

LOUISIANA COMMISSION ON LAW ENFORCEMENT
AND ADMINISTRATION OF CRIMINAL JUSTICE

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
MANAGEMENT LETTER
ISSUED MARCH 11, 2020

**LOUISIANA LEGISLATIVE AUDITOR
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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Louisiana Commission on Law Enforcement and Administration of Criminal Justice

March 2020

Audit Control # 80190130

Introduction

As a part of the Single Audit of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2019, we performed procedures at the Louisiana Commission on Law Enforcement and Administration of Criminal Justice (LCLE) to evaluate whether management has taken actions to correct the findings reported in the prior year.

Results of Our Procedures

Follow-up on Prior-year Findings

Our auditors reviewed the status of the prior-year findings reported in the LCLE management letter dated March 18, 2019. The prior-year findings related to Improper Payroll Allocations, Inadequate Controls over Quarterly and Annual Performance Reporting, and Noncompliance with Subrecipient Monitoring Requirements have not been resolved and are addressed again in this letter.

Current-year Findings

Improper Payroll Allocations

For the second consecutive year, LCLE did not comply with federal requirements relating to payroll expenditures allocated to the Crime Victim Assistance (CVA) program (CFDA 16.575). In a review of 57 payroll transactions charged to the CVA grant, 46 transactions (81%) were noncompliant with federal regulations due to incorrect allocations based on work performed or lack of adequate documentation for payroll corrections. These exceptions resulted in \$15,727 of questioned costs.

Federal regulations require charges made to federal awards for salaries, wages, and fringe benefits be based on records that accurately reflect the work performed and be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated. Documentation must support a reasonable allocation or distribution of costs among specific activities or cost objectives for employees who work on multiple grant programs or cost activities.

LCLE did not have adequate controls in place to ensure payroll expenditures were accurately calculated, adequately supported, and properly allocated to the CVA program. In addition, LCLE did not retain adequate supporting documentation for the basis of payroll corrections made relating to the CVA grant. The failure to properly allocate costs to federal programs resulted in noncompliance with federal regulations which increases the likelihood of federal disallowed costs that LCLE may have to return to the federal grantor.

LCLE should strengthen controls to ensure payroll expenditures under the CVA grants are accurately calculated, adequately supported, and properly allocated based on work performed. In addition, LCLE should maintain adequate documentation to support any corrections made under the CVA grant. Management concurred in part with the finding and provided a corrective action plan (see Appendix A, page 1).

Additional Comments: In its response, management noted that it had documentation to support the corrections. However, the documentation used to calculate the corrections was not retained by LCLE. The documentation ultimately provided to support the corrections did not include sufficient detail to determine if the corrections were made properly.

Inadequate Controls over Quarterly and Annual Performance Reporting

For the second consecutive year, LCLE did not have adequate controls in place to ensure accurate data was included in quarterly and annual performance reports submitted to the federal Office for Victims of Crime (OVC) for the CVA program.

Subrecipients submit quarterly reports through Egrants to LCLE that are used to compile the quarterly reports to OVC. In a review of 60 quarterly reports submitted by subrecipients to LCLE for fiscal year 2019, the reported data relating to the number of victims served was not consistent between the OVC's Performance Measurement Tool (PMT) system and LCLE's Egrants system. The inconsistencies were identified in 14 (23%) of 60 subrecipient reports, but resulted in only one (2%) subrecipient report with inaccurate data initially reported to the OVC. In addition, two (3%) of the 60 subrecipient quarterly reports were not timely reviewed and approved in Egrants by LCLE. Furthermore, because LCLE used the PMT quarterly report submissions to generate its annual performance report, errors in the quarterly reports resulted in errors in LCLE's fiscal year 2019 annual performance report to the OVC.

Federal regulations require non-federal entities receiving federal awards to establish and maintain internal control designed to reasonably ensure compliance with federal statutes, regulations, and the terms and conditions of the federal award. LCLE did not properly review the accuracy of the data submitted by subrecipients used for federal reporting. Failure to implement adequate controls over performance reporting could result in inaccurate data being reported and noncompliance with applicable reporting requirements.

LCLE should adequately review quarterly performance reports submitted by subrecipients in a timely manner to ensure the data reported in the PMT reports is accurate, complete, properly supported, and consistent with LCLE's Egrants system. Management concurred with the finding and provided a corrective action plan (see Appendix A, pages 2-3).

Inadequate Controls over Timeliness of Subrecipient Site Visits

For the second consecutive year, LCLE did not have adequate controls in place to ensure subrecipients under the CVA program were timely monitored with a site visit. LCLE did not adhere to its monitoring policy, effective March 2019, which required a site visit to be completed prior to the end of the subrecipient's project. In a review of all 44 subrecipient projects ending between April 1, 2019, and June 30, 2019, 25 projects (57%) did not have a site visit completed before the project end date. However, all site visits were eventually completed, ranging from 20 to 74 days after the due date.

Federal regulations require that pass-through entities monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals. LCLE did not emphasize to the various law enforcement districts performing the site visits, the importance of adhering to the monitoring policy.

Failure to properly monitor subrecipients may result in noncompliance with federal regulations and increases the likelihood of federal disallowed costs that LCLE may have to return to the federal grantor.

LCLE should ensure adherence to its monitoring policy by performing timely site visits of all subrecipients. Management concurred with the finding and provided a corrective action plan (see Appendix A, page 4).

Federal Compliance - Single Audit of the State of Louisiana

As a part of the Single Audit for the year ended June 30, 2019, we performed procedures 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 information submitted by LCLE to the Division of Administration's Office of Statewide Reporting and Accounting Policy on the status of the prior-year findings for the preparation of the state's Summary Schedule of Prior Audit Findings.

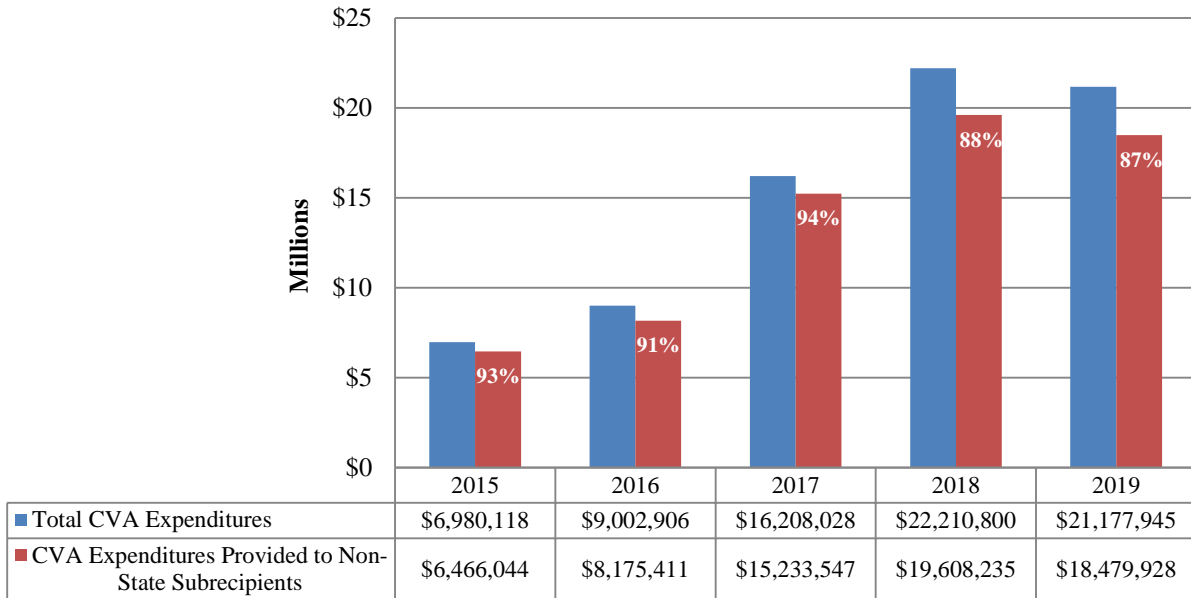
LCLE's information submitted for the preparation of the state's Summary Schedule of Prior Audit Findings, as adjusted, is materially correct.

Trend Analysis

We compared the most current and prior-year financial activity using LCLE's Annual Fiscal Reports and/or system-generated reports and obtained explanations from LCLE's management for any significant variances. We also prepared an analysis of expenditures for the CVA program over the past five fiscal years, including the amounts provided to non-state subrecipients (Exhibit 1). We noted CVA program expenditures steadily increased from fiscal year 2015 to fiscal year 2018 as a result of the U.S. Department of Justice's priority on addressing victimization;

however, there was a slight decrease in CVA expenditures noted in fiscal year 2019 due to stabilization. In addition, the majority of CVA funds are passed-through to subrecipients, which increases the importance of proper subrecipient monitoring by LCLE.

Exhibit 1
Crime Victim Assistance Expenditures including Amounts
Provided to Non-State Subrecipients,
By Fiscal Year



Source: LCLE FY 2015-2019 Schedule of Expenditures of Federal Awards

The recommendations in this letter represent, in our judgment, those most likely to bring about beneficial improvements to the operations of LCLE. The nature of the recommendations, their implementation costs, and their potential impact on the operations of LCLE should be considered in reaching decisions on courses of action. The finding related to LCLE’s compliance with applicable laws and regulations 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,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

BHL:LMN:RR:EFS:ch

APPENDIX A: MANAGEMENT'S RESPONSES

State of Louisiana
Office of the Governor
Louisiana Commission on Law Enforcement
and Administration of Criminal Justice

JOHN BEL EDWARDS
GOVERNOR

JIM CRAFT
EXECUTIVE DIRECTOR



February 19, 2020

Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Purpera:

The Louisiana Commission on Law Enforcement concurs in part with the finding titled "Improper Payroll Allocations". LCLE had documentation to support the corrections made under the CVA grant for administrative, grant and fiscal staff however the LLA did not feel the support was adequate.

Corrective Action Plan:

LCLE will strengthen the controls to make sure payroll expenditures under the CVA grants are accurately calculated, adequately supported, and properly allocated based on work performed, LCLE will maintain adequate documentation to support any corrections made under the CVA grant.

Contact Person Responsible for Corrective Action Plan

Jim Craft
Executive Director

Anticipated Completion Date

Has been completed.

We appreciate the opportunity to respond to this letter.

Sincerely,

Jim Craft
Executive Director

State of Louisiana
Office of the Governor
Louisiana Commission on Law Enforcement
and Administration of Criminal Justice

JOHN BEL EDWARDS
GOVERNOR

JIM CRAFT
EXECUTIVE DIRECTOR



February 19, 2020

Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Purpera:

The Louisiana Commission on Law Enforcement concurs with the finding titled "Inadequate Controls over Quarterly and Annual Performance Reporting".

Corrective Action Plan:

LCLE has developed an analytical process designed to approve the data reported by its CVA subrecipients in the LCLE Egrants and OVC Performance Measurements Tool (PMT) systems. The development includes:

- 1.) Established a strategy and procedures to be used by LCLE staff to review, verify and approve the subrecipients' quarterly program reports in the Egrants and PMT systems;
- 2.) Trainings are being provided to new and experienced LCLE staff to appropriately and consistently review, and verify the data submitted in the quarterly reports for approval; and
- 3.) Provide technical assistance to LCLE CVA staff and subrecipients to ensure reporting requirements for both the Egrants and PMT systems are achieved.

The LCLE Federal Program Section Manager has implemented the LCLE Procedures for Approving VOCA Subgrant Program Reports approved by the Office for Victims of Crime Office (OVC) with an effective date of August 19, 2019, and begun the development of the training and technical assistance to be provided as listed above in Items 2 and 3 in this corrective action plan to implement new procedures starting with FY2018 CVA funds.

Contact Person Responsible for Corrective Action Plan

Jim Craft
Executive Director

Anticipated Completion Date

Has been completed.

We appreciate the opportunity to respond to this letter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jim Craft", followed by a large, stylized flourish or initial.

Jim Craft
Executive Director

State of Louisiana
Office of the Governor
Louisiana Commission on Law Enforcement
and Administration of Criminal Justice

JOHN BEL EDWARDS
GOVERNOR

JIM CRAFT
EXECUTIVE DIRECTOR



February 19, 2020

Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Purpera:

The Louisiana Commission on Law Enforcement concurs with the finding titled "Inadequate Controls over Timeliness of Subrecipient Site Visits".

Corrective Action Plan:

In order to ensure the appropriate monitoring of subrecipients and compliance with federal requirements, LCLE has implemented a risk-based monitoring policies and procedures. Effective with the new funding year, sub-recipients will be monitored based on the risk level analysis performed prior to an allocation. Low to medium risk recipients will only be required to undergo an on-site monitoring visit every two years. High risk recipients will continue to undergo an on-site monitoring visit each funding cycle. Any sub-recipient that is required to receive an on-site visit must conduct the visit prior to the project end date.

Monitors will continue to do periodic phone and email monitorings throughout the project period, regardless of the risk level.

Contact Person Responsible for Corrective Action Plan

Jim Craft
Executive Director

Anticipated Completion Date

Risk-based monitoring has been put into place.

We appreciate the opportunity to respond to this letter.

Sincerely,

Jim Craft
Executive Director

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the Louisiana Commission on Law Enforcement and Administration of Criminal Justice (LCLE) for the period from July 1, 2018, through June 30, 2019, 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 the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2019.

- We evaluated LCLE'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 LCLE.
- We performed procedures on the status of prior-year findings for the preparation of the state's Summary Schedule of Prior Audit Findings for the year ended June 30, 2019, as a part of the 2019 Single Audit.
- We compared the most current and prior-year financial activity using LCLE's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from LCLE's management for significant variances.

The purpose of this report is solely to describe the scope of our work at LCLE and not to provide an opinion on the effectiveness of LCLE'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 LCLE's Annual Fiscal Report, and accordingly, we do not express an opinion on that report. LCLE's accounts are an integral part of the State of Louisiana's CAFR, upon which the Louisiana Legislative Auditor expresses opinions.