

DEPARTMENT OF STATE CIVIL SERVICE

STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

Procedural Report
Issued October 1, 2025

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Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA

Department of State Civil Service



October 2025

Audit Control # 80250078

Introduction

The primary purpose of our procedures at the Department of State Civil Service (Department) was to evaluate certain controls the Department uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds. In addition, we determined whether management has taken action to correct the finding reported in the prior report.

The agencies included within the Department are State Civil Service, Ethics Administration, Division of Administrative Law, and Municipal Fire and Police Civil Service.

Results of Our Procedures

We evaluated the Department'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 Department's controls and our understanding of related laws and regulations, and the results of our analytical procedures, we performed procedures relating to the processing of late fees by the Board of Ethics, payroll and personnel, operating services expenditures, travel expenditures, and professional services expenditures.

Follow-up on Prior-report Finding

We reviewed the status of the prior-report finding in the Department's procedural report dated September 20, 2023. The prior-report finding related to the Louisiana Board of Ethics – Weakness over Submitting Delinquent Debt for Collection has not been resolved and is addressed again in this report.

Current-report Finding

Louisiana Board of Ethics

Weakness over Submitting Delinquent Debt for Collection

For the fifth consecutive engagement, the Louisiana Board of Ethics (BOE) is not timely submitting delinquent debts to the Attorney General (AG) for collection. As of May 27, 2025, the BOE website noted 3,173 outstanding late fees totaling \$2.7 million from campaign finance disclosure reports, lobbying expenditure reports, and personal financial disclosure statements. Per Louisiana Revised Statute 47:1676, BOE is required to submit all debts to the AG for collection when the debt has been delinquent for 60 days.

In a test of 28 late fees dated from July 1, 2023, to May 27, 2025, the following were identified:

- For 15 (54%) late fees, the demand letter for collection was sent late, which delayed the debt from being established as delinquent. Two of the 15 late fees had not been sent to AG for collection as of June 1, 2025, and 10 of the 15 late fees were sent to AG late.
- 3 (11%) late fees established as delinquent had not been sent to AG for collection as of June 1, 2025.
- 2 (7%) late fees established as delinquent were sent to AG late, which delayed the collection effort.

Per BOE, this occurred primarily due to a lack of staffing to process and track the late fees.

BOE's process includes: [1] send a certified mail notice/order that the entity failed to file and advise of late fees and wait for the return receipt; [2] after verified receipt, wait 20 days (which is the due date) to receive payment or allow for requests of waivers or appeals to expire; [3] if after 30 days past the due date, payment or request for waivers/appeals is not received; send demand letter and wait 30 days until debt is considered delinquent by BOE; and [4] wait an additional 30 days and then send delinquent debt to the AG for collection. Failure to follow BOE policy in sending required correspondence at designated times caused delinquent debts to be sent untimely for collection.

BOE management should improve its efforts to minimize delays in transmitting delinquent debts to the AG to comply with agency policy and state law. Management concurred that all efforts should be made to minimize delays in transmitting delinquent debts to the AG for collection efforts and provided a corrective action plan (see Appendix A).

Processing of Late Fees by the Board of Ethics

We obtained a basic understanding of the BOE's process and controls over the assessment and collection of late fees, and the submission of delinquent debts related to the late fees to the AG for collection. We performed procedures on selected transactions to determine if controls were operating effectively to process late fees and ensure delinquent debts were submitted timely to the AG. Based on the results of these procedures, we determined that the Board of Ethics should improve its efforts to minimize delays in sending delinquent debts to the AG (see *Current-report Finding* section).

Payroll and Personnel

Salaries and related benefits comprised approximately 85% and 80% of the Department's expenditures in fiscal year 2024 and fiscal year 2025 through December 31, 2024, respectively. We obtained an understanding of the Department's controls over the time and attendance function and reviewed selected employee time statements and leave records. In addition, we reviewed LaGov reports to identify payouts of annual and sick leave to ensure the payouts followed Civil Service policy. Based on the results of our procedures, the Department had adequate controls in place to ensure timely review and approval of employee time statements and leave requests, employees were paid the amounts authorized, and leave payout followed Civil Service policy.

Operating Services Expenditures

We obtained an understanding of the controls over operating services expenditures. We reviewed selected transactions during the period July 1, 2023, through June 5, 2025, and examined supporting documents, including purchase orders, invoices, and contracts, if applicable. Based on the results of our procedures, the Department had adequate controls in place to ensure operating services expenditures were properly recorded, adequately supported and authorized, and in compliance with applicable policies and regulations.

Travel Expenditures

The Department participates in the state of Louisiana's travel card program. We obtained an understanding of the Department's related policies and procedures. We analyzed travel card transactions during the period July 1, 2023, through June 10, 2025, and reviewed selected transactions. Based on the results of our procedures, the Department had adequate controls to ensure that travel expenditures were made for proper business purposes, sufficient documentation was maintained to support expenditures, the department was in compliance with applicable policies, and there was evidence of review by a supervisor.

Professional Services Expenditures

We obtained an understanding of the Division of Administrative Law (DAL) and Municipal Fire & Police Civil Service's (MFPCS) controls over professional services expenditures. We reviewed selected transactions during the period July 1, 2023, to May 19, 2025. Based on the results of our procedures, DAL and MFPCS had adequate controls in place to ensure that professional services expenditures had sufficient documentation, were in accordance with the terms of the contracts and/or state procurement policies, were properly recorded, and had evidence of approval.

Trend Analysis

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

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 stylized flourish at the end.

Michael J. "Mike" Waguespack, CPA
Legislative Auditor

DW:AD:RR:BQD:aa

DSCS2025

APPENDIX A: MANAGEMENT'S RESPONSE



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September 15, 2025

Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Weakness over Submitting Delinquent Debt for Collection

Dear Mr. Waguespack,

Please accept this as the official response to the reportable audit findings for the Ethics Administration Program.

Reportable Audit Finding

Weakness over Submitting Delinquent Debt for Collection.

Agency Response

The Agency concurs that all efforts should be made to minimize delays in transmitting delinquent debts to the Office of the Attorney General for collection efforts. The Agency notes that, after providing the requisite notices and waiting 60 days as required by the statute, the agency is required to authenticate the debt prior to sending it to the Attorney General's Office pursuant to R.S. 47:1676C(2)(a). Determining the finality of a judgment is a manual process, which can be time-consuming to ensure that all required statutory notices have been received, all delays have expired, and all notices pursuant to R.S. 47:1676 have been provided. The Agency will continue to evaluate the staffing needed to handle the increasing volume of Late Fee Orders issued, the research and processing of returned mail for unclaimed and refused Late Fee Orders, the issuance of final demand letters, and the submission of delinquent debt to the Attorney General's Office for collection. It is the objective of this Agency to continue to improve its current process and to address the concerns of the Auditor.

Sincerely,

David M. Bordelon
Ethics Administrator

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the Department of State Civil Service (Department) for the period from July 1, 2023, through June 30, 2025. Our objective was to evaluate certain controls the Department 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 Department's Annual Fiscal Reports, and accordingly, we do not express an opinion 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 opinions.

- We evaluated the Department'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 Department.
- Based on the documentation of the Department's controls and our understanding of related laws and regulations, and results of our analytical procedures, we performed procedures relating to the processing of late fees by the Board of Ethics, payroll and personnel, operating services expenditures, travel expenditures, and professional services expenditures.
- We compared the most current and prior-year financial activity using the Department's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from the Department'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 Department, and not to provide an opinion on the effectiveness of the Department'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.