
LOUISIANA SHERIFFS' AUTOMOBILE PROGRAM

FINANCIAL STATEMENTS

JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

Board of Managers
Louisiana Sheriffs' Automobile Program

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Louisiana Sheriffs' Automobile Program (a quasi-public organization) (the Program), which comprise the statements of net position as of June 30, 2022 and 2021, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Program as of June 30, 2022 and 2021, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Program and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Program's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Program's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 6 and the schedule of ten-year claims development on page 15 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the Program's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Director on page 16 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reports Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report, dated January 3, 2023, on our consideration of the Program's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Program's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Program's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads 'Postlethwaite & Netterville'.

Baton Rouge, Louisiana
January 3, 2023

LOUISIANA SHERIFFS' AUTOMOBILE PROGRAM

MANAGEMENT'S DISCUSSION AND ANALYSIS **(UNAUDITED)**

The Management's Discussion and Analysis of the Louisiana Sheriffs' Automobile Program's (the Program) financial performance presents a narrative overview and analysis of the Program's financial activities for the year ended June 30, 2022 and 2021. This document focuses on the current period's activities, resulting changes, and currently known facts in comparison with the prior year's information. We encourage readers to consider the information presented here in conjunction with the Program's financial statements, which follow this section.

Financial Highlights

- The assets of the Program exceeded its liabilities at June 30, 2022, by \$950,262 compared to \$526,533 as of June 30, 2021, which is approximately 80% increase from prior year.
- At June 30, 2022, the Program's assets totaled \$4,071,887, which consisted primarily of cash and cash equivalents.
- The Program reported earned premiums of \$5,551,433 during the year ended June 30, 2022, and an increase in net position of \$423,729 compared to earned premiums of \$5,162,452 during the year ended June 30, 2021, and an increase in net position of \$526,533.
- At the end of the current fiscal year, net position totaled \$950,262 or 19% of the current year expenses.

Overview of the Financial Statements

This financial report consists of Management's Discussion and Analysis and the basic financial statements. The basic financial statements also include notes to the financial statements, which explain some of the information in the financial statements in more detail.

The basic financial statements of the Program report information about the Program using accounting methods similar to those used by private sector businesses. These statements offer short and long-term financial information about the Program's activities. The Statement of Net Position includes all of the Program's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to the Program's members and creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Program and assessing the liquidity and financial flexibility of the Program. All of the year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Change in Net Position. This statement measures the success of the Program's operations over the year and can be used to determine whether the Program has successfully recovered all its costs through its premium income, profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Program's cash receipts and cash payments throughout the year. These statements report cash receipts, cash payments and net changes in cash resulting from operations, investing, and financing activities.

The preparation of these financial statements requires the utilization of significant estimates, many of which will not be known for many years. Changes in estimates as well as the differences in actual results and estimated amounts will be included in the Statement of Revenues, Expenses and Changes in Net Position as these circumstances become known.

LOUISIANA SHERIFFS' AUTOMOBILE PROGRAM

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Financial Analysis of the Program

The Statement of Net Position and the Statement of Revenues, Expenses and Change in Net Position report information in a way that the reader can determine if the Program is in a better financial position as a result of the year's activities. These statements report the net position of the Program and changes in them. The net position (difference between assets and liabilities) can be used to measure financial health or financial position. Over time, increases and decreases in the Program's net position are one indicator as to whether its financial health is improving or deteriorating. There are other non-financial factors to consider, such as changes in economic conditions, judicial environment, and new or changed government legislation.

Condensed Statements of Net Position

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Total assets	\$ 4,071,887	\$ 3,193,753
Total liabilities	<u>3,121,625</u>	<u>2,667,220</u>
Net position	<u>\$ 950,262</u>	<u>\$ 526,533</u>

All of the Program's assets can be used for any lawful purpose consistent with the policies and guidelines established by the Managers of the Program. Total assets consisted primarily of cash and cash equivalents. Total liabilities consisted mainly of unpaid claims liabilities.

**Condensed Statements of Revenues, Expenses
and Change in Net Position**

	<u>Year Ended June 30, 2022</u>	<u>Year Ended June 30, 2021</u>
Total operating revenues	\$ 5,551,433	\$ 5,162,452
Total operating expenses	(5,134,801)	(4,640,348)
Non-operating income	<u>7,097</u>	<u>4,429</u>
Change in net position	<u>\$ 423,729</u>	<u>\$ 526,533</u>

LOUISIANA SHERIFFS' AUTOMOBILE PROGRAM

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Financial Analysis of the Program (continued)

Operating revenues result from premiums charged to members in exchange for insurance coverage. Total operating expenses relate mainly to claim losses and loss adjustment expenses and excess insurance premiums.

The Program's change in net position for the year ended June 30, 2022, was an increase of approximately \$424,000.

Requests for Information

This financial report is designed to provide our members, investors, and creditors with a general overview of the Program's finances, as well as demonstrate accountability for funds the Program receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Louisiana Sheriffs' Automobile Program, P.O. Box 82295, Lafayette, LA or call 337-235-3131.

LOUISIANA SHERIFFS' AUTOMOBILE PROGRAM

STATEMENTS OF NET POSITION

JUNE 30, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 4,063,610	\$ 2,926,944
Premiums receivable from members	<u>8,277</u>	<u>266,809</u>
 Total assets	 <u>\$ 4,071,887</u>	 <u>\$ 3,193,753</u>

LIABILITIES AND NET POSITION

Liabilities:		
Unpaid claims liability	\$ 3,110,000	\$ 1,985,000
Advanced premiums	-	682,220
Accounts payable and accrued expenses	<u>11,625</u>	<u>-</u>
Total liabilities	<u>3,121,625</u>	<u>2,667,220</u>
 Net position, unrestricted	 <u>950,262</u>	 <u>526,533</u>
 Total liabilities and net position	 <u>\$ 4,071,887</u>	 <u>\$ 3,193,753</u>

See accompanying notes to these financial statements.

LOUISIANA SHERIFFS' AUTOMOBILE PROGRAM

STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>OPERATING REVENUES</u>		
Premium income	\$ 5,551,433	\$ 5,162,452
<u>OPERATING EXPENSES</u>		
Claim losses and claims adjustment expenses	2,684,435	2,745,628
Excess insurance premiums	2,105,912	1,603,979
Administration fees	219,374	200,608
Other general and administrative expenses	125,080	90,133
Total operating expenses	5,134,801	4,640,348
<u>OPERATING INCOME</u>	416,632	522,104
<u>NON-OPERATING INCOME</u>		
Interest income	7,097	4,429
<u>CHANGE IN NET POSITION</u>	423,729	526,533
<u>NET POSITION - BEGINNING OF YEAR</u>	526,533	-
<u>NET POSITION - END OF YEAR</u>	\$ 950,262	\$ 526,533

See accompanying notes to these financial statements.

LOUISIANA SHERIFFS' AUTOMOBILE PROGRAM

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
<u>Cash received from:</u>		
Member premiums collected	\$ 5,127,745	\$ 5,577,863
<u>Cash paid for:</u>		
Service providers	(309,628)	(271,082)
Excess insurance premiums	(2,129,113)	(1,623,638)
Claims and claims expenses	(1,559,435)	(760,628)
	<u>1,129,569</u>	<u>2,922,515</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Interest income	<u>7,097</u>	<u>4,429</u>
	<u>7,097</u>	<u>4,429</u>
<u>NET CHANGE IN CASH</u>	1,136,666	2,926,944
<u>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</u>	<u>2,926,944</u>	<u>-</u>
<u>CASH AND CASH EQUIVALENTS, END OF YEAR</u>	<u>\$ 4,063,610</u>	<u>\$ 2,926,944</u>
Reconciliation of change in net position to net cash used in operating activities:		
Change in net position:	\$ 423,729	\$ 526,533
Interest income	(7,097)	(4,429)
Operating income	416,632	522,104
Adjustments to reconcile operating income to net cash provided by operating activities:		
Change in receivables	258,532	(266,809)
Change in unpaid claims liability	1,125,000	1,985,000
Change in deposits held for others	(682,220)	682,220
Change in accounts payable and accrued expenses	11,625	-
	<u>\$ 1,129,569</u>	<u>\$ 2,922,515</u>

See accompanying notes to these financial statements.

LOUISIANA SHERIFFS' AUTOMOBILE PROGRAM

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

(a) *Organization*

The Louisiana Sheriffs' Automobile Program (the Program), and its related Articles of Association were created pursuant to the provisions of Louisiana R.S. 13:5571-5575 to establish an interlocal risk management agency to provide a group self-insurance fund for participating member Sheriffs to pool public automobile liability risks as well as physical damage coverage. Operations of the Program began effective July 1, 2020, and are controlled by the Board of Managers, consisting of four Sheriffs elected by a majority vote of the member Sheriffs participating in the Program. Managers are elected for staggered terms of four years and may be re-elected to any number of successive terms.

The Program's insurance administration and other general administrative functions are performed by two third-party administrators, whose duties consist of development of the self-insurance fund, billing and collecting, securing excess or reinsurance coverage, adjudicating claims, bookkeeping support and other general administrative functions, as directed by the Board of Managers.

Governmental Accounting Standards Board (GASB) Statement 14, as amended by Statement 61, establishes criteria for determining the governmental reporting entity and component units that should be included within a reporting entity. Under provisions of this Statement, the Program is considered a primary government, since it is a special purpose government that has a separately appointed governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 61, fiscally independent means that the Program may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The Program also has no component units, defined by the standards as other legally separate organizations for which the Board of Managers are financially accountable. There are no other primary governments with which the Program has a significant relationship. The Program is not considered a component unit of any other entity.

(b) *Basis of Accounting*

The financial statements of the Program have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed to the extent they have been made authoritative under GASB 62, *Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA pronouncements*.

LOUISIANA SHERIFFS' AUTOMOBILE PROGRAM

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) *Basis of Accounting* (continued)

The Program is a proprietary fund type and is presented as a business type activity. Proprietary fund types are used to account for governmental activities that are similar to those found in the private sector where the determination of operating income and changes in net position are necessary or useful for sound financial administration. GAAP used for proprietary funds are generally those applicable to similar businesses in the private sector (accrual basis of accounting). Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred.

Since the business of the Program is essentially that of an insurance enterprise having a business cycle greater than one year, the statements of net position are not presented in a classified format.

(c) *Operating / Non-operating Revenues and Expenses*

Operating revenues consist of member premiums as these revenues are generated from the Program's operations and are needed to carry out its statutory purpose. All expenses incurred for that purpose are classified as operating expenses. Other revenues and expenses which are ancillary to the Program's statutory purpose are classified as non-operating.

(d) *Premium Income and Receivable*

Premiums are recognized as income over the term of the policies as they become earned on a pro-rata basis. Any adjustments to annual premiums are considered to be a change in estimate and are recognized in the year they become known. The costs associated with new and renewal contracts as acquisition costs are immaterial to the financial statements and are expensed when incurred.

Premiums billed and collected in advance of the next succeeding policy year are deferred from income recognition and are recorded as a liability as advanced premiums.

Premium receivables are comprised of amounts due from members and are considered to be fully collectible by management; therefore, no reserve for bad debts has been established.

(e) *Statements of Cash Flows*

For the purposes of the statements of cash flows, cash includes cash in demand deposit accounts with banks.

(f) *Excess Insurance*

The Program uses excess insurance to reduce its exposure to large losses on insured events. The Program does not report risks covered by excess insurance as liabilities unless it is probable that those risks will not be covered by excess insurance carriers.

LOUISIANA SHERIFFS' AUTOMOBILE PROGRAM

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) *Unpaid Claims Liability*

The liability for losses and loss adjustment expenses includes amounts estimated from losses reported on individual claims, an amount for claims incurred but not yet reported based upon past experience and industry data, and expenses for processing and investigation of unpaid claims. Such liabilities are necessarily based on estimates, and, while management believes the amount is adequate, the ultimate liability may differ from the amount provided. The Company does not discount its reserve liabilities but does record its reserve liabilities net of anticipated salvage and subrogation and member deductible recoverables. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.

(h) *Income Taxes*

The Program is exempt from federal income taxes under Sections 7701 and 115(1) of the Internal Revenue Code.

(i) *Use of Estimates*

Management of the Program has made a number of estimates and assumptions relating to the reporting of assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates and assumptions. For example, significant estimates and assumptions are used in estimating its insurance liabilities and accruals. If future experience differs materially from these estimates and assumptions, the financial statements could be affected.

(j) *Reclassification*

Certain amounts have been reclassified in the June 30, 2021 financial statements to conform their presentation to that used in the June 30, 2022 financial statements. These reclassifications did not affect net position or change in net position.

2. SERVICE CONTRACTS AND RELATED PARTY TRANSACTIONS

The Board outsources the administration of the Program to two third-party administrators, who provide administration of the Program as described in Note 1. Fees for the insurance administration services are based on a percentage of premiums charged to members and were approximately \$219,000 and \$201,000 for the years ended June 30, 2022 and June 30, 2021, respectively. Fees for claims administration services are based on a percentage of the Program's premiums from members plus an annual fee for each vehicle enrolled for coverage. Total fees were approximately \$289,000 and \$279,000 for the years ended June 30, 2022 and 2021, respectively, and are included in claims expense as loss adjustment expenses. An owner of the third-party claims administrator also serves as an excess reinsurance broker for the Program's excess insurance contract.

The Program provides insurance coverage for Sheriffs making up the Program's Board of Managers.

LOUISIANA SHERIFFS' AUTOMOBILE PROGRAM

NOTES TO FINANCIAL STATEMENTS

3. CLAIMS EXPENSE AND UNPAID CLAIMS LIABILITY

The following represents changes in the Program's aggregate unpaid claims liabilities for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Liability for unpaid losses at beginning of year (gross)	\$ 2,985,000	\$ -
Less: excess insurance recoverable	<u>1,000,000</u>	<u>-</u>
Liability for unpaid losses at beginning of year (net)	<u>1,985,000</u>	<u>-</u>
Net incurred related to:		
Current year claims	2,907,504	2,466,778
Prior year claims	(511,709)	-
Loss adjustment expenses	<u>288,640</u>	<u>278,850</u>
Total incurred	<u>2,684,435</u>	<u>2,745,628</u>
Net paid related to:		
Current year claims	892,504	481,778
Prior year claims	378,291	-
Loss adjustment expenses	<u>288,640</u>	<u>278,850</u>
Total paid	<u>1,559,435</u>	<u>760,628</u>
Liability for unpaid losses at end of year (gross)	5,315,000	2,985,000
Less: excess insurance recoverable	<u>2,205,000</u>	<u>1,000,000</u>
Liability for unpaid losses at end of year (net)	<u>\$ 3,110,000</u>	<u>\$ 1,985,000</u>

The Program's unpaid claims liability represents the estimated cost of all reported and unreported loss and loss adjustment expenses incurred and unpaid at any given point in time based on known facts and circumstances. The Program estimates its unpaid claims liability using case valuations and actuarial analysis.

The Program experienced favorable development on unpaid claims liabilities established in the prior year during the fiscal year ended June 30, 2022. The favorable development results from claims arising in prior years settling for less than previously estimated amounts. In establishing reserves, management considers facts currently known, historical claims information, industry average loss data, and the present state of laws and coverage litigation. However, the process of establishing loss reserves is a complex and imprecise science that reflects significant judgmental factors. Management believes that the aggregate loss reserves at June 30, 2022, are adequate to cover claims for losses that have occurred. Management can give no assurance that the ultimate claims incurred through June 30, 2022, will not vary from the above estimates, and such difference could be significant.

LOUISIANA SHERIFFS' AUTOMOBILE PROGRAM

NOTES TO FINANCIAL STATEMENTS

4. CASH AND CASH EQUIVALENTS

At June 30, 2022 and 2021, the Program had cash equivalents totaling \$4,063,610 and \$2,926,944, respectively, which are held in demand deposit accounts. At times the Program may have deposits in financial institutions in excess of federally insured limits.

Custodial credit risk is the risk that in the event of financial institution failure, the Program's deposits may not be returned to them. The Program has no significant custodial credit risk with respect to demand deposit accounts at June 30, 2022 and 2021.

5. EXCESS INSURANCE POLICY COVERAGE

Effective July 1, 2021 through June 30, 2022, the Program entered into excess insurance agreements with Old Republic Insurance Group, which is rated as A+ Superior by A.M. Best Company (as of June 10, 2022, the last date rated). The Program's excess insurance contracts were renewed for the period July 1, 2022 through June 30, 2023, under substantially similar terms at which time management negotiated agreements sufficient to continue to mitigate the Program's exposure to significant losses.

The excess insurance contracts for automobile liability provides for specific occurrence and aggregate loss coverage. The specific coverage provides coverage of \$750,000 in excess of the Program's retention of \$250,000 per occurrence up to the Program's maximum coverage limits of \$1,000,000 per occurrence. Additionally, the aggregate coverage provides \$2,000,000 in excess of \$2,725,000 and \$3,130,000 of aggregate losses during the year ended June 30, 2022 and 2021, respectively.

The excess insurance contract for automobile physical damage provides coverage for a specified listing of vehicles included in the contract. The contracts provide coverage of \$750,000 in excess of the Program's retention of \$100,000 per occurrence.

The Program evaluates the financial condition of its excess carriers and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics of the excess carrier to minimize its exposure to significant losses from excess carrier insolvencies.

During the years ended June 30, 2022 and 2021, the Program did not receive any excess reimbursements but has estimated recoverables for losses incurred as described in Note 3.

6. CONTINGENCIES

During the normal course of business, the Program becomes involved in various insurance-related claims and legal actions. Management of the Program establishes estimated liabilities for reported and unreported contingencies. Management believes that the outcome of claims and any related legal proceedings will be provided for by the estimated insurance liabilities and will not have a material adverse effect on the Program's financial position or results of operations.

7. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date the financial statements were available to be issued, January 3, 2023 and determined that no additional disclosures were necessary. No additional events occurring after this date have been evaluated for inclusion in the financial statements.

LOUISIANA SHERIFF'S AUTOMOBILE PROGRAM
SCHEDULE OF TEN-YEAR CLAIMS DEVELOPMENT INFORMATION

JUNE 30, 2022

(Unaudited)

The table below illustrates the Fund's earned normal premium and interest income compared to related costs and undiscounted claims expense (net of losses assumed by excess carrier) incurred by the Program as of the end of June 30, 2022. The table below includes only two years as it begins with the period of inception.

	<u>2022</u>	<u>2021</u>
ENP and interest income	\$ 5,558,530	\$ 5,166,881
Operating costs, unallocated	2,739,006	2,173,660
Estimated incurred claims and expense, end of policy year	2,908,000	2,467,000
Paid (cumulative) as of:		
End of policy year	892,504	481,788
One year later	-	1,130,139
Two years later	-	-
Three years later	-	-
Four years later	-	-
Five years later	-	-
Six years later	-	-
Seven years later	-	-
Eight years later	-	-
Nine years later	-	-
Estimated incurred claims and claims expense:		
End of policy year	2,908,000	2,467,000
One year later	-	1,955,000
Two years later	-	-
Three years later	-	-
Four years later	-	-
Five years later	-	-
Six years later	-	-
Seven years later	-	-
Eight years later	-	-
Nine years later	-	-
Increase (decrease) in estimated incurred claims and expense from end of policy year	-	(512,000)

See accompanying independent auditors' report.

LOUISIANA SHERIFFS' AUTOMOBILE PROGRAM

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO DIRECTOR
YEAR ENDED JUNE 30, 2022

Louisiana Sheriff's Law Enforcement Program

Schedule of Compensation, Benefits and Other Payments to Director

Year Ended: June 30, 2022

Director Name: Willy J. Martin, Jr.

Purpose	Amount
Compensation	\$ 0
Benefits	0
Travel	1,085

**No compensation of the Director is included in the above schedule of compensation, benefits and other payments as no such amounts were paid from "public funds" as required to be reported pursuant of R.S. 24:513(A)(3), as amended by Act 462 in 2015, and applicable guidance published by the Louisiana Legislative Auditor.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Managers
Louisiana Sheriffs' Automobile Program

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Louisiana Sheriffs' Automobile Program (the Program) as of and for the year ended June 30, 2022, and the related notes to the financial statements and have issued our report thereon dated January 3, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana Sheriffs' Automobile Program's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Sheriffs' Automobile Program's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned cost as items [2022-1 and 2022-2] that we consider to be material weaknesses.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Sheriffs' Automobile Program's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Louisiana Sheriffs' Automobile Program's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Program's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Management's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and do not provide an opinion on the effectiveness of the Program's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Program's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads 'Postlethwaite & Netterville' in a cursive script.

Baton Rouge, Louisiana
January 3, 2023

LOUISIANA SHERIFFS' AUTOMOBILE PROGRAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

A. SUMMARY OF AUDITORS' RESULTS

- (1) The auditors' report expressed an unmodified opinion on the financial statements of the Louisiana Sheriffs' Automobile Program (the Program) as of June 30, 2022, and for the year then ended.
- (2) There are significant deficiencies relating to the audit of the financial statements, which is reported in section B on this schedule. These significant deficiencies are considered material weaknesses [2022-1 and 2022-2].

B. FINDINGS – FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

2022-1 Design of Internal Control Over Financial Reporting – Adjustments

Condition: As part of the audit process, the auditors have assisted management in drafting the financial statements and related notes for year-end financial reporting. Additionally, the auditor has proposed adjusting journal entries to adjust the books and records of the Program, and these adjustments have been reviewed and accepted by management. In the auditors' judgment, magnitude of adjustments proposed, either individually or in the aggregate, indicate matters that do have a significant effect on the Program's financial reporting process. Adjustments were necessary in the areas of 1) cash, 2) claims expense, 3) premium revenue and 3) beginning net position. This matter is a material weakness as defined by auditing standards.

Criteria: Internal controls over financial reporting should be adequately designed to enable the Program to prepare its financial statements in accordance with accounting principles generally accepted in the United States of America.

Effect: Significant adjusting journal entries were proposed to allow the financial statements to accurately reflect the Program's financial position, operations and cash flows.

Recommendation: Small entities with few internal accounting personnel or resources typically have difficulty establishing formal internal control procedures to ensure accurate financial reporting. While cost effectiveness certainly needs to be considered, we recommend that management evaluate the need to strengthen internal controls by hiring additional resources to mitigate its financial reporting risk.

Management's response: Management understands and concurs with the finding. Management will work closely with the auditor to further understand the risks and consider the need to dedicate additional resources for the documentation of internal controls and preparation of our financial statements.

LOUISIANA SHERIFFS' AUTOMOBILE PROGRAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

MATERIAL WEAKNESS

2022-2 Design of Internal Control Over Financial Reporting – Bank Account Reconciliations

Condition: During the audit, we noted that the Program's claims bank was not reconciled for the period July 1, 2021 through June 30, 2022. Claims transactions that were recorded in the claims system were not recorded into the general ledger and monthly bank reconciliations were not being performed. It was also noted that there was no documented evidence of review of the operating bank account reconciliations.

Criteria: An effective system of internal controls over cash includes monthly reconciliations, recording of cash disbursements, and proper review.

Effect: Regular reconciliation and approval mitigates the risk of errors or fraud to go undetected.

Recommendation: We recommend that all claims related activity be recorded in the general ledger system and that all bank accounts be reconciled monthly to the general ledger with a review performed and documented for the monthly reconciliations. We also recommend that the individual responsible for preparing/making bank deposits is separate from the individual responsible for collecting cash.

Management's response: Management understands and concurs with the finding. Management will work closely with staff to ensure that all claims related transactions are recorded in the general ledger system and monthly reconciliations are performed. Management will also ensure that reconciliations are reviewed and there is evidence of the review being performed as well proper segregation of duties regarding cash collections.

LOUISIANA SHERIFFS' AUTOMOBILE PROGRAM

REPORT ON STATEWIDE
AGREED-UPON PROCEDURES ON COMPLIANCE
AND CONTROL AREAS

YEAR ENDED JUNE 30, 2022

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Managers of the
Louisiana Sheriffs' Automobile Program and the
Louisiana Legislative Auditor:

We have performed the procedures enumerated in Schedule A on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. Louisiana Sheriffs' Automobile Program's (the Program) management is responsible for those C/C areas identified in the SAUPs.

The Program has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

We were engaged by the Program to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Program and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

A handwritten signature in black ink, appearing to read 'Postlethwaite & Netterville', is written over a horizontal line.

Baton Rouge, Louisiana
January 3, 2023

LOUISIANA SHERIFFS' AUTOMOBILE PROGRAM
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read “no exception noted” or for step 25 “we performed the procedure and discussed the results with management”. If not, then a description of the exception ensues.

The Louisiana Sheriffs' Automobile Program (the Program) does not have any employees and outsources all its administrative, insurance and claims administration functions to third-party administrators. The below procedures were determined to be applicable based solely on the functions of the Program and not the outsourced functions.

A - Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

The Program does not maintain written policies or procedures. The Program has no employees and outsources its administrative functions and claims administration function to third-party administrators. The third-party administrators have their own policies and procedures regarding administrative functions and the processing and disbursements of claims.

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

Not applicable. The Program does not prepare a budget.

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

See above.

- c) **Disbursements**, including processing, reviewing, and approving

See above.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

See above.

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

Not applicable.

LOUISIANA SHERIFFS' AUTOMOBILE PROGRAM
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

See above.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Not applicable.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

See above.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Not applicable.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Not applicable.

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Not applicable.

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Not applicable.

LOUISIANA SHERIFFS' AUTOMOBILE PROGRAM
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
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B - Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exception noted.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Not applicable. The Program does not prepare a budget.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

No applicable to the Program.

C - Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

A listing of bank accounts was provided and included a total of 3 bank accounts. Management represented that the listing is complete.

We obtained the bank reconciliations for the month ending June 30, 2022, resulting in 2 bank reconciliations obtained and subjected to the below procedures.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

It was noted the bank reconciliation was prepared for 2 of the 3 accounts; however, there was no reconciliation prepared for the claims account.

LOUISIANA SHERIFFS' AUTOMOBILE PROGRAM
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

There was no evidence of review for any of the bank reconciliations tested.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

The bank reconciliations did not have reconciling items that have been outstanding for more than 12 months.

D - Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

A listing of deposit sites was provided and included a total of 1 deposit site. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the deposit site and performed the procedures below.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

A listing of collection locations for each deposit site selected in procedure #4 was provided and included 1 collection location. No exceptions were noted as a result of performing this procedure.

As the Program does not have written policies or procedures, inquiry with third-party administrator personnel regarding job duties was performed in order to perform the procedures below.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Not applicable.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

No exception noted.

LOUISIANA SHERIFFS' AUTOMOBILE PROGRAM
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- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exception noted.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

No exception noted.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Not applicable to the Program. The third-party administrator personnel who have access to cash are covered under the outsourced party's insurance policy.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

We randomly selected two deposit dates from the premium bank account selected in procedure #3 as this is the only account that has collections. We obtained supporting documentation for the 2 deposits and performed the procedures below.

- a) Observe that receipts are sequentially pre-numbered.

Not applicable. The Program does not maintain sequentially pre-numbered receipts.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions noted.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

No exceptions noted.

LOUISIANA SHERIFFS' AUTOMOBILE PROGRAM
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

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- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

E - Non-payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

The listing of locations that process payments for the fiscal period was provided. No exceptions were noted as a result of performing this procedure. There was only one location.

We selected the location and performed the procedures below.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

The listing of third-party personnel involved with non-payroll purchasing and payment functions for the payment processing location selected in procedure #8 was provided. No exceptions were noted as a result of performing this procedure.

As the Program does not have written policies or procedures, inquiry with third-party administrator personnel(s) regarding job duties was performed in order to perform the procedures below.

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

No exceptions noted.

- b) At least two employees are involved in processing and approving payments to vendors.

No exceptions noted.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

No exceptions noted.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

No exceptions noted.

LOUISIANA SHERIFFS' AUTOMOBILE PROGRAM
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
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10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

A listing of non-payroll disbursements for the payment processing location selected in procedures #8 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

From each of the listings provided, we randomly selected 5 disbursements and performed the procedures below.

- a) Observe that the disbursement matched the related original itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the entity.

No exceptions noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

A formal requisition/purchase order system is not used. Claims disbursements are initiated, approved and processed by the third-party claims administrator personnel. Non-claims disbursements are supported by invoices and are initiated, processed and approved by the third-party administrator personnel.

F - Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Not applicable.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

Not applicable.

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Not applicable.

LOUISIANA SHERIFFS' AUTOMOBILE PROGRAM
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Schedule A

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Not applicable.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Not applicable.

G - Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 reimbursements and performed the procedures below.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Not applicable.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions noted.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No exceptions noted.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

LOUISIANA SHERIFFS' AUTOMOBILE PROGRAM
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

H - Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

An active vendor list for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 contracts and performed the procedures below.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Not applicable.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

No exceptions noted.

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

No amendments in the current year.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

We randomly selected 1 payment for the 5 contracts selected in procedure #15 and performed the specified procedures. No exceptions noted.

I - Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Not applicable.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

Not applicable.

LOUISIANA SHERIFFS' AUTOMOBILE PROGRAM
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- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.).

Not applicable.

- b) Observe that supervisors approved the attendance and leave of the selected employees or officials.

Not applicable.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Not applicable.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Not applicable.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Not applicable.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Not applicable.

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Schedule A

J - Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Not applicable.

- b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Not applicable.

K - Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Not applicable.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Not applicable.

L - Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Not applicable.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Not applicable.

**LOUISIANA SHERIFFS' AUTOMOBILE PROGRAM
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022**

Schedule A

M - Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**

- a) Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

Not applicable.

- b) Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

Not applicable.

- c) Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Not applicable.

N - Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Not applicable.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

Not applicable.

28. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;

Not applicable.

LOUISIANA SHERIFFS' AUTOMOBILE PROGRAM
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JUNE 30, 2022

Schedule A

- b) Number of sexual harassment complaints received by the agency;

Not applicable.

- c) Number of complaints which resulted in a finding that sexual harassment occurred;

Not applicable.

- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

Not applicable.

- e) Amount of time it took to resolve each complaint.

Not applicable.

**LOUISIANA SHERIFFS' AUTOMOBILE PROGRAM
AGREED-UPON PROCEDURES AND ASSOCIATED RESULTS
JUNE 30, 2022**

Schedule B

Management corrective action plan

Management of the Louisiana Sheriffs' Automobile Program agrees with the findings and will implement corrective action where necessary to address these findings in future periods.

- Specifically, management will design a procedure and process to document the completeness and accuracy of monthly bank reconciliations for all bank accounts.
- Management will make sure a member of management and/or the board documents its review of all of the monthly bank reconciliations.