

TOWN OF ABITA SPRINGS



ADVISORY SERVICES  
PROCEDURAL REPORT  
ISSUED JULY 8, 2020

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# Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Town of Abita Springs

July 2020

Audit Control #70190079

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## Introduction

The Louisiana Legislative Auditor performed certain procedures at the Town of Abita Springs (Town) to address the requirements of Act 774 of the 2014 Regular Legislative Session, as amended. The primary purpose of our procedures at the Town was to assist the Town in evaluating certain controls the Town 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 Town's financial statements, nor the effectiveness of the Town's internal control over financial reporting and compliance.

## Results of Our Procedures

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### Follow-up on Prior-year Exceptions

We assessed the status of all exceptions reported in the prior-year agreed-upon procedures report dated July 3, 2019. Prior-year exceptions relating to written policies and procedures, board oversight, bank reconciliations, collections, non-payroll disbursements, and credit cards have not been fully resolved and are being reported again as current-year exceptions. The prior-year exception relating to ethics has been resolved.

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### Current-year Results

#### 1. Written Policies and Procedures

We obtained the Town's written policies and procedures and assessed whether they addressed purchasing, ethics, debt service, bank reconciliations, information technology disaster recovery/business continuity, and sexual harassment.

Results: The Town's written policies and procedures did not address all business and financial functions.

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

- (a) **Purchasing**, including (1) controls to ensure compliance with the public bid law, and (2) documentation to be maintained for all bids and price quotes.
- (b) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) periodic testing/verification that backups can be restored, (3) use of antivirus software on all systems, and (4) timely application of all available system and software patches/updates.
- (c) **Sexual Harassment**, including (1) a clear statement that unwelcome sexual advances, requests for sexual favors, and other verbal, physical, or inappropriate conduct of a sexual nature constitute sexual harassment when the conduct explicitly or implicitly affects an individual's employment or the holding of office, unreasonably interferes with an individual's work performance, or creates an intimidating, hostile, or offensive work environment and shall not be tolerated, (2) actions to be taken on complaints, which shall be documented, (3) a general description of the investigation process, including requiring the alleged sexual harasser and the alleged victim to participate in the investigation, (4) possible disciplinary actions to be taken against a complainant if it is determined that a claim of sexual harassment was intentionally false, and (5) a statement apprising public servants of applicable federal and state law on sexual harassment, including the right of the complainant to pursue a claim under state or federal law, regardless of the outcome of the investigation.

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

## 2. Board Oversight

We obtained and reviewed the board and committee minutes for the fiscal year and assessed whether Town officials discussed budget-to-actual comparisons at monthly meetings.

Results: The minutes indicated that budget-to-actual comparisons were presented at only seven of the 12 monthly meetings.

Recommendation: Management should present budget-to-actual comparisons (on all major funds) to the Board each month and document the related discussion of the financial information in the minutes.

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

## 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 Town officials. We also assessed whether documentation was available reflecting that reconciling items outstanding for more than 12 months had been researched.

Results: The bank reconciliations did not include the signature/initial and date of the preparer and independent reviewer (i.e., someone who does not handle cash, post ledgers, or issue checks) for us to determine whether the reconciliations were reviewed timely. Also, management did not have documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Recommendations: Management should require all bank reconciliations to include the signature/initial and date of the preparer and independent reviewer. Also, checks outstanding for more than 12 months should be researched to determine if they meet the criteria of the unclaimed property law [Louisiana Revised Statute (R.S.) 9:151 *et seq.*] Management should retain the documentation related to such research, and should report and transfer unclaimed funds to the Louisiana State Treasurer.

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

#### **4. Collections**

We interviewed Town employees to assess whether employee job duties were properly segregated. We reviewed supporting documentation for four bank deposits to assess whether the deposits were made timely and reconciled to collections and the general ledger. We also reviewed ten utility account adjustments to assess whether the adjustments were performed by someone independent of the collection and deposit process and in accordance with written policies and procedures.

Results: Employee job duties were substantially segregated, and we discussed additional ways to further improve controls over collections. Also, two of the four deposits tested included receipts that were made between two and four business days after receipt; however, they were reconciled to collections and the general ledger. We further noted that management did not maintain documentation to demonstrate that utility account adjustments were performed and/or reviewed by someone independent of the collection and deposit process.

Recommendation: Collections should be deposited daily whenever practicable, in accordance with R.S. 39:1212. The Town should also maintain documentation to demonstrate that all utility account adjustments have been performed and/or reviewed by someone independent of the collection and deposit process.

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

#### **5. Non-payroll Disbursements**

We interviewed Town employees to assess whether employee job duties were properly segregated. We also reviewed documentation supporting five general disbursements to assess whether disbursements matched the related original invoice/billing statement and complied with Town policy.

Results: We noted that certain job duties were not properly segregated between the office employees at Town hall. Also, although all five disbursements matched the related invoice/billing statements, supporting documentation for one disbursement did not include evidence of segregation of duties or approval.

Recommendations: Management should strengthen controls over purchasing and disbursement functions by segregating check preparation from check mailing duties and documenting evidence of segregation of duties, such as initialing and dating related forms.

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

## **6. Credit Cards**

We selected two Town credit cards and reviewed one monthly statement for each card. We then selected eight transactions and reviewed the supporting documentation for each transaction to determine if the transactions were supported by receipts and if the Town documented the business/public purpose for each transaction.

Results: One monthly statement and supporting documentation for the related transactions was not approved in writing by someone other than the card user. While we noted that all eight transactions reviewed did have an itemized receipt identifying what was purchased, seven of these transactions did not include a documented business purpose and one transaction did not identify the individuals participating in a meal.

Recommendations: An official, other than the authorized card holder/user, should review monthly statements and supporting receipts and document his or her review by initialing and dating the statement. The Town should require a documented business purpose for all credit card charges and should document all individuals participating in meals.

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

## **7. 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 the Town's ethics policy during the fiscal year.

Results: We did not identify any exceptions.

## **8. Sexual Harassment**

We selected five 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 Town'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

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TOWNOFABITA SPRINGS





## **APPENDIX A: MANAGEMENT'S RESPONSE**



# Town of Abita Springs

TOWN CLERK / CLERK OF COURT  
JANET DUFRENE

FINANCIAL DIRECTOR  
STACY LUDLOW

INTERGOVERNMENTAL AFFAIRS  
LEANNE SCHAEFER

PLANNING AND ZONING  
KRISTIN TORTORICH

PUBLIC WORKS FOREMAN  
JOSH MULLAN



**MAYOR  
DANIEL J. CURTIS**

TOWN ATTORNEY  
EDWARD DEANO

ALDERMEN  
RYAN MURPHY  
REGAN CONTOIS  
PAT PATTERSON  
EVETTE RANDOLPH  
STEPHEN SAUSSY

UTILITY / RENTAL DIRECTOR  
DEBRA MACLEAN

UTILITY CLERK II  
LINDA MEEKER

TOWN MARSHAL  
RICKY BONNET

June 29, 2020

Louisiana Legislative Auditor  
1600 North Third St  
P.O. Box 94397  
Baton Rouge, LA 94397

RE: Management Response to LLA Report

To Whom It May Concern,

The Town of Abita Springs acknowledges its receipt of the June 2020 Advisory Services Procedural Report findings. Management shall begin the process of addressing the deficiencies immediately.

Thank you,

Daniel J. Curtis  
Mayor