

# Red River Levee and Drainage District

Fiscal Year Ended June 30, 2019  
Agreed-Upon Procedures Report

# Red River Levee and Drainage District

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

ACCOUNTANTS AND ADVISORS

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

To the Board 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, 2019.

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.

### **RESULTS OF OUR PROCEDURES**

#### **Follow-up on Prior-year Findings**

##### Written Policies & 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 District was unable to provide all formal/written policies and procedures to address financial/business functions.

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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.

We considered this prior year finding in our procedures for the current year. See *Written Policies and Procedures* below under current year findings.

#### Travel and expense reimbursement

We obtained from the District a listing of all travel and related expense reimbursements, by person during the fiscal year ending June 30, 2018.

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 exceeded 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.

We considered this prior year finding in our procedures for the current year. See *Travel and expense reimbursement* below under current year findings.

#### Budget

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, 2018. The adopted budget was not addressed in the Board of Director's minutes.

Management should adopt a budget for each fiscal year. Management should have comparative budget to actual financial statements to compare their expenditures and revenues. Also, the budget should be presented to the board during the board meetings.

We considered this prior year findings in our procedures for the current year. See *Budget* below under current year findings.

#### 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.



We considered this prior year finding in our procedures for the current year. See *Board Activity* below under current year findings.

#### *Bank Reconciliations*

We confirmed that bank account reconciliations are performed monthly, and bank statements are reviewed timely by the executive director. The Board of Director's minutes stated the reconciliations are performed monthly and bank statements are reviewed timely by the executive director. The documentation provided does not have the signature of the executive director and the board member who reviewed the reconciliation.

Management should ensure reconciliations are performed monthly, and bank statements are reviewed by executive director and a board member in a timely manner. Management should implement a policy to have someone who does not handle cash, post ledgers, issue checks or sign checks to review each bank reconciliation.

We considered this prior year finding in our procedures for the current year. See *Bank Reconciliations* below under *Other Results of Our Procedures*.

#### *Contracts*

None of the contracts considered were amended during the fiscal period ending June 30, 2018. We reviewed documentation provided, including board minutes to determine if the board of commissioners had approved the execution of the contracts. The agreement with the 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.

We considered this prior year finding in our procedures for the current year. See *Contracts* below under current year findings.

#### *Payroll and Personnel*

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. The District was unable to provide documentation on terms and conditions of the employment contract or pay rate structure.

The District was unable to provide documentation on randomly selected pay period in which leave had been taken by one employee. Management indicated no one had taken a sick leave in the fiscal year. The District was unable to the provide personnel files.

Management should develop a policy to ensure that proper documentation is maintained.

We considered this prior year finding in our procedures for the current year. See *Payroll and Personnel* below under current year findings.



### Disbursements-Other General

We looked to determine if documentation in writing existed indicating who reviewed and approved transactions and determined if that individual is someone other than the person who initiated the purchase. The District was unable to provide documentation to support other disbursements.

Management should develop a policy relating to disbursements and maintain documentation that supports disbursements.

We considered this prior year finding in our procedures for the current year. See *Disbursements-Other General* below under current year findings.

### **Current Year Findings**

#### Written Policies and Procedures

We obtained the Commission's written policies and procedures. We reviewed policies to determine if they addressed specific financial/business functions. Some of the policies still needs improvement for failing to address specific financial/business functions.

*Results:* Although, management improved on including preparing, adopting, and monitoring the budget, the budgeting policy did not address amending the budget. The disbursements policy does not include the procedures for processing the disbursements. The contracting policy should include more details for (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process of contracts. The Commission'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, and (4) requirement that all employees, including elected officials, annually attest through signature verifications that they have read the entity's ethics policy.

*Recommendation:* Management should ensure that all policies and procedures are written and that those written policies and procedures address specific financial/business functions (*See management's response under Appendix A*).

#### Board Activity

We obtained and reviewed the board minutes for the fiscal year ended June 30, 2019. 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. We were able to access the entity's information on DOA's website.

We reviewed the minutes to determine if there was a reference to the introduction of monthly budget-to-actual comparison financials and no exceptions were identified. Additionally, we accessed the District's online information included in the DOA's districts and commissions' database to determine if the District submitted district meeting notices and minutes for all meetings during the fiscal period. The District resolved the exception from the previous year.



*Results:* We reviewed the minutes to the February 8, 2019 meeting which the budget was unanimously approved by the Board. However, no discussion of the minutes did not reference or include monthly budget to actual comparisons.

*Recommendation:* Management should reference or include monthly budget to actual comparisons in the minutes. Also, management should adopt policies related to the submitting the meeting minutes (*See management's response under Appendix A*).

### Collections

We obtained and inspected written policies and procedures relating to the segregation of duties. We assessed whether the employee responsible for collecting cash is not responsible for preparing/making bank deposits and posting collection entries to the general ledger. We also assessed whether the employee responsible for reconciling cash collections to the general ledger by revenue source is not responsible for collecting cash.

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 verified if daily cash collections were completely supported by documentation.

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.

*Results:* The employee responsible for collecting cash is also responsible for preparing or making bank deposits, posting collection entries to the general ledger, and reconciling cash collections which is not an appropriate segregation of duties.

*Recommendation:* Management needs to ensure that policies and procedures are implemented regarding the segregation of duties of collections. Because of the size of staff, establish compensating controls by having board members oversee certain controls. (*See management's response under Appendix A*).

### Contracts

We obtained a list of all contracts in effect during the fiscal year ending June 30, 2019. 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. We inquired regarding reviewed documentation to see whether the District solicited quotes as a best practice. We selected the largest payment from each of the vendors and obtained 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.

*Results:* The District was unable to provide contracts for 3 out of the 5 vendors selected.



*Recommendation:* Management needs to obtain a formal/written contract for all the vendors. (See management's response under 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, in those instances where there was a variance 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, and/or expenses. There was no variance over 10%.

#### **Bank Reconciliations**

We confirmed that bank account reconciliations are performed monthly, and bank statements are reviewed timely by the executive director. The Board of Director's minutes stated the reconciliations are performed monthly and bank statements are reviewed timely by the executive director. The documentation provided does have the signature of the executive director and the board member who reviewed the reconciliation. The general ledger and the last bank statement was the same ending balance. The District has resolved this previous exception.

*Results:* There were no exceptions noted.

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

We reviewed the District's written policy regarding credit cards (debit cards, fuel cards, and P-Cards). We reviewed the policy to determine if procedures included (1) how cards are to be controlled, (2) allowable business uses; (3) documentation requirements, (4) required approvers, and (5) monitoring card usage. We requested 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 does not have any credit or debit cards, therefore no procedures were performed.

#### **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, 2019. 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. The District has resolved the prior year's exception.

*Results:* There were no exceptions noted.



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 obtained 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. Management indicated no one had taken a sick leave in the fiscal year.

We obtained from management a list of those employees that were 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.

*Results:* There were no exceptions noted.

Disbursements – Other General

We obtained the District's policy relating to disbursements. We reviewed the policy to determine if policy addressed procedures relating to processing, reviewing and approving disbursements. 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 said individual is someone other than the person who initiated the purchase.

*Results:* There were no exceptions noted.

Budget

We obtained a copy of the District's policy regarding budgetary procedures. We reviewed the policy to determine if it included steps relating to the preparation, adopting, monitoring and amending the budget. We obtained a copy of the legally adopted budget for the fiscal year ending June 30, 2019. We traced the budget adoption to the minute documentation of the District. We compared the total revenues and total expenditures of the final budget to actual total revenues and total expenditures on the financial statements. We inquired of management on-line items that had a variance 10% or greater. We noted no variances of 10% or greater.



We inquired of management whether the District has updated its budget information into the DOA's Districts and commissions' database for the fiscal period ending June 30, 2019. The District has resolved the exception from the previous year.

Ethics

We selected the contracted director 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, 2019.

*Results:* There were no exceptions noted.

Debt Service

The District issued no debt obligations for the fiscal year ending June 30, 2019. Also, they do not have any outstanding debt therefore; no procedures were performed relating to debt service.

Other

We inquired of 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 did not enter into a contract for the audit or attest services other than these agreed-upon procedures for the fiscal year ending June 30, 2019.

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*

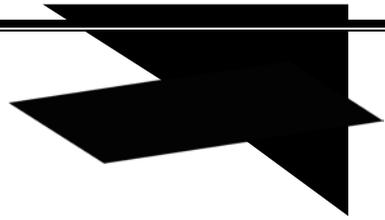
Lake Charles, Louisiana

August 26, 2019



# **Appendix A**

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



September 30, 2019

To Whom It May Concern:

The following exceptions will be addressed as follows:

Written Policies and Procedures will be updated to address specific financial/business function.

Board Activity- the budget-to-actual comparison will be noted in the minutes from now on.

A policy will be written regarding the segregation of duties of collections.

Contracts will be written for all vendors.

Marie Woodard  
Red River Levee Board

COMMISSIONERS: William Waltman- President Dan Cason- Vice President Carl Carpenter- Commisioner  
Marlan Anderson- Commissioner Marie Woodard- Office Assistant