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**Natchitoches Historic District  
Development Commission**

*Agreed-Upon Procedures*

**June 30, 2020**

# Natchitoches Historic District Development Commission

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## **Independent Accountant's Report On Applying Agreed-Upon Procedures**

To Management of  
Natchitoches Historic District Development Commission  
Natchitoches, Louisiana

We have performed the procedures enumerated below, which were agreed to by management of the Natchitoches Historic District Development Commission (the "Commission"), a component unit of the State of Louisiana, 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 fiscal year ended June 30, 2020.

Management of the Natchitoches Historic District Development Commission is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. 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 those parties specified in the 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.

The procedures and associated findings are as follows:

### **Written Policies and Procedures**

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories, as applicable:
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) **Disbursements**, including processing, reviewing, and approving.
  - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue (e.g. periodic confirmation with outside parties, reconciliation of receipt number sequences, reasonableness of cash collections based on licenses issued).
  - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
  - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

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- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
  - h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (2) documentation requirements, (3) time-frame in which requests must be submitted and (4) required approvers.
  - i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, (4) requirement that all employees annually attest through signature verification that they have read the entity's ethics policy.
  - j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
  - k) ***Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

***Results***

We obtained the Commission's policies and procedures from management. The Commission's written policies and procedures addressed the above categories that were applicable to the Organization. No exceptions noted.

## **Annual Fiscal Report (AFR)**

- 2. Obtain 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. Perform analytical procedures comparing current and prior period amounts, by line item. Report any variances of 10% or greater for line items that are 10% or more of the respective total assets/deferred outflows of resources, liabilities/deferred inflows of resources, net position, revenues, or expenses, and management's explanation of the variance.

***Results***

We obtained the current year and prior year AFRs from management. We performed analytical procedures and noted a 129% increase in cash and cash equivalents due to a decrease in current year expenditures; 129% increase in unrestricted net position due to a decrease in current year expenditures; and an 18% decrease in expenditures due to a decrease in special events resulting from the COVID-19 pandemic.

## **Board Meetings / Minutes**

- 3. Obtain and inspect the board minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board met with a quorum at least monthly, or on a frequency in accordance with the Board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) Observe that the minutes referenced or included monthly budget-to-actual comparisons.

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- c) Access the entity's online information included in the DOA's boards and commissions database (<https://www/cfprd.doa.louisiana.gov/boardsandcommissions/home.cfm>) and observe that the entity submitted board meeting minutes for all meetings during the fiscal period.

**Results**

We obtained the board meeting minutes for the fiscal period, as well as the Commission's Bylaws from management. There was no meeting held in December 2019 or March 2020. The minutes did not reference or include budget-to-actual comparisons. The Commission also failed to resolve the prior year issue of uploading minutes to the DOA boards and commissions database. There were no minutes uploaded for the current fiscal year.

**Bank Reconciliations**

4. Obtain a listing of bank accounts for the fiscal period from management and management's representation that the listing is complete. 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 observe that:
- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g. initialed and dated, electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged);
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months from the statement closing date; and
  - d) The reconciled balance for the final month of the fiscal period agrees to the general ledger.

**Results**

We obtained a listing of bank accounts and obtained management's representations that the listing is complete. We examined the bank reconciliations and bank statements by month for the period of July 2019 – June 2020. The reconciled balance at June 30, 2020 agrees to the general ledger. There are no reconciling items that have been outstanding for more than six months within the June 30, 2020 bank reconciliation. There is no evidence that a member of management or board member reviewed each bank reconciliation.

**Receipts / Collections**

5. Obtain and inspect written policies and procedures relating to employees job duties (if no written policies or procedures, inquire of employees about their job duties), and observe that job duties for collections are properly segregated such that:
- a) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts or license applications received) to the deposit.
  - b) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - c) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source are not responsible for collecting cash, unless another employee verifies the reconciliation.

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6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
  7. Randomly select 5 deposit dates for each of the bank accounts (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 5 deposits for each bank account and:
    - a) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
    - b) Trace the deposit slip total to the actual deposit per the bank statement.
    - c) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
    - d) Trace the actual deposit per the bank statement to the general ledger.
  8. Obtain and inspect written policies and procedures (if no written policies and procedures, inquire to management) and observe that there is a process performed 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.
  9. For licensing boards, obtain a list of initial and renewal licenses granted during the period from management and management's representation that the listing is complete. Randomly select 10 individual applicants from the listing and obtain the supporting documentation (e.g. application, copy of check) from management and:
    - a) Observe that the fee paid for license was the appropriate fee based on the applicable fee schedule established by the board or statute.
    - b) If a penalty was assessed (e.g. late fee), observe that the penalty was assessed and collected in accordance with the board's policies.
  10. For levee districts, obtain independent confirmation of the tax amounts received from the appropriate parish Sheriff's offices. Observe that the confirmed amount agrees to the amount deposited by levee district.

***Results***

We reviewed the Commission's policy relating to receipts/collections. The Commission receives one deposit annually from the State of Louisiana for sales tax dedications in October of each year. All other deposits are related to interest income. We reviewed support for the 5 randomly selected deposits without exception.

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**Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)**

11. Obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
  
12. Obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements which are addressed in separate sections below) and obtain management's representation that the population is complete. Randomly select 5 disbursements, obtain supporting documentation (e.g. purchase requisition, invoices, receipts, receiving slips) for each transaction and:
  - a) Observe that the disbursement matched the related original invoice/billing statement.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #11, as applicable.

**Results**

We reviewed the Commission's policy relating to disbursements. We observed that each of the (5) disbursements matched the related original invoice. There is no evidence (e.g. initial/date, electronic logging) of approval on invoices selected for testing.

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

13. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, 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. Randomly select 2 monthly statements or combined statements for each card (for a debit card, randomly select 2 monthly bank statements), obtain supporting documentation, and:
  - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
  
14. Obtain supporting documentation for all transactions included on the monthly statements or combined statements selected in #13 above. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and

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note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

**Results**

Not applicable. The Commission does not have any active credit cards.

**Travel and Travel-Related Expense Reimbursements (*excluding card transactions*)**

15. Obtain from management a listing of all travel and travel-related expense reimbursements paid to employees and board members during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana in PPM49 (<https://www.doa.la.gov/pages/osp/travel/TravelPolicy.aspx>) or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Results**

Not applicable. There were no travel expense reimbursements during the current fiscal year.

**Contracts**

16. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Procurement Code or the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy.
  - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

**Results**

Not applicable. There were no agreements or contracts in effect during the current fiscal year.

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## **Payroll and Personnel**

17. Obtain a listing of employees employed during the fiscal period, and management's representation that the listing is complete. Randomly select 5 employees (or select all employees if less than 5), obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
18. Randomly select 2 pay periods during the fiscal period. For the 5 employees/officials selected under #17 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
  - b) Observe that supervisors approved the attendance and leave of the selected employees.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
19. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select 2 employees, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employees' cumulative leave records, and agree the pay rates to the employees' authorized pay rates in the employees' personnel files.
20. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

### ***Results***

Not applicable. The Commission does not have any employees.

## **Ethics**

21. Using the 5 randomly selected employees from procedure #17 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
  - a) Observe that the documentation demonstrates each employee completed one hour of ethics training during the fiscal period.
  - b) Observe that the documentation demonstrates each employee attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.
22. Obtain a listing of board members from management. Randomly select 5 board members and observe documentation to demonstrate that required annual ethics training was completed.

### ***Results***

We obtained the listing of board members from management. We randomly selected 5 board members and observed documentation that the required annual ethics training was completed. No exceptions noted.

## **Budget**

23. Obtain a copy of the legally adopted budget, including all amendments, and the board minutes. Observe the minutes contain approval of the budget and amendments.

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24. Compare the total revenues and total expenditures of the final budget to actual total revenues and total expenditures on the financial statements or AFR. Report variances of 10% or greater.
  25. Inquire of management whether the entity has updated its budget information in the DOA's boards and commissions database referred to in #3 above 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 any differences between the budget information contained in the database agrees to the budget adopted by the entity's board.

***Results***

The original budget was approved and adopted by the board members and is properly documented within the board meeting minutes. No amendments were made to the budget during the fiscal year ending June 30, 2020. Expenses were under budget by 22% due to cancelled events resulting from the COVID-19 pandemic. The 2020 budgetary information contained in DOA's boards and commissions database does not agree to the budget adopted by the Commission's board.

**Debt Service**

26. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
27. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

***Results***

Not applicable. The Commission issued no debt obligations during the current fiscal year nor did the Commission have any outstanding at June 30, 2020.

**Sexual Harassment**

28. Obtain and inspect the entity's written sexual harassment policies and procedures and observe that they address all requirements of R.S. 42:342-344, including agency responsibilities and prohibitions; annual employee training; and annual reporting requirements.
29. Obtain a listing of employees/board members employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/board members, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/board member completed at least one hour of sexual harassment training during the calendar year.
30. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

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31. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344.

***Results***

We reviewed the Commission's policy relating to sexual harassment. NHDDC does not have a website or a permanent location to post the sexual harassment policy. Management stated the policy has been submitted to all members. No exceptions noted.

**Other**

32. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
33. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds. This notice is available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline).

***Results***

We inquired of the management of the Commission if there were any misappropriations of public funds or assets. Management indicated that they were unaware of any misappropriation of public funds or assets from the Commission. NHDDC does not have a website or a permanent location to post the notice required by 24:523.1. Management stated the notice has been submitted to all members. No exceptions noted.

**Corrective Action**

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

***Results***

Management's response and corrective action plan are noted in the Schedule of Findings.

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## Exceptions

The exceptions found as a result of applying the agreed-upon procedures are found in the Schedule of Findings at page 11.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on assessing certain controls and evaluating management's assertions about the Commission's compliance with certain laws and regulations. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of the Natchitoches Historic District Development Commission and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink that reads "Russell J. Martineau, II". The signature is written in a cursive style with a large initial "R" and "M".

Covington, Louisiana  
September 30, 2020

# **Natchitoches Historic District Development Commission**

## **Schedule of Findings**

### **For the Year Ended June 30, 2020**

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#### **Results**

The following is a summary of exceptions noted within the agreed-upon procedures report for the period of July 1, 2019 – June 30, 2020:

##### ***Board Meetings/Minutes***

There was no board meeting held in December 2019. The minutes did not reference or include monthly budget-to-actual comparisons. The Commission failed to resolve the prior year finding of uploading the minutes to the DOA's boards and commissions database. There were no minutes uploaded for the current fiscal year.

##### ***Management's Response***

Management will hold a meeting each month in accordance with their Bylaws or update Bylaws to exclude a meeting in December. The Board will reference budget-to-actual comparisons in each monthly board meeting. Management will also ensure that board meeting minutes are uploaded to the DOA's boards and commissions database.

##### ***Bank Reconciliations***

There is no evidence that a member of management or board member reviewed each bank reconciliation.

##### ***Management's Response***

There is only one deposit made per year, and this is the only funding that the Commission receives.

##### ***Contracts***

There is no formal/written contract provided for the 5 vendors selected for testing to support the services arrangement and the amount paid.

##### ***Management's Response***

Management will ensure that contracts are received for vendors.

##### ***Non-Payroll Disbursements***

There is no evidence (e.g. initial/date, electronic logging) of approval on the 5 invoices selected for testing.

##### ***Management's Response***

Checks require 2 board member signatures. As a result, all transactions are approved in writing by someone other than the person who initiated the purchase.

##### ***Budget***

Actual expenses were under budget by 22%. No amendments were made during the fiscal year ending June 30, 2020. The 2020 budgetary information contained in DOA's boards and commissions database does not agree to the budget adopted by the Commission's board.

##### ***Management's Response***

Management will ensure that budget amendments are made prior to the fiscal year end if there are variances exceeding 10%. Management will ensure that budget information is updated on the DOA's boards and commission database.

# **Natchitoches Historic District Development Commission**

## **Summary Schedule of Prior Year Findings**

### **For the Year Ended June 30, 2020**

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The following is a summary of exceptions noted within the agreed-upon procedures report for the period of July 1, 2018 – June 30, 2019:

#### ***Written Policies and Procedures***

The Commission's written policies and procedures did not address most policies needed for operations or omitted parts of policies and procedures that were provided.

*Update:* This exception was addressed and corrected by management.

#### ***Board Meetings/Minutes***

There is no evidence that there was a board meeting in December 2018. The entity was unable to provide the minutes for December 2018. The entity has not uploaded the minutes for all meetings for the fiscal period onto the DOA database.

*Update:* This exception has not been addressed and is noted as a current year finding.

#### ***Bank Reconciliations***

There is no evidence that a member of management or a board member with no involvement does not handle cash, post ledgers, or issue checks when reviewing each bank reconciliation.

*Update:* This exception has not been addressed and is noted as a current year finding.

#### ***Contracts***

There was no formal/written contract provided for five out of five contract vendors to support the services arrangement and the amount paid.

*Update:* This exception has not been addressed and is noted as a current year finding.

#### ***Non-Payroll Disbursements***

The documents provided by the entity, does not include evidence that each expense related documentation was reviewed and approved, in writing, by someone other than the person who initiated the purchase.

*Update:* This exception has not been addressed and is noted as a current year finding.

#### ***Budget***

The entity does not upload its budget information in the DOA's boards and commissions database.

*Update:* This exception has not been addressed and is noted as a current year finding.