

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT No.7



ADVISORY SERVICES
PROCEDURAL REPORT
ISSUED JULY 8, 2020

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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



St. Tammany Parish Fire Protection District No.7

July 2020

Audit Control #70190074

Introduction

The Louisiana Legislative Auditor performed certain procedures at the St. Tammany Parish Fire Protection District No.7 (District) to address the requirements of Act 774 of the 2014 Regular Legislative Session, as amended. The primary purpose of our procedures at the District was to assist the District in evaluating certain controls the District uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and overall accountability over public funds. Our procedures were more limited than an audit; therefore, we are not issuing an opinion on the District's financial statements, nor the effectiveness of the District's internal control over financial reporting and compliance.

Results of Our Procedures

Follow-up on Prior-year Exceptions

We assessed the status of all exceptions reported in the prior-year agreed-upon procedures report dated June 7, 2019. Prior-year exceptions relating to written policies and procedures, bank reconciliations, and ethics have not been fully resolved. The results of our follow up are documented for each category below except for sexual harassment and board oversight, which are new categories tested this year.

Current-year Results

1. Written Policies and Procedures

We obtained the District's written policies and procedures and assessed whether they addressed budgeting, receipts/collections, payroll/personnel, contracting, travel and expense reimbursement, ethics, bank reconciliations, information technology disaster recovery/business continuity, capital assets, and sexual harassment.

Results: The District's written policies and procedures did not address all best practices or compliance requirements relating to the business and financial functions identified above.

Recommendation: Management should develop/update, adopt, and implement written policies and procedures to address the following:

- (a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
- (b) ***Receipts/Collections***, including management's actions to determine the completeness of all collections for each type of revenue.
- (c) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- (d) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- (e) ***Ethics***, including (1) actions to be taken if an ethics violation takes place; (2) system to monitor possible ethics violations; and (3) requirement that all employees, including elected officials, annually attest through signature verification that they have read the District's ethics policy.
- (f) ***Bank Reconciliations***, including a process for addressing items outstanding for more than 12 months from the bank statement closing date, if applicable.
- (g) ***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.
- (h) ***Capital Assets***, including processes for (1) tagging assets, (2) performing an annual inventory, and (3) disposing of assets.
- (i) ***Sexual Harassment***, including all agency responsibilities required by Louisiana Revised Statutes (R.S.) 42:342-344.

Management provided a response to the report (see Appendix A).

2. **Board Oversight**

We obtained and reviewed the board minutes for the fiscal year and assessed whether District officials met and discussed key financial information, including budget-to-actual comparisons, at the monthly meetings.

Results: We did not identify any exceptions.

3. Bank Reconciliations

We selected two bank accounts, obtained the bank statements and related reconciliations for two months, and assessed whether the bank reconciliations were prepared and reviewed timely by District officials. We also assessed whether documentation was available reflecting that reconciling items outstanding for more than 12 months had been researched.

Results: The bank reconciliations did not include the signature/initial and date of the independent reviewer (i.e., someone who does not handle cash, post ledgers, or issue checks) for us to determine whether the reconciliations were reviewed timely. Also, management did not have documentation reflecting that it had researched reconciling items that had been outstanding for more than 12 months from the statement closing date.

Recommendations: Management should require all bank reconciliations to include the signature/initial and date of the independent reviewer. Also, checks outstanding for more than 12 months should be researched to determine if they meet the criteria of the unclaimed property law (Louisiana Revised Statute 9:151, *et seq.*). Documentation related to such research, as well as reporting and transferring unclaimed funds to the Louisiana State Treasurer, should be maintained on file.

Management provided a response to the report (see Appendix A).

4. Ethics

We obtained ethics documentation for two employees and observed whether the documentation provided evidence that each individual completed one hour of ethics training and acknowledged that he/she has read and will abide by the District's ethics policy during the fiscal year.

Results: Although the District maintained documentation that employees received the required ethics training, the District did not require employees or board members to annually attest that they have read and will abide by the District's ethics policy.

Recommendations: As a best practice, the District should require all employees and board members to sign annual certification forms attesting that they have read and will abide by the District's ethics policy.

Management provided a response to the report (see Appendix A).

5. Sexual Harassment

We selected two employees to verify that each employee completed at least one hour of sexual harassment training during the fiscal year. Also, we requested a copy of the District's annual report on sexual harassment to observe whether it met statutory requirements.

Results: The District did not compile its annual sexual harassment report, as required R.S. 42:344.

Recommendation: Management should immediately compile its sexual harassment report for last year and establish policies requiring future compilations be completed by February 1 of each year, as required by law.

Management provided a response to the report (see Appendix A).

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

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

DGP/aa

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APPENDIX A: MANAGEMENT'S RESPONSE



St. Tammany Parish Fire Protection District 7

Fire Chief Gary C. Whitehead

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Office: 985-863-5111 Fax: 985-863-51110

Eric Sloan, CPA
Advisory Services Manager
Louisiana Legislative Auditor
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Mr. Eric Sloan,

We have received and reviewed the draft report on the procedures performed by the Louisiana Legislative Auditor's office in accordance with Act 774 for the fiscal year ended December 31, 2019. We also had a phone conference with Mr. Stuart Dickey to review the audit document and to provide additional information. We accept the audit and appreciate the assistance in helping us understand and work to comply with LLA requirements.

Regards.

A handwritten signature in black ink, appearing to read "Gary C. Whitehead", written over a white background.

Gary C Whitehead

Fire Chief

Charles Graves
Chairman

Albert Hollie
Vice-Chairman

Ed Smith
Treasurer

Will Smith
Commissioner

David Howell
Commissioner