOJ remitted the collections to the proper agency in a timely manner, and that the disbursements were properly approved and supported. We also ensured that the DOJ calculated and retained the proper fees from these collections. Based on the results of our procedures, no exceptions were identified.

LaGov User Access

The DOJ converted to the LaGov System for financial reporting on July 1, 2018. We performed procedures to determine whether access to LaGov was restricted to business-need only and adequately segregated. We also performed procedures to determine whether access was removed timely for terminated employees. Based on the results of our procedures, the DOJ had adequate controls in place to ensure access was properly restricted and segregated. In addition, the DOJ had adequate controls in place to ensure terminated employees' access was removed in a timely manner.

Payroll and Personnel

Salaries and related benefits comprised approximately 76% of the DOJ's expenditures in fiscal year 2019. We obtained an understanding of the DOJ's controls over pay changes and its time and attendance function. We analyzed employees' salaries for the two-year period ending June 30, 2020, as of December 31, 2019, to ensure that employees were paid the authorized amount. Based on the results of these procedures, no exceptions were identified. We also examined selected employees' time records and leave statements during this period. Based on the results of our procedures, the DOJ had adequate controls in place to ensure timely review and approval of employee time statements and leave requests.

Professional Service Contracts

The DOJ expended more than \$3.5 million in fiscal year 2019 for professional services, the majority of which consisted of contracts for legal services. We obtained an understanding of controls over professional service contracts and examined contracts for compliance with state law.

For selected contracts in effect during the two-year period ending June 30, 2020, we performed procedures to determine whether payments were adequately supported, approved, and in compliance with contract terms. In addition, we determined whether the selected contracts were in accordance with the Louisiana Procurement Code. Based on the results of our procedures, no exceptions were identified.

Travel Expenditures

The DOJ participates in the state of Louisiana's Travel Card and Controlled Billed Account (CBA) programs. We obtained an understanding of the DOJ's controls over the Travel Card, CBA, and travel reimbursement transactions. The DOJ's Internal Auditor issued several reports covering the Travel Card, CBA program, and travel reimbursements during fiscal year 2019. We reviewed those reports and noted that the Internal Auditor made recommendations for corrective action as a result of those procedures.

In order to determine if the recommendations were implemented, we analyzed Travel Card, CBA, and travel reimbursement transactions for fiscal year 2020, through December 31, 2019, and reviewed selected transactions. Based on the results of our procedures, the DOJ had adequate controls to ensure that travel expenditures were approved and made for proper business purposes, sufficient documentation was maintained to support the expenditures, and expenditures complied with state laws and regulations.

Internal Audit Function

We performed certain procedures that included obtaining, documenting, and reviewing internal controls and compliance with related laws and regulations over the internal audit function. Based on the results of these procedures performed, we found no issues or weaknesses that were required to be reported.

Other Procedures – Medical Assistance Programs Fraud Detection Fund

On July 25, 2018, a report was issued by the LLA’s Performance Audit Services section. The report reviewed deposits and expenditures from the Medical Assistance Programs Fraud Detection Fund (Medicaid Fraud Fund) for both the Louisiana Department of Health and the DOJ. This report is available on the LLA website.

In that report, the LLA determined that the DOJ lacked an effective process to properly identify and deposit monies into the Medicaid Fraud Fund. The LLA recommended that the DOJ develop a process to ensure that all required funds are properly deposited. We obtained an understanding of the procedures the DOJ implemented and traced selected transactions through the process. Based on the results of these procedures, no exceptions were identified.

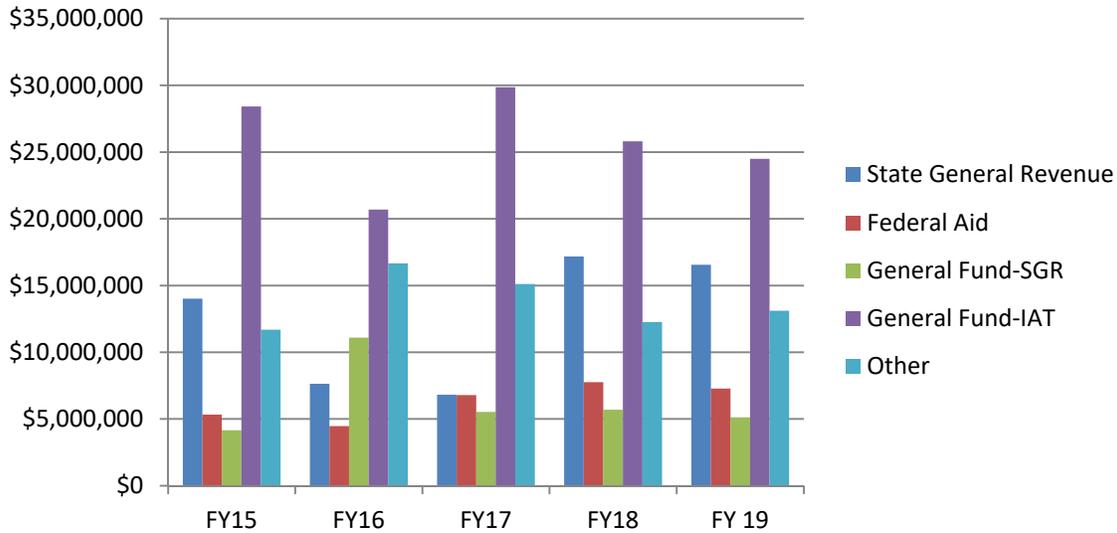
Trend Analysis

We compared the most current and prior-year financial activity using the DOJ’s Annual Fiscal Reports and/or system-generated reports and obtained explanations from the DOJ’s management for any significant variances. We also prepared an analysis of the DOJ’s revenues and expenditures over the last five fiscal years to identify trends, as shown in Exhibits 1 and 2.

The increase in State General Revenue from fiscal year (FY) 17 to FY18 was mainly due to a financing substitution replacing the DOJ Legal Support Fund revenues with State General Fund revenues due to a reduction in revenues for the Legal Support Fund. The increase in General Fund - IAT from FY16 to FY17 was mainly due to non-recurring expenses associated with Deepwater Horizon oil spill litigation.

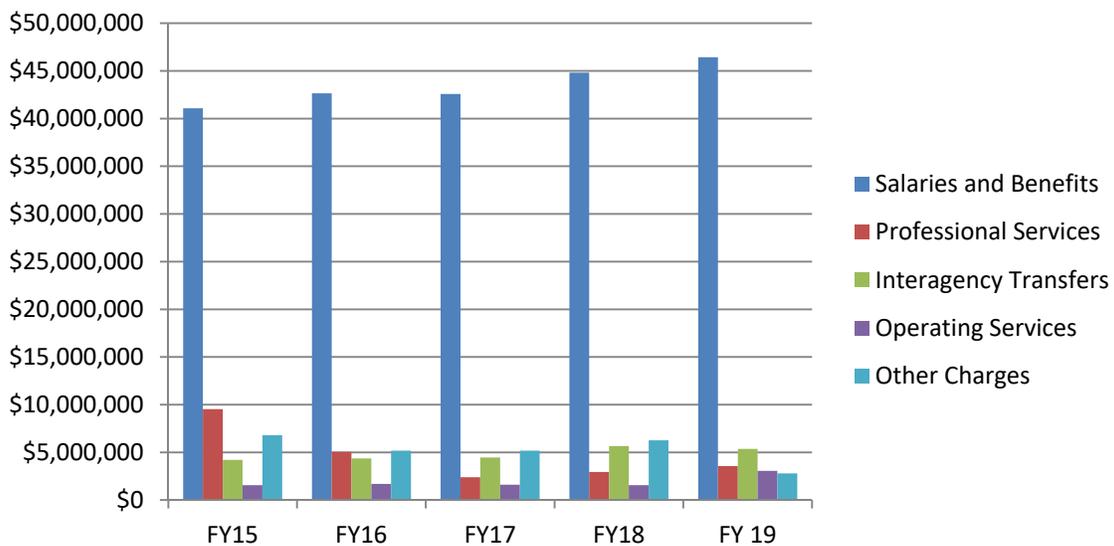
As noted previously, salaries and benefits comprise the majority of the DOJ’s expenditures. The decrease in other charges from FY18 to FY19 was mostly due to capital outlay purchases for new computers during FY18 with no similar purchases during FY19. The fluctuation of professional services expenditures exists because the DOJ’s litigation is not consistent, and the status of suits and/or settlements changes from year to year. The increase in operating services from FY18 to FY19 is due to the procurement of technology and security solutions during FY19.

Exhibit 1
Revenues – Fiscal Years 2015 through 2019



Source: Business Objects Financial Reports

Exhibit 2
Expenditures – Fiscal Years 2015 through 2019



Source: Business Objects Financial Reports

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

Respectfully submitted,

A handwritten signature in blue ink that reads "Daryl G. Purpera". The signature is written in a cursive style with a large, prominent initial "D".

Daryl G. Purpera, CPA, CFE
Legislative Auditor

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DOJ2020

APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at the Department of Justice (DOJ) for the period from July 1, 2018, through May 6, 2020. Our objective was to evaluate certain controls the DOJ uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds. The scope of our procedures, which is summarized below, was significantly less than an audit conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit or review the DOJ's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. The DOJ's accounts are an integral part of the state of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated the DOJ'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 the DOJ.
- Based on the documentation of the DOJ's controls and our understanding of related laws and regulations, and results of our analytical procedures, we performed procedures on selected controls and transactions relating to the DOJ's debt collection activities, LaGov user access, payroll and personnel, professional service contracts, travel expenditures, and the internal audit function. In addition, we performed procedures to ensure recommendations made in the Louisiana Legislative Auditor's performance audit report of the Medical Assistance Programs Fraud Detection Fund were implemented.
- We compared the most current and prior-year financial activity using the DOJ's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from the DOJ's management for any significant variances that could potentially indicate areas of risk.

The purpose of this report is solely to describe the scope of our work at the DOJ and not to provide an opinion on the effectiveness of the DOJ'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 purpose.