

R E P O R T

LOUISIANA CLERKS' REMOTE
ACCESS AUTHORITY
BATON ROUGE, LOUISIANA

JUNE 30, 2017 AND 2016

LOUISIANA CLERKS' REMOTE ACCESS AUTHORITY
BATON ROUGE, LOUISIANA

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JUNE 30, 2017 AND 2016

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November 3, 2017

Board of Commissioners of the Louisiana Clerks'
Remote Access Authority
Baton Rouge, Louisiana

Report on Financial Statements

We have audited the accompanying financial statements of the Louisiana Clerks' Remote Access Authority as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Louisiana Clerks' Remote Access Authority's basic financial statements as listed in the index to the report.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Clerks' Remote Access Authority, as of June 30, 2017 and 2016, and the respective changes in financial position and cash flows, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information as listed in the index to report is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing

procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2017, on our consideration of the Louisiana Clerks' Remote Access Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Louisiana Clerks' Remote Access Authority's internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

LOUISIANA CLERKS' REMOTE ACCESS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

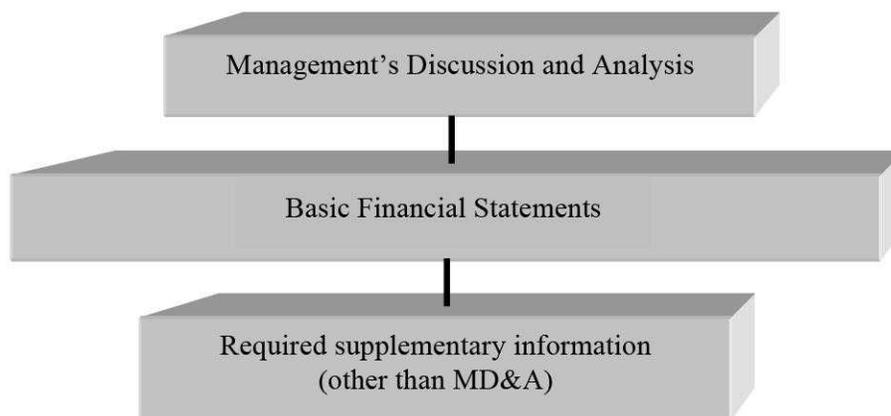
The Louisiana Clerks' Remote Access Authority (LCRAA) was created in June 2014 by Louisiana Revised Statute 13:754 to provide a state-wide portal for secure remote access by internet users to certain records maintained by LCRAA members and to provide for document preservation.

The Management's Discussion and Analysis of LCRAA's financial performance presents a narrative overview and analysis of LCRAA's financial activities for the fiscal years ended June 30, 2017 and 2016. This document focuses on the current year's activities. Please read this document in conjunction with the additional information contained in LCRAA's financial statements which begin on page 7.

FINANCIAL HIGHLIGHTS

- LCRAA's net position increased \$784,800, or 35.4%.
- Fee receipts decreased \$23,420, or 1.6%. During 2017, fees collected for a majority of the members decreased from \$3.00 per document filed to \$2.50 per document filed.
- Operating expenses increased \$97,842, or 66.7%, due to an increase in maintenance costs of the state-wide portal.
- Non-operating expenses increased \$285,061, or 245.4%, due to an increase in the number of grants awarded and the total dollar amount of grants awarded.

The following graphic illustrates the minimum requirements for special purpose governments engaged in business type activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis - for State and Local Governments*.



These financial statements consist of two sections - Management's Discussion and Analysis (this section) and the basic financial statements (including the notes to the financial statements).

LOUISIANA CLERKS' REMOTE ACCESS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

Basic Financial Statements

The basic financial statements present information for LCRAA as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the statement net position, statement of revenues, expenses, and changes in net position and statement of cash flows. The *financial statements* are designed to provide readers with a broad overview of LCRAA's finances, in a manner similar to private-sector business.

The Statements of Net Position presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net position and may provide a useful indicator of whether the financial position of LCRAA is improving or deteriorating.

The Statements of Revenues, Expenses, and Changes in Net Position presents information showing LCRAA's net position as a result of current period operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statements of Cash Flows presents information showing how LCRAA's cash changed as a result of current period operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income to net cash provided by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS

Condensed Statements of Net Position
June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>Percentage Change</u>
ASSETS:				
Current assets	\$ 2,799,378	\$ 1,959,674	\$ 839,704	42.8%
Capital assets, net	221,632	270,831	(49,199)	-18.2%
Total assets	<u>\$ 3,021,010</u>	<u>\$ 2,230,505</u>	<u>\$ 790,505</u>	<u>35.4%</u>
LIABILITIES:				
Current liabilities	\$ 21,330	\$ 15,625	\$ 5,705	36.5%
Total liabilities	<u>21,330</u>	<u>15,625</u>	<u>5,705</u>	<u>36.5%</u>
NET POSITION:				
Invested in capital assets	221,632	270,831	(49,199)	-18.2%
Unrestricted	2,778,048	1,944,049	833,999	42.9%
Total net position	<u>2,999,680</u>	<u>2,214,880</u>	<u>784,800</u>	<u>35.4%</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 3,021,010</u>	<u>\$ 2,230,505</u>	<u>\$ 790,505</u>	<u>35.4%</u>

LOUISIANA CLERKS' REMOTE ACCESS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

FINANCIAL ANALYSIS (Continued)

Condensed Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>Percentage Change</u>
Operating revenues	\$ 1,430,514	\$ 1,453,934	\$ (23,420)	-1.6%
Operating expenses	244,482	146,640	97,842	66.7%
Net operating income	<u>1,186,032</u>	<u>1,307,294</u>	<u>(121,262)</u>	<u>-9.3%</u>
Non-operating revenue (expenses)	<u>(401,232)</u>	<u>(116,171)</u>	<u>(285,061)</u>	<u>245.4%</u>
Change in net position	784,800	1,191,123	(406,323)	-34.1%
Net Position, beginning of year	<u>2,214,880</u>	<u>1,023,757</u>	<u>1,191,123</u>	<u>116.3%</u>
Net position, end of year	<u>\$ 2,999,680</u>	<u>\$ 2,214,880</u>	<u>\$ 784,800</u>	<u>35.4%</u>

Capital Assets

Capital assets decreased by \$49,199, or 18.2% as compared to the prior year. The decrease is the current year amortization of the state-wide portal design and an addition to capital assets in the amount of \$12,500 during 2017. Additional phases of the state-wide portal are expected to be added during 2018.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Louisiana Clerks' Remote Access Authority's finances and to show the Louisiana Clerks' Remote Access Authority's accountability for the money it receives. If you have questions about this report or need additional information, contact Debbie Hudnall at (225) 293-1162 or www.laclerkportal.org.

LOUISIANA CLERKS' REMOTE ACCESS AUTHORITY
STATEMENTS OF NET POSITION
JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 2,664,636	\$ 1,805,791
Accounts receivable	134,742	153,883
Total Current Assets	2,799,378	1,959,674
Noncurrent assets:		
Capital assets, net	221,632	270,831
Total Noncurrent Assets	221,632	270,831
TOTAL ASSETS	\$ 3,021,010	\$ 2,230,505
LIABILITIES:		
Current liabilities		
Accounts payable	\$ -	\$ 15,625
Grants payable	21,330	-
Total Current Liabilities	21,330	15,625
NET POSITION:		
Net investment in capital assets	221,632	270,831
Unrestricted	2,778,048	1,944,049
Total Net Position	2,999,680	2,214,880
TOTAL LIABILITIES AND NET POSITION	\$ 3,021,010	\$ 2,230,505

The accompanying notes are an integral part of the financial statements.

LOUISIANA CLERKS' REMOTE ACCESS AUTHORITY
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES:		
Fee receipts from members	\$ 1,430,514	\$ 1,453,934
Total Operating Revenues	<u>1,430,514</u>	<u>1,453,934</u>
OPERATING EXPENSES:		
Advertising	90	87
Amortization	61,699	27,870
Audit	4,320	3,950
Bank fees	2,642	3,171
Insurance	710	3,295
Legal expenses	3,133	7,359
Meetings	745	938
Portal maintenance and connectivity	106,222	39,970
Promotional expense	4,921	-
Reimbursement to affiliate for administrative expenses	60,000	60,000
Total Operating Expenses	<u>244,482</u>	<u>146,640</u>
NET OPERATING INCOME	<u>1,186,032</u>	<u>1,307,294</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income	14,282	4,190
Grant awards	<u>(415,514)</u>	<u>(120,361)</u>
Total Non-Operating Revenues (Expenses)	<u>(401,232)</u>	<u>(116,171)</u>
Change in Net Position	784,800	1,191,123
Net Position, Beginning of Year	<u>2,214,880</u>	<u>1,023,757</u>
NET POSITION, END OF YEAR	<u>\$ 2,999,680</u>	<u>\$ 2,214,880</u>

The accompanying notes are an integral part of the financial statements.

LOUISIANA CLERKS' REMOTE ACCESS AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Fee receipts from members	\$ 1,449,652	\$ 1,448,554
Payments to suppliers for services	(135,763)	(75,849)
Payments to affiliate for administrative services	(60,000)	(60,000)
Other payments	(2,642)	(3,171)
Net Cash Provided by Operating Activities	<u>1,251,247</u>	<u>1,309,534</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Grant awards to other agencies	(394,184)	(120,361)
Net Cash Used by Noncapital Financing Activities	<u>(394,184)</u>	<u>(120,361)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Additions to capital assets	(12,500)	(263,701)
Net Cash Used by Capital and Related Financing Activities	<u>(12,500)</u>	<u>(263,701)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income	14,282	4,190
Net Cash Provided by Investing Activities	<u>14,282</u>	<u>4,190</u>
Net Increase in Cash and Cash Equivalents	858,845	929,662
Cash and Cash Equivalents, Beginning of Year	<u>1,805,791</u>	<u>876,129</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 2,664,636</u></u>	<u><u>\$ 1,805,791</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net operating income	<u>\$ 1,186,032</u>	<u>\$ 1,307,294</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
(Increase) in accounts receivable	19,141	(5,380)
Increase (decrease) in accounts payable	(15,625)	(20,250)
Amortization expense	61,699	27,870
Total adjustments	<u>65,215</u>	<u>2,240</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 1,251,247</u></u>	<u><u>\$ 1,309,534</u></u>

The accompanying notes are an integral part of the financial statements.

LOUISIANA CLERKS' REMOTE ACCESS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

The Louisiana Clerks' Remote Access Authority (LCRAA) was established during June 2014 by Louisiana Revised Statute 13:754 to provide for infrastructure, governance, standard operating procedures, technology, and training to support a state-wide portal for secure remote access by internet users to certain records maintained by LCRAA members and to provide for document preservation. LCRAA's Board of Commissioners is composed of seven members. Five commissioners are elected by the LCRAA membership and serve two-year terms. One commissioner is designated by the Louisiana Bankers Association and one commissioner is designated by the Louisiana Land Title Association or the Louisiana Association of Independent Land Title Agents. The commissioners designated by associations serve one-year terms.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Financial Reporting Entity:

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are no component units which are required to be included in LCRAA's financial statements.

The accompanying financial statements of LCRAA present information only as to the transactions of the programs of LCRAA as authorized by Louisiana statutes and administrative regulations.

Basis of Presentation:

The accompanying financial statements of LCRAA have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental proprietary funds. Proprietary funds are used to account for governmental activities that are similar to what is found in the private sector. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In addition, these financial statements include the provisions of GASB Statement Number 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*, and related standards.

LOUISIANA CLERKS' REMOTE ACCESS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Measurement Focus and Basis of Accounting:

The financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Cash and Cash Equivalents:

For the purpose of the statement of cash flows, cash and cash equivalents include amounts in interest bearing demand deposits and money market-like investment pools.

State law allows investments in direct United States Treasury obligations, bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies or U.S. government instrumentalities, which are federally sponsored; direct security repurchase agreements of any federal book entry only securities guaranteed by the U.S. government; time certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana; certain mutual or trust fund institutions; certain guaranteed investment contracts; and investment grade commercial paper of domestic U.S. corporations. In addition, LCRAA may invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation organized under the laws of the State of Louisiana. It is LCRAA's policy to invest in LAMP.

Accounts Receivable:

Accounts receivable are comprised of user fees due from members. No allowance is provided for receivables from member Clerks of Court because, in the opinion of management, all such accounts are collectible.

Capital Assets:

Equipment and computer software are recorded at cost. Equipment with a cost of \$1,000 or more and an estimated life in excess of one year are depreciated over their estimated useful lives using the straight-line method. Computer software developed or modified internally (reported as intangible asset) with a cost of \$1,000 or more and an estimated life in excess of one year is amortized over 5 years using the straight-line method. The costs of normal maintenance and repairs that do not add value to the asset or extend asset lives are not capitalized.

LOUISIANA CLERKS' REMOTE ACCESS AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Revenue and Expenses:

Operating revenue consists of user fees charged to members to administer and maintain the state-wide portal. LCRAA collects a user fee from each member Clerk's office based on the number of documents recorded by the Clerk of Court. All expenses incurred for the purpose of administering and maintaining the state-wide portal are classified as operating expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS:

At June 30, 2017 and 2016, LCRAA had the following cash and cash equivalents:

	<u>2017</u>	<u>2016</u>
Cash deposits	\$ 27,575	\$ 1,805,791
Cash equivalents - LAMP	2,637,061	-
Total cash and cash equivalents	<u>\$ 2,664,636</u>	<u>\$ 1,805,791</u>

Custodial credit risk is the risk that, in the event of bank failure, LCRAA's deposits might not be recovered. At June 30, 2017 and 2016, LCRAA had \$97,535 and \$1,825,454 in interest bearing bank accounts (collective bank balances), respectively. Under state law, deposits within a bank must be secured by federal deposit insurance or the pledged securities in joint custody. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. All deposits were fully secured through FDIC insurance and pledged collateral held in joint custody.

Louisiana Asset Management Pool, Inc. (LAMP):

LAMP is a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets.

LOUISIANA CLERKS' REMOTE ACCESS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

2. CASH AND CASH EQUIVALENTS: (Continued)

Louisiana Asset Management Pool, Inc. (LAMP): (Continued)

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955.

LAMP is a money market-like investment pool. The following facts are relevant for money market-like investments pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: Money market-like investment pools are excluded from this disclosure requirement, per paragraph 15 of GASB Statement No. 40.
- Foreign currency risk: Not applicable to money market-like pools.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP is subject to the regulatory oversight of the State Treasurer and the Board of Directors. LAMP is not registered with the SEC as an investment company. The LAMP administrative office can be reached at 800-249-5267 for any questions.

LOUISIANA CLERKS' REMOTE ACCESS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

3. CAPITAL ASSETS:

The following is a summary of LCRAA's capital assets less accumulated amortization:

<u>June 30, 2017</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Non-amortizable assets:				
State-wide portal under construction	\$ 20,000	\$ -	\$ (20,000)	\$ -
Total non-amortizable assets	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>	<u>-</u>
Intangible assets:				
State-wide portal	278,701	32,500	-	311,201
Total intangible assets	<u>278,701</u>	<u>32,500</u>	<u>-</u>	<u>311,201</u>
Total capital assets	<u>298,701</u>	<u>32,500</u>	<u>(20,000)</u>	<u>311,201</u>
Accumulated amortization:				
State-wide portal	(27,870)	(61,699)	-	(89,569)
Total amortization	<u>(27,870)</u>	<u>(61,699)</u>	<u>-</u>	<u>(89,569)</u>
Amortizable assets, net	<u>250,831</u>	<u>(29,199)</u>	<u>-</u>	<u>221,632</u>
Capital assets, net	<u>\$ 270,831</u>	<u>\$ (29,199)</u>	<u>\$ (20,000)</u>	<u>\$ 221,632</u>
<u>June 30, 2016</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Non-amortizable assets:				
State-wide portal under construction	\$ 35,000	\$ 20,000	\$ (35,000)	\$ 20,000
Total non-amortizable assets	<u>\$ 35,000</u>	<u>\$ 20,000</u>	<u>\$ (35,000)</u>	<u>\$ 20,000</u>
Intangible assets:				
State-wide portal	-	278,701	-	278,701
Total intangible assets	<u>-</u>	<u>278,701</u>	<u>-</u>	<u>278,701</u>
Total capital assets	<u>35,000</u>	<u>298,701</u>	<u>(35,000)</u>	<u>298,701</u>
Accumulated amortization:				
State-wide portal	-	(27,870)	-	(27,870)
Total amortization	<u>-</u>	<u>(27,870)</u>	<u>-</u>	<u>(27,870)</u>
Amortizable assets, net	<u>-</u>	<u>250,831</u>	<u>-</u>	<u>250,831</u>
Capital assets, net	<u>\$ 35,000</u>	<u>\$ 270,831</u>	<u>\$ (35,000)</u>	<u>\$ 270,831</u>

Amortization expense for the years ended June 30, 2017 and 2016 was \$61,699 and \$ 27,870, respectively.

LOUISIANA CLERKS' REMOTE ACCESS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

4. RELATED PARTY:

Members of LCRAA are also members of the Louisiana Clerks of Court Association (Association). The Association operates as a nonprofit organization for the purpose of providing the opportunity for Clerks of Court to exchange ideas in the operation of their offices and offer ways and means to service the public better.

LCRAA shares equipment and other office expenses, including salaries of employees, with the Association. During the year ended June 30, 2017 and 2016, LCRAA reimbursed the Association \$60,000 and \$60,000, respectively, for its share of expenses.

5. BOARD DESIGNATED GRANTS:

The Board has designated funds for the purpose of awarding grants to assist member Clerks of Court with costs associated with computer equipment and software to access the state-wide portal. As of June 30, 2017 and 2016, the Board designated funds for grants in the amount of \$359,189 and \$267,843, respectively. The designated funds are included in unrestricted net position on the statement of net position.

6. COMMITMENTS:

LCRAA has entered into various contracts for the purpose of creating a web based state-wide portal, maintenance of the portal, support for registered members, and connectivity of data files for registered members. The remaining commitment under these contracts was \$120,396 and \$196,495 at June 30, 2017 and 2016, respectively.

7. COMPENSATION TO BOARD OF COMMISSIONERS:

The Board of Commissioners did not receive any compensation during 2017 or 2016.

8. RECLASSIFICATIONS:

Certain amounts in 2016 have been reclassified to conform to the 2017 financial statement presentation. Net position and changes in net position are unchanged due to these reclassifications.

LOUISIANA CLERKS' REMOTE ACCESS AUTHORITY
SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO THE CHAIRMAN OF THE BOARD OF COMMISSIONERS
FOR THE YEAR ENDED JUNE 30, 2017

Chairman of the Board of Commissioners:
Richard Arceneaux

Per diem	<u>\$ -</u>
Total	<u><u>\$ -</u></u>



Duplantier
Hrapmann
Hogan &
Maher, LLP

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

November 3, 2017

Board of Commissioners of the Louisiana Clerks'
Remote Access Authority
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Louisiana Clerks' Remote Access Authority, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Louisiana Clerks' Remote Access Authority's basic financial statements, and have issued our report thereon dated November 3, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Louisiana Clerks' Remote Access Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Clerks' Remote Access Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Clerks' Remote Access Authority's internal control.

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Clerks' Remote Access Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

LOUISIANA CLERKS' REMOTE ACCESS AUTHORITY
SUMMARY SCHEDULE OF AUDIT FINDINGS
JUNE 30, 2017

CURRENT YEAR AUDIT FINDINGS:

NONE

PRIOR YEAR AUDIT FINDINGS:

NONE

LOUISIANA CLERKS' REMOTE
ACCESS AUTHORITY

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON PROCEDURES

JUNE 30, 2017



Duplantier Hrapmann Hogan & Maher, LLP

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES

November 3, 2017

William G. Stamm, CPA
Lindsay J. Calub, CPA, LLC
Guy L. Duplantier, CPA
Michelle H. Cunningham, CPA
Dennis W. Dillon, CPA
Grady C. Lloyd, III CPA

To the Board of Commissioners of
Louisiana Clerks' Remote
Access Authority
Baton Rouge, LA

Heather M. Jovanovich, CPA
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We have performed the procedures enumerated below, which were agreed to by the Louisiana Clerks' Remote Access Authority (LCRAA) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. LCRAA's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

- 1) We obtained LCRAA's written policies and procedures and determined whether those written policies and procedures addressed each of the following financial/business functions, 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 purchases; (4) controls to ensure compliance with the public bid law; and 5) documentation required to be maintained for all bids and price quotes.

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Written Policies and Procedures - Continued

- c) Disbursements, including processing, reviewing, and approving.
- d) Receipts, including receiving, recording, and preparing deposits.
- e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) *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, and (5) monitoring card usage.
- g) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- h) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- 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, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) Debt service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results:

LCRAA has written policies and procedures for all applicable sections above; however, it was noted that certain specific procedures were not included in the following areas:

Receipts:

LCRAA has adequate procedures and controls over receipts including receiving, recording, and preparing deposits; however, these procedures are not specifically addressed within the written policies and procedures of the entity.

Ethics:

LCRAA's written ethics policy does not include a requirement that all employees, including public servants, annually attest through signature verification that they have read the entity's ethics policy.

Board

- 2) We obtained and reviewed the board/committee minutes for the fiscal period, and:
 - a) Determined whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Determined whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - c) Determined whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Results:

No findings were noted.

Bank Reconciliations

- 3) We obtained a listing of LCRAA's bank accounts from management and management's representation that the listing is complete.
- 4) One bank account was identified in Step #3. We obtained bank statements and reconciliations for all months in the fiscal period and determined whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations included evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) had reviewed each bank reconciliation; and
 - c) Management had documentation reflecting that it had researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Results:

No findings were noted.

Collections

- 5) We obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing was complete.
- 6) One location was identified in Step #5. For the cash location identified:
 - a) We requested existing written documentation (e.g. insurance policy, policy manual, job description) and determined whether each person responsible for collecting cash was (1) bonded, and (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account.
 - b) We obtained existing written documentation and determined whether LCRAA has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who was not responsible for cash collections.
 - c) We selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, we traced daily collections to the deposit date on the corresponding bank statement and determined whether the deposits were made within one day of collection. If deposits were not made within one day of collection, we determined the number of days from receipt to deposit for each day at each collection location.
 - Using system reports we verified that daily cash collections were completely supported by documentation.

Results:

No findings were noted.

- 7) We obtained existing written documentation and determined whether LCRAA has a process specifically defined to determine completeness of all collections for each revenue source by a person who was not responsible for collections.

Results:

LCRAA has a process to determine the completeness of collections; however, the process was not specifically defined in the written procedures.

Disbursements – General (excluding credit card purchases or payments)

- 8) We obtained the general ledger and sorted/filtered LCRAA's disbursements. We also obtained management's representation that the general ledger population was complete.
- 9) We randomly selected 25 disbursements and obtained the supporting documentation for each transaction and determined whether the supporting documentation for each transaction demonstrated that:
 - a) Purchases were initiated using a system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Disbursements were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without an approved invoice or a receipt of goods purchased.

Results:

No findings were noted.

- 10) Using entity documentation we determined whether the person responsible for processing payments was prohibited from adding vendors to the entity's purchasing/disbursement system.

Results:

The person responsible for processing payments adds vendors to LCRAA's disbursement system. However, all checks written, including the supporting documentation, are forwarded to the executive director for approval and signature.

- 11) Using entity documentation, we determined whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Results:

No findings were noted.

Disbursements – General (excluding credit card purchases or payments) - Continued

- 12) We inquired of management and observed whether the supply of unused checks was maintained in a locked location, with access restricted to those persons that do not have signatory authority, and noted any exceptions.

Results:

No findings were noted.

- 13) We inquired of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed.

Results:

No findings were noted.

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

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

Results:

LCRAA did not have any credit cards, debit cards, fuel cards or P-cards in the name of the entity. The procedures in this section are not applicable.

Travel and Expense Reimbursement

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

Results:

LCRAA did not have any travel and expense reimbursements during the fiscal period. Additional procedures were not applicable.

- 16) Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Results:

No findings were noted.

Contracts

- 17) We obtained a listing of all contracts in effect during the fiscal period. We also obtained the general ledger and sorted/filtered for contract payments, and obtained management's representation that general ledger was complete.
- 18) Using the list above, we selected five contract "vendors" that were paid the most money during the fiscal period. We obtained the related contracts and paid invoices and:
 - a) Determined whether there was a formal/written contract that supported the services arrangement and the amount paid.
 - b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
 - c) We determined whether the contract was amended. If so, we determined the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
 - d) We selected all payments for this contract and obtained the supporting invoice, compared the invoice to the contract terms, and determined whether the invoice and related payment complied with the terms and conditions of the contract.
 - e) We obtained/reviewed contract documentation and board minutes and determined whether there was documentation of board approval.

Results:

No findings were noted.

Payroll and Personnel

This section is not applicable. LCRAA does not have any employees. The Louisiana Clerks of Court Association provides management and other administrative services to LCRAA for a fee.

Ethics

- 19) As noted in the payroll and personnel section above, LCRAA does not have any employees. However, we did randomly select five employees of the Louisiana Clerks Association and obtained ethics compliance documentation from management and determined whether the entity maintained documentation to demonstrate that required ethics training was completed.

Results:

No findings were noted.

- 20) We inquired of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, we reviewed documentation that demonstrated whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. We determined whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Results:

No findings were noted.

Debt Service

This section is not applicable. LCRAA does not have any debt.

Other

- 21) We inquired of management whether the entity had any misappropriations of public funds or assets.

Results:

No misappropriations were noted.

- 22) We observed and determined whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results:

No findings were noted.

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 those C/C areas identified in the SAUPs. 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.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana



LOUISIANA CLERKS REMOTE ACCESS AUTHORITY

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DEBBIE D. HUDNALL
EXECUTIVE DIRECTOR

December 7, 2017

Duplantier, Hrapmann, Hogan & Maher, LLP
1615 Poydras Street, Suite 2100
New Orleans, LA 70112

RE: Response to Findings and Recommendations
Louisiana Clerks Remote Access Authority (LCRAA) – LLA’s Statewide Agreed Upon
Procedures

Dear Duplantier, Hrapmann, Hogan & Maher, LLP,

In response to the findings noted in the Independent Accountant’s Report on Applying Agreed Upon Procedures for the fiscal year ended June 30, 2017, the Louisiana Clerks Remote Access Authority (LCRAA) provides the following:

(1) Written Policies and Procedures, Item D, Receipts:

“LCRAA has adequate procedures and controls over receipts including receiving, recording, and preparing deposits; however, these procedures are not specifically addressed within the written policies and procedures of the Entity.”

Response: Management will expand the written policies and procedures to detail the receipts procedure and to ensure they are adequately documented. It is management’s intention to fully comply.

(2) Written Policies and Procedures, Item I, Ethics:

“LCRAA’s written ethics policy does not include a requirement that all employees including elected officials, annually attest through signature verification that they have read the Entity’s ethics policy.”

Response: Management will alter its’ written procedures to include an annual attestation by Board members and employees that they have read the Entity’s ethics policy, which includes their signature verifying they have read and complied with said policy.

(3) Collections:

“LCRAA has a process to determine the completeness of collections; however, the process was not specifically defined in the written procedures.”

Response: Management has agreed to expand the written policy regarding the completeness of collections. It is management’s intention to fully comply.

(4) Disbursements – General (excluding credit card purchases or payments):

“The person responsible for processing payments adds vendors to LCRAA’S disbursement system. However, all checks written, including the supporting documentation, are forwarded to the executive director for approval and signature.”

Response: Management feels the current procedure in place provides a sufficient safeguard for the addition of new vendors based on the small size of the office staff. Management does not believe that it is economically feasible to comply with this finding.

The staff of the Louisiana Clerks Remote Access Authority continually strives to improve the efficiency and effectiveness in safeguarding the Entity’s assets.

Sincerely,



Debbie D. Hudnall
Executive Director

DH/dh