

## Assurance Report

### 1606 Ethics Program Review

May 19, 2016

Cindy Rougeou, Executive Director  
The LASERS Audit Committee

### EXECUTIVE SUMMARY

The following observations were noted during this review and are detailed below:

1. The process to ensure all LASERS employees receive the required annual hour of ethics training could be improved.
2. A survey could be utilized to enhance ethics training materials.

### BACKGROUND

This was a planned engagement on the fiscal year end (FYE) 2016 Audit Plan. The fieldwork for this engagement was completed on March 10, 2016.

As a state agency, all LASERS employees are considered public servants and are required to abide by the statutes of the Louisiana Code of Governmental Ethics (Ethics Code). The Ethics Code contains provisions such as: restricting gifts and types of outside income that public servants can receive, nepotism, and prohibiting public servants from bidding on or entering into contracts with their agency. LASERS has created an Ethics Policy that meets the state requirements and for some areas, the policy is stricter.

All LASERS employees are required to sign an annual attestation acknowledging that they are aware of and expected to abide by the Ethics Code and LASERS Ethics Policy. In addition, all employees are required to annually complete one hour of ethics training.

#### BOARD OF TRUSTEES:

Judge William Kleinpeter, Board Chair  
Janice Lansing, Vice Chair  
Thomas Bickham  
Virginia Burton  
Commissioner Jay Dardenne

Beverly Hodges  
Hon. John Kennedy  
Sen. Barrow Peacock  
Rep. Kevin Pearson

Lori Pierce  
Kathy Singleton  
Shannon Templet  
Lorry Simmons Trotter

Cindy Rougeou, Executive Director

## SCOPE, OBJECTIVES, AND METHODOLOGY

The scope of this engagement included reviewing information related to LASERS Ethics Program.

The primary objectives of this engagement were to determine if:

- LASERS Ethics Program is effectively managed and monitored.
- Policies and procedures related to LASERS Ethics Program are being complied with.

Procedures used to complete this engagement included:

- Reviewing the Ethics Code and LASERS Ethics Policy.
- Evaluating the LASERS Ethics Policy and the policies of peer retirement systems.
- Conducting surveys and interviews.
- Performing other inquiries necessary to achieve the outlined objectives.

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

## OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

### 1. THE PROCESS TO ENSURE ALL LASERS EMPLOYEES RECEIVE THE REQUIRED ANNUAL HOUR OF ETHICS TRAINING COULD BE IMPROVED

#### OBSERVATION

LASERS employees receive ethics training in a variety of ways. When employees are hired, Human Resources sends e-mails containing all of the Policies and Procedures, including the LASERS Ethics Policy. New employees are instructed to read each manual and adhere to all policies and procedures. LASERS employees are also instructed in August of every year to review the LASERS Ethics Policy and Ethics Code and sign an attestation stating that they understand that both of these documents apply to them and are expected to adhere to them. Lastly, according to the Ethics Code, all LASERS employees are public servants, and all public servants are required to complete one hour of ethics training per year. LASERS holds multiple annual ethics training classes and invitations are sent to employees requesting attendance. The attendance rosters from these classes are reviewed by the Human Resources Division. Additionally, employees may receive the ethics training at conferences, such as the annual Louisiana Association of Public Employees' Retirement Systems seminar, or through other state training opportunities. Individuals who have not attended one of the live instruction classes are requested to complete the training online.

It was observed that six interns and one permanent employee did not obtain the required training in 2014 and seven interns did not receive the training in 2015. Each of these employees has now taken the required one hour of ethics training.

#### RECOMMENDATION

Executive should work with Human Resources to make process improvements to ensure that all LASERS employees receive the one hour of required annual ethics training.

## **RESPONSE**

Executive agrees with this recommendation. Executive and Human Resources will coordinate a review of attendance records. A list of those employees who have not received live training will be notified of the online class. Follow-ups will be made with employees by Human Resources. Executive will be notified if training is not verified by December 1<sup>st</sup>. The priority to address this recommendation has been set as medium with a target completion date of September 1, 2016.

## **2. A SURVEY COULD BE UTILIZED TO ENHANCE ETHICS TRAINING MATERIALS**

### **OBSERVATION**

During this review, a survey was conducted among LASERS employees that consisted of questions pertaining to the LASERS Ethics Policy. The survey responses identified areas that employees thought were unclear and possible areas of weaknesses for themselves or their co-workers. This information could be used to increase the effectiveness of the annual ethics training.

### **RECOMMENDATION**

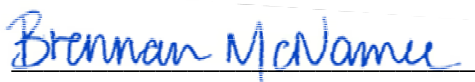
Executive should consider utilizing a survey to evaluate which areas within the Ethics Code and LASERS Ethics Policy are unclear to LASERS employees prior to the annual ethics training provided. These areas could be incorporated into the training material as deemed necessary.

## **RESPONSE**

Executive agrees with this recommendation and will use periodic surveys. The priority to address this recommendation has been set as medium with a target completion date of September 1, 2016.

## **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.

  
Brennan McNamee  
Auditor

  
Ryan Babin, CIA, CISA  
Audit Services Director

Cc: Maris LeBlanc  
Trey Boudreaux