

OPTIONAL  
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MAY 1962 EDITION  
GSA FPMR (41 CFR) 101-11.6

ST. BERNARD PARISH  
CLERK OF COURT

*Financial Report*  
**St. Bernard Parish Food Stamp Program  
Administrative Cost**

*December 31, 1996*

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the auditor, or reviewed, orally and other appropriate public officials. The report is available for public inspection at the State House office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date: 8-6-97

## TABLE OF CONTENTS

### St. Bernard Parish Food Stamp Program

December 31, 1996

	Exhibits	Pages
<b>Independent Auditor's Report</b>		1 - 2
<b>Financial Statement</b>		
Statement of Allowable Costs	A	3
Notes to Financial Statement	B	4 - 6
<b>Supplementary Information</b>	<b>Schedules</b>	
Schedule of Amount Due From Department of Social Services	1	7
Schedule of Changes in Coupon Inventory	2	8
Schedule of Allowable Costs and Related Adjustments	3	9
<b>Special Reports of Certified Public Accountants</b>		
Independent Auditor's Report on Internal Control Structure		10 - 11
Independent Auditor's Report on Compliance with Prescribed State Laws and Regulations		12 - 13
Schedule of Federal Financial Assistance	4	14
Notes to Schedule of Federal Financial Assistance		15
Schedule of Findings and Questioned Costs	5	16
Follow-up of Prior Year Findings and Questioned Costs	6	17



In accordance with Government Auditing Standards, we have also issued a report dated May 23, 1997, on our consideration of the St. Bernard Parish Food Stamp Program's internal control structure and a report dated May 23, 1997 on its compliance with laws and regulations.

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 table of contents 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.

*Bourgeois Bennett, LLC.*

Certified Public Accountants.

New Orleans, La.,  
May 23, 1997.

## STATEMENT OF ALLOWABLE COSTS

## St. Bernard Parish Food Stamp Program

For the year ended December 31, 1995

Salaries	\$ 45,852
Fringe benefits	8,731
Operating expense	8,342
Nonpersonal services	13,970
Rental expense	600
Publicly owned building use charge	601
Indirect cost	4,902
Total allowable costs	<u>\$ 81,798</u>
Amount Reimbursable by the Food Stamp Program (50%)	<u>\$ 40,899</u>

See notes to financial statement.

## NOTES TO FINANCIAL STATEMENT

### St. Bernard Parish Food Stamp Program

For the year ended December 31, 1996

#### Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a) Description of Operations

The St. Bernard Parish Food Stamp Program ("Program") is administered by the St. Bernard Parish Government. The 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 making 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.

##### b) 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.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b) Reporting Entity (Continued)**

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 of significance of the relationship.

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

Annually, the St. Bernard Parish Government issues audited general purpose financial statements which include the activity contained in the accompanying financial statement.

**c) Basis of Accounting**

The financial statement of the 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 prescribe by the Office of Management and Budget Circular A-87, Cost Principles for State and Local Governments.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Indirect Costs

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

Note 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, 1996:

August, November and December 1996 cost reports	\$10,568
Audit adjustment for the year ended December 31, 1996	<u>115</u>
Amount due from Department of Social Services at December 31, 1996	<u>\$11,153</u>



**SUPPLEMENTARY INFORMATION**

**SCHEDULE OF AMOUNT DUE FROM  
DEPARTMENT OF SOCIAL SERVICES****St. Bernard Parish Food Stamp Program**

For the year ended December 31, 1996

Total allowable costs	\$ 41,798
Federal reimbursement	50%
Total amount to be reimbursed from Social Services	40,899
Payments made on approved cost reports	29,746
Amount due from Department of Social Services at December 31, 1996	<u>\$ 11,153</u>

## SCHEDULE OF CHANGES IN COUPON INVENTORY

## St. Bernard Parish Food Stamp Program

For the year ended December 31, 1996

Beginning Inventory January 1, 1996		\$1,585,281
<b>Add Coupons Received</b>		
January	\$ 487,000	
February	-	
March	870,000	
April	417,000	
May	908,000	
June	188,000	
July	737,000	
August	429,000	
September	377,000	
October	483,000	
November	411,000	
December	390,000	
Total coupons received		<u>5,436,000</u>
Coupons available		7,021,281
<b>Less Coupons Distributed</b>		
January	464,853	
February	458,713	
March	488,503	
April	596,403	
May	577,973	
June	473,870	
July	473,448	
August	473,418	
September	467,383	
October	468,363	
November	453,695	
December	484,018	
Total coupons distributed		<u>5,713,692</u>
<b>Add Credits</b>		
Service replaced (January)	18	
Service replaced (February)	2	
Service replaced (June)	45	
Service replaced (July)	48	
Service replaced (September)	18	
		<u>131</u>
Total coupons used		<u>5,713,823</u>
Ending Inventory December 31, 1996		\$1,307,458

**SCHEDULE OF ALLOWABLE COSTS AND  
RELATED ADJUSTMENTS**

**St. Bernard Parish Food Stamp Program**

For the year ended December 31, 1996

	Approved Costs For FSP-58's	Audit Adjustments	Allowable Costs
Salaries	\$45,817	(1) \$ 35	\$45,682
Fringe benefits	8,678	(2) 53	8,731
Operating expenses	8,859	(3) 283	8,342
Nonpersonal services	13,970	-	13,970
Rental expenses	600	-	600
Public owned building use charge	601	-	601
Indirect costs	4,582	---	4,582
<b>Totals</b>	<b>\$81,427</b>	<b>\$321</b>	<b>\$81,738</b>

**Explanation of Audit Adjustments**

- (1) Salaries expense was understated on FSP-58's from January 1996 through December 1996 in the amount of \$35.
- (2) Workers' compensation insurance, health and life insurance, and retirement expenses were understated on FSP-58's from January 1996 through December 1996 in the amount of \$53.
- (3) Repairs and maintenance expense was understated on FSP-58's from January 1996 through December 1996 in the amount of \$283.

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**



Bourgeois & Burnett

**INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL STRUCTURE**

To the St. Bernard Parish Council,  
Chalmette, Louisiana.

We have audited the statement of allowable costs of the St. Bernard Parish Flood Stamp Program administered by the St. Bernard Parish Government as of and for the year ended December 31, 1996 and have issued our report thereon dated May 23, 1997.

We conducted our audit in accordance with generally accepted auditing standards, and Government Auditing Standards, issued by the Comptroller General of the United States. These standards required 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 of 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.



BOSSGOUIN BROSSEAU

**INDEPENDENT AUDITOR'S REPORT ON  
COMPLIANCE WITH PRESCRIBED  
STATE LAWS AND REGULATIONS**

To the St. Bernard Parish Council,  
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, 1996 and have issued our report thereon dated May 23, 1997.

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 required 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 perform 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 administration of St. Bernard Parish Government, the St. Bernard Parish Council, management, and the State Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

*Bouguier Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, La.,  
May 23, 1997.



**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE****St. Bernard Parish Food Stamp Program**

For the year ended December 31, 1996

<b>Federal CGDA Number</b>	<b>Grant No.</b>	<b>Department of Agriculture</b>	<b>Expenditures</b>
10.551	22-87-8881-850	Food Coupon Program (Value of Coupons Issued)	\$5,713,851
10.551	22-87-8881-850	Administrative Costs of Food Coupons Distribution	<u>40,859</u>
		<b>Total Department of Agriculture</b>	<b>\$5,754,710</b>

## NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

### **St. Bernard Parish Food Stamp Program**

For the year ended December 31, 1996

#### **Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Financial Assistance is a summary of the cash activity of the St. Bernard Parish Food Stamp Program's federal awards program and does not present transactions that would be included in financial statements of the St. Bernard Parish Government.

#### **Note 2 - FINDINGS OF NONCOMPLIANCE**

The findings of noncompliance are disclosed in the Schedule of Findings and Questioned Cost. The potential reimbursement effects of the findings are not ascertainable.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### St. Bernard Parish Food Stamp Program

For the year ended December 31, 1996

#### Findings / Noncompliance

Unrecorded  
or  
Questioned  
Costs

The allocation of certain cost related to administering the Food Stamp program previously reported to the granting agency were not adjusted to actual at year end. As a result the reports were incomplete. The following unrecorded costs were discovered.

Expense was understated  
on FSP-58s from  
January 1996 through December 1996

Salaries	\$ 35
Workers' Compensation Insurance	20
Health and life insurance	10
Retirement	25
Repairs and maintenance	285
	371
Federal reimbursement	a. 50 %
Net unrecorded costs	<u>\$185</u>

We recommend the parish government investigate the unrecorded and questioned costs and take the appropriate action.

**Management's Response** - We will prepare an amended report and submit it for reimbursement.

**FOLLOW-UP OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS****St. Bernard Parish Food Stamp Program**

For the year ended December 31, 1996

**Findings/Noncompliance**

Unrecorded  
or  
(Questioned  
Costs)

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.

Expense was understated on FSP-58's  
From January 1995 through December 1995

Reimburse	\$ 184
Maintenance	118
Gas and oil	98
Desk-top supplies	13
Security services	(458)
	(85)
Federal reimbursement	x 38 %
Net questioned cost	\$ (42)

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

**Management's Response** - A year end reconciliation was implemented to assure that the general ledger and the reports filed with the state correspond. Additional steps also will be taken to eliminate any differences at year end.