

## Assurance Report

### 1706 Department of Corrections (DOC)

March 3, 2017

James LeBlanc, Secretary, Department of Corrections  
Cindy Rougeou, Executive Director  
The LASERS Audit Committee

### EXECUTIVE SUMMARY

During the review of the Department of Corrections, there was one observation pertaining to enrollment related reporting issues.

### BACKGROUND

This was a planned engagement on the fiscal year end 2017 Audit Plan. The fieldwork for this engagement was completed on January 27, 2017. DOC employs approximately 4,646 LASERS members.

### SCOPE, OBJECTIVES, AND METHODOLOGY

The scope of this engagement included a review of records for DOC employees.

The primary objectives of this engagement were to determine if the DOC:

- Accurately reports payroll, earnings, and contributions information to LASERS.
- Accurately and timely enrolls eligible individuals into LASERS.
- Performs retirement and post retirement processing in an accurate and timely manner.
- Staff receives periodic training on LASERS related topics.

Procedures used to complete this engagement included:

- Inquiries of LASERS and DOC staff.

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Cindy Rougeou, Executive Director

- Reviewing relevant personnel and payroll records.
- Reviewing records from the State of Louisiana Retirement Information System (SOLARIS).
- Comparing LASERS member records to DOC employee records using Audit Command Language (ACL).
- Conducting other inquiries considered necessary to achieve engagement objectives.

This engagement was conducted in accordance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

## **OBSERVATION, RECOMMENDATIONS, AND RESPONSES**

### **1. ENROLLMENT RELATED REPORTING ISSUES IDENTIFIED**

#### **OBSERVATION**

During this review, there were seventeen enrollment related reporting issues identified which are as follows:

- a. There were two members that were enrolled in the incorrect retirement plan upon hire. One member, upon being hired in a hazardous duty position by DOC in August 2012, had the option to remain in the Regular 2 (RGL2) plan or elect to join the Hazardous Duty Plan (HAZP) in accordance with Louisiana Revised Statutes 11:620(B). This individual elected to join the HAZP, but instead they were reported to LASERS under the RGL2 plan. Another member was hired in November 2015 and enrolled in the Regular 4 (RGL4) plan. This member had no prior service credit and should have been enrolled in the HAZP. In both instances, the members were contributing into plans that have lower employee contribution rates of eight percent compared to the nine and a half percent rate of the HAZP. Additionally, the members were also subject to the lower benefit accrual rate of two and a half percent compared to the HAZP accrual rate of three and a third percent.
- b. There were fifteen individuals where the LASERS Hazardous Duty Services Plan Election Form, Form 2-18, was not submitted to LASERS as of the start of this review. Form 2-18 is required by LASERS to ensure that the members with prior LASERS active service have been given the right join the HAZ Plan or stay in their current plan in accordance with Louisiana Revised Statute 11:620.

According to the agency, they hire approximately one thousand security positions annually with hundreds of employees requiring a form 2-18. It should be noted, that during this review, DOC has begun taking the necessary steps to correct these records and update their procedures.

#### **RECOMMENDATION #1**

The agency should work with LASERS to ensure the remaining steps are taken to fully correct the records for the individuals noted above. Target completion date is March 31, 2017.

**AGENCY RESPONSE**

The agency agrees with the recommendation. We have implemented stricter internal auditing standards, trained and in some cases re-trained our Headquarters HR (HDQ-HR) staff in reading the LaGov ZP57 report. The Payroll Manager is now reviewing and verifying the bi-weekly audits that must be submitted to her by the HDQ-HR Specialists. Both errors have been corrected in the payroll system.

**RECOMMENDATION #2**

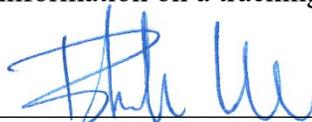
The agency should review their enrollment procedures and process and make any necessary changes to ensure the items noted in the observation are adequately addressed. Target completion date is June 30, 2017.

**AGENCY RESPONSE**

The agency agrees with the recommendation (also see the response to recommendation #1). Additionally, DOC does not dispute the finding however, a copy of the completed form was found in the employees' personnel files. We have recommended to the field HR staff that going forward they should annotate that the form was mailed to LASERS and the date of mailing. Per State Civil Service's Annual Turnover Report, the entry level Corrections jobs (Cadet and Sergeant) have among the highest turnover rate in the state. While we always strive to have zero errors, we believe that due to the turnover and constant hiring processes we face with these job titles that we are still doing well in this area.

**FOLLOW-UP**

A follow-up to this engagement will not be scheduled at this time. Audit Services will maintain this information on a tracking report. These items will be tracked until they are closed.



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Audit Manager



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