

VILLAGE OF FOLSOM



ADVISORY SERVICES
PROCEDURAL REPORT
ISSUED JANUARY 9, 2019

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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Village of Folsom

January 2019

Audit Control # 70180067

Introduction

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

Results of Our Procedures

Follow-up on Prior-year Exceptions

We assessed the status of all exceptions reported in the prior-year agreed-upon procedures report dated December 22, 2017. The prior-year exceptions related to the Village's written policies and procedures over utility payment collections and capital assets have been resolved by management and are not included in this report.

Current-year Results

1. Written Policies and Procedures

We obtained the Village's written policies and procedures and assessed whether they addressed budgeting, purchasing, disbursements, receipts, payroll/personnel, contracting, credit/debit/fuel cards, travel and expense reimbursement, ethics, and debt service.

Results/Recommendations: Although the Village had written policies and procedures to address the financial and business functions listed above, we recommend that the Village refine its policies and procedures to specifically address how new vendors are added to the vendor list and how overtime work is to be approved.

Management provided a plan for corrective action (see Appendix A, page 1).

2. Board Oversight

We obtained and reviewed the minutes from two board meetings and assessed whether Village officials discussed key financial information, including budget-to-actual comparisons, at monthly meetings.

Results: We did not identify any exceptions.

3. Bank Reconciliations

We selected three bank accounts, obtained the bank statements and related reconciliations for one month, and assessed whether the bank reconciliations were prepared and reviewed timely by Village management.

Exception: Although the clerk prepared bank reconciliations, they were not reviewed by the mayor.

Recommendation: The mayor should review monthly bank reconciliations and document the review by initialing and dating the reconciliations.

Management provided a plan for corrective action (see Appendix A, page 1).

4. Collections

We interviewed Village employees, observed daily operations, and reviewed collection documentation supporting three bank deposits. We assessed whether collection job duties are properly segregated and deposits are made timely and reconciled to collections. We also evaluated whether employees who have access to cash are bonded or insured.

Exceptions: We noted that deposits are generally made twice a week rather than daily, and that job duties were not properly segregated between three office employees at town hall and one at the police department.

Recommendations: All deposits should be made daily, and the Village should require all collections to be made at town hall, including those related to the police department. The clerk's duties should include reviewing the daily collection documentation and subsidiary postings of the other office employees, including reconciling collection documentation to bank deposits and subsidiary ledgers, but should not include collecting payments or posting subsidiary ledgers.

Management provided a plan for corrective action (see Appendix A, page 1). Management's response did not address our recommendation regarding segregating the clerk's duties.

5. Non-payroll Disbursements

We interviewed Village employees, observed daily operations, and reviewed documentation supporting three disbursements. We assessed whether disbursement job duties are properly segregated and disbursements matched the related original invoice/billing statement.

Exceptions: We noted that purchases of less than \$100 did not require written supervisory approval, and that job duties were not properly segregated between the three office employees at town hall.

Recommendations: The Village should require written supervisory approval for all purchases. Also, disbursement job duties should be segregated such that a staff employee is assigned to make changes to vendor files and mail signed checks, while the clerk reviews all changes made to vendor files.

Management provided a plan for corrective action (see Appendix A, page 1). Management's response did not address our recommendation regarding segregation of staff duties.

6. Credit Cards, Debit Cards, and Fuel Cards

We selected three Village cards (one credit card, one debit card, and one fuel card) and reviewed one monthly statement for each card. We also selected five debit card transactions and one credit card transaction and reviewed the supporting documentation for each transaction.

Exceptions: We noted that management did not document its review of monthly account statements or review supporting documentation for debit card purchases. We also noted that the selected transactions did not include a documented business purpose, although they were consistent with Village operations. Finally, the Office Depot credit card statement included a \$5.36 finance charge and a \$39.00 late fee.

Recommendations: An official, other than the authorized card holder, should review monthly statements and supporting transaction documentation and document his or her review by initialing and dating the statement. All transactions should include a documented business purpose, and statements should be paid before the due date to avoid incurring unnecessary finance charges and late fees.

Management provided a plan for corrective action (see Appendix A, page 1). Management's response did not address our recommendation regarding review of monthly statements or documentation of business purpose.

7. Travel and Expense Reimbursement

We obtained a listing of all travel and travel-related expense reimbursements during the fiscal year. We selected two reimbursements and reviewed supporting documentation.

Exceptions: Although written approval is required by Village policy, we noted that employee travel was not approved in advance by the mayor, and that reimbursement forms were not approved by the immediate supervisor and the mayor.

Recommendation: The mayor and Village employees should comply with Village policy regarding travel and reimbursement approval.

Management provided a plan for corrective action (see Appendix A, page 2).

8. Contracts

We obtained a listing of contracts that were initiated or renewed during the fiscal year and selected one professional service contract. We obtained a copy of the contract and reviewed supporting documentation for one paid invoice.

Exception: We noted that the contract language provided for services to be billed at standard hourly rates but did not specify the actual rate(s) to be charged. Approximately \$45,000 was paid on this contract during the fiscal period.

Recommendation: All professional service contracts should include the actual rate(s) to be charged.

Management provided a plan for corrective action (see Appendix A, page 2).

9. Payroll and Personnel

We obtained a listing of employees and elected officials employed during the fiscal year and selected two employees and one official. We then obtained and reviewed the related pay rates, personnel files, and attendance documentation for one pay period.

Exceptions: We noted that the time sheet for one employee was not approved by the employee's supervisor, the mayor. Also, the approved pay rate for another employee was not included in the employee's personnel file.

Recommendations: Time sheets for all employees should be reviewed and approved in writing by the employee's immediate supervisor, and personnel files should be updated with documentation of current approved pay rates.

Management provided a plan for corrective action (see Appendix A, page 2). Management's response did not address our recommendation regarding documentation of approved pay rates.

10. Ethics

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

Exception: Although the Village maintained documentation that employees and elected officials received the required ethics training, the Village did not require employees or elected officials to annually attest to having read the Village ethics policy.

Recommendation: As a best practice, the Village should require all employees and elected officials to sign an annual certification form attesting that they will abide by the Village's ethics policy.

Management provided a plan for corrective action (see Appendix A, page 2). Management's response did not address our recommendation regarding employees and elected officials signing an annual certification form attesting that they will abide by the Village's ethics policy.

11. Debt Service

We obtained the supporting documentation for one bond issued during the fiscal year to observe whether State Bond Commission approval was received. We also obtained the supporting documentation for another bond that was outstanding at the end of the fiscal year to confirm that the Village made the required bond reserve 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 Village premises and website.

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

APPENDIX A: MANAGEMENT'S RESPONSE

Village of Folsom



Mayor - Lance Willie

*Aldерwoman - Paulette Lee
Alderwoman - Jill Mathies
Ronnie "Beau" Killingsworth -
Chief of Police*

*Andree Core - Municipal Clerk
Roy Burns- Village Attorney
Alderman- George Garrett*

December 19, 2018

Attention: Eric Sloan

This response is in regards to the findings for the 2018 Legislative Auditor's report. Listed below are the changes that I plan to make.

1. The Village just adopted and finalized procedure book with Municode.
3. Any and all are prepared for the CPA and forwarded to the Mayor. All future will be reviewed and initiated by the Mayor.
4. New procedures are being placed that deposits will take place daily, and the clerk will be the one to do this. Police Department transactions will be made at the Town Hall.
5. The Mayor will now confirm when petty cash is used through email.
6. All are paid by due date, unless clerical error occurs All debit card transactions do have paperwork and receipts. Detailed items will be provided.

7. If one signature is on the paper, it is due to the Mayor is the immediate supervisor and all travel is approved by the Mayor before, through email. Emails will be printed out now to follow up the expense and show where, when, and who will be going.
8. All future contracts will have full detail of rates.
9. At times the Mayor is the immediate Supervisor and one signature is all you need. Time cards for the clerk will be checked off from now on by the Mayor.
10. All employees take ethic course by the state and it is printed out for their file. This will also be checked annually.



Lance Willie
Mayor