

DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS
PUBLIC SAFETY SERVICES
LOUISIANA HIGHWAY SAFETY COMMISSION
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
MANAGEMENT LETTER
ISSUED MARCH 18, 2020

**LOUISIANA LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

DIRECTOR OF FINANCIAL AUDIT
ERNEST F. SUMMERVILLE, JR., CPA

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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Department of Public Safety and Corrections -
Public Safety Services, Louisiana Highway
Safety Commission

March 2020

Audit Control #80190141

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 Highway Safety Commission (LHSC) 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 LHSC management letter dated April 10, 2019. We determined that management has resolved the prior-year findings related to Deficiencies in Controls over Payroll and Weakness in Controls over Federal Vouchering. The prior-year finding related to Noncompliance with Subrecipient Monitoring Requirements has not been resolved and is addressed again in this letter.

Current-year Finding

Noncompliance with Subrecipient Monitoring Requirements

For the second consecutive year, LHSC did not adequately monitor subrecipients of the federal Highway Safety Cluster, the Alcohol Open Container Requirements program, and the Minimum Penalties for Repeat Offenders for Driving While Intoxicated program as required by 2 CFR§200.331. Although LHSC received the audit reports from subrecipients, there was incomplete documentation to support any further action taken by LHSC to follow up on deficiencies and/or issue management decision letters as required by federal regulations.

Federal regulations require monitoring of the subrecipient to include following up and ensuring the subrecipient takes timely and appropriate action on all deficiencies pertaining to the federal award provided to the subrecipient from the pass-through entity detected through audits, on-site review, and other means. The pass-through entity must also issue a management decision for

audit findings pertaining to the federal award provided to the subrecipient entity within six months of acceptance of the audit report by the Federal Audit Clearinghouse.

LHSC did not maintain its subrecipient tracking spreadsheet, which documents the dates monitoring actions were performed, to ensure that timely action was taken to comply with subrecipient monitoring requirements. Failure to properly document monitoring of subrecipients results in noncompliance with federal regulations and increases the likelihood of disallowed costs which may have to be returned to the federal grantor.

LHSC management should ensure there is adequate documentation that subrecipient audit reports are obtained and reviewed timely and management decision letters are issued on applicable audit findings. Management concurred with the finding and provided a corrective action plan (see Appendix A).

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 LHSC 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.

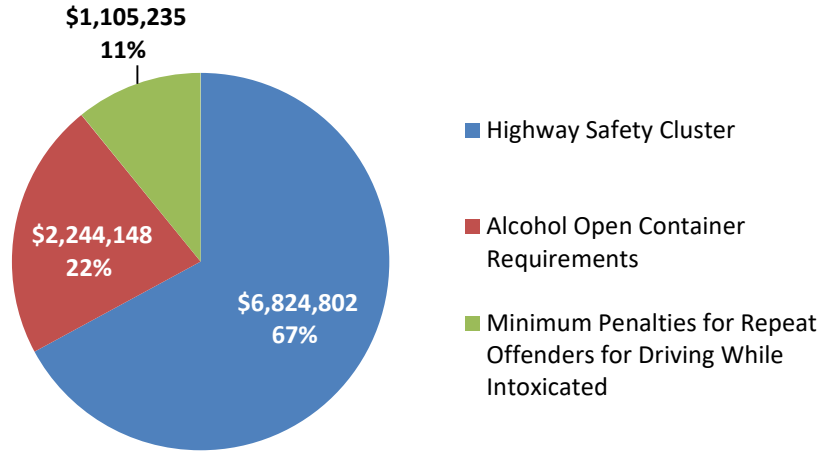
LHSC's information submitted for the preparation of the state's Summary Schedule of Prior Audit Findings, as adjusted, is materially correct.

Revenue and Expenditure Analysis

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

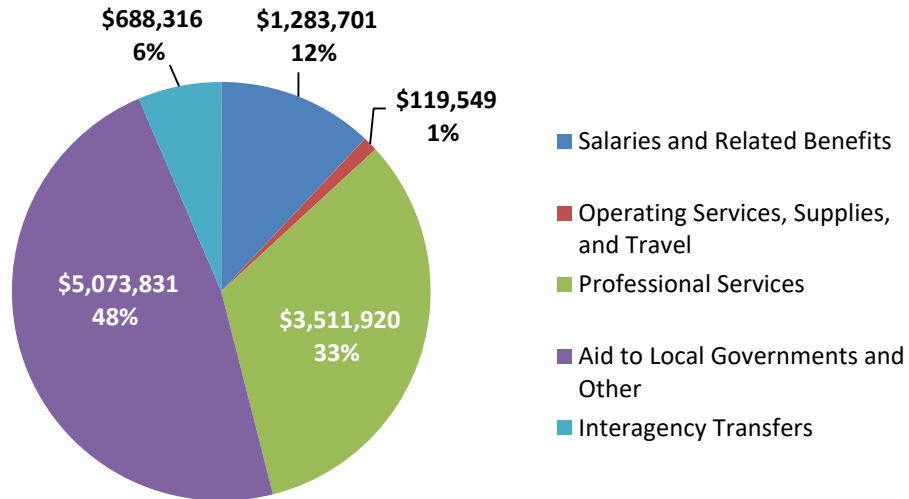
The majority of the commission's funding is composed of federal revenues. We prepared an analysis of LHSC's federal funding sources for fiscal year 2019 as shown in Exhibit 1. As shown in Exhibit 2, LHSC reported \$10,677,317 of expenditures during state fiscal year 2019 for costs associated with aid to local governments, professional services, salaries and related benefits, interagency transfers, and operating services, supplies, and travel. Of this amount, \$10,174,185, or 95%, of expenditures were funded with federal revenue sources, as shown in Exhibit 1.

Exhibit 1
FY 2019 Federal Revenues by Program
Total: \$10,174,185



Source: Fiscal Year 2019 LHSC ISIS Data

Exhibit 2
FY 2019 Expenditures
Total: \$10,677,317



Source: Fiscal Year 2019 LHSC ISIS Data

The recommendation in this letter represents, in our judgment, that which will most likely bring about beneficial improvements to the operations of LHSC. The nature of the recommendation, its implementation costs, and the potential impact on the operations of LHSC should be considered in reaching decisions on courses of action. The finding related to LHSC'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,

A handwritten signature in blue ink that reads "Daryl G. Purpera". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Daryl G. Purpera, CPA, CFE
Legislative Auditor

CB:NM:RR:EFS:aa

LHSC2019

APPENDIX A: MANAGEMENT'S RESPONSE



State of Louisiana
Department of Public Safety and Corrections
Louisiana Highway Safety Commission

March 5, 2020

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

Re: Noncompliance with Subrecipient Monitoring Requirements

Dear Mr. Purpera,

On behalf of the Louisiana Highway Safety Commission (LHSC), I am responding to the request for response to a finding of the Louisiana Legislative Auditor relative to Noncompliance with Subrecipient Monitoring Requirements, as follows:

LHSC submits that it substantially complied with 2 CFR Part 200.331, by conducting monthly reviews of financial and programmatic reports required by the pass-through entity regarding deficiencies pertaining to the federal award to subrecipients, and that having detected no such deficiencies through audits, on-sight reviews and other means, LHSC had no obligation to issue management decision letters for audit findings pertaining to the federal award provided to subrecipients. However, LHSC recognizes that the documentation which would support its compliance with 2 CFR Part 200.331 was not complete, and therefore LHSC concurs with the finding issued by LLA.

Since LLA conducted the audit which produced this finding, LHSC management has hired additional staff and has implemented internal processes, including the maintenance of a subrecipient tracking spreadsheet, which documents the dates monitoring actions were performed, in order that LHSC (a) detect deficiencies pertaining to the federal award to its subrecipients; (b) follow up and ensure that subrecipients take timely and appropriate action on any detected deficiencies pertaining to the federal award provided to the subrecipient; and (c) timely issue a management decision for detected audit findings pertaining to the federal award provided to the subrecipient by LHSC.

LHSC further submits that its current, corrective actions relative to federal requirements for subrecipient monitoring will continue to be overseen by LHSC Deputy Director and LHSC Accountant.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Lisa Freeman".

Lisa Freeman
Executive Director
LF/hs

cc: Matthew Block, Esq.
Executive Counsel
Office of the Governor

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the Louisiana Highway Safety Commission (LHSC) 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 LHSC'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 LHSC.
- 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 LHSC's Annual Fiscal Reports and/or system-generated reports and obtained explanations from LHSC's management for significant variances.

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