

DEPARTMENT OF PUBLIC SERVICE
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
PROCEDURAL REPORT
ISSUED JULY 25, 2018

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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE

Department of Public Service



July 2018

Audit Control # 80180045

Introduction

The primary purpose of our procedures at the Department of Public Service (Department) was to evaluate certain controls the Department uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and to provide overall accountability over public funds.

Results of Our Procedures

We evaluated the Department's operations and system of internal control through inquiry, observation, and review of its policies and procedures, including a review of the applicable laws and regulations. Based on the documentation of the Department's controls, our understanding of related laws and regulations, and the results of our analytical procedures, we performed procedures on selected controls and transactions relating to payroll expenditures, Motor Carrier Regulation Fund revenue, and Telephonic Solicitation Relief Fund ("Do Not Call") revenue.

Payroll Expenditures

Approximately 80% of the Department's expenditures consist of salaries and employee benefits. We obtained an understanding of the Department's controls over the time and attendance function. We agreed the Department's payroll registers for the period July 1, 2016, through February 28, 2018, to the general ledger and reviewed selected employee time sheets, overtime reports, leave records, and payroll monitoring reports from this period. Based on the results of our procedures, the Department had adequate controls in place to ensure timely review and approval of employee time and leave records and accurate recording of overtime earned and leave taken in the payroll system.

Motor Carrier Regulation Fund Revenue

Approximately 3% of the Department's revenue collections consist of fees and penalties assessed in accordance with Title 45, Chapter 4 "Motor Carriers." The Department, through the Louisiana Public Service Commission, is responsible for regulating certain motor carriers that transport goods, passengers, or waste. We obtained an understanding of the Department's controls over motor carrier revenue. We agreed the Department's deposit listing for the period July 1, 2016, through February 28, 2018, to the general ledger and reviewed selected transactions

from this period. Based on the results of our procedures, the Department had adequate controls in place to ensure that motor carrier fees and penalties were appropriately assessed in accordance with state law and revenue collections were timely deposited and properly recorded.

Telephonic Solicitation Relief Fund Revenue

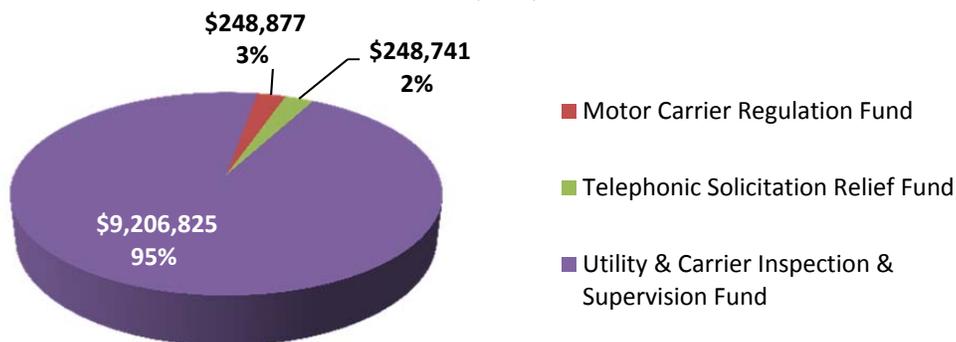
Approximately 2% of the Department’s revenue collections consist of fees and penalties assessed in accordance with Title 45, Chapter 8-H “Telephonic Solicitation Relief Act of 2001.” The Department, through the Louisiana Public Service Commission, is responsible for maintaining a “do not call” listing, which includes the Louisiana consumers on the National “Do Not Call” Registry. We obtained an understanding of the Department’s controls over “Do Not Call” revenue. We agreed the Department’s deposit listing for the period July 1, 2016, through February 28, 2018, to the general ledger and reviewed selected transactions from this period. Based on the results of our procedures, the Department had adequate controls in place to ensure that “Do Not Call” fees and penalties were appropriately assessed in accordance with state law and revenue collections were timely deposited and properly recorded.

Trend Analysis

We compared the most current and prior-year financial activity using the Department’s Annual Fiscal Reports and/or system-generated reports and obtained explanations from the Department’s management for any significant variances. We also prepared an analysis of revenues.

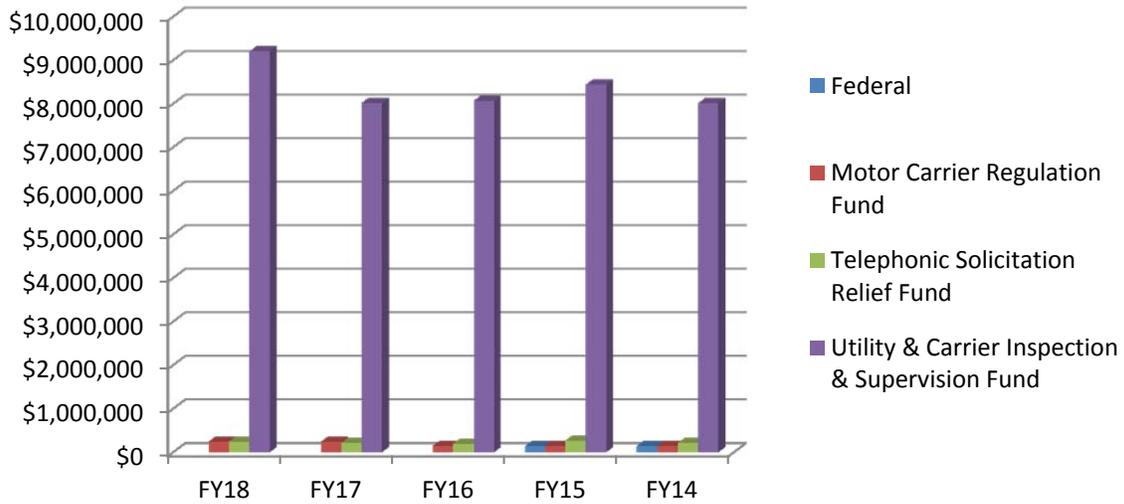
As shown in Exhibit 1, the Department’s revenues for fiscal year 2018 totaled approximately \$9.7 million as of June 30, 2018, with 95% of those revenues provided by the Utility & Carrier Inspection & Supervision Fund, a statutorily-dedicated fund. In accordance with R.S. 45:1177, each motor carrier and public utility, as defined in the statute, pays the state a fee based on gross receipts for the inspection, control, and supervision of the business service and rates. As shown in Exhibit 2, this fund increased by \$1.2 million (15%) from fiscal year 2017 to fiscal year 2018, mainly due to an increase in fees per Act 433 of the 2016 Regular Session.

Exhibit 1 - PSC Appropriated Revenues as of June 30, 2018
Total: \$9,704,443



Source: Business Objects Financial Reports

Exhibit 2 - PSC Five-Year Revenue Trend



Source: Business Objects Financial Reports and Annual Fiscal Reports

Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

 Daryl G. Purpera, CPA, CFE
 Legislative Auditor

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APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at the Department of Public Service (Department) for the period from July 1, 2016, through June 30, 2018. Our objective was to evaluate certain controls the Department uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and to provide accountability over public funds. The scope of our procedures, which are summarized below, was significantly less than an audit conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit or review the Department's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. The Department's accounts are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated the Department's operations and system of internal control through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to the Department.
- Based on the documentation of the Department's controls and our understanding of related laws and regulations, we performed procedures on selected controls and transactions relating to payroll expenditures, Motor Carrier Regulation Fund revenue, and Telephonic Solicitation Relief Fund ("Do Not Call") revenue.
- We compared the most current and prior-year financial activity using the Department's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from the Department's management for any significant variances that could potentially indicate areas of risk.

The purpose of this report is solely to describe the scope of our work at the Department and not to provide an opinion on the effectiveness of the Department's internal control over financial reporting or on compliance. Accordingly, this report is not intended to be, and should not be, used for any other purpose.