

WEST FELICIANA PARISH POLICE JURY



ADVISORY SERVICES REPORT
ISSUED AUGUST 25, 2010

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

June 21, 2010

**MR. KENNETH DAWSON, PRESIDENT,
AND MEMBERS OF THE WEST FELICIANA
PARISH POLICE JURY**

St. Francisville, Louisiana

My advisory services staff visited the West Feliciana Parish Police Jury (police jury) office in December 2009 to review your resolution of recurring audit findings and to make an assessment of the police jury's business/financial operations using our *Checklist of Best Practices in Government* as a guide.

Attachment I contains our findings and recommendations resulting from our assessment and Attachment II provides the status of the 2008 audit findings. The police jury's response to our findings and recommendations is presented in Appendix A.

Our recommendations are intended to assist you in your efforts to (1) improve controls over the police jury's financial operations; (2) implement good business practices; and (3) ensure the police jury's compliance with the Louisiana Constitution and state laws.

This assessment is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards; therefore, we are not offering an opinion on the police jury's financial statements or system of internal control nor assurance as to compliance with laws and regulations. This report is intended to assist the police jury; however, it is a public report and will be distributed to other public officials.

Respectfully submitted,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

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Our assessment of the police jury's policies, practices, records, and internal controls revealed the following significant deficiencies:

- The police jury was not reconciling its bank accounts and investment accounts timely.
- The police jury was not reconciling its waterworks district's bank accounts and the police jury could not explain the differences noted on the last attempts made to reconcile the accounts.
- The police jury's physical financial records were in disarray.
- The police jury's financial account balances were inaccurate.
- Written policies and procedures did not exist for many financial processes.
- The police jury did not prepare monthly financial statements and budget comparisons.
- Accounting duties were not adequately segregated to ensure a proper system of checks and balances.
- Three instances of noncompliance with the public bid law may have occurred.
- Inadequate controls existed over credit card purchases.
- Inadequate controls existed over disbursements.
- The police jury's purchasing process was decentralized resulting in inadequate controls.
- Weaknesses existed in the employment contract with the parish manager.
- A violation of the open meetings law may have occurred.
- The police jury failed to prepare and adopt a three-year capital improvement program/plan in accordance with the Parish Transportation Act.
- The police jury engaged special counsel without following all requirements of state law.
- The police jury did not comply with all requirements of the Local Government Budget Act.
- Inadequate controls existed over payments to nonprofit organizations.
- The police jury did not maintain evidence of authorization for employees to take home police jury vehicles.

- Inadequate controls existed over capital assets and property of the police jury.
- Inadequate controls existed over cell phones owned by the police jury.
- Certain police jury staff and employees were not completing time/attendance records for payroll.
- The police jury did not comply with state law for record retention.
- Inadequate controls existed over customer water and sewer accounts.

These findings are discussed more fully in the following section of our report.

Findings and Recommendations

Financial Management

Our assessment of the police jury's business/financial operations revealed significant deficiencies in the overall financial management of the police jury. Without an effective financial management system, the police jury cannot effectively exercise its fiduciary responsibilities of managing the police jury's finances.

The police jury employs an administrative staff which is led by the parish manager who is responsible for the daily management and direction of all police jury operations. The parish manager was hired by the police jury approximately three years ago and reports directly to the police jury. Other police jury staff was comprised of the police jury secretary and accounts payable clerk, both of whom have been employed by the police jury for over 30 years, the police jury treasurer, hired approximately nine years ago, and an accounting manager hired in June 2009.

1. **Lack of Written Policies and Procedures** - The police jury had a written personnel policy and procedures manual but did not have written policies and/or procedures for its other key financial areas and related functions.

Written policies and procedures are necessary to provide a clear understanding of what should be done, how it should be done, who should do it, and when it should be done. In addition, written policies and procedures aid in the continuity of operations and for cross-training staff or training new staff.

Recommendation: The police jury should require the parish manager to initiate and oversee the development and implementation of written policies and/or procedures, in accordance with applicable Louisiana laws, relating to the following key areas:

- Ethics, including matters such as nepotism and prohibited activities (e.g., related party transactions) and requiring that an annual certification letter be signed by the police jurors and all employees attesting to their compliance with the ethics policy
- Retention of public records, including e-mail communications
- Reconciling cash and investments, including procedures for investing excess cash and ensuring bank balances and investments are fully secured
- Budgeting process, including procedures for preparing, adopting, monitoring, and amending budgets
- Financial reporting process, including the nature, extent, and frequency of reporting financial information to police jurors
- Receipts/collections process, including receiving (e.g., by mail), recording, preparing bank deposits, and a formal review and approval process

- Procurement/purchasing process, including how purchases are initiated and approved and checks and balances to ensure compliance with the public bid law
- Credit card usage, including authorized users, charges allowed, receipts/documentation required, and a formal review and approval process
- Expenditures/disbursements process, including a formal review and approval process
- Travel, including rates for business lodging and parking, and filing standard expense reimbursement reports
- Contracts process, including legal review and ongoing monitoring to ensure that services received comply with terms and conditions
- Computer processes, including backing up and storing computer files and security and general controls for the computer system
- Cellular telephones, including accounting for the business and personal use monthly
- Gasoline and diesel inventories, including procedures for dispensing and accounting for usage
- Capital assets, including recording, tagging, inventorying, safeguarding, and disposing of assets

2. **Jury Records in Disarray** - Police jury staff were not maintaining the police jury's financial and related records in an organized manner. Records were in multiple places/offices and not filed in a central location; staff offices and floors were cluttered with records; and it was often very time consuming for the staff to find certain records we requested. Without an organized filing system, police jury records are at risk of being misplaced, lost, or accessible to unauthorized persons.

Recommendation: The parish manager should implement a centralized recordkeeping system that ensures police jury records are promptly filed in an organized manner and safeguarded from unauthorized access.

3. **Balances Not Correct in Accounting System** - The staff has failed to correct the balances recorded in the accounting system of the police jury's assets, liabilities, and fund balances. Without accurate balances, police jurors cannot effectively exercise their fiduciary responsibilities of managing the police jury's financial position.

For the past two years, the police jury's auditor reported (in the 2007 and 2008 audit reports) that the balances for assets, liabilities, and fund balances were not accurate because the beginning balances were never input into the accounting system.

Recommendation: The police jury should require the parish manager to immediately address and resolve this finding. All asset, liability, and fund balance accounts should be accurately recorded in the accounting system and reconciled each month.

4. **Not Reconciling Police Jury Bank Accounts and Investment Accounts** - The staff was not reconciling the bank accounts and the 17 Louisiana Asset Management Pool (LAMP) investment accounts of the police jury. Reconciling the investment and bank accounts is a key component of good controls over cash.¹ In addition, staff was not reviewing and ensuring that the bank and investment account balances were fully secured with collateral.

We understand that the treasurer was responsible for reconciling the checking accounts and the secretary was responsible for “managing” the investment accounts; however, neither knew the dates that these accounts were last reconciled. The parish manager told us that he was not reviewing the activity in these accounts and he could not recall if he had assigned someone to reconcile the investment accounts.

At December 31, 2009, the balances in the police jury’s two checking accounts total approximately \$771,000 and the balances in its 17 investment accounts total approximately \$9.5 million as follows:

Investment Account Names	Account Balances
1. General Reserve	\$2,569,266
2. Building and Grounds	1,782,746
3. Road Improvement	1,395,588
4. Health Unit	818,816
5. Library	806,586
6. General Fund	649,402
7. Recreation	453,886
8. Intergovernmental Sport/Rec. Facilities	255,573
9. Economic Development	171,973
10. Waterworks Public Improvement Bond and Interest Sinking	140,514
11. Solid Waste	123,236
12. Water Depreciation and Contingency	105,031
13. Water Reserve	82,089
14. Water Revenue	76,128
15. Fire Bond Interest and Sinking	21,213
16. Parishwide Road	6,113
17. Special Recreation	-
Total	\$9,458,160

¹ Reconciling the bank balances with the book balances is necessary to ensure that (1) all receipts and disbursements are recorded by the police jury (an essential process ensuring complete and accurate monthly financial statements); (2) checks are clearing the bank in a reasonable time; (3) reconciling items (errors, unrecorded deposits and checks, et cetera) are appropriate and are being recorded; and (4) the reconciled cash balances agree to the general ledger cash balances. Louisiana Revised Statute 10:4-406(d)(2) allows the police jury 30 days to examine bank statements and canceled checks for unauthorized signatures or alterations. After 30 days, the police jury is precluded from asserting a claim against the bank for unauthorized signatures or alterations.

Recommendation: The parish manager should ensure that all bank and investment accounts are reconciled up-to-date and that any differences are investigated for propriety. In the future, without exception, all accounts should be reconciled each month (checking accounts within 10 business days of receipt). For proper checks and balances, we advise that the parish manager be responsible for reviewing (initial and date) the monthly reconciliations and ensuring that there are no unusual reconciling items and that the balances are fully secured by collateral.

5. **Not Reconciling Waterworks District's Bank Accounts** - The police jury's staff was not reconciling the bank accounts of the West Feliciana Parish Waterworks District No. 13 (waterworks district).

At December 31, 2009, the balances in the waterworks district's three checking accounts total approximately \$273,000. Our assessment in December 2009 revealed the following:

- **Operating account** - The last attempt made to reconcile this checking account was through February 28, 2009. The reconciliation form reflected a difference of \$50,177 for which the treasurer did not have an explanation.
- **Payroll account** - The last attempt made to reconcile this checking account was through May 31, 2009. The reconciliation form reflected a difference of \$4,929 for which the treasurer did not have an explanation.
- **Credit Card account** - This checking account was opened in August 2009 and there was no attempt made to reconcile this account.

Recommendation: The parish manager should ensure that all bank accounts of the waterworks district are reconciled up-to-date and that any differences are investigated for propriety. In the future, without exception, all accounts should be reconciled each month (checking accounts within 10 business days of receipt). For proper checks and balances, we advise that the parish manager be responsible for reviewing (initial and date) the monthly reconciliations and ensuring that there are no unusual reconciling items and that the balances are fully secured by collateral.

6. **No Monthly Financial Statements and Budget Comparisons** - The staff was not preparing financial statements and budget-to-actual comparisons on funds (e.g., General Fund, Special Revenue Funds, etc.) of the police jury each month.

We understand that graphical information showing total revenues and expenditures for each fund was prepared and provided to police jurors; however, such information does not present the monthly financial position of the police jury nor does it provide police jurors with any details of the monthly revenues and expenditures. Without reviewing budget-to-actual comparisons each month, it may be difficult for police jurors to realize/know when corrective action is needed (e.g., amending the budget, implementing spending cuts, etc.).

Recommendation: The parish manager should ensure that accurate and complete financial statements and budget comparisons are prepared each month on all funds of the police jury. We advise that this financial information be formally presented to police jurors at their monthly meetings and be documented in the minutes. Police jurors should consider such financial information in their decision-making process.

7. **Duties Not Adequately Segregated** - Certain accounting duties were not adequately segregated among police jury staff for a proper system of checks and balances. Good business practices and proper controls dictate that duties be segregated so that no one individual performs or controls all duties related to a financial area/function. Without adequate segregation of duties, errors or fraud could occur and not be detected, increasing the risk of loss or theft of police jury assets.

For example, the treasurer is responsible for all duties relating to the payroll function and there was no supervisory review of her work. The treasurer was responsible for (1) adding/deleting employees in the payroll system; (2) recording/changing employee pay rates in the system; (3) recording the work hours of employees in the system to calculate payroll; (4) authorizing the electronic transmission of payroll to employee bank accounts; (5) printing and signing manual checks when necessary; and (6) reconciling the bank accounts.

Recommendation: The parish manager should evaluate the business operations and restructure/reassign duties to provide an adequate system of checks and balances among staff. We advise reevaluating current job descriptions for each position and communicating them to employees to ensure they have a clear understanding of their duties and responsibilities. Also, good controls require that the staff's work be reviewed and approved (documented in writing) by appropriate supervisory personnel, including the parish manager where appropriate.

Purchases and Disbursements

Controls over the police jury's purchasing and disbursements process need to be improved. Good controls require a centralized purchasing system that ensures purchases are budgeted and comply with the competitive bidding requirements of the Louisiana Public Bid Law [Louisiana Revised Statute (R.S.) 38:2211 et seq.]. Also, appropriate supervisory review and approval of purchases helps ensure that funds of the police jury are not misappropriated.

1. **Decentralized Purchasing Process** - The police jury's purchasing process was decentralized by departments (e.g., administrative, road, information services, etc.) and purchase requisition forms were not being prepared for all purchases.

Decentralized purchasing generally results in less management control, less budgetary cost control, and duplication of effort; whereas, centralized purchasing can provide oversight and operational efficiency and incorporate a proper system of checks and balances into the process. Centralized purchasing can strengthen accountability and help ensure that purchases (1) comply with the requirements of the Public Bid Law; (2) are

properly being reviewed and approved and within budgeted amounts; and (3) are pooled/combined for volume discounts.

Purchase requisition forms were being prepared to document purchases and supervisory approvals; however, the forms were not prepared on all police jury purchases. For example, the administrative staff was not always preparing requisition forms for its supply purchases and departments were not preparing the forms for purchases made with credit cards.

Recommendation: The police jury should implement a centralized purchasing system for all police jury purchases. Such a system should require the use of purchase requisition/order forms without exception, provide controls over spending, and enable the administration to promptly know how much money is available for new purchase commitments.

2. **Noncompliance With Public Bid Law** - Our assessment disclosed three instances of apparent noncompliance with requirements of the Louisiana Public Bid Law. The Public Bid Law generally requires at least three written quotes (telephone or facsimile quotations) to be obtained for purchases of materials or supplies costing between \$10,000 and \$30,000 and requires solicitation of competitive bids for purchases exceeding \$30,000.

The following purchases in 2009 were not supported by written quotes or bids in accordance with the dollar thresholds in current law:

- **August 2009** - A used car costing the police jury a total of \$10,200 was purchased on the parish manager's American Express credit card (see finding, *Lack of Controls Over Credit Cards*). The credit card was charged twice on the same day by the vendor, once for \$9,999.99 and a second time for \$199.99. The parish manager told us that he did not obtain quotes.
- **September 2009** - Water meters costing a total of \$45,617 were purchased on the utilities superintendent's American Express credit card (see finding, *Lack of Controls Over Credit Cards*). There was no documentation of the solicitation (e.g., advertisement) of competitive bids for the purchase of these water meters.
- **December 2009** - Bridge deck boards costing \$13,057 were purchased without obtaining written quotes.

Also, records reflect recurring purchases in 2009 of fuel and chlorine totaling approximately \$93,000 and \$23,000, respectively. Although the individual purchases did not exceed the dollar thresholds requiring competitive bids/quotes, we advise the police jury that the Louisiana Attorney General has opined (A.G. Opinion 02-0122) that recurring purchases of similar items that in the aggregate exceed the bid limit must be advertised and let for public bid.

Recommendation: The police jury should consult with its legal advisor and the Louisiana Attorney General. In the future, the parish manager should ensure the police jury is in strict compliance with all requirements of the Public Bid Law. We advise the police jury that it has the option of adopting the Louisiana Procurement Code (R.S. 39:1551 et seq.) and in those instances where it purchases items through state contracts, public bid is not required.

We also suggest that the police jury set an expenditure limit that requires all purchases in excess of that limit to be submitted to the police jury for formal approval. Furthermore, all bid/quote documentation should be organized and filed in a central location at the police jury's office.

3. **Lack of Controls Over Credit Cards** - There was little control over purchases made using credit cards. The police jury had five credit/charge accounts available (American Express, MasterCard, Office Depot, Home Depot, and Sam's Club) for making purchases. Purchases by credit card were generally made outside of the police jury's standard purchasing process; requisition forms were not being prepared; and review/approvals were not being documented.

Our assessment of the American Express credit card account revealed the following:

In January 2009, the parish manager opened an American Express account under his social security number. The parish manager authorized the issuance of 11 credit cards to certain police jurors, staff, and other employees.

The parish manager told us that he instructed the cardholders to use the American Express cards for purchases "wherever possible." We were informed that this practice was promoted to accumulate reward points (1 point earned for every \$1 purchase) to be used to defray conference travel costs of the police jury.

- The following is a listing of the cardholders with their monthly spending limits and total purchases for 2009:

American Express Cardholders	Monthly Limit	2009 Purchases
1. Parish Manager	No Limit	\$18,856
2. Accounting Manager	No Limit	27,492
3. Utilities Superintendent	No Limit	87,961
4. Information Services Director	\$75,000	61,560
5. Police Juror - District 4	10,000	2,033
6. Police Juror - District 6	10,000	4,221
7. Treasurer	10,000	-
8. Secretary	10,000	4,911
9. Road Maintenance Superintendent	10,000	8,275
10. Parks and Recreation Director	5,000	23,762
11. Development Services Director	2,500	3,270
Total		\$242,341

- The following table presents the classifications used by American Express to summarize the nature of the purchases made by cardholders in 2009:

Classifications	2009 Purchases
Merchandise and supplies	\$149,345
Business services	41,337
Travel	19,734
Transportation	15,892
Other	9,018
Communications	3,452
Restaurants	3,076
Fees and adjustments	487
Total	\$242,341

- **No Review/Approval of Cardholder Purchases** - There was no documentation or evidence of the parish manager's review and approval of the monthly credit card transactions and statements.
- **Lack of Documentation** - The monthly credit card statements/bills were routinely paid by police jury staff before all supporting documentation (e.g., invoices, receipts) was received. We understand from staff that payment had to be made within 15 days of the statement closing date for the police jury to receive the reward points. Receipts for purchases were not always subsequently accounted for by staff and attached to the credit card statements. Furthermore, the business purpose for the purchases was not always clear or documented.
- **Travel Charges** - In 2009, the American Express credit cards were used to pay for airline tickets, lodging, parking, restaurants, gasoline, taxis and shuttles, car rentals, travel agency fees, and excess baggage fees. Supporting documentation that was available did not always reflect the business purpose.

Our assessment of a trip taken by three police jurors and the parish manager in March 2009 to Washington, D.C., to attend a four-day National Legislative Conference revealed the following:

- There was no documentation of the business purpose and necessity for three police jurors and the parish manager to travel to Washington D.C., to attend this conference.
- A \$500 cash advance was given to each police juror and the parish manager which represented the total amount allowed by policy for four days of meals, tips, and transportation costs. However, during the trip, the parish manager's American Express card was used to charge \$306.15 at Ruth's Chris Steak House in Washington D.C. The bill was subsequently paid by the police jury and neither the parish manager nor the police jurors made reimbursement.

- **Personal Charges** - Our review of certain credit card transactions in 2009 revealed personal charges being made and reimbursed as follows:
 1. On February 19, 2009, an airline ticket costing \$366.40 was purchased using the parish manager's credit card, and on February 25, 2009, a police juror reimbursed the police jury for that amount. We were informed that the airline ticket was purchased for the police juror's spouse.
 2. On March 17, 2009, the Information Services Director reimbursed \$304.88 to the police jury for 13 personal purchases made on his card in February and March.

Note: In March 2010, the parish manager informed us that the accounting manager was terminated. The accounting manager's specific use of credit cards was not in the scope of our assessment and is not addressed in this report.

Recommendations:

- The police jury should instruct the parish manager to immediately cease using (and allowing others to use) his American Express account to make police jury purchases. Police jury staff should be prohibited from using parish funds to pay for personal credit cards.
- Personal charges to police jury credit cards should not be allowed.
- Because of the lack of controls and documentation, we recommend that all purchases/charges on the American Express account be thoroughly reviewed for propriety and that appropriate action be taken, if necessary.
- The account ownership, purchases, and spending limits on all other charge accounts (MasterCard, Sam's Club, etc.) should be reviewed for propriety.
- Jurors, staff, and employees should file expense reports (with receipts and documentation) for reimbursement of any travel and related expenditures incurred for the business purposes of the police jury.
- All police jury purchases should be processed through a centralized purchasing process that includes strong oversight and controls (e.g., requisitions, approvals, receipts, etc.). Purchases by credit cards should be the exception (e.g., emergency) and not the rule.
- The police jury should formally approve the opening of charge accounts in its name (and using its federal identification number) and adopt written policies and procedures for how usage is to be controlled and documented.

4. **Lack of Controls Over Disbursements/Checks** - Controls over disbursements need to be improved. In addition to not having written policies and procedures for disbursements, our assessment revealed the following deficiencies:

- **Controls Over Electronic Signatures** - Controls need to be improved over the staff's use of computer software to sign checks. Three police jury staff (treasurer, accounting manager, and accounts payable clerk) could prepare checks and access the software to sign checks without any supervisory review. Without strong controls over the electronic check-signing process, assets/cash of the police jury are at a greater risk of being misappropriated (especially considering that the monthly bank account statements were not being reviewed and reconciled).

Recommendation: We advise the police jury to require handwritten ("live") signatures on all checks and to eliminate the use of electronic signatures.

- **Payments Not Compared to Budgeted Amounts** - Police jury staff was paying bills without comparing and verifying that budgeted amounts were available for spending. As mentioned previously in this report, staff was not preparing monthly budget-to-actual comparison schedules to monitor police jury operations and adequate documentation was not always obtained before payments were made.

Recommendation: The parish manager should implement controls to ensure that budgeted funds are available before payments are made and that adequate documentation is on-hand and approved by an appropriate supervisor before checks are signed and issued.

Employment Contract - Parish Manager

The police jury entered into an employment contract with the parish manager that began March 1, 2008, and terminates on January 9, 2012, (approximately 4 years). Our assessment of this contract revealed the following matters:

- **Severance Payment** - The contract requires the police jury to pay a "severance allowance" which may be contrary to state law and the Louisiana Constitution. The severance is payable to the parish manager if his employment is terminated without cause. The severance payment varies depending on the date of termination; however, the maximum amount would be equal to his annual salary.

State law and the Louisiana Constitution [Article VII, Section 14(A) of the Louisiana Constitution of 1974] generally prohibit funds of the police jury from being donated to or for any person. We advise the police jury that the Louisiana Attorney General has opined (Opinion 00-0123) that "a public employee is entitled to be paid for all labor or services provided in his or her course of employment as well as all related benefits, including annual leave, sick leave, and retirement" and further states, "More specifically, our office has consistently

opined that the payment of severance pay upon termination is a violation of Article 7, Sec. 14(A).”

- **No Performance Evaluations** - Contrary to the contract, the police jury did not annually review the job performance of the parish manager. The contract provides that his “performance shall be reviewed and evaluated utilizing objective measures in writing by the Police Jury annually.”
- **Salary Increases** - Salary increases given to the parish manager did not comply with the provisions of the contract and the contract was not amended to allow for such increases.

The contract stipulates that the parish manager is to be paid a \$75,000 salary until January 9, 2009, at which time he is eligible for an annual salary increase (effective on January 9 of each year) that is “tied to annual inflation based on the consumer price index (CPI-U) calculated at the end of each calendar year.” In 2009, the police jury approved the following two salary increases for the parish manager and neither was tied to annual inflation.

1. On February 10, 2009, the police jury approved a \$5,000 salary increase to be effective March 1, 2009.
2. On December 8, 2009 (approximately 10 months later), the police jury approved a \$25,000 salary increase to be effective January 1, 2010.

Recommendation: We advise the police jury to consult with legal counsel about these contract matters.

Open Meetings Law

Four of the seven police jurors and the parish manager met at a restaurant which may have violated the Open Meetings Law (R.S. 42:4.1 et seq.). The Open Meetings Law allows social gatherings; however, it does not allow, where there is a quorum present, for the police jurors to discuss business, vote, or take other actions, including formal or informal polling of the police jurors.

This lunch meeting appears to be related to police jury business as the parish manager submitted the restaurant receipt for reimbursement. The police jury reimbursed the parish manager \$92.54 which was the total cost of five meals (including tip) paid for at the Carriage House at Myrtles Plantation on January 21, 2009. Handwritten on the restaurant receipt was “*Mr. Sims/P Jurors*” and “*Roach, Shoemaker, Stevens, Dawson and Sims.*”

Recommendation: We advise the police jury to consult with its legal counsel and to take appropriate action as considered necessary.

Noncompliance With Parish Transportation Act

The police jury failed to prepare and adopt a three-year capital improvement program/plan in accordance with the Parish Transportation Act (PTA). Also, a weekly work schedule was not being prepared for the road maintenance work as required.

The PTA is a set of state laws (R.S. 48:751-48:762) which, among other things, provides for state funding to the parish for the maintenance, construction, and repairs of parish roads. In 2009, the police jury received PTA funds totaling \$237,820.

The PTA requires the police jury to implement the following two programs with respect to its parishwide road administration:

1. A capital improvement program that uses a three-year priority ranking schedule that is based on the needs of the parish as a whole. The most critical needs existing parishwide according to the priority ranking are to be met first. By order of priority, the schedule should list all projects to be constructed in the current year and the two following years. The capital improvement program is to be adopted by the police jury each year by a majority vote, and the schedule may be amended as additional funding is secured and/or when roads are added or removed from the parish system.
2. A selective maintenance program prepared and administered by the parish road superintendent for which there is a schedule of the work to be performed by category, on a weekly basis. The road superintendent may authorize maintenance work not contained in the weekly schedule upon receipt of constructive notice of a defect in the parish road system and when, in the opinion of the superintendent, the defect constitutes a hazard to public safety. The superintendent is to maintain a record of the work authorized and report the total amount of such expenditures on a monthly basis to the police jury.

We caution the police jury that failure to comply with the requirements of the PTA may cause suspension of and possible forfeiture of the state's parish transportation funds, criminal sanctions for malfeasance, and potential personal liability for civil damages to restore improperly expended funds.

Recommendation: The police jury should consult with legal counsel and begin preparing a three-year parishwide capital improvement program/plan for adoption in compliance with the requirements of the PTA. Also, the police jury should require the preparation of a weekly work schedule for its road maintenance program and ensure that this program is in full compliance with the PTA.

Special Attorneys/Counsel

It appears that the police jury engaged special counsel without following all requirements of state law (R.S. 42:263).

The regular counsel for the police jury is the district attorney (20th Judicial District) as provided by R.S. 16:2. However, R.S. 42:263 allows the police jury to use special attorneys/counsel to represent it in special matters and to pay compensation for legal services if a real necessity exists; however, the law requires it to be done by resolution stating fully the reasons for the action and the compensation to be paid. The police jury's resolution is subject to the approval of the attorney general and, if approved, is to be included in the minutes and published in the official journal of the parish.

In 2009, the police jury paid \$71,360 to a private law firm. The police jury secretary was not aware of these requirements for hiring special attorneys and said that the police jury has for years used a private attorney when certain types of lawsuits arose.

Recommendation: We advise the police jury to consult with the district attorney and the Louisiana Attorney General when legal services are required.

Noncompliance With Local Government Budget Act

The police jury did not comply with all requirements of the Local Government Budget Act (R.S. 39:1301 et seq.).

No Annual Budget for the Criminal Court Fund - An annual budget for the Criminal Court Fund, a special revenue fund of the parish, was not prepared and adopted by the police jury. State law (R.S. 39:1305.A) requires the preparation of a comprehensive budget presenting a complete financial plan for each fiscal year for the General Fund and each special revenue fund.

State laws generally provide that the police jury is primarily responsible for paying the expenses of the district attorney and criminal court and the police jury pays those expenses with revenues of the General Fund and secondarily with revenues of the Criminal Court Fund.

Recommendation: The police jury should comply with state law by ensuring the preparation of an annual budget for the operations of the Criminal Court Fund. In preparing the annual budget, we advise that the following steps be taken:

- Forecast the total amount of General Fund revenues that will be available in the next year to pay all general government obligations. From that amount, determine the total amount that will be allocated to satisfy the statutory obligation of paying the expenses of the district attorney and judges.
- Forecast the total amount of fine revenues to be deposited/available in the Criminal Court Fund in the next year (consider historical information/trends and current conditions).

- Ask the district attorney and judges to submit their annual line-item budget requests so the finance committee can review and compare those proposed expenditures to its forecast of available revenues in its General Fund and Criminal Court Fund. Should it be determined that revenues will not be sufficient, the committee should meet with the district attorney and judges to resolve their differences before the start of the fiscal year. Communication and cooperation among all officials is vital to developing an agreeable funding strategy.

No Budget Message - The police jury's 2008 budgets did not include a budget message as required. State law [R.S. 39:1305(C)(1)] requires a budget message signed by the budget preparer that provides a summary description of the proposed financial plan, policies, and objectives, assumptions, budgetary basis, and a discussion of the most important features.

Recommendation: The police jury should ensure that its annual budgets include a budget message as required.

Police Jury Payments to Nonprofit Organizations

Controls need to be implemented over public funds given to nonprofit organizations.

1. **West Feliciana Community Development Foundation, Inc. (Foundation)** -

The police jury was not monitoring the Foundation's compliance with the terms and conditions of the cooperative endeavor agreement (CEA) it executed in 1998 with the Foundation.

In 2009, the police jury gave approximately \$200,000 of public funds (ad valorem taxes) to the nonprofit organization for economic development purposes. Our assessment of the CEA revealed the following matters:

- The Foundation was not providing the required monthly report to the police jury. The CEA requires a comprehensive summary of the Foundation's activities during the preceding month and a statement of receipts and disbursements and budget revisions, if any, for the same period.
- The police jury was not monitoring the Foundation's compliance with state laws. The CEA states, "Insofar as its actions directly involve public funds, the Foundation will observe all laws and regulations of the State of Louisiana applicable to political subdivisions of the state, including but not limited to public bid law."

2. **Social Services Agencies** - In 2009, the police jury transferred public funds to the following social services agencies without executing a CEA with them:

- \$48,134 was given to *Happi Llandiers*

- \$17,044 was given to *Child Advocacy Services*
- \$12,000 was given to *My Sister's House*

The police jury is prohibited from donating funds; however, the police jury is allowed to enter into cooperative endeavors with nonprofit organizations when certain criteria exist. The Louisiana Supreme Court has provided (in *Cabela* case 938 So.2d 11) three elements that must exist for a transfer of funds to be permissible and the Attorney General generally uses the three-prong test in determining whether transfers/expenditures are lawful:

1. There must be a public purpose for the transfer/expenditure of funds.
2. The transaction must be looked at as a whole and cannot appear gratuitous on its face.
3. The police jury must have an expectation of receiving something of value.

Recommendation: We advise the police jury to consult with legal counsel and to ensure that a valid CEA is executed with each nonprofit organization that receives police jury funds. Police jury staff should monitor compliance with the terms and conditions of each agreement, and any instances of noncompliance should be communicated to the police jury and resolved on a timely basis.

Jury Vehicles Taken Home

There was no evidence of authorization for employees to take home police jury vehicles (public property). According to the police jury's *Personnel Policy and Procedures Manual*, employees are required to use privately owned vehicles for transportation to and from work, unless specifically authorized otherwise by the police jury.

The following 12 employees were taking home vehicles for which we did not find the specific authorization of the police jury:

1. Information Services Director
2. Geographical Information Systems Analyst
3. Chief Mechanic
4. Developmental Services Director
5. Parks and Recreation Director
6. Parks Operations Supervisor
7. Utilities Superintendent
8. Wastewater Foreman
9. Waterworks Foreman

10. Waterworks Utility Worker
11. Road Maintenance Superintendent
12. Road Maintenance Foreman

We were informed that all employees taking home police jury vehicles were on 24-hour call status and that the value of their use of the vehicles to commute between work and home was being included in their income.

Recommendation: We advise the police jury to review the business necessity for each of the employees to take a public vehicle home and document its approval.

Capital Assets

Controls are needed over the capital assets/property of the police jury. State law [R.S. 24:515(B)(1)] requires the police jury to maintain records of all land, buildings, improvements other than buildings, equipment, and any other capital assets, which were purchased or otherwise acquired. Also, good controls over property require that property be tagged for identification purposes and a physical inventory be conducted at least annually.

Our assessment revealed the following:

1. A complete physical inventory of all police jury property (e.g., equipment, vehicles, etc.) has not been conducted in the past two years.
2. The police jury staff did not maintain a complete and current detailed listing of all capital assets of the police jury.
3. The staff was not tagging capital assets for identification purposes.

Recommendation: The parish manager should ensure that (1) accurate and detailed listings of assets are maintained and updated when property is purchased and disposed; (2) assets are tagged for identification purposes and included on the detailed listing; and (3) a complete physical inventory is conducted at least annually and differences are investigated and resolved timely.

Cell Phones

Controls over cell phones need to be implemented. In addition to not having a written policy or procedures, there was no documentation for the business necessity for purchasing different types of cell phones and issuing to certain police jurors and employees.

The police jury had a total of 19 cell phones that were issued as follows:

Juror/Employee Title	Phone Type
1. Juror - District 3	iPhone
2. Juror - District 5	iPhone
3. Juror - District 7	iPhone
4. Parish Manager	iPhone
5. Administrative Assistant	iPhone
6. Treasurer	iPhone
7. Accounting Manager	iPhone
8. Information Services Director	iPhone
9. Parks Operations Supervisor	iPhone
10. Utilities Superintendent	iPhone
11. Developmental Services Director	Rugged/Heavy Duty
12. Road Maintenance Superintendent	Rugged/Heavy Duty
13. Water Foreman	Rugged/Heavy Duty
14. Chief Mechanic	Rugged/Heavy Duty
15. Mechanic	Rugged/Heavy Duty
16. Information Services Staff	Standard
17. Public Works Clerk	Standard
18. Road Maintenance Foreman	Standard
19. Utilities Staff (on-call)	Standard

Recommendation: We advise the police jury to consider the following:

- Adopt written policies and procedures to be followed for the business use and care of cell phones.
- Review the duties and responsibilities of all employees to determine who needs to have a police jury cell phone, including the type and whether Internet service is needed to accomplish their jobs. Such consideration should be documented.
- Review the propriety and business necessity for continuing to pay 100% of the jurors' and employees' monthly cell phone service and Internet service (e.g., \$30 per month for Internet service on an iPhone).

Attendance Records

Certain police jury staff and employees were not completing time/attendance records. Good controls over payroll require that all employees complete a daily time record to account for their attendance at work and their earning of annual and sick leave benefits.

We understand that time records/sheets were not being completed by the following staff and employees:

- Parish Manager
- Secretary
- Accounting Manager
- Developmental Services Director
- Road Maintenance Superintendent

Recommendation: The police jury should require all staff and employees to prepare daily time records to document hours worked and leave taken. Time records should be signed by the employee and reviewed/approved by an appropriate supervisor.

Records Retention

The police jury has not prepared and submitted a records retention schedule to the state archivist for approval as required by Louisiana law (R.S. 44:411).

Recommendation: In compliance with R.S. 44:36 which requires the police jury to exercise diligence and care in preserving public records and in accordance with R.S. 44:411, the police jury should develop and submit a records retention schedule to the state archivist (Louisiana Secretary of State Office) for approval. The parish manager should ensure that records of the police jury are retained in accordance with the schedule.

Customer Water and Sewer Accounts

Controls over customer water and sewer accounts need to be improved. The police jury's staff was responsible for performing certain accounting and administrative functions of the West Feliciana Parish Waterworks District No. 13 (waterworks district). For 2009, the police jury billed the waterworks district a total of \$47,773 for its services.

1. **Customer Account Balances Not Reconciled** - The total of customer account balances in the billing system (subsidiary ledger) was not being reconciled with the accounts receivable balance recorded in the general ledger. The monthly reconciliation of these two independent records is essential for a proper system of controls over customer water and sewer accounts.

Recommendation: The police jury staff should be required to reconcile these two separate records (subsidiary ledger and general ledger) each month. Any differences should be investigated and resolved on a timely basis.

2. **Need Separate Cash Drawers** - Two clerks were collecting customer water and sewer payments and sharing the same cash drawer. Good controls require that the clerks maintain separate drawers for which they are personally responsible for having in their possession the cash amount of their drawer as established for them plus the amount of cash recorded as received.

Recommendation: To provide accountability and improve controls over cash, each clerk should be assigned a separate cash drawer and be responsible for the daily balancing (subject to supervisory review). Clerks should be prohibited from working out of each other's cash drawer and all drawers should be secured under lock when not being used.

3. **Past Due Accounts** - Water services for past due customers were not consistently shut off in accordance with the *Water Users Agreement*. The agreement provides that water services will be shut off upon nonpayment within 30 days of the bill due date.

As of December 17, 2009, there were 55 customers with past due balances over 60 days (totaling \$3,189) who were continuing to receive water services. In addition, records reflected 529 inactive/terminated customers who owe a total of \$54,612 to the waterworks district.

The continued operation of the waterworks district and the quality of service provided to customers depend on the district collecting for the services it provides. Continuing to provide services to customers after the shut-off date affects the quality of services provided and jeopardizes the continued operation of the waterworks district. Furthermore, continuing to provide utility services without actively trying to collect delinquent utility account balances could be prohibited by the state's constitution [Article VII, Section 14(A) of the Louisiana Constitution of 1974].

Recommendation: The utilities superintendent should ensure that water services to past due customers are consistently shut off in accordance with policy. We advise that aggressive action be taken, including legal action when necessary, to collect all delinquent balances of the waterworks district.

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Status of 2008 Audit Findings

The following presents a summary of the findings reported in the December 31, 2008, audited financial statements (reported by the police jury independent auditor) and the disposition of those findings based on our inquiries and general observations as of December 30, 2009.

December 31, 2008, Audit Findings	Disposition as of December 30, 2009
<p>1. Inadequate Internal Control Over Financial Reporting/Statements:</p> <ul style="list-style-type: none"> The current system does not provide accounting processes for timely, complete and accurate financial data such that a reliable financial statement can be produced. Current balances for assets, liabilities, and net assets are inaccurate because beginning balances are not entered. There is not appropriate segregation of duties or levels of approval to create an atmosphere of strong internal control. There are no timelines that provide for timely submission of financial data so that an effective audit can be completed. There are no timelines that provide for timely submission of financial data so that an effective audit can be completed. <p>2. No Periodic Reconciliations/Review - There are no processes in place to reconcile significant items on a periodic basis such as the customer accounts receivable ledger to the general ledger.</p> <p>3. Noncompliance With Audit Law - The June 30 deadline (R.S. 24:513) for submitting the police jury's annual audit report to the Legislative Auditor was not met for the 2008 fiscal year and has not been met in several years.</p>	<p><u>Unresolved.</u> See finding, <i>Financial Management</i>.</p> <p><u>Unresolved.</u> See finding, <i>Financial Management</i>.</p> <p><u>Not Determinable.</u> Our assessment was concluded before the start of the 2009 annual audit.</p> <p><u>Unresolved.</u> See finding, <i>Customer Water and Sewer Accounts</i>. Also see finding, <i>Financial Management</i>.</p> <p><u>Unresolved.</u> Our assessment concluded before the June 30, 2010, deadline for filing the 2009 audit report. However, the 2009 audit report is delinquent as of the date of this report.</p>

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Management's Response



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RANDY STEVENS
Vice President

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Parish Manager

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West Feliciana Parish Police Jury

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August 16, 2010

Daryl Purpera
Louisiana Legislative Auditors
P.O. Box 94397
Baton Rouge, LA 70804-9397

Re: RESPONSE TO AUDIT

Financial Management

1. Lack of Written Policies and Procedures

The Parish Manager is well aware of the lack of procedures that has existed and continues to exist over a prolonged period of time. However, this is being addressed but there is a logical progression of how procedures are to be written and rolled out for approval.

- First and foremost, is the revision of the Personnel Policy and Procedures Manual which were approved at the June 8, 2010 West Feliciana Parish Police Jury meeting. This culminated a six-month process of a total re-write of the procedure.
- The next step will entail a process in which procedures will be developed for the following areas:
 - Accounting Desk procedures (How to)
 - Check write and verification procedure
 - Procurement Process
 - Delegation of Authority (written not approved by Police Jury)
 - Budget
 - Development
 - Budget Message
 - Revisions
 - Monthly budget to actual expenditure comparison
 - Financial Reporting Procedure

Ethics, including matters such as nepotism and prohibited activities (e.g., related party transactions) are covered in the approved employee policy and procedure manual and requiring that an annual certification letter be signed by the jurors and all employees attesting to their compliance with the ethics policy

The Parish will develop a form letter to be signed off on an annual basis by all employees and jurors attesting to compliance with ethics policy. Should be included as part of the yearly driving/sexual harassment program.

- Have reviewed and will adopt the Secretary of State record retention policy with minor changes.

- **Cash flow analysis by fund has been developed. Initiated discussion with local banks and other state financial institutions during the first quarter of the year. Will have an investment portfolio in place prior to the end of the 4th quarter 2010.**
- **Currently have a budgeting process and monthly comparative analysis process in place. Will refine and provide more detailed monthly analysis and will incorporate a budget revision process commencing in 4th Quarter, 2010.**
- **Prior to the arrival of the parish manager there was no financial reporting mechanism in place at all. During the second year of his tenure a financial analysis process was developed and reviewed monthly during the Finance Committee and Police Jury meetings. As indicated above, will combine more detailed analysis with ongoing monthly graphics financial comparisons.**
- **Will develop a formal mail distribution process. This may require the addition of a new employee, which will be contingent on the availability of financial resources. In addition, forms will be developed that will allow for review of treasury functions plus a desk procedure will be written.**
- **Will commence using MIP purchase order module September 1, 2010. The software has a checks and balances function that compares procurement dollars to budget line items. The process will be documented and a procedure written. This will coincide with the approval by the police jury on August 10, 2010 designated monetary delegation of authority procedure.**
- **Credit card usage will be included in the accounting procedures. The delegation of authority procedure that designates approval levels will allow for internal controls over credit card usage.**
- **Delegation of Authority procedure has been written and approved by the Police Jury in August 2010. The procedure provides for levels of approval that cascades down from the Police Jury to parish manager to directors/superintendants.**
- **The Police Jury will require the use of an existing expense statement form for all travel and business related expenses.**
- **All contracts are being reviewed by legal counsel, but no documentation exists. Will develop a documentation process.**
- **This is covered in the Information Systems (IS) procedures that have been written and presented to the police Jury for consideration at the jury's September, 2010 meeting.**
- **Cell phone procedure addressed in the Policy and Procedures Manual approved by the Jury in June of this year. Cell phone procedure written but not approved by the Jury.**
- **The Public Works department has two 2,000 - gallon tanks for regular and diesel fuel.**

The following is the process:

- 1. No one pumps gas independently, In fact, whenever an employee gets gas an attendant is there to pump the gas. Each employee signs off on a form the time, date and volume of fuel dispensed. The attendant also signs the document.**
 - 2. A reading is taken from both fuel tanks at the beginning of each business day, and the reading from the day before is subtracted, giving the amount of fuel consumed,**
 - 3. The fuel amount on the log is added up and is compared to the gallons dispensed.**
 - 4. When a fuel truck delivers fuel it is noted on the fuel log including date, volumes and total price.**
 - 5. The weekly fuel log is entered into the Maintenance Pro software program used to charge the appropriate cost center for fuel usage.**
- Fixed asset system module in place lacking only the definition of a fixed asset and the full time employee to implement it.**

Currently analyzing the Fixed Assets module in MIP. Will implement module and develop a fixed assets procedure prior to year-end.

2. Jury Records in Disarray – Police jury staff were not maintaining the jury’s financial and related records in an organized manner. Records were in multiple places/offices and not filed in a central location, a staff person’s office— and floor— — is cluttered with records, and it was often very time consuming for the staff to find certain records we requested. Without an organized filing system, police jury records are at risk of being misplaced, lost, or accessible to unauthorized persons.

Record retention is one of numerous processes that have been identified. The approach that will be taken is an electronic filing system. First the server capacity had to be procured which was accomplished this year. The second step and the most time consuming is scanning documents. All current documents are now being scanned. The challenge is to get all historical documents scanned which is a long-term project. It is the parish’s objective to have a fully functional automated record retention process in place by the 1st Quarter 2012.

3. Balances Not Correct in Accounting System

Currently the staff has correct balances for all funds with the exception of a few minor adjustments that will require some research but these adjustments have a nominal impact. Balances will be maintained on a current basis.

4. Not Reconciling Jury Bank Accounts and Investment Accounts

All bank statements have been reconciled through 2009 and 2010 are being reconciled. The LAMP accounts have been reconciled through July 2010. The Parish Manager will review, initial and date monthly reconciliation.

5. Not Reconciling Waterworks District's Bank Accounts

Prior to the Parish Manager's arrival the Waterworks District purchased the CSDC software based on the software's ability to interface with MIP. The intent was to allow CSDC to automatically dump the data into MIP. There were issues initially in the conversion which have all been worked out. The system is up and running.

6. No Monthly Financial Statements and Budget Comparisons

Monthly financial comparison to budget have been prepared and will continue to be prepared on a monthly basis and presented to the Police Jury, Improvements must be made in three areas: timely automated completion of financial statements, comparisons on a current month and year-to-date basis and provide more detail comparative analysis by fund. These enhancements will be implemented during the 4th quarter 2010.

7. Duties Not Adequately Segregated

Duties for the Accounting (at the time Coco), Treasury (Welch) and Advisory Resource (Smith) have been clearly delineated specifically detailing each areas responsibility. Organizational charts were prepared and updated 2 ½ years ago. Job description for over 100 positions in the West Feliciana Parish Police Jury were either updated and or re-written over 2 years ago. Job descriptions have been reviewed with each employee and a copy will be inserted in each employee personnel folder. In addition, a performance appraisal tool was introduced two years ago and each employee has been and will continue to be evaluated on an annual basis. Supervisors are required to sign off on the evaluation and to ensure consistency each are reviewed by the Parish Manager.

Purchases and Disbursements

We disagree here, misappropriated means stolen or embezzled. The only way to adequately protect against such is an assets management system in combination with a purchasing system. Front-end management of purchasing alone does nothing to deter such activities.

1. Decentralized Purchasing Process

Purchase requisition forms were being prepared to document purchases and supervisory approvals; however, the forms were not prepared on all jury purchases. For example, the administrative staff was not **always** preparing requisition forms for its supply purchases, and departments were not preparing the forms for purchases made with credit cards.

Commenced using MIP purchase order module September 1st of this year. Training of employees in the use of the software was completed in July of this year. The software has checks and balances function that compares procurement dollars to budget line items. This will serve the purpose of centralizing and automating the purchasing

process. The process will be documented and a procedure written.

2. Noncompliance With Public Bid Law

. August 2009

Unless mistaken purchases that are greater than \$10k but less than \$20k requires only three telephone or fax quotes; which were obtained. No bid law was violated on this purchase.

In investigating the process that took place, it is my understanding a price with the local car dealer entailed a total purchase price of \$9,999.99. However a later invoice was received in the amount of \$199.99 to cover the American Express fee (which should be paid by the merchant and not the customer). The dealership has been so advised and has agreed to refund the \$199.99. Once the refund is received the parish will be in compliance with bid law requirements.

. September 2009

The Police Jury on October 9, 2001 authorized the purchase of water meters to replace old meters. The Jury reviewed all of the proposals and selected Hersey water meters and Ramar transmitters. The Jury in 2004 executed an agreement with Hersey which allowed the purchase of water meters from Hersey through Baton Rouge Win-Water at a reduced rate.

The Waterwork District use Hersey meters exclusively. Hersey no longer supplies water meters to Baton Rouge Win-Water or any other distributor. In the future the parish will procure three bids on comparable equipment.

. October 2009

This equipment was bought on state contract and neither auditor made any inquiries.

. December 2009

Purchases of materials or supplies totaling between \$10,000 and less than \$20,000:

- a. Obtain at least three (3) telephone or facsimile quotes;**
- b. Obtain written confirmation of the accepted offer for the file; and**
- c. If a lower bid than the accepted bid is not accepted, the reason for the rejections must be noted.**

Written quotes will be obtained when purchases exceed \$10,000

AG Op. No. 03-0437 – Purchase of prescription drugs on an acquisition cost basis conflicts with the “cost plus” prohibition of LSA R.S. 38.2221. The use of an identifiable and recognized price index is authorized with the bid competition occurring solely on the margin over index price offered by each bidder.

Chlorine (12.5% Sodium Hypo) used in the water system is currently being purchased from Premier Chemical in Baton Rouge. Premier Chemical was chosen as they were the jobber for all suppliers of bleach in Louisiana. Water District No. 13 currently purchase Chlorine at the supplier's price and the departments only pays for the delivery add-on. Chlorine is a very volatile commodity and is based on the price of oil and caustic. Water District No. 13 checks with suppliers on an annual basis to verify the district is getting the lowest price possible. Keep in mind other suppliers of Chlorine purchased the product from Premier. To ensure the District is receiving the lowest price possible purchases are made in 3,000 gallon increments,

The Parish will continue to comply with public bid law requirements. As indicated previously, a Delegation of Authority procedure with an expenditure dollar amount assigned to the Jury, Jury President, Parish Manager and Directors/ Supervisors was approved by the jury during the August police jury meeting.

3. Lack of Controls Over Credit Cards

The purpose of the American Express card is twofold: cut down on the number of individual billings and secondly, the Parish was making sizeable purchases on MasterCard without the benefit of receiving rewards points. A request for rewards points was made to the Bank of St. Francisville but we were told no reward points were associated with their MasterCard. In turn, we applied for the American Express card. The downside to using AE is each card has to be assigned to an individual name (the parish name is affixed below the employee's name). The cards were to be used to purchase recurring items in order to have more control over purchases rather than individual employees charging purchases at the local Pat's Hardware and NAPPA parts as well as to defray jury transportation expenses.

Directors/Supervisors were instructed to use credit cards for recurring Purchases.

- No Review/Approval of Cardholder Purchases**

We believe the actions by the Police Jury over the past several months will remedy the concerns of the audit. First and foremost, the Jury approved the "Delegation of Authority procedure and approval that provides certain monetary amounts that each Director/Superintendent has. In addition, the parish will begin in September using a module that will automate the requisition process, thus requiring a requisition for all purchases.

- Lack of Documentation**

First of all, credit card purchases have been suspended, except for purchases requiring the usage of a credit card, pending implementation of the Delegation of Authority

procedure and corresponding delegation authority to Directors/Supervisors, Parish Manager, Police Jury President and the Police Jury. Once approved by the Jury, the process will be continued. Each credit card user will be required issue a requisition prior to card usage and to immediately provide receipts to accounting in a timely manner.

- **Travel Charges**

As part of the contract between West Feliciana Parish Police Jury and the Parish Manager, the Parish Manager is entitled to “expenses for entertainment”. See section below:

1. **Expenses:** The Employee may incur lawful reasonable expenses for furthering the Parish’s business, including expenses for entertainment, travel, lodgings and similar items. The Employer shall reimburse Employee for all business expenses after the Employee presents an itemized account of expenditures, pursuant to policy.

The dinner was a de-briefing of the previous meetings and a strategy session on how the next day meetings will be approached. This is consistent with the contract and interpreted as discretionary on the part of the Parish Manager.

- **Personal Charges**

1. The Parish Manager was not aware of the purchase and such purchases have been discontinued.
2. The employee was advised and the practice was discontinued all within one billing cycle.

Each area was addressed above. AE cards have been temporarily suspended but once controls (delegation of authority and implementation of requisition module are in place) card usage will be continued.

- Duly noted and a review process will be implemented.
- Duly noted and a review process will be implemented.
- An expense statement submittal process will be implemented.
- As noted previously, a new automated requisition process has been implemented. The process has been documented in a procedure.
- All credit cards are currently in the name of the West Feliciana Parish Police Jury. However, AE does not allow cards to be issued without a corresponding name associated with each card.

4. Lack of Controls Over Disbursements/Checks

- **Controls Over Electronic Signatures**

In 2010 it is difficult to understand the logic here! Instead, a policy has been implemented in which the Parish Manager compares each electronic check with the Check Registry and Detailed Ledger. The Parish Manager upon reviewing the accuracy will sign and date the Check Registry.

- **Payments Not Compared To Budgeted Amounts**

Each Director/Supervisor, provided the dollar amounts do not exceed their Authorization are required to ensure the amounts are covered in the respective Budget line items. Those dollar amounts that exceed their approval authorization will require Parish Manager review and verification of amounts are included in the budget. Furthermore, all purchases will require using the automated requisition module. This Module will automatically check against the budget line to ensure the amount does not Exceed approved budgeted amounts.

Employment Contract – Parish Manager

- **Severance Payment**

The contract section below addressed the termination of the contract, which requires the parish to honor its contractual commitment through the terms of the contract. Although this section does reference the term severance (which will be amended and taken out and replaced with “contractual obligation”) looked at only one aspect of the contract with the last sentence clearly stating the employee will not receive a severance allowance. I think the auditor’s interpretation is flawed and should not be misconstrued as severance pay but contractual obligation. Also, the parish manager’s contract was thoroughly vetted through legal counsel.

1. **Termination of Agreement: Without cause, the Employer may terminate this agreement at any time upon thirty days (30) written notice to the Employee. If the Employer requests, the Employee will continue to perform duties and may be paid regular salary up to the date of termination. In addition, the Employer will pay the Employee on the date of the termination a severance allowance equal to one years’ pay (or the remainder of the term of the contract), at the rate in effect on the date of notice of termination is given less taxes and social security required to be withheld. Without cause, the Employee may terminate employment upon thirty days (30) written notice to the Employer. Employee may be required to perform duties and will be paid the regular salary to date of termination but shall not receive severance allowance**

Furthermore, parish legal counsel’s opinion is the obligation to pay in the event of early termination without cause is a contractual obligation and a part of the total consideration and compensation agreement between the parties undertaken at the beginning of the relationship. The constitution prohibits donations of public funds. It does not prohibit a public body from

obligating itself at the beginning of a contract to make a payment like this any more than vehicle expenses. Legal counsel does not have problem with it being enforceable at the time (as long as the police jury understood-which they did- that it was not discretionary whether the money owed in the event of termination without cause) and it continues to be the legal counsel's opinion.

- **No Performance Evaluations**

Duly noted and the Police Jury will be informed that an annual performance review is required.

- **Salary Increases**

This matter will be referred to legal counsel. Regardless, the Jury has the ability to have the Contract amended and if legal counsel concurs, the contract will be revised to reflect the approved actions of the Jury.

Open Meetings Law

As indicated to the auditor at the time of discovery this was a mistake on the Parish Manager's part. Never have I been in the presence of more than three jurors outside of jury meeting or specially called Jury meeting. At the time of this particular expense, Mr. Dawson was employed at the River Bend Nuclear Facility and could not have attended. The back of the receipt was completed some time after the luncheon and as such an error on my part. Mr. Roach purchased what I recall was a dessert item for an employee. The proper approach here should be the parish manager should accurately document meal attendees.

Noncompliance With Parish Transportation Act

The Parish Manager was totally unaware of this requirement. In the future, the Parish will comply with the PTA. In fact, although not documented in the format, the Parish has established a Master Road Plan designed to prioritize maintenance on all parish roads.

Special Attorneys/Counsel

In consultation with parish legal counsel, it is our interpretation that the Parish is in compliance with provision of law. A resolution is approved by the Jury and the Parish Secretary submits the Resolution to the Attorney General. The oversight that apparently discovered in the audit pertain to the legal counsel who was first engaged by the parish's insurance company to provide legal direction as it related to personal liability with employees being hospitalized due to illness incurred in a parish facility. This litigation expanded to representing the Parish in a lawsuit against the Architecture firm,

the General Contractor and Subcontractors. Because of the overlap the resolution and subsequent Attorney General approval was not pursued in a timely fashion. This was an inadvertent oversight due to mitigating circumstances.

Noncompliance With Local Government Budget Act

No Annual Budget for the Criminal Court Fund

The Police Jury will take the recommendation under advisement but not sure how this will be handled. The abovementioned flows good but in actuality this process maybe impractical.

No Budget Message

The Parish Manager was unaware of the provision but will duly comply with this in the future.

Police Jury Payments to Nonprofit Organizations

1. West Feliciana Community Development Foundation, Inc. (Foundation)

- **Duly noted.**
- **If the CDF survives, the jury will comply.**

2. Social Services Agencies

The Police Jury, upon advice of legal counsel, will ensure Cooperative Endeavor agreement will be transacted with each social service entity.

Jury Vehicles Taken Home

The revised Personnel Policy and Procedure Manual approved by the Police Jury delegates this responsibility to the Parish Manager.

Capital Assets

The Parish Manager is well aware of the lack of documented capital assets controls but this is not limited to this area only. In order to properly address the lack of documented controls, the first step is to address the over-arching Personnel Policy and Procedures. These procedures, used to reference other organizational procedures, were approved by the Police Jury in June of this year. Other procedures will be adopted throughout the year with all major procedures being completed by the end of the 1st Quarter 2011. Currently the fixed assets module has also been activated.

Cell Phones

- **Cell phone procedures adopted with the approval of the Personnel Policy and Procedures Manual in June of this year.**

- **Referenced in the Personnel Policy and Procedures Manual and further detailed in the Information Systems Policy and Procedures which are awaiting approval of the police jury.**
- **This will be under review. However, currently those employees with cell phones being paid by the parish have the minimum hours they are offered. To date, none of the hours have been exceeded. In fact rollover hours have been accumulated. Nevertheless, the parish manager and reports will review current policy to determine if revisions, if any, are recommended.**

Attendance Records

The IS Director is currently evaluating a new time process to replace the card key process. This will be used on an experimental basis. With this process in place a daily time record will be maintained by all employees including each of the functions listed above.

Records Retention

Record retention is one of numerous processes that have been identified. The approach that will be taken is an electronic filing system. First the server capacity had to be procured which was accomplished this year. The second step and the most time consuming is scanning documents. All current documents are now being scanned. The challenge is to have all historical documents scanned which is a long-term project. It is the parish's objective to have a fully functional automated record retention process in place by the 1st Quarter 2012.

Customer Water and Sewer Accounts

1. Customer Account Balances Not Reconciled

Prior to the Parish Manager's arrival the Waterworks District purchased the CSDC software based on the software's ability to interface with MIP. The intent was to allow CSDC to automatically dump the data into MIP. However, this process did not and has not worked. The IS Director has been working closely with Sage MIP software analyst to create a flat file connector between CSDC and MIP. The connector is currently in place and bugs in the system are being addressed. The estimated completion to allow for an automated update of the data is anticipated to be working by the end of June.

2. Need Separate Cash Drawers

Cash drawers have been purchased and installed

3. Past Due Accounts

The cut-off list for December 2009 cycle 1 and cycle 2 had a total of 52 customers on the cut-off list. Review of the list provides the following data. Of the 52 customers 41 were in fact turned off, paid and or service restored, 2 had accounts closed for non-payment, and the remaining 9 customers had called the

office and had made arrangements to pay their bills over a 6 month period providing they paid the amount agreed upon plus their current bill.

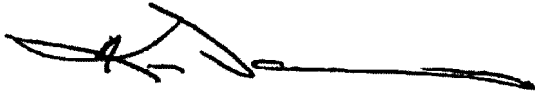
Currently the Police Jury has approved the following Policy:

Water customers must be 30 days overdue plus over \$30.00 to be placed on the cut-off list. The next water bill sent is stamped "Subject to Disconnect" in red. Failure to pay the bill within 10 days will lead to service being disconnected.

Furthermore, the Water District Superintendant turned over to the District Attorney a listing of delinquent accounts. The District Attorney has notified those customers of their status. With this being said, the Water District is in compliance with policy.

Should you have any questions, or require additional information, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to be 'Ken Dawson', with a long horizontal line extending to the right.

**Ken Dawson
Parish President**