

Red River Levee and Drainage District
State of Louisiana

Agreed-Upon Procedures Report
For the year ended June 30, 2020



TWRU

CPAs & Financial Advisors

Independent Accountant's Report
On Applying Agreed-Upon Procedures

December 28, 2021

To the Board Members
Red River Levee and Drainage District

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 Red River Levee and Drainage District, a component unit of the State of Louisiana, 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 Red River Levee and Drainage 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 Red River Levee and Drainage District's compliance with certain laws and regulations during the year ended June 30, 2020.

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.

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories, as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
No Exceptions Noted.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) the preparation and approval process of purchase requisitions and purchase orders; (3) controls to ensure compliance with the public bid law or state purchasing rules and regulations; and (4) documentation required to be maintained for all bids and price quotes.
No Exceptions Noted.
 - c) ***Disbursements***, including processing, reviewing, and approving.
No Exceptions Noted.

- d) **Receipts**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue.
No Exceptions Noted.
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
Not Applicable.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) approval process, and (4) monitoring process.
No Exceptions Noted.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
Not Applicable.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (2) documentation requirements, (3) time-frame in which requests must be submitted and (4) required approvers
No Exceptions Noted.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, and (3) system to monitor possible ethics violations, and (4) requirements that all employees annually attest through signature verification that they have read the entity's ethics policy.
No Exceptions Noted.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Not Applicable.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
Exception: No disaster recovery/business continuity plan was provided.
Management's Response/Corrective Action: They back up the Quickbooks file to a flash drive monthly.

Annual Fiscal Report (AFR)

2. Obtain the financial statements from the AFR submitted to the Division of Administration's (DOA) Office of Statewide Reporting and Accounting Policy for the current and prior periods. Perform analytical procedures comparing current and prior period amounts, by line item. Report any variances of 10% or greater for line items that are 10% or more of the respective total assets/deferred outflows of resources, liabilities/deferred inflows of resources, net position, revenues, or expenses, and management's explanation of the variance.

Exception: Cash increased 11%, Unrestricted Net Position increased 12%, and Expenses decreased 26%.

Management's Response/Corrective Action: Cash and Unrestricted Net Position: there were more revenues earned than expenses incurred in 2019-2020. Expenses: one-time legal fees were incurred in 2018-2019 that didn't occur in 2019-2020.

Board (or Finance Committee, if applicable)

3. Obtain and review the board/committee minutes for the fiscal period, and:
- a) Report whether the managing board met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Exception: The Board met monthly except for April & May 2020 due to COVID-19

Management's Response/Corrective Action: Everyone was quarantined for those two months. Monthly meetings resumed in June and have been monthly since.

- b) Report whether the minutes referenced or included monthly budget to actual comparisons.

Exception: The meeting minutes did not include monthly budget to actual comparisons.

Management's Response/Corrective Action: At every monthly meeting bank statements along with all invoices are reviewed by the Board.

- c) Access the entity's online information included in the DOA's boards and commissions database (<https://www.cfrpd.louisiana.gov/boardsandcommissions/home.cfm>) and observe that the entity submitted board meeting minutes for all meetings during the fiscal period.

No Exceptions Noted.

Bank Reconciliations

4. For each of the bank accounts in the listing provided by management, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date;

No Exceptions Noted.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation;

No Exceptions Noted.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period;
Not Applicable
- d) The reconciled balance for the final month of the fiscal period agrees to the general ledger
No Exceptions Noted.

Collections/Receipts

- 5. Obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties), and observe that job duties for collections are properly segregated such that:
 - a) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts or license applications received) to the deposit.
No Exceptions Noted.
 - b) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
No Exceptions Noted.
 - c) The employee(s) responsible for reconciling cash collections to the general ledger by revenue source is not responsible for collecting cash, unless another employee/official verifies the reconciliation.
Exception: There is only one employee and she is responsible for collecting cash/checks, making deposits, posting entries to the general ledger, and reconciling the bank accounts.
Management's Response/Corrective Action: Bank reconciliations are reviewed monthly by the Board.
- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft
No Exceptions Noted.
- 7. Randomly select 5 deposit dates for each of the bank accounts. Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 5 deposits for each bank account and:
 - a) Trace sequentially numbered receipts, system reports, and other related collection documentation to the deposit slip.
Exception: Two of the deposits tested did not have any collection documentation to match to the deposit slip.
Management's Response/Corrective Action: All collection documentation was sent.
 - b) Trace the deposit slip total to the actual deposit per the bank statement.
No Exceptions Noted.

- c) Observe that the deposit was made within one business day of collection (within one week if the depository is more than 10 miles from the collection location or deposit is less than \$100).

Exception: There was no collection date documented.

Management's Response/Corrective Action: We will begin saving the envelopes and writing the date collected on it.

- d) Trace the actual deposit per the bank statement to the general ledger.

No Exceptions Noted.

8. Obtain and inspect written policies and procedures (if no written policies and procedures, inquire to management) and observe that there is a process performed to determine completeness of all collections, including electronic transfers, for each revenue source (e.g. periodic confirmation with outside parties, reconciliation of receipt number sequences, reasonableness of cash collections based on licenses issued) by a person who is not responsible for collections.

Exception: There is no process currently to determine the completeness of collections

Management's Response/Corrective Action: The Board reviews all deposits at each monthly meeting.

9. For licensing boards, obtain a list of initial and renewal licenses granted during the period from management and management's representation that the listing is complete. Randomly select 10 individual applicants from the listing and obtain the supporting documentation (e.g. application, copy of check) from management and:

- Observe that the fee paid for license was the appropriate fee based on the applicable fee schedule established by the board or statute.

Not Applicable.

- If a penalty was assessed (e.g. late fee), observe that the penalty was assessed and collected in accordance with the board's policies.

Not Applicable.

10. For levee districts, obtain independent confirmation of the tax amounts received from the appropriate parish Sherriff's offices. Observe that the confirmed amount agrees to the amount deposited by levee district.

No Exceptions Noted.

Non-Payroll Disbursements

11. Obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing and order/making the purchase.

No Exceptions Noted.

- b) At least two employees are involved in processing and approving payments to vendors.

No Exceptions Noted.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
Exception: The employee responsible for processing payments is not prohibited from adding/modifying vendor files.

Management's Response/Corrective Action: We are a very small entity- all data is reviewed monthly by the Board.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Exception: The employee responsible for processing payments also mails the payments.

Management's Response/Corrective Action: Two signatures are required on checks and bills are paid once a month after being approved by the Board.

12. Obtain the entity's non-payroll disbursement transaction population and obtain management's representation that the population is complete. Randomly select 5 disbursements, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

No Exceptions Noted.

- b) Observe that the disbursement documentation included evidence of segregation of duties tested under #11, as applicable.

No Exceptions Noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

13. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete. Randomly select 2 monthly statements or combined statements for each card, obtain supporting documentation, and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g. original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

Not Applicable.

- b) Observe that finance charges and/or late fees were not assessed on the selected statements.

Not Applicable.

14. Using the monthly statements or combined statements selected under #12 above, obtain supporting documentation for all transactions included on the monthly statements or combined statements for each of the five cards selected (i.e. each of the five cards should have one month of transactions subject to testing). For each transaction, observe that the transaction is supported by (1) An original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Not Applicable.

Travel and Travel-Related Expense Reimbursement

15. Obtain from management a listing of all travel and related expense reimbursements paid to employees and board members during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursements forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana in PPM49 or the U.S. General Services Administration.
No Exceptions Noted.
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
No Exceptions Noted.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose and other documentation.
No Exceptions Noted.
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
No Exceptions Noted.

Contracts

16. Obtain from management a listing of all agreements/contracts for professional services, materials, and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law or Louisiana Procurement Code (e.g. solicited quotes or bids, advertised), if required by law.
Not Applicable.
 - b) Observe that the contract was approved by the board, evidenced by board minutes or other contract documents, if required by policy.
Not Applicable
 - c) If the contract was amended, observe that the original contract terms provided for such an amendment.
Not Applicable.
 - d) Randomly select payment from the fiscal period of each of the five contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.
No Exceptions Noted.

Payroll and Personnel

17. Obtain a listing of employees during the fiscal period and management's representation that the listing is complete. Randomly select five employees, obtain related paid salaries and their personnel files, and agree actual paid salaries to the authorized salaries/pay rates in the personnel file.
No Exceptions Noted.
18. Obtain attendance and leave records and randomly select 2 pay period during the fiscal periods in which leave has been taken by at least one employee, and:
- a) Report whether all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory).
No Exceptions Noted.
 - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees.
No Exceptions Noted.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
Not Applicable.
19. Obtain from management a list of those employees that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee cumulative leave records, and agree the pay rates to the employees' authorized pay rates in the employees' personnel files.
Not Applicable.
20. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.
No Exceptions Noted.

Ethics

21. Using the five selected employees from procedure #17 under "Payroll and Personnel" above, obtain ethics compliance documentation from management, and:
- a) observe that the documentation demonstrates each employee completed one hour of ethics training during the fiscal period.
No Exceptions Noted.
 - b) Observe that the documentation demonstrates each employee attested through signature verification that he or she read the entity's ethics policy during the fiscal period.
No Exceptions Noted.

22. Obtain a listing of board members from management. Randomly select five of the board members and observe whether the entity maintained documentation to demonstrate that required annual ethics training was completed.
No Exceptions Noted.

Budget

23. Obtain a copy of the legally adopted budget, including all amendments, and the board minutes. Observe the minutes contain approval of the budget and amendments.
Exception: The meeting minutes did not contain approval of the budget.
Management's Response/Corrective Action: Management did not have a response.
24. 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.
Exceptions: Miscellaneous income was 49% lower than budgeted, Operating Services were 22% higher than budgeted, and Professional Services were 21% lower than budgeted.
Management's Response/Corrective Action: Miscellaneous Income: we calculated permits and miscellaneous together as miscellaneous income which would not result in a large variance. Operating Services: more maintenance expenses occurred in 2019-2020 that wasn't taken into account on budget. Professional Services: legal fees were budgeted for but none occurred.
25. Inquire of management whether the entity has updated its budget information in the DOA's boards and commissions database referred to in #3 above for the current fiscal period (i.e. period covered in these procedures). Access the online database and obtain the budget information for the current fiscal period. Observe that the budget information contained in the database agrees to the budget adopted by the entity's board.
Exceptions: Current year budget was not on the DOA website.
Management's Response/Corrective Action: The new budget is now on the website.

Debt Service

26. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
Not Applicable.
27. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).
Not Applicable.

Sexual Harassment

28. Obtain and inspect the entity's written sexual harassment policies and procedures and observe that they address all requirements of R.S. 42:342-344, including agency responsibilities and prohibitions; annual employee training; and annual reporting requirements.

Exceptions: The Board did not provide a sexual harassment policy.

Management's Response/Corrective Action: Management did not provide a response.

29. Obtain a listing of employees/board members employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/board members, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/board member completed at least one hour of sexual harassment training during the calendar year.

Exceptions: None of the Board members completed sexual harassment training during the calendar year.

Management's Response/Corrective Action: Management did not provide a response.

30. Observe that the entity has posted its sexual harassment policy and complaint procedures on its website.

Not Applicable.

31. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344.

Exceptions: No sexual harassment report was provided.

Management's Response/Corrective Action: Management did not provide a response.

Other

32. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

No Exceptions Noted.

33. Observe that the entity has posted on its premise and website, the notice required by R.S. 24:523,1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Not Applicable.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

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