

LOUISIANA DEPARTMENT OF JUSTICE

STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

**Procedural Report
Issued July 30, 2025**

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Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA

Louisiana Department of Justice



July 2025

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Introduction

The primary purpose of our procedures at the Louisiana Department of Justice (DOJ) was to evaluate certain controls DOJ 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 DOJ'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 DOJ's controls and our understanding of related laws and regulations, and the results of our analytical procedures, we performed procedures relating to the internal audit function, payroll expenditures, capital outlay expenditures, the Legal Support Fund, and the Going-Out-of-Business (GOB) Escrow Fund.

Follow-Up on Prior-report Findings

We reviewed the status of the prior-report findings in DOJ's procedural report dated August 30, 2023. We determined that management has resolved the prior-report findings related to Untimely Classification and Notification of Legal Support Fund Deposits and Failure to Remit GOB Escrow Fund Deposits to Unclaimed Property.

Internal Audit Function

We performed procedures that included obtaining, documenting, and reviewing internal controls and compliance with related laws and regulations over the internal audit function. Based on the results of our procedures, we found no issues or weaknesses that were required to be reported.

Payroll Expenditures

Salaries and related benefits comprised approximately 76% and 78% of DOJ's expenditures in fiscal years 2023 and 2024, respectively. We obtained an understanding of DOJ's controls over its time and attendance function and reviewed a randomly-selected sample of employees' time and leave records. We also analyzed time certification and approval reports for DOJ covering fiscal years 2023 and 2024. Based on the results of our procedures, we determined that DOJ had adequate controls in place to ensure employees were paid at the authorized rate and that time and leave records were properly certified and approved.

Capital Outlay Expenditures

We obtained an understanding of DOJ's controls over capital outlay acquisitions, which primarily include purchases of computer hardware and software, vehicles, and office furniture and equipment. We reviewed a sample of capital outlay expenditures from fiscal years 2023 and 2024. Based on the results of our procedures, we determined that DOJ had adequate controls in place to ensure the acquisitions were adequately supported, properly approved, and in compliance with applicable procurement laws and regulations.

Legal Support Fund

The DOJ Legal Support Fund was established by Louisiana Revised Statute (R.S.) 49:259 to use proceeds recovered by the Attorney General on behalf of the state from court judgments, settlements, fine, fees, forfeitures, and penalties and from the recovery or award of attorney fees for the purposes of defraying legal costs incurred, including costs of expert witnesses and contract legal counsel to represent the state. All deposits made into the Legal Support Fund require notification to the State Treasurer, the Joint Legislative Committee on the Budget, and the Commissioner of Administration in accordance with R.S. 49:259(B)(2).

We obtained an understanding of the laws and regulations governing the types of proceeds that should comprise the Legal Support Fund. We selected a sample of inflows recorded in the fund and examined supporting documentation to determine if the inflows were adequately supported, properly recorded, classified in a timely manner, and whether required notifications were made in accordance with applicable laws. Based on the results of our procedures, we determined that DOJ had adequate controls in place to ensure that proceeds were timely classified to the Legal Support Fund and that notifications were made to the State Treasurer, the Joint Legislative Committee on the Budget, and the Commissioner of Administration in accordance with R.S. 49:259(B)(2).

Going-Out-of-Business Escrow Fund

DOJ's Administrative and Public Protection Divisions administer the provisions of R.S. 51:42 through R.S. 51:53, related to the conduct of GOB sales. In accordance with R.S. 51:47(D), applicants seeking to conduct a GOB sale must obtain a GOB license by remitting a deposit to DOJ's Public Protection Division in an amount equal to the greater of \$500 or 1% of the wholesale cost of the inventory to be sold, not to exceed \$5,000. These deposits are held in the GOB Escrow Fund within the Louisiana State Treasury and may be returned to applicants upon completion of the GOB sale. Pursuant to R.S. 51:51(E), deposits that remain in the fund for more than 365 calendar days from the expiration of the license must be remitted to the Unclaimed Property Division of the Louisiana State Treasury. The balance in the GOB Escrow Fund was \$28,420 as of June 30, 2023, and \$6,974 as of March 31, 2024.

We obtained an understanding of the applicable laws and regulations governing GOB sales, as well as DOJ's policies and procedures related to the receipt, retention, and return of deposits in the GOB Escrow Fund. Based on the results of our procedures, we determined that DOJ either returned deposits to applicants upon conclusion of the GOB sale or remitted deposits held for more than one year to the Unclaimed Property Division of the Louisiana State Treasury in accordance with R.S. 51:51(E) and 51:51(G).

Trend Analysis

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

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DOJ2024

APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at the Louisiana Department of Justice (DOJ) for the period from July 1, 2022, through June 30, 2024. Our objective was to evaluate certain controls DOJ 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 DOJ's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. DOJ's accounts are an integral part of the state of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated DOJ'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 DOJ.
- Based on the documentation of DOJ's controls and our understanding of related laws and regulations, and results of our analytical procedures, we performed procedures relating to the internal audit function, payroll expenditures, capital outlay expenditures, the Legal Support Fund, and the Going-Out-of-Business Escrow Fund.
- We compared the most current and prior-year financial activity using DOJ's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from DOJ'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 DOJ, and not to provide an opinion on the effectiveness of DOJ'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.