

STATE OF LOUISIANA

Department of Public Service
State of Louisiana
Baton Rouge, Louisiana

May 5, 2004



LEGISLATIVE AUDITOR

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DEPARTMENT OF PUBLIC SERVICE
STATE OF LOUISIANA
Baton Rouge, Louisiana

Report Dated April 20, 2004

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor.

May 5, 2004



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LEGISLATIVE AUDITOR
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April 20, 2004

DEPARTMENT OF PUBLIC SERVICE
STATE OF LOUISIANA
Baton Rouge, Louisiana

As required by Louisiana Revised Statute 24:513, we conducted certain procedures at the Department of Public Service. Our procedures included (1) a review of the department's internal controls; (2) tests of financial transactions for the period from July 1, 2002, through April 20, 2004; and (3) tests of adherence to applicable laws, regulations, policies, and procedures governing financial activities for the period from July 1, 2002, through April 20, 2004. Our procedures were more limited than would be necessary to give an opinion on internal control and on compliance with laws, regulations, policies, and procedures governing financial activities.

Specifically, we interviewed management personnel and selected departmental personnel and evaluated selected documents, files, reports, systems, procedures, and policies, as we considered necessary. After analyzing the data, we developed recommendations for improvement. We then discussed our findings and recommendations with appropriate management personnel before submitting this written report.

The Annual Fiscal Report of the Department of Public Service was not audited or reviewed by us, and, accordingly, we do not express an opinion on that report. The department's accounts are an integral part of the State of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

Based on the application of the procedures referred to previously, all significant findings are included in this report for management's consideration.

Noncompliance With Travel Regulations

The Department of Public Service reimbursed travel expenses that were not adequately supported and not in compliance with state travel regulations. As authorized by Louisiana Revised Statute 39:231, the commissioner of administration, with the approval of the governor, issued general state travel regulations, Policy and Procedure Memorandum (PPM) 49. PPM 49 requires the requests for reimbursement of travel expenses and per diems to be accompanied by a completed expense report and sufficient documentation for the approver to review effectively the request for compliance with state travel regulations.

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A review of all 70 expense reports totaling \$25,528 for the five commissioners and one of the executive assistants during the period July 1, 2002, through January 29, 2004, revealed the following:

- Twenty-one of the 70 reports (30%) were not properly completed per PPM 49 §1503.C.1, which states that the expense report must contain the times of departure from and return to the domicile, the purpose for travel, and the signature of the person claiming reimbursement. The departure and/or the return time were not stated in 20 instances. Without this documentation, it could not be determined if 35 meals totaling \$595 were allowable per PPM 49's schedule of time frames. The purpose of the travel was not stated in three instances. Without this documentation, it could not be determined if the expenditure of \$367 of state funds was appropriate. Two reports were not signed by the person claiming reimbursement.
- Twenty-four special meals totaling \$642 included snacks for meetings, meals within the person's official domicile, and meals for utility company representatives. The 24 special meals were reimbursed without prior authorization from the commissioner of administration. In addition, 16 of the 24 meals did not state the purpose of the meal or include a list of persons for whom the cost of the meal was paid. Therefore, it could not be determined if the meals were in the best interest of the state. Eight of the 24 special meals were not supported with a proper receipt; therefore, it could not be determined whether the meals included charges for other guests or for unallowable expenses.
- Three special meals served in conjunction with a working meeting for departmental staff were reimbursed \$342 in excess of allowable rates. Two of the three special meals were not supported with a proper receipt; therefore, it could not be determined whether the special meals included charges for other guests or for unallowable expenses.
- On four trips, travel meals were reimbursed at high cost per diem rates for travel to a city designated as out-of-state by PPM 49 resulting in overpayments of \$68.
- Three travel meals were reimbursed outside of the PPM 49 scheduled time frames resulting in overpayments of \$35. As noted above, without properly completed expense reports, it could not be determined if there were additional payments outside of the scheduled time frames.

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- There were four trips when a commissioner or executive assistant received a per diem and actual expense reimbursement for the same meal resulting in overpayments of \$87.
- Eleven of 74 (15%) travel meal reimbursements totaling \$350 were made without adequate receipts or documentation. The travel meals were reimbursed based on documentation such as credit card receipts and hotel bills which do not provide a breakdown of the meal. Therefore, it could not be determined whether the meals included charges for other guests or for unallowable expenses.
- Four of 74 (5%) travel meal reimbursements totaling \$363 included meals for other guests but did not state the name or title of the other guests. Without adequate documentation, it could not be determined if the payment for the meals was appropriate.
- Two of 40 (5%) lodging reimbursements totaling \$539 were made without adequate supporting documentation. One reimbursement was made based on a confirmation notice and the other on a credit card receipt. In the first case, it could not be determined from the documentation if the expense was actually incurred or cancelled. In the latter case, it could not be determined without a detailed receipt if the expenses incurred were allowable per PPM 49.

The department failed to enforce established travel policies to ensure that the department reimburses only authorized, adequately documented, reasonable travel expenditures, in accordance with PPM 49. The department should only reimburse travel expenses with adequate supporting documentation and a complete expense report. Documentation should include receipts with a detailed breakdown of all expenses, including how many meals are in the total cost and who received each meal, the purpose of the travel, authorization from the commissioner of administration for each special meal, the name and title of each recipient of a special meal, an explanation as to why the special meal was in the best interest of the state, and the date and hour of departure from and return to the domicile. Furthermore, the department should discontinue reimbursing meals for staff meetings in excess of allowable rates and discontinue reimbursing for snacks and other special meals without prior authorization from the commissioner of administration. In addition, the department should seek reimbursement for the unallowable expenses and overpayments. Management concurred with the finding and recommendations and outlined a plan of corrective action (see Appendix A, page 1).

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Lack of a Written Cellular Phone Policy

The Department of Public Service does not have written policies and procedures for the use of department issued cellular phones or for the reimbursement of business calls made on personal cellular phones. In addition, the department does not require itemized billing for the cellular phones so that the department can distinguish between personal and business calls. In Opinion Number 95-154, the Louisiana Attorney General, citing R.S. 42:1461(A) and Louisiana Constitution Article VII, §14(A), opined that cellular phones issued by a public entity may not be used for personal use unless specific authority has been granted by the public entity. If the public entity has granted such authority, the user must promptly reimburse the public entity for all personal calls such that credit of the public entity would not be extended for personal use. Without the necessary information to distinguish between personal and business calls, the department cannot determine if payments for cellular phone use violate state law.

The department maintains 35 cellular phones that are issued to four commissioners and 31 employees. In addition, one commissioner uses a personal cellular phone and is reimbursed for 50% of the total charges, regardless of the actual breakdown between the personal and business use of the cellular phone. For the period July 1, 2002, through June 30, 2003, the department paid \$21,946 for cellular phones issued by the department and paid \$685 to reimburse one commissioner for the use of a personal cellular phone. For the period July 1, 2003, through February 29, 2004, the department paid \$17,064 for cellular phones issued by the department. For the period July 1, 2003, through November 30, 2003, the department paid \$217 to reimburse one commissioner for the business use of a personal cellular phone. None of the bills for the department issued or personal cellular phone are itemized. As a result, it could not be determined if the expenses were for a legitimate business need.

The department should adopt a formal written policy regarding the business and personal use of cellular phones and for the reimbursement of business calls made on personal cellular phones; obtain and review itemized monthly phone bills to ensure that the policy is being followed; and require employees to certify the breakdown between business and personal use of the cellular phones. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 2).

The recommendations in this report represent, in our judgment, those most likely to bring about beneficial improvements to the operations of the department. The varying nature of the recommendations, their implementation costs, and their potential impact on the operations of the department should be considered in reaching decisions on courses of action. Findings relating to the department's compliance with applicable laws and regulations should be addressed immediately by management.

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STATE OF LOUISIANA**

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This report is intended solely for the information and use of the department and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Grover C. Austin". The signature is fluid and cursive, with a large initial "G" and "A".

Grover C. Austin, CPA
First Assistant Legislative Auditor

DG:WDD:THC:ss

[DPS04]

Appendix A

Management's Corrective Action Plans and Responses to the Findings and Recommendations



Louisiana Public Service Commission

POST OFFICE BOX 91154
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COMMISSIONERS

Irma Muse Dixon, Chairman
District III
C. Dale Sittig, Vice Chairman
District IV
Jimmy Field
District II
Jack A. "Jay" Blossman
District I
Foster L. Campbell
District V

Telephone:

LAWRENCE C. ST. BLANC
Secretary

(MRS.) VON M. MEADOR
Deputy Undersecretary

EVE KAHAO GONZALEZ
General Counsel

April 8, 2004

Mr. Grover Austin, CPA
First Assistant Legislative Auditor
Office of Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

RE: Non-Compliance with Travel Regulations

Dear Mr. Austin:

After reviewing the above referenced audit finding, we assure you that the Commission's procedures for travel reimbursements will be more closely reviewed and documented in the future.

A request to provide special meals as per PPM 49 has been approved by the Division of Administration. Future reimbursements will be made in accordance with the guidelines of PPM 49.

The Management and Finance Division of the Commission will be responsible for following these guidelines and reporting requirements. A Commission policy is being developed as per the guidelines of PPM 49.

If additional information is needed from this office, please advise.

Yours truly,


Lawrence C. St. Blanc
Secretary



Louisiana Public Service Commission

POST OFFICE BOX 91154
BATON ROUGE, LOUISIANA 70821-9154

COMMISSIONERS

Irma Muse Dixon, Chairman
District III
C. Dale Sittig, Vice Chairman
District IV
Jimmy Field
District II
Jack A. "Jay" Blossman
District I
Foster L. Campbell
District V

Telephone:

March 23, 2004

LAWRENCE C. ST. BLANC
Secretary

(MRS.) VON M. MEADOR
Deputy Undersecretary

EVE KAHAO GONZALEZ
General Counsel

Mr. Grover Austin, CPA
First Assistant legislative Auditor
Office of Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Mr. Austin:

Re: Lack of a Written Cellular Phone Policy

This office has issued a Cellular Phone Policy to all Commission employees and the Management and Finance Division will be responsible for implementation.

For your information, we have included a copy of the Policy.

If further information is needed from this office, please advise.

Yours truly,

A handwritten signature in black ink, appearing to read "Lawrence C. St. Blanc".

Lawrence C. St. Blanc
Secretary