

ACT 774 ANNUAL REPORT



INFORMATIONAL REPORT
ISSUED SEPTEMBER 25, 2019

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

September 25, 2019

**THE HONORABLE PATRICIA P. BRISTER,
ST. TAMMANY PARISH PRESIDENT
THE HONORABLE MICHAEL LORINO, JR.,
CHAIRMAN, ST. TAMMANY PARISH COUNCIL**

Dear President Brister and Chairman Lorino:

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

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

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

Respectfully submitted,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

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ACT774 2019

Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE

Act 774 Annual Report

September 2019



Audit Control # 70200006

History and Requirements

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

Instead of creating an Office of Inspector General, the task force's efforts resulted in the passage of Act 774 of the 2014 Regular Legislative Session (Act). The Act, as amended, provides in part that the Louisiana Legislative Auditor (LLA) shall establish the criteria for procedures that shall be performed in addition to annual reporting requirements for entities with governmental revenues of \$75,000 or more per fiscal year. Based on LLA's fourth-year evaluation, 69 entities within the Parish were found to be subject to additional LLA risk assessment, as required by the Act. The requirements of this Act were written to only apply to St. Tammany Parish.

During the 2018 Regular Session of the Louisiana Legislature, an amendment to Act 774 was passed (Act 531). Act 531 states that "after three consecutive years of no findings resulting from the submission of the additional information, the qualifying entities shall only be required to comply with the provisions of this Subitem triennially in lieu of annually." Three entities met this criterion and were not assigned procedures for the fourth year of Act 774 implementation. Those entities are St. Tammany Fire Protection District No. 9, Youth Services Bureau of St. Tammany (CASA), and Northshore Harbor Center.

Risk Assessment

LLA conducted individualized assessments for each of the 69 entities identified. The assessments were used to develop and assign financial procedural areas for each entity. These procedural areas were assigned based on high-risk indicators identified either within the entity itself or areas that LLA has found to be high-risk in other similar governments. We chose this methodology to allow for more extensive testing in high-risk areas that may not be tested in a traditional audit. The following factors were used in our risk assessment process:

- A detailed review of each entity's financial statements;

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

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

- Sixty-three entities were subjected to agreed-upon and other procedures (AUP) performed by independent CPAs (50) and LLA (13).
- Three entities were subjected to only a limited LLA internal assessment.
- Three entities were not subjected to AUPs or other procedures under the provisions of Act 531 of 2018.

Procedural Areas and Results

As of August 26, 2019, LLA had issued 57 AUP reports/letters, as follows:

- Forty-five of the 50 entities' AUPs performed by CPAs had completed reports. The remaining five entities (Finance Authority of St. Tammany Parish, St. Tammany Parish Sewerage District No. 4, Housing Authority of Slidell, Housing Authority of the City of Covington, and St. Tammany Parish Tourist and Convention Commission) had not submitted reports.
- Twelve of the 13 entities' AUPs performed by LLA had completed reports or letters. The remaining report for the Northlake Homeless Coalition has not been completed.

LLA determined the number and types of AUPs that would be performed at each of the Parish entities. The number of procedural areas at each entity ranged from one to 16, based on the size and complexity of the entity. For the 57 reports/letters issued, the procedural areas and number of entities to which they were assigned is as follows:

- Credit Cards/Debit Cards/Fuel Cards/P-Cards/Open Lines of Credit – 22 (14 with one or more exceptions)
- Written Policies and Procedures – 22 (18 with one or more exceptions)
- Board Oversight – 20 (11 with one or more exceptions)

- Payroll and Personnel – 18 (8 with one or more exceptions)
- Ethics – 22 (15 with one or more exceptions)
- Contracts/Cooperative Endeavor – 12 (3 with one or more exceptions)
- Collections/Receipts/Adjustments – 22 (15 with one or more exceptions)
- Safeguarding Assets – 11 (6 with one or more exceptions)
- Deferred Compensation – 4 (1 with exceptions)
- Open Meetings Law 2 – (2 with one or more exceptions)
- Fueling Stations – 3 (2 with one or more exceptions)
- Non-payroll Disbursements – 11 (8 with one or more exceptions)
- Travel and Expense Reimbursement – 9 (4 with one or more exceptions)
- Debt Service – 5 (2 with one or more exceptions)
- Public Bid Law – 1 (no exceptions)
- Traffic Tickets – 4 (2 with one or more exceptions)
- Bank Reconciliations – 20 (16 with one or more exceptions)
- Facility Rental/Usage – 1 (no exceptions)
- Fraud Hotline Posting – 3 (no exceptions)
- Financial Management – 2 (2 with exceptions)
- Use Value/Not-For-Profit Special Assessments – 2 (no exceptions)
- Library Fines/Fees – 1 (with exceptions)
- Due To/From – 1 (no exceptions)
- Debt Collection/Write-off – 2 (1 with one or more exceptions)
- Fund Balance – 1 (no exceptions)
- Accounting System – 1 (no exceptions)
- Sub-recipient Monitoring – 1 (with exceptions)
- Deputy Security Details – 2 (1 with one or more exceptions)
- Independent Contract Personnel – 1 (no exceptions)

- Disaster Recovery/Business Continuity – 4 (1 with one or more exceptions)
- Municipal Classification – 1 (with one exception)
- Traffic Diversion Program – 1 (no exceptions)
- Town Charter – 1 (with one exception)

Within these procedural areas, the most common deficiencies identified by LLA and CPAs include a lack of controls over credit cards, collections, and ethics; a lack of written policies and procedures; and insufficient board oversight.

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

Prior-Year Reports

When we issued our prior-year Act 774 Annual Report, three entities' (St. Tammany Tourist and Convention Commission, Housing Authority of Slidell, and Housing Authority of Covington) third-year reports had not yet been issued. The annual report was released without the information for these three entities for the sake of timeliness.

The third-year details for the St. Tammany Tourist and Convention Commission, Housing Authority of Slidell, and Housing Authority of Covington may be found in **Appendix B**.

Impact of Procedures

Thirty-nine entities that had exceptions in prior years were assigned “follow-up” procedures to determine whether the exceptions had been corrected in the fourth year. While most of these entities corrected the prior-year exception areas, made significant improvements, or had only limited repeat exceptions, we identified several entities that did not make significant progress toward resolving repeat exceptions, as follows:

- Safe Harbor Inc.
- St. Tammany Parish ARC-STARC of Louisiana Inc.
- St. Tammany Parish Drainage District-Sub-Drainage No. 2 of Gravity No. 5
- St. Tammany Parish Fire Protection District No. 3
- St. Tammany Parish Fire Protection District No. 8
- St. Tammany Parish Fire Protection District No. 11
- St. Tammany Parish Sewerage District No. 1

- St. Tammany Parish Waterworks District No. 3

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

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

Cost

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

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

As of September 25, 2019, the Louisiana Legislative Auditor had issued 57 reports related to Act 774. Those procedures that were reassigned for the fourth year based on exceptions noted during first, second, and/or third year testing are identified as “follow-up” with the initial year reported. The summarized results of the agreed-upon procedures performed at each Parish entity and exceptions noted are as follows:

1. City of Covington:

- Contracts – No exceptions noted.
- Ethics
 - Written policies and procedures did not require all employees, including elected officials, to annually attest through signature verification that they have read the City’s ethics policy.
 - Two out of five employees/officials selected did not complete ethics training during the fiscal year.
 - All five employees/officials selected did not attest through signature verification that they had read the City’s ethic’s policy during the fiscal year.
- Bank Reconciliations – No exceptions noted.
- Disaster Recovery/Business Continuity – No exceptions noted.

2. City of Mandeville:

- Credit Cards (follow-up) – No exceptions noted.
- Collections (follow-up)
 - One of eight daily deposits included three collections not deposited within one day of receipt (**Repeat**).
- Traffic Tickets (follow-up)
 - Written policies and procedures did not address the timely deposit of fine payments (**Repeat**).

- Deputy Security Details
 - Two of 10 employees tested did not have a full eight-hour break before or after their regular twelve-hour shift, per the City's policy.
- Payroll and Personnel (Overtime) – No exceptions noted.
- Ethics
 - Written policies and procedures did not require all employees, including elected officials, to annually attest through signature verification that they have read the City's ethics policy. Also, the City did not have signed verification from five employees selected of having read the City's ethics policy during the fiscal year.
- Disaster Recovery/Business Continuity
 - The City had processes that included all of the required items; however, none of them were in a formalized disaster recovery/business continuity plan.

3. City of Slidell:

- Ethics (follow-up)
 - Written policies and procedures did not require all employees, including elected officials, to annually attest through signature verification that they have read the City's ethics policy **(Repeat)**.
 - The City did not have signed verification in the employee files tested **(Repeat)**.
 - One of five employees tested did not have a current Ethics training certificate on file.
- Traffic Tickets (follow-up) – No exceptions noted.
- Collections/Adjustments (follow-up) – No exceptions noted.
- Due To/From (follow-up) – No exceptions noted.
- Contracts – No exceptions noted.

4. District Attorney for 22nd Judicial District:

- Collections (follow-up)
 - The District Attorney's office did not have a bond or insurance policy in place for potential employee theft **(Repeat)**.

- Travel and Expense Reimbursement – No exceptions noted.
- Payroll and Personnel – No exceptions noted.
- Traffic Diversion Program – No exceptions noted.

5. Judges and Lawyers' Assistance Program, Inc. (JLAP):

- Collections (follow-up)
 - For all six deposit dates tested, no deposits were made within one business day of receipt. The time frame for making deposits tested ranged from three business days to 22 business days (**Repeat**).
- Written Policies and Procedures (follow-up)
 - There were no written policies and procedures over budgeting or purchasing (**Repeat**).
 - JLAP's written policies and procedures address payroll processing and employee leave policies. However, time records and overtime worked records were not maintained.
- Payroll and Personnel (Leave Administration)
 - There was no formal documentation of daily attendance, and payroll records did not indicate when leave was taken. However, the vacation and sick leave tracking log documented vacation and sick leave taken by each employee.

6. Keep Louisiana Beautiful Inc.:

- Credit Cards (follow-up)
 - There was no documentation of the business purpose for ten of the thirteen transactions selected for testing (**Repeat**).
- Sub-Recipient Monitoring
 - One administrative cost reimbursement did not include documentation of the reimbursement rate used.
 - One administrative cost reimbursements was not reimbursed at the rate established by policy.
- Cooperative Endeavor
 - Approved contract budget amendments increased salary and related taxes cost percentages from 14.5% of total budget in 2014 to 32.8% of total

budget in 2019, resulting in decreased funds available for sub-recipient grants and public awareness campaigns.

7. **Northshore Families Helping Families Inc.:**

- Bank Reconciliations – No exceptions noted.

8. **Northshore Housing Initiative, Inc.:**

- Board Oversight
 - The board did not meet once every two months as set forth in bylaws.

9. **Nutrition Education Services:**

- Board Oversight
 - Written policies and procedures did not address preparing, adopting, monitoring, and amending the budget.
- Credit Cards
 - Written policies and procedures did not address how cards are to be controlled, procedures for lost cards, or approval required to open an account.

10. **Safe Harbor Inc.:**

- Debit Cards (follow-up)
 - There was no evidence of board member review or executive director cross-review of monthly statements and reconciliations **(Repeat)**.
 - Not all receipts noted the business purpose of the expenditure **(Repeat)**.

11. **Slidell City Court:**

- Traffic Tickets (follow-up) – No exceptions noted.
- Written Policies and Procedures – No exceptions noted.

12. **Slidell City Marshal:**

- Deferred Compensation (follow-up) – No exceptions noted.
- Collections (Completeness/Additions)
 - There were no written policies and procedures over collections/additions during the fiscal period under review.

- Non-payroll Disbursements (Agency Fund Deductions)
 - There were no written policies and procedures over agency fund disbursements/deductions during the fiscal period under review.
- Payroll and Personnel
 - There were no written policies and procedures over payroll/personnel during the fiscal period under review.
 - There were no authorized salaries/pay rates in the personnel files for any of the five employees selected for testing.
 - There were no attendance records documented by employees for the pay period selected.
 - There were no attendance records approved by a supervisor for the pay period selected.

13. St. Tammany Alliance for the Mentally Ill Inc.:

- Written Policies and Procedures
 - Written policies and procedures over grant compliance did not address (1) the process for determining eligibility and applying for applicable grants; (2) the process for ensuring compliance with each of the various grant requirements; and (3) documentation, approval, and review requirements for grant expenditures.

14. St. Tammany Children's Advocacy Center:

- Written Policies and Procedures (follow-up)
 - Written policies and procedures used to identify/differentiate public from private funds did not address (a) the criteria for determining whether monies received are public or private, (b) adherence to restrictions placed on the use of public funds, and (c) the separation of public and private funds in accounting records.
 - Written policies and procedures over contracting did not address (a) types of services requiring written contracts, (b) standard terms and conditions, (c) legal review, (d) approval process, and (e) monitoring process.

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

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

- Purchasing – how vendors are added to the vendor list **(Repeat)**;
 - Contracting – no general policy addressing the types of services requiring written contracts, standard terms and conditions, legal review, approval process, and monitoring process; however, the entity does have a policy that addresses the approval and monitoring processes of contracts for construction, renovation, and major repairs **(Repeat)**; and
 - Bank Reconciliations – policy did not address review of all bank reconciliations by someone independent of cash receipt and disbursement functions **(Repeat)**.
- Safeguarding Assets (Capital Assets)
 - There were no written policies and procedures over capital assets.
 - Annual inventory counts are conducted on equipment and vehicles but not on other capital assets.
 - Credit Cards/Debit Cards/Fuel Cards/P-Cards – No exceptions noted.

16. St. Tammany Parish Assessor:

- Use-Value/Not-for-Profit Special Assessments (follow-up) – No exceptions noted.
- Written Policies and Procedures – No exceptions noted.
- Deferred Compensation – No exceptions noted.
- Ethics – No exceptions noted.

17. St. Tammany Parish Clerk of Court:

- Credit Cards – No exceptions noted.
- Collections – No exceptions noted.

18. St. Tammany Parish Communications District:

- Written Policies and Procedures (follow-up)
 - Ethics policy did not specifically include a system to monitor possible ethics violations.
- Credit Cards (follow-up) – No exceptions noted.
- Contracts (Intergovernmental Agreements follow-up) – No exceptions noted.

- Ethics – No exceptions noted.

19. St. Tammany Parish Coroner:

- Fuel Cards – No exceptions noted
- Non-Payroll Disbursements – No exceptions noted.
- Ethics
 - One of the five employees selected did not complete the required one hour of ethics training during the fiscal period. Also, employees selected for testing did not attest through signature verification that they had read the entity's ethics policy during the fiscal period.

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

- Collections (follow-up)
 - There were two instances in which the deposit was not made within one day of receipt at the collection location **(Repeat)**.
- Public Bid Law – No exceptions noted.
- Ethics – No exceptions noted.

21. St. Tammany Parish Development District:

- Contracts – No exceptions noted.
- Ethics – No exceptions noted.

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

- Written Policies and Procedures (follow-up)
 - Policies and procedures were not complete over purchasing, contracting, travel, and ethics **(Repeat)**.
- Credit Cards (follow-up)
 - One of six tested transactions did not have documentation of the business/public purpose **(Repeat)**.
- Bank Reconciliations
 - Reconciliations did not include evidence of review.

- Payroll and Personnel
 - Time sheets, or certification of hours worked, were not required of salaried personnel.
 - Commissioner compensation may not be based on the proper statute.
- Safeguarding Assets (Capital Assets)
 - There was no documentation of an annual inventory having been taken.

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

- Board Oversight (follow-up)
 - There were no written policies and procedures over budgeting **(Repeat)**.
 - Board minutes did not indicate that a budget-to-actual comparison for the General Fund or any other major funds were presented. **(Repeat)**.
- Bank Reconciliations
 - The entity did not have any written policies and procedures over bank reconciliations.
 - The reconciliations of the operating, parcel fee, and bond accounts were completed timely and electronically dated, but no signature was present to indicate who reviewed the reconciliations.

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

- Bank Reconciliations
 - The written policies and procedures did not specifically address the process for addressing items outstanding for more than 12 months.
 - Bank reconciliations did not include evidence that a member of management/board member reviewed the reconciliations; however, all reconciliations have been represented as being approved by the fire chief and the board of commissioners.
- Credit Cards/Debit Cards/Fuel Cards/P-cards
 - Not all monthly statements had written evidence of approval. However, all statement transactions were supported by a purchase order, invoice, or receiving report, which were marked as approved by the fire chief.
- Non-Payroll Disbursements
 - Some disbursements did not include evidence of segregation of duties.

- Fueling Stations – No exceptions noted.

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

- Bank Reconciliations
 - Written policies and procedures did not specifically address the process for addressing items outstanding for more than 12 months.
- Board Oversight – No exceptions noted.
- Ethics – No exceptions noted.
- Safeguarding Assets (Non-Capitalized Asset Disposal) – No exceptions noted.

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

- Written Policies and Procedures (follow-up)
 - Travel and expense reimbursement policy did not set the dollar thresholds by category of expense **(Repeat)**.
 - Written contracting policy did not specifically address the types of services requiring written contracts.
 - There were no written policies for debt service **(Repeat)**.
- Credit Cards/Debit Cards/Fuel Cards/P-Cards/Open Lines of Credit (follow-up)
 - Certain monthly statements did not have written evidence of approval. However, all statement transactions were supported by a purchase order, invoice, or receiving report, which were marked as approved by the fire chief **(Repeat)**.
 - The fire chief represented that he reviewed and approved all statements/supporting documentation, but he was also an account holder on all letter of credit accounts/cards tested. All disbursements require at least one board member signature, and supporting documentation was reviewed before disbursements were authorized; however, there was no written evidence of approval by the board member on supporting documentation **(Repeat)**.
- Bank Reconciliations
 - The District's written policy did not specifically address the process for addressing items outstanding for more than 12 months.

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

- Bank Reconciliations – No exceptions noted.

- Collections
 - Because the District receives so few actual cash collections, deposits are typically made twice a month, once on the 15th and once more near the end of the month unless a larger (over \$500) amount is received at the collection location, in which case the deposit will be made that same day or the next day.
- Contracts – No exceptions noted.
- Debt Collection/Write-off – No exceptions noted.

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

- Payroll and Personnel (follow-up) – No exceptions noted.
- Bank Reconciliations
 - Written policies and procedures did not address review of all bank reconciliations by someone independent of cash receipt and disbursement functions or the process for addressing items outstanding for more than 12 months from the statement closing date.
 - For the four accounts tested, there was no evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks reviewed each bank reconciliation.
 - For the one applicable account tested, there was no evidence that management researched reconciling items that had been outstanding for more than 12 months from the statement closing date.
- Non-payroll Disbursements
 - Written policies and procedures over purchasing and non-payroll disbursements did not address (1) how purchases are initiated; (2) how vendors are added to the vendor list; and (3) the preparation and approval process of purchase requisitions and purchase orders.
 - Written policies did not prohibit the employee responsible for processing payments from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- Ethics
 - Annual ethics training documents could not be located for two of the five employees tested.
 - Signature verification that the employees read the ethics policy could not be located for five of the five employees tested.

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

- Payroll and Personnel (follow-up)
 - Two payroll deposits were not made within the required deadlines. They were deposited 12 and six days late **(Repeat)**.
- Non-Payroll Disbursements
 - The District did not have written policies and procedures over purchasing and non-payroll disbursements.
- Bank Reconciliations
 - The District did not have written policies and procedures over bank reconciliations.
 - The bank reconciliations did not include evidence that they were reviewed.

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

- Written Policies and Procedures
 - There were no written policies and procedures over budgeting, receipts, payroll, contracting, travel and expense reimbursements, ethics, debt service, bank reconciliations, or disaster recover/business continuity.
- Bank Reconciliations
 - Bank reconciliations did not include evidence of review by a member of management/board member, who does not handle cash, post ledgers, or issue checks.
- Ethics
 - District was not able to provide documentation demonstrating that each employee/official attested through signature verification that he or she read the entity's ethics policy during the fiscal period.

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

- Written Policies and Procedures (follow-up)
 - Written policies and procedures over purchasing did not address adding vendors to the vendor listing **(Repeat)**.
 - Written policies and procedures over receipts did not address how deposits are recorded in the general ledger **(Repeat)**.

- There were no written policies and procedures over contracting **(Repeat)**.
- Fueling Stations (follow-up)
 - Written policies and procedures over fueling station operations did not include a provision to analyze the reasonableness of fuel dispensed for each vehicle **(Repeat)**.
 - Only three of 20 fuel transactions selected from a monthly fuel requisition log had evidence of approval by the on-duty Captain, as required by the fuel policy.
- Bank Reconciliations
 - The written policy did not state the process for addressing items outstanding for more than 12 months from the statement closing.
 - The bank reconciliation selected did not include evidence of review by a member of management/board member who does not handle cash, post ledgers, or issue checks.
- Credit Cards/Debit Cards/Fuel Cards/P-Cards
 - The written policies and procedures did not address a prohibition against cash advances nor the procedures for lost receipts.
 - The District was unable to provide itemized receipts for three of 10 transactions selected.
- Ethics
 - Written policies and procedures over ethics did not address actions to be taken if an ethics violation takes place nor a system to monitor possible ethics violations.
 - Only three of five selected employees completed the required ethics training during the year.
 - Only one of five selected employees attested through signature verification that he or she had read the entity's ethics policy during the fiscal period.

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

- Credit Cards/Debit Cards/Fuel Cards/P-Cards (follow-up)
 - All 16 debit card transactions tested had no specific documentation/explanation of the business/public purpose, other than the itemized receipt **(Repeat)**.

- Debt Service (follow-up)
 - Other than portions of the bylaws that pertain to issuance of debt, the District did not have written policies and procedures over debt service **(Repeat)**.
- Debt Collection/Write-off (follow-up)
 - The District's written policy over debt collection and write-off did not require a monthly review of the accounts receivable aging schedules and specify that an account is written off when it is referred to the collection agency.
- Safeguarding Assets (Capital Assets)
 - The District has a System Documentation Memorandum containing verbiage on acquiring fixed assets; however, it did not address tagging assets, performing an annual inventory, or disposing of assets.
 - No formal annual inventory count was performed; however, the inventory is used and checked daily.
 - Thirteen of the 29 selected inventory items were not tagged.
 - The inventory listing provided did not consistently include the location, manufacturer, model, and serial number for every item.

33. St. Tammany Parish Fire Protection District No. 12:

- Written Policies and Procedures
 - The District did not have written policies and procedures over Budgeting, Purchasing, Disbursements, Receipts/Collections, Contracting, Travel and Expense Reimbursement, Debt Service, Bank Reconciliations, or Disaster Recovery/Business Continuity.
- Safeguarding Assets (Capital Assets)
 - The District did not have written policies and procedures over capital assets.
 - The District's vehicles, trucks and some other large equipment were not tagged or included on the inventory listing obtained, as these items were tracked on a separate list from the smaller items.
- Board Oversight – No exceptions noted.

- Fueling Stations (follow-up)
 - Employees were not required to sign documentation indicating that they have read and understood the District's fueling station policy (**Repeat**).

34. St. Tammany Parish Fire Protection District No. 13:

- Written Policies and Procedures – No exceptions noted.
- Bank Reconciliations – No exceptions noted.
- Non-payroll Disbursements – No exceptions noted.
- Deferred Compensation – No exceptions noted.

35. St. Tammany Parish Government:

- Facility Rental/Usage (follow-up) – No exceptions noted.
- Collections (follow-up)
 - With the exception of the Tammany Utilities West location, cash drawers may be shared by employees (**Repeat**).
 - For three deposits tested, cash receipts were deposited within three business days (**Repeat**).
- Board Oversight
 - No evidence was noted to support that budget to actual comparisons were presented for the general fund and major special revenue funds at each board meeting, unless submitted as part of an amendment.
 - No evidence was noted to support that the annual audit report was presented either by the auditor or the finance committee to the Council as a whole.
- Credit Cards/Debit Cards/Fuel Cards/P-Cards
 - Cash advances and required approvers of statements are not explicitly addressed within the policies, but are implied through documentation policies and accounts payable practices.
- Travel and Expense Reimbursement
 - No evidence of dollar thresholds by category of expense was noted.

- Ethics
 - No evidence was noted of signature verification that the employees selected for testing had read the ethics policy during the fiscal period.
- 36. St. Tammany Parish Hospital Service District No. 1 (St. Tammany Parish Hospital):**
- Contracts – No exceptions noted.
 - Payroll and Personnel (follow-up)
 - The Hospital does not have a process to provide for an independent review of changes made to leave records **(Repeat)**.
- 37. St. Tammany Parish Hospital Service District No. 2 (Slidell Memorial Hospital):**
- Ethics – No exceptions noted.
 - Disaster Recover/Business Continuity – No exceptions noted.
 - Board Oversight – No exceptions noted.
- 38. St. Tammany Parish Library:**
- Library Fines/Fees (follow-up)
 - For one branch, we noted that \$226 was deposited for a week for which there was no deposit documentation.
 - Of the \$1,613 in miscellaneous charges tested, \$55 could not be supported by documentation to evaluate completeness **(Repeat)**.
 - Ethics
 - The Library does not require annual signature verification that employees have read the ethics policy.
 - Non-Payroll Disbursements – No exceptions noted.
 - Safeguarding Assets (Capital Assets) – No exceptions noted.
- 39. St. Tammany Parish Mosquito Abatement District:**
- Fund Balance (follow-up) – No exceptions noted.
 - Travel and Expense Reimbursement – No exceptions noted.
 - Credit Cards/Fuel Cards (follow-up)
 - There was no evidence of a board member’s review and approval of the Director’s credit card purchases **(Repeat)**.

- Six fuel charges were found to be above policy variance levels and had no documentation of the reason for the variances.
 - Payroll and Personnel (follow-up) – No exceptions noted.
 - Accounting System (follow-up) – No exceptions noted.
- 40. St. Tammany Parish Recreation District No. 1:**
- Board Oversight – No exceptions noted.
 - Collections – No exceptions noted.
 - Payroll and Personnel – No exceptions noted.
 - Ethics – No exceptions noted.
- 41. St. Tammany Parish Recreation District No. 4:**
- Board Oversight (follow-up)
 - Written policies and procedures did not include financial reporting, record retention, or public meeting requirements **(Repeat)**.
 - Ethics (follow-up)
 - The management of the District indicated that the District does not have written policies and procedures over ethics but, in practice, it follows the Louisiana Code of Governmental Ethics.
 - For two of five employees and officials selected for testing, ethics training certificates were not present.
 - Management indicated that it does not require employees to sign annually that they have read the ethics policy **(Repeat)**.
 - Financial management (follow-up)
 - The District did not address all areas of the Local Government Budget Act **(Repeat)**.
- 42. St. Tammany Parish Recreation District No. 6:**
- Board Oversight (follow-up) – No exceptions noted.
 - Collections (Concession and Gate Collections - follow-up)
 - One of eight collections tested were not deposited within one day of collection **(Repeat)**.

- Debt Service
 - The District did not have written policies and procedures over debt service.

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

- Written Policies and Procedures (follow-up)
 - There were no written policies and procedures over payroll, contracting, or debt service **(Repeat)**.
- Collections (Sports Registration Receipts follow-up)
 - Persons responsible for collecting cash were not bonded **(Repeat)**.
 - Employees collecting cash could deposit cash in the bank but could not record the transaction nor reconcile the bank account **(Repeat)**.
 - Employees were allowed to use the same cash drawer **(Repeat)**.
 - Four tested collections were not deposited within one day of receipt.
- Board Oversight – No exceptions noted.

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

- Payroll and Personnel – No exceptions noted.
- Board Oversight
 - Monthly budget-to-actual comparisons were only discussed at the July and December 2018 meetings.
- Bank reconciliations
 - Bank reconciliations did not include evidence that a member of management had reviewed each bank reconciliation.
 - Three reconciling items in the general fund account, two reconciling items in the operations/maintenance account, and six reconciling items in the concessions account were all older than 12 months and lacked documentation of research.

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

- Payroll and Personnel (follow-up) – No exceptions noted.
- Contracts – No exceptions noted.

- Bank Reconciliations
 - The District’s policy did not address the process for researching items outstanding for more than 12 months from the statement closing date.
 - One bank account had no documentation reflecting that reconciling items that were outstanding for more than 12 months had been researched.

46. St. Tammany Parish School Board:

- Written Policies and Procedures (follow-up) – No exceptions noted.
- Board Oversight (follow-up) – No exceptions noted.
- Collections (follow-up) – No exceptions noted.
- Credit Cards – No exceptions noted.
- Travel and Expense Reimbursement – No exceptions noted.
- Independent Contract Personnel – No exceptions noted.
- Disaster Recovery/Business Continuity – No exceptions noted.

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

- Written Policies and Procedures (follow-up)
 - Written policies and procedures over contracting did not include types of services requiring a contract or a requirement for legal review of contracts **(Repeat)**; and
 - Written policies and procedures over ethics did not include prohibitions as defined in R.S. 42:1111-1121 or a system to monitor for possible violations **(Repeat)**.
- Board Oversight (follow-up)
 - The following items were not presented to the Board for at least one meeting during the fiscal period:
 - Reconciliation of billing receipts to the joint bank account **(Repeat)**;
 - Reconciliation of customer billings to deposits **(Repeat)**;
 - Listing of customer account adjustments **(Repeat)**; and
 - Only nine of the 12 meetings included financial information about the entity’s operations **(Repeat)**.

- Open Meetings Law (follow-up)
 - The minutes of each selected meeting were not published in the official journal of the entity (**Repeat**).

48. St. Tammany Parish Sheriff:

- Safeguarding Assets (Capital Assets - follow-up)
 - Two of 25 tested items were found at a location different from the provided listing (**Repeat**); and
 - One of 25 tested items could not be located.
- Payroll and Personnel – No exceptions noted.
- Deputy Security Details – No exceptions noted.
- Collections (Sales Tax) – No exceptions noted.
- Collections (Occupational License Tax)
 - Three of 10 selected deposits were not made within one day of receipt at the collection location.
 - The date receipt stamp was unreadable for one selected item and could not be tested.
- Safeguarding Assets (Firearms and Ballistic Vests) – No exceptions noted.
- Safeguarding Assets (Ammunition Inventory) – No exceptions noted.

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

- Credit Cards (follow-up) – No exceptions noted.
- Board Oversight
 - The District did not have written policies and procedures over budgeting.
- Payroll and Personnel
 - The District did not have written policies and procedures over payroll processing.
 - In two cases, employees' vacations were not documented and no documentation existed to support that the employees' vacations were approved by a supervisor.

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

- Written Policies and Procedures (follow-up)
 - Written policies and procedures over contracting did not include the types of services requiring a contract or a requirement for legal review **(Repeat)**.
 - Written policies and procedures over ethics did not include prohibitions, as defined in R.S. 42:1111-1121, or a system to monitor for possible violations **(Repeat)**.
 - Written policies and procedures over debt service did not include EMMA reporting requirements, debt reserve requirements, or debt service requirements **(Repeat)**.
- Board Oversight (follow-up)
 - The following items were not presented to the Board for at least one meeting during the fiscal period:
 - Reconciliation of billing receipts to the joint bank account **(Repeat)**;
 - Reconciliation of customer billings to deposits **(Repeat)**; and
 - Listing of customer account adjustments **(Repeat)**.
- Open Meetings Law (follow-up)
 - Five of 11 meeting minutes did not include the meeting time and none of the 11 meeting minutes included the meeting location **(Repeat)**;
 - None of the meeting minutes referenced whether the District provided an opportunity for public comment prior to a vote being taken **(Repeat)**; and
 - Minutes were not published in the official journal of the entity **(Repeat)**.

51. Town of Abita Springs:

- Written Policies and Procedures
 - Written policies and procedures addressed most, but not all, business and financial functions.
- Board Oversight
 - The board meeting minutes indicated that budget-to-actual comparisons were presented at only two of the 12 monthly meetings.

- Bank Reconciliations
 - Bank reconciliations did not include the signature/initial and date of the preparer and independent reviewer.
 - Management did not have documentation reflecting that it had researched reconciling items that had been outstanding for more than 12 months from the statement closing date.
- Collections
 - Two deposits tested were not made within one business day of receipt at the collection location; however, they were reconciled to collections and the general ledger.
- Non-Payroll Disbursements
 - Certain job duties were not properly segregated between the office employees at town hall.
 - Although all five disbursements matched the related invoice/billing statement, supporting documentation for three disbursements did not always include evidence of segregation of duties or approval.
- Credit Cards (follow-up)
 - One monthly statement and supporting documentation for one transaction were not approved in writing by someone other than the card user **(Repeat)**.
- Travel and Expense Reimbursement – No exceptions noted.
- Contracts – No exceptions noted.
- Payroll and Personnel – No exceptions noted.
- Ethics
 - Although the Town maintained documentation that employees received the required ethics training, the Town did not require employees or elected officials to annually attest to having read the Town's ethics policy.
- Debt Service – No exceptions noted.
- Fraud Hotline Posting – No exceptions noted.

52. Town of Madisonville:

- Written Policies and Procedures
 - The Town's written policies and procedures addressed most, but not all, business and financial functions related to purchasing, travel and expense reimbursements, ethics, and traffic tickets.
- Board Oversight
 - The Town's minutes did not reflect the discussion of key financial information, including budget-to-actual comparisons.
- Bank Reconciliations
 - Management did not prepare bank reconciliations on all accounts within two months of the related statement closing date.
 - Bank reconciliations did not include the signature/initial and date of the preparer and independent reviewer.
- Collections
 - The Town did not have a bond or insurance policy for theft on employees who had access to cash.
 - Collection receipts were not pre-numbered.
 - Two of the six account adjustments were not supported by written documentation as required by policy.
- Non-Payroll Disbursements
 - Job duties were not properly segregated between the office employees at town hall.
 - Supporting documentation for Gas Authority disbursements did not always include evidence of segregation of duties or approval.
- Credit Cards
 - Management did not document its review of monthly account statements and related supporting documentation.
 - One credit card included finance charges in the amount of \$8.35.
- Travel and Expense Reimbursement
 - Supporting documentation was not reviewed and approved in writing.

- Contracts
 - Management did not have formal written contracts for certain significant vendor arrangements.
- Payroll and Personnel
 - One of two personnel files did not include authorized pay rates, and both personnel files did not include support for termination payments.
 - Time sheets did not include evidence of supervisory review and approval of attendance and leave taken.
 - Management disclosed that it was still correcting attendance records and leave balances resulting from system conversion problems during the first half of the fiscal year.
- Ethics
 - Town did not require employees or elected officials to annually attest to having read the Town's ethics policy.
- Debt Service – No exceptions noted.
- Traffic Tickets
 - Of the 10 tickets selected, two were identified as voided/damaged. Management could not provide copies of these tickets but did explain that five tickets in the book were damaged by water and thrown away.
- Municipal Classification
 - The Town should be classified as a Village due to a decrease in population.
- Town Charter
 - The Town did not comply with its own ordinances regarding advertising ordinances and appointing officials.
- Safeguarding Assets (Capital Assets)
 - The Town had no documentation of having conducted an annual property inventory.

53. Town of Pearl River:

- Written Policies and Procedures (follow-up)
 - The Town's written policies and procedures addressed most, but not all, business and financial functions related to receipts/collections, ethics, debt service, traffic tickets, and disaster recovery/business continuity **(Repeat)**.
- Board Oversight (follow-up) – No exceptions noted.
- Bank Reconciliations (follow-up)
 - Bank reconciliations were performed by a contracted accountant; however, the bank reconciliations examined did not include evidence of Town management review by an independent reviewer **(Repeat)**.
- Collections (follow-up) – No exceptions noted.
- Non-Payroll Disbursements (follow-up)
 - Certain job duties were not properly segregated between the office employees at Town hall.
 - All 20 disbursements matched the related invoice/billing statements, however, supporting documentation for three disbursements did not include evidence of original invoice approval, and three disbursements did not include a receiving report as required by Town policy **(Repeat)**.
- Credit Cards (follow-up)
 - The Town did not competitively bid its annual fuel purchases.
- Travel and Expense Reimbursement (follow-up) – No exceptions noted.
- Contracts (follow-up) – No exceptions noted.
- Payroll and Personnel (follow-up) – No exceptions noted.
- Ethics (follow-up)
 - The Town's documentation reflected that only 41 of 54 employees received the required annual ethics training **(Repeat)**.
 - The Town did not require employees to acknowledge in writing that they have read the Town's ethics policy during the fiscal year **(Repeat)**.
- Fraud Hotline Posting (follow-up) – No exceptions noted.

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

- Travel and Expense Reimbursement
 - In one instance, a reimbursement included one day of per diem more than permitted.
- Ethics
 - The Court's written policies and procedures over ethics did not address the actions to be taken if an ethics violations take place, the system to monitor possible ethics violations, and the requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

55. Twenty-Second Judicial District Public Defender:

- Credit Cards (follow-up) – No exceptions noted.
- Collections
 - Of the two receipts tested, one receipt was not deposited within one business day at the collection location.
- Deferred Compensation
 - For one out of 33 participants, the contribution was calculated in error.

56. Village of Folsom:

- Utility Collection (follow-up) – No exceptions noted.
- Safeguarding Assets (Capital Assets follow-up) – No exceptions noted.
- Written Policies and Procedures
 - The Town's written policies and procedures addressed most, but not all, business and financial functions related to purchasing and payroll and personnel.
- Board Oversight – No exceptions noted.
- Bank Reconciliations
 - Reconciliations were not reviewed by the Mayor.

- Collections
 - Deposits were generally made twice a week rather than daily, and job duties were not properly segregated between the three office employees at town hall and the one at the police department.
- Non-Payroll Disbursements
 - Purchases of less than \$100 did not require written supervisory approval.
 - Job duties were not properly segregated between the three office employees at town hall.
- Credit Cards, Debit Cards, and Fuel Cards
 - Management did not document its review of monthly account statements or review supporting documentation for debit card purchases.
 - Selected transactions did not include a documented business purpose, although they were consistent with Village operations.
 - One selected credit card statement included a \$5.36 finance charge and a \$39.00 late fee.
- Travel and Expense Reimbursement
 - Employee travel was not approved in advance by the mayor, and reimbursement forms were not approved by the immediate supervisor and the mayor.
- Contracts
 - The language in one professional service contract provided for services to be billed at standard hourly rates but did not specify the actual rate(s) to be charged.
- Payroll and Personnel
 - A time sheet for one employee was not approved by the employee's supervisor, the mayor.
 - The approved pay rate for another employee was not included in the employee's personnel file.
- Ethics
 - The Village did not require employees or elected officials to annually attest to having read the Village's ethics policy.
- Debt Service – No exceptions noted.

- Fraud Hotline Posting – No exceptions noted.

57. Village of Sun:

- Financial Management (follow-up)
 - Village did not prepare budget-to-actual comparisons for all major funds to provide them to aldermen at each monthly board meeting.
- Collections
 - The Village did not segregate incompatible billing and collection job duties between the clerk, office staff, and maintenance employee, such that one employee can not collect, deposit, update accounting records, or reconcile accounts without verification by another employee.
 - The Village did not restrict access to the billing and accounting systems to only those employees that require access to perform their jobs.
 - The Village did not establish separate cash drawers for each employee that collects cash, prohibit employees from sharing cash drawers, or require that all drawers remain locked when unused.
 - The Village did not make daily deposits, and did not establish a formal deposit schedule for daily deposits that are not practical or cost efficient.
 - The Village did not perform a daily reconciliation of customer receipts, collection report posting, or bank deposits, or require the mayor to approve the reconciliation, in writing.
 - The Village did not require the mayor to approve, in writing, any adjustments made to customer utility bills or to review a monthly system-generated billing adjustment report.
- Bank Reconciliations
 - The Village did not research outstanding checks and deposits on monthly bank reconciliations nor did it submit unclaimed property to the State Treasurer's office when such items met the requirements of Louisiana Revised Statute 9:151 *et seq.*
- Written Policies and Procedures
 - The Town did not have written policies and procedures to adequately address business and financial functions related budgeting, utility billing, collections, accounting records, and reconciliations.

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

The information for three entities – the St. Tammany Tourist and Convention Commission, Housing Authority of Slidell, and Housing Authority of Covington – were not included in the prior-year Act 774 report because the reports for these entities had not been issued. The results of procedures for these three entities, for the third year implementation, are as follows:

St. Tammany Tourist and Convention Commission:

- Deferred Compensation Plan Employer Match
 - Of the 10 employees tested, two employees' withholding was different than the percentage of pay on the enrollment form.
- Fund Balance Commitment
 - Management concurred that the original fund balance commitment of the board of commissioners was broad and did not meet the conditions defined under accounting standards.

Housing Authority of Slidell:

- Board Oversight (follow-up)
 - The board did not conduct four monthly meetings due to lack of a quorum **(Repeat)**.
- Contracts – No exceptions noted.
- Credit Cards
 - One January card statement did not include evidence that it was reviewed and approved by someone other than the authorized card holder or card user. The statement also included a finance charge of \$12.36.
 - One December card statement included a \$39.00 late fee and a \$5.55 interest charge. The statement also included purchases for 48 gift cards that were given to Authority residents as “aid and support of the needy.”
- Travel and Expense Reimbursement – No exceptions noted.

Housing Authority of Covington:

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

- Partnership Agreement (follow-up) – No exceptions noted.
- Non-payroll Disbursements
 - The employee responsible for processing payments was not prohibited from adding/modifying vendor files.
- Credit Cards/Debit Cards/Fuel Cards/P-Cards
 - Selected Visa statements had finance charges of \$15.49 and \$32.73, respectively, for December 2017 and January 2018.
- Payroll and Personnel
 - The executive director’s base salary and benefits did not match the employment contract and amendments.
- Safeguarding Assets (Non-Capitalized Asset Disposal) – No exceptions noted.