

DEPARTMENT OF PUBLIC SERVICE

STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

Procedural Report
Issued August 21, 2024

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Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA

Department of Public Service



August 2024

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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 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 relating to payroll expenditures, Commission member travel expenditures, and Motor Carrier Regulation Dedicated Fund Account revenue.

Payroll Expenditures

Approximately 85% of the Department's expenditures consists of salaries and related employee benefits. We obtained an understanding of internal control over payroll expenditures, reviewed 20 selected employee records with salary changes in the payroll system from the period July 1, 2022, through March 31, 2024, and reviewed all electronic time sheet and leave approvals in the payroll system from the period June 27, 2022, through March 31, 2024. Based on the results of our procedures, the Department had adequate controls in place to ensure that salary changes are authorized and time and attendance records are certified, reviewed and approved timely.

Commission Member Travel Expenditures

The Department's travel expenditures primarily include reimbursements to employees and Commission members for mileage and meals, and direct payments through a corporate travel account for flights, car rentals, hotels, and conference

registrations and sponsorships. We obtained an understanding of the applicable state regulations and the Department's controls over travel expenditures and reviewed 15 selected travel expenditures for Commission members from the period July 1, 2022, through March 31, 2024. We determined that the Department had adequate controls in place to ensure that Commission member travel expenditures were accurately recorded and in compliance with departmental policies and state travel regulations.

Motor Carrier Regulation Dedicated Fund Account Revenue

The Department collected revenue from 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 applicable state laws and the Department's controls over Motor Carrier Regulation Dedicated Fund Account revenue. We agreed the Department's deposit listing for the period July 1, 2022, through March 31, 2024, to the general ledger and reviewed 20 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 compliance with laws and regulations, deposited timely, and accurately 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.

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

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
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, 2022, through June 30, 2024. Our objective was to evaluate certain controls the Department uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds. The scope of our procedures, which is 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, our understanding of related laws and regulations, and results of our analytical procedures, we performed procedures relating to payroll expenditures, Commission member travel expenditures, and Motor Carrier Regulation Dedicated Fund Account 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.