

DEPARTMENT OF THE TREASURY
STATE OF LOUISIANA



PROCEDURAL REPORT
ISSUED MAY 21, 2008

**LEGISLATIVE AUDITOR
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LOUISIANA LEGISLATIVE AUDITOR
STEVE J. THERIOT, CPA

April 23, 2008

**DEPARTMENT OF THE TREASURY
STATE OF LOUISIANA**

Baton Rouge, Louisiana

As required by Louisiana Revised Statute 24:513, we conducted certain procedures at the Department of the Treasury for the period from July 1, 2006, through April 23, 2008. Our procedures included (1) a review of the department's internal controls; (2) tests of financial transactions; and (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities. Our procedures were more limited than would be necessary to give an opinion on internal control and on compliance with laws, regulations, policies, and procedures governing financial activities.

Specifically, we interviewed management personnel and selected departmental personnel and evaluated selected documents, files, reports, systems, procedures, and policies, as we considered necessary. After analyzing the data, we developed recommendations for improvement. We then discussed our finding and recommendation with appropriate management personnel before submitting this written report.

The Annual Fiscal Report of the Department of the Treasury was not audited or reviewed by us, and, accordingly, we do not express an opinion on that report. The department's accounts are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

Based on the application of the procedures referred to previously, all significant findings are included in this report for management's consideration.

Improper Purchases on the LaCarte Purchase Card

An employee of the Department of the Treasury improperly made personal purchases using the LaCarte Purchase Card. The LaCarte Purchase Card is a Visa card issued to state employees to assist in purchasing goods and services more efficiently. The state's LaCarte Purchasing Card Policy and the department's own policies prohibit the use of the LaCarte Purchase Card for personal use. In addition, the attorney general has opined in Opinion No. 97-115 that Louisiana Revised Statute 42:1461 prohibits a public official from using a public credit card to purchase personal goods and services.

From March 2007 to January 2008, the employee, who is also the Assistant Program Administrator of the department's LaCarte Purchase Card, prepared 10 requisitions for 22 books and movies totaling \$571. The employee believed that he was permitted to make personal purchases using the LaCarte Purchase Card as long as he reimbursed the department. However, the employee did not reimburse the department until we questioned these purchases in February 2008. In addition, the employee did not indicate to the department's staff that the purchases were personal when he used department requisitions to request the purchases.

As a result, the employee improperly used state funds for his benefit. The Department of the Treasury should ensure that all employees are informed of and follow the established policies regarding the LaCarte Purchase Card, which include the prohibition against personal use. In addition, the department should place more emphasis on scrutinizing the purpose of its purchases to ensure that the purchases are made only for a business need. The department concurred with the finding and recommendations (see Appendix A).

The recommendations in this report represents, in our judgment, those which are most likely to bring about beneficial improvements to the operations of the 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 finding, which relates to the department's compliance with applicable laws and regulations, should be addressed immediately by management.

This report is intended solely for the information and use of the department and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Steve J. Theriot, CPA
Legislative Auditor

VEF:WDD:THC:sr

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Management's Corrective Action
Plan and Response to the
Finding and Recommendations



TREASURER OF THE STATE OF LOUISIANA

JOHN NEELY KENNEDY
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May 6, 2008

Mr. Steve Theriot, CPA
Louisiana Legislative Auditor
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Baton Rouge, Louisiana 70804-9397

Re: Department of the Treasury Audit for the period July 1, 2006 to April 23, 2008

Dear Mr. Theriot:

In response to your recommendations for improvement and the single finding as a result of our recent Audit as set forth in your draft report to management, we appreciate you bringing the recommendations and finding to our attention so that we could correct the problem and improve our internal controls, policies and procedures.

As you know, full reimbursement for all purchases questioned was made as soon as your concerns were known. Additionally, the employee has been duly counseled and appropriate discipline measures imposed.

Finally, we have taken adequate corrective measures and instituted additional steps in our procedures based on your recommendations to ensure that the problem found will not occur again.

Thanks again for your help. Please let me know if you have any questions or if we need any further discussions of this matter.

Very truly yours,

A handwritten signature in black ink that reads "John Kennedy".

John Kennedy