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AUDIT REPORT

ST. BERNARD PARISH FOOD STAMP PROGRAM

ADMINISTRATIVE COSTS

FOR THE YEAR ENDED DECEMBER 31, 1995

under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/28/96

ST. BERNARD PARISH FOOD STAMP PROGRAM

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**dh** DUPLANTIER, HIRAPMANN,  
HOGAN & MAHER, L.L.P.

**hm** CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

March 1, 1996

St. Bernard Parish Council  
8201 West Judge Perez Drive  
Chalmette, Louisiana 70043

We have audited the accompanying Statement of Allowable Costs of the St. Bernard Parish Food Stamp Program administered by the St. Bernard Parish Government as of and for the year ended December 31, 1995. The financial statement is the responsibility of the Parish Government. Our responsibility is to express an opinion on the Statement of Allowable Costs based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement of Allowable Costs is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement of Allowable Costs. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Statement of Allowable Costs' presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in the Notes to the Financial Statement, Note 1, the St. Bernard Parish Food Stamp Program is a part of the St. Bernard Parish Government governmental reporting entity as defined by generally accepted accounting principles. Additionally, as described in Note 1, the Statement of Allowable Costs is prepared using a modification of the cash basis of accounting. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion the Statement of Allowable Costs referred to above presents fairly, in all material respects, the allowable costs of the St. Bernard Parish Food Stamp Program for the year ended December 31, 1995 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 1, 1996 on our consideration of the St. Bernard Parish Food Stamp Program's internal control structure and a report dated March 1, 1996 on its compliance with laws and regulations.

Receipt Acknowledged  
Legislative Auditor

By 

Our audit was made for the purpose of forming an opinion on the Statement of Allowable Costs of the St. Bernard Parish Food Stamp Program. The accompanying supplementary information as listed in the index to the report and schedule of federal financial assistance is presented for purposes of additional analysis and is not a required part of the Statement of Allowable Costs of the St. Bernard Parish Food Stamp Program. Such information has been subjected to the auditing procedures applied in the audit of the Statement of Allowable Costs and, in our opinion, is fairly presented in all material respects in relation to the Statement of Allowable Costs taken as a whole.

*Duplantier, Hupmann, Hogan & Mahler*

ST. BERNARD PARISH FOOD STAMP PROGRAM  
STATEMENT OF ALLOWABLE COSTS  
FOR THE YEAR ENDED DECEMBER 31, 1995

Salaries	\$42,442
Fringe benefits	8,793
Operating expenses	8,193
Nonpersonnel services	11,378
Rental expenses	600
Publicly owned building use charge	601
Indirect costs	<u>4,244</u>
TOTAL ALLOWABLE COSTS	<u>\$76,251</u>
AMOUNT REIMBURSABLE BY THE FOOD STAMP PROGRAM (50%)	<u>\$38,126</u>

See accompanying notes.

ST. BERNARD PARISH FOOD STAMP PROGRAM  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 1995

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Description of Operations

The St. Bernard Parish Food Stamp Program is administered by the St. Bernard Parish Government. The Food Stamp Program is primarily responsible for issuing food coupons to eligible households to promote the general welfare and to safeguard the health and well-being of the nation's low-income households by raising their nutrition level.

The St. Bernard Parish Government administers and oversees the issuance of food coupons to eligible households of the parish. The program is federally funded (50%) under the Food Stamp Act of 1977, as amended, and locally funded (50%) by the St. Bernard Parish Government. Allowable expenditures qualify for reimbursement upon payment of invoices and submission of related cost reports to the Department of Social Services.

Reporting Entity

Governmental Accounting Standards Board (GASB) Statement No. 14 has established criteria for determining which component units should be considered part of the St. Bernard Parish Government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the parish government to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the parish government.
2. Organizations for which the parish government does not appoint a voting majority but which are fiscally dependent on the parish government.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the omission of the St. Bernard Parish Food Stamp Program's financial information would cause the reporting entity's financial statements to be misleading, it was determined the St. Bernard Parish Food Stamp Program is a component unit of the St. Bernard Parish Government, the governing body of the parish and the governmental body with oversight responsibility. The accompanying financial statement of the St. Bernard Parish Food Stamp Program contains subaccount information of the general fund of the St. Bernard Parish Government and therefore presents information pertaining only to the transactions of the Food Stamp Program. As such, the accompanying financial statement is not intended to and does not report in accordance with GASB Codification.

ST. BERNARD PARISH FOOD STAMP PROGRAM  
 NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 1995

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Reporting Entity (Continued)

Annually, the St. Bernard Parish Government issues financial statements which include the activity contained in the accompanying financial statement. The financial statements issued by the St. Bernard Parish Government are audited every year by an independent public accounting firm.

Basis of Accounting

The financial statement of the St. Bernard Parish Food Stamp Program was prepared using a modification of the cash basis of accounting. Using this method allowable costs were recognized when paid, except for indirect costs which were based on a percentage of direct salaries, certain fringe benefits which were accrued, and depreciation and maintenance costs which were based on the percentage of the program's use of the parish complex. Revenues, while not presented, were recognized to the extent of allowable costs. Allowable costs were determined in accordance with cost principles prescribed by the Office of Management and Budget Circular A-87, *Cost Principles for State and Local Governments*.

Indirect Costs

Indirect costs were allocated to the Food Stamp Program by the Office of Family Security based on 10 percent of allowable direct salaries.

2. DUE FROM DEPARTMENT OF SOCIAL SERVICES:

Though not presented in the financial statement, the following amounts were due from the Department of Social Services as of December 31, 1995.

October, November and December 1995 cost reports	\$12,006
Audit adjustment for the year ended December 31, 1995	<u>(42)</u>
Amount Due from Department of Social Services at December 31, 1995	<u>\$11,964</u>

SUPPLEMENTARY INFORMATION



ST. BERNARD PARISH FOOD STAMP PROGRAM  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF AMOUNT DUE FROM  
DEPARTMENT OF SOCIAL SERVICES  
FOR THE YEAR ENDED DECEMBER 31, 1995

Total allowable costs	\$76,251
Federal reimbursement	<u>x 50%</u>
Total amount to be reimbursed from Social Services	38,126
Payments made on approved cost reports	<u>26,162</u>
Amount Due from Department of Social Social Services at December 31, 1995	<u>\$11,964</u>

ST BERNARD PARISH FOOD STAMP PROGRAM  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN COUPON INVENTORY  
FOR THE YEAR ENDED DECEMBER 31, 1995

Beginning inventory January 1, 1995		\$	1,597,342
Add coupons received:			
January	\$	691,000	
February		512,000	
March		475,000	
April		513,000	
May		513,000	
June		552,000	
July		507,000	
August		512,000	
September		363,000	
October		454,000	
November		566,000	
December		<u>383,000</u>	
Total coupons received			<u>6,041,000</u>
Coupons available			7,638,342
Less coupons distributed:			
January		526,387	
February		529,871	
March		534,424	
April		525,706	
May		522,259	
June		506,022	
July		498,925	
August		500,047	
September		487,637	
October		487,117	
November		481,194	
December		<u>473,325</u>	
Total coupons distributed			<u>6,072,914</u>
Add credits:			
Series replaced (March)		56	
Series replaced (May)		70	
Series replaced (December)		21	
		<u>147</u>	
Total coupons used			<u>6,073,061</u>
Ending inventory December 31, 1995			<u>\$ 1,565,281</u>

ST. BERNARD PARISH FOOD STAMP PROGRAM  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF ALLOWABLE COSTS AND RELATED ADJUSTMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 1995

	Approved Costs Per FSP-58's	Audit Adjustments	Allowable Costs
Salaries	\$42,442	\$ --	\$42,442
Fringe benefits	8,609	(1) 184	8,793
Operating expenses	7,964	(2) 229	8,193
Nonpersonnel service	11,876	(3) (498)	11,378
Rental expenses	600	--	600
Public owned building use charge	601	--	601
Indirect costs	<u>4,244</u>	<u>--</u>	<u>4,244</u>
TOTALS	<u>\$76,336</u>	<u>\$ (85)</u>	<u>\$76,251</u>

EXPLANATION OF AUDIT ADJUSTMENTS

- (1) Retirement expense was understated on FSP-58's from January 1995 through December 1995 in the amount of \$184.
- (2) Maintenance, gas and oil, and office supplies were understated on FSP-58's from January 1995 through December 1995 in the amount of \$229.
- (1) Security services expense was overstated on FSP-58's from January 1995 through December 1995 in the amount of \$498.

ST. BERNARD PARISH FOOD STAMP PROGRAM  
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE  
FOR THE YEAR ENDED DECEMBER 31, 1995

March 1, 1996

St. Bernard Parish Food Stamp Program  
State of Louisiana  
Chalmette, Louisiana 70043

We have audited the Statement of Allowable Costs of the St. Bernard Parish Food Stamp Program administered by the St. Bernard Parish Government as of and for the year ended December 31, 1995 and have issued our report thereon dated March 1, 1996.

We conducted our audit in accordance with generally accepted auditing standards, and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the St. Bernard Parish Government is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the statement of allowable costs in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the Statement of Allowable Costs of the St. Bernard Parish Food Stamp Program for the year ended December 31, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the statement of allowable costs being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the St. Bernard Parish Government, management, and the State Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

*Ruplantier, Hauptmann, Hogan & Maher*

ST. BERNARD PARISH FOOD STAMP PROGRAM  
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
PRESCRIBED STATE LAWS AND REGULATIONS  
FOR THE YEAR ENDED DECEMBER 31, 1995

March 1, 1996

St. Bernard Parish Food Stamp Program  
State of Louisiana  
Chalmette, Louisiana

We have audited the Statement of Allowable Costs of the St. Bernard Parish Food Stamp Program administered by the St. Bernard Parish Government as of and for the year ended December 31, 1995, and have issued our report thereon dated March 1, 1996.

We conducted our audit in accordance with generally accepted auditing standards, and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to the St. Bernard Parish Food Stamp Program is the responsibility of the Food Stamp Program's management. As part of obtaining reasonable assurance about whether the Statement of Allowable Costs is free of material misstatement, we performed tests of the Food Stamp Program's compliance with certain provisions of laws, regulations, contracts and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of non compliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the St. Bernard Parish Government, management, and the State Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

*Duplantier, Hrapmann, Hogan & Metter*

ST. BERNARD PARISH FOOD STAMP PROGRAM  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 1995

<u>Federal CFDA Number</u>	<u>Grant No.</u>	<u>Department of Agriculture</u>	<u>Expenditures</u>
10.551	22-87-8881-050	Food Coupon Program (Value of Coupons issued)	\$6,073,061
10.551	22-87-8881-050	Administrative Costs of Food Coupons Distribution	<u>38,126</u>
		Total Department of Agriculture	<u>\$6,111,187</u>

ST. BERNARD PARISH FOOD STAMP PROGRAM  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED DECEMBER 31, 1995

Unrecorded  
 or  
 (Questioned  
 Costs)

FINDINGS/NONCOMPLIANCE

Reconciliations between federal reports filed with the granting agency and the parish's general ledger were not performed. As a result the reports were incomplete. The following unrecorded and questioned costs were discovered.

(1) Retirement expense was understated on FSP-58's from January 1995 through December 1995.	\$ 184
(2) Maintenance expenses were understated on FSP-58's from January 1995 through December 1995.	118
(3) Gas and oil expenses were understated on FSP-58's from January 1995 through December 1995.	98
(4) Desk top supplies expenses were understated on FSP-58's from January 1995 through December 1995.	13
(4) Security services expenses were overstated on FSP-58's from January 1995 through December 1995.	<u>(498)</u>
	85
Federal reimbursement	<u>x 50%</u>
Net questioned cost	<u>\$ (42)</u>

We recommend the parish government perform reconciliations between the federal reports filed and the general ledger to ensure the federal reports are complete. In addition, we recommend the parish government investigate the unrecorded and questioned costs and take the appropriate action.

ST. BERNARD PARISH FOOD STAMP PROGRAM  
 FOLLOW-UP OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 1995

Unrecorded  
 or  
 (Questioned  
 Costs)

FINDINGS/NONCOMPLIANCE

In the prior year it was discovered that the parish government did not perform reconciliations between the federal reports and the parish's general ledger. As a result the reports were incomplete and the following unrecorded and questioned costs were discovered.

(1) State unemployment expense was understated on FSP-58's from January 1994 through December 1994.	\$ 427
(2) Life insurance expense was understated on FSP-58's from January 1994 through December 1994.	10
(3) Retirement expense was understated on FSP-58's from January 1994 through December 1994.	64
(4) Security service expense was understated on FSP-58's from January 1994 through December 1994.	619
(5) Telephone expense was understated on FSP-58's from January 1994 through December 1994.	<u>78</u>
	<u>\$1,198</u>

We recommended the parish government perform reconciliations between the federal reports and the general ledger to ensure completeness of the federal reports. In addition, we recommended the parish government investigate the unrecorded cost and take the appropriate action.

MANAGEMENT'S RESPONSE:

The above findings were not requested for reimbursement from the state in 1995. Appropriate action will be taken in the future.

FOLLOW-UP:

In the current year there were the same types of unrecorded and questioned cost. (See Page 12.)