

DEPARTMENT OF WILDLIFE AND FISHERIES

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
MANAGEMENT LETTER
ISSUED JUNE 14, 2021

**LOUISIANA LEGISLATIVE AUDITOR
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Louisiana Legislative Auditor

Michael J. “Mike” Waguespack, CPA

Department of Wildlife and Fisheries



June 2021

Audit Control # 80200131

Introduction

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, 2020, we performed procedures at the Department of Wildlife and Fisheries (LDWF) to evaluate the effectiveness of LDWF’s internal controls over compliance and determine whether LDWF complied with applicable laws and regulations. We also performed procedures for the period July 1, 2019, through June 7, 2021, to evaluate certain internal controls LDWF 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 actions to correct the findings reported in the prior report.

Results of Our Procedures

Follow-up on Prior-report Findings

We reviewed the status of the prior-report findings in LDWF’s procedural report dated June 19, 2019. We determined that management has resolved the prior-report finding related to Weakness in Controls over LaCarte Card Purchases. The prior-report finding related to Inadequate Controls over Fuel Cards has not been resolved and is addressed again in this letter.

Current-year Findings

Inadequate Controls over Fuel Cards

For the second consecutive engagement, LDWF did not timely deactivate fuel card personal identification numbers (PINs) associated with fuel cards for individuals upon separation of employment with the department, increasing the risk of unauthorized use.

During our procedures, we identified 59 individuals with active fuel card access as of January 4, 2021, who had previously separated from LDWF. Of the 59 individuals, 23 had separated employment during the current review period between July 1, 2019, and January 4, 2021. The remaining 36 individuals had separated employment from the department in prior periods, the earliest of which had separated on June 19, 2014. We also identified 18 individuals who separated

between July 1, 2019, and January 4, 2021, whose access was not deactivated until six to 93 days (or an average of 24 days) after the employee's separation date.

LDWF procedures require supervisors to send separation notices upon employee separation. The responsible parties are then to terminate the employee's fuel card access. LDWF was able to provide the separation notices sent for 44 of the 77 individuals noted above. The majority of those not provided were because the employee had separated years ago, and the separation notice could not be located. Of the 44 notices provided, 13 (29.5%) were sent after the employee's separation date. While LDWF provided support that separation notices were sent timely for 31 of the identified employees, fuel card access was not terminated timely upon receipt of those notices. In its response to the prior-report finding, LDWF management stated that a new software application was being developed to assist with on-boarding and off-boarding of LDWF employees, eliminating the need to send separation notices. LDWF expected this application to be in use beginning Fall 2019. As of April 29, 2021, this system has not yet been implemented.

LDWF should enforce its established policies and procedures to ensure separation notices are sent on or before the employee's separation date and fuel card access is terminated immediately upon receipt of the separation notice. Management concurred with the finding and outlined a corrective action plan (Appendix A, pages 1-2).

Inadequate Controls over Reporting on the Schedule of Expenditures of Federal Awards

LDWF did not have adequate controls in place to ensure that the Schedule of Expenditures of Federal Awards (SEFA) information for the Fish and Wildlife Cluster (CFDA 15.605, 15.611, 15.626) for fiscal year ending June 30, 2020, was accurate before submitting it to the Office of Statewide Reporting and Accounting Policy (OSRAP).

LDWF excluded \$583,583 of expenditures occurring in June 2020 from the total Fish and Wildlife Cluster expenditures reported to OSRAP because LDWF staff prepared the SEFA information using cash receipts rather than cash disbursements, which was not in accordance with OSRAP instructions. This error was also not detected during management review of the SEFA information prior to submission. In addition, LDWF did not have a process in place to ensure the amounts provided to non-state subrecipients were reported in the SEFA information submitted to OSRAP. Management represented that this occurred due to the oversight of fiscal staff who prepared the SEFA. Failure to implement appropriate controls over the preparation of the SEFA increases the likelihood that errors and omissions, either intentional or unintentional, may occur and remain undetected.

Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 510(b) requires the auditee to prepare the SEFA which must include the total federal awards expended. OSRAP has instructed agencies to prepare the SEFA using the cash basis of accounting with disbursements reflected when paid. In addition, section 510(b) of Uniform Guidance requires that the SEFA include the total amount provided to subrecipients from each federal program, and OSRAP instructions require agencies to report this information within the SEFA. Good internal

controls over financial reporting should include adequate procedures to record, process, review, and transmit financial data needed to prepare accurate and complete SEFA information.

LDWF should ensure appropriate controls over the financial reporting process of the SEFA are implemented, including documentation of the SEFA review process, to ensure all expenditures and amounts provided to non-state subrecipients are reported accurately. In addition, LDWF should ensure that OSRAP's current instructions are followed when preparing the SEFA information. Management concurred with the finding and provided a corrective action plan (Appendix A, page 3).

Federal Compliance - Single Audit of the State of Louisiana

As a part of the Single Audit for the year ended June 30, 2020, we performed internal control and compliance testing as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Guidance on LDWF's major federal program, the Fish and Wildlife Cluster (CFDA 15.605, 15.611, 15.626).

Those tests included evaluating the effectiveness of LDWF's internal controls designed to prevent or detect material noncompliance with program requirements and tests to determine whether LDWF complied with applicable program requirements.

Based on the results of these Single Audit procedures, we reported a finding related to Inadequate Controls over Reporting on the Schedule of Expenditures of Federal Awards.

Other Procedures

In addition to the Single Audit procedures noted above, we performed certain procedures that included obtaining, documenting, and reviewing LDWF's internal control and compliance with related laws and regulations over civil penalty restitutions, contract expenditures, fuel card access, payroll and personnel, purchasing card expenditures, and Rockefeller Wildlife Refuge expenditures.

Civil Penalty Restitutions

In accordance with Louisiana Revised Statute (R.S.) 56:40.3, whenever LDWF determines that a person has injured or destroyed wildlife or aquatic life in violation of certain laws, LDWF shall demand restitution for the value of such wildlife or aquatic life. The offender shall be given written notice of the alleged violation and of the civil restitution owed. LDWF may subsequently dismiss a civil restitution case in certain circumstances, such as when there are questions regarding the facts of the case or if there is not sufficient evidence to support that the violation occurred. We obtained an understanding of LDWF's assessments, collections, and dismissal of civil penalty restitutions. We selected 33 citations issued during the time period of January 1, 2019, through December 15, 2020, and examined the citations and relevant supporting documentation to determine if LDWF followed established procedures for collecting the penalty amount or had

adequate justification for dismissal of the penalty, when applicable. Based on the results of our procedures, LDWF is following established procedures regarding civil restitution penalty collections.

Contract Expenditures

We obtained an understanding of LDWF's controls over contracts and related expenditures. We selected 15 contracts with expenditures during the period of July 1, 2019, through December 31, 2020, and examined the contracts and relevant supporting documentation to determine if established controls were operating and if LDWF was compliant with relevant state law. Based on the results of our procedures, LDWF had adequate controls in place to ensure that contracts were properly authorized and administered in accordance with state law, contract expenditures were made for proper business purposes, and expenditure amounts recorded in the financial records were accurate.

Fuel Card Access

LDWF participates in the state of Louisiana's fuel card program (FuelTrac) to purchase fuel and pay for agency vehicle maintenance. To follow-up on the prior-report finding related to fuel card access, we obtained an understanding of LDWF's policies and procedures for deactivating fuel card PINs and obtaining physical fuel cards when employees separate from the agency. We analyzed a listing of employees with active PINs as of January 4, 2021, to identify if any of the active PINs were assigned to employees that had separated from the department. In addition, we analyzed a listing of employees whose PIN access had been terminated between July 1, 2019, and January 4, 2021, to determine if the PIN access was deactivated within a reasonable amount of time after employee separation (i.e., within five days). Based on the results of our procedures and as noted in the Current-year Findings section, for the second consecutive engagement LDWF did not have adequate controls over fuel card access.

Payroll and Personnel

Salaries and related benefits comprised approximately 62% and 72% of LDWF's expenditures in fiscal years 2020 and 2021 (as of December 31, 2020), respectively. We obtained an understanding of LDWF's controls over the time and attendance function and reviewed 22 selected employee time statements processed between July 1, 2020, and December 31, 2020, to determine if the time statements were certified and approved in accordance with department policies. In addition, we obtained an understanding of LDWF's controls over processing salary changes and reviewed 15 selected changes processed between July 1, 2019, and December 31, 2020, to determine if LDWF's controls were operating and the salary changes were appropriate and in accordance with State Civil Service rules. Based on the results of our procedures, LDWF had adequate controls in place to ensure timely review and approval of employee time statements, and to ensure that salary changes were in accordance with State Civil Service rules.

Purchasing Card Expenditures

LDWF participates in the state of Louisiana's LaCarte purchasing card program for general office supplies and operating expenditures. We obtained an understanding of LDWF's controls over access to and use of these cards, including the corrective actions implemented by LDWF in response to the prior-report finding relating to inadequate controls over LaCarte card purchases. We analyzed LaCarte card transaction listings for the period July 1, 2019, through October 8, 2020, and reviewed 25 selected transactions. Based on the results of our procedures, LDWF had adequate controls to ensure that sufficient documentation was maintained to support purchases. In addition, we concluded that LDWF had implemented corrective actions sufficient to resolve the prior-report finding.

Rockefeller Wildlife Refuge Expenditures

R.S. 56:797 establishes the Rockefeller Wildlife Refuge and Game Preserve Fund (Preserve Fund) and the Rockefeller Wildlife Refuge Trust and Protection Fund (Trust Fund). Per R.S. 56:797, the Preserve Fund shall be used for the purpose of paying the costs of maintenance, policing, and improving the wildlife refuge and preserve, and the development of conditions suitable for improving such wildlife refuge and preserve. Any surplus of revenues derived from mineral development or production on the refuge shall be used by LDWF in wildlife management programs and activities, particularly land acquisition throughout the state. Per R.S. 56:797, the Trust Fund shall be used for certain statutory-required allocations, including allocations to LDWF for various activities, such as land acquisition, refuge upkeep, and statewide fur, alligator, and migratory bird management and research.

We obtained an understanding of LDWF's controls over Preserve Fund and Trust Fund expenditures and reviewed 23 selected non-payroll expenditures from these funds occurring during the period July 1, 2019, through December 31, 2020. In addition, we reviewed the payroll expenditures charged to the funds during the same time period to ensure the expenditures were for employees assigned to work on activities related to the Rockefeller Wildlife Refuge. Based on the results of our procedures, LDWF had adequate controls in place to ensure that the funds' expenditures were made for the purposes allowed by state law.

Trend Analysis

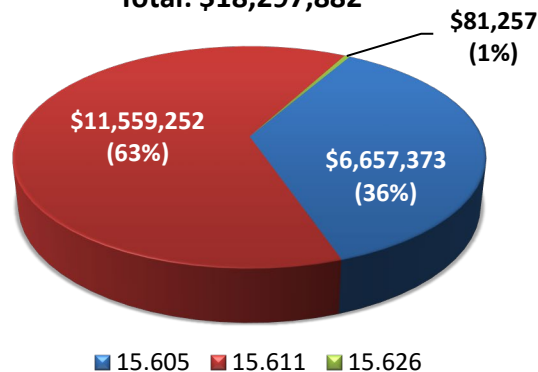
We compared the most current and prior-year financial activity using LDWF's Annual Fiscal Reports and/or system-generated reports and obtained explanations from LDWF's management for any significant variances.

We also prepared an analysis of fiscal year 2020 Fish and Wildlife Cluster (the Cluster) expenditures by program. The majority of the Cluster expenditures, 63%, were for the Wildlife Restoration and Basic Hunter Education program (CFDA 15.611). The funding for this program is provided for projects to restore, conserve, manage, and enhance wild birds and mammals and their habitat; to provide public use and access to wildlife resources; hunter education and safety; the development and management of shooting ranges; and the promotion of hunting and

recreational shooting. The Enhanced Hunter Education and Safety program (CFDA 15.626) comprised only 1% of Cluster expenditures and provides funds for the enhancement of hunter and archery education programs and the enhancement or construction of firearm shooting ranges and archery ranges. The remaining Cluster program expenditures, 36%, were for the Sport Fish Restoration program (CFDA 15.605), which provides funds mainly to support activities designed to restore, conserve, manage, or enhance sport fish populations; the public use and benefits from these resources; and activities that provide boat access to public waters.

**Fiscal Year 2020 Fish & Wildlife Cluster Expenditures,
by CFDA**

Total: \$18,297,882



Source: 2020 SEFA Information

The recommendations in this letter represent, in our judgment, those most likely to bring about beneficial improvements to the operations of LDWF. The nature of the recommendations, their implementation costs, and their potential impact on the operations of LDWF 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

MK:CST:BQD:EFS:aa

LDWF2020

APPENDIX A: MANAGEMENT'S RESPONSES



PO BOX 98000 | BATON ROUGE LA | 70898

May 21, 2021

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

RE: Audit Finding – Inadequate Controls over Fuel Cards

Mr. Waguespack,

The Department concurs with the above stated finding and recommendation. Please find our response and corrective action plan below.

Notification of Separation

The Department has identified that there were two different email addresses where separation notices were sent. To-date, the Department has coordinated with OTS to correct the issue, and consolidated those email addresses into one email address. In addition, it has been verified that Property Control is on the distribution list for this email address, ensuring they will be notified when an employee separates. The Department's separation notice procedures have been updated to include the Department's Human Resources section will send a separation notice when a separation notice has not been sent by the supervisor or the timekeeper of the separating employee, ensuring Property Control is notified when an employee separates. In addition, Property Control will run a LaGov report monthly to identify any employees that separated in the previous month.

Once the new software system, Arcadia, is fully developed to incorporate offboarding, it will automatically notify Property Control of the separation of that employee once an end date is entered into the offboarding system. However, the development of this system has taken much longer than anticipated. Therefore, the Department will need to ensure that the current separation notice emails are being sent and delivered to the appropriate personnel to ensure that Fueltrac PINs can be deactivated timely.

Deactivation of PINs

The Department's Property Control section has reviewed all active PINs in the Fueltrac system and deactivated all PINs for separated employees. The existing process indicates that all PINs should be deactivated at the time of separation and is by notification through separation notice emails. In an initial review of the current process, it was identified that the responsibility of deactivating PINs was shared by the Property Control Director and the Property Control Manager. In an effort to eliminate any confusion of who will be handling the deactivation, it has been determined that the Property Control Manager will be responsible and the Property Control Director will be the backup in the absence of the Property Control Manager.

OMF management will work with Property Control to have a detailed review of the process and make any necessary changes to ensure Fueltrac PINs are deactivated timely. Any improvements will be noted in the Property Control process. Process review will be completed by July 31, 2021. In order to verify

that Property Control is being notified of all separations and all separated employee PINs are deactivated, Property Control will use the monthly LaGov report to identify any separated employees and verify that the PINs of those employees have been deactivated. Property Control will begin using the monthly LaGov report to verify employee separation in June 2021.

Marilyn McDonald, Property Control Director, will be responsible for the implementation of the corrective action.

We value the experience of this audit and we view it as an opportunity to improve our business processes. Please contact me if you should have any additional questions.

Sincerely,

A handwritten signature in blue ink, reading "Jack Montoucet", with a long horizontal flourish extending to the right.

Jack Montoucet
Secretary

JOHN BEL EDWARDS
GOVERNOR



JACK MONToucET
SECRETARY

PO BOX 98000 | BATON ROUGE LA | 70898

April 20, 2021

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

RE: Audit Finding – Inadequate Controls over Reporting on the Schedule of Expenditures of Federal Awards

Mr. Waguespack,

The Department concurs with the above stated finding and recommendation. Please find our response and corrective action plan below.

The Department's Fiscal Budget section will review and retrain on processes for overall grant management cycle, including the schedule of expenditures of federal awards (SEFA) to facilitate accuracy and improved adherence to grant management and SEFA reporting procedures. The Department's Fiscal Budget section will update the SEFA procedures to include the reporting of non-state subrecipients. Paula Breaux, Accountant Manager 3, will be responsible for the implementation of the corrective action. It is anticipated that the Department will complete this corrective action prior to July 31, 2021.

We value the experience of this audit and view it as an opportunity to improve our business processes. Please contact me if you should have any additional questions.

Sincerely,

Jack Montoucet
Secretary

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the Department of Wildlife and Fisheries (LDWF) for the period from July 1, 2019, through June 30, 2020, 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, 2020.

In addition, we conducted certain procedures at LDWF for the period from July 1, 2019, through June 7, 2021. Our objective was to evaluate certain controls LDWF 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.

- We evaluated LDWF'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 LDWF.
- We performed procedures on the Fish and Wildlife Cluster (CFDA 15.605, 15.611, 15.626) for the year ended June 30, 2020, as a part of the 2020 Single Audit.
- We compared the most current and prior-year financial activity using LDWF's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from LDWF's management for significant variances.

In addition, we performed procedures on civil penalty restitutions, contract expenditures, fuel card access, payroll and personnel, purchasing card expenditures, and Rockefeller Wildlife Refuge expenditures. 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 LDWF and not to provide an opinion on the effectiveness of LDWF'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 LDWF's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. LDWF's accounts are an integral part of the state of Louisiana's Comprehensive Annual Financial Report, upon which the Louisiana Legislative Auditor expresses opinions.