

STATE POLICE COMMISSION
STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES
PROCEDURAL REPORT
ISSUED FEBRUARY 4, 2015

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

February 4, 2015

The Honorable John A. Alario, Jr.,
President of the Senate
The Honorable Charles E. "Chuck" Kleckley,
Speaker of the House of Representatives
Ms. Cathy Derbonne, Executive Director
State Police Commission

Dear Senator Alario, Representative Kleckley, and Ms. Derbonne:

This report provides the results of our procedures at the State Police Commission (SPC) for the period from July 1, 2013 through January 27, 2015. Our objective was to evaluate certain controls that SPC uses to ensure accurate financial reporting and transparency, compliance with applicable laws and regulations, and to provide overall accountability for public funds. I hope this report will benefit you in your legislative and operational decision-making process.

We would like to express our appreciation to the management and staff of SPC for their assistance during our work.

Sincerely,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



State Police Commission

February 2015

Audit Control # 80150016

Introduction

The primary purpose of our procedures at the State Police Commission (SPC) was to evaluate certain internal controls that SPC uses to ensure accurate financial reporting and transparency, compliance with applicable laws and regulations, and to provide overall accountability over public funds. The purpose of SPC is to provide an independent civil service system for all regularly commissioned full-time law enforcement officers employed by the Department of Public Safety and Corrections, Office of State Police (OSP). To fulfill its purpose, SPC administers promotional and entry-level cadet examinations to select and promote the most-qualified candidates; reviews, develops, and implements OSP rules; handles disciplinary appeals and conducts necessary investigations; and hears and resolves commissioned officers' complaints that their fundamental rights have been violated.

Results of Our Procedures

We evaluated SPC's operations and system of internal controls through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to SPC. Based on the documentation of SPC's controls and our understanding of related laws and regulations, we performed procedures on selected controls and transactions relating to payroll expenses, LaCarte expenses, and contract expenses.

Payroll Expenses

Based on risks identified at SPC, we performed procedures to determine that the three employees of SPC are paid in accordance with approved personnel action forms. We also performed procedures to determine if leave used by employees was properly approved and recorded. SPC had adequate controls in place to ensure that employees were paid in accordance with approved personnel action forms and that all leave used was properly approved and recorded.

LaCarte Expenses

SPC participates in the state of Louisiana's LaCarte Purchasing Card program and utilizes one LaCarte card for general office supplies and administrative expenses. SPC had adequate controls

in place to ensure that purchases were properly approved and made for proper business purposes; the card user did not exceed purchasing limits; sufficient documentation was maintained to support purchases; and purchases were properly reconciled to invoices, receipts, logs, and bank statements.

Contract Expenses

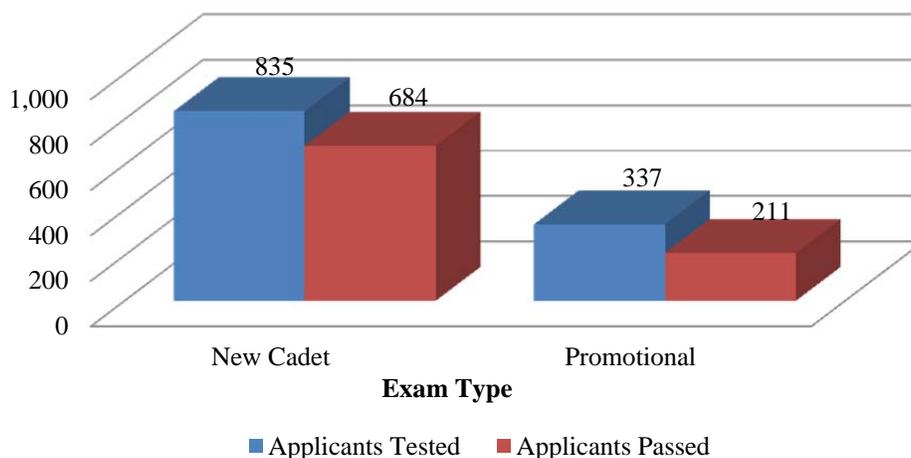
SPC currently has three professional service contracts for legal services, transcription services, and administration of cadet examinations. SPC is responsible for monitoring its professional services contracts to ensure that contracted goods and services are received and that payments made are timely, adequately supported, and within contract limits. SPC had adequate controls in place to properly monitor contract expenses.

Information Regarding SPC's Support of OSP

SPC was established to serve as a separate civil service system for the commissioned law enforcement officers employed by OSP. To fulfill this mission, SPC serves many roles in supporting OSP including reviewing job applications to identify eligible qualified candidates for promotional and new-hire positions, and hearing and settling appeals from commissioned officers hired by OSP. As part of the applicant screening process, SPC administers examinations for new cadet and promotional positions and only screens applicants with passing scores to form the lists of eligible candidates to send to OSP to use to make hiring decisions.

A hiring freeze imposed on OSP was lifted at the beginning of calendar year 2014 that allowed SPC to resume the examination process. Exhibit 1 on the following page shows the number of candidates who took the new cadet and promotional examinations since the beginning of calendar year 2014 and the number of candidates who passed the examinations. Once OSP received the list of eligible candidates from SPC after these examinations, it was able to select 47 individuals for new-hire positions and 54 individuals for promotional positions as of October 31, 2014.

Exhibit 1
Number of Examinations Administered (as of 10/31/14)



Source: Agency-generated reports

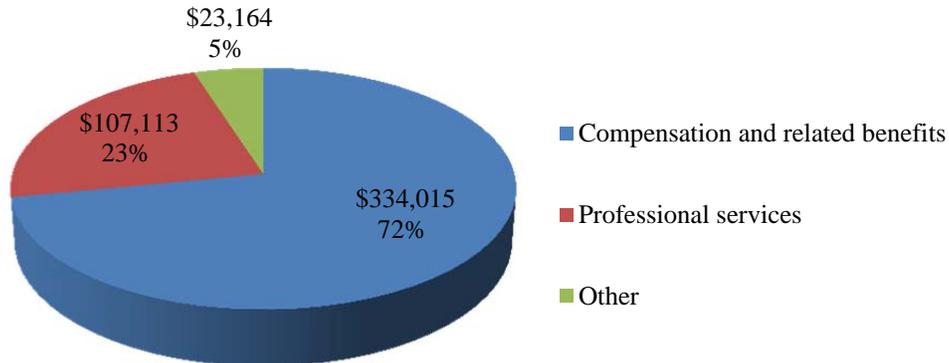
Comparison of Activity between Years

SPC is funded with State General Fund revenues. As shown in Exhibit 2, state appropriations are used to fund board member compensation, salaries and related benefits, professional service contracts, and other operating expenditures. Other operating expenditures include such costs as travel, postage, supplies, printing, Internet, and telephone services.

We compared the most current- and prior-year financial activity using SPC's annual fiscal reports and/or system-generated reports to identify trends and obtained explanations from SPC management for any significant variances that could potentially indicate areas of risk. As shown in Exhibit 3, there were increases in compensation and related benefits as well as in professional service expenditures in fiscal year (FY) 14. The increase in compensation and related benefits is due to a 4% increase in salaries as well as an increase in the employer retirement contribution rates. The increase in professional service expenditures is due to an increase in expenditures for administering cadet examinations. In FY14, the SPC was able to resume cadet testing after the hiring freeze was lifted for State Police.

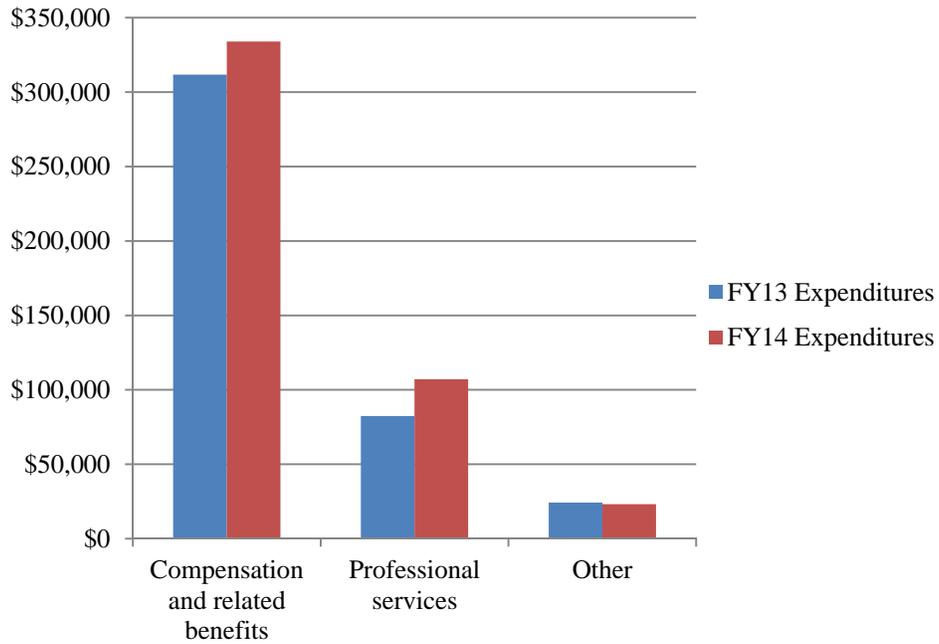
Under Louisiana Revised Statute 24:513, this procedural report is a public document, and it has been distributed to appropriate public officials.

Exhibit 2 FY14 Expenditures



Source: Agency-generated reports

Exhibit 3 Comparison of Current- and Prior-Year Expenditures



Source: Agency-generated reports

APPENDIX A: SCOPE AND METHODOLOGY

We conducted certain procedures at the State Police Commission (SPC) for the period from July 1, 2013 through January 27, 2015. Our objective was to evaluate certain internal controls SPC uses to ensure accurate financial reporting and transparency, compliance with applicable laws and regulations, and to provide overall accountability for public funds. The scope of these procedures was significantly less than an audit conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. The Annual Fiscal Reports of SPC were not audited or reviewed by us, and, accordingly, we do not express an opinion on those reports. SPC's accounts are an integral part of the state of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated SPC's operations and system of internal controls through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to SPC.
- Based on the documentation of SPC's controls and our understanding of related laws and regulations, we performed procedures on selected controls and transactions relating to payroll expenses, LaCarte expenses, and contract expenses.
- We compared the most current- and prior-year financial activity using SPC's annual fiscal reports and/or system-generated reports to identify trends and obtained explanations from SPC management for any significant variances that could potentially indicate areas of risk.

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