



Assurance Report

2107 Orleans Parish Criminal District Court

March 15, 2021

Robert Kazik, Judicial Administrator
Cindy Rougeou, LASERS Executive Director
The LASERS Audit Committee

EXECUTIVE SUMMARY

During the review of the Orleans Parish Criminal District Court, the following observations were noted and detailed below:

1. The agency's contribution reporting process should be improved.
2. Retroactive payments not correctly allocated for five individuals.
3. The end of DROP participation process should be improved.

BACKGROUND

This was a planned engagement on the fiscal year end (FYE) 2021 Audit Plan. The fieldwork for this engagement was completed on March 3, 2021. Orleans Parish Criminal District Court employs approximately 111 LASERS members.

SCOPE, OBJECTIVES, AND METHODOLOGY

The scope of this engagement included a review of records for the Orleans Parish Criminal District Court employees.

The primary objectives of this engagement were to determine if the Orleans Parish Criminal District Court:

- Accurately reports payroll, earnings, and contributions information to LASERS.

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Cindy Rougeou, Executive Director

LASERS Benefits Louisiana.

- Accurately and timely enrolls eligible individuals into LASERS.
- Performs retirement and post retirement processing in an accurate and timely manner.

Procedures used to complete this engagement included:

- Interviewing LASERS and Orleans Parish Criminal District Court staff.
- Reviewing relevant personnel and payroll records.
- Reviewing records from the State of Louisiana Retirement Information System (SOLARIS).
- Analyzing LASERS member records using Audit Command Language (ACL).
- Conducting other inquiries considered necessary to achieve engagement objectives.

This engagement was conducted in accordance with the policies and procedures of the Audit Services Division.

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. AGENCY CONTRIBUTION REPORTING PROCESS SHOULD BE IMPROVED

OBSERVATION

According to the LASERS Employer's Guide to Retirement (Chapter 3: Contribution Reporting), the monthly retirement report should include earned compensation of all employees who were paid during the period reported, the monthly base pay of the employee, and individual employee and employer contributions. Contributions are reported through two electronic systems:

- File Transfer Protocol (FTP)
- Employer Self-Service (ESS)

The agency submits their monthly retirement report through ESS. When reporting for the current month in ESS, the previous month's report is used as a starting template and changes are made to this report, as deemed necessary by the agency, to create the current month's report. This approach simplifies the reporting process for the agency since only changes have to be entered instead of a completely new report each month.

The monthly report submission by the agency begins with the HR Director manually generating the agency's payroll system register, which contains the pay details for all employees, including any approved retroactive payments, terminations, and new hires. This information is used to review and manually update the monthly reporting template in ESS. Once this is complete, a separate staff member reviews and approves the reconciliation of the payroll register to the ESS report prior to the final submission of the report to LASERS.

Due to the inherent manual nature of this process, the risk of agency contribution reporting errors is higher. During this review, five individuals were identified with errors in the monthly reports submitted to LASERS. Further details of these errors are as follows:

- One individual should have been included on each monthly contribution report since January 2019, but has not been.
- The agency mistakenly created a duplicate entry on the November 2019 and April 2020 monthly reports for one individual.

- The agency did not report the correct earnings to LASERS for three individuals. The earnings from the agency's payroll system did not match the amount reported to LASERS.

These type of errors could cause service credit and final average compensation to be incorrect for the affected individuals.

RECOMMENDATION #1

The agency should work with LASERS Fiscal staff and submit the necessary breakdown and adjustments to correct the earnings and contributions for the five individuals cited in the observation above. Furthermore, the agency should perform a review of the monthly reports submitted to LASERS as compared to their computer system and determine if other errors exist. If additional errors are identified, then the agency should work with LASERS Fiscal staff to make corrections accordingly. Target completion date is June 30, 2021.

AGENCY RESPONSE

The agency agrees with this recommendation. Staff will make active use of the ESS Contribution Reporting Guide and work with Fiscal team to ensure monthly reports are accurate going forward. Additionally, we will document the end to end process (internal process and procedure manual) for consistency in processing the contributions report. As training becomes available through LASERS, staff will be required to participate to ensure processes are up to date. All corrections will be submitted by June 30, 2021.

RECOMMENDATION #2

The agency should improve their current agency contribution reporting process to ensure the correct information (i.e., base salary, earnings, and contributions) is reported to LASERS for all eligible employees. Procedures should be updated to ensure this is performed. Target completion date is June 30, 2021.

AGENCY RESPONSE

The agency agrees with this recommendation. We will document the end to end process (internal process and procedure manual) for consistency in processing. As training becomes available through LASERS, staff will be required to participate to ensure processes are up to date.

2. RETROACTIVE PAYMENTS NOT CORRECTLY ALLOCATED FOR FIVE INDIVIDUALS

OBSERVATION

Due to reporting issues, agencies may need to submit payments for members for previous months. Retroactive payments occur when a lump sum of contributions for a single member is reported within 12 months of determining the reporting issue. In cases where a lump sum is reported, agencies should correctly calculate the member's employee and employer contributions due based on the rate in effect for the retroactive months.

According to the LASERS ESS Contribution Reporting Guide (section "Processing Pay Adjustments), the "Pay Adjustment" feature in ESS is a method that allows agencies to report and correctly allocate retroactive payments made to members. Note: Retroactive adjustments beyond one year are considered an administrative error and LASERS should be contacted for further direction on processing.

The monthly ESS report is prepared by a staff member using the payroll register which contains retroactive payment information. Another employee reviews and approves the reconciliation between the payroll register to the ESS report prior to its submission.

During this review, it was determined that the agency did not correctly allocate retroactive payments for five individuals. This type of error could cause service credit and final average compensation to be incorrect for the affected individuals.

RECOMMENDATION #1

The agency should work with LASERS Fiscal staff and submit the necessary breakdown and adjustments to correctly allocate the retroactive payments for the five individuals cited in the observation above. Furthermore, the agency should perform a review of the monthly reports submitted to LASERS as compared to their computer system and determine if other errors exist. If additional errors are identified, then work with LASERS Fiscal staff to make corrections accordingly. Target completion date is June 30, 2021.

AGENCY RESPONSE

The agency agrees with this recommendation. The Fiscal Team has provided training on submitting retroactive payments. The process in the User Guide will be followed going forward. We will work with Fiscal to have all corrections submitted by June 30, 2021.

RECOMMENDATION #2

The agency should have a mechanism in place to ensure lump sum retroactive adjustments are properly and consistently processed in ESS. Procedures should be updated to ensure this is performed. Target completion date is June 30, 2021.

AGENCY RESPONSE

The agency agrees with this recommendation. Retroactive payments will be processed and separated to cover months included in the retro. We will document the end to end process (internal process and procedure manual) for consistency in processing. As training becomes available through LASERS, staff will be required to participate to ensure processes are up to date.

3. THE END OF DROP PARTICIPATION PROCESS SHOULD BE IMPROVED

OBSERVATION

According to the LASERS Employer's Guide to Retirement (Chapter 12: Deferred Retirement Option Plan), the member and the agency will receive an End of DROP notification letter in the mail approximately two months prior to a member's DROP end date. It is the member's responsibility to contact the agency's Human Resources representative and let them know that they intended to either terminate employment after DROP or continue working after DROP. However, it is also best practice for the agency's Human Resources to track member's approaching DROP end date so that they can work collaboratively with the member to ensure all necessary forms are filed timely. If a member decides to continue working after DROP, contributions to LASERS should resume immediately after DROP termination.

During this review, it was noted that the agency did not correctly resume contributions for four individuals exiting DROP until several months had elapsed. The effect of this is that these employees service credit and, potentially their post-DROP final average compensation, is impacted.

It should be noted that the agency is now using calendar alerts to remind them of approaching DROP end dates.

RECOMMENDATION #1

The agency should remit employee and employer contributions to LASERS for these four individuals from the date DROP participation ended to the period when the agency resumed contributions. Target completion date is June 30, 2021.

AGENCY RESPONSE

The agency agrees with this recommendation. Fiscal has provided training and guidelines for the restart of contributions upon return from DROP. Ongoing we will set a calendar tickler/reminder to alert staff of the restart date of LASERS contributions. Additionally, we will document the end to end process (internal process and procedure manual) for consistency in processing. As training becomes available through LASERS, staff will be required to participate to ensure processes are up to date. We will work with Fiscal to have all corrections submitted by June 30, 2021.

RECOMMENDATION #2

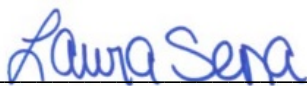
The agency should have a reliable mechanism in place to ensure that retirement contributions resume for employees continuing employment after DROP participation ends. Procedures should be updated to ensure this is performed. Target completion date is June 30, 2021.

AGENCY RESPONSE

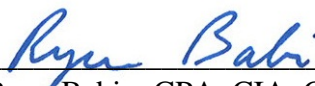
The agency agrees with this recommendation. We will document the end to end process (internal process and procedure manual) for consistency in processing, including a calendar tickler/reminder to alert staff of the restart date of LASERS contributions. As training becomes available through LASERS, staff will be required to participate to ensure processes are up to date.

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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