

ACT 774 ANNUAL REPORT



INFORMATIONAL REPORT
ISSUED AUGUST 29, 2018

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

August 29, 2018

**THE HONORABLE PATRICIA P. BRISTER,
ST. TAMMANY PARISH PRESIDENT
THE HONORABLE S. MICHELE BLANCHARD,
CHAIRMAN, ST. TAMMANY PARISH COUNCIL**

Dear President Brister and Chairman Blanchard:

Attached is the third annual report on the results of Act 774 (Act) of the 2014 Regular Legislative Session, as amended. The Act provides my office the authority to establish the criteria for procedures that shall be performed in addition to annual reporting requirements for entities within St. Tammany Parish with governmental revenues of \$75,000 or more per fiscal year.

The report summarizes my office's risk assessment process, assignment of procedures to be performed relative to the Act, and the results of those assigned procedures. Appendix A contains a listing of entities subject to the Act, as well as the results of procedures, by entity. Appendix B contains a complete listing of entities, as well as the results of procedures, for those entities that were not included in the prior-year report because their reports had not been issued at the time of publication of the parish report.

I hope this report will benefit you in your decision-making processes, assist in protecting public assets, and improve transparency and accountability in parish government. I would also like to express my appreciation to the St. Tammany Parish Government and Council for their support.

Respectfully submitted,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

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ACT774 2018

Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE

Act 774 Annual Report

August 2018



Audit Control # 70190001

History and Requirements

During the 2013 Regular Legislative Session, the Senate passed a concurrent resolution to form the St. Tammany Parish (Parish) Office of Inspector General Task Force (task force). This resolution was initiated by a group of concerned Parish citizens in response to publicized issues in some Parish governmental entities. The task force was comprised of 23 Parish representatives who worked to develop a means for the Parish to take a proactive role in the protection of public funds, as well as fostering transparency and accountability in Parish government.

Instead of creating an Office of Inspector General, the task force's efforts resulted in the passage of Act 774 of the 2014 Regular Legislative Session (Act). The Act, as amended, provides in part that the Louisiana Legislative Auditor (LLA) shall establish the criteria for procedures that shall be performed in addition to annual reporting requirements for entities with governmental revenues of \$75,000 or more per fiscal year. Based on LLA's third-year evaluation, 68 entities within the Parish were found to be subject to additional LLA risk assessment, as required by the Act. The requirements of this Act were written to only apply to St. Tammany Parish.

Risk Assessment

LLA conducted individualized assessments for each of the 68 entities identified. The assessments were used to develop and assign financial procedural areas for each entity. These procedural areas were assigned based on high-risk indicators identified either within the entity itself or areas that LLA has found to be high-risk in other similar governments. We chose this methodology to allow for more extensive testing in high-risk areas that may not be tested in a traditional audit. The following factors were used in our risk assessment process:

- A detailed review of each entity's financial statements;
- An assessment and review of a best practices questionnaire completed by each entity;
- Conversations with contract CPAs to obtain more detailed information and dollar amounts for financial areas considered to be high-risk; and
- Consideration of any allegations reported to our office or identified by other means.

Using this process, we determined which entities would be evaluated by our office, as well as those that would be contracted to independent CPAs, as follows:

- Sixty-six entities were subjected to agreed-upon and other procedures (AUP) performed by independent CPAs (56) and LLA (10).
- Two entities were subjected to only a limited LLA internal assessment.

Procedural Areas and Results

As of August 29, 2018, LLA has issued 63 AUP reports, as follows:

- Fifty-four of the 56 entities' AUPs performed by CPAs have completed reports. The remaining two entities (Housing Authority of the City of Covington and St. Tammany Parish Tourist and Convention Commission) have not submitted reports.
- Nine of the 10 entities' AUPs performed by LLA have completed reports. The remaining report for the Housing Authority of Slidell has not been completed.

LLA determined the number and types of agreed-upon procedures that would be performed at each of the Parish entities. The number of procedural areas at each entity ranged from 1 to 12, based on the size and complexity of the entity. For the 63 reports issued, the procedural areas and number of entities to which they were assigned is as follows:

- Credit Cards/Debit Cards/Fuel Cards/P-Cards/Open Lines of Credit – 24 (15 with one or more exceptions)
- Written Policies and Procedures – 19 (14 with one or more exceptions)
- Board Oversight – 19 (9 with one or more exceptions)
- Payroll and Personnel – 17 (6 with one or more exceptions)
- Ethics – 9 (3 with one or more exceptions)
- Contracts – 8 (1 with exceptions)
- Non-Utility Collections – 8 (7 with one or more exceptions)
- Capital Assets – 6 (3 with one or more exceptions)
- Utility Collection/Adjustments – 5 (4 with one or more exceptions)
- Deferred Compensation Match – 5 (1 with exceptions)
- Grant Compliance – 5 (no exceptions)

- Open Meetings Law – 4 (4 with one or more exceptions)
- Fueling Station – 4 (2 with one or more exceptions)
- Disbursements – 4 (2 with one or more exceptions)
- Travel and Expense Reimbursement – 4 (1 with exceptions)
- Debt Service – 4 (1 with exceptions)
- Public Bid Law – 4 (no exceptions)
- Traffic Tickets – 3 (2 with exceptions)
- Bank Reconciliations – 3 (1 with exceptions)
- Facility Rental/Usage – 2 (1 with exceptions)
- Other (R.S. 24:523.1) – 2 (1 with exceptions)
- Concession and Gate Collections – 2 (1 with exceptions)
- Pharmacy Operations and Inventory – 2 (no exceptions)
- Recordkeeping – 1 (with exceptions)
- Financial Management – 1 (with exceptions)
- Food Purchases – 1 (with exceptions)
- Use Value Special Assessments – 1 (with exceptions)
- Special Assessments over Not-For-Profit – 1 (with exceptions)
- Library Fines/Fees – 1 (with exceptions)
- Due To/From – 1 (with exceptions)
- Disbursements of Traffic Citation Collections – 1 (with exceptions)
- Intergovernmental Agreements – 1 (with exceptions)
- Debt Collection/Write-off – 1 (with exceptions)
- Employee Expense Reimbursements – 1 (with exceptions)
- Sports Registration Receipts – 1 (with exceptions)
- Fund Balance – 1 (with exceptions)
- Accounting System – 1 (with exceptions)

- Cooperative Endeavor Agreement – 1 (no exceptions)
- Vehicle Take-Home Policies – 1 (no exceptions)
- Purchase Policy – 1 (no exceptions)
- Refunds – 1 (no exceptions)
- Drug and Alcohol Testing Fee Kiosk Payments – 1 (no exceptions)
- Advance Deposit Funds – 1 (no exceptions)
- Leave Records – 1 (no exceptions)

Within these procedural areas, the most common deficiencies identified by LLA and CPAs included a lack of written policies and procedures, lack of supporting documentation for credit card purchases, and lack of written supervisory review/approval.

A complete listing of entities and results of procedures is located in Appendix A.

Prior-Year Reports

When we issued our prior-year Act 774 Annual Report, four entities' (St. Tammany Parish Fire Protection District No. 3, St. Tammany Tourist and Convention Commission, Housing Authority of Slidell, and Housing Authority of Covington) second-year reports had not yet been issued. The annual report was released without the information for these four entities for the sake of timeliness.

The second-year details for the St. Tammany Parish Fire Protection District No. 3, St. Tammany Tourist and Convention Commission, Housing Authority of Slidell, and Housing Authority of Covington may be found in **Appendix B**.

Impact of Procedures

Thirty-four entities that had exceptions in the prior two years were assigned “follow-up” procedures to determine whether the exceptions had been corrected in the third year. While most of these entities corrected the prior-year exception areas, made significant improvements, or had only limited repeat exceptions, we identified several entities that still had significant repeat exceptions, as follows:

- St. Tammany Parish Sewerage District No. 1
- St. Tammany Parish Sewerage District No. 4
- St. Tammany Parish Waterworks District No. 3

- St. Tammany Parish Mosquito Abatement District
- Town of Pearl River
- Village of Folsom

Follow-up procedures and the results of those procedures are identified, by entity, in **Appendix A**.

LLA is preparing for the fourth year of Act 774 procedures by meeting with CPAs, rotating procedures, assessing current methodologies, implementing new initiatives, and issuing AUP reports concurrent with audit reports.

Cost

The actual cost for the third year of operations using LLA and various local CPA firms was less than \$300,000, which is consistent with prior costs. The original 2013 estimate for funding an inspector general function in St. Tammany Parish was \$1.4 million annually.

APPENDIX A: SUMMARIZED RESULTS OF AGREED-UPON PROCEDURES, BY ENTITY

As of August 29, 2018, the Louisiana Legislative Auditor has issued 63 reports relating to Act 774. Those procedures that were reassigned for the third year based on exceptions noted during first- and/or second-year testing are identified as “follow-up” with the initial year reported. The summarized results of the agreed-upon procedures performed at each Parish entity and exceptions noted are as follows:

1. City of Covington:

- Credit Card Policies and Procedures – No exceptions noted.
- Non-Utility Collections – No exceptions noted.
- Payroll and Personnel – No exceptions noted.

2. City of Mandeville:

- Credit Cards (Follow-up)
 - Written policies and procedures did not address the approval required to open a credit card account (Repeat).
- Non-Utility Collections
 - Seventy-six of 130 deposits tested were not deposited within one day of receipt (the number of days ranged from 2 to 19).
 - Written policies and procedures do not include a process for determining completeness of all collections by a person who is not responsible for cash collections.
- Traffic Tickets
 - Written policies and procedures do not address the timely deposit of fine payments.
- Payroll and Personnel – No exceptions noted.

3. City of Slidell:

- Public Bid Law – No exceptions noted.
- Ethics (Follow-up)

- Written policies and procedures did not require all employees, including elected officials, to annually attest through signature verification that they have read the City's ethics policy. The City did not have signed verification from the mayor and four other employees selected (Repeat).
- Traffic Tickets
 - Exceptions included lack of documentation for ticket book transfers; access to ticket books; ticket books not issued in numerical sequence; chain of custody for transferred citations; tracking final disposition of citations; and inability to reconcile completeness of citation revenues.
- Utility Collections and Billing Adjustments
 - Exceptions included segregation of duties for mailed utility payments and billing adjustments, as well as billing adjustment approval review.
- Due To/From Accounts
 - Lack of reconciliation of due to/from general ledger account to underlying support.
- 4. **District Attorney for 22nd Judicial District:**
 - Collections
 - No one in the District Attorney's office is bonded;
 - The same person who deposits the money in the bank is responsible for recording the transaction;
 - Many employees share the same cash drawer;
 - Dates on deposit slips did not match the actual deposit date;
 - For virtually all of the items selected for testing, funds received were not deposited within one day of collection; and
 - The person responsible for collections also records the transactions and verifies the completeness of the transactions.
- 5. **Finance Authority of St. Tammany Parish:**
 - Board Oversight (Follow-up) – No exceptions noted.
 - Open Meeting Law
 - Meeting minutes did not include references to public comment prior to votes being taken.

6. Food Bank of Covington, LA, Inc.:

- Food Purchases (Follow-up)
 - Written policies and procedures over food purchases do not address use of purchase orders or purchase requisitions; however, as a compensating control, the purchasing process is centralized to managers and directors and all purchases must be approved by the department head.
- Grant Compliance – No exceptions noted.

7. Judges and Lawyers' Assistance Program, Inc.:

- Collections
 - No written policies and procedures over collections.
- Written Policies and Procedures (other than Collections)
 - No written policies and procedures over budgeting or purchasing.
 - Limited written policies and procedures for payroll processing; however, as a compensating control, the entity uses a third-party payroll processing service, all employees are salaried, and the Executive Director, who is responsible for processing payroll, is the only employee with access to the third-party payroll processor.

8. Keep Louisiana Beautiful Inc.:

- Credit Cards
 - Late fee of \$39.00 and interest charge of \$55.74 on selected statement.
 - No documentation of business purpose for any of the twenty-one transactions selected for testing.

9. Louisiana Appellate Project:

- Contracts (Follow-up) – No exceptions noted.
- Credit Cards – No exceptions noted.

10. Northshore Families Helping Families Inc.:

- Written Policies and Procedures
 - Written policies and procedures over bank reconciliations did not include the process to address outstanding items more than 6 months old; however, the process was in place and has been subsequently added to the written policies and procedures.

- Board Oversight (Follow-up) – No exceptions noted.
- 11. Northshore Harbor Center:**
- Payroll and Personnel – No exceptions noted.
 - Deferred Compensation Match – No exceptions noted.
- 12. Northshore Housing Initiative, Inc.:**
- Grant Compliance – No exceptions noted.
- 13. Safe Harbor Inc.:**
- Grant Compliance – No exceptions noted.
 - Debit Cards
 - No documentation of statement review, and all tested transactions did not include a documented business purpose.
- 14. Slidell City Court:**
- Disbursements of City of Slidell Traffic Citation Collections
 - No report is currently available to provide enough information to the City to update the status of all City traffic citations sent to the Court or determine the completeness of collections from the Court over time.
- 15. Slidell City Marshal:**
- Deferred Compensation Match
 - Deferred compensation form was not available for one employee out of six tested.
- 16. St. Tammany Alliance for the Mentally Ill Inc.:**
- Grant Compliance – No exceptions noted.
- 17. St. Tammany Children’s Advocacy Center:**
- Written Policies and Procedures (Follow-up)
 - Written policies and procedures did not address all required areas related to purchasing, disbursements, receipts, payroll and personnel (Repeat), contracting, or bank reconciliations.

- Board Oversight – No exceptions noted.

18. St. Tammany Parish ARC-STARC of Louisiana Inc.:

- Written Policies and Procedures
 - Written policies and procedures did not address all required areas related to:
 - Purchasing – how vendors are added to the vendor list;
 - Contracting – no general policy addressing the types of services requiring written contracts, standard terms and conditions, legal review, approval process, and monitoring process; however, the entity does have a policy that addresses the approval and monitoring processes of contracts for construction, renovation, and major repairs; and
 - Bank Reconciliations – the requirement for a review of all bank reconciliations by someone independent of cash receipts and disbursements was not addressed.
- Board Oversight – No exceptions noted.

19. St. Tammany Parish Assessor:

- Use-Value Special Assessments
 - Two of the five properties selected did not have a use-value application or a signed agreement.
- Special Assessment over Not-For-Profit
 - Four of the five properties selected did not have verification of the property owner's tax exempt status in the property file.

20. St. Tammany Parish Clerk of Court:

- Written Policies and Procedures – No exceptions noted.
- Credit Cards – No exceptions noted.
- Advance Deposit Funds – No exceptions noted.

21. St. Tammany Parish Communications District:

- Written Policies and Procedures
 - Written policies and procedures did not address all required areas related to:

- Purchasing – how a vendor is added to the vendor list;
- Contracting – standard terms to be included in a contract;
- Travel and Expense Reimbursement – policy did not state a dollar threshold by category of expense;
- Ethics – policy did not include all prohibitions as defined in Louisiana Revised Statue (R.S.) 42:1111-1121, actions to be taken if an ethics violation takes place, or a system to monitor possible ethics violations, including a requirement that all employees annually attest through signature verification that they have read the ethics policy
- Debt Service – policy did not include information on debt reserve requirements
- Bank Reconciliations – policy did not state that bank reconciliations are to be performed monthly.
- Board Oversight – No exception noted.
- Credit Cards
 - Three of 5 statements did not have evidence of review and approval; one of 5 statements incurred a finance charge; one transaction did not have a receipt; and four transactions did not have a business purpose.
- Intergovernmental Agreements
 - No documentation of legal counsel review.

22. St. Tammany Parish Coroner:

- Payroll and Personnel (Follow-up) – No exceptions noted.
- Vehicle Take-Home Policies (Follow-up) – No exceptions noted.
- Public Bid Law – No exceptions noted.

23. St. Tammany Parish Council on Aging Inc.:

- Collections
 - For three deposits selected, deposits were not made within 1 day (they were deposited 61, 13, and 20 days from receipt).
- Credit Cards

- One of 204 tested transactions did not have original receipt; however, the business purpose was documented for the transaction.

24. St. Tammany Parish Development District:

- Written Policies and Procedures – No exceptions noted.

25. St. Tammany Parish Drainage District No. 4:

- Written Policies and Procedures (Follow-up)
 - Policies and procedures did not address monitoring or amending the budget (Repeat).
 - Ethics policy did not mention prohibitions as defined in Louisiana Revised Statute or monitoring violations.
 - No policies and procedures relating to purchasing; disbursements; receipts; payroll and personnel; contracting; travel and expense reimbursements; and bank reconciliations.
- Credit Cards (Follow-up)
 - One statement tested lacked supporting documentation that it was reviewed and approved in writing by someone other than the authorized card holder (Repeat).
 - We also noted that there was a finance fee on one of the statements tested.
 - We noted that the transactions selected did not have documentation of the business/public purpose (Repeat).

26. St. Tammany Parish Drainage District-Sub-Drainage No. 2 of Gravity No. 5:

- Board Oversight
 - No written policies and procedures over budgeting.
 - Minutes provided did not include a budget-to-actual comparison of the General Fund or any other funds identified as major funds.

27. St. Tammany Parish Fire Protection District No. 1:

- Ethics (Follow-up) – No exceptions noted.
- Capital Assets – No exceptions noted.
- Contracts – No exceptions noted.

28. St. Tammany Parish Fire Protection District No. 2:

- Credit card (Follow-up) – No exceptions noted.
- Payroll and Personnel (Follow-up) – No exceptions noted.

29. St. Tammany Parish Fire Protection District No. 3:

- Written Policies and Procedures
 - Written purchasing policy does not address controls to ensure compliance with the public bid law and documentation required to be maintained for all bids and price quotes.
 - Written disbursements policy does not specifically address the processing of disbursements.
 - Written receipts policy does not specifically address how deposits are made and recorded.
 - Written payroll/personnel policy does not address payroll processing and reviewing and approving time and attendance records, including leave and overtime worked.
 - Travel and expense reimbursement policy does not set dollar thresholds by category of expense.
 - Ethics policy does not address the prohibitions as defined in R.S. 42:1111-1121.
 - No written policies for contracting, debt, or bank reconciliations.
- Board Oversight (Follow-up) – No exceptions noted.
- Open Lines of Credit/Credit Cards/Debit Cards/Fuel Cards/P-Cards (Follow-up)
 - Certain monthly statements did not have written evidence of approval. However, all statements were supported by a P.O., invoice, or receiving report, which were marked as approved by the Fire Chief (Repeat).
 - The Fire Chief reviewed and approved all statements/supporting documentation, but was also an accountholder on all LOCs/cards tested. All disbursements require at least one Board signature, and supporting documentation was reviewed before disbursements were authorized, but there was no written evidence of approval by the Board member on supporting documentation.
- Purchase Policy – No exceptions noted.

30. St. Tammany Parish Fire Protection District No. 4:

- Capital Assets – No exceptions noted.
- Deferred Compensation Match – No exceptions noted.

31. St. Tammany Parish Fire Protection District No. 5:

- Board Oversight (Follow-up) – No exceptions noted.
- Payroll and Personnel
 - For one employee who received a change to their hourly pay rate during the fiscal period, the change was not approved in writing but was in accordance with written policy.
- Credit Cards – No exceptions noted.

32. St. Tammany Parish Fire Protection District No. 6:

- Capital Assets (Follow-up)
 - For one asset selected (aluminum ladder), the tag had fallen off of the asset (Repeat).
- Payroll and Personnel
 - The District did provide a spreadsheet that summarized leave activity; however, this summary only included activity through June 30, 2016.
 - One federal tax deposit totaling \$7.24 was made six days late.

33. St. Tammany Parish Fire Protection District No. 7:

- Disbursements – General (Follow-up)
 - Written policies and procedures over purchasing and disbursements included all requirements, except for how vendors are added to the vendor list (Repeat).
- Payroll and Personnel (Follow-up) – No exceptions noted.
- Credit Cards
 - Written policies and procedures for credit cards did not include removal of signatory authorization upon employment termination; approval required to open an account; prohibition on cash advances; required approvers; and authorized users.

34. St. Tammany Parish Fire Protection District No. 8:

- Written Policies and Procedures (Follow-up)
 - Written policies and procedures over purchasing do not address adding vendors to the vendor listing (Repeat).
 - Written policies and procedures over receipts do not address how deposits are recorded in the general ledger (Repeat).
 - No written policies and procedures over contracting (Repeat).
- Fueling Station
 - The supporting documentation for the month tested during the fiscal year did not include:
 - An analysis of the reasonableness of fuel dispensed per vehicle or miscellaneous small equipment;
 - An examination of records or exception reports for after hours or off-duty fueling from nonemergency staff that do not normally work during these hours;
 - An analysis of the reasonableness and frequency of small equipment fill ups; and
 - Inventory and reconciliation of fuel purchased to fuel dispensed, including research and documentation of variances.
 - The District has one fuel tank. Per management, the dispenser on the tank is locked when not in use; however, during our observation of the tank, the dispenser was not locked.
 - The District does not perform impromptu audits of key possession.
 - The fuel requisition forms did not indicate the specific time of the day the fuel was dispensed; however, we did verify the fuel was dispensed on a day when the employee worked.

35. St. Tammany Parish Fire Protection District No. 9:

- Deferred Compensation Match – No exceptions noted.
- Fueling Station – No exceptions noted.

36. St. Tammany Parish Fire Protection District No. 11:

- Credit Cards/Debit Cards/Fuel Cards/P-Cards (Follow-up)

- No documentation of fuel card statement review and approval by someone other than the authorized card holder (Repeat).
 - Six of 14 debit card transactions tested had no specific documentation/explanation of the business/public purpose other than the itemized receipt (Repeat).
 - For one transaction reviewed, a purchase order was not utilized, although the amount exceeded the purchase order requirement of \$150.00.
 - Debt Service (Follow-up)
 - Other than portions of the bylaws that pertain to issuance of debt, the District does not have written policies and procedures over debt service (Repeat).
 - Debt Collection/Write-off
 - The District does not have any written policies and procedures over debt collection and write-off.
- 37. St. Tammany Parish Fire Protection District No. 12:**
- Credit Cards (Follow-up) – No exceptions noted.
 - Ethics (Follow-up) – No exceptions noted.
 - Fueling Station (Follow-up)
 - Employees were not required to sign documentation indicating that they have read and understood the District’s fueling station policy (Repeat).
- 38. St. Tammany Parish Fire Protection District No. 13:**
- Ethics – No exceptions noted.
 - Employee Expense Reimbursements
 - One mileage reimbursement was reimbursed for an older rate of \$0.56 per mile rather than the 2017 rate of \$0.535 per mile, resulting in an overpayment of \$16.80.
- 39. St. Tammany Parish Government:**
- Facility Rental/Usage (Follow-up)
 - For four selections where a rental payment was not required, a memorandum of understanding, cooperative endeavor agreement, or facility usage agreement was not executed with the non-profit organizations (Repeat).

- Collections (Follow-up)
 - With the exception of the Tammany Utilities East and Tammany Utilities West locations, cash drawers are shared by employees (Repeat).
 - For one collection site, cash receipts were not deposited within 1 business day (Repeat).
 - Contracts – No exceptions noted.
 - Payroll and Personnel – No exceptions noted.
- 40. St. Tammany Parish Hospital Service District No. 1 (St. Tammany Parish Hospital):**
- Pharmacy Operations and Inventory – No exceptions noted.
 - Payroll and Personnel
 - The Hospital does not have a process specially defined to periodically review changes to leave records by a person without access to change said leave records.
- 41. St. Tammany Parish Hospital Service Dist. No. 2 (Slidell Memorial Hospital):**
- Pharmacy Operations and Inventory – No exceptions noted.
 - Deferred Compensation Match – No exceptions noted.
 - Payroll and Personnel – No exceptions noted.
- 42. St. Tammany Parish Library:**
- Board Oversight – No exceptions noted.
 - Library Fines/Fees (Follow-up)
 - Seven of the 60 adjustments tested lacked documentation of the reason an adjustment was made (Repeat). Per management response, all exceptions occurred prior to release of prior-year report when exceptions were first noted.
 - Of the \$2,333 in miscellaneous charges tested, \$474 could not be supported by documentation to evaluate completeness (Repeat).
- 43. St. Tammany Parish Mosquito Abatement District:**
- Fund Balance (Follow-up)
 - General fund balance is 2.5 times annual expenditures, and the Board has not adopted its 10-year projection, as previously recommended (Repeat).

The Board should review and adopt management's most recent projection and consider whether adjustments to the current millage are necessary.

- Credit Cards/Fuel Cards (Follow-up)
 - No evidence of a board member's review and approval of the Director's credit card purchases (Repeat).
 - The District incurred unnecessary conference expenses for persons who were neither public employees nor public officials.
 - The District did not follow established policies for formal travel approval or completion of travel expense forms.
 - The District did not research mileage variances for its fuel cards and did not establish a reasonable mile-per-gallon variance for each vehicle.
- Cooperative Endeavour Agreement (CEA) – No exceptions noted.
- Payroll and Personnel (Follow-up)
 - The Director does not submit a time sheet for board approval (Repeat).
 - The District continued to maintain manual leave records during the period, but began converting to a computerized system.
- Accounting System (Follow-up)
 - The District continued to use a manual accounting system during the period but began converting to a computerized system.

44. St. Tammany Parish Recreation District No. 1:

- Bank Reconciliations (Follow-up) – No exceptions noted.
- Written Policies and Procedures – No exceptions noted.
- Refunds – No exceptions noted.

45. St. Tammany Parish Recreation District No. 4:

- Credit and debit cards (Follow-up) – No exceptions noted.
- Disbursements and Deposit of Cash (Follow-up) – No exceptions noted.
- Travel and Mileage Reimbursement (Follow-up) – No exceptions noted.
- Leave Records (Follow-up) – No exceptions noted.
- Board Oversight

- Written policies and procedures do not include financial reporting, record retention, and public meeting requirements (Repeat).
- Ethics (Follow-up)
 - Written policies and procedures do not require employees and/or board members sign an annual certification form attesting that they will abide by the ethics policy, as well as other District policies, procedures, bylaws, and codes of conduct (Repeat).
- Financial management (Follow-up)
 - The District did not address all areas of the Local Government Budget Act (Repeat).
- Contracting for Services (Follow-up) – No exceptions noted.
- Payroll and Personnel (Follow-up) – No exceptions noted.
- Capital assets (Follow-up) – No exceptions noted.
- Recordkeeping (Follow-up)
 - A formalized records management program was not completed (Repeat).

46. St. Tammany Parish Recreation District No. 6:

- Board Oversight (Follow-up)
 - Board meeting minutes do not reference monthly budget-to-actual comparison for the General Fund and Debt Service Fund for three of the board meetings held in 2017 (Repeat).
- Concession and Gate Collections (Follow-up)
 - Written policies and procedures do not address posting of collections in the accounting records by someone independent of cash collection and deposit duties.
 - One of 19 transactions tested did not have adequate supporting documentation.
 - One of 19 collections was not properly managed in accordance with written policies/procedures.
 - Fourteen of 19 of the collections were not deposited within one day of collection. The number of days from receipt to deposit ranged from 2 to 15 (Repeat).

47. St. Tammany Parish Recreation District No. 11:

- Written Policies and Procedures
 - No written policies and procedures over any of the tested areas.
- Sports Registration Receipts
 - Persons responsible for collecting cash are not bonded;
 - Employees collecting cash can deposit cash in the bank but cannot record the transaction nor reconcile the bank account;
 - Employees can use the same cash drawer; and
 - No cash collections were deposited within one day of receipt; the number of days to deposit ranged from 2 to 30 days.

48. St. Tammany Parish Recreation District No. 12:

- Written Policies and Procedures (Follow-up) – No exceptions noted.
- Ethics (Follow-up) – No exceptions noted.

49. St. Tammany Parish Recreation District No. 14:

- Credit Card (Follow-up) – No exceptions noted.
- Payroll and Personnel (Follow-up)
 - Management was unable to provide attendance and leave records due to a change in payroll provider at year end. The change left the District without the ability to access the old records.
- Concession Receipts (Follow-up) – No exceptions noted.
- Facility Rental/Usage (Follow-up) – No exceptions noted.

50. St. Tammany Parish School Board:

- Written Policies and Procedures
 - Written policies and procedures do not require all employees and elected officials to annually attest through signature verification that they have read the Board's ethics policy.
- Board Oversight
 - Management did not present budget-to-actual comparisons on the General Fund or other major funds at monthly Board meetings.

- Bank Reconciliations – No exceptions noted.
- Collections
 - We reviewed deposits for 19 collection locations, including 18 schools and the Board office. We identified 15 instances where three schools did not deposit collections in accordance with the Board’s written policies and procedures. In addition, we identified three instances where receipts did not include the date of collection.
- Disbursements – No exceptions noted.
- Credit Cards
 - Three credit card statements included charges of \$3,147 for which the business purpose was not fully documented;
 - One credit card statement included two charges on which sales taxes totaling \$23.48 were paid; and
 - One credit card statement included a charge totaling \$517.72 that did not have prior written approval of the school principal.
- Travel and Expense Reimbursement – No exceptions noted.
- Contracts – No exceptions noted.
- Payroll and Personnel – No exceptions noted.
- Ethics – No exceptions noted.
- Debt Service – No exceptions noted.
- Other – No exceptions noted.

51. St. Tammany Parish Sewerage District No. 1:

- Written Policies and Procedures (Follow-up)
 - Written policies and procedures over contracting do not include types of services requiring contract or requirement of legal review of contracts (Repeat).
 - Written policies and procedures over ethics do not include prohibitions as defined in R.S. 42:1111-1121 or a system to monitor for possible violations (Repeat).
- Board Oversight (Follow-up)

- The following items were not presented to the Board for at least one meeting during the fiscal period:
 - Reconciliation of billing receipts to the joint bank account (Repeat);
 - Reconciliation of customer billings to deposits (Repeat);
 - Listing of customer account adjustments (Repeat); and
 - Only five of the eleven meetings included financial information about the entity's operations.
- Open Meetings Law
 - A copy of the Open Meetings Law was not posted at the location where the entity holds its meetings; and
 - The minutes of each selected meeting were not published in the official journal of the entity.

52. St. Tammany Parish Sewerage District No. 4:

- Written Policies and Procedures (Follow-up)
 - Written policies and procedures over contracting did not include types of services requiring contract and requirement of legal review (Repeat).
 - Written policies and procedures over ethics did not include prohibitions as defined in R.S. 42:1111-1121 or a system to monitor for possible violations (Repeat).
- Board Oversight
 - The following items were not presented to the Board for at least one meeting during the fiscal period:
 - Reconciliation of billing receipts to the joint bank account;
 - Reconciliation of customer billings to deposits; and
 - Listing of customer account adjustments.
- Open Meetings Law
 - A copy of the Open Meetings Law was not posted at the location where the entity holds its meetings; and
 - The minutes of each selected meeting were not published in the official journal of the entity;

- The minutes of each board meeting included the date and time, however, the place of the meeting was not included; and
- The minutes did not reference whether the District provided an opportunity for public comment prior to votes being taken.

53. St. Tammany Parish Sheriff:

- Fueling Station (Follow-up) – No exceptions noted.
- Fuel Cards (Follow-up) – No exceptions noted.
- Public Bid – No exceptions noted.
- Capital Assets
 - Seven of 87 tested items were not tagged or were tagged incorrectly;
 - Five of 87 items tested were found at a location different from the provided listing; and
 - The assets in the auction container were not tagged.
- Travel and Expense Reimbursements – No exceptions noted.

54. St. Tammany Parish Waterworks District No. 2:

- Utility Collections/Adjustments (Follow-up) – No exceptions noted.
- Credit Cards
 - Of the five monthly statements selected, one of the statements had not been approved, in writing, by someone other than the authorized card holder.

55. St. Tammany Parish Waterworks District No. 3:

- Written Policies and Procedures (Follow-up)
 - Written policies and procedures over contracting did not include types of services requiring contract or requirement of legal review (Repeat);
 - Written policies and procedures over ethics did not include prohibitions, as defined in R.S. 42:1111-1121, or a system to monitor for possible violations (Repeat); and
 - Written policies and procedures over debt service did not include EMMA reporting requirements, debt reserve requirements, or debt service requirements (Repeat).

- Board Oversight (Follow-up)
 - The following items were not presented to the Board for at least one meeting during the fiscal period:
 - Reconciliation of billing receipts to the joint bank account;
 - Reconciliation of customer billings to deposits; and
 - Listing of customer account adjustments.
- Open Meetings Law
 - A copy of the open meetings law is not posted at the location of the meetings;
 - None of the six meeting minutes included the place of the meeting, and only three included the time of the meeting;
 - None of the meeting minutes referenced whether the District provided an opportunity for public comment prior to a vote being taken; and
 - Minutes were not published in the official journal of the entity.
- Debt Service – No exceptions noted.
- Public Bid Law – No exceptions noted.

56. Town of Abita Springs:

- Contracts (Follow-up) – No exceptions noted.
- Credit Cards
 - Monthly statements were not approved in writing; however, all statements were reviewed by the Mayor and Town Clerk when signing disbursements.
 - One personal transaction totaling \$1.87 was noted on one card during testing, but the transaction was immediately discovered during monthly review and the amount was reimbursed.
- Utility Collections /Adjustments
 - Employees responsible for collecting cash do not make deposits to the bank in a secured pouch; however, compensating controls are in place.

57. Town of Madisonville:

- Utility Collection/Adjustments (Follow-up)

- Documentation of nightly cash count were not maintained in beginning of the year, but were maintained from January to year end.
- Board Oversight – No exceptions noted.
- Traffic Tickets – No exceptions noted.

58. Town of Pearl River:

- Written Policies and Procedures (Follow-up)
 - No written policies and procedures over receipts; payroll and personnel; contracting; ethics; debt service; or traffic tickets (Repeat).
- Board Oversight
 - Although the Clerk has responded that budget-to-actual documentation for all funds is given to aldermen quarterly, we did not observe any discussion of this information in the official meeting minutes.
- Bank Reconciliations
 - Although the monthly bank reconciliations are prepared by a contracted accountant, there was no documentation to indicate that bank reconciliations were being reviewed by Town management.
- Collections
 - Job duties are not properly segregated.
- Disbursements
 - Out of a sample of 10 disbursements, we noted the following, which represent violations of Town policy:
 - Two disbursements, totaling \$295.58, were for purchases that were initiated without a purchase order form being completed and approved by the Clerk;
 - The purchase order supporting a \$1,224.00 disbursement did not evidence the Clerk's review and approval; and
 - Vendor invoices supporting eight disbursements, totaling \$7,840.26, did not evidence the Clerk's review and approval.
- Credit Cards (Follow-up)
 - There was no evidence that monthly account statements and supporting documentation were formally reviewed and approved by the Mayor, Clerk, or Police Chief (Repeat).

- Contrary to the Town’s credit card policy that states, “Account balances shall be paid in full monthly,” Chevron and Wal-Mart accounts showed past-due balances of \$243.92 and \$159.02, respectively, although no interest or finance charges were noted.
- The Town does not competitively bid its annual fuel purchases, as required by law.
- Of the eight total charges shown on the VISA, Wal-Mart, and Home Depot statements, we noted the following:
 - Seven of the charges, totaling \$765.02, were not supported by a purchase order as required by policy;
 - The two charges on the Wal-Mart statement, totaling \$236.83, appear to be for supplies but were not supported by original itemized receipts (Repeat); and
 - Two of the five charges on the VISA statement, totaling \$235.00, were for payments made to the St. Tammany Parish Clerk of Court but were not supported by receipts or documentation of the business purpose (Repeat).
- Fuel purchases on the mayor’s credit card in 2017 totaled \$2,026, for an average of \$168/month, and appear excessive.
- Travel and Expense Reimbursement
 - There was no evidence that the travel by the Mayor and Mayor Pro-Tempore was approved by the town council, as required in the policy provided to us.
 - The Mayor used a Town vehicle for a trip to a convention in Shreveport but was also paid \$414.72 in mileage for the same trip.
 - The documentation supporting mileage payments to the Mayor, Mayor Pro-Tempore, and Clerk did not include their (1) vehicle’s beginning and ending odometer readings, (2) business purpose, (3) time and date of departure and return, (4) trip destination, and (5) signatures, as required by Town policy. In addition, the Clerk was paid for mileage without submitting the required travel expense form.
- Contracts
 - There was no evidence that the Town solicited competitive quotes for selected professional service contracts as a best practice.
 - The Town pays two attorneys a total of \$5,250 a month without receiving invoices from them for hours worked.

- Payroll and Personnel
 - The Clerk is earning vacation and sick leave but is not completing a time sheet.
- Ethics (Follow-up)
 - The Town did not have ethics compliance documentation for one alderman and one selected employee to demonstrate that they completed the one-hour required annual ethics training. We also noted that the Town did not have a requirement that all employees and officials annually attest through signature verification that they have read the Town's ethics policy, which is a best practice (Repeat).
- Debt Service – No exceptions noted.
- Other
 - R.S. 24:523.1 requires a notice concerning the reporting of misappropriations, fraud, waste, or abuse of public funds be posted at Town Hall and on the Town's website. This required notice was not posted on either the Town's website or in Town Hall.

59. Twenty-Second Judicial District Court Judicial Expense Fund:

- Drug and Alcohol Testing Fee Kiosk Payments – No exceptions noted.

60. Twenty-Second Judicial District Public Defender:

- Ethics (Follow-up) – No exceptions noted.
- Contracts (Follow-up) – No exceptions noted.
- Payroll and Personnel (Follow-up) – No exceptions noted.
- Credit Cards (Follow-up)
 - One of 15 transactions tested did not have an original itemized receipt (Repeat).
- Written Policies and Procedures – No exceptions noted.

61. Village of Folsom:

- Utility Collection (Follow-up)
 - Written policies and procedures do not address:
 - Procedures for cash drawer shortages (Repeat);

- Account write-off procedures (Repeat);
 - Timely payment deposit requirements (Repeat);
 - Use of separate cash drawers (Repeat);
 - Bonding of employees handling cash (Repeat); and
 - Requirement of surprise audits of cash receipts (Repeat).
- Capital Assets (Follow-up)
 - No written policies and procedures over capital assets (Repeat).

62. Village of Sun

- Board Oversight
 - No written policies or procedures over budgeting and no reference made in any of the monthly meetings to budget to actual comparisons.

63. Youth Service Bureau of St. Tammany - CASA:

- Grant Compliance – No exceptions noted.
- Board Oversight – No exceptions noted.

APPENDIX B: SUMMARIZED RESULTS OF AGREED-UPON PROCEDURES – PRIOR YEAR LATE REPORTS

The information for four entities – the St. Tammany Parish Fire Protection District No. 3, St. Tammany Tourist and Convention Commission, Housing Authority of Slidell, and Housing Authority of Covington – were not included in the prior-year Act 774 report because the reports for these entities had not been issued. The results of procedures for these four entities, for the second year implementation, are as follows:

St. Tammany Parish Fire Protection District No. 3

- Board Oversight
 - The Board minutes reflect that management presented mid-year and annual budget-to-actual financial comparisons; however, the minutes do not reflect that management presented monthly budget-to-actual comparisons.
- Credit Cards and Fuel Cards
 - Three credit card and one fuel card statements reviewed did not reflect documentation/evidence of supervisory review and approval.
 - The 11 credit and 4 fuel card transactions were supported by itemized receipts; however, the receipts did not include two employees' signatures, as required by policy. In addition, the fuel card transactions were not supported by fuel logs, as required by policy.
 - One of the 3 credit card statements contained late fees of \$78 and finance charges of \$15.98.
- Open Lines of Credit
 - The District did not maintain a complete listing of all open lines of credit in the District's name.
 - The 13 invoices and monthly statements reviewed did not reflect documentation/evidence of supervisory review and approval. The related receipts did not include two employees' signatures, as required by policy.
- Prohibited Purchases
 - The District's policy allows employees to purchase personal goods and services related to their work at the District through the use of District

credit cards and open lines of credit. The District pays these expenses and the employee reimburses the District through payroll deductions.¹

St. Tammany Tourist and Convention Commission

- Travel and Expense Reimbursement
 - Travel policies and procedures did not include dollar thresholds by category of expense.
 - One of the travel reimbursements used an older travel reimbursement form which had a mileage rate of \$.56, which exceeded the \$.535 GSA rate for 2016.
- Credit Cards (Follow-up) – No exceptions noted.

Housing Authority of Slidell:

- Board Oversight
 - The Board only met three times during fiscal year, and no budget-to-actual reports were presented during the fiscal year.
- Written Policies and Procedures – No exceptions noted.
- Contracts
 - One of 3 contracts tested lacked evidence of three quotes as required by policy.

Housing Authority of Covington

- Written Policies and Procedures
 - The written policies and procedures did not address receipts, contracting, or debt service.
- Travel and Expense Reimbursement
 - Two of the 3 reimbursements for meals exceeded the GSA rates for the location by \$6.00 per day; however, the amounts were within policy limits.

¹ St Tammany Parish Fire Protection District No. 3 asked the Louisiana Attorney General's Office (AG) for a legal opinion on the purchasing policy cited in the Louisiana Legislative Auditor's (LLA) procedural report dated December 18, 2017. The AG's office issued *Opinion 18-0004* on March 28, 2018, stating, in part, "it is the opinion of this office that St. Tammany Parish Fire Protection District No. 3 may purchase 'work-related clothing and equipment' for use by its firefighters and may enter into written agreements authorizing payroll deductions for reimbursement of those items." Due to this AG opinion, LLA no longer considers this an exception but had maintained the exception in the summary above for consistency purposes.

- Partnership Agreement
 - The Authority paid expenses on behalf of Audrey Heights, a component unit of Covington Housing Authority. Audrey Heights reimbursed the Covington Housing Authority for the expenses.