

LOUISIANA INTERNATIONAL DEEP WATER
GULF TRANSFER TERMINAL AUTHORITY
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
PROCEDURAL REPORT
ISSUED DECEMBER 11, 2019

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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Louisiana International Deep Water Gulf Transfer Terminal Authority

December 2019

Audit Control # 80190124

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.

Cash

LIGTT maintains an operating account, which is used for general operations. The president and treasurer of the board, as well as the executive director – the only employee – have access to the account. The executive director performs cash collection and disbursement functions on LIGTT's behalf, excluding bank reconciliations that 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 totaled \$243,571 at June 30, 2019. We performed procedures to reconcile cash transactions to LIGTT's general ledger, evaluated the segregation of duties between LIGTT staff, and confirmed the timely preparation of bank account reconciliations. No reportable exceptions were noted.

Revenue Collection

All 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. LIGTT did not receive four months of lease payments totaling \$80,000 from ABK LIGTT Development Partners, L.L.C. On November 7, 2019, a Written Notice of Events of Default was sent to ABK LIGTT Development Partners, L.L.C. for not performing or discharging its obligations in accordance with the provisions of the development agreement and sub-lease. No reportable exceptions were noted.

Debit Cards

LIGTT has one debit card issued to the executive director, 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 executive director. Fiscal year 2019 travel expenditures totaled \$7,446 through June 30, 2019. We traced selected travel expenditures 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 2019 contract expenditures totaled \$63,916 through June 30, 2019. We traced selected contract payments to contract terms and evaluated compliance with laws and regulations. No reportable exceptions were noted.

Payroll and Personnel

Approximately 42% of LIGTT's expenditures relate to payroll costs for the year ended June 30, 2019. LIGTT only has one employee, an executive director, who is a salaried employee. We traced the employee's salary to the compensation package 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 budget for the year ended June 30, 2019, was approximately 10% 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

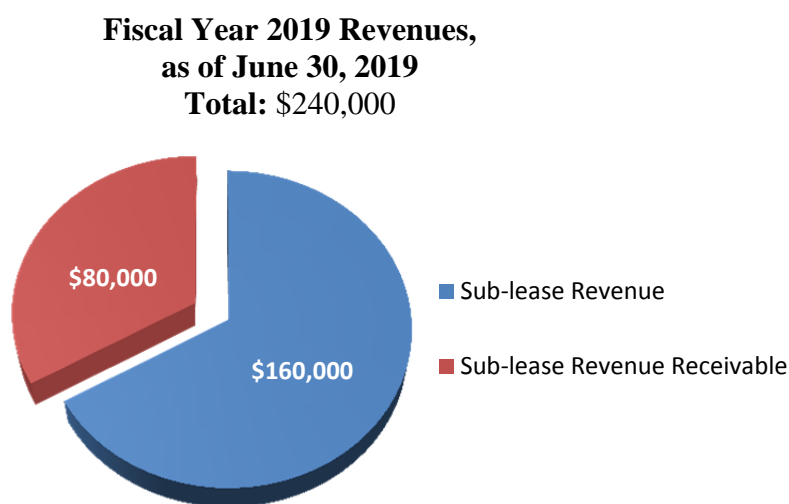
We evaluated evidence to determine if required ethics training was completed by LIGTT's board members and employees. We determined the selected board members and employees completed the required annual ethics training. No reportable exceptions were noted.

We reviewed the board minutes for fiscal year 2019 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 LIGTT submitted board meeting notices and minutes for all meetings during fiscal year 2019. In addition, we obtained the budget information for fiscal year 2019 and determined that the information agreed with the budget information contained in the database. No reportable exceptions were noted.

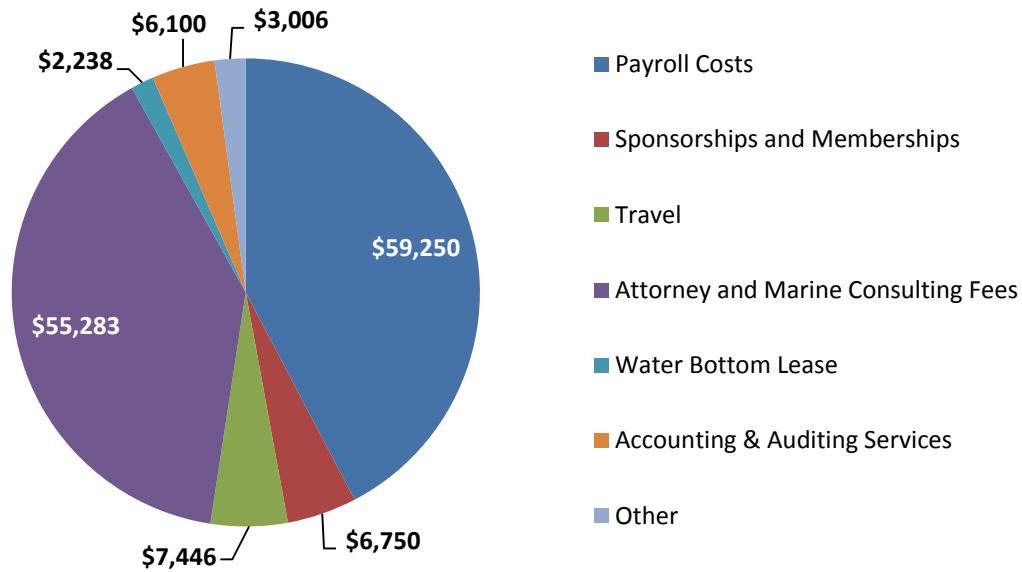
Comparison of Activity between Years

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 2019 revenues and expenditures through June 30, 2019.



Source: LIGTT's General Ledger

**Fiscal Year 2019 Expenditures,
as of June 30, 2019
Total: \$140,073**



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,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

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LIGTT 2019

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, 2018, through June 30, 2019. 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.