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**LEGISLATIVE BUDGETARY
CONTROL COUNCIL
STATE OF LOUISIANA
FINANCIAL REPORT**

June 30, 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JUN 01 1998



LEGISLATIVE BUDGETARY CONTROL COUNCIL

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**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Honorable Randy Loring, Co-Chair
Honorable Huntington B. Downs, Jr., Co-Chair
Legislative Budgetary Control Council, State of Louisiana
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the Legislative Budgetary Control Council, State of Louisiana as of and for the year ended June 30, 1997, as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Governor Auditing Standards*, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the Legislative Budgetary Control Council, State of Louisiana, are intended to present the financial position and results of operations of only that portion of the financial reporting entity of the State of Louisiana.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of the Legislative Budgetary Control Council, State of Louisiana, as of June 30, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule on page 14 is presented for the purpose of additional analysis and is not a required part of the financial statements of the Legislative Budgetary Control Council, State of Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated September 15, 1997 on our consideration of the Legislative Budgetary Control Council State of Louisiana's internal control structure and a report dated September 15, 1997 on its compliance with laws and regulations.

PROVOST, SALTER, HARPER & ALFORD, L.L.C.

Provost, Salter, Harper & Alford, L.L.C.

September 15, 1997

LEGISLATIVE BUDGETARY CONTROL COUNCIL

Consolidated Balance Sheet

June 30, 1997

Fund Type and Account Group

	Governmental Fund Type	Account Group	Totals (Memorandum Only)
		General Long Term Obligation	
ASSETS AND OTHER DEBIT			
Cash in bank	\$ 422,993	\$ -	\$ 422,993
Unencumbered appropriations	3,516,943	-	3,516,943
Other debit - amount to be provided for compensated absences	-	16,608	16,608
Total Assets and Other Debit	\$ 3,939,936	\$ 16,608	\$ 3,956,544
LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts payable	\$ 682,377	\$ -	\$ 682,377
Accrued salaries and related benefits	3,496	-	3,496
Due to other legislative agencies	79,608	-	79,608
Compensated absences	-	16,608	16,608
Total liabilities	965,481	16,608	982,089
Fund Equity			
Fund balance			
Reserved for encumbrances	2,496,969	-	2,496,969
Unreserved - undesignated	477,466	-	477,466
Total fund equity	2,974,435	-	2,974,435
Total Liabilities and Fund Equity	\$ 3,039,916	\$ 16,608	\$ 3,056,524

LEGISLATIVE BUDGETARY CONTROL COUNCIL

*Statement of Revenues, Expenditures and
Changes in Fund Balance*
Governmental Fund Type - General Fund

Year Ended June 30, 1997

Revenues	
State appropriations	\$ 5,837,277
Interest	5,763
Other	299
Total revenues	<u>5,843,339</u>
Expenditures	
Personal services	72,054
Travel	994
Operating services	449,368
Supplies	48,410
Professional services	2,718,499
Capital outlay	<u>4,758,189</u>
Total expenditures	<u>8,097,414</u>
(Deficiency) of Revenues Over Expenditures	(2,254,075)
Other Financing Uses	
Interagency transfers out	<u>(125,987)</u>
(Deficiency) of Revenues Over Expenditures and Other Financing Uses	<u>(2,380,062)</u>
Fund Balance	
Beginning, as previously stated	6,168,705
Adjustment for prior period error	<u>105,276</u>
Beginning, as restated	<u>6,273,981</u>
Ending	<u>\$ 3,893,919</u>

LEGISLATIVE BUDGETARY CONTROL COUNCIL

Statement of Revenues, Expenditures and Encumbrances and Changes in Fund Balance

Year Ended June 30, 1997

Budget (Legal Basis) and Actual - General Fund

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
State appropriations	\$ 5,037,177	\$ 5,037,177	\$ -
District income	-	8,762	8,762
Other	-	289	289
Receipts into fund balance (1)	4,838,920	4,838,920	-
Total revenues	<u>9,876,197</u>	<u>9,885,138</u>	<u>9,041</u>
Expenditures and Encumbrances			
Personal services	93,941	78,953	14,988
Travel	-	994	994
Operating services	228,883	449,268	(220,385)
Supplies	50,869	48,442	2,427
Professional services	2,793,781	2,776,499	17,282
Capital outlay	1,582,139	9,986,234	(8,404,095)
Total expenditures and encumbrances	<u>4,849,613</u>	<u>9,270,889</u>	<u>5,618,727</u>
Excess of Revenues Over Expenditures and Encumbrances	5,026,584	664,249	(4,362,335)
Other Financing Uses			
Interagency transfers out	(188,644)	(179,667)	8,977
Excess of Revenues Over Expenditures, Encumbrances and Other Financing Uses	4,838,920	484,582	(4,354,338)
Fund Balance			
Beginning, as previously stated	4,838,644	4,838,644	-
Adjustment for year period over	105,176	105,176	-
Beginning, as stated	<u>4,943,820</u>	<u>4,943,820</u>	<u>-</u>
Less unappropriated fund balance (1)	(4,938,920)	(4,938,920)	-
Ending	<u>\$ 4,938,920</u>	<u>484,900</u>	<u>\$ 4,454,020</u>
Adjustments to generally accepted accounting principles			
Current year encumbrances included in expenditures		2,496,989	
Accrued payroll not budgeted in current year		(3,786)	
Ending, GAAP basis		<u>\$ 2,974,455</u>	

(1) Budget includes unappropriated fund balance carried over from prior years to cover expenditures of the current year. To the extent of unencumbered balances of the current year, but is presented as revenue only for budgetary reporting purposes. Beginning budgetary fund balance has been reduced by the amount so called the budgetary ending fund balance prepared.

LEGISLATIVE BUDGETARY CONTROL COUNCIL

Notes to Financial Statements

June 30, 1997

1. Summary of Significant Accounting Policies

The Legislative Budgetary Control Council, State of Louisiana, created by Title 24, Section 28 of the Louisiana Revised Statutes, maintains rules and regulations designed to control the receipt and spending procedures within the Legislative branch of government, approves budget requests for all legislative budget units and funds joint projects for the Legislature such as the joint computer operations, upkeep and renovations of the Capitol complex and funding of several legislative organizations.

The Council is composed of ten members and one employee.

Governmental accounting principles and practices are promulgated and established by the Governmental Accounting Standards Board (GASB). The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards. This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such pronouncements.

The following is a summary of the more significant accounting policies:

Financial Reporting Entity. Application of Section 2100 of the GASB Codification defines the governmental reporting entity (in relation to the Legislative Budgetary Control Council) to be the State of Louisiana. The accompanying financial statements of the Legislative Budgetary Control Council remain self-account information of the General Fund and account groups of the State of Louisiana. Annually, the State of Louisiana issues financial statements, which include the activity accounted in the accompanying financial statements.

Fund Accounting. The Legislative Budgetary Control Council uses fund accounting (system of self-balancing accounts) to reflect the sources and uses of available resources and the budgetary restrictions placed on these funds by the Louisiana Legislature. The fund and account group presented in the accompanying financial statements, and as described below, comprise the General Fund and account group of the Legislative Budgetary Control Council.

Governmental Fund Type

General Fund. The General Fund is used to account for all of the Legislative Budgetary Control Council's general activities, including the servicing of general long-term debt. It is used to account for all activities of the Council.

LEGISLATIVE BUDGETARY CONTROL COUNCIL

Notes to Financial Statements, Continued

June 30, 1997

Account Group. The account group is a reporting device designed to provide accountability for certain long term assets and liabilities that are not recorded in the funds because they do not directly affect net expendable, available financial resources.

Basis of Accounting. Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Statement. The governmental fund is accounted for using the modified accrual basis of accounting. The revenues are recognized when they become measurable and available. The accounts susceptible to accrual are state appropriations and interest revenue.

The unreserved appropriation and appropriation authorized and collected during the year are summarized as follows:

	Total Appropriation Authorized	Unreserved Appropriation as of June 30, 1996	Appropriation Authorized for the year ended June 30, 1997	Funds Collected in the year ended June 30, 1997	Unreserved Appropriation as of June 30, 1997
Act 743, 1993 R.S.	4,641,080	\$ 598,821	\$ -	\$ -	\$ 598,821
Act 41, 1994 R.S.	3,681,076	1,758,584	-	1,758,584	-
Act 1225, 1993 R.S.	3,007,277	3,884,981	-	3,884,981	-
Act 33, 1996 R.S.	3,007,277	-	3,007,277	2,076,158	2,076,158
		\$ 6,181,886	\$ 3,007,277	\$ 3,784,328	\$ 2,596,941

Expenditures. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Statement C is not intended to reflect operations of the Legislative Budgetary Control Council, State of Louisiana in accordance with generally accepted accounting principles in fact:

1. re-appropriated funds from prior years are recognized as revenues in the current year;
2. salaries and related benefits are recognized when paid unless specific authorization is provided in the annual legislative appropriation; and
3. lease advances are recorded as an expenditure when purchase orders are issued.

LEGISLATIVE BUDGETARY CONTROL COUNCIL

Notes to Financial Statements, Continued

June 30, 1997

The statement is intended to compare the annual budget, which is not prepared in accordance with generally accepted accounting principles with comparable expenditures for the period.

Budgetary Practices. The Legislative Budgetary Control Council is required to submit to the members of the Council an estimate of the financial requirements for the ensuing fiscal year. The General Fund appropriation is enacted into law by the Legislature and sent to the Governor for his signature. The Legislative Budgetary Control Council is authorized to transfer budget amounts between accounts in the General Fund. Revisions that alter total appropriations must be approved by the Legislature. The level of budgetary responsibility is by total appropriations. All annual appropriations lapse at fiscal year end, and require that any amounts not expended or encumbered at the close of the fiscal year be returned to the State General Fund unless otherwise reappropriated by subsequent Legislative action. Current appropriation legislation authorizes such reappropriation of prior year funds.

The budget for the General Fund is prepared on the budgetary (legal) basis of accounting. In compliance with budgetary authorization, the Legislative Budgetary Control Council includes the prior year's fund balance represented by appropriate liquid assets remaining in the fund as a budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior period's excess of revenues over expenditures.

Leave Benefits. Accumulated unpaid annual, sick and compensatory leave is reported in the General Long Term Obligation Account Group within the accompanying financial statements. The Legislative Budgetary Control Council, State of Louisiana's employee accrue estimated amounts of annual and sick leave at varying rates as established by the Legislative Budgetary Control Council's personnel practices. Upon designation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. Upon retirement, annual leave in excess of 300 hours and unused sick leave are credited as earned service in computing retirement benefits.

Furthermore, employees earn compensatory leave for hours worked in excess of 40 hours per work week. The compensatory leave may be used similarly to annual or sick leave. At June 30, 1997, annual leave of up to 300 hours, for which employees could be paid upon resignation or retirement, and compensatory leave, computed in accordance with the *Confidence of Government Accounting and Financial Reporting Standards* Section C90.105, total \$16,608.

The following are the changes in compensated absence (general long-term obligations) during the year.

Balance, July 1, 1996	Net Change	Balance, June 30, 1997
\$ 16,268	\$ 1,342	\$ 16,608

LEGISLATIVE BUDGETARY CONTROL COUNCIL

Notes to Financial Statements, Continued

June 30, 1997

Total Columns on Balance Sheet. The total columns on the financial statements are captioned "management only" to indicate that they are presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. Cash in Bank

Under State law, the Legislative Budgetary Control Council may deposit funds in an approved bank located in the State selected and designated by the presiding membership of the Council. Federal deposit insurance or the pledge of securities that are owned by the fiscal agent bank must secure these public deposits. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank.

At June 30, 1997, the carrying amount of the Legislative Budgetary Control Council's cash account was \$472,985, and the bank balance was \$667,924. All cash was covered by federal depository insurance or pledged collateral held in the name of the pledging fiscal agent bank (category X) in a holding or custodial bank.

3. Retirement System

Plan Description. All employees of the Council participate in the Louisiana State Employees' Retirement System (LASERS) which is a cost sharing, multiple-employer defined benefit pension plan administered by a separate Board of Trustees. These plans provide retirement, disability, and survivor benefits to participating, eligible employees. Benefits are established and amended by state statute. Benefits are guaranteed by the State of Louisiana under provisions of the Louisiana Constitution of 1974. LASERS issues a publicly available financial report that includes financial statements and required supplementary information. The reports may be obtained by writing to Louisiana State Employees' Retirement System, Post Office Box 4-015, Baton Rouge, Louisiana, 70804-0115, or by calling (504) 926-6606.

Funding Policy. Plan members of the Legislative Budgetary Control Council, State of Louisiana are required by state statute to contribute 7.0% of their annual covered salary to LASERS, respectively and the Council (as their employer) is required to contribute at an actuarially determined rate. The current employer rate is 12.4% of annual covered payroll. The contribution requirements of plan members are established by, and amended by state law. As required by state law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The

LEGISLATIVE BUDGETARY CONTROL COUNCIL

Notes to Financial Statements, Continued

June 30, 1993

The State of Louisiana through the annual legislative appropriation funds the employer contributions. The Council's employer contributions to LASERS for the years ending June 30, 1987, 1990, and 1993 were as follows:

June 30,		
1987	\$	8,000
1990		6,574
1993		6,144

4. Deferred Compensation Plan

The State of Louisiana offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all State employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (and will be) made available to the employee or other beneficiary solely the property and rights of the State (without being restricted to the provisions of benefits under the plan), subject only to the claims of the State's general creditors. Participants' rights under the plan are equal to those of general creditors of the State in an amount equal to the fair market value of the deferred amount for each participant.

It is the opinion of the State's legal counsel that the State has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary prudent investor. The State believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

5. Litigation, Claims and Similar Contingencies

Losses arising from litigation, claims and similar contingencies are considered state liabilities, and are paid by special appropriations made by the Louisiana Legislature. Any applicable litigation, claims and similar contingencies are not recognized in the accompanying financial statements.

LEGISLATIVE BUDGETARY CONTROL COUNCIL

Notes to Financial Statements, Continued

June 30, 1987

At June 30, 1987, the Council was involved in various lawsuits relating to its function as the Legislative Budgetary Control Council. In the opinion of legal counsel, resolution of the litigation would not result in substantial liability to the Legislative Budgetary Control Council and accordingly, is not recorded in the accompanying financial statements.

6. Professional Services

Professional services, reported on Statement B, include the following professional fees:

Public Systems Associates (computer services)	\$ 2,891,254
Lorita Hensley (therapeutic rehabilitation)	5,664
Prevent, Salter, Harger & Alfred, L.L.C. (accounting and auditing)	5,957
Charles E. Schwab & Associates (architectural)	209,544
	\$ 2,912,419

7. Interagency Transfers Out

Amounts paid to other governmental units for the year ended June 30, 1987, consist of the following:

	Capital Outlay	Personal Service	Total
Joint Legislative Committee on the Budget	\$ -	\$ 78,479	\$ 78,479
House of Representatives	6,832	46,256	53,088
Senate	40,868	11,433	52,301
	\$ 47,700	\$ 136,168	\$ 183,868

8. Other Costs

The State of Louisiana, through other appropriations, provides office space, utilities, and janitorial services for the operations in the State Capitol, all of which are not included in the accompanying financial statements.

LEGISLATIVE BUDGETARY CONTROL COUNCIL

*Notes to Financial Statements, Continued**June 30, 1997***5. Prior Period Adjustment.**

An error, resulting in the understatement and overstatement of previously reported assets and expenses of the prior year were corrected this year, resulting in the following changes to fund balance as of June 30, 1996 and the related Statement of Revenues, Expenditures and Changes in Fund Balance for the year then ended:

	<u>Fund Balance</u>	<u>Expense Revenues</u>
As previously reported	\$ 6,180,706	\$ 1,610,877
Understatement of prepaid assets	<u> 302,278</u>	<u> 302,278</u>
As restated	\$ 6,482,984	\$ 1,713,155

LEGISLATIVE BUDGETARY CONTROL COUNCIL

Supplementary Information

June 30, 1997

LEGISLATIVE BUDGETARY CONTROL COUNCIL*Schedule of Expenditures, Encumbrances and
Other Financing Uses**Year Ended June 30, 1997**Budget (Legal Basis) and Actual - General Fund*

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures and Encumbrances			
Dues for national and regional organizations	\$ 261,360	\$ 238,324	\$ 23,037
Joint capital outlay committee	97,941	98,697	(756)
Harry F. Long Memorial Library	90,000	41,383	48,617
Joint computer services	2,582,164	2,616,532	(34,368)
Postage for committee notices	5,000	98	4,902
Joint support equipment	159,637	156,452	3,185
Operating services	18,500	126,688	(108,188)
Professional services	50,000	5,857	44,143
David H. Poynter Memorial Library	41,000	-	41,000
Capital outlay	<u>1,882,110</u>	<u>1,699,448</u>	<u>(182,662)</u>
Total expenditures and encumbrances	<u>4,818,635</u>	<u>5,294,473</u>	<u>(475,838)</u>
Other Financing Uses			
Interagency transfers out	<u>188,646</u>	<u>186,484</u>	<u>2,162</u>
Total Expenditures, Encumbrances and Other Financing Uses	<u>\$ 5,007,281</u>	<u>\$ 5,480,957</u>	<u>\$ (473,676)</u>

order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities, in amounts that would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of the Legislative Budgetary Control Council in a separate letter dated September 15, 1997.

This report is intended for the information of the Council's management and the Legislative Legislative Audit. However, this report is a matter of public record and its distribution is not limited.

PROVOST, SALTER, HARPER & ALFORD, L.L.C.

Provost, Salter, Harper & Alford, L.L.C.

September 15, 1997



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Randy Ewing, Co-Chair
Honorable Huntington H. Doucet, Jr., Co-Chair
Legislative Budgetary Control Council, State of Louisiana
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the Legislative Budgetary Control Council, State of Louisiana, as of and for the year ended June 30, 1997 and have issued our report thereon dated September 15, 1997.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

Compliance with laws, regulations, contracts and grants applicable to the Legislative Budgetary Control Council, State of Louisiana, is the responsibility of the Council's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Council's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*. This instance of noncompliance is described in the accompanying schedule of compliance findings and recommendations.

We considered this instance of noncompliance in forming our opinion on whether the Council's financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated September 15, 1997, on those financial statements.

This report is intended for the information of the Council's management and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

PROVOST, SALTER, HARPER & ALFORD, L.L.C.

Provost, Salter, Harper & Alford, L.L.C.
September 15, 1997

LEGISLATIVE BUDGETARY CONTROL COUNCIL

*Schedule of Compliance Finding and Recommendations**June 30, 1997***Finding. Noncompliance with the Louisiana Performance Audit Program.**

Condition. The Legislative Budgetary Control Council is not in compliance with the Louisiana Performance Audit Program.

Citation. Revised Statute 24:522 (D)(2) states that "All state agencies shall develop specific goals and objectives for each of their programs to include measures of performance. They shall report on program goals and objectives in developing annual budgets and shall submit such information to the Legislature as a part of the appropriation process."

Effect. The Legislative Budgetary Control Council is not in compliance with the Revised Statute for the State of Louisiana.

Cause. Management is in the process of evaluating the applicability and requirements of R.S. 24:522.

Recommendation. Management should evaluate the requirements of Revised Statute 24:522 and develop goals and objectives for its programs accordingly.

Auditor Response. Management will make every effort to evaluate the applicability and requirements of R.S. 24:522 to define its mission, establish goals and objectives, and develop measures of its performance before June 30, 1998.

LEGISLATIVE BUDGETARY CONTROL COUNCIL

*Independent Auditor's Comments on Resolution
Of Prior Audit Findings*

Year Ended June 30, 1997

The compliance finding on page 18 was not reported in the prior year's audit. There were no other prior year audit findings for which the Legislative Budgetary Control Council has not implemented the corrective action recommended.

September 13, 1997

Honorable Randy Fering, Co-Chair
Honorable Huntington H. Bowen, Co-Chair
Legislative Budgetary Control Council, State of Louisiana
State Capitol
PO Box 40185
Baton Rouge, Louisiana 70804

In planning and performing our audit of the financial statements of the Legislative Budgetary Control Council, State of Louisiana, for the year ended June 30, 1997, we considered the Legislative Budgetary Control Council's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we became aware of a matter that is an opportunity for strengthening internal controls. The item discussed below summarizes our comments and suggestions regarding this matter. This letter does not affect our report dated September 13, 1997, on the financial statements of the Legislative Budgetary Control Council.

Suggestions for Improvement. There may still be room for improvement in the controls over the document services area. Legislative document services supply Legislative documents to Senators, Representatives, and authorized employees at no charge and sell Legislative documents to the general public for a fee. Controls to ensure that documents issued to the general public are billed and subsequently collected do not provide management with reasonable assurance that documents are safeguarded against loss from unauthorized use.

Due to the nature of the legislative Document Services operations, it appears that the only way to ensure that no documents are issued in an unauthorized manner would be to control the flow of all documents into and out of Document Services. This would involve monitoring the number of copies issued to personnel at no cost, the number of documents sold, as well as controlling the number of documents that were disposed of due to changes in the document, as the Legislation moves through the legislative process.

Document Services also issues the documents to the general public on credit. Management has developed a standard form that must be completed before requests for documents are filled. The accounting office has experienced immaterial amounts of uncollectible balances, and there is often an additional problem of identifying which payments should be applied to particular invoices.

We recommend that Management further consider purchasing or developing software maintained on a computer in the document services area, through which customer accounts could be established and the invoice recorded and printed on a pre-numbered form, which could facilitate better tracking and monitoring.

We will review the status of this comment during our next audit engagement. We have already discussed this comment and suggestion with various personnel, and we will be pleased to discuss it in further detail at your convenience, to perform additional studies of this matter, or to assist you in implementing this recommendation.

PROVOST, SALTER, HARPER & ALFORD, L.L.C.

Provost, Salter, Harper & Alford, L.L.C.

September 13, 1997

