

DEPARTMENT OF TREASURY

STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

Management Letter
Issued February 8, 2023

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Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA

Department of Treasury



February 2023

Audit Control # 80220097

Introduction

As a part of our audit of the State of Louisiana's Annual Comprehensive Financial Report (ACFR) and our work related to the Single Audit of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2022, we performed procedures at the Department of Treasury (Treasury) to provide assurances on financial information that is significant to the state's ACFR; evaluate the effectiveness of Treasury's internal controls over financial reporting and compliance; and determine whether Treasury complied with applicable laws and regulations. In addition, we determined whether management has taken actions to correct the finding reported in the prior year.

Results of Our Procedures

Follow-up on Prior-year Finding

Our auditors reviewed the status of the prior-year finding reported in the Treasury management letter dated May 4, 2022. The prior-year finding related to Control Weaknesses over Compliance with Coronavirus Relief Fund Requirements and State Laws is not repeated in the current year because the Main Street Recovery Program (MSRP) ceased awarding grants in January 2021 and no new ineligible files have been identified since the prior audit. Of the awards totaling \$1,061,885 remaining in recovery status as of March 11, 2022, Treasury records indicate that \$3,100 was recovered and amounts totaling \$167,926 have been resolved by Treasury and are no longer considered ineligible. As of October 14, 2022, the remaining questioned costs being pursued for recovery total \$890,958. Of this amount, awards that were potentially fraudulent totaling \$126,770 were forwarded to the 19th Judicial District court for prosecution. The Office of Inspector General is reviewing another \$148,494 in potentially fraudulent awards for further action. Treasury has stated that it will continue efforts to resolve compliance issues and/or recover funds from recipients.

**Annual Comprehensive Financial Report –
State of Louisiana**

As a part of our audit of the Annual Comprehensive Financial Report for the year ended June 30, 2022, we considered internal control over financial reporting and examined evidence supporting cash, investments, bonds, and unclaimed property.

Based on the results of these procedures, we did not report any findings. In addition, the account balances and classes of transactions tested are materially correct.

**Federal Compliance - Single Audit of the State of
Louisiana**

As a part of the Single Audit for the year ended June 30, 2022, 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 Treasury to the Division of Administration's Office of Statewide Reporting and Accounting Policy on the status of the prior-year finding for the preparation of the state's Summary Schedule of Prior Audit Findings.

Treasury's information submitted for 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 Treasury's Annual Fiscal Reports and/or system-generated reports and obtained explanations from Treasury's management for any significant variances.

Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

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APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at the Department of Treasury (Treasury) for the period from July 1, 2021, through June 30, 2022, to provide assurances on financial information significant to the State of Louisiana's Annual Comprehensive Financial Report (ACFR), and 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 audit of the ACFR and our work related to the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2022.

- We evaluated Treasury'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 Treasury.
- Based on the documentation of Treasury's controls and our understanding of related laws and regulations, we performed procedures to provide assurances on certain account balances and classes of transactions to support our opinions on the ACFR.
- We performed procedures on the status of the prior-year finding for the preparation of the state's Summary Schedule of Prior Audit Findings for the year ended June 30, 2022, as a part of the 2022 Single Audit.
- We compared the most current and prior-year financial activity using Treasury's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from Treasury's management for significant variances.

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