

Natchitoches Parish Government
Schedule of Findings and Questioned Costs-continued
Year Ended December 31, 2012

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-

12-01 Internal Controls over Program Revenues and Expenditures for the Community Services Block Grant and the Senior Companion Programs

Criteria – The Office of Community Services (hereinafter OCS), a component unit of the Parish Government, 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 Parish Government’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 requests for funds to the general ledgers for all OCS funds. As a result, the following OCS funds had deficit balances at December 31, 2012:

CSBG	\$25,186
Senior Companion	<u>16,178</u>
Total	<u>\$41,364</u>

Effect – OCS personnel are not including some program expenditures in requests for funds nor are they included in the reports to the grantor agency, particularly for the CSBG and Senior Companion Programs. These programs have overspent their program revenues which would result in the Natchitoches Parish Government having no choice but to transfer cash from the Parish Government’s general fund to cover them.

In addition, the general ledgers and other books of account for the CSBG Fund were in such condition that we are unable to determine expenditures by program year. The section of the Schedule of Expenditures of Federal Awards that relates to the CSBG program could not be reported by grant year and had to be reported as a total for the calendar year only.

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Year Ended December 31, 2012

12-01 Internal Controls over Program Revenues and Expenditures for the Community Services Block Grant and the Senior Companion Programs (continued)

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

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 Parish of Natchitoches Government’s Office of Community Services (OCS) was not receiving timely general ledgers that did not depict up-to-date balances to guarantee correctly matched reimbursements and expenditures. To solve this issue OCS Executive Director was given online access to the general ledgers on March 18, 2013; this will allow OCS programs general ledgers to be monitored on a regular basis. OCS Executive Director working relationship with Parish Treasurer has improved allowing better understanding of OCS programs and each other reporting styles. OCS Executive Director and the Parish Treasurer meet often to review and monitor program expenditures and reimbursements.

Compliance-

12-02 Compliance with State Bid Laws

Criteria – Louisiana Revised Statutes require that local governments go through a competitive bidding process for public works projects costing in excess of \$150,000.

Condition – Each December the Parish Government awards bids for various materials, supplies and services that will be needed in the upcoming year. The proper bidding process is followed and the bids awarded are to be in place for the entire following year. In December of 2011, the Natchitoches Parish Police Jury (now Natchitoches Parish Government) awarded bids for hot mix and for sweeping, rolling and laying of hot mix. The bidding process failed to include the necessary costs of hauling and tacking of the hot mix.

At a meeting of the Natchitoches Parish Police Jury on November 19, 2012, the Jury voted to approve the overlaying of seven roads within the parish, with each road having \$150,000 or less spent on it for a total project not to exceed \$1,000,000. During this meeting, the Parish Administrator advised the Jurors that the Louisiana Attorney General’s Office had been contacted as to whether or not this project should be bid, and that the Jury received an email advising that the current bids in place from December 2011 were acceptable as long as any additional work outside the bid was under \$150,000. The Parish Assistant District Attorney was also present at the meeting, and confirmed to the Jury that this information would permit the Jury to proceed without the need for additional public bid as long as other work exceeding \$150,000 was not incurred.

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12-02 Compliance with State Bid Laws (continued)

The hauling and tacking costs which were not originally bid totaled \$131,684 for these seven roads, which is below the \$150,000 limit mentioned in the preceding paragraph. Therefore, if the Jury had not incurred hauling and tacking costs on other projects during the year, the bid law would have been satisfied.

However, earlier in the year, the Jury had already agreed on special projects to overlay portions of four other roads using the previously accepted bid amounts. The costs for hauling and tacking on those roads totaled \$41,897.

Therefore, the Natchitoches Parish Government incurred costs of \$173,581 for hauling and tacking of hot mix asphalt during the year ended December 31, 2012, which is in excess of the \$150,000 limit set by State Statute for the Public Bid Law.

Effect – The Natchitoches Parish Government was not in compliance with the Louisiana Public Bid Law.

Cause – The Natchitoches Parish Government should have included the costs of hauling and tacking in the original bid process at the beginning of the year. As an alternative, the costs incurred for these additional costs should have been monitored throughout the year to determine that the bid laws were adhered to.

Recommendation – The Natchitoches Parish Government should take steps to ensure that additional costs associated with projects are bid at the beginning of the year, and/or monitored throughout the year to ensure compliance with the bid law.

Response – The Parish will take the following actions:

- 1) Expand the list of materials and services in the annual contract to be issued for public bids.
- 2) Require purchase orders be issued in connection with all material and service purchases not part of a contract executed subsequent to public bid procedures.
- 3) Track all expenditure items to ensure compliance with maximum limits in the public bid law.
- 4) Issue requests for bids on any items or services which would exceed legal maximum purchase limits.

Natchitoches Parish Police Jury
Schedule of Prior Year Audit Findings
Year Ended December 31, 2012

Internal Control Findings from Prior Year-

11-01 Internal Controls over Program Revenues and Expenditures

Finding – Personnel are not reconciling requests for funds to the general ledgers. As a result, the following OCS funds had deficit balances at December 31, 2012:

CSBG	\$20,365
LIHEAP	15,519
Senior Companion	13,182
RSVP	4,184
Summer Feeding	<u>3,017</u>
Total	<u>\$56,267</u>

Current Status – At December 31, 2012, similar conditions still exist. See Finding 12-01.

11-02 Control over Payroll Reconciliations

Finding – Parish Government 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 unable to reconcile retirement expense reports to the general ledger. Our auditing procedures were not sufficient to determine if the Parish Government overpaid retirement expense, therefore, the amount of this possible overpayment has not been determined.

The Parish Government's payroll system is designed to have a separate fund within the general ledger system to record the liabilities and subsequent payment of payroll related expenditures. This fund is not being reconciled back to the various Parish Government funds which have payroll expenditures, and as a result, the correct payroll, payroll tax and retirement expenses are not being allocated to the proper funds on a timely basis.

Current Status – At December 31, 2012, the condition has been cleared.

11-03 Control over Permit Collections

Finding – Parish Government personnel are not making regular, timely deposits of permit collections nor are they performing reconciliations of permit collections to the general ledger on a timely basis. As a result, we noted a deposit that was recorded in the general ledger months after being received.

Current Status – At December 31, 2012, the condition has been cleared.

Natchitoches Parish Police Jury
Schedule of Prior Year Audit Findings-continued
Year Ended December 31, 2012

Compliance Finding from Prior Year-

11-04 Compliance with Local Government Budget Act

Finding – For the year ended December 31, 2012 actual expenses were more than budgeted expenses by more than 5% for the Library, and the budget was not amended accordingly.

Current Status – At December 31, 2012, the condition has been cleared.