

LIVINGSTON PARISH COUNCIL

Livingston, Louisiana

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

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To the Honorable Chairman and Members
of the Livingston Parish Council:

We have performed the procedures enumerated below for the fiscal period January 1, 2023, through December 31, 2023, which were agreed to by the Livingston Parish Council (Parish). The Parish's management is responsible for the financial procedures and practices related to recordkeeping and maintenance of paid time off activity, fixed asset inventory management and approval and recording of general ledger journal entries.

The Parish 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 certain accounting practices for the fiscal period January 1, 2023, through December 31, 2023. 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 and associated findings are as follows:

- **Paid time off.** Obtain compensatory time off policy in place for 2023.
 - Obtain a listing of employees who received payments for paid time off (PTO) during 2023 and select payments made in excess of \$2,500 individually, and:
 - Compare earned and accrued balances from payroll records to payments made to employees.
 - Obtain a listing of any adjustments to PTO records 2023 that represent time converted among classifications of earned time off (i.e. vacation, sick or unpaid overtime, etc.).
 - Obtain documentation and support for payments made during 2023 to the Parish's compensatory time off policy.
- **Fixed assets.** Obtain the results of the Parish's internal fixed asset inventory made during January 2024 based on the Parish's 2022 audited fixed asset inventory records.
 - Obtain a listing of exceptions reported by the staff that are no longer in the Parish's possession.
 - Randomly sample 15 moveable fixed assets where the original value exceeds \$10,000 to determine that it is currently held by the Parish by physically observing the fixed asset selected.

- **Journal entries.** Obtain a listing of general ledger journal entries made in the accounting system during 2023.
 - We will randomly select 15 journal entries made and obtain documentation related to these items. We will report any items that lack supportive documentation or if recorded in error.

Exceptions

- **Paid time off.** We have the following observations regarding paid time off practices during 2023.
 - The Parish has a cash conversion of leave practice whereby employees are permitted to convert earned leave paid up to 160 hours per employee per calendar year. Included in the conversion is vacation leave earned. The practice is performed by a policy revision effective July 30, 2018, as approved by the Parish President and subject to review by the employee's department manager and the Parish Director of Finance. During 2023, the Parish made payments under this practice.
 - The Parish's policy manual states that vacation is meant to be a "time to rest, relax and pursue special interests". The policy manual does not mention the paid conversion practice above.
 - The full allotment of vacation time is awarded to eligible employees on January 1 of each year.
 - We observed 56 payments exceeding \$2,500 made during 2023. Our sample was approximately \$218,000 in payments made. The results of our tests captured the following matters:
 - The paid conversion feature should be reviewed with Parish legal counsel to confirm that the practice is a permissible activity. The practice also appears inconsistent with the Parish's policy that embraces time off as a goal of "rest and relaxation" for employees.
 - The policy states that there is an annual limit of 160 hours eligible for conversion due to budgetary constraints. There 20 instances in our sample where time was converted and paid that exceeded this annual limitation that totals approximately \$81,000.
 - Employees receive the full vacation allotment on January 1 of each year and are eligible to convert the vacation time to cash under this practice.
 - There was one instance where sick time was converted to vacation time and subsequently paid under the conversion practice.
 - Based on observation of vacation time off records, there were instances where time earned did not have significant entries to reduce balances used other than hours converted to cash paid. As a result, we recommend the Parish review its time record keeping practices to ensure vacation time off balances are recorded accurately moving forward.

- **Fixed assets.** We randomly selected 15 fixed asset items from the Parish’s fixed asset inventory records maintained from the 2022 inventory schedule. We physically observed all 15 items selected without exception.

Furthermore, Louisiana R.S. 24:515 requires the listing of capital assets to be updated annually, tagged, and annually inventoried. The Parish should ensure that a process is in place for an annual physical inventory of all Parish owned property.

- **Journal entries.** We observed the Parish’s 2023 detailed general ledger and randomly selected 15 journal entries made during 2023 to compare to supportive documentation maintained by the Parish.
 - The journal entries observed were monthly closing entries reconciling various general ledger accounts.
 - The Parish was unable to provide supportive documentation for 6 of the 15 entries reviewed. As a result, we recommend that the Parish maintain supportive documentation for journal entries made to the accounting records prospectively.

Knowledge of matters outside of agreed upon procedures

Other matters came to our attention during this agreed upon procedures engagement. The matters unrelated to the procedures described above are as follows:

- **Sale of vehicle.** The Parish provided information related to a 1996 heavy vehicle that was publicly auctioned to a private business owned by a department manager’s relative in 2020 for \$8,500. The documentation provided did not include an appraisal that provided the fair market value of the property prior to sale.

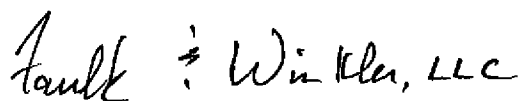
Furthermore, the Parish should refer this matter to the Louisiana Division of Ethics to determine if the transaction complies with Louisiana Revised Statute 42:1113 and the code of governmental ethics. According to La. R.S. 42:1113 A. (1) (a), No public servant or member of such a public servant’s immediate family, shall bid on or enter into any contract, subcontract, or other transaction that is under the supervision or jurisdiction of the agency of such public servant.

- **Internal written policies.** The Parish provided a policy manual that was dated in 2005. The Parish should consider updating this document to capture current and/or desired practices. Additionally, the written policies should include the suggested written policies mentioned in the Louisiana Legislative Auditor’s statewide agreed upon procedures documentation. Additionally, the Parish should develop a record retention policy that meets retention requirements stipulated under Louisiana law.
- **Documentation related to vendor contracts.** The Parish provided documentation for certain maintenance and service contracts during 2023. Based on observation of certain large payments, the Parish could improve the quality of its records retained to demonstrate a greater detail of the work performed. In particular, a greater detailed description of the services provided along with before and after pictures would greatly enhance the nature of the work performed along with the related vendor compensation. Due to the level of scrutiny experienced by local governments, the Parish should consider enhancing vendor documentation to better describe work performed on behalf of the community.

We were engaged by the Parish 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 areas reviewed. 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 Parish 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 accounting areas identified in this report, 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.


Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
April 22, 2024