

# **DEPARTMENT OF AGRICULTURE AND FORESTRY**

STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

**Management Letter**  
**Issued April 3, 2024**

**LOUISIANA LEGISLATIVE AUDITOR  
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**FIRST ASSISTANT LEGISLATIVE AUDITOR**  
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# Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA

Department of Agriculture and Forestry



April 2024

Audit Control # 80230083

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## Introduction

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As a part of our work related to the Single Audit of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2023, we performed procedures at the Louisiana Department of Agriculture and Forestry (LDAF) to evaluate the effectiveness of LDAF's internal controls over compliance; and determine whether LDAF complied with applicable laws and regulations.

In addition to the procedures noted above, we also performed certain other procedures for the period July 1, 2021 through June 30, 2023.

We also determined whether management has taken actions to correct the findings reported in the prior years.

## Results of Our Procedures

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### Follow-up on Prior-year Findings

Our auditors reviewed the status of the prior-year findings reported in the LDAF management letter dated April 12, 2021, and procedural report dated August 4, 2021. We determined that management has resolved the prior-year findings related to Inadequate Controls over Reporting on the Schedule of Expenditures of Federal Awards and Noncompliance and Control Weakness over the Forestry Productivity Program.

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### Current-year Finding

#### Inadequate Controls over Payroll

LDAF did not maintain adequate controls over payroll processing, which resulted in untimely or lack of certification of time statements by employees and untimely or lack of 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 July 1, 2022, through June 11, 2023, identified the following exceptions:

- Of 12,415 time statements for the period under review:
  - 880 (7%) were certified by employees between 1 and 379 days (or an average of 20 days) after the payroll posting date.
  - 456 (4%) were not certified by an employee.
  - 2,693 (22%) were approved by supervisors between 1 and 476 days (or an average of 12 days) after the payroll posting date.
  - 309 (2%) were not approved by supervisors.

Per management, LDAF does not have a written policy and did not adhere to its general guidance which requires employees to certify and supervisors to approve time statements in the Cross-Application Time Sheet (CATS) system by the payroll posting date, and requires time administrators to monitor the e-certification process.

LDAF management should adopt a formal policy over payroll processing that clearly defines when employees must certify and supervisors must approve time and attendance records. Management should establish monitoring procedures to ensure that timesheets are certified and approved in a timely manner. Management concurred with the finding and provided a corrective action plan (see Appendix A).

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

As a part of the Single Audit for the year ended June 30, 2023, 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 LDAF's major federal program, Food Distribution Cluster (Assistance Listing 10.568 and 10.569).

Those tests included evaluating the effectiveness of LDAF's internal controls designed to prevent or detect material noncompliance with program requirements and tests to determine whether LDAF complied with applicable program requirements. Based on the results of these procedures, we did not report any findings.

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### **Other Procedures**

In addition to the Single Audit procedures noted above, we performed certain procedures that included obtaining, documenting, and reviewing LDAF's internal control and compliance with related laws and regulations over the Forestry Productivity Fund for fiscal years 2022 and 2023, to determine if the fees charged

were in accordance with established fees and that expenditures for the program were in accordance with the applicable revised statute. Based on the results of these procedures, we determined management has resolved the prior-report finding related to Control Weakness over the Forestry Productivity Program.

We also performed procedures to determine whether access to LaGov was restricted to business-need only and adequately segregated. In addition, we 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.

We obtained an understanding of LDAF's controls over the time and attendance function and reviewed employee time statements processed between July 1, 2022, through June 11, 2023. We obtained an understanding of LDAF's controls over processing personnel changes and reviewed 22 selected personnel changes processed during the same time period to determine if the changes were made in accordance with LDAF policy and were properly approved. Based on the results of our procedures, LDAF had adequate controls in place to ensure that personnel and salary changes were in accordance with LDAF policy; however, LDAF did not have adequate controls over payroll processing as noted in the Current-year Finding section.

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### **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.

The recommendation in this letter represents, in our judgment, that which will most likely bring about beneficial improvements to the operations of LDAF. The nature of the recommendation, its implementation costs, and its potential impact on the operations of LDAF should be considered in reaching decisions on courses of action.

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

BL:JBM:BH:BQD:aa

LDAF2023



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

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LOUISIANA DEPARTMENT OF AGRICULTURE & FORESTRY  
 MIKE STRAIN DVM  
 COMMISSIONER



March 19, 2024

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 Fax: 925-6012

**Soil & Water Conservation**  
 Suite 7000  
 (225) 922-1269  
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Dear Mr. Waguespack:

The Louisiana Department of Agriculture and Forestry (LDAF) is in receipt of the reportable audit finding pursuant to your letter dated March 7, 2024.

The LDAF concurs that no formal written policy was adopted pertaining to Cross-Application Time Sheet (CATS) when the department started utilizing CATS over ten years ago. The LDAF will adopt a formal policy for CATS which will continue to ensure accountability and clearly define entry, certification, and approval requirements.

The nature of the LDAF work assignments poses challenges to meet the current LDAF guidelines. LDAF personnel often work in remote, rural areas, away from connectivity to the CATS system. The policy will provide reasonable solutions to address these situations.

The LLA review had no finding of fraud or inaccuracies in time statements. LDAF contends that although there were instances of non-conformance to the guidelines in the certification and approval, the integrity and accuracy of the time statement information was maintained.

To address the concerns of the LLA regarding nonadherence to payroll policy (guidelines), LDAF has implemented procedures to strengthen internal payroll controls so that time statements are certified and approved in a timely manner. These measures include assigning specific payroll duties to one Human Resource employee, as opposed to having these duties shared among the entire Human Resources team. Furthermore, we have incorporated reminder email communication to the supervisors related to time certification. The emails are sent directly to the employee, supervisor, and time administrators with the intent that increased communication and stricter payroll controls will assist in our efforts to improve in this area. In addition, the SF-3 for the designated HR analyst has been updated to reflect these duties and as the appropriate revisions have been applied within the SOP (Standard Operation Procedure).

Sincerely,

Dane K. Morgan  
 Assistant Commissioner  
 Office of Management and Finance



## APPENDIX B: SCOPE AND METHODOLOGY

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We performed certain procedures at the Louisiana Department of Agriculture and Forestry (LDAF) for the period from July 1, 2022, through June 30, 2023, 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 our work related to the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2023.

- 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.
- We performed procedures on the Food Distribution Cluster (Assistance Listing 10.568 and 10.569) for the year ended June 30, 2023, as a part of the 2023 Single Audit.
- 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 significant variances.

In addition, we performed certain other procedures for the period from July 1, 2021, through June 30, 2023. 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 these procedures was significantly less than an audit conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

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 purposes.

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