

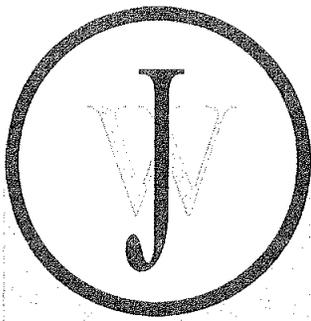
# Red River Levee and Drainage District

Fiscal Year ended June 30, 2017  
Agreed-Upon Procedures Report

# Red River Levee and Drainage District

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# J. WALKER & COMPANY<sup>APC</sup>

ACCOUNTANTS AND ADVISORS

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

To the Management of  
Red River Levee and Drainage District

We have performed the procedures enumerated below as they are a required part of the engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable".

Management of the Red River Levee and Drainage District, a component unit of the State of Louisiana, is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the Red River Levee and Drainage District and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the Red River Levee and Drainage District compliance with certain laws and regulations during the year ended June 30, 2017.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

The procedures and associated findings are as follows:

### Follow-up on Prior-year Findings

#### Lack of Written Policies and Procedures

The District does not have written policies and procedures for its primary financial and business functions to include those for cash reconciliations, budgeting, revenues and receipts, purchasing, disbursements, payroll and personnel, contracting, travel, related parties, and ethics. Good internal controls require written policies and procedures to be in place and communicated to all employees to guide staff in their job duties.

(Recommendation) The District should develop written policies and procedures for business functions to ensure consistency in executing its processes. For current status see *Written Policies and Procedures* under Current Year Findings.

Inadequate Controls over Contract Agreements

The District does not have adequate controls over contract agreements to ensure that all agreements are in writing and properly signed, and all relevant terms are included. Procedures disclosed the following:

- The District uses office space and pays rent without a written agreement with the building owner detailing relevant terms, such as monthly payment amount, effective dates, and the responsibilities of the District and building owner. A verbal agreement exists between the District and the owner of the building.
- The District's written contract agreement with an outside accounting firm for accounting and consulting services does not stipulate a rate per hour or maximum annual payment amount. The contract is renewed annually, automatically, without these terms included.

(Recommendation) The District should design and implement written procedures for processing contract agreements to ensure that all agreements are in writing and signed by appropriate persons, and all relevant terms are included. Management concurred with the finding and outlined a plan of corrective action. For current status see *Contracts* under Current Year Findings.

Unauthorized Increase in Commissioners' Per Diem Rate

The District's board president increased the per diem rate of the commissioners without following state law. In March 2016, the per diem rate was increased from \$75 to \$105 and paid to each of the three commissioners for attending monthly meetings and levee site visits. As a result, unauthorized payments, totaling \$658 were made to the commissioners.

(Recommendation) Management should follow state law when attempting to increase the per diem rate and recoup the overpayments made to the commissioners. Management concurred with the finding and outlined a plan of corrective action.

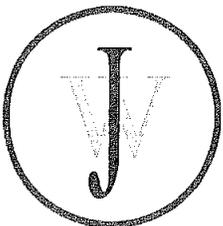
Reviewed documentation provided relating to procedures for increasing per diem for commissioners. Documentation relating to public notice and the board minutes documenting vote of commissioners for the increase in per diem were reviewed. Based upon these procedures the finding item appears to be resolved.

**Current Year Findings**

Written Policies and Procedures

We obtained the District's written policies and procedures. We reviewed policies to determine if they addressed specific financial/business functions. Many of the policies failed to address specific financial/business functions.

The policy on budgeting did not address procedures relating to preparing, adopting, monitoring and amending the budget. Purchasing policy did not address (1) how purchases are initiated; (2) the preparation and approval process of purchase requisitions and purchase orders; (3) controls to ensure compliance with the public bid law or state



purchasing rules and regulations; and (4) documentation required to be maintained for all bids and price quotes. The District has no policy relating to contracts. Policy should include (1) types of services requiring written contracts, (2) standard terms and conditions, (3) approval process, and (4) monitoring process of contracts. The District has no policy relating to payroll/personnel matters. The policy should include procedures relating to (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked. Travel and Expense reimbursement policy needs to be updated. The policy should include (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements (4) time-frame in which requests must be submitted and (4) required approvers. The District's policy regarding Ethics failed to address (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, and (3) system to monitor possible ethics violations.

Management should ensure that all policies and procedures are written and that those written policies and procedures address specific financial/business functions. Management concurred with the finding and outlined a plan of corrective action (see Appendix, A).

#### Ethics

We selected the two part-time employees employed by the District and all three commissioners and obtained documentation to demonstrate that required annual ethics training was completed. We inquired of management whether any alleged ethics violations were reported to the entity during the fiscal period ending June 30, 2017.

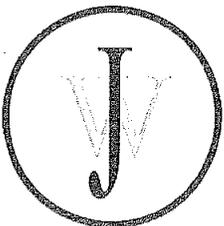
District was unable to provide documentation for one of the employees had completed annual requirement of one hour of ethics training required by R.S. 42:1170(3)(a)(i). The statute requires that all public servants receive a minimum of one hour of education and training on the Code of Governmental Ethics during each year of public employment or term of office.

Management should ensure that all employees and commissioners complete the required ethics training annually. Management concurred with the finding and outlined a plan of corrective action (see Appendix, A).

#### DOA's boards and commissions database

We accessed the District's online information included in the Director of Administration's ("DOA") boards and commissions' database. We were unable to access recent submissions of meeting notices and minutes for meetings. The District's current secretary indicated she was unaware of the requirement to upload meeting notices and minutes for meetings to the site. Act 12 of the 2009 Legislative Session requires agencies to submit information to the DOA's website.

The District should implement procedures to ensure that necessary information is uploaded to the DOA's website in a timely manner. Management concurred with the finding and outlined a plan of corrective action (see Appendix, A).



### Travel and expense reimbursement

We obtained the District's policy relating to travel and expense reimbursement. We reviewed the policy to determine if policy included guidelines relating to (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, (4) time-frame in which request must be submitted and (4) required approvers. We obtained from the District a listing of all travel and related expense reimbursements, by person during the fiscal year ending June 30, 2017. The District was unable to provide written policies relating to travel and expense reimbursements. We compared the amounts paid to the per diem and mileage rates established by the state's travel rules and regulations (i.e., PPM 49) to determine if there were any reimbursements that exceeded the rates established by PPM 49. From documentation provided the reimbursement rate used exceed mileage rates established by the state's travel rules and regulations.

Management should ensure that all employees and commissioners are reimbursed at policy which shouldn't exceed rates indicated in PPM 49. Management concurred with the finding and outlined a plan of corrective action (see Appendix, A).

### Contracts

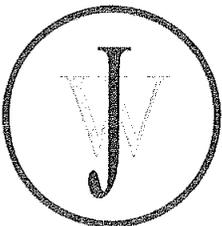
We obtained a list of all contracts in effect during the fiscal year ending June 30, 2017. We randomly selected five contract vendors that were paid during the fiscal period. We looked to determine if a formal/written contract that supported the services arrangement and the amount(s) paid to vendors. We compared each contract's detail as it related to the Louisiana Public Bid Law or Procurement Code. None of the contracts selected met the requirements under the Louisiana Public Bid Law. We inquired of a reviewed documentation to see whether the District solicited quotes as a best practice. None of the contracts considered were amended during the fiscal period ending June 30, 2017. We selected the largest payment from each of the contracts and obtain the supporting invoice(s) and compared the invoice(s) to the contract terms. We reviewed documentation provided, including board minutes to determine if the board of commissioners had approved the execution of the contracts. The District continues to rent office space without a formal written lease. The agreement with outside accounting firm has not been updated since 2014. The agreement does not stipulate a rate per hour or maximum annual payment amount.

Management should develop policies and procedures relating to contracts and ensure that all contracts are current and maintain required information. Management concurred with the finding and outlined a plan of corrective action (see Appendix, A).

### Budget

The Management was unable to provide us with the District's budget that was approved and adopted by the Board for the fiscal year ending June 30, 2017.

Management should adopt a budget for each fiscal year. Management should have a comparative budget to actual financial statements to trace their expenditures and revenues. Also, the budget should be presented to the board during the board meetings. Management concurred with the finding and outlined a plan of corrective action (see Appendix, A).



## Other Results of Our Procedures

### Annual Fiscal Report (AFR)

We obtained the financial statements from the AFR submitted to the Division of Administration's (DOA) Office of Statewide Reporting and Accounting Policy for the current and prior periods. We performed analytical procedure comparing current and prior period amounts by line item. We considered any variances of 10% or greater for line items that are 10% or more of the respective total assets/deferred outflows of resources, liabilities/deferred inflows of resources, net position, revenues, or expenses and noting management's explanation of any variance. We inquired of management and in our opinion obtained satisfactory responses to these inquiries. No variances noted greater than 10% threshold.

### Board Activity

We obtained and reviewed the board minutes for the fiscal year ended June 30, 2017. The board of commissioners is scheduled to meet on a monthly basis. For meetings for the fiscal year there was a quorum to conduct business for each of the meetings reviewed. Based on the results of our procedure, no exceptions were identified

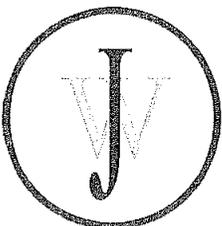
### Bank Reconciliations

The District maintains one checking account used for general operations. The District employs one part-time employee. The sole employee is responsible for fee collection, disbursement, and reconciliation activities. We performed procedures to reconcile cash transactions to the District's general ledger and bank statements, and evaluated the segregation of duties between District staff. We confirmed that bank account reconciliations are performed monthly, and bank statements are reviewed timely by the executive director. Based on the results of our procedures, no exceptions were identified.

### Collections

We obtained existing documentation relative to insurance policies, policy manual and job descriptions to determine whether each person responsible for collecting cash is not responsible for depositing the cash in the bank, recording the related transactions, and reconciling the related bank account(s). The administrative staff consists of one part-time employee. Through inquiry with the part-time secretary compensating controls have been implemented relating to cash activities. The part-time employee performs cash activities (collecting, deposits and bank reconciliations). The District treasurer reviews and sign-off on bank deposits as well as bank reconciliations.

We selected the highest (dollar) week of cash collections from the general ledger and using the District's collection documentation (e.g. deposit slips and bank statements) we traced the daily collections to the deposit date on the corresponding bank statement. We reviewed the date of the collections and compared it to the date deposits were made to determine if deposits were made within one day of collections. We reviewed the receipt books provided and considered if the receipts were sequentially numbers. We verified if daily cash collections were completely supported by documentation. Based on the results of our procedures, no exceptions were identified.



We obtained independent confirmation of the tax amounts received from the two appropriate parish Sherriff's offices. We compared the amounts reported in the confirmation reports to the amounts deposited by the District. Based on the results of our procedures, no exceptions were identified.

Credit Cards/Debit Cards/Fuel Card/P-Cards

We obtained a list from the District of all active credit cards, bank debit cards, fuel cards, and P-cards, including the card numbers and the names of the persons who maintained possession of the cards. The District maintains no credit, debit, fuel or p-cards. Therefore, no procedures were performed.

Travel Expenditures

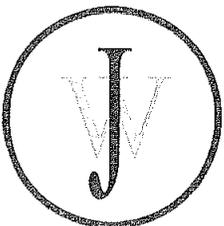
From documentation provided we selected the three individuals who incurred the most travel costs during the fiscal period ending June 30, 2017. We obtained the expense reimbursement reports of each person selected, including the supporting documentation, and we choose the largest travel expense for each person to review in detail. We compared expense documentation to written policies to determine whether each expense was reimbursed in accordance with written policy. We looked to determine if an original itemized receipt that identified precisely what was purchased. We looked to determine if the documentation provided indicated the business/public purpose of the transaction. For each transaction selected we compared the District's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge or donation of funds, credit, property, or things of value. For the transactions considered there were no instance whereby the request for travel and/or expense reimbursement was submitted more than 30 days following the date of travel. Based on the results of our procedures, no exceptions were identified.

Payroll and Personnel

We obtained a listing of employees with their related salaries. The District currently employs one part-time employee. We reviewed compensation paid to the employee during the fiscal period to determine if payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure. We noted no changes in hourly pay rates/salaries during the fiscal period. Therefore no procedures were performed relating to changes in hourly pay rates/salaries. Based on our procedures, no exceptions were identified.

We obtain attendance and leave records and randomly selected one pay period in which leave had been taken by at least one employee. We looked to determine if employees' documentation were approved by a Board member. We looked to determine if appropriate documentation existed relating to written leave records. Based on our procedures, no exceptions were identified.

We obtained from management a list of those employees that terminated during the fiscal period. Personnel files were obtained for one employee. We considered and looked at documentation of the one discharged employee to determine if final payment was made in strict accordance with policy and approved by management. Based on our procedures, no exceptions were identified.



Disbursements – Other General

We obtained a listing (general ledger) of the District’s disbursements from management. From the listing we randomly selected five disbursements. We obtained supporting documentation for each of the disbursements. We looked to see if an original itemized receipt or invoice existed that identified precisely what was purchased or acquired. We looked to see if the documentation provided for the business/public purpose of the transaction. For each transaction selected we compared the District’s documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge or donation of funds, credit, property, or things of value. We looked to determine if documentation in writing existed indicating who reviewed and approved transaction and determined if that individual is someone other than the person who initiated the purchase. Based on the results of our procedures, no exceptions were identified.

Debt Service

The District issued no debt obligations for the fiscal year ending June 30, 2017. Also, they do not have any outstanding debt therefore; no procedures were performed relating to debt service.

Other

We inquired of the management of the District had there been any misappropriations of public funds or assets. Management indicated that they were unaware of any misappropriation of public funds or assets from the District.

The District didn’t enter into a contract for the audit or attest services other than these agreed-upon procedures for the fiscal year ending June 30, 2017.

Corrective Action

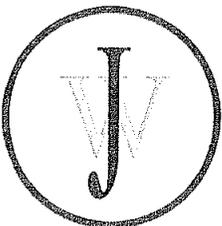
We obtained management’s response and corrective action plan for exceptions noted in the above agreed-upon procedures. See Appendix A for management’s response and corrective action plan.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management’s assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The report is intended solely for the use of management of the Red River Levee and Drainage District and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as public document.

*J. Walker & Company, APC*

Lake Charles, Louisiana  
September 26, 2017



# **Appendix A**

RED RIVER LEVEE AND DRAINAGE DISTRICT  
P.O. BOX 433  
COUSHATTA, LA 71019

November 13, 2017

Jonald J. Walker III, CPA, CGMA  
2740 Rue de Jardin, Suite 100  
Lake Charles, LA 70605

Mr. Walker,

I am currently working on updating the current year findings for the 2017 financial audit. All of them should be updated by December 18, 2017.

Written Policies and Procedures (Many of your policies are not specific and detailed enough)

- We have begun updating the policy and procedures to be detailed to meet the requirement.
  - Purchasing Policy will include how purchases are initiated, the preparation and approval process of purchase requisitions and purchase orders, controls to ensure compliance with the public bid law or state purchasing rules and regulations, and documentations required to be maintained for all bids and price quotes.
  - Payroll policy will include the payroll process, reviewing and approving time and attendance records.

Ethics (You was unable to provide proof that your predecessor obtained Ethics training)

- All current board members and part time employee are current and will renew yearly.
  - The Ethics policy will include prohibitions as defined in Louisiana Revised Statute 42:1111-1121, actions to be taken if an ethics violation takes place, and system to monitor possible ethics violations.

DOA's boards and commissions database (Database has not been updated)

- The DOA website has already been updated with last month's meeting minutes and the database will continue to be updated in a timely manner.

Travel and expense reimbursement (IRS rate instead of approved state rate has been used)

- This has been updated and the correct rate is already in place.
  - The travel policy will include allowable expenses, dollar thresholds by category of expense, documentation requirements, time frame in which requests must be submitted, and required approvers.

COMMISSIONERS: William Waltman- President Dan Cason- Vice President Milton Forrest-  
Commissioner

Marlan Anderson- Commissioner Marie Woodard- Administrative Assistant

Contracts (Contracts need to be drawn up and need minimum required information)

- One contract has been written and the other is in the process of being updated to meet the requirements.
  - The office space contract has been updated to include, type of service, standard terms and conditions, approval and monitoring process. The accounting contract is in the process of being updated to include the same terms.

Budget (Unable to provide the District's budget that was approved and adopted by the Board for the fiscal year ending June 30, 2017.)

- A budget with comparative to actual financial statements will be prepared and presented at the meetings.

Kindest Regards,  
Marie Woodard, Administrative Assistant

Levee