

**RED RIVER, ATCHAFALAYA & BAYOU
BOEUF LEVEE DISTRICT**

Agreed-Upon Procedures

June 30, 2012

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Management of
 Red River, Atchafalaya & Bayou Boeuf Levee District
 Alexandria, Louisiana

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

Management of the District is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the District and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the District's compliance with certain laws and regulations during the year ended June 30, 2012.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and results were as follows:

General

1. Determine if there are adequate written policies and procedures for the primary financial/business functions of the entity (budgeting, receipts, purchasing, disbursements, payroll/personnel, contracting, travel, related parties, ethics).

Results:

The District has an Employee Handbook which addresses purchasing policies, travel policies, ethics policies, and payroll/personnel policies. The District follows state statute guidelines on budgeting practices and related party transactions. There are no written procedures on receipts and disbursements. See response to exception one in the accompanying schedule of exceptions and management's response and corrective action plan.

2. Using the financial statements or AFR, perform analytical procedures comparing current and prior year financial statements, by line item. Identify and obtain explanations for variances of 10% or greater for line items that are 10% or more of the respective total assets, liabilities, equity, revenues, or expenses.

Results:

Variances of 10% or greater was found in cash. Cash increased by \$407,558 or 13%. The change is due to the excess of revenues over expenditures of over \$300,000. This can also be attributed to an increase in revenues and a decrease in spending for the year ending June 30, 2012.

Cash

1. Prepare a proof of cash for the period covered by the financial statements.

Results:

A proof of cash was prepared for the year ended June 30, 2012, noting no discrepancies. The cash balance at June 30, 2012, was \$1,484,054.

2. Determine if cash collection responsibilities are adequately segregated to ensure that the person responsible for cash collections is not responsible for posting accounts receivable or making deposits.

Results:

Cash collection responsibilities are not adequately segregated due to the limited number of employees at the District. Currently, the secretary makes all deposits and reconciles the bank statement. The clerk posts the receipts to the general ledger. See response to exception two in the accompanying schedule of exceptions and management's response and corrective action plan.

3. Determine if bank reconciliations have been prepared for all months in the period covered by the financial statements. Determine if there is evidence of management review of the bank reconciliations. Determine if the reconciled balance for the final month of the fiscal year agrees to the general ledger.

Results:

Per examination of the District files, all bank reconciliations for the fiscal year June 30, 2012, were performed on a regular basis and agreed to the general ledger. The Operations Supervisor reviews all reconciliations once complete.

Credit Cards

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

Results:

The District has two Capital One Bank corporate credit cards in the names of the Operations Supervisor and the Secretary. Only one statement is received monthly which includes the activity for both cards.

2. Obtain the monthly statements for all credit/debit cards used during the period under examination and select for detailed review the largest (dollar amount) statement for the two cards with the most (dollar amount) activity:
 - A. Obtain the entity's supporting documentation for the largest purchase/charge shown on each selected monthly statement:
 - Determine if each purchase is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)

- Other documentation as may be required by policy (e.g., purchase order, authorization, etc.)
 - Determine if selected purchases effectively circumvented the entity's normal procurement/purchasing process and/or the Louisiana Public Bid Law (i.e., large or recurring purchases requiring the solicitation of bids or quotes).
- B. Determine if there is evidence of management review of the two selected statements.

Results:

Two card statements were examined: (1) January 2012 statement in the amount of \$2,836.04. The largest purchase examined was \$1,270.59. The original receipt was not attached for that purchase. (2) June 2012 statement in the amount of \$2,389.25. The largest purchases were two charges for \$500 each. There was no purpose documented for those purchases. Both statements were reviewed by management. See response to exception three in the accompanying schedule of exceptions and management's response and corrective action plan.

Travel and Expense Reimbursement

1. Obtain a listing of all travel and related expense reimbursements during the period under examination and trace to the general ledger for completeness. Select for review the three persons who were reimbursed the most money:
 - A. Obtain all of the expense reimbursement reports of each selected person, including the supporting documentation, and choose the largest expense report from each person to review in detail:
 - Determine if each expenditure is:
 - Reimbursed in accordance with written policy (e.g., rates established for meals, mileage, lodging, etc.) and applicable laws.
 - For an appropriate and necessary business purpose relative to the travel.
 - Determine if each expenditure is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
[Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) generally does not require a receipt.]

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)
- Other documentation as may be required by policy (e.g., authorization for travel, conference brochure, certificate of attendance, etc.)
- Determine if each expense report (including documentation) was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results:

Three individuals were selected and the largest payments for each individual were examined. All payments examined included an original receipt, documentation that explained the reason for the reimbursement and all payments were for appropriate business purposes. All three payments were also reviewed by management.

Contracts

1. Review accounting records (e.g., general ledgers, accounts payable reports, etc.) for the period under examination to identify individuals/businesses being paid for contracted services (e.g., professional, technical, etc.). Select the five "vendors" that were paid the most money during the period and determine if there is a formal/written contract that supports the services arrangement.

Results:

Contracts were not required for the five top paid vendors.

2. Obtain a listing of all active contracts and the expenditures made during the period under examination and trace to the general ledger for completeness. Select for detailed review, the largest (dollar amount) contract in each of the following categories that was entered into during the period.

(1) Services

(2) Materials and supplies

(3) Public works

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

- Determine if the contract is a related party transaction by obtaining management's representation.
- Determine if the transaction is subject to the Louisiana Public Bid Law or Procurement Code:
 - If yes, determine if the entity complied with all requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder, etc.)
 - If no, determine if the entity provided an open and competitive atmosphere (a good business practice) for the transaction/work.
- Determine if the contract was amended. If so, determine whether the original contract contemplated or provided for such an amendment. Furthermore, determine if the amendment is outside the scope of the original contract, and if so, whether it should have been separately bid and contracted.
- Select the largest payment from each of the 3 largest contracts selected above and determine if the invoice(s) received and payment complied with the terms and conditions of the contract.
- Determine if there is documentation of board approval, if required.

Results:

No categories had current contracts for the vendors of the District. Services and Materials and Supplies were bid out and the District complied with all bid requirements.

Payroll and Personnel

1. Obtain a listing of employment contracts/salaries in force during the period under examination and trace to the general ledger for completeness. Select the five highest paid employees and:
 - Determine if payments issued during the period under examination were done in strict accordance with the terms and conditions of the contract or pay rate structure.
 - Determine if changes made to hourly pay rates/salaries during the period under examination were approved in writing and in accordance with policy.

Results:

We examined paychecks for the five highest paid employees and determined that each employee's payments were in accordance with the terms and conditions of their respective pay rate structure and all hourly pay rates were properly approved in writing and in accordance with the District's policies.

2. Select the attendance and leave records for one pay period in which leave has been taken by at least one employee and:
 - Determine if all employees are documenting their daily attendance and leave (e.g., vacation, sick, etc.). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - Determine if supervisors are approving, in writing, the attendance and leave of all employees.
 - Determine if the entity is maintaining accurate written leave records (e.g., hours earned, hours used, and balance available) on all eligible employees.

Results:

We examined all leave records for the November 23, 2011, pay period. Twenty employees took leave during this time. Each employee correctly had his or her leave documented with approval, and the leave taken was properly deducted from the respective employee's leave balance.

3. Select the two largest termination payments (e.g., vacation, sick, compensatory time, etc.) made during the period under examination. Determine if the payments were supported by adequate documentation, made in strict accordance with policy and/or contract, and properly approved.

Results:

Four employees retired or resigned during the June 30, 2012, fiscal year end. Each employee's final payments were supported by adequate documentation, made in accordance with policy, and properly approved.

Budget

1. Obtain a copy of the legally adopted budget and all amendments.

Results:

The budget for June 30, 2012, listed total revenues of \$2,448,000 and total expenses of \$2,560,900. The amended budget for June 30, 2012, listed total revenues of \$2,613,000 and total expenses of \$2,560,900.

2. Trace the budget adoption and amendments to the minute book.

Results:

The budget adoption was traced to the May 3, 2011 minutes and the amended budget adoption was traced to the May 1, 2012 minutes.

3. Compare the total revenues and total expenditures of the final budget to actual total revenues and total expenditures on the financial statements or AFR. Report variances of 10% or greater.

Results:

Total revenues and expenditures were compared to the actual totals for the June 30, 2012, fiscal year. Neither amounts had variances of 10% or greater.

Debt Service

1. If debt was issued during the financial statement period, verify that State Bond Commission approval was obtained, as applicable.

Results:

This section is not applicable due to the District not issuing and/or entering into any new debt agreements during the year ended June 30, 2012.

2. Determine compliance with applicable debt covenants.

Results:

This section is not applicable due to the District not issuing and/or entering into any new debt agreements during the year ended June 30, 2012.

Corrective Action

1. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

Results:

See accompanying Schedule of Exceptions and Management's Response and Corrective Action Plan.

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

This report is intended solely for the use of management of the District and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Marksville, Louisiana
August 28, 2012

RED RIVER, ATCHAFALAYA & BAYOU BOEUF LEVEE DISTRICT

Schedule of Exceptions and Management's Response
and Corrective Action Plan
Year Ended June 30, 2012

Exception Number	Description of Exception	Management's Response and Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
1	<u>General - Written Policies and Procedures</u> There are no written procedures for the accounting of receipts and disbursements.	The District will begin the process to produce and adopt written policies for the accounting of receipts and disbursements.	Chris Brouillette, Operations Superintendent	12/31/2012
2	<u>Cash - Inadequate Segregation of Duties</u> The secretary makes all deposits and reconciles the bank statement. The assistant clerk posts the receipts to the general ledger.	The District does not accept and/or collect cash. The District has changed job duties to segregate the receipt functions with the limited personel available but does not think it is cost benefical to hire an additional employee to segregate accounting duties.	Chris Brouillette, Operations Superintendent	12/31/2012
3	<u>Credit Cards - Original Receipts and Business Purpose</u> The original receipt for a purchase in January 2012 in the amount of \$1,207.59 was not attached to the credit card statement. There was no written documentation of the business purpose of two charges in the amount of \$500 each in the month of June 2012.	Prior to appoving the credit card statement balance for payment, managemet will make sure that all supporting documentation is attached. The employee will be responsible for the supporting documentation and if the employee cannot provide the documentation, the employee will be responsible to reimburse the District.	Chris Brouillette, Operations Superintendent	12/31/2012