

GARRETY & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Commission Members
Louisiana Tax Free Shopping Commission
Department of Revenue
State of Louisiana
New Orleans, Louisiana

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 Louisiana Tax Free Shopping Commission (the Commission) 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 Commission and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the Commission's compliance with certain laws and regulations during the year ended June 30, 2018.

This agreed-upon procedures engagement was performed 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.

Written Policies and Procedures

1. Determine if there are adequate written policies and procedures for the primary financial/business functions of the entity (budgeting, receipts, purchasing, disbursements, payroll/personnel, contracting, credit cards, travel and expense reimbursements, related parties, debt service and ethics).

Written policies and procedures were reviewed and determined to be adequate for all primary financial/business functions.

GARRETY & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

Annual Fiscal Report (AFR)

1. Using the financial statements or AFR, perform analytical procedures comparing current and prior year financial statements, by line item. Identify and obtain explanations for 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, or expenses.

Explanations were obtained for all variances of 10% or greater for line items that were 10% or more of the respective total assets, liabilities, equity, revenues, or expenses. Increase in pension liability relates to actuarial determination. Decrease in revenue relates lower international attendees to conventions in October, May, and June, which contributed to lower handling fees.

Board (or Finance Committee, if applicable)

1. Obtain and review the board/committee minutes for the fiscal period, and:
 - A. Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The Commission met on a semi-annual basis, which is in accordance with the legislation.

- B. Report whether the minutes referenced or included monthly budget-to-actual comparisons.
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The Commission minutes includes reference to budget-to-actual comparisons. There was no deficit spending during the fiscal period.

GARRETY & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

- C. Access the entity's online information included in the DOA's boards and commissions database (<https://wwwcfprd.doa.louisiana.gov/boardsandcommissions/home.cfm>) and report whether the entity submitted board meeting notices and minutes for all meetings during the fiscal period.

We accessed the entity's online information noting that the entity submitted commission meeting notices and minutes for all meetings during the current fiscal period.

Bank Reconciliations

1. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

The list of all client bank accounts was obtained, traced to the general ledger and management represented to us that this was a complete list. No exceptions were noted.

2. For each of the bank accounts in the listing provided by management, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- A. Bank reconciliations include evidence that they were prepared within two (2) months of the related closing date (e.g., initialed and dated, electronically logged)

Reviewed bank reconciliations each month for all bank accounts noting preparation of the reconciliations with two (2) months of the related closing date without exception.

- B. Bank reconciliations include evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated electronically logged).

There was evidence of management review and approval for the bank reconciliations.

- C. The reconciled balance for the final month of the fiscal period agrees to the general ledger.

We traced the reconciled balance for the last month of the fiscal period to the general ledger noting no exceptions.

GARRETY & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

- D. If applicable, management has documentation reflecting that is has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

We reviewed the bank reconciliation of the last month of the fiscal period noting no reconciling items that were outstanding for more than 6 months. Management has represented to us that all reconciling items are current. No exceptions noted.

Collections

1. Obtain existing documentation (e.g., insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is not responsible for preparing/depositing the cash in the bank, recording the related transaction, or reconciling the related bank account. Report if there are compensating controls performed by a board member or outside party.

We reviewed the written policies regarding cash collections noting segregation of duties. No exceptions noted.

2. Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
- A. Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day.

We selected the highest dollar week of cash collections from the general ledger, traced daily deposits from the licensing fee reports to deposit slips and bank statement, noting deposits are made within one day of collection. No exceptions noted.

- B. Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

We verified that daily cash collections are completely supported by documentation. No exceptions noted.

GARRETY & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

3. Obtain existing written documentation (e.g., policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source (e.g., periodic confirmation, with outside parties, reconciliation of receipt number sequences, reasonableness of cash collections based on licenses issued) by a person who is not responsible for collections.

We reviewed the written policies noting the entity has a process to ensure completeness of all collections for each revenue source. No exceptions noted.

4. For licensing boards, obtain a list of initial and renewal licenses granted during the fiscal period from management and management's representation that the listing is complete.

Not applicable

- A. Randomly select 10 individual applicants from the listing and obtain the supporting documentation (e.g., application, copy of check) from management and:

- Report whether the fee paid for license was the appropriate fee based on the applicable fee schedule established by the board or statute.

Not applicable

- If a penalty was assessed (e.g. late fee), report whether the penalty was assessed and collected in accordance with the board's policies.

Not applicable

5. For levee districts, obtain independent confirmation of the tax amounts received from the appropriate parish Sheriff's offices. Report any differences between the confirmed amount and amount deposited by levee district.

Not applicable – entity is not a levee district

GARRETY & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

1. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-Cards (Cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Management provided to us a list of all active credit cards. Management represented to us that it provided to us a complete list of all credit cards, bank debit cards, fuel cards, and/or P-Cards to any commission member or staff.

2. Using the listing prepared by management, randomly select five cards that were used during the fiscal period. Obtain the monthly statements, or combined statements with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- A. Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Reviewed monthly statements noting proper approval by someone other than the cardholder. No exceptions noted.

- B. Report whether finance charges and/or late fees were assessed on the selected statements.

Reviewed monthly statements noting no finance charges and/or late fees were assessed. No exceptions noted.

3. Using the monthly statements or combined statements selected under #2 above, obtain supporting documentation for all transactions for each of the five cards selected (i.e., each of the five cards should have one month of transactions subject to testing).

- A. For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

All expenditures were supported by original itemized receipts.

GARRETY & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

- Documentation of the business/public purpose. For meal charges, there should be documentation of the individuals participating.

All expenditures documented the business/public purpose.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Not applicable

- B. For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e., transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

Compared transaction's detail to written purchasing/disbursement policies and Louisiana Public Bid Law noting items complied with internal policy. All purchases are made through state contract. No exceptions noted.

- C. For each transaction, compare the entity's documentation of the business/public purpose to the requirement of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Compared documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, noting no exception.

Travel and Expense Reimbursement

1. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

The list of all travel and expense reimbursements was obtained and traced to general ledger without exception. Management represented to us that the list of travel and expense reimbursements is complete.

GARRETY & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

2. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the state's travel rules and regulations (i.e., PPM 49) and report any rates that exceed the rates established by PPM 49. Note: Report rates that exceed those established in PPM 49 even if the entity has the legal authorization to establish its own rates.

We reviewed the written policies related to travel and expense reimbursements and compared the amounts in the policies to the per diem and mileage rates established by PPM 49 noting no exceptions.

3. Using the listing or general ledger from #1 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail.
 - A. Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the PPM 49 rates (#2 above) and report each reimbursement that exceeded those rates.

- Determine if each expenditure is:
 - Reimbursed in accordance with written policy (e.g., rates established for meals, mileage, lodging, etc.) and applicable laws

All expenditures were reimbursed in accordance with written policy.

- For an appropriate and necessary business purpose relative to the travel

All expenditures reimbursed were for appropriate and necessary business purposes.

- Determine if each expenditure is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)

All expenditures were supported by original itemized receipts.

GARRETY & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

- Documentation of the business/public purpose (Note: for meal charges, there should also be documentation of the individuals participating)

All expenditures documented the business/public purpose.

- Other documentation as may be required by policy (e.g., authorization for travel, conference brochure, certificate of attendance, etc.)

For specific conferences attended, certificate of attendance by each person, was included as part of the documentation.

- B. Compare the entity'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, and report any exceptions (e.g., hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Compared documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, noting no exception.

- C. If the travel and expense reimbursement request exceeding \$25.00 was submitted more than 30 days following the date of travel, report the number of days between the travel date and reimbursement request date.

The travel and expense reimbursement requests reviewed noted that the requests were submitted within 30 days of date of travel. No exceptions noted.

- D. Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Reviewed travel and expense reimbursement and related documentation, noting proper approval of the expense by someone other than the person receiving the reimbursement. No exceptions noted.

GARRETY & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

Contracts

1. Obtain a listing of all contracts in effect during the fiscal period or, alternately obtain the accounting records (e.g. general ledgers, accounts payable reports, etc.) and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

We obtained a list of all contracts from the entity's management. Management represented to us that the listing is complete.

2. Using the listing above, randomly select the five contract "vendors" that were paid during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner or the Louisiana Legislative Auditor). Select for detailed review in each of the following categories that was entered into during the period.

- 1) Services

Not applicable.

- 2) Materials and supplies

Not applicable.

- 3) Public works

Not applicable.



- A. Obtain the selected contracts and the related paid invoices and:

- Determine if the contact is a related party transaction by obtaining management's representation.

Management represented that the vendors paid were not related parties.

- Determine if the transaction is subject to the Louisiana Public Bid Law or Procurement Code:
 - If yes, determine if the entity complied with all requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder, etc.)

Not applicable.

GARRETY & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

- If no, determine if the entity provided an open and competitive atmosphere (a good business practice) for the transaction/work.

Not applicable.

- Determine if the contract was amended. If so, determine whether the original contract contemplated or provided for such an amendment. Furthermore, determine if the amendment is outside the scope of the original contract, and if so, whether it should have been separately bid and contracted.

Not applicable.

- Select the largest payment from each of the five largest contracts selected above and determine if the invoices(s) received and payment complied with the terms and conditions of the contract.

Not applicable.

- Determine if there is documentation of Board approval, if required.

Not applicable.

Payroll and Personnel

1. Obtain a listing of employees with their actual salaries paid during the period and obtain management's representation that the listing is complete.

A list of employment contracts/salaries in force during the period under examination was obtained and traced to the general ledger without exception. Management represented to us that the listing of employees was complete.

Randomly select the five employees, obtain their personnel files and:

- Determine if payments issued during the period under examination were done in strict accordance with the terms and conditions of the contract or pay rate structure.

No exceptions noted.

- Determine if changes made to hourly pay rates/salaries during period under examination were approved in writing and in accordance with policy.

No exceptions noted.

GARRETY & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

2. Select the attendance and leave records for one pay period in which leave has been taken by at least one employee and:

- Determine if all employees are documenting their daily attendance and leave (e.g., vacation, sick, etc.). (Note: Generally, an elected official is not eligible to ear leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract., the official should document his/her daily attendance and leave.)

No exceptions noted.

- Determine if supervisors are approving, in writing, the attendance and leave of all employees.

No exceptions noted.

- Determine if the entity is maintaining accurate written leave records (e.g., hours earned, hours used, and balance available) on all eligible employees.

No exceptions noted.

3. Select the two largest termination payments (e.g., vacation, sick, compensatory time, etc.) made during the period under examination. Determine if the payments were supported by adequate documentation, made in strict accordance with policy and/or contract, and properly approved.

No exceptions noted.

Disbursements – Other General

1. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter all for all other entity disbursements that are not addressed in the sections above (credit card/debit card/travel card/P-card, travel and expense reimbursement, contracts, and payroll and personnel).

Obtained the general ledger for the current fiscal period of disbursements related to printing, insurance, rent, postage, and telephone. Management represented to us that the general ledger population was complete. No exceptions noted.

GARRETY & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

2. Using the listing or general ledger from #1 above, randomly select five disbursements. Obtain supporting documentation (e.g., purchase requisition, invoices, receipts, receiving slips) for each disbursement. For each of the five disbursements selected:

- Report whether each expense is supported by:
 - An original itemized receipt or invoice that identifies precisely what was purchased

All expenditures were supported by original itemized receipts.

- Documentation of the business/public purpose

All expenditures documented the business/public purpose.

- Other documentation as may be required by written policy

Not applicable

- Compare the entity'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, and report any exceptions (e.g., purchases for items for personal use without a business/public purpose). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Compared documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, noting no exception.

- Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person who initiated the purchase.

Reviewed the expense and related documentation, noting proper approval of the expense by someone other than the person receiving the reimbursement. No exceptions noted.

GARRETY & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

Ethics

1. Using the five selected employees from “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required annual ethics training was completed.

No exceptions were noted.

2. Obtain a listing of the board members from management. Randomly select five of its board members and report whether the entity maintained documentation to demonstrate that required annual ethics training was completed.

No exceptions were noted.

3. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations, received, and whether the allegations were addressed in accordance with policy.

Management represented to us that there were no alleged ethics violations reported to the entity during the fiscal period.

Budget

1. Obtain a copy of the legally adopted budget and all amendments.

We obtained a copy of the legally adopted budget. There was one amendment to the budget.

2. Trace the budget adoption and amendments to the minute book.

We traced the budget adoption to the minute book without exception.

3. Compare the total revenues and total expenditures of the final budget to actual total revenues and actual total expenditures on the financial statements or AFR. Report variances of 10% or greater.

Total revenues were 10 % greater than budgeted as handling fees and conventions generated in excess of anticipated revenues. Total expenses were 10% greater than budgeted expenses related primarily to OPEB obligation.

GARRETY & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

4. Inquire of management whether the entity has updated its budget information in the DOA's boards and commission database for the current fiscal period (i.e., period covered in these procedures). Access the online database and obtain the budget information for the current fiscal period. Report and differences between the budget information contained in the database and the budget adopted by the entity's board.

Inquired of management and accessed database noting no differences between budget information contained in database and adopted budget.

Debt Service

1. If debt was issued during the financial statement period, verify that State Bond Commission approval was obtained, as applicable.

Not applicable – the Commission did not issue any debt during the fiscal year.

2. Determine compliance with applicable debt covenants.

Not applicable – the Commission did not issue any debt during the fiscal year.

Corrective Action

1. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

Not applicable – The Commission did not have any findings during the current fiscal year.

Prior Year Findings

1. Prepare a schedule of prior findings or a statement that there were no prior findings.

Not applicable – The Commission did not have any findings during the prior fiscal year.

GARRETY & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

Other

1. Prepare a listing of all per diem payment or compensation paid to members of the governing board or disclosure that none was paid.

A list of per diem payments to members of the commission during the period under examination was obtained and traced to the general ledger without exception.

2. Prepare a listing of all professional services payments made to contractors for surveys, feasibility studies, and special studies.

Not applicable.

3. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management represented to us that there is a current investigation performed by the Attorney General and Louisiana Department of Revenue of possible misappropriation of public funds or assets, As of the date of the report, there is not a resolution of the matter and the investigation is ongoing.

4. Inquire of management whether the entity contracted for audit or attest services other than these agreed-upon procedures during the current period. Report the type of audit or attest service (i.e., audit, review, agreed-upon procedures, etc.) contracted by management and the purpose or requirement for the additional audit or attest service.

Management represented to us that the entity did not contract for any audit or attest services other than the agreed-upon procedures engagement for the current period.

5. If the practitioner observes or otherwise identified any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions noted regarding management's representations.

GARRETY & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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 purpose of this report is solely to describe the procedures performed and the results of those procedures to assist the users in assessing certain controls and management's assertions about compliance with laws and regulations, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



September 24, 2018

