

DEPARTMENT OF AGRICULTURE AND FORESTRY

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES  
MANAGEMENT LETTER  
ISSUED DECEMBER 27, 2017

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# Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Department of Agriculture and Forestry

December 2017

Audit Control # 80170095

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## Introduction

As a part of the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2017, we performed procedures at the Louisiana Department of Agriculture and Forestry (LDAF) to evaluate the effectiveness of LDAF's internal controls over the Child Nutrition Cluster Program (National School Lunch Program – NSLP – CFDA 10.555) as they relate to the distribution of food commodities provided by the United States Department of Agriculture (USDA) to participating recipient agencies. In addition, we performed procedures for the period July 1, 2015, through June 30, 2017 to evaluate certain internal controls LDAF uses to ensure accurate financial reporting and transparency, compliance with applicable laws and regulations, and to provide overall accountability over public funds.

LDAF is a component of the State of Louisiana created in accordance with Article IV, Section 10 of the 1974 Constitution of Louisiana. LDAF's mission is to promote, protect, and advance agriculture and forestry and soil and water resources.

## Results of Our Procedures

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

As a part of the Single Audit for the year ended June 30, 2017, we performed internal control and compliance testing 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 LDAF's major federal program, Child Nutrition Cluster Program (National School Lunch Program – NSLP – CFDA 10.555).

Those tests included evaluating the effectiveness of LDAF's internal controls designed to prevent or detect material noncompliance with program requirements and tests to determine whether LDAF complied with applicable program requirements. In addition, we compared the most current and prior-year information submitted by LDAF to the Division of Administration's Office of Statewide Reporting and Accounting Policy for the preparation of the state's Schedule of Expenditures of Federal Awards (SEFA) and obtained explanations from LDAF management for any significant variances.

Based on the results of these Single Audit procedures, we did not report any internal control deficiencies or noncompliance with program requirements.

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## **Other Procedures**

In addition to the Single Audit procedures noted above, we evaluated LDAF's operations and system of internal controls through inquiry, observation, and review of its policies and procedures, including a review of the applicable laws and regulations. Based on the documentation of LDAF's internal controls and our understanding of related laws and regulations, we performed procedures on selected controls and transactions relating to cash, movable property, revenue collected through online payments, and payroll expenditures.

### ***Cash***

We performed procedures to determine if bank account balances for certain accounts were reconciled to the accounting records and that review and approval of the reconciliation was being performed. We also performed procedures to determine if cash was properly collateralized in accordance with state regulations. Based on the results of our procedures, controls over bank reconciliations were operating and cash was properly collateralized for the accounts reviewed.

### ***Movable Property***

Based on identified risks related to movable property, we performed procedures to determine if LDAF complied with applicable State laws and regulations for the tracking and reporting of movable property. We also obtained and reviewed the Certifications of Annual Property Inventory for fiscal year 2016 to determine if there was an excessive amount of unlocated property. Based on the results of our procedures, we determined LDAF properly tracked and reported equipment as required by State laws and regulations.

### ***Revenue Collected Through Online Payments***

During fiscal year 2017, LDAF began providing the option to make online payments to customers of certain departments within the agency. We observed that each individual department was responsible for determining controls and procedures for the acceptance and collection of online payments for their customers. We reviewed selected transactions to determine if the revenues collected through online payments were adequately supported, noting no exceptions.

***Payroll Expenditures***

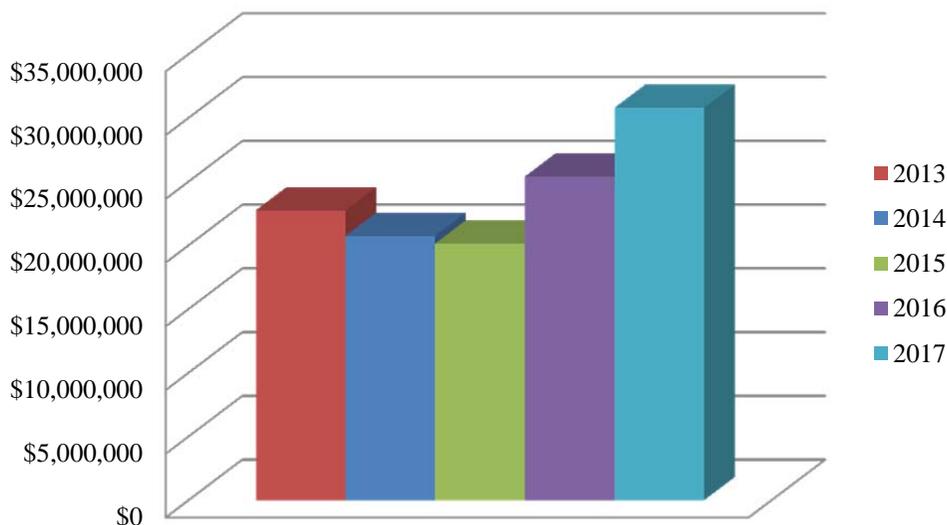
We performed procedures to determine if LDAF has adequate controls over its use of the LaGov Human Capital Management System (HCM) for payroll processing and reviewed selected employees to determine if the employees’ salaries paid were properly authorized. Based on the procedures performed, we determined that LDAF had adequate controls over use of HCM for payroll processes and wages paid to employees agreed with authorized salaries.

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**Trend Analysis**

We compared the commodities distributed under NSLP for the fiscal years June 30, 2013, through 2017, using LDAF’s system-generated reports and federal award information and obtained explanations from LDAF management for any significant variances. As shown in Exhibit 1, LDAF has distributed commodities ranging from \$20,134,606 to \$30,796,577 to NSLP subrecipients over the five fiscal years.

**Exhibit 1  
National School Lunch Program (NSLP)  
Food Commodity Costs Fiscal Years 2013-2017**



**Sources:** Louisiana Single Audits for fiscal years 2013-2016; LDAF 2017 SEFA information

The variances from year to year are the result of factors that include: total commodities made available to states by USDA; allowable meal rates per student used to calculate the value of commodities per meal per student; number of participating institutions; and number of meal recipients at each institution. In addition, because commodities available are determined by USDA for all states, the same factors in other states can affect states’ proportionate shares of commodities.

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 written in a cursive style with a large initial "D".

Daryl G. Purpera, CPA, CFE  
Legislative Auditor

CM:CST:WDG:EFS:aa

LDAF2017

## APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at the Louisiana Department of Agriculture and Forestry (LDAF) for the period from July 1, 2016, through June 30, 2017, to provide assurances on information significant to the Child Nutrition Cluster of federal programs and to evaluate relevant systems of internal control in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. The procedures included inquiry, observation, review of policies and procedures, and a review of relevant laws and regulations. Those procedures, summarized below, are a part of the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2017.

In addition, we performed certain procedures at LDAF for the period from July 1, 2015, through June 30, 2017. Our objective was to evaluate certain internal controls LDAF uses to ensure accurate financial reporting and transparency, compliance with applicable laws and regulations, and to provide overall accountability over public funds. The scope of these procedures was significantly less than an audit conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

- We evaluated LDAF's operations and system of internal controls through inquiry, observation, and review of its policies and procedures, including a review of applicable laws and regulations.
- We performed procedures on LDAF's Child Nutrition Cluster Program (National School Lunch Program, or NSLP - CFDA 10.555) for commodities distributed for the year ended June 30, 2017, as a part of the 2017 Single Audit.
- We performed analytical procedures on information for the preparation of the state's Schedule of Expenditures of Federal Awards for the year ended June 30, 2017, as a part of the 2017 Single Audit.
- Based on the documentation of LDAF's controls and our understanding of related laws and regulations, we performed procedures on selected controls and transactions relating to cash, movable property, revenue collected through online payments, and payroll expenditures.
- We compared the commodities distributed under NSLP for the fiscal years ended June 30, 2013, through 2017, using the state's Single Audit and LDAF's federal award information and obtained explanations from LDAF management for any significant variances.

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