

Natchitoches Parish Police Jury
Schedule of Findings and Questioned Costs-continued
Year Ended December 31, 2010

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The following findings relate to the financial statements and are required to be reported in accordance with *Government Auditing Standards*.

Internal Control-

10-01 Internal Controls Over Program Revenues and Expenditures

Criteria – The Office of Community Services (hereinafter OCS), a component unit of the Police Jury, administers several Federal and State grant programs which are generally expenditure driven. Most programs have a different year end and they do not agree with the Jury's year end of December 31. In order to accurately report the financial status of each program, a general ledger is provided for each grant year. For example, DOL-Community Service Block Grant's (hereinafter CSBG) program year is from October 1 to September 30. Thus, a general ledger is provided for transactions occurring in the old grant year from January 1 to September 30 and another for transactions occurring in the new grant year from October 1 to December 31. There is a third general ledger that has no activity as it will be used for a future grant year.

Most OCS programs expend funds and then send reports to the various grantor agencies requesting reimbursements. These Federal and State reimbursement requests and the subsequent cash receipts should be closely monitored by the management of OCS and should be reconciled to the general ledger on a monthly basis to ensure that the funds expended are requested from the grantor agency in a timely manner.

Condition – OCS personnel are not reconciling CSBG requests for funds to the general ledgers. As a result, the CSBG fund for the grant year ended September 30, 2009 had a cash balance of \$22,392 when it should have been zero, transactions for current year expenditures were recorded to an old grant year, and OCS personnel were unable to determine the amount of revenue receivables at December 31, 2010.

Effect – OCS personnel are not including some expenditures in requests for funds nor are they included in the reports to the grantor agency. CSBG may have overspent their program revenues which would result in the Natchitoches Parish Police Jury having no choice but to transfer cash from the Jury's general fund to cover them.

Cause – OCS management does not have a sufficient system in place to reconcile requests for funds to the general ledgers nor to monitor CSBG transactions to ensure they are recorded in the proper current general ledger.

Natchitoches Parish Police Jury
Schedule of Findings and Questioned Costs-continued
Year Ended December 31, 2010

Recommendation – The management of the Office of Community Services should take steps to closely monitor the reimbursement requests and the subsequent cash receipts and to ensure that the requests and cash receipts are reconciled to the general ledger on a monthly basis.

Response – The Police Jury Treasurer has requested a new list of grant dates to help monitor all accounting transactions. As of March 2011, a new monthly report was requested listing revenues and expenses by fund to be used as a tool to monitor OCS funds.

In addition, the CSBG director has the following response: the management and financial staff of the Office of Community Services is currently working to ensure that the requests and cash receipts are reconciled to the general ledger on a monthly basis. By following the procedures in place where as the spreadsheet transaction are reported directly from general ledger. Expenditures on the spreadsheet are derived from general ledger and cash receipts. As way of reconciling expenditures, expenses are subtracted from cash receipts per general ledger. Once this procedure is performed cash balance per spreadsheet will equal general ledger cash balance. Once OCS request for CSBG funds is made it is recorded on spreadsheet as fund requested. Once money is received per general ledger it is recorded on spreadsheet as funds received. Budgets will be made available to all management staff.

Compliance-

10-02 Compliance with Local Government Budget Act

Criteria – Louisiana Revised Statutes require that the operating budget be amended if actual revenues are less than budgeted revenues by 5% or more and/or actual expenditures exceed budgeted expenditures by 5% or more.

Condition – For the year ended December 31, 2010 actual expenses were more than budgeted expenses by more than 5% for the General Fund and the Sales Tax Fund, and the budget was not amended accordingly.

Effect – The budget cannot be used as an effective management tool to control expenditures.

Cause – The Sales Tax Fund was over-budget due to transfers made to the Road Maintenance Fund which were in excess of the originally budgeted amounts. The General Fund was actually correctly budgeted; however, the Jury had an outstanding obligation to the Sheriff for prisoner maintenance in the amount of \$511,221 at December 31, 2010. The Jury had not approved the payment of this obligation, and had not budgeted for it. There was an audit adjustment made to record this payable for the purposes of these financial statements, and this audit adjustment caused the budget to appear to have needed amendments.

Natchitoches Parish Police Jury
Schedule of Findings and Questioned Costs-continued
Year Ended December 31, 2010

Recommendation – We recommend that procedures be implemented to ensure that the budget is amended to comply with the Local Government Budget Act, bearing in mind that the General Fund issue was caused by an auditor adjustment.

Response – Natchitoches Parish Police Jury Treasurer will monitor more closely the amending of budgets to stay within the 5% guidelines.

Natchitoches Parish Police Jury
Schedule of Prior Year Audit Findings
Year Ended December 31, 2010

Internal Control Findings from Prior Year-

09-01 Internal Controls Over Program Revenues and Expenditures

Finding – During the year ended December 31, 2010, the OHD LIHEAP fund received \$32,582 in State grant funds which were not requested or expected. The general ledger for the OHD LIHEAP fund had not been reconciled to the requests or receipts for funds, and management was not aware that this error had occurred. At December 31, 2010, these funds were still being held in the OHD LIHEAP fund. The grantor agency has now been contacted, and the subsequent disposition of these funds has not been determined as of the financial statement date.

Current Status – At December 31, 2010, similar conditions still exist. See Finding 10-01.

09-02 Control over Account Reconciliations

Finding – The Police Jury's bank statements are accumulated for several months before they are reconciled to the general ledger accounts.

Current Status – This condition still existed at December 2010, but was corrected soon after and is cleared as of statement date.

09-03 Control over Payroll Reconciliations

Finding – Police Jury personnel are not performing reconciliations of payroll functions to the general ledger or to the payroll reports. As part of our auditing procedures, we were able to reconcile the year-end W-2 forms to the general ledger system. However, we were not able to reconcile the W-2's to the quarterly payroll reports filed with the Internal Revenue Service. Our auditing procedures were not sufficient in scope to determine if the Police Jury has overpaid the Internal Revenue Service, but it appears that this has happened. The amount of this overpayment has not been determined.

Current Status – At December 31, 2010, the condition has been cleared.