

ST. TAMMANY PARISH SEWERAGE DISTRICT NO. 1



ADVISORY SERVICES
PROCEDURAL REPORT
ISSUED JULY 8, 2020

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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



St. Tammany Parish Sewerage District No. 1

July 2020

Audit Control # 70190075

Introduction

The Louisiana Legislative Auditor performed certain procedures at the St. Tammany Parish Sewerage District No. 1 (District) to address the requirements of Act 774 of the 2014 Regular Legislative Session, as amended. The primary purpose of our procedures at the District was to assist the District in evaluating certain controls the District uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and overall accountability over public funds. Our procedures were more limited than an audit; therefore, we are not issuing an opinion on the District's financial statements, nor the effectiveness of the District's internal control over financial reporting and compliance.

Results of Our Procedures

Follow-up on Prior-year Exceptions

We assessed the status of all exceptions reported in the prior-year agreed-upon procedures report dated July 16, 2019. Prior-year exceptions relating to written policies and procedures, board oversight, and open meetings law compliance have not been fully resolved and are being reported again as current-year exceptions.

Current-year Results

1. Written Policies and Procedures

We obtained the District's written policies and procedures and assessed whether they addressed contracting and ethics.

Results: The District's written policies and procedures generally addressed contracting and ethics but did not include certain best practices.

Recommendation: Management should update existing written policies and procedures to specifically address the following:

- (a) **Contracting** should include (1) types of services requiring written contracts, (2) approval process, and (3) legal review; and
- (b) **Ethics** should include a system to monitor possible ethics violations.

Management provided a response to the report (see Appendix A).

2. Board Oversight

We obtained and reviewed the board minutes for the fiscal year and assessed whether the board met and discussed key financial information at its monthly meetings.

Results: We noted that the board met 11 times during the fiscal year. The minutes referenced budget-to-actual comparisons and a review of receipts, expenditures, and joint bank account balances.

Recommendation: Because the District shares an account with two other utility districts, we recommend that board members receive and review a monthly reconciliation between customer billings, past-due balances, account adjustments, and pro-rata share of the joint bank account. This will allow the board to better identify financial trends in billings and collections and to monitor the posting of joint account activities.

Management provided a response to the report (see Appendix A).

3. Open Meetings Law Compliance

We obtained a listing of all board meetings held by the entity, obtained the meeting minutes, observed that meeting minutes were published in the official journal, and inquired if a copy of the open meetings law was posted at the location where the entity holds its meetings.

Results: We noted that meeting minutes were maintained by the District but were not published in the official journal as required by law.

Recommendation: The board should publish all meeting minutes in the official journal as required by Louisiana Revised Statute 43:171.

Management provided a response to the report (see Appendix A).

4. Debt Collection/Account Write-offs

We obtained the District's written policies and procedures over debt collection/account write-offs.

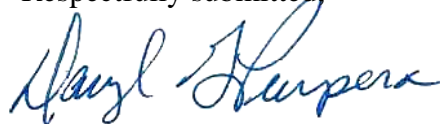
Results: We observed that the District does not have written policies and procedures over debt collection/account write-offs.

Recommendation: The board should adopt written policies and procedures over debt collection/account write-offs based on the current practices of the joint billing administrator.

Management provided a response to the report (see Appendix A).

Under Louisiana Revised Statute 24:513, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

DGP/aa

SEWER1

APPENDIX A: MANAGEMENT'S RESPONSE

**St. Tammany Parish
Sewerage District No.1
P.O. Box 1478
Covington, Louisiana 70434**

June 22, 2020

Legislative Auditor
Baton Rouge, Louisiana

Dear Mr. Purpera & Audit Staff :

Below, the district's management response to the June 2020 Louisiana Legislative Auditor (LLA) report is explained, as requested by your office.

The district board of commissioners will review and take corrective action, for the LLA's recommendations, regarding Written Policies and Procedures.

Concerning Board Oversight, the district board members receive a monthly delinquency report, from the joint billing office with St. Tammany Parish Water District No.3.

On the sewerage district's monthly financial statements prepared by the district's CPA Kathy Lacoste, the joint account balances are broken down by the individual districts dollar amount, for St Tammany Parish Sewerage District No.1, St. Tammany Parish Sewerage District No.4, and St. Tammany Parish Water District No.3.

Our sewerage district board will review the LLA's recommendation with our CPA and the joint billing office.

Our district board will review the LLA's recommendation, for Open Meetings Law Compliance.

The Debt Collection/Account Write-offs recommendations will be reviewed by our board, in conjunction with our CPA and joint billing office.

Sincerely,



Mike Franklin, Chairman
St. Tammany Parish
Sewerage District No.1
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