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January 22, 2003

Honorable Jerry Luke LeBlanc, Chairman
Performance Review Subcommittee of the
Joint Legislative Committee on the Budget
and Members of the Subcommittee
P. O. Box 44294
Baton Rouge, LA 70804

Re: Exceptional Performance and Gainsharing Incentive Program
Proposal by the Department of Public Safety, Liquefied
Petroleum Gas Commission

Dear Committee Members:

In accordance with Louisiana Revised Statute (R.S.) 39:87.5(D)(8), we have completed our analysis of the material and substantive accuracy of the proposal submitted by the Department of Public Safety (DPS), Liquefied Petroleum Gas Commission (LPGC), for a reward based on the Exceptional Performance and Efficiency Incentive Program. The proposal submitted by DPS asks for \$17,590 in supplemental compensation for seven LPGC employees based on exceeding performance standards by 34.6% for the performance indicator of the number of fires and accidents related to liquefied petroleum gas and anhydrous ammonia for fiscal year 2002.

Attachment 1 to this letter provides the results of our verification and analysis of the proposal (Attachment 2). In summary, we found the following:

- The percentage of supplemental compensation listed on the first page of the proposal is incorrect. It should be 10% instead of 20%.
- The actual number of fires and accidents for fiscal year 2002 was 18 instead of the 17 reported by DPS in the proposal. Therefore, the actual number of fires and accidents during fiscal year 2002 was 30.8% less than the standard of 26 instead of the 34.6% reported in the proposal.
- The number of fires and accidents for fiscal years 2000 and 2001 was also each understated by one in the proposal. There were actually 33 fires and accidents in fiscal year 2000 and 28 in fiscal year 2001.

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January 22, 2003
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- The number of man-hours of training reported for all three fiscal years included in the proposal is slightly overstated. This difference was caused by manual counting errors.

I hope this information is useful in your legislative decision-making.

Sincerely,

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

GCA/ss

Attachments

[LPGCIP03]

Office of the Legislative Auditor

Department of Public Safety (DPS),

Liquefied Petroleum Gas Commission (LPGC)

Exceptional Performance and Efficiency Incentive Program

Louisiana Revised Statute (R.S.) 39:87.5(D)(8) requires the legislative auditor to verify the material and substantive accuracy of the information contained in a proposal submitted pursuant to the Exceptional Performance and Efficiency Incentive Program. R.S. 39:87.5(D) provides the types of performance to be achieved to qualify for a reward. A proposal may be based on exceptional performance wherein an agency demonstrates that it has consistently met or exceeded a significant number of the standards for its key and supporting performance indicators related to a particular activity.

DPS bases its proposal (see Attachment 2) on the exceptional performance of the LPGC, specifically the decrease in the number of fires and accidents related to liquefied petroleum gas and anhydrous ammonia. In fiscal year 2002, the LPGC reported 34.6% fewer fires and accidents than its target of 26. The LPGC asserts that this is attributable to the training and enforcement activities that the Commission's staff provides to the industry. These training and enforcement activities are an integral part of the LPGC staff's civil service job descriptions.

Proposed Reward Amount

DPS is requesting supplemental compensation of \$17,590 to be distributed to seven LPGC employees responsible for training and enforcement activities. State Civil Service Rule 6.16.3 states that to be eligible for any gainsharing program, an employee must have been employed in the agency, program, or activity during the period when efficiencies were realized and at the time the reward is distributed.

DPS bases its proposal on exceptional performance during fiscal year 2002. All seven employees were employed by the LPGC during this time period. Of these seven employees:

- Five (Mr. Gresham, Mr. Hodges, Mr. McLain, Mr. Bertrand, and Mr. Nicholas) were employed by the LPGC during all of fiscal year 2002.
- Two (Mr. Britton and Ms. Cropper) began employment with the LPGC during the fourth quarter of fiscal year 2002.

According to the proposal (Attachment A, page 6), the reward amount would be distributed as follows:

<u>Employee</u>	<u>Proposed Award Amount</u>
Tommy Gresham	\$3,570
Jesse Hodges	3,400
Terry McLain	3,240
John Bertrand	3,120
John Nicholas	3,120
Stephen Britton	750
Janice Cropper	390
Total	<u><u>\$17,590</u></u>

Accuracy of Information in the Proposal

Our verification and analysis found that all of the information and data contained in the proposal are materially and substantively accurate with the exception of the following discussed below.

The percentage of supplemental compensation listed on the first page of the proposal is incorrect. Page 1 of the reward proposal submitted by the LPGC states that supplemental compensation of 20% is requested for employees who qualify. However, the breakdown on page 6 shows employees receiving only 10% of their base salaries, for a total of \$17,590. According to the executive director, the actual percentage requested is 10%. This discrepancy is attributed to clerical error.

The values reported in the proposal for performance indicator “Number of fires and accidents related to liquefied petroleum gas and anhydrous ammonia” on page three of the proposal for fiscal years 2000-2002 are inaccurate. During our analysis of the source documentation, one additional incident was discovered in each of the three fiscal years. As a result, the correct number of fires and accidents for fiscal year 2002, fiscal year 2001, and fiscal year 2000 is 18, 28, and 33, respectively.

Because of the change in the number of fires and accidents for fiscal year 2002, the percentage below the standard for this indicator reported on page one of the proposal is incorrect. The actual number of fires and accidents for fiscal year 2002 was 18 instead of the 17 reported by DPS. Therefore, the actual number of fires and accidents during fiscal year 2002 was 30.8% less than the standard of 26 instead of the 34.6% reported in the proposal.

The values reported on page three of the proposal for performance indicator “Number of man-hours of training provided” for fiscal years 2000-2002 are inaccurate. As shown below, these inaccuracies, primarily caused by manual counting errors, range from a 3.1% understatement in fiscal year 2000 to a 4.3% overstatement in fiscal year 2002.

Number of man-hours of training provided			
Fiscal Year	Value Reported in LaPAS	Value Based on Source Documents	% Difference
2000	3,342	3,451	3.1%
2001	3,453	3,579	3.5%
2002	3,789	3,635	4.3%

Attachment 2

Department of Public Safety, Liquefied
Petroleum Gas Commission's Proposal for
Incentive Fund Reward Based
on Exceptional Performance

REWARD PROPOSAL BASED ON EXCEPTIONAL PERFORMANCE

DEPARTMENT: SCHEDULE:

AGENCY: PROGRAM:

ACTIVITY:

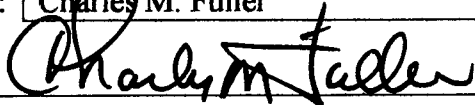
SUBJECT FISCAL YEAR:

This proposal is for a reward based on exceptional performance.

This original document, plus seven copies, must be received by the Performance Review Subcommittee of the Joint Legislative Committee on the Budget by 5:00 p.m. on November 15th. The Subcommittee’s physical address is 900 N. 3rd St., State Capitol, 11th Floor, Baton Rouge, LA 70802; the mailing address is P.O. Box 94486, Baton Rouge, LA 70804; the e-mail address is “reade@legis.state.la.us”.

Through the LP Gas Commission’s integrated approach of enforcement and training, a substantial reduction of 34.6% in the number of fires and accidents related to LP Gas and anhydrous ammonia from the target of 26 to the actual of 17 fires has been achieved. The LPG Commission conducted these operations with seven statewide inspectors, with the executive director conducting seminar training and inspectors conducting field training. The agency’s effort in achieving their objective has increased safety statewide, in regards to LPG and anhydrous ammonia. A supplemental compensation of 20% is requested to be awarded to all employees of the LP Gas Commission who qualify under the rules. Part year employees requested to be awarded supplemental compensation based on pro rata time of service for the year.

Application prepared by: Date:

Signature 

Agency head approval: Date:

Signature 

Received by the Performance Review Subcommittee: Date:

Sent to the Legislative Auditor Date:

Response from Legislative Auditor: Date:

Disposition by Subcommittee: Date:

REWARD PROPOSAL BASED ON EXCEPTIONAL PERFORMANCE

Part One: Explanation of the Activity and the Exceptional Performance

Describe the activity (the "subject activity"), program and performance data upon which your proposal is based. The subject activity may be a subset or component of a program (or equivalent), or involve the efforts of one or more programs or the entire agency. Be specific in identifying the organizational unit or area where the exceptional performance was achieved. Section A. is used to give a narrative description, and Section B. is used to provide the specific performance data.

A. Provide a detailed narrative description of the subject activity or program(s) and summarize the exceptional performance achieved by that entity.

The mission of the Liquefied Petroleum Gas Commission is to promulgate and enforce rules that will allow for the safest possible distribution, handling, and usage of liquefied petroleum gases and anhydrous ammonia, necessary for the protection, safety and security of the public. This is accomplished through inspections of storage facilities, equipment, and examination of personnel engaged in the industry. The agency's goals are to reduce loss of life and property through diligent enforcement and voluntary compliance of Louisiana law and rules and regulations, national standards and codes adopted by the Liquefied Petroleum Gas Commission and reduce burdensome requirements of complying with the rules and regulations of the Liquefied Petroleum Gas Commission whenever practical without sacrificing safety.

The Liquefied Petroleum Gas Commission's main objective is to reduce the number of fires and accidents related to LPG and anhydrous ammonia by five percent from FY 00 standard of 30 fires and accidents. LP Gas Commission affected a 34.6% reduction. This is a measure of how well the agency is meeting its main objective. The major reason for the reduction in the number of fires and accidents is the number of man-hour-hours of training provided. This is a measure of how much training the commission conducts. In FY 02, the commission provided 3,789 man-hours of training, which is 8.3% over the target of 3,500 hours. Training is conducted statewide and consists of a five to eight hour seminars which teaches safety. Other field training is provided by the Commission's inspector staff.

REWARD PROPOSAL BASED ON EXCEPTIONAL PERFORMANCE

B. Provide detailed performance data evidencing the exceptional performance represented in your proposal. Be sure to note those specific performance indicators and standards which are particularly important. Provide any separate or narrative background information necessary to highlight or support the exceptional nature of the performance. All proposers must complete Format 1. Format 2 is to be used to report additional data which is not captured in LaPAS.

Using Format 1, list all objectives and performance indicators for the subject year and at least the immediately preceding year (three years of data is best) for the program (or equivalent) in which the subject activity occurred. Provide the performance standards from the enacted budget/LaPAS. For proposals based on activities which occur at the sub-program (or equivalent) level which are not directly reflected in the agency's LaPAS performance data, the data for the program (or equivalent) comprising such activity is *required*. In cases where multiple programs are involved, provide the performance data for the entire agency.

Format 1. Provide the LaPAS data using this format, attaching addenda as necessary.

Program (or agency):	Administrative					
Objective:	To reduce the number of fires and accidents related to liquefied petroleum gas and anhydrous ammonia by five percent from the FY 00 standard of 30 fires and accidents.					
	FY 1999-2000		FY 2000-2001		FY 2001-2002	
Performance Indicators	Standard	Actual	Standard	Actual	Standard	Actual
Number of fires and accidents related to liquefied petroleum gas and anhydrous ammonia	30	32	28	26	26	17
Number of tanks condemned	22	7	20	3	19	18
Number of tank and/or installation modifications required	65	47	43	187	42	123
Number of hearings on violations	105	97	85	165	85	171
Number of routine inspections and inspection activities performed	21,289	24,140	21,382	26,264	22,023	22,874
Number of trucks tagged and inspected	1,600	1,243	1,388	1,201	1,390	1,206
Number of man-hours of training provided	1,500	3,342	1,292	3,453	3,250	3,789

REWARD PROPOSAL BASED ON EXCEPTIONAL PERFORMANCE

Use "Format 2" for instances where the agency's performance data in the enacted budget and LaPAS does not reflect the efforts and achievements associated with the activities forming the basis of your proposal. Provide clear and specific evidence of the establishment of an expected level of performance at the beginning of the fiscal year or before the activity was undertaken, which expectation could then be compared to actual achievements at year's end. Citation of specific source documents for this data is *required*.

Format 2.

Program (or agency):						
Performance Expectation	FY		FY		FY	
	Standard	Actual	Standard	Actual	Standard	Actual

In this space describe the assumptions and process related to development of the performance expectations, standard and actual performance data.

REWARD PROPOSAL BASED ON EXCEPTIONAL PERFORMANCE

C. Expenditures. For the subject year and the preceding year, provide the following expenditure data for the program(s) (or equivalent) in which the subject activity occurred, as well as that for the entire agency. *Provide this data using the format below, attaching addenda as necessary.*

Program:	Administrative	Preceding Year	Subject Year
		FY 2000-2001	FY 2001-2002
	End-of-year actual expenditures	540,753	\$527,529
	End-of-year actual T.O.	10	10

Program:		FY	FY
	End-of-year actual Expenditures		
	End-of-year actual T.O.		

Agency:		FY	FY
	End-of-year actual Expenditures		
	End-of-year actual T.O.		

PART TWO: ACTIONS OF EMPLOYEES

Complete this Part if the achievements evidenced in your proposal are the result of the efforts of specific employees. Present this information in narrative fashion. You must include the employee names, job titles, and general contribution to the effort.

The achievement evidenced in this proposal for the key performance indicator, a reduction by 34.6% in the number of related fires and accidents from the target of 26 to 17, was from a team effort of the total organization of the commission staff equally. The inspector staff provided the venues for the training and numerous other field supporting performance indicators. The office staff provided administrative support for all performance indicators and other activities. Firm enforcement activities coupled with the training provided has achieved the desired results. The inspector staff is classified as Liquefied Petroleum Gas Inspectors. Their names are Tommy Gresham, John Nickolas, John Bertrand, Len Hodges, Terry McLain and Stephen Britton. The administrative staff is Janice Cropper, Clerk Chief 1. There are two other authorized positions which do not qualify under the rules for this request. They are a Liquefied Petroleum Gas Inspector, an Administrative Specialist 3 and the Executive Director. The total organization when fully staffed is 10 positions.

REWARD PROPOSAL BASED ON EXCEPTIONAL PERFORMANCE

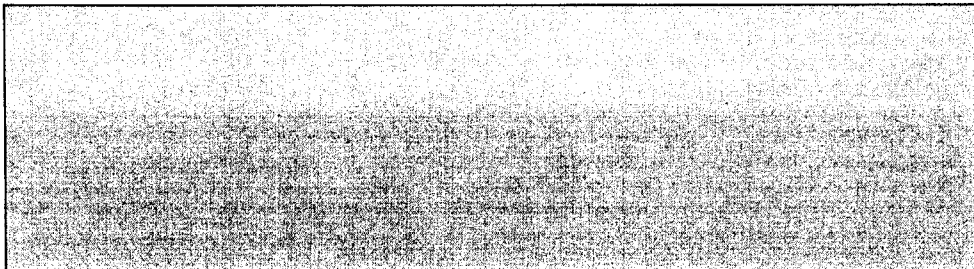
PART THREE: EXPLANATION OF PROPOSED REWARD AND ITS USE

I. Aggregate amount of reward requested:

\$17,590

II. Explain how the proposed reward funding would be used, whether for non-recurring expenditures or supplemental compensation, or both:

A. Non-recurring expenditures



B. Supplemental Compensation

In accordance with R.S. 39:87.5(D)(6) Civil Service Rule 6.16.3 supplemental compensation for achievements outline in Part Two for the following employees using the BR-9B as of 9/17/02:

Name	Job Title	Cur. Base Sal	Reward	Comp.
Crooper, Janice	Clerk Chief 1	\$15,496	2.5%	\$390
Hodges, Jesse	LP Gas Inspector	\$34,018	10%	\$3,400
McLain, Terry	LP Gas Inspector	\$32,383	10%	\$3,240
Nicholas, John	LP Gas Inspector	\$31,110	10%	\$3,120
Gresham, Tommy	LP Gas Inspector	\$35,698	10%	\$3,570
Bertrand, John	LP Gas Inspector	\$31,204	10%	\$3,120
Britton, Stephen	LP Gas Inspector	\$29,928	2.5%	\$750

The following employees were employed during the subject fiscal year but will not receive supplemental compensation for reasons noted, in accordance with C.S. Rule 6.16.3:

Granier, Arthur	LP Gas Inspector - Deceased
McMillin, Robbie	LP Gas Inspector - Retired in February 2002
Watson, Rhonda	Admin Spec 3 - Retiring in November 2002
Fuller, Charles	Executive Director - Unclassified Employee subject to Senate Confirmation

Janice Crooper and Stephen Britton will only receive 2.5% rewards due to their hire dates during the fourth quarter. Since they contributed for a quarter, their compensation is based on one-fourth of the proposed 10% reward for other employees.