

LOUISIANA INTERNATIONAL DEEP WATER
GULF TRANSFER TERMINAL AUTHORITY
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
PROCEDURAL REPORT
ISSUED DECEMBER 17, 2018

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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Louisiana International Deep Water Gulf Transfer Terminal Authority

December 2018

Audit Control # 80180149

Introduction

The primary purpose of our procedures at the Louisiana International Deep Water Gulf Transfer Terminal Authority (LIGTT) was to evaluate certain controls that LIGTT uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and overall accountability over public funds.

LIGTT was created by Act 699 of the 2008 Regular Legislative Session. LIGTT, as authorized by Louisiana Revised Statute 34:3491-34:3506, is a political subdivision of the state of Louisiana and possesses full corporate powers to plan, finance, develop, construct, license, regulate, supervise, operate, manage, maintain, and modify deep water terminal facilities to be constructed within its jurisdiction.

Results of Our Procedures

We evaluated LIGTT'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 LIGTT's controls and our understanding of related laws and regulations, we performed procedures on selected controls and transactions relating to cash, revenue collection, debit cards, travel expenditures, contracts, payroll and personnel, and budget.

Follow-Up on Prior-year Finding

We reviewed the status of the prior-year finding in the LIGTT procedural report dated December 27, 2017. We determined that management has resolved the prior-year finding related to Inadequate Controls over Reporting Receivables and Payables.

Other Results of Our Procedures

Cash

LIGTT maintains an operating account, which is used for general operations. The president and treasurer of the board, as well as an administrative assistant, the only employee, have access to the account. The administrative assistant performs cash collection and disbursement functions on LIGTT's behalf, excluding bank reconciliations which are performed by a contracted accountant. The treasurer and president approve all expenditure transactions, with the exception of general office expenses. Recurring operating expenses such as monthly phone, Internet, utilities, or any fixed expense do not need approval unless the bill exceeds the normal range. The treasurer reviews the monthly bank reconciliations prepared by the contracted accountant.

Cash balances per book totaled \$226,617 at June 30, 2018. We performed procedures to reconcile cash transactions to LIGTT's general ledger, evaluated the segregation of duties, and reviewed the bank account reconciliations. No reportable exceptions were noted.

Revenue Collection

Approximately 99% of LIGTT's revenue collections are from a sub-lease of water bottoms to ABK LIGTT Development Partners, L.L.C. We agreed the revenue collected per the general ledger and bank statements to the lease agreement to ensure the appropriate amounts were collected in accordance with the lease agreement. No reportable exceptions were noted.

Debit Cards

LIGTT has one debit card issued to the administrative assistant, which is used for travel and small purchases. We traced selected debit card purchases to supporting documentation and evaluated the purpose of the purchase and compliance with laws and regulations. No reportable exceptions were noted.

Travel Expenditures

Travel expenditures include conference travel for certain board members and the administrative assistant. Fiscal year 2018 travel expenditures totaled \$9,254 through June 30, 2018. We traced selected travel expenses to supporting documentation and evaluated compliance with laws and regulations. No reportable exceptions were noted.

Contracts

LIGTT contracted with a few entities to perform legal, consulting, accounting/administrative, and information technology services. LIGTT also has a lease with the state of Louisiana for water bottoms in the Gulf of Mexico. Fiscal year 2018 contract expenditures totaled \$145,191 through June 30, 2018. We traced selected contract payments to contract terms and evaluated compliance with laws and regulations. No reportable exceptions were noted.

Payroll and Personnel

Approximately 22% of LIGTT's expenditures relate to payroll costs for the year ended June 30, 2018. LIGTT only has one employee, an administrative assistant, who is a salaried employee. We traced the employee's salary to the pay structure approved by the LIGTT board as well as evaluated controls over time and attendance records. No reportable exceptions were noted.

Budget

LIGTT annually adopts a budget by majority vote of its board of directors. The budgeted expenditures for the year ended June 30, 2018, was approximately 15% higher than the previous year, mostly due to increases in consultant fees and payroll costs. We confirmed the adoption of LIGTT's budget, ensured it was submitted timely to the Joint Legislative Committee on the Budget, and evaluated variances between budgeted amounts and actual revenues and expenditures for reasonableness. No reportable exceptions were noted.

Other Compliance Areas

We evaluated evidence to determine if required ethics training was completed by the board's members and employees. One board member failed to complete the ethics training; however, we determined that the Ethics Agent for LIGTT had performed the necessary due diligence by providing multiple reminders and notices to this board member regarding the ethics training.

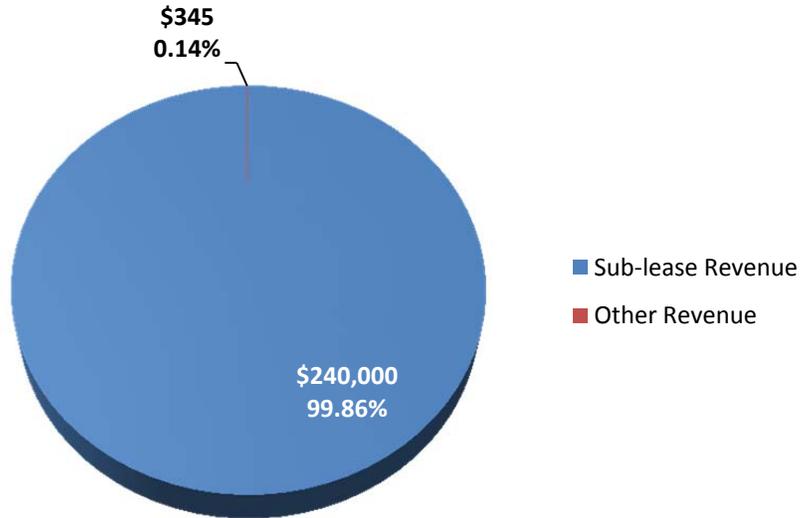
We reviewed the board minutes for the fiscal year 2018 and determined the LIGTT board met (with a quorum) at least once every 90 days. No reportable exceptions were noted.

We accessed LIGTT's online information included in the Division of Administration's boards and commissions database and determined that the entity submitted board meeting notices and minutes for all meetings during the fiscal period. In addition, we obtained the budget information for the current fiscal period and determined that the information agreed with the budget information contained in the database. No reportable exceptions were noted.

Comparison of Activity between Years

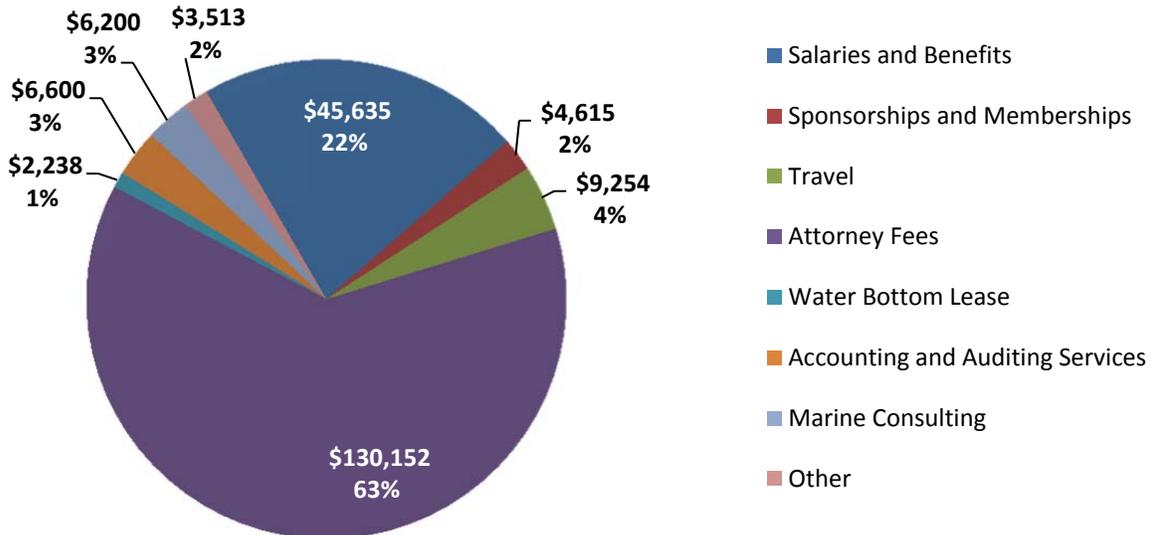
We compared the most current and prior-year financial activity using LIGTT's general ledger to identify trends and obtained explanations from management for any significant variances that could potentially indicate areas of risk. Management provided reasonable explanations for all significant variances. The following charts show LIGTT's fiscal year 2018 revenues and expenditures through June 30, 2018.

**Fiscal Year 2018 Revenues,
as of June 30, 2018
Total: \$240,345**



Source: LIGTT's General Ledger

**Fiscal Year 2018 Expenditures,
as of June 30, 2018
Total: \$208,207**



Source: LIGTT's General Ledger

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

Respectfully submitted,

A handwritten signature in blue ink that reads "Daryl G. Purpera". The signature is written in a cursive style with a large initial "D".

Daryl G. Purpera, CPA, CFE
Legislative Auditor

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LIGTT 2018

APPENDIX A: SCOPE AND METHODOLOGY

We conducted certain procedures at the Louisiana International Deep Water Gulf Transfer Terminal Authority (LIGTT) for the period from July 1, 2017, through June 30, 2018. Our objective was to evaluate certain internal controls LIGTT uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and overall 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 LIGTT's Annual Fiscal Report, and accordingly, we do not express an opinion on that report. LIGTT's accounts are an integral part of the state of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated LIGTT'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 LIGTT.
- Based on the documentation of LIGTT's controls and our understanding of related laws and regulations, we performed procedures on selected controls and transactions relating to cash, revenue collection, debit cards, travel expenditures, contracts, payroll and personnel, and budget.
- We compared the most current and prior-year financial activity using LIGTT's general ledger and obtained explanations from LIGTT's management for any significant variances.

The purpose of this report is solely to describe the scope of our work at LIGTT and not to provide an opinion on the effectiveness of LIGTT'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.