

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT No.13



ADVISORY SERVICES
PROCEDURAL REPORT
ISSUED JULY 8, 2020

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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



St. Tammany Parish Fire Protection District No.13

July 2020

Audit Control #70190081

Introduction

The Louisiana Legislative Auditor performed certain procedures at St. Tammany Parish Fire Protection District No.13 (District) to address the requirements of Act 774 of the 2014 Regular Legislative Session, as amended. The primary purpose of our procedures at the District was to assist the District in evaluating certain controls the District uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and overall accountability over public funds. Our procedures were more limited than an audit; therefore, we are not issuing an opinion on the District's financial statements, nor the effectiveness of the District's internal control over financial reporting and compliance.

Results of Our Procedures

Current-year Results

1. Written Policies and Procedures

We obtained the District's written policies and procedures and assessed whether they addressed budgeting, purchasing, disbursements, receipts/collections, payroll/personnel, contracting, credit cards, travel and expense reimbursement, ethics, debt service, bank reconciliations, information technology disaster recovery/business continuity, and sexual harassment.

Results: The District's written policies and procedures addressed all categories identified above; however, certain best practices requirements relating to receipts/collections, contracting, and ethics were not addressed.

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

- (a) Actions to be taken to determine the completeness of all receipts/collections for each type of revenue;
- (b) Types of contracted services requiring written contracts, including the implementation of a monitoring process to ensure compliance; and

(c) Actions to be taken if an alleged or actual ethics violation takes place.

Management provided a plan of corrective action (see Appendix A).

2. Board Oversight

We obtained and reviewed the board minutes for the fiscal year and assessed whether District officials met and discussed key financial information, including budget-to-actual comparisons, at the monthly meetings.

Results: We did not identify any exceptions.

3. Bank Reconciliations

We selected two bank accounts, obtained the bank statements and related reconciliations for two months, and assessed whether the bank reconciliations were prepared and reviewed timely by District officials. We also assessed whether documentation was available reflecting that reconciling items outstanding for more than 12 months had been researched.

Results: We did not identify any exceptions.

4. Receipts/Collections

We interviewed District employees to assess whether employee job duties were properly segregated. We also reviewed supporting documentation for two bank deposits to assess whether the deposits were made timely and reconciled to receipts and the general ledger.

Results: Employee job duties were properly segregated and deposits were reconciled to the general ledger. However, we could not reconcile the two deposits tested to receipts because a written log/record was not maintained. Also, we could not determine if the two deposits were made within one business day of receipt because there was no evidence of the dates that the checks were received by the District.

Recommendation: The District should assign an employee independent of the accounting function to log (e.g., receipt date, remitter/payor, check amount) all checks received through the mail. Collections should be deposited daily, whenever practicable, in accordance with Louisiana Revised Statute 39:1212.

Management provided a plan of corrective action (see Appendix A).

5. Non-payroll Disbursements

We interviewed District employees, reviewed policies and procedures, and reviewed documentation supporting two general disbursements. We assessed whether disbursement job duties were properly segregated and disbursements matched the related original invoice/billing statement and complied with the District's policy.

Results: We did not identify any exceptions.

6. Credit Cards

We selected two District credit cards and inspected one monthly statement for each card to observe whether someone other than the authorized card holder reviewed the statements before payment. We then selected four transactions and reviewed the supporting documentation for each transaction to determine if the transactions were supported by receipts and if the District documented the business/public purpose for each transaction.

Results: We did not identify any exceptions.

7. Travel and Expense Reimbursement

We obtained a listing of travel and travel-related expense reimbursements during the fiscal year for certain officials and employees. We selected two reimbursements and reviewed supporting documentation for compliance with authorized reimbursement rates, original itemized receipts, documentation of the business/public purpose of each transaction, and evidence of supervisory review and approval.

Results: We did not identify any exceptions.

8. Contracts

We obtained a listing of contracts that were initiated or renewed during the fiscal year and selected two contracts. We obtained copies of the contracts and reviewed invoices and other supporting documentation for evidence of board approval and compliance with contract provisions.

Results: We did not identify any exceptions.

9. Payroll and Personnel

We obtained a listing of personnel employed during the fiscal year and selected two employees. We then obtained and reviewed the related pay rates and attendance documentation for one pay period to verify that employee pay and leave were based on approved time sheets and in accordance with approved rates.

Results: We did not identify any exceptions.

10. Ethics

We obtained ethics documentation for two employees and observed whether the documentation provided evidence that each individual completed one hour of ethics training and acknowledged that he/she has read and will abide by the District's ethics policy during the fiscal year.

Results: We did not identify any exceptions.

11. Debt Service

We obtained supporting documentation for one certificate of indebtedness that was outstanding at the end of the fiscal year to confirm that District made the required debt service payments.

Results: We did not identify any exceptions.

12. Other

We inquired of management about any misappropriations of public funds or assets and observed whether the Legislative Auditor hotline was posted on the District website.

Results: We did not identify any exceptions.

13. Sexual Harassment

We selected two employees to verify that each employee completed at least one hour of sexual harassment training during the fiscal year. Also, we requested a copy of the District's annual report on sexual harassment to observe whether it met statutory requirements.

Results: We did not identify any exceptions.

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

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

DGP/aa

FD13_2019

APPENDIX A: MANAGEMENT'S RESPONSE



George Osbourn
Chairman

Mark Cortez
Commissioner

Lonnie Johnson
Fire Chief

FIRE PROTECTION DISTRICT NO. 13

ST. TAMMANY PARISH

P.O. Box 2109

COVINGTON, LA 70434

985-898-4913

Norman Voelkel
Treasurer

Clint Ory
Secretary

Jorge Fernandez
Commissioner

Silton DeVillier
Commissioner

June 17th, 2020

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Ref. Act 774 Report for the fiscal year ended December 31, 2019.

Managements Response:

St. Tammany Fire Protection District No. 13 management (the district) has reviewed the Act 774 report created by the Legislative Auditor for the fiscal year ended December 31st, 2019. The review noted no findings but the following recommendations regarding the districts policies:

- (a) Actions to be taken to determine the completeness of all receipts/collections for each type of revenue;
- (b) Types of contracted services requiring written contracts, including the implementation of a monitoring process to ensure compliance; and
St. Tammany Parish Fire Protection District No. 13 Procedural Report
- (c) Actions to be taken if an alleged or actual ethics violation takes place.

The district takes very seriously the responsibility entrusted by our citizens through tax dollars approved to fund fire and emergency services. The district recognizes that following generally accepted accounting practices (GAAP) and the Louisiana Legislative Auditors (LLA) best practices is a sure way to account for the use of the resources provided by our citizens. As such the district has strived to follow the recognized governmental standards and best practices and implement those where applicable in everything the district does. Therefore, the district will take the following actions based on the LLA recommendations:

(a) The district has no collections and rarely receives checks; however, the district will create a receipts/collections policy for the four or five checks that may be received annually to include a log of receipt date, remitter/payor, check amount and the practice of making deposits the same day when practicable.

(b) As a rule, the district uses very few contracts and all but two are industry/need specific. The district



will develop a policy specific to contracts to include a “monitoring” and review process.

(c) The district Ethics policy does not specify what action will be taken once the Ethics Compliance Report is presented to the Board of Commissioners. The thought was that every violation would be based on severity and intent. In addition, the Ethics Compliance Form states that anyone who believes an ethics law violation has occurred is to contact the Ethics Board directly and make a report. This statement includes the phone number, web address and mailing address for reporting. However, more details regarding the process and steps to be taken by the board for reported violations will be added to the policy and include a statement regarding potential legal action and possible termination for violations.

We thank you for your service and recommendations.

Sincerely,

Lonnie Johnson
Fire Chief

CC: George Osbourn, Board Chairman