

LOUISIANA COMMISSION ON LAW ENFORCEMENT AND  
ADMINISTRATION OF CRIMINAL JUSTICE  
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES  
MANAGEMENT LETTER  
ISSUED MARCH 18, 2019

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

**LEGISLATIVE AUDITOR**  
DARYL G. PURPERA, CPA, CFE

**ASSISTANT LEGISLATIVE AUDITOR**  
**FOR STATE AUDIT SERVICES**  
NICOLE B. EDMONSON, CIA, CGAP, MPA

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

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report is available for public inspection at the Baton Rouge office of the Louisiana Legislative Auditor and online at [www.lla.la.gov](http://www.lla.la.gov).

This document is produced by the Louisiana Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. One copy of this public document was produced at an approximate cost of \$0.40. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's website at [www.lla.la.gov](http://www.lla.la.gov). When contacting the office, you may refer to Agency ID No. 3326 or Report ID No. 80180140 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Elizabeth Coxe, Chief Administrative Officer, at 225-339-3800.

---

# Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



## Louisiana Commission on Law Enforcement and Administration of Criminal Justice

March 2019

*Audit Control # 80180140*

---

### Introduction

As a part of the Single Audit of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2018, we performed procedures at the Louisiana Commission on Law Enforcement and Administration of Criminal Justice (LCLE) to evaluate the effectiveness of LCLE's internal controls over compliance and determine whether LCLE complied with applicable laws and regulations.

### Results of Our Procedures

---

#### Current-year Findings

##### Improper Payroll Allocations

LCLE did not comply with federal requirements relating to payroll expenditures allocated to the Crime Victim Assistance (CVA) program (CFDA 16.575). In a review of 19 payroll transactions charged to the CVA grant, 15 (79%) items were noncompliant with federal regulations due to a lack of adequate documentation, including inaccurate calculations, to support the allocated amount charged to the CVA grant for administrative and fiscal staff. These exceptions resulted in \$40,297 of questioned costs.

Federal regulations require that charges made to federal awards for salaries, wages, and fringe benefits be based on records that accurately reflect the work performed and be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated. Documentation must support a reasonable allocation or distribution of costs among specific activities or cost objectives for employees who work on multiple grant programs or cost activities.

LCLE did not have adequate controls in place to ensure quarterly allocation percentages applied to payroll expenditures were accurately calculated, adequately supported, and properly allocated to the CVA program. The failure to properly allocate costs to federal programs resulted in noncompliance with federal regulations. This noncompliance also increases the likelihood of federal disallowed costs that LCLE may have to return to the federal grantor.

LCLE should establish controls to ensure the quarterly percentages used to allocate payroll expenditures under the CVA grant are accurately and proportionately calculated with adequate documentation, or LCLE should negotiate a federally approved indirect cost rate for its administrative costs. Management concurred in part with the finding and provided a corrective action plan (see Appendix A, page 1).

**Additional Comments:** LCLE stated there was documentation to support the allocated amounts charged to the CVA grant. However, the documentation that was the basis to expend federal funds and was provided to auditors at the time of our procedures did not adequately support the payroll expenditures charged to the CVA grant for administrative and fiscal staff.

### **Inadequate Controls over Quarterly and Annual Performance Reporting**

LCLE did not have adequate controls in place to ensure accurate data was included in quarterly and annual performance reports submitted to the federal Office for Victims of Crime (OVC) for the CVA program (CFDA 16.575).

Subrecipients submit quarterly reports through Egrants to LCLE that are used to compile LCLE's quarterly reports to the OVC. In a review of two of the four quarterly performance reports submitted by LCLE during fiscal year 2018, the reported data relating to the number of victims served was not consistent between the OVC's Performance Measurement Tool (PMT) system and LCLE's Egrants system. The inconsistencies were identified in nine (21%) of 42 subrecipient reports resulting in five (12%) subrecipients with inaccurate data initially reported to the OVC. Furthermore, because LCLE used the PMT quarterly report submissions to generate its annual performance report, errors in the quarterly reports resulted in errors in LCLE's fiscal year 2018 annual performance report to the OVC.

Federal regulations require that non-federal entities receiving federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal statutes, regulations, and the terms and conditions of the federal award. LCLE did not properly review the accuracy of the data submitted by subrecipients used for federal reporting. Failure to implement adequate controls over performance reporting could result in inaccurate data being reported and noncompliance with applicable reporting requirements.

LCLE should adequately review quarterly performance reports submitted by subrecipients to ensure the data reported in the PMT reports is accurate, complete, properly supported, and consistent with LCLE's Egrants system. Management concurred with the finding and provided a corrective action plan (see Appendix A, pages 2-3).

### **Noncompliance with Subrecipient Monitoring Requirements**

LCLE did not adequately monitor subrecipients under the CVA program, specifically related to performing site visits and ensuring that the required audits were performed timely. Audit procedures identified the following:

- LCLE did not adhere to its monitoring policy that requires a site visit to be scheduled within 150-180 days after the subrecipient's project start date. Of the 206 subrecipients that were required to have a site visit in fiscal year 2018, 158 subrecipients (77%) had site visits that were scheduled after the 180 days, and 41 (20%) did not have site visits performed as of January 2019.
- LCLE did not have adequate controls in place to ensure that required audits were completed within nine months of the subrecipient's fiscal year-end. In a test of 31 subrecipients, LCLE did not ensure that 14 (45%) of these subrecipients either had the required audit completed within nine months of the subrecipient's fiscal year-end or determined that no audit was required.

Federal regulations require that pass-through entities monitor the activities of subrecipients as necessary to ensure the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals. LCLE's internal monitoring policy created to comply with federal regulations requires each subrecipient to be monitored with an onsite visit within 150-180 days after the subaward project start date. In addition, pass-through entities are responsible for ensuring that subrecipients expending \$750,000 or more in federal awards during the subrecipient's fiscal year have the required audits completed within nine months of the end of the subrecipient's audit period; issuing a management decision on audit findings related to federal funds passed through to the subrecipient within six months after receipt of the subrecipient's audit report; and ensuring that the subrecipient takes timely and appropriate corrective action on the audit findings.

Failure to properly monitor subrecipients may result in noncompliance with federal regulations and increases the likelihood of federal disallowed costs that LCLE may have to return to the federal grantor.

LCLE should ensure adherence to its internal monitoring policy by performing timely site visits of all subrecipients. In addition, LCLE should implement controls to ensure the review of subrecipient audit reports are performed timely so LCLE can evaluate the impact of any deficiencies noted and issue management decision letters. Management concurred with the finding and provided a corrective action plan (see Appendix A, pages 4-5).

---

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

As a part of the Single Audit for the year ended June 30, 2018, 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 LCLE's major federal program, as follows:

- Crime Victim Assistance (CFDA 16.575)

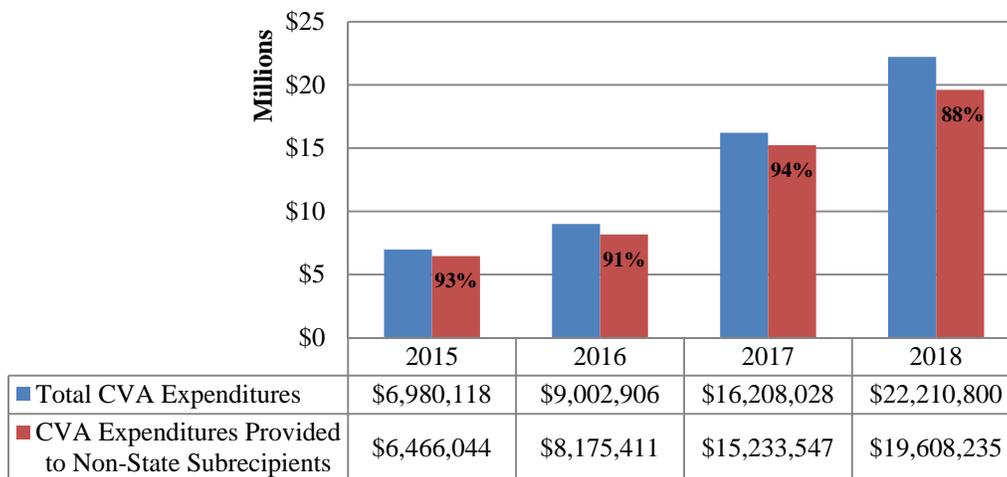
Those tests included evaluating the effectiveness of LCLE’s internal controls designed to prevent or detect material noncompliance with program requirements and tests to determine whether LCLE complied with applicable program requirements.

Based on the results of these Single Audit procedures, we reported findings related to Improper Payroll Allocations, Inadequate Controls over Quarterly and Annual Performance Reporting, and Noncompliance with Subrecipient Monitoring Requirements. These findings will also be included in the Single Audit for the year ended June 30, 2018.

## Trend Analysis

We compared the most current and prior-year financial activity using LCLE’s Annual Fiscal Reports and/or system-generated reports and obtained explanations from LCLE management for any significant variances. The following chart shows expenditures for the CVA program for fiscal year 2015 through fiscal year 2018, including the amounts provided to non-state subrecipients (Exhibit 1). We noted CVA program expenditures have steadily increased over the last four fiscal years as a result of the U.S. Department of Justice’s priority on addressing victimization. In addition, the majority of CVA funds are passed-through to subrecipients (approximately 92% on average being awarded to non-state subrecipients); therefore, this increases the importance of proper subrecipient monitoring by LCLE.

**Exhibit 1**  
**Crime Victim Assistance Expenditures including Amounts**  
**Provided to Non-State Subrecipients,**  
**By Fiscal Year**



**Source:** LCLE FY 2015-2018 Schedule of Expenditures of Federal Awards

The recommendations in this letter represent, in our judgment, those most likely to bring about beneficial improvements to the operations of LCLE. The nature of the recommendations, their implementation costs, and their potential impact on the operations of LCLE should be considered in reaching decisions on courses of action. The findings related to LCLE'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 written in a cursive style with a large initial "D".

Daryl G. Purpera, CPA, CFE  
Legislative Auditor

KPD:LMN:RR:EFS:aa

LCLE 2018



## **APPENDIX A: MANAGEMENT'S RESPONSES**



**State of Louisiana**  
Office of the Governor  
**Louisiana Commission on Law Enforcement**  
**and Administration of Criminal Justice**

**JOHN BEL EDWARDS**  
GOVERNOR

**JIM CRAFT**  
EXECUTIVE DIRECTOR



February 28, 2019

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

Dear Mr. Purpera:

The Louisiana Commission on Law Enforcement (LCLE) concurs in part with the finding titled "Improper Payroll Allocations". LCLE had documentation to support the allocated amount charged to the CVA grant for administrative and fiscal staff. These allocations were based on the previous administration's policies and procedures.

**Corrective Action Plan:**

LCLE will develop a new payroll allocation procedure based on records that accurately reflect the work performed and be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.

**Contact Person Responsible for Corrective Action Plan:**

Jim Craft  
Executive Director

**Anticipated Completion Date:**

May 31, 2019

We appreciate the opportunity to respond to this letter.

Sincerely,

Jim Craft  
Executive Director

**State of Louisiana**  
Office of the Governor  
**Louisiana Commission on Law Enforcement**  
and Administration of Criminal Justice

**JOHN BEL EDWARDS**  
GOVERNOR

**JIM CRAFT**  
EXECUTIVE DIRECTOR



February 25, 2019

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

Dear Mr. Purpera:

The Louisiana Commission on Law Enforcement concurs with the finding titled "Inadequate Controls over Quarterly and Annual Performance Reporting".

**Corrective Action Plan:**

LCLE will develop an analytical validation process designed to verify the data reported by its CVA subrecipients in the LCLE Egrants and OVC Performance Measurements Tool (PMT) systems. The development will include:

- 1.) Establishing a strategy to improve procedures used by LCLE staff to review, verify and validate the accuracy of the subgrants' quarterly report in the Egrants and PMT systems;
- 2.) Develop training for new and experienced LCLE staff to ensure appropriately and consistently review, verify and validate the accuracy of the data submitted in the quarterly reports; and
- 3.) Provide technical assistance to LCLE CVA subrecipients to ensure reporting requirements for both the Egrants and PMT systems are achieved.

The LCLE Federal Program Manager will immediately begin the development of the above corrective action plan to implement new procedures starting with FY2017 CVA funds.

**Contact Person Responsible for Corrective Action Plan**

Jim Craft  
Executive Director

**Anticipated Completion Date**

June 30, 2019

We appreciate the opportunity to respond to this letter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jim Craft", with a long, sweeping horizontal stroke extending to the right.

Jim Craft  
Executive Director

**State of Louisiana**  
Office of the Governor  
**Louisiana Commission on Law Enforcement**  
and Administration of Criminal Justice

**JOHN BEL EDWARDS**  
GOVERNOR

**JIM CRAFT**  
EXECUTIVE DIRECTOR



February 20, 2019

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

Dear Mr. Purpera:

The Louisiana Commission on Law Enforcement concurs with the finding titled “Noncompliance with Subrecipient Monitoring Requirements”.

Due to an increase in grant funding from \$7 million to \$27 million (286% increase) and a lack of staffing, LCLE was unable to maintain compliance with monitoring requirements.

**Corrective Action Plan:**

In order to ensure the appropriate monitoring of subrecipients and compliance with federal requirements, LCLE is in the process of reviewing and changing its monitoring policies and procedures.

These changes include:

- Revising the monitoring plan so that it is flexible but stays within the federal guidelines.
- Withholding a portion of the administrative costs the districts receive when monitoring isn't completed in a timely manner.
- Establishing a “risk-based” monitoring protocol.

LCLE is also in the process of putting into place adequate controls to ensure required audits are completed within nine months of the subrecipient's fiscal year. Some of these controls are:

- Developing procedures to ensure the timely receipt of subrecipient financial statements so the review can be completed within the guidelines.

P.O. Box 3133 ♣ Baton Rouge, Louisiana 70821-3133 ♣ (225) 342-1500 ♣ Fax (225) 342-1847  
An Equal Opportunity Employer

- Developing a method of documenting the timely receipt of subrecipient financial statements.

LCLE expects the policy and procedure revisions to be completed by May 31, 2019.

LCLE will make the policy and procedure revisions effective for grants beginning with the 2017 funding.

LCLE will become current with the review for single audit compliance for financial statements with fiscal year end June 30, 2018, prior to the nine month deadline of March 31, 2019.

**Contact Person Responsible for Corrective Action Plan**

Jim Craft  
Executive Director

**Anticipated Completion Date**

May 31, 2019

We appreciate the opportunity to respond to this letter.

Sincerely,



Jim Craft  
Executive Director



## APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the Louisiana Commission on Law Enforcement and Administration of Criminal Justice (LCLE) for the period from July 1, 2017, through June 30, 2018, 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. Our procedures, summarized below, are a part of the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2018.

- We evaluated LCLE'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 LCLE.
- We performed procedures on the Crime Victim Assistance (CFDA 16.575) federal program for the year ended June 30, 2018, as a part of the 2018 Single Audit.
- We compared the most current and prior-year financial activity using LCLE's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from LCLE's management for significant variances.

The purpose of this report is solely to describe the scope of our work at LCLE and not to provide an opinion on the effectiveness of LCLE'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.

We did not audit or review LCLE's Annual Fiscal Report, and accordingly, we do not express an opinion on that report. LCLE's accounts are an integral part of the State of Louisiana's Comprehensive Annual Financial Report, upon which the Louisiana Legislative Auditor expresses opinions.