

# **EXECUTIVE DEPARTMENT**

## **STATE OF LOUISIANA**

**FINANCIAL AUDIT SERVICES**

**Management Letter**  
**Issued April 11, 2024**

**LOUISIANA LEGISLATIVE AUDITOR  
1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
BATON ROUGE, LOUISIANA 70804-9397**

**LEGISLATIVE AUDITOR**  
MICHAEL J. "MIKE" WAGUESPACK, CPA

**FIRST ASSISTANT LEGISLATIVE AUDITOR**  
BETH Q. DAVIS, CPA

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# Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA

Executive Department



April 2024

Audit Control # 80230075

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## Introduction

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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, 2023, we performed procedures at the Executive Department to provide assurances on financial information that is significant to the state's Annual Comprehensive Financial Report; evaluate the effectiveness of the Executive Department's internal controls over financial reporting and compliance; and determine whether the Executive Department complied with applicable laws and regulations.

In addition to the procedures noted above, we also performed certain other procedures for the period July 1, 2022, through June 30, 2023.

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

## 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 Executive Department management letter dated May 11, 2023. We determined that management has resolved the prior-year finding related to Inadequate Controls over Financial Reporting. The prior-year findings related to Inadequate Recovery of Small Rental Property Program Loans, Restore Louisiana Homeowner Assistance Program Awards Identified for Grant Recovery, and Noncompliance with Reporting Requirements for the Federal Funding Accountability and Transparency Act have not been resolved and are addressed again in this letter.

A prior-audit finding last reported in the Executive Department management letter dated July 26, 2021, related to Inadequate Grant Recovery of Homeowner Assistance Program (HAP) Awards continues to not be repeated in the current year because the Division of Administration, Louisiana Office of Community Development (LOCD) did not identify any new noncompliant Road Home Homeowner Assistance Program (HAP) awards for the Community Development Block Grant/State's Program (CDBG)

during fiscal year 2023. As a result, no questioned costs are reported for fiscal year 2023. However, as of June 30, 2023, 27,491 noncompliant files totaling \$899.8 million identified in previous years are still outstanding.

On February 16, 2023, the U.S. Department of Housing and Urban Development (HUD) and the state of Louisiana announced the end of legal actions against 3,300 homeowners related to their Road Home Homeowner Assistance Program obligations. The state is releasing unpaid judgments and payment plans against homeowners, meaning affected Louisiana homeowners will no longer have to make repayments, and their grant with the Road Home Homeowner Assistance Program will be forgiven. The state will also withdraw pending lawsuits related to Road Home Homeowner Program noncompliance. LOCD continues its efforts in implementing corrective action by releasing unpaid judgments and payment plans against homeowners and withdrawing pending lawsuits. Upon completion, HUD will move towards the close-out of the Road Home Homeowner Assistance Program.

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## **Current-year Findings**

### **Inadequate Recovery of Small Rental Property Program Loans**

For the fiscal year ended June 30, 2023, the Division of Administration, Louisiana Office of Community Development (LOCD) identified five Small Rental Property Program (SRPP) loans totaling \$471,293 for property owners under the Community Development Block Grant/State's Program (CDBG) who failed to comply with one or more of their loan agreement requirements and were assigned to loan recovery status in fiscal year 2023. In addition, while completing their file review, LOCD identified \$22,435,810 of outstanding SRPP loans for 131 loans assigned to loan recovery status in previous years, which included increases in loan balances totaling \$9,083,940 during the fiscal year. Since LOCD has not recovered these loans, we consider these amounts totaling \$9,555,233 to be questioned costs. An additional 678 noncompliant loans identified in previous years totaling \$60.6 million remain outstanding.

As of June 30, 2023, of the 4,476 outstanding SRPP loans totaling \$436.1 million, 648 noncompliant loans totaling \$68.7 million were in active recovery status, and LOCD represented that recovery efforts were ongoing to either recoup the loan funds or work with the applicants to bring them into compliance with the state's continuing requirements of the program. The remaining 166 noncompliant loans totaling \$14.8 million have been determined by LOCD to be uncollectable for various reasons such as foreclosure, property seizure, or legal dispute.

Ultimately, LOCD's failure to recover loans from noncompliant property owners could result in disallowed costs. The state could be liable for noncompliant awards if disallowed by the federal grantor; however, it is unknown whether the federal government would demand repayment of the awards.

In response to hurricanes Katrina and Rita, the state was awarded and has allocated approximately \$653 million to the SRPP, as part of the Road Home program. In accordance with the state's U.S. Department of Housing and Urban Development (HUD)-approved Action Plan Amendment 24, the SRPP offers forgivable loans to qualified property owners who agree to offer rental properties at affordable rents to be occupied by lower-income households. In exchange for accepting loans ranging between \$10,000 and \$100,000 per rental unit, property owners are required to accept limitations on rents and incomes of renters during an "affordability period," a specified period of time based on the amount of funding received and the type of work being done (renovation or full construction) ranging between three and 20 years. The loan amounts are determined based on location of property, number of bedrooms, and the poverty level of the renter. In addition to accepting limitations on rents and income of renters, property owners also agree to maintain property insurance and maintain flood insurance, if necessary. These requirements become effective one year after the closing date and remain until the expiration of the "affordability period." According to the loan agreements, failure to comply with any of the loan requirements shall constitute default and mandatory repayment. Good internal controls would ensure that policies and procedures are in place with an established timeline to monitor compliance with the loan agreements and provide for specific actions (i.e., loan modification, foreclosure, or repayment) if a property owner fails to comply with the loan agreement or does not provide evidence of compliance as required by the loan agreement.

In June 2016, HUD issued a monitoring review report with a finding that the SRPP design lacked sufficient fiscal accounting controls and procedures to ensure that CDBG funds identified as ineligible expenses are able to be recaptured and repurposed for eligible uses. Since that time, there have been several monitoring reports indicating progression in this area. In June 2023, HUD issued a formal letter of guidance to LOCD that included recommended actions to resolve the remaining SRPP ineligible costs. In its responses to HUD's proposals and recommendations, LOCD is working with HUD to implement final corrective action to resolve the HUD issued finding and close out the SRPP.

LOCD should continue working with HUD towards resolving the outstanding questioned costs and closing out the SRPP. LOCD stated in its response that it will continue to assist rental property owners to become compliant and to resolve any program compliance issues, thus increasing available affordable rental housing and reducing or eliminating the need to recapture funds from rental property owners, where appropriate (see Appendix A, pages 1-2).

### **Restore Louisiana Homeowner Assistance Program Awards Identified for Grant Recovery**

For the fiscal year ended June 30, 2023, the DOA, LOCD identified \$56,116 in noncompliant Restore Louisiana Homeowner Assistance Program (RLHAP) awards for ten homeowners through established program implementation and monitoring procedures for the CDBG Program. Since LOCD has not recovered these noncompliant awards at year-end, we consider these amounts to be questioned costs.

In addition, 37 noncompliant files totaling \$618,085 identified in the previous years are still outstanding. LOCD is actively pursuing collections on the files.

As of June 30, 2023, \$669,687,346 in total RLHAP awards have been disbursed to 17,262 homeowners. LOCD is actively reviewing seven files totaling \$67,240 to make final determinations of the homeowner's noncompliant status. At year-end, LOCD reported that 271 homeowner files totaling approximately \$4.6 million have been reviewed through its monitoring procedures. Of the 271 homeowners, LOCD reported 54 homeowners were placed in recapture status, 168 homeowners were cleared through the review process, 17 homeowners returned their grant award in whole or in part, and 32 homeowners entered into repayment plans.

If LOCD is unable to recover benefits from noncompliant homeowners, disallowed costs could result. The state could be liable for noncompliant awards if disallowed by the federal grantor; however, it is unknown whether the federal government would demand repayment of these awards.

In response to the March and August Floods of 2016, the state was awarded approximately \$1.07 billion to administer the RLHAP. In accordance with the state's HUD-approved Action Plan, eligible homeowners must enter into grant agreements with the state which require homeowners to comply with program requirements in exchange for compensation to rehabilitate or reconstruct their damaged property. Homeowners have three program options to choose from based on their progress in the rebuilding process and their capacity to complete their home repair or reconstruction. Eligibility and grant award calculations are determined based on information provided by the homeowner, the results of field inspections, and available third-party datasets. Once eligibility has been established and award amounts have been calculated, funds are awarded to the homeowner upon the effective date of signing the grant agreement, which is referred to as the closing date. Should homeowners experience a change in the circumstances after grant determination or if additional information becomes available after closing, homeowners' grant calculation or program eligibility may change. In the event the change reduces their amount of eligible funding, RLHAP may require that a homeowner return all or a portion of their award. Circumstances that may result in homeowners being required to repay all or a portion of the award include: duplicative benefits received but not included in initial grant award calculation, information discovered identifying the homeowner as ineligible for the award received, failure to complete construction per program requirements, substantial noncompliance with requirements of grant agreements, voluntary withdrawal from the program, or discovery that the homeowner provided false or misleading information during the grant award process.

LOCD should continue its monitoring to identify awards to be placed in recovery and continue recovery efforts to collect those awards determined to be noncompliant. LOCD agreed that the identified files have been placed in recapture and stated it will continue to follow the established recapture procedures for these grant awards to ensure ultimate compliance (see Appendix A, pages 3-4).

## **Noncompliance with Reporting Requirements for the Federal Funding Accountability and Transparency Act**

For the third consecutive year, the DOA, LOCD did not comply with Federal Funding Accountability and Transparency Act (FFATA) reporting requirements for the State's CDBG Program. During fiscal year 2023, LOCD approved 39 subawards totaling approximately \$971.7 million to 31 different subrecipients. Our procedures identified the following:

- In a sample of nine LOCD subawards, four (44.4%) subawards were reported in the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) 3 to 45 days after the required time frame.
- In addition, one subaward that was tested separately due to its significant award value was reported in FSRS two days after the required time frame.

Federal regulations require the non-federal entity to report to FSRS each obligating action equal to or exceeding \$30,000 for a subaward. In addition, the subaward information must be reported no later than the end of the month following the month in which the obligation was made. Uniform Guidance requires that non-federal entities receiving federal awards establish and maintain internal control over the federal awards that provide reasonable assurance that the non-federal entity is managing the federal award in compliance with relevant requirements.

LOCD management stated that the infrequency of preparation of the FFATA reports caused the required FFATA reports to be submitted untimely to FSRS. LOCD did not maintain adequate internal controls to ensure compliance with FFATA reporting requirements. Not complying with the FFATA requirements increases the likelihood that the public will not have access to transparent and accurate information regarding LOCD's administration of federal awards.

LOCD management should ensure that established internal controls are operating to ensure compliance with FFATA reporting requirements, which includes the timely submission of information. Management concurred with the finding and provided a corrective action plan (see Appendix A, page 5).

### **Weakness in Controls over Payroll**

The Executive Office did not adhere to DOA policies designed to establish adequate internal controls over payroll expenditures. Failure to adhere to the established payroll policies and procedures over time certification and approve or approval of leave requests, increases the risk that errors and/or fraud could occur and not be detected in a timely manner.

The Executive Office utilizes electronic time statement and leave requests in the Cross-Application Time Sheet (CATS) system. In our sample of 25 time statements

for the Executive Office for the period July 1, 2022 through June 30, 2023, we noted the following:

- Three (12%) time statements were not certified timely by the employee. The time statements were certified 1 to 111 days after the Wednesday deadline following "payroll Monday." The DOA's policy defines "payroll Monday" as the Monday immediately following the end of each pay period.
- Six (24%) time statements were not approved timely by the employee's supervisor. The time statements were approved 5 to 119 days after the Wednesday deadline following "payroll Monday".
- Two (8%) time statements were not approved by the employee's supervisor.

In addition, we noted that 147 (9.6%) of 1,536 leave requests were auto approved by the system. This occurs when leave has been requested for the pay period, but the employee's supervisor did not take timely action to approve/reject the leave request before the end of the pay period. All open leave requests in the system will be auto approved on the last day of the applicable pay period in order for the employee to receive payment.

DOA policy requires time statement approvers to ensure entries are submitted and certified by employees by Wednesday following the close of the pay period. Approvers are also responsible for reviewing time statements for accuracy and approving or rejecting the time statements by the Wednesday following the close of the pay period. DOA policy also requires supervisors to take appropriate action for all leave requests prior to the end of the applicable pay period.

Management should ensure employees comply with existing policies and procedures, including properly certifying and approving time statements and leave requests in a timely manner. Management stated that it will ensure employees comply with existing policies and procedures (see Appendix A, page 6).

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## **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, 2023, we considered internal control over financial reporting and examined evidence supporting certain account balances and classes of transactions as follows:

### **Division of Administration (Agency 107):**

- Lessor Leases

- Liabilities resulting from claims and litigation

**Division of Administration, Office of Facility Planning and Control (Agency 115):**

- Non-payroll expenditures
- Accrued payables and retainage payables
- Amounts held on deposit for others

**Division of Administration, Office of Technology Services (Agency 815):**

- Operating expenses
- Sales of Commodities and Services

We also evaluated certain controls and compliance relating to procurement at the Division of Administration, Office of State Procurement.

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

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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 the Executive Department's major federal programs, as follows:

- Emergency Rental Assistance Program (Assistance Listing 21.023)
- Homeowner Assistance Fund (Assistance Listing 21.026)
- Coronavirus State and Local Fiscal Recovery Funds (Assistance Listing 21.027)
- Donation of Federal Surplus Personal Property (Assistance Listing 39.003)

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

applicable program requirements. In addition, we performed procedures on information submitted by the department to the Division of Administration's Office of Statewide Reporting and Accounting Policy for the preparation of the state's Schedule of Expenditures of Federal Awards and on the status of the prior-year findings for the preparation of the state's Summary Schedule of Prior Audit Findings, as required by Uniform Guidance.

Based on the results of these Single Audit procedures, we reported findings related to Inadequate Recovery of Small Rental Property Program Loans, Restore Louisiana Homeowner Assistance Program Awards Identified for Grant Recovery, and Noncompliance with Reporting Requirements for the Federal Funding Accountability and Transparency Act. Of these, the Inadequate Recovery of Small Rental Property Program Loans and Restore Louisiana Homeowner Assistance Program Awards Identified for Grant Recovery findings have also been included in the Single Audit for the year ended June 30, 2023. In addition, the department's information submitted for the preparation of the state's SEFA and the state's Summary Schedule of Prior Audit Findings, as adjusted, is materially correct.

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### **Other Procedures**

In addition to the Annual Comprehensive Financial Report and Single Audit procedures noted above, we performed certain procedures that included obtaining, documenting, and reviewing the internal controls over payroll and leave requests at the Executive Office, surplus property operations at the Louisiana Property Assistance Agency, and the billing methodology at the Office of Aircraft Services. Based on the results of these procedures, we reported a finding related to Weakness in Controls over Payroll, as described previously.

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### **Trend Analysis**

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

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### **Other Reports**

On December 27, 2023, a report was issued by the Louisiana Legislative Auditor's Financial Audit Services for the Office of Group Benefits. This report includes a repeat finding titled *Inaccurate Annual Fiscal Reports* that involves the Office of Finance and Support Services, an office within the Division of Administration within the Executive Department. This report is available on the Louisiana Legislative Auditor's website.

The recommendations in this letter represent, in our judgment, those most likely to bring about beneficial improvements to the operations of the Executive Department.

The nature of the recommendations, their implementation costs, and their potential impact on the operations of the department should be considered in reaching decisions on courses of action. The findings related to the department'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

RJD:MK:BH:BQD:aa

EXECUTIVE2023



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

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Office of Community Development  
State of Louisiana  
Division of Administration

JEFF LANDRY  
GOVERNOR



TAYLOR F. BARRAS  
COMMISSIONER OF ADMINISTRATION

February 19, 2024

Mr. Michael J. Waguespack, CPA  
Louisiana Legislative Auditor  
1600 North Third Street  
Baton Rouge, LA 70804-9397

RE: Inadequate Recovery of Small Rental Property Program Loans

Dear Mr. Waguespack:

The Division of Administration, Louisiana Office of Community Development (OCD) submits the following in response to the audit finding titled "Inadequate Recovery of Small Rental Property Program Loans."

The Small Rental Property Program (SRPP) has two tiers of compliance obligations. The federal compliance requirements are for the CDBG funds issued to a borrower to meet a National Objective and be expended on an Eligible Activity. On top of the federal requirements, the State has its own program requirements. Upon the initial placement of an eligible tenant in a habitable unit at a restricted rent amount, the U.S. Department of Housing and Urban Development (HUD) requirements have been satisfied. Most of the matters made the subject of your report deal with the borrower's non-compliance with the State's program rules, not the HUD requirements.

OCD has allocated approximately \$653 million to the SRPP program to fund approximately 4,500 applicants and we maintain an ongoing monitoring process to promote compliance and continued availability of affordable housing. Consistent with the program's mission of preserving and expanding much needed affordable housing, OCD's primary focus for the SRPP is to assist property owners in achieving and maintaining compliance, i.e., creating and continuing affordable housing opportunities, as opposed to foreclosure and/or recapture of funds, and are, therefore, not subject to recapture by HUD.

In summary, as of June 30, 2023, the LLA reports that 814 applicant files have been identified as noncompliant. Of these, 166 files have been determined to be uncollectible, leaving 648 files that are actively being addressed. OCD's compliance and repayment efforts relating to the state imposed continuing requirements of the program are ongoing. The optimal outcome of these efforts is the continued availability of affordable housing through compliance.

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In June 2016, OCD, working with the Louisiana Housing Corporation (LHC) and HUD, identified 397 SRPP borrowers that did not meet a National Objective. Immediately thereafter, OCD's Legal Section and LHC program staff began communicating with non-compliant borrowers and evaluating proposed workouts. OCD sent default letters to and initiated recapture efforts on all borrowers. Each file is processed with a goal of either achieving compliance, securing repayment, or identifying another viable workout plan. As of June 30, 2023, of the 397 files identified, 83 borrowers have become compliant, 20 have either partially or fully repaid their loans, 18 borrowers have transferred their housing obligations to other compliant properties and 166 have been determined uncollectable for various reasons. As noted in the audit, OCD continues to seek technical assistance regarding the enforcement of mortgages through the judicial foreclosure/public auction process.

In conclusion, OCD will continue the efforts to recover those loans determined to be ineligible in accordance with policies and procedures that are acceptable to HUD. Concurrently, OCD will also continue to assist rental property owners to become compliant and to resolve any program compliance issues, thus increasing available affordable rental housing and reducing or eliminating the need to recapture funds from rental property owners, where appropriate.

The contact person responsible for the corrective action is Ginger Moses, OCD Chief Operating Officer. Once approved by HUD, the anticipated completion date for this corrective action plan will coincide with the closing of the SRPP program.

If you have questions or require additional information, please feel free to contact me.

Sincerely,



Gina Campo  
Executive Director

C: Taylor Barras, Commissioner of Administration  
Nancy Keaton, Assistant Commissioner of Finance  
Erin Sindelar, Internal Audit Administrator

Office of Community Development  
State of Louisiana  
Division of Administration

JEFF LANDRY  
GOVERNOR



TAYLOR F. BARRAS  
COMMISSIONER OF ADMINISTRATION

January 18, 2024

Mr. Michael J. Waguespack, CPA  
Louisiana Legislative Auditor  
1600 North Third Street  
Baton Rouge, LA 70804-9397

RE: Restore Louisiana Homeowner Assistance Program Awards Identified for Grant Recovery

Dear Mr. Waguespack:

The Division of Administration, Louisiana Office of Community Development (LOCD) is submitting the following in response to the audit finding titled "Restore Louisiana Homeowner Assistance Program Awards Identified for Grant Recovery."

LOCD acknowledges the LLA finding of "Restore Homeowner awards identified for Grant Recovery." In response to the 2016 Floods, the LOCD created the Restore Louisiana Homeowner Assistance Program (HAP). Grant recapture procedures were established from the beginning of the program and have been implemented timely. It is impossible to administer a disaster recovery program that will not have certain files requiring grant recapture during the life of the program. The Restore Program requires a duplication of benefits check on all files prior to grant execution. For example, it is always possible an applicant may receive additional funding, e.g., insurance proceeds that are deemed duplicative by law. The Restore Program has controls in place to capture these amounts in the grants management system, subrogation agreements executed with each applicant, and recapture procedures to recover the funds. From the very beginning, the Restore Program was created to minimize the potential of applicants' ending up in recapture. As a result, the state has issued over \$670 million to 17,262 homeowners of which **86, or 0.50%** are in recapture. As the Restore Homeowner Program comes to a close, LOCD does not anticipate further files requiring recapture of funds.

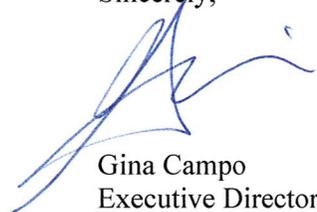
LOCD agrees with the observation of 10 files with a potential grant recapture as a necessary ongoing activity for the Program. LOCD will continue to follow the established recapture procedures for these grant awards to ensure ultimate compliance, however, this is not a corrective action, but rather the continued implementation of program protocols.

The contact person responsible for these ongoing compliance activities is Ginger Moses, OCD Chief Operating Officer. The anticipated completion date for activities addressing this finding will coincide with the closing of the Restore Louisiana program.

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If you have questions or require additional information, please feel free to contact me.

Sincerely,



Gina Campo  
Executive Director

C: Taylor Barras, Commissioner of Administration  
Nancy Keaton, Assistant Commissioner of Finance  
Erin Sindelar, Internal Audit Administrator

Office of Community Development  
State of Louisiana  
Division of Administration

JEFF LANDRY  
GOVERNOR



TAYLOR F. BARRAS  
COMMISSIONER OF ADMINISTRATION

January 18, 2024

Mr. Michael J. Waguespack, CPA  
Louisiana Legislative Auditor  
1600 North Third Street  
Baton Rouge, LA 70804-9397

RE: Noncompliance with Reporting Requirements for the Federal Funding Accountability and Transparency Act (FFATA)

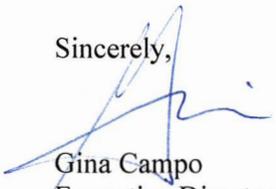
Dear Mr. Waguespack:

The Division of Administration, Louisiana Office of Community Development (LOCD) is submitting the following as a response to the audit finding titled "Noncompliance with Reporting Requirements for the Federal Funding Accountability and Transparency Act".

The LOCD agrees with the LLA that five of the subawards tested were not reported in the Federal Funding and Accountability and Transparency Act Subaward Reporting System (FSRS) within the required time frame. LOCD continues to review our procedures to ensure the finding is not repeated.

The contact person responsible for the corrective action is Ginger Moses, OCD Chief Operating Officer. If you have questions or require additional information, please feel free to contact me.

Sincerely,

  
Gina Campo  
Executive Director

C: Taylor Barras, Commissioner of Administration  
Nancy Keaton, Assistant Commissioner of Finance  
Erin Sindelar, Internal Audit Administrator

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Jeff Landry  
Governor

**State of Louisiana**  
OFFICE OF THE GOVERNOR  
P.O. BOX 94004  
BATON ROUGE  
70804-9005

March 14, 2024

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

Re: Reportable Finding: Weakness in Controls over Payroll

Dear Mr. Waguespack,

In an email dated March 6, 2024 the Governor's Office was notified in an attached letter of an audit finding in regards to weakness over payroll. These findings were found during the period from July 1, 2022 – June 30, 2023 for untimely certification or approval by the supervisor. As there has been a change in administration, we are unable to concur/concur in part or do not concur with the individual findings of the previous administration.

The Executive Office will ensure employees comply with existing policies and procedures.

Sincerely,

A handwritten signature in black ink that reads "Elise W. Cazes".

Elise W. Cazes  
Chief of Staff, First Lady and Administration

## APPENDIX B: SCOPE AND METHODOLOGY

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We performed certain procedures at the Executive Department for the period from July 1, 2022, through June 30, 2023, 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, 2023.

- We evaluated the Executive Department'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 the Executive Department.
- Based on the documentation of the Executive Department'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 performed procedures on the Emergency Rental Assistance Program (Assistance Listing 21.023), the Homeowner Assistance Fund (Assistance Listing 21.026), the Coronavirus State and Local Fiscal Recovery Funds (Assistance Listing 21.027), and the Donation of Federal Surplus Personal Property (Assistance Listing 39.003) for the year ended June 30, 2023, as a part of the 2023 Single Audit.
- We performed certain procedures on information for the preparation of the state's Schedule of Expenditures of Federal Awards and on the status of prior-year findings for the preparation of the state's Summary Schedule of Prior Audit Findings 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 the Executive Department's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from the department's management for significant variances.

In addition, we performed certain procedures for the period from July 1, 2022, through June 30, 2023. Our objective was to evaluate certain controls the Executive Department 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 the Executive Department and not to provide an opinion on the effectiveness of the Executive Department'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 the Executive Department's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. The Executive Department's accounts are an integral part of the State of Louisiana's Annual Comprehensive Financial Report, upon which the Louisiana Legislative Auditor expresses opinions.