

# **DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS – YOUTH SERVICES – OFFICE OF JUVENILE JUSTICE STATE OF LOUISIANA**

**FINANCIAL AUDIT SERVICES**

**Procedural Report  
Issued October 24, 2022**

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# Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA



Department of Public Safety and Corrections –  
Youth Services – Office of Juvenile Justice

October 2022

Audit Control # 80220013

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## Introduction

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The primary purpose of our procedures at the Department of Public Safety and Corrections – Youth Services – Office of Juvenile Justice (OJJ) was to evaluate certain controls OJJ 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

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We evaluated OJJ'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 OJJ's controls and our understanding of related laws and regulations, and the results of our analytical procedures, we performed procedures relating to purchasing card expenditures, controlled billed account expenditures, payroll and personnel expenditures, placement services expenditures, professional services medical expenditures, and acquisitions and major repair expenditures.

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## Follow-up on Prior-report Findings

We reviewed the status of the prior-report findings in OJJ's procedural report dated September 23, 2020. We determined that management has resolved the prior-report finding related to Weakness in Controls over Professional Services Medical Expenditures. The prior-report finding related to Inadequate Controls over Time and Attendance has not been resolved and is addressed again in this report.

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## **Current-report Finding**

### **Inadequate Controls over Time and Attendance**

For the third consecutive engagement, OJJ did not maintain adequate internal controls over time and attendance to ensure that accurate data was entered and processed into the payroll system.

In our review of 30 time and attendance records for the period July 2020 through January 2022, we noted six records (20%) that included the following discrepancies:

- For three employees, hours worked and leave taken per timesheet and ZT02 report did not agree with auditor's recalculation, resulting in discrepancies in the number of leave hours taken, shift differential charged, and overtime earned.
- One employee was paid for eight hours of work rather than eight hours of sick leave per their timesheet.
- For three employees, some of which are included above, 10 leave slips, one timesheet, and one overtime form was not signed by the employee and/or supervisor.

These differences occurred because supervisors did not detect errors on employee timesheets and time administrators did not verify accuracy of hours on the ZT02 report. Failure to implement good internal controls over time and attendance increases the risk that payroll errors and/or fraud could occur and remain undetected.

OJJ's time and attendance policy provides that supervisors are responsible for approving all timesheets and time administrators are responsible for reviewing the ZT02 report to verify its accuracy.

Management should enforce and monitor its established policies and procedures related to time and attendance as well as provide additional training to employees. Management concurred with the finding and outlined a plan of corrective action (see Appendix A).

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## **Purchasing Card Expenditures**

OJJ participates in the state of Louisiana's LaCarte purchasing card program for general office supplies and administrative expenditures. We obtained an understanding of OJJ's controls over access to and use of these cards.

We analyzed LaCarte card transaction listings for the period July 1, 2020, through December 31, 2021, and reviewed selected transactions. Based on the results of our procedures, OJJ had adequate controls to ensure that purchases were approved and

made for proper business purposes; sufficient documentation was maintained to support purchases; and purchases were properly reconciled to invoices and receipts.

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## **Controlled Billed Account Expenditures**

OJJ participates in the state of Louisiana's Controlled Billed Account (CBA) program for travel expenditures including hotels, flights, and conference registrations. We obtained an understanding of OJJ's controls over access to and use of these credit accounts.

We analyzed CBA expenditures for the period July 1, 2020, through December 31, 2021, and reviewed selected transactions. Based on the results of our procedures OJJ had adequate controls to ensure that purchases were approved and made for proper business purposes; sufficient documentation was maintained to support purchases; and purchases were properly reconciled to invoices and receipts.

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## **Payroll and Personnel Expenditures**

Salaries and related benefits comprised approximately 45% of OJJ's expenditures in fiscal year 2021 and 48% in fiscal year 2022, as of December 31, 2021. We obtained an understanding of OJJ's controls over the time and attendance function and reviewed selected employee time statements and leave records.

Based on the results of our procedures, as noted in the Current-report Finding section, OJJ did not maintain adequate internal controls over time and attendance to ensure that accurate data was entered and processed into the payroll system.

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## **Placement Services Expenditures**

Placement services expenditures include contract payments for meals, incentive-based positive behavior management programs, treatment plans, counseling, psychiatric consultation, and accredited educational services to youth housed in OJJ's custody. Expenditures totaled approximately \$16.5 million and \$9.3 million for fiscal years 2021 and 2022 at December 31, 2021, respectively. We obtained an understanding of OJJ's controls over the awarding and payment of these contracts.

We selected placement services expenditures from July 1, 2020, through December 31, 2021, and examined supporting documentation for transactions. Based on the results of our procedures, OJJ had adequate controls in place to ensure that contracts were properly approved and expenditures were in accordance with the terms of the contracts, were properly recorded, and had adequate supporting documentation.

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## **Professional Services Medical Expenditures**

The majority of professional services medical expenditures are related to OJJ contracts with a healthcare company providing on-site health care services including medical, nursing, mental/behavioral health, dental and pharmacy to youth housed in secure care facilities. Expenditures totaled approximately \$8.3 million and \$3.0 million for fiscal years 2021 and 2022 at December 31, 2021, respectively. We obtained an understanding of OJJ's controls over the awarding and payment of the contracts in accordance with fee schedules and adjustments for average daily youth population fluctuations.

We selected professional services medical expenditures from July 1, 2020, through December 31, 2021, and examined supporting documentation for transactions. Based on the results of our procedures OJJ had adequate controls in place to ensure that contracts were properly approved and expenditures were in accordance with the terms of the contracts, were properly recorded, and had adequate supporting documentation.

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## **Acquisitions and Major Repair Expenditures**

Acquisitions and major repairs expenditures are related to OJJ's long-term goal to modernize and update their juvenile facilities and replace their current offender management system, Juvenile Electronic Tracking System (JETS) with a more modern internet-based system. Expenditures for Major Repairs - Buildings totaled approximately \$8 million for fiscal year 2021 and \$0 for fiscal year 2022 at December 31, 2021. Expenditures for Acquisitions/Major Repairs Other (JETS), totaled approximately \$5.6 million for fiscal year 2021 and \$322 thousand for fiscal year 2022 at December 31, 2021.

We selected acquisitions and major repairs expenditures from July 1, 2020, through December 31, 2021, and examined supporting documents for transactions. Based on the results of our procedures, expenditures were properly recorded and had adequate supporting documentation.

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## **Trend Analysis**

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

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## Other Report

On April 20, 2022, a report was issued by Louisiana Legislative Auditor's (LLA) Performance Audit Services. The purpose of this audit was to evaluate the use of room confinement/isolation in juvenile detention centers and secure care facilities throughout Louisiana during calendar years 2019 and 2020. This audit was conducted as a result of House Resolution 50 of the 2021 Regular Legislative Session. The report contains findings, conclusions, and recommendations. This report is available on the LLA website.

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

AD:RR:EFS:aa

OJJ2022





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

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October 13, 2022

Michael J. "Mike" Waguespack, CPA  
Louisiana Legislative Auditor  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

Re: Official Response: Inadequate Controls over Time and Attendance

Dear Mr. Waguespack,

Please accept this letter as the Office of Juvenile Justice's (OJJ) Official Response to the reportable audit finding that noted time and attendance discrepancies in six (6) records, of the 30 reviewed (20%). The review period covered July 2020 through January 2022 and OJJ concurs with the findings.

The agency has experienced turnover in positions associated with Timekeeping as well as the supervisory ranks over the last two years. We will continue to work with the leadership teams, at all of our sites, to provide training related time and attendance. In addition, the agency will also discuss ways that we can work with the Human Resources section, of the Department of Public Safety, to coordinate trainings and refreshers for all OJJ primary and backup Timekeepers and Supervisors.

The issues outlined in the audit report will also be reviewed with both Timekeepers and Supervisors, to ensure timesheets / entries are reviewed often and properly. The agency will emphasize the importance of timesheet accuracy and the role of the supervisor, in the time and attendance process. We will continue to make every effort to enforce and monitor established procedures as outlined in Policy A.2.2 Pay Administration and Management.

Respectfully,

A handwritten signature in blue ink that reads "Geary T. Williams".

Geary T. Williams, Undersecretary  
La. Office of Juvenile Justice



## APPENDIX B: SCOPE AND METHODOLOGY

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We performed certain procedures at the Department of Public Safety and Corrections – Youth Services – Office of Juvenile Justice (OJJ) for the period from July 1, 2020, through June 30, 2022. Our objective was to evaluate certain controls OJJ 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 OJJ Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. OJJ’s accounts are an integral part of the State of Louisiana’s financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated OJJ’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 OJJ.
- Based on the documentation of OJJ’s controls and our understanding of related laws and regulations, and results of our analytical procedures, we performed procedures relating to purchasing card expenditures, controlled billed account expenditures, payroll and personnel expenditures, placement services expenditures, professional services medical expenditures, and acquisitions and major repair expenditures.
- We compared the most current and prior-year financial activity using OJJ’s Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from OJJ’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 OJJ and not to provide an opinion on the effectiveness of OJJ’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.