DEPARTMENT OF ENVIRONMENTAL QUALITY

STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

Procedural Report
Issued July 22, 2026

LOUISIANA LEGISLATIVE AUDITOR

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Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA

Department of Environmental Quality

July 2026

Audit Control # 80260021

Introduction

The primary purpose of our procedures at the Department of Environmental Quality (DEQ) was to evaluate certain controls DEQ 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 findings reported in the prior report.

Results of Our Procedures

We evaluated DEQ'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 DEQ's controls and our understanding of related laws and regulations, and the results of our analytical procedures, we performed procedures relating to the Waste Tire Management Program Fund collections, Hazardous Waste Site Cleanup Fund collections and expenditures, contracts, internal audit, LaCarte Purchase Card, LaGov User Access, and payroll and personnel.

Based on the results of these procedures, we reported a finding related to Weakness in Controls over Time Statement Approvals, as described in the Current-report Finding section of the report.

Follow-up on Prior-report Findings

We reviewed the status of the prior-report findings in DEQ's procedural report dated December 20, 2024. We determined that management has resolved the prior-report findings related to Ineffective Internal Audit Function and Inadequate Controls over the Monitoring of Hazardous Waste Penalty Collections.

Current-report Finding

Weakness in Controls over Time Statement Approvals

DEQ did not follow established policies and procedures for the approval of time statements.

In our review of 22 time statements for the period of July 1, 2025, through February 1, 2026, we identified the following:

- Two (9.1%) time statements were approved by supervisors 25 and 26 days after the date required by policy.

Due to the results above, we performed an analysis of all time statement approvals for the same period. In our review of 11,309 time statements, we noted the following:

- 2,584 (22.9%) time statements were not approved timely by the employee's supervisor. The time statements were approved 1 to 272 days after the date required by policy.

- 453 (4.0%) time statements were not approved by the employee's supervisor as of February 1, 2026.

DEQ utilizes electronic time statements in the Cross-Application Time Sheet (CATS) system; a component of Louisiana Employees Online. DEQ payroll policy states that approvers should approve or reject time statements in the CATS system by the Friday following the close of the pay period.

DEQ employees did not adhere to the established policies and procedures over payroll to approve time statements in a timely manner. As a result, there is an increased risk that errors and/or fraud could occur and not be detected in a timely manner.

Management should ensure employees comply with existing policies and procedures, including approving time statements in a timely manner. Management concurred with the finding and provided a corrective action plan (see Appendix A).

Trend Analysis

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

Other Report

On February 28, 2025, a report was issued by Louisiana Legislative Auditor's Performance Audit Services regarding a Workplace Culture Survey. This report was provided to the Louisiana Legislature in response to a legislative request. The results of the survey conducted include responses relating to job satisfaction and morale, among others. This report is available on the LLA website.

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

Respectfully submitted,

Michael J. "Mike" Waguespack, CPA
Legislative Auditor

RJD:MK:BH:BQD:aa

DEQ2026

APPENDIX A: MANAGEMENT'S RESPONSE

Jeff Landry
GOVERNOR

Courtney J. Burdette
SECRETARY

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF MANAGEMENT AND FINANCE

June 25, 2026

Michael Waguespack, CPA
Louisiana Legislative Auditor
1600 North 3rd Street
Baton Rouge, LA 70802

Re: DEQ's Response to Proposed Audit Finding

Dear Mr. Waguespack:

On behalf of the Louisiana Department of Environmental Quality (DEQ), I submit the following response to the finding titled "Weakness in Controls over Time Statement Approvals".

Legislative Auditor Recommendation 1: *Management should ensure employees comply with existing policies and procedures, including approving timesheets in a timely manner.*

DEQ considers timekeeping and payroll compliance to be of the utmost importance and always strives to improve processes and controls. Current processes also provide for approvals on all time entries other than Regular Attendance (ZA01) and both timekeepers and Human Resources staff perform extensive review of various LaGov HCM payroll reports each pay period to identify potential issues that may amount to payroll errors. Further, it is important to note that the DEQ policy states "should" which is not mandatory; whereas, policies in place that other agencies where LLA also issued this finding used the mandatory language of "requires".

DEQ accepts LLA's recommendation to strengthen our current procedures and will implement the following actions:

1. Formal Communication – The HR Director will issue a formal notice to all employees and supervisors emphasizing the importance of compliance with payroll processes, including timely time entry, approvals, and e-certification.
2. Training – HR will update our timekeeper training and monitoring to ensure that timekeepers run the appropriate LaGov HCM report each pay period to identify uncertified or unapproved time statements, and DEQ will train our timekeepers to follow-up with any employee not in compliance and to report to HR to ensure that employees and supervisors are approving the time statements in a timely manner.
3. Supervisor Accountability – Supervisors are responsible for ensuring their staff follow payroll procedures. HR will address noncompliance directly and escalate to the appropriate manager or Appointing Authority, if necessary. Additionally, DEQ has

scheduled a mandatory meeting for all supervisors to review critical topics, including timekeeping and payroll responsibilities.

The DEQ staff member responsible for this corrective action plan is Jennifer Hardee, HR Director. All proposed corrective action will be implemented within 60 days of this response.

Thank you,

Theresa C. Delafosse
Undersecretary

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the Department of Environmental Quality (DEQ) for the period from July 1, 2024, through June 30, 2026. Our objective was to evaluate certain controls DEQ 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 DEQ's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. The DEQ's accounts are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated DEQ'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 DEQ.

- Based on the documentation of DEQ's controls and our understanding of related laws and regulations, and results of our analytical procedures, we performed procedures relating to the Waste Tire Management Program Fund collections, Hazardous Waste Site Cleanup Fund collections and expenditures, contracts, internal audit, LaCarte Purchase Card, LaGov User Access, and payroll and personnel.

- We compared the most current and prior-year financial activity using DEQ's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from DEQ'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 DEQ, and not to provide an opinion on the effectiveness of DEQ'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.