

Assurance Report

2215 Office of Juvenile Justice (OJJ)

April 7, 2022

William Sommers, Deputy Secretary
Cindy Rougeou, LASERS Executive Director
The LASERS Audit Committee

EXECUTIVE SUMMARY

During the review of the OJJ, there was one observation noted which relates to two individuals not being enrolled in the correct retirement plan.

BACKGROUND

This was a planned engagement on the fiscal year end 2022 Audit Plan. The fieldwork for this engagement was completed on April 7, 2022. OJJ employs approximately 590 LASERS members.

SCOPE, OBJECTIVES, AND METHODOLOGY

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

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

- 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.

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Cindy Rougeou, *Executive Director*

Procedures used to complete this engagement included:

- Interview LASERS and OJJ staff.
- Reviewing relevant personnel and payroll records.
- Reviewing records from the State of Louisiana Retirement Information System (SOLARIS).
- Reviewing data obtained from LaGov Human Capital Management (HCM).
- 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.

OBSERVATION, RECOMMENDATIONS, AND RESPONSES

1. ENROLLMENT IN CORRECT RETIREMENT PLAN DID NOT OCCUR FOR TWO INDIVIDUALS

OBSERVATION

According to the LASERS Employer's Guide to Retirement (Chapter 17: Hazardous Duty Service Plan (HAZ Plan)), when a new employee is hired into a HAZ Plan eligible position and enrolled as a member of LASERS, it is important to determine if the member has any previous service in LASERS. If a new employee with current un-refunded service in LASERS is hired into a LASERS eligible hazardous duty position, then he or she must elect to remain in his or her existing or last retirement plan or to irrevocably join the HAZ Plan.

During this review, there were two individuals who were enrolled into the incorrect retirement plan. Both were hired into hazardous duty positions with un-refunded service in LASERS and one elected to join the HAZ Plan and the other was required to join since their last retirement plan was the HAZ Plan. However, the agency enrolled them in the Regular 3 (RGL3) Plan and the Regular 4 (RGL4) Plan, respectively. The effect of this is that these employees are contributing into a plan that has a lower employee contribution rate of eight percent compared to the nine and a half percent rate of the HAZ Plan. Additionally, the members were also subject to the lower benefit accrual rate of two and a half percent compared to the HAZ Plan accrual rate of three and a third percent.

It should be noted that the agency has already initiated the Administrative Error process with LASERS to correct the retirement plans for these two individuals.

RECOMMENDATION #1

The agency should continue to work with LASERS Member Services staff to correct the enrollment of these two individuals into the HAZ Plan. Target completion date is May 31, 2022.

AGENCY RESPONSE

The agency agrees with this recommendation. As stated, the agency, through Human Resources, has already initiated the process to correct the two employees placed in the wrong retirement plan through administrative error letters and notifications to the employees affected. One employee/member has already been corrected into the Hazardous Duty plan and a payment arrangement has been set up with the Office of State Uniform Payroll to recoup underpaid retirement contributions. HR is still working with the other employee on rectifying the retirement plan and underpaid contributions. Please note that the two affected employees were both hired prior to the current measures that are currently in place to identify correct retirement plans for incoming employees.

RECOMMENDATION #2 (CLOSED)

The agency should improve their enrollment process to ensure that individuals are enrolled in the correct

retirement plan based on their position eligibility and any prior LASERS service. Procedures should be updated accordingly. Target completion date is June 30, 2022.

AGENCY RESPONSE

The agency agrees with this recommendation. The HR Employer Administration section, which processes enrollments, has in place updated checklists that include that HR employees should review the LASERS employer portal, the TRSL portal, the LASERS membership registration form, and the position that the employee is being hired into to ensure that members are placed in the appropriate plan. Additionally, as of 2020, the HR Benefits sections began auditing retirement enrollments biweekly to ensure employees are placed in the appropriate retirement plan based on a review of the resources previously indicated. This is the second review to ensure appropriate enrollments. Finally, HR Management will implement at least, twice per year, internal trainings to HR staff to ensure that employees understand information that is given in the LASERS employer handbook.

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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