



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

To the Honorable Mayor and Board of Aldermen  
Town of Abita Springs  
Abita Springs, Louisiana

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 Town of Abita Springs 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 Town of Abita Springs and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the Town of Abita Springs's compliance with certain laws and regulations during the period of January 1, 2015 to September 30, 2015, in accordance with Act 774 of 2014 Regular Legislative Session.

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.

Our procedures and findings are detailed in Schedule "1".

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.

This report is intended solely for the use of management of the Town of Abita Springs and the Legislative Auditor, 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 Legislative Auditor as a public document.

December 23, 2015  
Mandeville, Louisiana

*Erickson, Krentel & LaPorte, LLP*

Certified Public Accountants

**TOWN OF ABITA SPRINGS**  
**AGREED-UPON PROCEDURES**  
**JANUARY 1, 2015 TO SEPTEMBER 30, 2015**

**Credit Cards**

1. **Procedures:** Obtain from management a listing of all active credit cards (and bank debit cards if applicable) for the period under examination, including the card numbers and the names of the persons who maintained possession of the cards.

Note: There are three types of credit cards: (1) general (e.g. VISA, MasterCard, etc.), (2) store (e.g. Wal Mart, Office Depot, Sam's Club, etc.); and (3) gasoline (e.g. Fuelman, Exxon, etc.).

**Results:** The Town of Abita Springs has the following credit cards:

Mastercard – 2 cards maintained by Kathy Armand

Dollar General – 2 cards maintained by Kathy Armand

Home Depot – Greg Lemons, Mayor

Home Depot – Kathy Armand

Lowe's – Johnny Clay

Sam's Club – Cindy Chatelain

Sam's Club – Kathy Armand

2. **Procedures:** Obtain and review the entity's written policies and procedures for credit cards (and debit cards if applicable) and determine if the following is addressed:

- How cards are to be controlled
  - Procedures for lost cards
  - Procedures for removal of signatory authorization upon employment termination
- Allowable business uses
- Documentation requirements
- Procedures for lost receipts
- Required approvers
- Monitoring card usage
- What approval required to open a credit card account

**Results:** We obtained and reviewed the Town's written policies and procedures for credit cards. All of the above matters were addressed.

**TOWN OF ABITA SPRINGS**  
**AGREED-UPON PROCEDURES (CONTINUED)**  
JANUARY 1, 2015 TO SEPTEMBER 30, 2015

3. **Procedures:** Obtain the monthly statements for all credit cards (general, stores, and gasoline) used during the period of January 1, 2015 thru September 30, 2015 and select for detailed review, the two largest (dollar amount) statements for each card. (Note: For a debit card, randomly select the two monthly bank statements with the largest dollar amount of debit charges).

A. Obtain the entity's supporting documentation for the purchases/charges shown for the selected cards monthly statements:

- Determine if each purchase is supported by:
  - An original itemized receipt (i.e., identifies precisely what was purchased)
  - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)
  - Other documentation as may be required by policy (e.g., purchase order, authorization, etc.)
- Determine if each purchase is:
  - In accordance with the thresholds or guidelines established in the policies and procedures
  - For an appropriate and necessary business purposes relative to the entity
- Determine if any purchases were made for personal purposes. If there are purchases made for personal purposes, determine the date(s) of reimbursement.
- Determine if any purchases effectively circumvented the entity's normal procurement/purchasing process and/or the Louisiana Public Bid Law (i.e., large or recurring purchases requiring the solicitation of bids or quotes).

B. Determine if each monthly credit card statement (including supporting documentation) was reviewed and approved, in writing, by someone other than the person making the purchases. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality.)

C. Determine if credit card statement was approved prior to payment of the bill, with any discrepancies being investigated.

D. Determine if finance charges and/or late fees were assessed on the monthly statements.

**Results:** We performed the above procedures on all identified cards and accounts. We noted 2 instances where finance charges of \$1.00 and \$2.02 were assessed on the Mastercard monthly statements. Otherwise, no exceptions were noted.



**TOWN OF ABITA SPRINGS**  
**AGREED-UPON PROCEDURES (CONTINUED)**  
**JANUARY 1, 2015 TO SEPTEMBER 30, 2015**

**Contracts**

1. **Procedures:** Obtain and review the entity's written policies and procedures for contracts/contracting, including leasing, and determine if the following is addressed:

- Types of services requiring written contracts
- Standard terms and conditions
- Legal review
- Approval process
- Monitoring process

**Results:** We obtained and reviewed the Town's written policies and procedures for contracts and noted that the policy did not specify the types of services requiring written contracts nor did it contain a requirement for legal review of contracts. No other exceptions were noted.

2. **Procedures:** Determine if the entity has centralized control and oversight of contracts to ensure that services/deliverables received and payments made comply with the terms and conditions of the contracts.

**Results:** The Town Clerk maintains centralized control of all contracts. Management personnel in each Town department are responsible for ensuring that services/deliverables received comply with the terms and conditions of the contracts applicable to their department. The Financial Clerk is responsible for ensuring that payments made comply with the terms and conditions of the contracts.

3. **Procedures:** Obtain and review the accounting records (e.g., general ledgers, accounts payable vendor history reports, invoices, etc.) for the period under examination to identify individuals/businesses being paid for contracted services (e.g., professional, technical, etc.). Select the five "vendors" that were paid the most money during the period and for each:

- Determine if there is a formal/written contract that supports the services arrangement and the total amount paid.
- Determine the business legitimacy of the vendor if not known by the auditor (e.g., look-up the vendor on the LA Secretary of State's website).

**TOWN OF ABITA SPRINGS**  
**AGREED-UPON PROCEDURES (CONTINUED)**  
**JANUARY 1, 2015 TO SEPTEMBER 30, 2015**

**Results:** We performed the procedures listed above on the five vendors paid the most money during the engagement period and noted that three vendors had formal/written contracts supporting the services arrangement and the total amount paid. Two of the vendors, MBR Enterprises and Ron's Electric, provided services on an as-needed basis and not under a formal/written contract. All of the vendors were legitimate businesses.

4. **Procedures:** Obtain a listing of all active contracts and all expenditures made during the period under examination. Select for detailed review, the two largest (dollar amount) expenditures or contracts in each of the following categories that was entered into during the period.

- (1) Services
- (2) Materials and supplies
- (3) Public works

A. Obtain the selected contracts and/or the related paid invoices and:

- Determine if the contract is a related party transaction.
  - Determine if the transaction is subject to the Louisiana Public Bid Law:
    - If yes, determine if the entity complied with all requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder, etc.)
    - If no, determine if the entity provided an open and competitive atmosphere (a good business practice) for the transaction/work.
- Determine if the contract was awarded under the *request for proposals* (RFP) method. If done so, obtain all proposals and the evaluation/scoring documents to determine if the contract was awarded to the most responsible offer or whose proposal was the most advantageous taking into consideration price and other evaluation factors set forth in the *request for proposals*.
- Determine if the procurement was made "off" state contract (as opposed to following the competitive bidding requirements of the Louisiana Public Bid Law).
- Determine if the procurement related to homeland security and was made from federal General Services Administration (GSA) supply schedules. If done so, determine if the entity (1) utilized a Louisiana licensed distributor; (2) used the competitive ordering procedures of the federal GSA; and (3) received prior approval from the director of the State Office of Homeland Security and Emergency Preparedness, or his designee.

**TOWN OF ABITA SPRINGS**  
**AGREED-UPON PROCEDURES (CONTINUED)**  
**JANUARY 1, 2015 TO SEPTEMBER 30, 2015**

- Determine if the entity "piggybacked" onto another agency's contract. If done so, determine if there is documentation on file that clearly demonstrates the contract was a previously bid, viable contract and the price paid by the entity was the same as that contract's bid price.
- Determine if the contract was amended. If done so, determine whether the original contract contemplated or provided for such an amendment. Furthermore, determine if the amendment is outside the scope of the original contract, and if so, whether it should have been separately bid and contracted.
- Determine if the invoices received and payments made during the period complied with the terms and conditions of the contract.
- Determine if there is written evidence that the entity's legal advisor reviewed the contract and advised entering into the contract.
- Determine if there is documentation of board approval, if required.

**Results:** We performed the procedures listed above on the two largest expenditures in each category: services, materials and supplies, and public works. Of the six transactions selected, four of them were for purchases of services or materials from vendors without written contracts. Only one of the transactions tested was subject to the Louisiana Public Bid Law, and it was properly awarded under a request for proposal. None of the purchases were made off state contract or piggybacked another agency's contract. All of the invoices supported the cost and quantity of materials purchased or services rendered. Board approval was obtained on the Progressive Waste contract but was not required on the other sampled items because the expenditures were approved as part of the 2015 budget process in accordance with Town Ordinance 462. This process is sufficient as the Town is a Lawrason Act Municipality.