

DEPARTMENT OF STATE  
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES  
PROCEDURAL REPORT  
ISSUED JULY 28, 2022

**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**  
ERNEST F. SUMMERVILLE, JR., CPA

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# Louisiana Legislative Auditor

Michael J. “Mike” Waguespack, CPA

Department of State



July 2022

*Audit Control # 80220059*

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## Introduction

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

## Results of Our Procedures

We evaluated DOS’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 DOS’s controls and our understanding of related laws and regulations, and the results of our analytical procedures, we performed procedures relating to commercial revenues, payroll overtime expenditures, Help America Vote Act (under the Coronavirus Aid, Relief, and Economic Security Act) funds, and the Elections Compliance Unit.

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### Commercial Revenues

The Commercial Division of the DOS provides the business community with various services, which includes the collection of fees. We obtained an understanding of DOS’s policies and procedures over commercial business filings, including the collection of fees and processing times associated with the filings. We performed procedures on a sample of business filings in fiscal years 2021 and 2022 to determine if the applicable revised statutes were properly followed in order to process the business filing and collect revenues. Based on the results of these procedures performed, we did not report any findings.

Additionally, businesses can pay waiting fees to expedite the processing time of their filing. We performed an analysis on waiting fees paid in fiscal years 2021 and 2022 to determine if the waiting fees applied to filings were appropriately applied. Based on the results of these procedures performed, we have determined the business filings with waiting fees applied were processed timely.

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## **Payroll Overtime Expenditures**

Salaries and related benefits comprised approximately 29% of DOS's expenditures in fiscal year 2021. In fiscal year 2021, a sharp increase in overtime was compensated due to the federal election cycle. We obtained an understanding of DOS's controls over the time and attendance function and reviewed selected employee time statements, leave records, and overtime slips to determine if overtime was correctly compensated. Based on the results of our procedures, DOS had adequate controls in place to ensure timely review and approval of employee time statements including overtime, and we determined that employees were compensated correctly for authorized overtime.

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## **Help America Vote Act (HAVA) (under the Coronavirus Aid, Relief, and Economic Security Act) Funds**

In fiscal year 2020, the DOS received \$6.2 million in federal HAVA funds as a statutory dedication to be used to address the effects of the coronavirus pandemic on the federal election cycle in fiscal year 2021. We obtained an understanding of DOS's procedures over the allowability and reporting requirements set forth by the notice of award. Based on the results of our procedures, DOS appropriately used the funds for allowable expenditures and accurately and timely reported the expenditure totals to the federal awarding entity as required.

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## **Elections Compliance Unit**

The Elections Compliance Unit (ECU) at the DOS is tasked with documenting and investigating voting irregularities that are reported by voters, candidates, registrars of voters, clerks of court, and the general public. We reviewed ECU cases in fiscal year 2021 and inquired of DOS ECU division staff regarding their processes. From our review and inquiries with the DOS ECU division, it appears DOS is conducting and documenting investigations from the allegations.

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## **Trend Analysis**

We compared the most current and prior-year financial activity using DOS's Annual Fiscal Reports and/or system-generated reports and obtained explanations from DOS's management for any significant variances.

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## **Other Reports**

On March 9, 2022, a report was issued by the Louisiana Legislative Auditor's (LLA) Performance Audit Services. Louisiana's election processes and procedures were evaluated to determine whether existing controls related to election integrity are sufficient. Overall, LLA's Performance Audit Services found that DOS has procedures and practices in place to ensure election integrity;

however, additional ways DOS could strengthen its activities as well as revisions to the state Election Code were suggested. This report is available on the LLA website.

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, appearing to read "Mike Waguespack", with a long horizontal flourish extending to the right.

Michael J. "Mike" Waguespack, CPA  
Legislative Auditor

ABM:JPT:BH:EFS:aa

DOS 2022



## APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at the Department of State (DOS) for the period from July 1, 2020, through June 30, 2022. Our objective was to evaluate certain controls DOS 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 DOS's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. DOS's accounts are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated DOS'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 DOS.
- Based on the documentation of DOS's controls and our understanding of related laws and regulations, and results of our analytical procedures, we performed procedures relating to commercial revenues, payroll overtime expenditures, Help America Vote Act (under the Coronavirus Aid, Relief, and Economic Security Act) funds, and the Elections Compliance Unit.
- We compared the most current and prior-year financial activity using DOS's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from DOS'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 DOS and not to provide an opinion on the effectiveness of DOS'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.