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HOGAN & MAHER, L.L.P.

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WILLIAM G. STAMM, C.P.A.
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GUY L. DUPLANTIER, C.P.A.
MICHELLE H. CUNNINGHAM, C.P.A.
DENNIS W. DILLON, C.P.A.
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DAVID A. BURGARD, C.P.A.
CLIFFORD J. GIFFIN, Jr., CPA

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES

Board of Trustees
Louisiana State Employees'
Retirement System
Baton Rouge, Louisiana

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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.

July 29, 2014

Release Date DEC 03 2014

We have applied the procedures enumerated below which were agreed to by the Louisiana State Employees' Retirement System (the System), solely to assist you with respect to evaluating the completeness and accuracy of the census data records of Department of Corrections for the year ended June 30, 2014. The Louisiana State Employees' Retirement System's management is responsible for the completeness and accuracy of the census data. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

- 1) We reviewed the applicable revised statutes to obtain an understanding of the contribution rates for employees and the employer, the eligible compensation on which contributions are based, and the eligibility criteria for membership in the System.

We applied the procedure above, documenting the laws surrounding membership eligibility, eligible compensation, employer contribution rates and employee contribution rates.

1615 Poydras Street, Suite 2100 • New Orleans, LA 70112 • (504) 586-8866 • Fax (504) 525-5888
1670 Old Spanish Trail • Slidell, LA 70458 • (985) 649-9996 • Fax (985) 649-9940
247 Corporate Drive • Houma, LA 70360 • (985) 868-2630 • Fax (985) 872-3833
5047 Highway 1, P. O. Box 830 • Napoleonville, LA 70390 • (985) 369-6003 • Fax (985) 369-9941
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Louisiana State Employees'

- 2) We obtained an understanding of the processes and controls used by the System to support the completeness and accuracy of the census data that is provided to the actuary. We also obtained an understanding of the processes and controls over the significant elements of census data at the Department of Corrections and determined the extent of testing required.

We applied the procedure above, documenting the processes and controls surrounding the census data process of the System and the Department of Corrections.

- 3) We obtained the latest available monthly employer payroll journal and agreed total contribution wages and total employer contributions to the general ledger.

No findings were noted as a result of applying the procedure above.

- 4) We obtained the latest available monthly employer payroll journal and agreed contribution wages, employee contributions, and employer contributions to the System's records.

No findings were noted as a result of applying the procedure above.

- 5) We performed the following procedures on the Department of Corrections payroll and personnel records for a representative sample of employees:

- a. determined the employee was eligible for participation in the retirement system;
- b. traced the employees' gross salary from the payroll journal to the general ledger;
- c. traced hours worked per the payroll journal to a time card or time sheet;
- d. traced pay rate per the payroll journal to authorized pay rate in the personnel file;
- e. recomputed wages based on hours worked and authorized pay rate;
- f. recomputed employee and employer contributions based on eligible wages;
- g. traced employee eligible wages, employee contributions, and employer contributions to the remittance report submitted to the System.

Upon applying the procedure above, we noted that two employees were enrolled in an incorrect retirement plan.

An employee was enrolled in the Regular State Employee Plan for employees' hired between July 1, 2006 and December 31, 2010, LAS6. This employee's hire date was December 27, 2011 and therefore should have been enrolled in the Rank

and File Plan, LAS1. As a result, the employee's retirement eligibility would have been obtained incorrectly which could affect the employee's retirement benefit.

An employee was enrolled in the Regular State Employee Plan for employees hired before July 1, 2006, LASE. This employee's hire date was August 25, 2008 and therefore should have been enrolled in the Regular State Employee Plan, LAS6. As a result, the employee was contributing at an improper rate and the final average compensation would be calculated over an incorrect number of years, which could lead to the employee's pension liability being incorrectly calculated.

- 6) We obtained the relevant participant data from a sample of eligible employees' personnel files and agreed to the System's records and data provided to the actuary, which consisted of birth date, gender, and hire date.

No findings were noted as a result of applying the procedure above.

- 7) We obtained a schedule of employees of the Department of Corrections and noted the employees that were not enrolled in the System. On a sample basis we ensured that the employees were properly non-enrolled in the System based on the relevant rules, laws and regulations of the System.

No findings were noted as a result of applying the procedure above.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the participant data. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Louisiana State Employees' Retirement System and is not intended to be and should not be used by anyone other than those specified parties.

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July 29, 2014

Board of Trustees
Louisiana State Employees'
Retirement System
Baton Rouge, Louisiana

We have applied the procedures enumerated below which were agreed to by the Louisiana State Employees' Retirement System (the System), solely to assist you with respect to evaluating the completeness and accuracy of the census data records of Department of Transportation and Development for the year ended June 30, 2014. The Louisiana State Employees' Retirement System's management is responsible for the completeness and accuracy of the census data. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

- 1) We reviewed the applicable revised statutes to obtain an understanding of the contribution rates for employees and the employer, the eligible compensation on which contributions are based, and the eligibility criteria for membership in the System.

We applied the procedure above, documenting the laws surrounding membership eligibility, eligible compensation, employer contribution rates and employee contribution rates.

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- 2) We obtained an understanding of the processes and controls used by the System to support the completeness and accuracy of the census data that is provided to the actuary. We also obtained an understanding of the processes and controls over the significant elements of census data at the Department of Transportation and Development and determined the extent of testing required.

We applied the procedure above, documenting the processes and controls surrounding the census data process of the System and the Department of Transportation and Development.

- 3) We obtained the latest available monthly employer payroll journal and agreed total contribution wages and total employer contributions to the general ledger.

No findings were noted as a result of applying the procedure above.

- 4) We obtained the latest available monthly employer payroll journal and agreed contribution wages, employee contributions, and employer contributions to the System's records.

No findings were noted as a result of applying the procedure above.

- 5) We performed the following procedures on the Department of Transportation and Development's payroll and personnel records for a representative sample of employees:

- a. determined the employee was eligible for participation in the retirement system;
- b. traced the employees' gross salary from the payroll journal to the general ledger;
- c. traced hours worked per the payroll journal to a time card or time sheet;
- d. traced pay rate per the payroll journal to authorized pay rate in the personnel file;
- e. recomputed wages based on hours worked and authorized pay rate;
- f. recomputed employee and employer contributions based on eligible wages;
- g. traced employee eligible wages, employee contributions, and employer contributions to the remittance report submitted to the System.

Upon applying the procedure above, we noted that an employee was enrolled in an incorrect retirement plan. The employee was enrolled in the Hazardous Duty Plan, however the position for which the employee was hired was not a qualifying hazardous duty position. This employee should have been enrolled in the Rank and File Plan, LAS1. As a result, the employee and employer were contributing at an improper rate. In addition, being enrolled in this incorrect plan could result in the calculation of the employee's benefit using an incorrect accrual rate and thus affect the calculation of the employee's pension liability.

- 6) We obtained the relevant participant data from a sample of eligible employees' personnel files and agreed to the System's records and data provided to the actuary, which consisted of birth date, gender, and hire date.

No findings were noted as a result of applying the procedure above.

- 7) We obtained a schedule of employees of the Department of Transportation and noted the employees that were not enrolled in the System. On a sample basis we ensured that the employees were properly non-enrolled in the System based on the relevant rules, laws and regulations of the System.

No findings were noted as a result of applying the procedure above.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the participant data. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Louisiana State Employees' Retirement System and is not intended to be and should not be used by anyone other than those specified parties.

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July 29, 2014

**Board of Trustees
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Baton Rouge, Louisiana**

We have applied the procedures enumerated below which were agreed to by the Louisiana State Employees' Retirement System (the System), solely to assist you with respect to evaluating the completeness and accuracy of the census data records of Department of Public Safety for the year ended June 30, 2014. The Louisiana State Employees' Retirement System's management is responsible for the completeness and accuracy of the census data. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

- 1) We reviewed the applicable revised statutes to obtain an understanding of the contribution rates for employees and the employer, the eligible compensation on which contributions are based, and the eligibility criteria for membership in the System.**

We applied the procedure above, documenting the laws surrounding membership eligibility, eligible compensation, employer contribution rates and employee contribution rates:

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- 2) We obtained an understanding of the processes and controls used by the System to support the completeness and accuracy of the census data that is provided to the actuary. We also obtained an understanding of the processes and controls over the significant elements of census data at the Department of Public Safety and determined the extent of testing required.

We applied the procedure above, documenting the processes and controls surrounding the census data process of the System and the Department of Public Safety.

- 3) We obtained the latest available monthly employer payroll journal and agreed total contribution wages and total employer contributions to the general ledger.

No findings were noted as a result of applying the procedure above.

- 4) We obtained the latest available monthly employer payroll journal and agreed contribution wages, employee contributions, and employer contributions to the System's records.

No findings were noted as a result of applying the procedure above.

- 5) We performed the following procedures on the Department of Public Safety's payroll and personnel records for a representative sample of employees:

- a. determined the employee was eligible for participation in the retirement system;
- b. traced the employees' gross salary from the payroll journal to the general ledger;
- c. traced hours worked per the payroll journal to a time card or time sheet;
- d. traced pay rate per the payroll journal to authorized pay rate in the personnel file;
- e. recomputed wages based on hours worked and authorized pay rate;
- f. recomputed employee and employer contributions based on eligible wages;
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No findings were noted as a result of applying the procedure above.

- 6) We obtained the relevant participant data from a sample of eligible employees' personnel files and agreed to the System's records and data provided to the actuary, which consisted of birth date, gender, and hire date.

No findings were noted as a result of applying the procedure above.

- 7) We obtained a schedule of employees of the Department of Public Safety and noted the employees that were not enrolled in the System. On a sample basis we ensured that the employees were properly non-enrolled in the System based on the relevant rules, laws and regulations of the System.

No findings were noted as a result of applying the procedure above.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the participant data. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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