

DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS – PUBLIC SAFETY SERVICES

STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

Management Letter
Issued June 18, 2025

**LOUISIANA LEGISLATIVE AUDITOR
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Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA



Department of Public Safety and Corrections –
Public Safety Services

June 2025

Audit Control # 80240090

Introduction

As a part of our audit of the State of Louisiana’s Annual Comprehensive Financial Report and our work related to the Single Audit of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2024, we performed procedures at the Department of Public Safety and Corrections, Public Safety Services (DPS) to provide assurances on financial information that is significant to the state’s Annual Comprehensive Financial Report; evaluate the effectiveness of DPS’s internal controls over financial reporting and compliance; and determine whether DPS complied with applicable laws and regulations.

In addition to the procedures noted above, we also determined whether management has taken actions to correct the findings reported in the prior management letter.

Results of Our Procedures

Follow-up on Prior-year Findings

Our auditors reviewed the status of the prior-year findings reported in the DPS management letter dated December 11, 2023. We determined that management has resolved the prior-year finding related to Noncompliance with State Purchasing Regulations. We also determined that management has resolved the Office of State Fire Marshal (OSFM) portion of the finding titled Weaknesses in Controls over Property of the Office of State Police and Office of State Fire Marshal; however, the portion of this finding related to the Office of State Police (OSP) has not been fully resolved and is addressed again in this letter. Finally, the prior-year finding related to Lack of Adherence to Controls over Payroll has not been fully resolved and is addressed again in this letter.

Current-year Findings

Lack of Adherence to Controls over Payroll

For the third consecutive engagement, the DPS, OSFM did not timely certify and approve time sheets. OSFM utilizes electronic time sheets in the Cross-Application Time Sheet system.

In our review of payroll system reports for OSFM for the period between October 1, 2023, and June 30, 2024, we noted the following:

- 558 (11%) of 5,195 time sheets were not certified by the employee.
- 999 (19%) of 5,195 time sheets totaling approximately \$3.3 million in salaries, wages, leave, and overtime paid were not approved by the supervisor prior to payroll processing. At the time of our testing, 510 time sheets were not approved by a supervisor and 489 time sheets were approved by the employees' supervisors between 1 and 341 days (or an average of 28 days) after the payroll posting date.

DPS payroll policy requires time sheet approvers to ensure entries are submitted by subordinate employees by the close of the applicable pay period. Approvers are also responsible for reviewing certified time sheets for accuracy and immediately approving or rejecting the certified time statement. Action should be taken on time sheets no later than the Wednesday following the close of the pay period.

OSFM employees did not adhere to controls over payroll to certify and approve hours actually worked. 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 properly certifying and approving time sheets in a timely manner. Management concurred with the finding and provided a corrective action plan (see Appendix A, page 1).

Weaknesses in Controls over Property of the Office of State Police

The OSP did not ensure that all property purchased was timely tagged and recorded in the state property system in accordance with state property regulations. This is the sixth consecutive engagement in which this issue related to OSP movable property was noted.

The Louisiana Administrative Code requires all movable property items having an original acquisition cost of \$1,000 or more to be tagged with a uniform state of Louisiana identification tag, and all pertinent inventory information forwarded to the Louisiana Property Assistance Agency within 60 calendar days after receipt of the items.

Our procedures performed on 35 OSP movable property items recorded between September 29, 2023, and June 30, 2024, disclosed the following:

- 10 items (29%) totaling \$9,476,226 were not entered into the LaGov property system within 60 days of acquisition. Of those 10 items, two were entered only after notification by the auditor of the asset purchases. The time between the acquisition date of the assets and

entry into LaGov ranged from 167 to 389 days (or an average of 222 days).

- The acquisition cost entered into the LaGov property system for three items tested (9%) did not agree to the purchase amount per invoice. The total cost of the three assets, which included two helicopters and one narcotics canine, was understated by \$9,430,170.

OSP's movable property function is hampered by employees not adhering to department procedures for tagging and recording assets and the decentralization of movable property at various locations. Failure to comply with state property regulations increases the risk that assets may be misreported, lost, or stolen.

OSP management should ensure that information included in LaGov is accurate and complete through reconciliations to purchases per the accounting system and through the establishment of centralized receiving locations to the extent possible. Management concurred with the finding and provided a corrective action plan (see Appendix A, pages 2-3).

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, 2024, we considered internal control over financial reporting and examined evidence supporting motor vehicle sales tax revenues of the DPS Office of Motor Vehicles and the additions and deletions of the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund.

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

Trend Analysis

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

The recommendations in this letter represent, in our judgment, those most likely to bring about beneficial improvements to the operations of DPS. The nature of the recommendations, their implementation costs, and their potential impact on the operations of DPS should be considered in reaching decisions on courses of action. The findings related to DPS'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,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

CB:LA:RR:BQD:aa
DPS2024

APPENDIX A: MANAGEMENT'S RESPONSES



JEFF LANDRY
GOVERNOR

LOUISIANA DEPARTMENT OF PUBLIC SAFETY & CORRECTIONS
PUBLIC SAFETY SERVICES



ED BRANCH
STATE FIRE MARSHAL

OFFICE OF STATE FIRE MARSHAL

May 7, 2025

Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804

Re: OSFM Lack of Adherence to Controls over Payroll

Mr. Waguespack:

I have reviewed your finding regarding the recent audit "*Office of State Fire Marshal (OSFM) Lack of Adherence to Controls over Payroll*" for the period between October 1, 2023 and June 30, 2024. It was shown OSFM did not timely certify and approve time sheets. OSFM utilizes electronic time sheets in the Cross-Application Time Sheet (CATS) system. It showed 11% of timesheets were not certified by the employee and 19% of timesheets were not approved by the supervisor prior to payroll processing.

I agree with the results of your audit. In August and September 2024, we added timekeepers to assist with following up and reminding employees and supervisors of the policy. Also, OSFM will receive a non-compliance list from Human Resources at the close of payroll. An email is then sent to employees and supervisors who did not follow the payroll policy. We remind them that compliance is not option, but required. For repeat offenders, disciplinary action will be taken.

The following "Corrective Action Plan" will be implemented: SFM management will ensure employees and approvers take action on an employee's time statement before 10:00 PM on Payroll Wednesday in accordance with policy. Approvers should delegate to a substitute approver when they are not available to take action. This plan will be implemented immediately. Lindsay Savoy, Executive Staff Officer, will be the point of contact to ensure constant reminders are sent to employees and supervisors.

I would like to thank you and your staff for your guidance through this process.

Sincerely,

Ed Branch
State Fire Marshal



JEFF LANDRY
GOVERNOR

COLONEL ROBERT P. HODGES
DEPUTY SECRETARY

State of Louisiana
Department of Public Safety and Corrections
Public Safety Services

June 03, 2025

Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
1600 N. Third St.
Baton Rouge, Louisiana 70802

RE: Office of State Police Movable Property Audit: Weakness in Controls over Property of the Office of State Police

Mr. Waguespack,

On May 27, 2025, the Louisiana State Police (LSP) received a letter from your office regarding the above referenced movable property audit. LSP has over 25,000 pieces of movable property under its span of control, and the Technology and Business Support Unit (TBS) serves as the property manager for LSP's assets. TBS was assigned the task of reviewing the audit findings and evaluating the department's movable property tagging procedures. Below is an outline of our findings and corrective measures:

1. LLA Report: Weakness in Controls over Property of the Office of State Police

- LSP concurs with the finding and the recommendation outlined in the report for the reasons listed below:
 - Ten movable property items, each with a value greater than \$1,000, were not entered into the system within 60 days
 - Two movable property items, each with a value greater than \$1,000, were not entered into the system
 - Three movable property items had either no cost or an incorrect cost listed in the system

2. LSP Corrective Action Plan

- While TBS is the overall manager of LSP movable property, each section within LSP is assigned an individual property custodian. TBS will work with the Louisiana Property Assistance Agency (LPAA) to create movable property training tailored to LSP needs. The training will address movable property requirements outlined in LAC Title 34, which includes property tagging requirements. All property custodians will be required to attend one of these training sessions.

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- Contact Person: Michele Swanson, Administrative Program Manager 3, TBS
- Anticipated Completion Date: February 28, 2026 (completion means all property custodians have received training)
- All sections within LSP can submit purchase requests to TBS through Monday.com. While TBS completes the purchase, the section's property custodian is responsible for tagging the property.
 - TBS will add a movable property question to the purchase request. Example: "Will items in this purchase request require a property tag?" If the answer is "yes", TBS will not submit the purchase request for payment until a property tag number is supplied. This will provide an extra layer of oversight in the movable property process.
 - Contact Person: Michele Swanson, Administrative Program Manager 3, TBS
 - Anticipated Completion Date: July 01, 2025

LSP is committed to meeting the standards outlined in LAC Title 34, Part VII, Property Control. LSP, through the Technology and Business Support Unit, will improve movable property controls by working with its internal and external partners to develop a comprehensive training program for its property custodians. This training, in conjunction with internal purchasing controls, will address the weaknesses in controls identified by your office.

If you have any questions or concerns about this information, please contact me at nicole.kilgore@la.gov.

Cordially,



Major Nicole R. Kilgore
Command Inspector, Support Services

Cc: Col. Robert P. Hodges
LTC Frank J. Besson
LTC Cordell L. Williams
LTC Robert A. Burns II
LTC Treone W. Larvadain
LTC John Porter
LTC Jody Hasselbeck
Alison Farr
Katie Thompson

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APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the Department of Public Safety and Corrections, Public Safety Services (DPS) for the period from July 1, 2023, through June 30, 2024, to provide assurances on financial information significant to the State of Louisiana's Annual Comprehensive Financial Report, 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 Annual Comprehensive Financial Report and our work related to the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2024.

- We evaluated DPS'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 DPS.
- Based on the documentation of DPS'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 Annual Comprehensive Financial Report.
- We compared the most current and prior-year financial activity using DPS's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from DPS's management for significant variances.

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