

DEPARTMENT OF AGRICULTURE AND FORESTRY

STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

**Procedural Report
Issued July 30, 2025**

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

LEGISLATIVE AUDITOR
MICHAEL J. "MIKE" WAGUESPACK, CPA

FIRST ASSISTANT LEGISLATIVE AUDITOR
BETH Q. DAVIS, 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.la.la.gov. When contacting the office, you may refer to Agency ID No. 3280 or Report ID No. 80250030 for additional information.

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 \$0.25. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31.

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 Jenifer Schaye, General Counsel, at 225-339-3800.

Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA

Department of Agriculture and Forestry



July 2025

Audit Control # 80250030

Introduction

The primary purpose of our procedures at the Louisiana Department of Agriculture and Forestry (LDAF) was to evaluate certain controls LDAF 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.

Results of Our Procedures

We evaluated LDAF'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 LDAF's controls and our understanding of related laws and regulations, and the results of our analytical procedures, we performed procedures relating to self-generated revenues, statutorily-dedicated revenues, payroll expenditures, LaCarte purchasing card expenditures, LAFA lease expenditures, other non-payroll expenditures, and LaGov user access.

Follow-up on Prior-report Finding

We reviewed the status of the prior-report finding in LDAF's management letter report dated April 3, 2024. The prior-report finding related to Inadequate Controls over Payroll has not been resolved and is addressed again in this report.

Current-report Finding

Inadequate Controls over Payroll

For the second consecutive engagement, LDAF did not maintain adequate internal controls to ensure timely certification of time statements by employees and timely approval of time statements by supervisors. Failure to ensure that employees and

supervisors are timely certifying and approving time statements increases the risk that errors and/or fraud could occur and not be detected in a timely manner.

Our review of LaGov system reports for the period April 15, 2024, through January 30, 2025, identified the following exceptions:

Of 12,742 time statements for the period under review:

- 759 (6%) were certified by employees between 1 and 167 days (or an average of 8 days) after the payroll posting date.
- 1,738 (14%) were approved by supervisors between 1 and 98 days (or an average of 5 days) after the payroll posting date.

LDAF did not adhere to its policy, which requires employees to certify and supervisors to approve time statements in the Cross-Application Time Sheet system by the payroll posting date, and requires time administrators to monitor the e-certification process.

LDAF management should enforce time and attendance policies and establish monitoring procedures to ensure employees comply with the existing policy, including properly certifying and approving time statements in a timely manner. Management concurred with the finding and provided a corrective action plan (see Appendix A).

Self-generated Revenues

Self-generated revenues from license fees, permit fees, certifications, etc. comprise approximately 17% of LDAF's revenue in fiscal year 2024 and 10% for the first seven months in fiscal year 2025. We performed a test of self-generated revenues for the period July 1, 2023, through January 31, 2025, to ensure fees collected were in accordance with LDAF's fee schedule, adequately supported, and accurately recorded. Based on the results of our procedures, LDAF had adequate controls in place to ensure that revenue collections were properly collected and recorded in the accounting system.

Statutorily-Dedicated Revenues

We performed procedures on the Weights and Measures Fund, Agriculture Commodity Dealers and Warehouse Fund, Pesticide Fund, and Feed and Fertilizer Fund for the period July 1, 2023, through January 31, 2025, to determine if the fees charged were in accordance with established fees and applicable revised statutes. LDAF had adequate controls in place over these statutory dedications to ensure that fees collected were in accordance with state regulations, adequately approved and supported, and properly coded in the accounting records.

Payroll Expenditures

Salaries and related benefits comprise approximately 67% of LDAF's expenditures in fiscal year 2024 and 68% for the first seven months in fiscal year 2025. We performed procedures on pay periods from April 15, 2024, through January 30, 2025, to determine whether time statements were properly certified and approved in a timely manner. Additionally, we performed a test of payroll expenditures for the period July 1, 2023, through January 31, 2025, to ensure employees were paid the amounts authorized. Based on the results of our procedures, except as noted in the Current-report Finding section, LDAF had adequate controls in place to ensure employees were paid the amounts authorized; however, for the second consecutive year, LDAF did not have adequate controls to ensure timely certification and approval of employee time statements.

LaCarte Purchasing Card Expenditures

LDAF participates in the state of Louisiana's LaCarte purchasing card program for general office supplies and administrative expenses. We obtained an understanding of LDAF's controls over access to and use of these cards. We analyzed LaCarte card transaction listings for the period July 1, 2023, through January 31, 2025, and reviewed selected transactions. Based on the results of our procedures, LDAF had adequate controls to ensure that purchases were approved and made for proper business purposes; purchases were made in compliance with applicable laws and regulations and established policies and procedures; sufficient documentation was maintained to support purchases; and purchases were properly reconciled to invoices and receipts.

LAFA Lease Expenditures

On July 1, 2024, LDAF renewed the lease agreement with the Louisiana Agricultural Finance Authority (LAFA) for the lease of various properties for office space and warehouses totaling \$2,005,988 annually with a lease term of five years. The lease agreement states that LDAF shall maintain the properties and make all necessary repairs at its own expense, and that such maintenance costs shall be credited toward the rental payments made to LAFA. We obtained an understanding of the lease agreement and analyzed LDAF's maintenance expenditures used to offset lease payments during fiscal year 2024. Based on the results of the procedures, the maintenance expenditures used to offset lease payments were reasonable and LDAF complied with the lease requirements.

Other Non-payroll Expenditures

Other non-payroll expenditures consist of expenditures other than LaCarte purchasing card expenditures and LAFA lease expenditures as noted above. We performed a test of other non-payroll expenditures for the period July 1, 2023, through January 31, 2025. Based on the results of our procedures, LDAF had adequate controls to ensure that purchases were approved and made for proper business purposes; purchases were made in compliance with applicable laws and regulations and established policies and procedures; sufficient documentation was maintained to support purchases; and purchases were properly reconciled to invoices and receipts.

LaGov User Access

We performed procedures to determine whether access to LaGov was restricted to business-need only and adequately segregated. We also performed procedures to determine whether access was removed timely for terminated employees. Based on the results of our procedures, LDAF had adequate controls in place to ensure access was properly restricted and segregated. In addition, LDAF had adequate controls in place to ensure terminated employees' access was removed in a timely manner.

Trend Analysis

We compared the most current and prior-year financial activity using LDAF's Annual Fiscal Reports and/or system-generated reports and obtained explanations from LDAF'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,

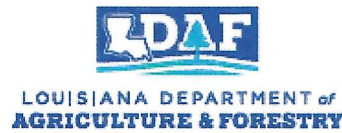


Michael J. "Mike" Waguespack, CPA
Legislative Auditor

DG:JBM:BH:BQD:aa

LDAF2025

APPENDIX A: MANAGEMENT’S RESPONSE



MIKE STRAIN, DVM Commissioner

June 18, 2025

Michael J. Waguespack, CPA
Louisiana Legislative Auditor
1600 North 3rd Street
PO Box 94397
Baton Rouge, LA 70804

Dear Mr. Waguespack,

The Louisiana Department of Agriculture and Forestry (LDAF) is in receipt of the reportable finding pursuant to your letter dated June 10, 2025.

The LDAF acknowledges the audit finding regarding the inadequacy of internal controls to ensure timely certification and approval of time statement by employees and timely approval of time statements by supervisors and appreciates the confirmation that no instances of fraud were identified. While we recognize that adherence to deadlines is essential for operational efficiency and compliance, we would like to emphasize that the delays were not indicative of any misconduct or fraudulent activity.

Following the previous audit cycle, we instituted a new policy titled "Electronic Time Entry and Certification of Employee Time Statements Policy." This policy delineates the responsibilities of both employees and supervisors. Since its implementation, LDAF has realized a notable improvement and will continue to strive for compliance.

To address the most recent inadequate controls, we are integrating the critical role of time management with compliance expectations into our newly developed leadership training program. This leadership training will be conducted in person for all current and future leaders appointed at LDAF, the training will launch at the start of FY 25-26.

We are committed to addressing the findings and further enhancing our payroll controls. To this end, the Human Resources Payroll Team will continue the practice of auditing the CATS certification and approval processes for each pay period for full-time and applicable part-time employees. The results of these internal audits will continue to be shared with the respective administrators to ensure transparency and accountability in our operations. We are dedicated to improving our timeliness and overall operational performance, and we remain committed to achieving total compliance through enhanced internal controls and operational performance.

Sincerely,

Dane K. Morgan
Assistant Commissioner
Office of Management and Finance

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the LDAF for the period from July 1, 2023, through June 30, 2025. Our objective was to evaluate certain controls LDAF 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 LDAF's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. The LDAF's accounts are an integral part of the state of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- 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 laws and regulations applicable to LDAF.
- Based on the documentation of LDAF's controls and our understanding of related laws and regulations, and results of our analytical procedures, we performed procedures relating to self-generated revenues, statutorily-dedicated revenues, payroll expenditures, state purchasing card expenditures, LAFA lease expenditures, other non-payroll expenditures, and LaGov user access.
- We compared the most current and prior-year financial activity using LDAF's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from LDAF'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 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 purpose.