

ST. TAMMANY PARISH RECREATION
DISTRICT No.4



ADVISORY SERVICES
PROCEDURAL REPORT
ISSUED SEPTEMBER 21, 2017

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Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



St. Tammany Parish Recreation District No. 4

September 2017

Audit Control # 70160064

Introduction

The Louisiana Legislative Auditor (LLA) performed certain procedures at the St. Tammany Parish Recreation 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

In the prior year, LLA issued a joint Investigative and Advisory report on September 28, 2016. The investigative sections of the report related to specific matters that were reported to the District Attorney for the 22nd Judicial District, and we did not readdress them in this report. Instead, we focused on prior-year internal control deficiencies noted in the following areas:

- Credit and debit cards
- Documentation and deposit of cash
- Travel and mileage reimbursement
- Former Director Paid for Days Off Not Recorded in Leave Records
- Board governance and management
- Ethics
- Financial management
- Contracting for services

- Payroll and personnel
- Capital assets
- Recordkeeping

The District has made some improvements in the area of financial management. Specifically, credit cards are being better controlled, and officials were able to provide us with an approved budget. However, many of the control deficiencies identified in the above areas were not addressed prior to our follow-up in May 2017 and are being reported again as current-year exceptions.

Current-year Exceptions

1. Credit and Debit Cards

Our follow-up procedures relating to credit and debit cards identified that the District had not implemented the following prior-year recommendations, including requiring:

- *A listing of all active credit cards and who has the cards at all times.*
- *Documentation of the business purpose for the expenditure.* Of 53 purchases tested, we noted that 19 did not include documentation of the business purpose of the expenditure.
- *Timely submission and retention of original itemized receipts.* Receipts (indicating who made and participated in the purchase) should be submitted before the monthly statement arrives and in time to adequately review the propriety of the expenditure. Of 53 purchases tested, we noted that five did not include receipts identifying what was purchased. Also, none of the itemized receipts indicated who made or participated in the purchases.

Review of monthly statements for reasonableness and compliance with policy before payment is made. Any exceptions or noncompliance issues should be immediately investigated and resolved. For all nine monthly statements tested, we found no evidence that the monthly statements or combined statements and supporting documentation were reviewed and approved, in writing, by someone other than the authorized cardholder before payment was made. Although the Director did sign documentation describing what was purchased using the debit and credit cards, he was not signing before payment was made by the District.

Recommendations: Without documentation of business purpose and detailed itemized receipts for all purchases, management cannot confirm that all purchases were actually for business-related purposes. We advise the District to strengthen its controls over credit and debit cards by implementing those recommendations previously made by LLA. See management's response (Appendix A, page 1).

LLA Additional Comments: Management's responses to individual recommendations/issues, as well as overall recommendations, did not adequately address all exceptions identified by the LLA. In addition, management states that a binder was presented to our auditors with all receipts of purchases made enclosed. As indicated above, five receipts were missing when we performed our procedures. Furthermore, although management can acknowledge that all transactions made were for business purposes, the fact remains that for 19 of the transactions tested, there was no documentation of a business purpose when we tested those transactions. Management also states that the board and director review credit card purchases during monthly board meetings. However, we found no documentation of such review and approval prior to payment of the credit card purchases.

2. Documentation and Deposit of Cash

Our follow-up procedures relating to documentation and deposit of cash identified that the District had not implemented the following prior-year recommendation:

- *Discontinue the practice of making District checks payable to "Cash." Checks to "Cash" represent a poor business practice because the checks do not identify the payee, which reduces accountability. While reviewing debit card statements subsequent to December 31, 2016, we noted 10 checks, totaling \$1,500, made out to "cash."*

Recommendation: We advise the District to strengthen its controls over cash by implementing the recommendation previously made by LLA. See management's response (Appendix A, page 3).

3. Travel and Mileage Reimbursement

Our follow-up procedures relating to travel and mileage reimbursement identified that the District had not implemented the following prior-year recommendations:

- *We recommend the District develop comprehensive written travel policies that clearly identify allowable expenses, approval procedures, payment methods, and documentation requirements. These policies should also require the timely (within 30 days of the end of the trip) reimbursement of unused travel funds along with the submission of documentation such as completed travel vouchers with detailed receipts to support the public purpose for which these funds were used. We also recommend the District adopt detailed policies and procedures for use of personal vehicles. These policies and procedures should require mileage logs to be maintained which demonstrate the purpose for the travel, the destination, and the miles traveled.*

Recommendations: We advise the District to strengthen its controls over travel and mileage reimbursement by implementing those recommendations previously made by LLA. See management's response (Appendix A, page 4).

4. Former Director Paid for Days Off Not Recorded in Leave Records

Our follow-up procedures relating to leave identified that the District had not implemented the following prior-year recommendations:

- *We recommend that District management formally adopt detailed written policies and procedures for employee benefits pertaining to leave. These policies and procedures should require all employees to complete time sheets and require District management to maintain records to support the amount of leave accrued and taken by each employee.*

Recommendations: We advise the District to strengthen its controls over leave by implementing those recommendations previously made by LLA. See management's response (Appendix A, page 4).

5. Board Governance and Management

Our follow-up procedures relating to Board Governance and Management identified that the District had not implemented the following prior-year recommendations:

- *The Board, in coordination with the Director, should review the issues presented in a May 2014 contracted mediator report and should consider implementing the recommendations provided in that report.*
- *The Board, in coordination with the Director, should develop a mission statement that provides a clear purpose of the organization. They should also develop goals, objectives, and performance indicators. We noted that the District's mission statement was general in nature and did not provide a clear purpose of the organization.*
- *The Board should ensure that bylaws and policies and procedures are developed and implemented that clearly establish the roles and responsibilities of Board members and the Director. Once policies and procedures have been developed and implemented, the Board should provide the Director with periodic guidance expressing its intentions for the overall direction of the District.*
- *The Board should develop a comprehensive "code of conduct" for Board members and staff.*
- *District officials should refer to our website for assistance with developing policies and procedures and should address the following areas in their policies and procedures: Board and Director/management roles, budgeting, financial reporting, contracts, payroll and personnel, capital assets, collections, facility rental and usage, procurement/purchasing process, credit cards (and debit cards), travel, disbursements/expenditures, computer operations, retention of public records, public meeting, and ethics.*

- *The Board should develop and implement a process that helps ensure compliance with the code of conduct, bylaws, and policies and procedures. Such a process may include all officials and staff signing an annual form promising to comply with all ethical, fiscal, and programmatic requirements of the District.*
- *The Board should promote and maintain an environment where the Board provides oversight while the Director and staff carry out the daily activities to accomplish District objectives.*
- *The Board, in coordination with the Director, should establish and implement formal requirements to help ensure that only the most qualified staff are hired and retained.*

Recommendations: We advise the District to strengthen its controls over board governance and management by implementing those recommendations previously made by LLA. See management's response (Appendix A, page 5).

LLA Additional Comments: Management's response is incomplete because the referenced parish policies and procedures manual is general in nature and the District has not developed and implemented its own policies and procedures addressing the specific roles and responsibilities of board members and the Director at the District. In addition, management states that controls are already in place to ensure that only the most qualified staff are hired and retained. However, formal policies and procedures to address this area have not been established in writing.

6. Ethics

Our follow-up procedures relating to ethics identified that the District had not implemented the following prior-year recommendations:

- *The existing ethics policy should be updated to require all District officials and staff to receive annual ethics training in accordance with state law Louisiana Revised Statute (La. R.S). 42:1170, and documentation of such training should be maintained at the District office. This policy should be made available to all officials and staff and should be discussed thoroughly with them.*
- *All Board members and staff should sign an annual written certification letter confirming that they understand and will abide by the District's ethics policy, as well as all other policies, procedures, and bylaws. Signed confirmation letters should be maintained by the Director at the District office.*

Recommendations: We advise the District to strengthen its controls over ethics by implementing those recommendations previously made by LLA. See management's response (Appendix A, page 7).

LLA Additional Comments: Management's response is incomplete because the District has not satisfied the requirement to update its written ethics policy.

7. Financial Management

Our follow-up procedures relating to financial management identified that the District had not implemented the following prior-year recommendations:

- *The District should ensure that the budget includes all elements required by the Local Government Budget Act to promote transparency and develop a tool that can be used for effective fiscal management.* Specifically, we noted that the budget:
 - Was not adopted by resolution;
 - Did not have a signed budget message;
 - Did not have a statement for the general fund showing estimated fund balances at the beginning of the year; estimates of all receipts and revenues to be received; recommended expenditures itemized by agency, department, function, and character; other financing sources by source and use; and estimated fund balance at the end of the fiscal year; and
 - Did not have a clearly-presented, side-by-side detailed comparison of certain information for the current year.
- *The District should ensure that the Director presents accurate and complete financial information at monthly Board meetings and that such information is discussed thoroughly.* This information has been presented by the Board Chair rather than the Director.
- Because the District is going through a management transition, the Board Chair was performing many budgetary and financial duties on behalf of the District. The related records were not being maintained at the District office when we made our initial visit.

Recommendations: We advise the Board Chair to continue transitioning budgetary and financial duties to the new Director to ensure a proper segregation of duties between Board oversight and the Director's management of finances and operations. Also, all District records should be maintained at the District office. We further advise the District to strengthen its controls over financial management by implementing those recommendations previously made by LLA. See management's response (Appendix A, page 8).

LLA Additional Comments: Management disputes that financial duties and information were being maintained at the Board Chair's office rather than the District office. However, certain records were not provided to us during our visits. We were informed by District personnel that the records that were not provided were maintained by the Board Chair.

8. Contracting for Services

Our follow-up procedures relating to contracting for services identified that the District had not implemented the following prior-year recommendations:

- *When entering into contracts, the Board should require that certain critical questions are addressed. The Board did not require (through established policies and procedures) that such questions be addressed during the contracting process (e.g., “Did the District ensure a competitive price was secured for services and has the contract been reviewed and approved by legal counsel?”).*
- *All contracts should be monitored by a designated employee to ensure that services received by the district comply with the terms and conditions of the contract, and the contract status should be discussed with the Board. The District has not implemented a monitoring schedule/system to ensure that that monitoring of contracts is occurring and services are being delivered in compliance with contracts.*
- *The Board and Director should work together to develop policies and procedures that specifically provide for critical elements. The District did not develop policies and procedures for contracting which address: party(s) responsible for approving the need to enter in to contracts for services/products; party(s) responsible for signing contracts; party(s) responsible for monitoring contract for agreed upon deliverables; party(s) responsible for payment to vendor; and processes detailing necessary steps from contract needs assessment to contract payment/completion.*

Recommendations: We advise the District to strengthen its controls over contracting for services by implementing those recommendations previously made by LLA. See management’s response (Appendix A, page 9).

LLA Additional Comments: Management’s response did not address the lack of written policies and procedures.

9. Payroll and Personnel

Our follow-up procedures relating to payroll and personnel identified that the District had not implemented the following prior-year recommendations:

- *All employees should be required to complete time sheets and submit to their supervisors for independent review and approval. The Director should submit to a Board member for review. Employees and the Director should sign the time sheets attesting to their accuracy. We tested the period ending November 30, 2016, and noted that the Director did not complete a time sheet.*
- *All supervisors should be required to review and document approval of time sheets. We tested three employees for the period ending November 30, 2016, and*

noted that there was no documentation of supervisor review and approval on time sheets.

Recommendations: We advise the District to strengthen its controls over payroll and personnel by implementing those recommendations previously made by LLA. Based upon exceptions noted in our prior report regarding the lack of documentation supporting the former Director's leave balances, the District should consider methods to strengthen its tracking of leave for all employees. See management's response (Appendix A, page 11).

LLA Additional Comments: Management indicates in its response that a third employee could not have been tested. However, the third employee we tested was not even completing a timesheet or using a time card, which is an even greater weakness in control.

10. Capital Assets

Our follow-up procedures relating to capital assets identified that the District had not implemented the following prior-year recommendations:

- *The District should develop and implement formal capital assets policies and procedures including processes related to recording, tagging, and safeguarding of assets.*
- *The District should update the capital asset listing when assets are purchased or disposed of and ensure that such additions and deletions are communicated timely to the appropriate parties.*
- *The District should identify and "tag" assets that belong to the District and include the tag number on the list of fixed assets.*
- *The District should conduct periodic physical inventories and follow-up on all discrepancies in a timely manner, including notifying the District Attorney and LLA as required by law.*

Recommendations: We advise the District to strengthen its controls over capital assets by implementing those recommendations previously made by LLA. See management's response (Appendix A, page 11).

11. Recordkeeping

Our follow-up procedures relating to recordkeeping identified that the District had not implemented the following prior-year recommendations:

- *Board meeting minutes should be maintained and published in the official journal and on the website in accordance with La. R.S. 42:20 and 43:171.*

- *The website should be updated to present the most current ordinances, resolutions, and budget documents.*
- *The state archivist (Louisiana Secretary of State's Office) should be contacted regarding the development of a records management program in accordance with state law.*

Recommendations: We advise the District to strengthen its controls over recordkeeping by implementing those recommendations previously made by LLA. See management's response (Appendix A, page 12).

LLA Additional Comments: Management indicates in its response that the website is and has been updated since June 2016. However, the website had not been updated with current ordinances, resolutions, and budget documents at the time of our field visits in May 2017.

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

STRD4 2017

APPENDIX A: MANAGEMENT'S RESPONSE

The following official response was received from Jordan Johnson, Executive Director of St. Tammany Parish Recreation District No. 4 in an email message dated September 19, 2017.

LLA Audit Review Notes

1. Current and Debit Cards

Credit and Debit Cards Our follow up procedures relating to credit and debit cards identified that the District had not implemented the following prior year recommendations, including requiring:

Prior to reviewing credit and debit cards, please note:

District Visa Debit card was issued on 12/12/16. That debit card was canceled and a new Visa Debit Card was issued by First NBC on 1/24/2017. A new Visa Debit Card was issued by Whitney Bank (after First NBC was bought out by Whitney Bank) on 7/7/2017. The Visa Credit Card was issued on 1/31/2017 by Whitney Bank.

- A listing of all active credit cards and who has the cards at all times.

We have one VISA credit card on file. It was issued on 1/31/2017. The credit card is only used for purchases that we can only acquire online. It is also used to pay for our google website account which was explained to Advisory Audit team during their visit to the district and at the exit meeting. At the time of our initial meeting with Mr. Battle and Ms. Leblanc, Mr. Jordan presented the binder with credit card enclosed and with all the receipts of purchases made. That card must be signed for use and receipts provided upon return of the credit card. Mr. Jordan monitors the binder and reviews all expenditures. Only staff members have keys to access the closet and do not use the credit card. The 2nd credit card is for Office Depot. This card is used for office supplies. Furthermore, Mr. Jordan has implemented a purchase order system which requires additional documentation on business purposes before credit card can be signed out for use. Therefore any deficiencies noted have been addressed and procedures put into place to address the Audit team's concerns.

- Documentation of the business purpose for the expenditure. Of 53 purchases tested, we noted that 19 did not include documentation of the business purpose of the expenditure.

On 8/28, Mr. Jordan reached out to Mr. Battle to inquire regarding what documentation was missing. Mr. Battle's response:

Office Depot Sept. 16 – Dec. 16

*Visa Credit, March 17

*Visa Credit April 17

*Visa Debit, March 17

*Visa Debit, April 17

*Visa Debit, Dec. 16

Chair response: All District Credit Cards used by the previous Director and the previous Board or Directors were canceled in June 2016 by the new Board of Directors. The first Visa Debit card issued to new Director was on 12/12/2016. The new Board of Directors and staff had no visa debit charges prior to that date. The District was informed at the exit meeting that the advisory audit team would expand into 2017 to review debit and credit card transactions. The District has proper documentation to all 19 of the tested purchases and can acknowledge that all transactions made during this time frame was and is for business purpose. All office depot transactions are for internal office usage.

- Timely submission and retention of original itemized receipts. Receipts (indicating who made and participated in the purchase) should be submitted before the monthly statement arrives and in time to adequately review the propriety of the expenditure. Of 53 purchases tested, we noted that five did not include receipts identifying what was purchased. Also, none of the itemized receipts indicated who made or participated in the purchases.

ALL Receipts are retained and itemized. Purchased orders have been implemented for more checks and balances. The 5 receipts mentioned were (3) Google domain which is the mechanism for staff emails, (1) Fun Flicks for community day at the gym, and (1) sprint bill. All have been properly documented. The records reflect all receipts have been properly filed.

- Review of monthly statements for reasonableness and compliance with policy before payment is made. Any exceptions or noncompliance issues should be immediately investigated and resolved. For all 9 monthly statements tested, we found no evidence that the monthly statements or combined statements and supporting documentation were reviewed and approved, in writing, by someone other than the authorized card holder before payment was made. Although the Director did sign documentation describing what was purchased using the debit and credit cards, he was not signing before payment was made by the District.

All credit cards were terminated with the new Board of Directors prior to the resignation of the previous director. Any statements prior to Review of all expenditures is done at all board meetings on the third Wednesday of each month, with both the attending community and board members. In the future, the Vice Chair board member will be reviewing these documents. The Director signing off on documentation after purchase has been made acknowledges he authorized payment to be made for the district. Debit cards are reconciled with the bank statements as part of routine financial statement.

- Recommendations: Without documentation of business purpose and detailed itemized receipts for all purchases, management cannot confirm that all purchases were actually for business-related purposes. We also advise the District to strengthen its controls over credit and debit cards by implementing those recommendations previously made by the LLA.

The auditors could have confirmed business purposes of all purchases during their visit to the District had they requested this in person since it was outside of the September 2016 – December 2016 window that the District was advised would be the subject of the audit. The District had no credit or debit prior to December 2016. As previously stated, all financial statements are made public at the Board meetings monthly, and all credit card and debit card statements are reviewed by the executive director, the board and the public. The credit and debit cards are locked up and monitored by internal staff and video camera footage. There are controls in place to assure that no personal purchases are made using these cards. Further, there is no evidence that any purchases were made for personal use. Legal counsel attends the monthly meetings and is familiar with and reviews the financial statements in addition to the Board and public. We have clearly demonstrated that all documentation of business purpose and itemized receipts for debit purchases confirm that purposes are business related. The auditors did state to the Director, that his new financial record keeping policy is “night and day” compared to previous visit from audit team. The deficiencies which have been noted have all been addressed and approved by the auditor. The advice of the District strengthening its controls were acknowledged by the recommendations previously made by the LLA, thus our Financial Policies and Procedures that were adopted in the summer of 2016 and given to LLA. The debit/credit cards stay secured in the office at all times and are checked out.

2. Documentation and Deposit of Cash

Our follow up procedures relating to documentation and deposit of cash identified that the District had not implemented the following prior year recommendations:

- Discontinue the practice of making District checks payable to “Cash.” Checks to “Cash” represent a poor business practice because the checks do not identify the payee, which reduces accountability. While reviewing debit card statements subsequent to December 31, 2016, we noted 10 checks, totaling \$1,500, made out to “cash.”

Yes, several checks were written to cash for gate and concession monies. The audit team did not make a recommendation or acknowledge a viable alternative to making checks payable to cash during their visit to the District or during our exit meeting on September 7, 2017. The District was advised that management was working to come up with a procedure to better this practice and would relay that procedure back to the district. The District has not received the new procedure yet. The staff is also following current Financial Policies and procedures by having multiple vouchers documenting each of the “10 checks, totaling \$1,500, made out to “cash.” In the future, these checks will be made out to our bank, Capital One, until given a different suggestion from the auditors.

Recommendations: We advise the District to strengthen its controls over cash by implementing those recommendations previously made by the LLA.

The only need for cash is for the concession stand and entrance fees to the games played by the District. The District has strengthened its controls over cash by implementing its vouchers and deposits of cash from games it was taken out of the account for showed to management team upon visit to the District.

3. **Travel and Mileage Reimbursement**

Our follow up procedures relating to travel and mileage reimbursement identified that the District had not implemented the following prior year recommendations:

- We recommend the District develop comprehensive written travel policies that clearly identify allowable expenses, approval procedures, payment methods, and documentation requirements. These policies should also require the timely (within 30 days of the end of the trip) reimbursement of unused travel funds along with the submission of documentation such as completed travel vouchers with detailed receipts to support the public purpose for which these funds were used. We also recommend the District adopt detailed policies and procedures for use of personal vehicles. These policies and procedures should require mileage logs to be maintained which demonstrate the purpose for the travel, the destination, and the miles traveled.

Recommendation: We advise the District to strengthen its controls over travel and mileage reimbursement by implementing those recommendations previously made by the LLA.

The travel and Mileage Reimbursement Policies and Procedures that the district has been using are the ones that STP uses. The District was created by St. Tammany Parish and these Policies and Procedures by STP have been followed since this District's inception. Policies and Procedures are scheduled to be reviewed by current board, director, internal staff, and the District's legal counsel. The Director has been advised to have reimbursement requests within 30 days from the date of the trip. Current mileage books are maintained and recorded by staff, ergo acknowledging the review of Travel and Mileage Reimbursement.

4. **Former Director Paid for Days Off Not Recorded in Leave Records**

Our follow up procedures relating to leave identified that the District had not implemented the following prior year recommendations:

- We recommend that District management formally adopt detailed written policies and procedures for employee benefits pertaining to leave. These policies and procedures should require all employees to complete time sheets and require District management to maintain records to support the amount of leave accrued and taken by each employee. We further recommend that District management consult with legal counsel regarding any necessary

adjustments to leave records or the recovery of funds paid to the (former) District director for days off which were not recorded in his leave records. The Board's chairperson informed us that the District would not pursue recovery of funds paid to the previous Director.

It should be noted that staff are all salaried with the exception of one-part time worker. Leave slips have been implemented, however, additional work on the policies and procedures for the District are being worked on over the next few months. The current Board and District are not adopting the challenges of the previous Board. We have no record or knowledge of what the former Director did or did not do in regard to leave records. The District and Current Board are working to progress and move forward, not remain stagnant and complacent on previous obstacles.

Recommendations: We advise the District to strengthen its controls over leave by implementing those recommendations previously made by the LLA.

The controls are being strengthened and recommendations made by LLA have been acknowledged and are being implemented.

5. **Board Governance and Management**

Our follow up procedures relating to Board Governance and Management identified that the District had not implemented the following prior year recommendations:

- The Board, in coordination with the director, should review the issues presented in a May 2014 contracted mediator report and should consider implementing the recommendations provided in that report.

The new Board of Directors has no knowledge and did not participate in a matter that occurred in 2014 and involved the previous Board of Directors. The new Board of Directors has read over and acknowledged the mediator report and have implemented recommendations. The current board has been working together with no static or internal turmoil and follows all the guidelines provided to them in the STP Boards and Commissions Manual.

- The Board, in coordination with the director, should develop a mission statement that provides a clear purpose of the organization. They should also develop goals, objectives, and performance indicators. We noted that the District's mission statement was general in nature and did not provide a clear purpose of the organization.

A mission statement is not simply a description of an organization by an external party, but an expression, made by its leaders, of their desires and intent for the organization. The purpose of a mission statement is to focus and direct the organization itself it communicates primarily to the people who make up the organization --- its members or employees --- giving them a shared understanding of the organization's intended direction. Organizations normally do not change

their mission statements over time, since they define their continuous, ongoing purpose and focus. The mission statement was developed by the Director and accepted by the current Board. The statement was given to Mr. Battle and Ms. LeBlanc. We have one goal --- to move forward past years of mismanagement and division. The mission statement was developed by Director and accepted by the current Board.

- The Board should ensure that bylaws and policies and procedures developed and implemented that clearly establish the roles and responsibilities of Board members and the director. Once policies and procedures have been developed and implemented, the Board should provide the director with periodic guidance expressing its intentions for the overall direction of the District.

The Board was given a manual for all boards and commissions in STP. A policies and procedures manual does currently exist and is being amended by committee. Controls are already in place for this recommendation. This has been implemented and guidance is given each time at monthly board meetings.

- The Board should develop a comprehensive “code of conduct” for Board members and staff.

This is included in the STP Manual for Boards and Commissions. The District will be implementing these recommendations in its revised and amended policies and procedures manual.

- District officials should refer to our website for assistance with developing policies and procedures and should address the following areas in their policies and procedures: Board and director/management roles, budgeting, financial reporting, contracts, payroll and personnel, capital assets, collections, facility rental and usage, procurement/purchasing process, credit cards (and debit cards), travel, disbursements/expenditures, computer operations, retention of public records, public meeting, and ethics.

The District will be implementing these recommendations in its revised and amended policies and procedures manual.

- The Board should develop and implement a process that helps ensure compliance with the code of conduct, bylaws, and policies and procedures. Such a process may include all officials and staff signing an annual form promising to comply with all ethical, fiscal, and programmatic requirements of the District.

Each staff member and board member takes Ethics test annually. These Ethics tests taken annually should be the indication that our board members and staff comply with all the requirements of the District. The District will be implementing these recommendations in its revised and amended policies and procedures manual.

- The Board should promote and maintain an environment where the Board provides oversight while the director and staff carry out the daily activities to accomplish District objectives.

Controls are already in place for this recommendation. This is done at the board meetings and on a regular basis as needed. There was a transitional period during which many of the board members were hands on in helping run the District while an executive director search was ongoing.

- All personnel, including the director, should have a formal annual evaluation, and a copy of the evaluation should be filed in his/her personnel file.

Controls are already in place for this recommendation. All personnel receive an annual evaluation in January of each year. The only staff that has been here for a year is the Athletic Director, Fabian Hartley, and he has had one evaluation and will receive another in January with the other staff members and Director.

- The Board, in coordination with the director, should establish and implement formal requirements to help ensure that only the most qualified staff are hired and retained.

Controls are already in place for this recommendation.

Recommendations: We advise the District to strengthen its controls over board governance and management by implementing those recommendations previously made by the LLA.

The District's controls have been strengthened and are constantly improving current procedures.

6. **Ethics**

Our follow up procedures relating to ethics identified that the District had not implemented the following prior year recommendations:

- The existing ethics policy should be updated to require all District officials and staff to receive annual ethics training in accordance with state law La. R.S. 42:1170, and documentation of such training should be maintained at the District office. This policy should be made available to all officials and staff and should be discussed thoroughly with them.

All Board members participate in ethics training in accordance with state law. Controls are already in place for this recommendation. All ethics certificates are currently filed in the District's office.

- All Board members and staff should sign an annual written certification letter confirming that they understand and will abide by the District's ethics policy, as well as all other policies,

procedures, and bylaws. Signed confirmation letters should be maintained by the Director at the District office.

Recommendations: We advise the District to strengthen its controls over ethics by implementing those recommendations previously made by the LLA.

Board Members and staff are reminded each year to take the ethics test and send their certificates in to the District office. Controls are already in place for this recommendation. The members of the board have conducted their annual ethics test and are aware of their obligation to follow up with this test annually.

7. **Financial Management**

Our follow up procedures relating to financial management identified that the District had not implemented the following prior year recommendations:

- The District should ensure that the budget includes all elements required by the Local Government Budget Act to promote transparency and develop a tool that can be used for effective fiscal management. Specifically, we noted that the budget:

- Was not adopted by resolution; Budget was voted on and approved by the board

- Did not have a signed budget message; Budget was approved. Since the previous board had not adopted a budget for the two previous years we began from scratch to create the budget for 2017. A budget message contains changes from previous years. Since much of the financials from previous year in Quickbooks was incorrect, it was difficult, if not impossible, to note the changes from the previous years.

- Did not have a statement for general fund showing: estimated fund balances at the beginning of the year; estimates of all receipts and revenues to be received; recommended expenditures itemized by agency, department, function, and character; other financing sources by source and use; and estimated fund balance at the end of the fiscal year;

All of these aspects of the budget were covered at two separate budget meetings prior to the budget being adopted at the board meeting. All were present when budget was accepted. Income and expenses were clearly stated along with the fund balance at the end of the year. Additionally, the rollover from the previous year was indicated in the 2017 budget.

- Did not have a clearly presented, side-by-side detailed comparison of certain information for the current year.

Under the circumstances with the financial program in disarray, a side by side comparison was impossible.

- The District should ensure that the director presents accurate and complete financial information at monthly Board meetings and that such information is discussed thoroughly. This information has been presented by the Board Chair rather than the Director.

All financials are presented by the board chair for the discussion and approval. Additionally, all financials are given to the public at all board meetings and all are allowed to ask questions and discuss the financial report prior to approval by the board. The executive director also provides information to the public regarding all expenditures. Controls are already in place for this recommendation. This has ALWAYS been the practice of the new board since its inception in June of 2016. Any additional recommendations are being addressed by the District.

- We also noted that the Board Chair, rather than the Director, is performing many budgetary and financial duties on behalf of the District. The related records were not being maintained at the District office when we made our initial visit.

This statement indicates that financial duties and information were being maintained at the Board Chair's office rather than the District office. That could not be farther from the truth. The financial program and duties are maintained at the District office on the District computer and are accessed by the Secretary. The current chairperson has been helpful enough to aid the District and the Director with the upkeep of the financials. Correct and informative financial statements have been presented at each board meeting with the aid of the chairperson.

Recommendations: We advise the Board Chair to begin transitioning budgetary and financial duties to the new director to ensure a proper segregation of duties between Board oversight and the director's management of finances and operations. Also, all District records should be maintained at the District office. We further advise the District to strengthen its controls over financial management by implementing those recommendations previously made by the LLA.

All records are being maintained at the district's office. The Director is working to balance all of the recommendations made by the LLA, while ensuring that he is utilized to his full potential of being a Director to advance the District to its true potential. The District has been working to transition the Director fully to his role including control over the budget and financial records.

8. **Contracting for Services**

Our follow up procedures relating to contracting for services identified that the District had not implemented the following prior year recommendations

- When entering into contracts, the Board should require that certain critical questions are addressed. The Board did not require (through established policies and procedures) that such questions be addressed during the contracting process (e.g., "Did the District ensure a competitive price was secured for services and has the contract been reviewed and approved by legal counsel?").

We are unsure of which contracts you are referencing The Board and Director require three proposals for every business contract entered into by the District. These proposals are presented to the board and voted on. Our legal counsel is present at each of our board meetings.

- All contracts should be monitored by a designated employee to ensure that services received by the district comply with the terms and conditions of the contract, and the contract status should be discussed with the Board. The District has not implemented a monitoring schedule/system to ensure that that monitoring of contracts is occurring and services are being delivered in compliance with contracts.

Controls are already in place for this recommendation. All new contracts and details are to be discussed with the board at board meetings should the District obtain new contracts. Monitoring schedule/system would be ideal and needed if the District has entered into new contacts with new businesses. The District and current board are as follows: They have been and are reviewed periodically by the Director and the Board of Directors.

Sprint – Director Phone

Advance office solutions – copier service

Team Waste – Garbage service

Pennison Law Firm – legal representative

Clover System – Cash register/inventory/ credit card service

LEAF – printer lease

Aramark Uniform service – mops/brooms/towels/etc.

Laporte CPA – Yearly Audit

Supply Works – chemicals for cleaning

- The Board and director should work together to develop policies and procedures that specifically provide for critical elements. The District did not develop policies and procedures for contracting which address: party(s) responsible for approving the need to enter in to contracts for services/products; party(s) responsible for signing contracts; party(s) responsible for monitoring contract for agreed upon deliverables; party(s) responsible for payment to vendor; and processes detailing necessary steps from contract needs assessment to contract payment/completion.

The Board and Director will review and develop policies and procedures at the committee meeting. It is the Board's practice to vote for approval to execute any contracts after proposals are reviewed.

Recommendations: We advise the District to strengthen its controls over contracting for services by implementing those recommendations previously made by the LLA.

Controls are already in place for this recommendation. Recommendations will be implemented through the revised/amended policies and procedures manual currently in committee.

9. **Payroll and Personnel**

Our follow up procedures relating to payroll and personnel identified that the District had not implemented the following prior year recommendations:

- All employees should be required to complete time sheets and submit to their supervisors for independent review and approval. The director should submit to a Board member for review. Employees and the director should sign the time sheets attesting to their accuracy. We tested the period ending November 30, 2016, and noted that the Director did not complete a timesheet.

Our four employees are salaried employees. The recommendations set by the LLA will be reviewed as the board and director works on policies and procedures.

- All supervisors should be required to review and document approval of time sheets. We tested three employees for the period ending November 30, 2016, and noted that there was no documentation of supervisor review and approval on time sheets

Controls are already in place for this recommendation. The supervisor works daily with the internal staff and approves of time sheets. Moving forward the supervisor will be signing off on time sheets. There are only two employees on staff using the time cards, so there is no way a third could have been tested.

Recommendations: We advise the District to strengthen its controls over payroll and personnel by implementing those recommendations previously made by the LLA.

Controls are already in place for this recommendation.

10. **Capital Assets**

Our follow up procedures relating to capital assets identified that the District had not implemented the following prior year recommendations:

- The District should develop and implement formal capital assets policies and procedures including processes related to recording, tagging, and safeguarding of assets.

The District has not inventoried assets. The assets are now being inventoried, tagged, and tracked. A copy of the inventory form is attached.

- The District should update the capital asset listing when assets are purchased or disposed of and ensure that such additions and deletions are communicated timely to the appropriate parties.

Recommendations are being implemented.

- The District should identify and “tag” assets that belong to the District and include the tag number on the list of fixed assets.

Recommendations are being implemented.

- The District should conduct periodic physical inventories and follow-up on all discrepancies in a timely manner, including notifying the District Attorney and LLA as required by law.

Recommendations are being implemented.

Recommendations: We advise the District to strengthen its controls over capital assets by implementing those recommendations previously made by the LLA.

Recommendations are being implemented.

11. **Record Keeping**

Our follow up procedures relating to record keeping identified that the District had not implemented the following prior year recommendations:

- Board meeting minutes should be maintained and published in the official journal and on the website in accordance with La R.S. 44:36.

If you are referring to this policy not being in place, that would be from prior to June of 2016 when none of our staff or board was present. Our agenda is published on the website and on our building a week prior to each meeting. Our minutes are published on the website for every month. We keep a binder in the office with copies of agendas, minutes, financial reports, and anything that occurred during the meeting. We have been doing this since our inception on the board on June of 2016. Recommendations are being implemented regarding publication in the official journal

- The website should be updated to present the most current ordinances, resolutions, and budget documents.

This is and has always been done since June 2016. When we came in office and when staff began working for the district, there were no records of previous meetings in the office.

Controls are already in place for this recommendation and have been implemented with transition of new board, staff, and Director.

- The state archivist (Louisiana Secretary of State's Office) should be contacted regarding the development of a records management program in accordance with state law.

We keep up to date and accurate records at all times. A records retention policy will be implemented as part of the overall revision of the policies and procedures now in place. Legal counsel has reviewed the statute and is working with the policies and procedures manual committee to implement a policy that will be reviewed by the Archivist in accordance with state law.

Recommendations: We advise the District to strengthen its controls over record keeping by implementing those recommendations previously made by the LLA.

Controls are already in place for this recommendation.