

Internal Control and Compliance Assessment

Arkansas Legislative Audit

Liquefied Petroleum Gas Board

For the Fiscal Year Ended June 30, 2018



INTRODUCTION

This report is issued to inform the Legislative Joint Auditing Committee of compliance with state fiscal laws and regulations as well as deficiencies in internal controls for the Liquefied Petroleum Gas Board. Assessment procedures disclosed no reportable items of noncompliance.

SCOPE AND METHODOLOGY

We performed an internal control and compliance assessment of the Liquefied Petroleum Gas Board, a board of Arkansas state government, as of and for the year ended June 30, 2018, and have issued our report dated July 25, 2019. Management of the Agency is responsible for establishing and maintaining internal controls and complying with applicable laws and regulations.

The assessment included cash on deposit, cash receipts, accounts receivable, expenditures, capital assets, and data entry to the Arkansas Administrative Statewide Information System (AASIS). The assessment consisted principally of inquiries, observations, analytical procedures, and selected tests of internal control policies and procedures, accounting records, and other relevant documents. We relied on financial data in AASIS recorded by the Agency and audit work conducted in the fiscal year 2018 State Comprehensive Annual Financial Report (CAFR) and Single Audit Report. The methodology used in conducting this assessment was developed uniquely for this engagement and, therefore, was more limited in scope than an audit or attestation engagement performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

RESULTS OF ASSESSMENT

Assessment procedures did not disclose instances of noncompliance considered reportable.

ENABLING LEGISLATION AND ORGANIZATIONAL STRUCTURE

The Liquefied Petroleum Gas Board was created by Act 31 of 1965, as amended. Its mission is to protect the interests and welfare of the general public by enforcing safety requirements contained in the laws and codes that regulate the manufacture, sale, installation, and use of containers and equipment in the storage, transportation, dispensing, and utilization of liquefied petroleum gases.

The Agency is funded by inspection, permit, and license fees listed in Ark. Code Ann. § 19-6-407 and deposited as special revenues in the Liquefied Petroleum Gas Board Fund. The Agency receives no general revenue support. The Agency's organizational chart is presented in **Exhibit I on page 2**.

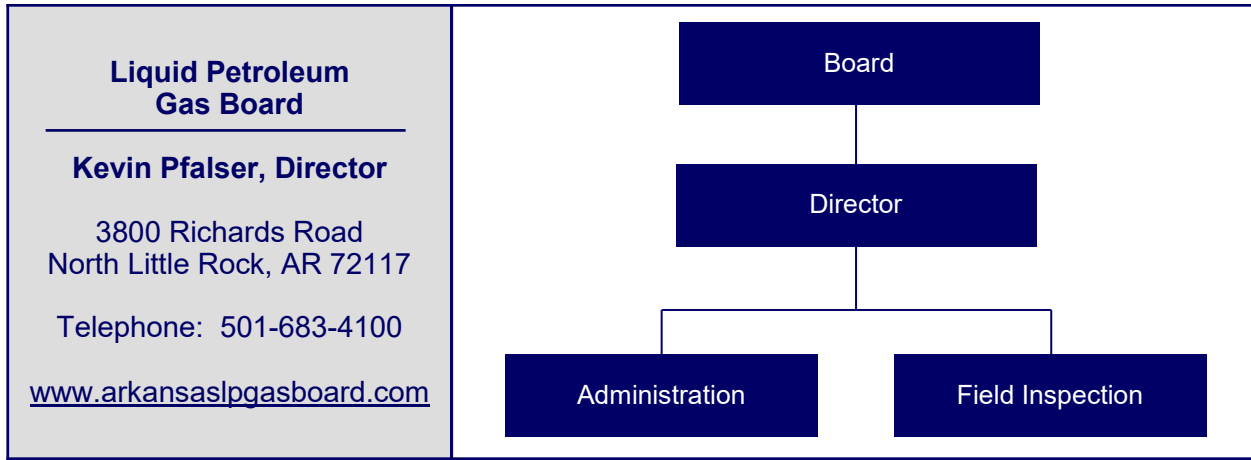
ARKANSAS LEGISLATIVE AUDIT
500 Woodlane Street, Suite 172, Little Rock, AR 72201
Phone: 501-683-8600 Fax: 501-683-8605
www.arklegaudit.gov

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Exhibit I
Liquefied Petroleum Gas Board
Organizational Chart



Source: Liquefied Petroleum Gas Board

FISCAL ANALYSIS

Revenues, Expenditures, and Transfers

Agency revenues, expenditures, and transfers for fiscal years 2014 through 2018 are presented in **Exhibit II on page 3**. Revenues reported by the Agency totaled \$573,191 for the fiscal year ended June 30, 2018. These revenues were derived from inspections, certifications, registrations, and permits.

Expenditures totaled \$464,452 for the fiscal year ended June 30, 2018. Salaries represented 76% of total expenditures.

The fluctuation in net transfers shown in 2014 was the result of an entry representing unearned revenues.

Assets, Liabilities, and Deferred Inflows of Resources

Agency assets, liabilities, and deferred inflows of resources for fiscal years 2014 through 2018 are presented in **Exhibit III on page 3**. Assets and liabilities totaled \$2.7 million and \$273,052 as of June 30, 2018, respectively.

Deferred inflows of resources totaled \$4,000 as of June 30, 2018.

Exhibit II
Liquefied Petroleum Gas Board
Revenues, Expenditures, and Transfers
For the Years Ended June 30, 2014 through 2018

	Fiscal Year				
	2018	2017	2016	2015	2014
Revenues					
Licenses and permits	\$ 573,191	\$ 549,844	\$ 591,101	\$ 593,977	\$ 543,954
Total Revenues	\$ 573,191	\$ 549,844	\$ 591,101	\$ 593,977	\$ 543,954
Expenditures					
Salaries	\$ 354,764	\$ 375,106	\$ 416,874	\$ 404,928	\$ 402,876
Commodities, materials, and supplies	16,206	15,054	10,416	11,653	15,146
Repairing and servicing	37,902	40,628	36,216	32,611	37,887
Other expenses	55,580	56,598	52,754	103,672	107,028
Total Expenditures	\$ 464,452	\$ 487,386	\$ 516,260	\$ 552,864	\$ 562,937
Net Transfers In (Out)	\$ 2,752	\$ 13	\$ 0	\$ 39	\$ 272,898

Source: Arkansas Administrative Statewide Information System Trial Balance (unaudited by Arkansas Legislative Audit)

Exhibit III
Liquefied Petroleum Gas Board
Assets, Liabilities, and Deferred Inflows of Resources
For the Years Ended June 30, 2014 through 2018

	Fiscal Year				
	2018	2017	2016	2015	2014
Assets					
Cash and cash equivalents	\$ 1,378,543	\$ 1,269,922	\$ 1,195,545	\$ 1,108,273	\$ 1,024,898
Fixed assets	1,291,424	1,291,424	1,294,886	1,294,886	1,319,630
Other assets	25,729	16,540	19,535	24,334	15,135
Total Assets	\$ 2,695,696	\$ 2,577,886	\$ 2,509,966	\$ 2,427,493	\$ 2,359,663
Liabilities					
Accounts payable	\$ 2,575	\$ 1,900	\$ 2,218	\$ 1,565	\$ 936
Unearned revenues	256,683	256,148	276,104	266,830	258,333
Other liabilities	13,794	10,340	12,743	9,980	8,474
Total Liabilities	\$ 273,052	\$ 268,388	\$ 291,065	\$ 278,375	\$ 267,743
Deferred Inflows of Resources					
Related to revenues	\$ 4,000	\$ 3,050	\$ 1,365	\$ 6,425	\$ 4,220

Source: Arkansas Administrative Statewide Information System Trial Balance (unaudited by Arkansas Legislative Audit)

