

# Natchitoches Historic District Development Commission

Fiscal Year Ended June 30, 2019  
Agreed-Upon Procedures Report

# Natchitoches Historic District Development Commission

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# J. WALKER & COMPANY<sub>APC</sub>

ACCOUNTANTS AND ADVISORS

## **INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES**

To the District of  
Louisiana Natchitoches Historic  
District Development Commission:

We have performed the procedures enumerated below as they are a required part of the engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable."

Management of the Natchitoches Historic District Development Commission, a component unit of the State of Louisiana, is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the Natchitoches Historic District Development Commission and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the Natchitoches Historic District Development Commission compliance with certain laws and regulations during the year ended June 30, 2019.

This agreed-upon procedures engagement was performed 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.

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## **RESULTS OF OUR PROCEDURES**

### **Follow-up on Prior-year Exceptions**

#### *District Activity*

We reviewed the District minutes to determine if there was a reference to the introduction of monthly budget to actual comparisons financials and/or a reference that monthly budget comparative financials were provided to commissioners.

*Recommendation:* The management should submit and update information to the DOA's Board and commissions' database including District meeting notices and minutes for all meetings during the fiscal period ending June 30, 2019.

We considered this prior year finding in our procedures for the current year. See *District Activity* below under current year findings.

### Contracts

We obtained the District's policy relating to contracting for services. We compared each contract's detail as it related to the Louisiana Public Bid Law or Procurement Code. None of the contracts selected met the requirements under the Louisiana Public Bid Law. District was unable to provide documentation that the five contract vendors selected obtained formal/written contract. The District was unable to provide documentation that the District's policies contained specific reimbursements sufficient for required purchase policy.

*Recommendation:* Management should ensure that contracts are obtained for all providers of services.

We considered this prior year finding in our procedures for the current year. See *Contracts* below under current year findings.

### Current-Year Findings

#### Written Policies and Procedures

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

*Results:* The Commission's written policies and procedures did not address most policies needed for operations or omitted parts of the policies and procedures that were provided.

- a) **Budgeting**, including the amending process for the budget.
- b) **Purchasing**, including (1) how purchases are initiated; (2) the preparation and approval process of purchase requisitions and purchase orders; (3) controls to ensure compliance with the public bid law or state purchasing rules and regulations; and (4) documentation required to be maintained for all bids and price quotes.
- c) **Disbursements**, including processing, reviewing, and approving.
- d) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, and (3) legal review.
- e) **Ethics**, including (1) actions to be taken if an ethics violation takes place, (2) system to monitor possible ethics violations, and (3) requirement that all elected officials, annually attest through signature verifications that they have read the entity's ethics policy.

*Recommendation:* Management should update the policies and procedures to properly address the policies and procedures listed above.



Management provided complete policies and procedures for receipts/collections. (See management's response under Appendix A).

#### District Activity

We obtained and inspected the District minutes for the fiscal year ended June 30, 2019, as well as the District's enabling legislation, charter, bylaws, or equivalent documentation in effect during the fiscal period, and observed that each meeting was met with a quorum to conduct business during the fiscal period.

We reviewed the minutes to determine if there was a reference to the introduction of monthly budget-to-actual comparison financials and no exceptions were identified. Additionally, we accessed the District's online information included in the DOA's Districts and commissions' database to determine if the District submitted District meeting notices and minutes for all meetings during the fiscal period.

*Results:* There is no evidence that there was a District meeting in December 2018. The entity was unable to provide the minutes for December 2018. The entity has not uploaded its minutes for all meetings for the fiscal period onto the database. The District has failed to resolve the issue of uploading all minutes to the DOA database.

*Recommendation:* Management should submit and update information to the DOA's District and commissions' database including District meeting notices and minutes for all meetings during the fiscal period ending June 30, 2019. (See management's response under Appendix A).

#### Bank Reconciliations

We selected and observed the entity's bank accounts from management and the management's representation states that the listing is complete; in which we obtained the bank statements and reconciliations for all months of the fiscal year.

*Results:* There is no evidence that a member of management or a District member with no involvement does not handle cash, post ledgers, or issue checks when reviewing each bank reconciliation.

*Recommendation:* Management needs to ensure that the monthly bank reconciliation include evidence that a member of management or a District commissioner with no involvement does not handle cash, post ledgers, or issue checks when reviewing each bank reconciliation. (See management's response under Appendix A).

#### Contracts

We obtained the District's policy relating to contracting for services. We reviewed the policy to determine if it included guidelines relating to (1) types of services requiring written contracts, (2) standard terms and conditions, (3) approval process, and (4) monitoring process. We obtained a list of all contracts in effect during the fiscal year ending June 30, 2019. We randomly selected five contract vendors that



were paid during the fiscal period. We looked to determine if a formal/written contract existed that supported the services arrangement and the amount(s) paid to vendors. We compared each contract's detail as it related to the Louisiana Public Bid Law or Procurement Code. None of the contracts selected met the requirements under the Louisiana Public Bid Law. We inquired of and reviewed documentation to see whether the District solicited quotes as a best practice. None of the contracts considered were amended during the fiscal period ending June 30, 2019. We selected the largest payment from each of the contracts and obtain the supporting invoice(s) and compared the invoice(s) to the contract terms. District was unable to provide documentation that the five contract vendors selected obtained formal/written contract.

We obtained the District's policies relating to disbursements. We reviewed the policy to determine if the policy included (1) how purchases are initiated; (2) the preparation and approval process of purchase requisitions and purchase orders; (3) controls to ensure compliance with the public bid law or state purchasing rules and regulations; and (4) documentation required to be maintained for all bids and price quotes. The District was unable to provide documentation that the District's policies contained specific reimbursements sufficient for required purchase policy.

*Results:* There was no formal/written contract provided for five out of five contract vendors to support the services arrangement and the amount paid. The District has not resolved this issue from the prior year.

*Recommendation:* Management should obtain and require all contract vendors to have a formal/written contract that supports the services arrangement and the amount paid. (See management's response under Appendix A)

#### Non-Payroll Disbursements

We obtained the District's policy relating to disbursements. We reviewed the policy to determine if the policy addressed procedures relating to processing, reviewing and approving disbursements. We obtained a listing (general ledger) of the District's disbursements from management. From the listing we randomly selected five disbursements.

We obtained supporting documentation for each of the disbursements. We looked to see if an original itemized receipt or invoice existed that identified precisely what was purchased or acquired. We looked to see if the documentation provided for the business/public purpose of the transaction. For each transaction selected we compared the District's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge or donation of funds, credit, property, or things of value. We looked to determine if documentation in writing existed indicating who reviewed and approved the transaction and determined if said individual is someone other than the person who initiated the purchase.

*Results:* The documents provided by the entity, does not include evidence that each expense related documentation was reviewed and approved, in writing, by someone other than the person who initiated the purchase.



*Recommendation:* Management should include evidence, in writing, that each expense and related documentation was reviewed and approved by someone other than the person who initiated the purchase (*See management's response under Appendix A*).

#### Budget

We obtained a copy of the legally adopted budget and all amendments. We traced the budget adoption and amendments to the minute book. We compared the total revenues and total expenditures of the final budget to actual total revenues and total expenditures on the financial statements or AFR. We assessed whether the budget information was uploaded to the online database.

*Results:* The entity does not upload its budget information in the DOA's District and commissions database.

*Recommendation:* Management needs to ensure that budget information is uploaded to the DOA's District and commissions database. (*See management's response under Appendix A*).

#### **Other Results of Our Procedures**

##### Annual Fiscal Report (AFR)

We obtained the financial statements from the AFR submitted to the Division of Administration's (DOA) Office of Statewide Reporting and Accounting Policy for the current and prior periods. We performed analytical procedures comparing current and prior period amount by line item. We inquired of management if there was a variance of 10% or greater for line items that are 10% or more of the respective total assets/deferred outflows of resources, liabilities/deferred inflows of resources, net position, revenues, and/or expenses.

*Results:* There were no variances greater than 10% noted for the fiscal year.

##### Collections

We reviewed the District's policy relating to receipts. We reviewed policy to determine if policy contained procedures relating to the receiving, recording and preparation of deposits. We obtained existing documentation relative to insurance policies, policy manual and job descriptions to determine whether each person responsible for collecting cash is not responsible for depositing the cash in the bank, recording the related transactions, and reconciling the related bank account(s). The administrative staff prepares schedule of daily collections. A secondary staff member prepares daily deposits and records payments to the accounting system. Deposits are signed off and approved by the Executive Director. Based on the results of our procedures, no exceptions were identified.



We selected the highest (dollar) week of cash collections from the general ledger and using the District's collection documentation (e.g. deposit slips and bank statements) we traced the daily collections to the deposit date on the corresponding bank statement. We reviewed the date of collections and compared it to the date that deposits were made to determine if deposits were made within one day of collections. We reviewed the receipt books provided and considered if the receipts were sequentially numbered. We verified if daily cash collections were completely supported by documentation.

*Results:* There were no exceptions noted.

#### Credit Cards/Debit Cards/Fuel Card/P-Cards

The District does not have any cards, so the procedures were not applicable.

#### Travel Expenditures

There are no travel expense reimbursements during the fiscal period, therefore the travel expenditures procedures are not applicable.

#### Payroll and Personnel

There are no employees for the District, therefore the payroll and personnel procedures are not applicable.

#### Ethics

We obtained a listing of board members from management. We selected the board members and reported whether the District maintained documentation to demonstrate that required annual ethics training was completed.

We inquired of management whether any alleged ethics violations were reported to the District during the fiscal period.

*Results:* There were no exceptions noted.

#### Debt Service

The District issued no debt obligations for the fiscal year ending June 30, 2019. Also, they do not have any outstanding debt therefore; no procedures were performed relating to debt service.

#### Other

We inquired of the management of the District if there were any misappropriations of public funds or assets. Management indicated that they were unaware of any misappropriation of public funds or assets from the District.

The District did not enter into a contract for the audit or attest services other than these agreed-upon procedures for the fiscal year ending June 30, 2019.



Corrective Action

We obtained management's response and corrective action plan for exceptions noted in the above agreed-upon procedures. See Appendix A for management's response and corrective action plan.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

The report is intended solely for the use of management of the Natchitoches Historic District Development Commission, a component unit of the State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as public document.

*J. Walker & Company, APC*

Lake Charles, Louisiana

August 25, 2019



# **Appendix A**

# Natchitoches Historic District Development Commission

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September 30, 2019

## MANAGEMENT'S RESPONSE TO EXCEPTIONS:

Item 1: Exception – Some of the written policies and procedures were not addressed in what was provided.

Response – Management will ensure that policies and procedures are documented.

Item 2: Exception – Minutes were not uploaded to the DOA database for the fiscal year.

Response – Management will ensure that minutes are uploaded to the DOA database.

Item 3: Exception – There is no evidence that a member of management or a district member with no involvement does not handle cash, post ledgers, or issue checks when reviewing each bank reconciliation.

Response – There is only one deposit made per year, and this is the only funding that the Commission receives.

Item 4: Exception – There was no formal/written contract for five out of five contract vendors.

Response – Management will ensure that contracts are received for vendors.

Item 5: Exception – The documents provided did not include evidence that each expense was reviewed and approved in writing by someone other than the person who initiated the purchase.

Response – Checks require two board member signatures. As a result, all transactions are approved in writing by someone other than the person who initiated the purchase.

Item 6: Exception – The budget information was not uploaded to the DOA's district and commissions' database.

Response – Management will ensure that budget information is uploaded to the DOA database.

Sincerely,

  
Jessica H. Broadway  
CPA