

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Department of State Civil Service
State of Louisiana
Baton Rouge, Louisiana

April 30, 1997

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FOR REFERENCE
BY THE LEGISLATIVE
AUDITOR
DATE: 4/30/97



Financial and Compliance Audit Division

***Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor***

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**DEPARTMENT OF STATE CIVIL SERVICE
STATE OF LOUISIANA
Baton Rouge, Louisiana**

**Management Letter
Dated April 14, 1997**

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 has been made available for public inspection at the Baton Rouge office of the Legislative Auditor.

April 30, 1997



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April 14, 1997

DEPARTMENT OF STATE CIVIL SERVICE
STATE OF LOUISIANA
Baton Rouge, Louisiana

As part of our audit of the State of Louisiana's financial statements for the year ending June 30, 1997, we conducted certain procedures at the Department of State Civil Service. Our procedures included (1) a review of the department's internal control structure; (2) tests of financial transactions for the years ended June 30, 1997, and June 30, 1996; and (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities for the years ended June 30, 1997, and June 30, 1996.

The Annual Fiscal Reports of the Department of State Civil Service are not within the scope of our procedures, and, accordingly, we offer no form of assurance on those reports. The department's accounts are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses an opinion.

Our procedures included interviews with management personnel and selected department personnel. We also evaluated selected documents, files, reports, systems, procedures, and policies as we considered necessary. After analyzing the data, we developed recommendations for improvements. We then discussed our findings and recommendations with appropriate management personnel before submitting this written report.

Based upon the application of the procedures referred to previously, all significant findings are included in this report for management's consideration.

Untimely Deposits

The Department of State Civil Service and the Ethics Administration have not made timely deposits of self-generated revenues. Louisiana Revised Statute 49:308 requires that funds received by state agencies be deposited immediately in the state treasury. Proper cash management practices also require that receipts be deposited in a timely manner to maximize interest earnings on deposited funds and to reduce the risk that funds could be lost or stolen or that irregularities could occur.

Our test of individual receipts disclosed that funds totaling from \$445 to \$2,281 were not deposited for a period of 6 to 28 days after receipt. These self-generated funds are

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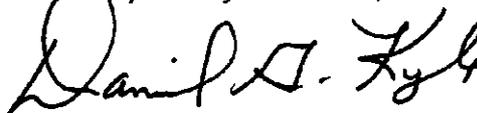
derived from the sale of subscriptions for circulars and photocopies at the Department of State Civil Service and campaign finance fees, lobbyist fees, and photocopies at the Ethics Administration. The department attributed the lack of timely deposits to a personnel shortage for part of the audit period, as one of the two accounting personnel was out on maternity leave. A contributing factor is the department's Cash Management Policy, which is not in compliance with the law, because the policy states that deposits are to be made weekly for State Civil Service and every two weeks for the Ethics Administration. By not depositing these funds daily, there is increased risk that funds could be lost or stolen.

The Department of State Civil Service should ensure that deposits are made in accordance with Louisiana law and should update its Cash Management Policy to comply with the requirements of Louisiana law. In a letter dated April 9, 1997, Mr. Allen H. Reynolds, Director of the Department of State Civil Service, concurred with the finding and recommendation and stated that procedures will be updated immediately, and funds received will be deposited in the state treasury as required by state law. The assistant director will ensure that the policy is implemented immediately.

The recommendations in this report represent, in our judgment, those most likely to bring about beneficial improvements to the operations of the department. The varying nature of the recommendations, the implementation costs, and the potential impact on operations of the department should be considered in reaching decisions on courses of action.

This report is intended for the information and use of the department and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

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[CIVSER]