

ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 4



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 4

July 2020

Audit Control #70190078

Introduction

The Louisiana Legislative Auditor performed certain procedures at St. Tammany Parish Fire Protection District No 4 (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

Follow-up on Prior-year Exceptions

We assessed the status of the exceptions reported in the prior-year agreed-upon procedures report dated May 21, 2019, and noted that the exception relating to timely deposits has not been resolved and is being reported again as a current-year exception.

Current-year Results

1. Collections

We interviewed District employees, reviewed written policies and procedures, and observed the collections process. We also selected two deposits, obtained supporting documentation, and assessed whether deposits were made within one day of receipt.

Results: The checks were deposited four and eight days after receipt, respectively. In addition, we observed that the District changed its actual collections procedures during the year but did not update its written policies and procedures to reflect the changes.

Recommendations: We recommend that the District update its written policies and procedures to require deposits to be made within one day of receipt and to reflect the changes to its actual collections procedures.

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

2. Non-payroll Disbursements

We interviewed District employees, reviewed written policies and procedures, observed daily operations, and reviewed documentation supporting five disbursements. We assessed whether disbursement job duties were properly segregated and disbursements were properly supported and made in accordance with District policy.

Results: We did not identify any exceptions.

3. Contracts

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

Results: The District did not maintain evidence that it solicited competitive quotes, as a best practice, for four professional services contracts. Written policies and procedures did not address standard terms and conditions for vendor contracts, and the District paid sales taxes on invoices for one vendor despite being a tax-exempt entity.

We also observed that the District paid an attorney a flat fee of \$5,000 per month for professional services but did not maintain documentation to demonstrate that the work performed was commensurate with the amount paid. *Louisiana Attorney General (AG) Opinion 17-0171* suggests that procedures for similar contracts require management to (1) spell out or specifically detail in writing exactly what tasks are to be completed each month, (2) create a monthly reporting requirement to verify the assigned work has been completed prior to payment, and (3) pay only at the end of the month after verifying that the work performed was equivalent to the proposed monthly pay.

Recommendation: We recommend that the District maintain evidence that it solicits competitive bids for professional service contracts as a best practice. The District should also update its written policies and procedures to address standard terms and conditions for vendor contracts and to prohibit the payment of sales taxes. Finally, the District should implement the suggestions in *AG Opinion 17-0171* to prevent possible violations of Article 7, Section 14 of the Louisiana Constitution.

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

4. Sexual Harassment

We obtained and inspected the District's written policies and procedures over sexual harassment, for compliance with R.S. 42:341-344. We also observed whether the policies and procedures were prominently posted in the District's office and on its website. We then selected five employees to verify that each employee completed at least one hour of sexual harassment training during the fiscal year. Finally, 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

5. Information Technology Disaster Recovery/Business Continuity

We obtained and inspected the District’s written policies and procedures over information technology disaster recovery/business continuity. We also verified that critical data is backed up at least weekly; restoration of backups is tested at least monthly; antivirus software is active; and antivirus, operating system, and accounting system software is up-to-date.

Results/Recommendations: We discussed our results with management.

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

STPPD4

APPENDIX A: MANAGEMENT'S RESPONSE



Hector Lopez
Board Legal Counsel

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FIRE PROTECTION DISTRICT #4
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Commissioner
Darryl M. Taylor
Commissioner
Marlaine Peachey
Secretary

June 19th 2020

Brian Nevels
Judith Dettwiller
Jim Tonglet

Appendix A – Management response to LLA 774

1. Collections - Issue of not making deposits within 24 hours

We had a recommendation last year of late deposits and that recommendation was made again this year after 2 deposits were made 4 and 8 days late respectfully. The district does not receive funds on a daily basis so our general practice was going to the bank once a week. We did not always have the resources and availability to meet this timeline of 24 hours. In September of 2019 we put out RFP for banking and as a result changed banks. One service the new bank offered us was an online deposit machine to have on sight. The recommendation, since we had changed procedures, was to update our policies to require deposits be made every day. Since we have that ability that is our process. We have also updated our written procedures to reflect our practices. I am including our updated policies to comply with the recommendations.

2. Contracts

The District did not maintain evidence that it solicited competitive quotes, as a best practice, for four professional services contracts. The districts written policies did not address standard terms and conditions for vendor contracts. The district paid sales tax on invoices for one vendor. The district paid an attorney a flat fee for professional services but did not maintain documentation to demonstrate the work generated was commensurate with the amount paid.

The district has updated the policies and procedures to ensure compliance with the recommendations. The best practice of bidding out professional services has been added and whenever possible the services and documentation will be maintained to reflect the compliance. Vendor contracts will be more detailed and specific so someone unfamiliar with the services can understand what specifically is covered or not under the specific contract. The issue of sales tax on that one vendor has been resolved and the district is to be refunded for the error. The written policies reflect these changes.

The attorney will specifically detail exactly what tasks are to be completed each month. A monthly accounting of time and assignment will be maintained. Payments will not be made until the work has been verified and equivalent to the pay. Attached is the revised financial policies.

St. Tammany Fire District 4 does and will continue to make every effort to comply with the Legislative Auditors best practices. We strive to be the best stewards of the public dollars and every effort is made to be a model as a governmental entity that our citizens are proud to be served by every day.

Sincerely,

Kenneth Moore
Fire Chief