

Bayou D'Arbonne Lake Watershed District

Agreed-Upon Procedures

December 31, 2018



Independent Accountants' Report
On Applying Agreed-Upon Procedures
For the Year Ended December 31, 2018

To the Board of Commissioners of Bayou D'Arbonne Lake Watershed District and the Louisiana Legislative Auditor

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 Bayou D'Arbonne Lake Watershed 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 Bayou D'Arbonne Lake Watershed 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 Bayou D'Arbonne Lake Watershed District compliance with certain laws and regulations during the year ended December 31, 2018.

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 were 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.

We noted that the above four areas were not addressed in the entity's written policies and procedures.

An Independently Owned Member, FIRM Foundation
110 Veterans Memorial Blvd., Suite 170, Metairie, Louisiana 70005
Telephone (504) 837-5434 Fax (504) 837-5435
www.hienzmacaluso.com

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Management's Response and Corrective Action Plan

The Board of Commissioners agrees with the exception and will work on correcting this going forward in the future.

- c) **Disbursements**, including processing, reviewing, and approving.

We noted that reviewing and approving of disbursements was not addressed in the entity's written policies and procedures.

Management's Response and Corrective Action Plan

The Board of Commissioners agrees with the exception and will work on correcting this going forward in the future.

- 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.

We noted that recording and preparing deposits and a process to determine the completeness of all collections was not addressed in the entity's written policies and procedures.

Management's Response and Corrective Action Plan

The Board of Commissioners agrees with the exception and will work on correcting this going forward in the future.

- 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.

We noted that areas (2), (3) and (4) were not addressed in the entity's written policies and procedures.

Management's Response and Corrective Action Plan

The Board of Commissioners agrees with the exception and will work on correcting this going forward in the future.

- 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

Not applicable.

- 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.

We noted that the above three areas were not addressed in the entity's written policies and procedures.

Management's Response and Corrective Action Plan

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The Board of Commissioners agrees with the exception and will work on correcting this going forward in the future.

- 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.

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.

We noted variances (as described above) in accounts payable and accruals with an increase between years of \$4,642, expenses with a decrease of \$23,156 and general revenues-other with a decrease of \$16,123. Management was unable to provide us with explanations for the variances.

Management's Response and Corrective Action Plan

Our prior bookkeeper (who prepared the 2017 and 2018 AFR) left with very short notice before the start of these agreed-upon procedures. Due to this, we were unable to determine with relative certainty the reasons for the variances mentioned above. We have hired a new bookkeeper to correct this situation going forward in the future.

Board (or Finance Committee, if applicable)

3. Obtain and inspect the board minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

No exceptions were noted.

- a) Observe that the 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.

No exceptions were noted.

- b) Observe that the minutes referenced or included monthly budget-to-actual comparisons.

No exceptions were noted.

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, observe there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, observe that the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

No deficit spending was noted.

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

No exceptions were noted.

Bank Reconciliations

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4. Obtain a listing of bank accounts from management for the fiscal period and management's representation that the listing is complete.

No exceptions were noted.

5. 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 observe that:

- a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g. initialed and dated, electronically logged);

No exceptions were noted.

- b) Bank reconciliations include evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g. initialed and dated, electronically logged);

No exceptions were noted.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months at the statement closing date; and

No exceptions were noted.

- d) The reconciled balance for the final month of the fiscal period agrees to the general ledger.

No exceptions were noted.

Collections

6. 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 were 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 the deposit.

No exceptions were 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.

No exceptions were noted.

7. Select the highest (dollar) week of cash collections from the general ledger or other accounting records (e.g. cash collection log, daily revenue reports, receipt book, etc.) during the fiscal period. Obtain supporting documentation for each deposit made during the selected week and:

- Trace sequentially numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions were noted.

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- Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions were noted.

- 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).

Based on the documentation provided, we were unable to determine if the deposit was made within one business day of collection.

Management's Response and Corrective Action Plan

The Board of Commissioners agrees with the exception and will work on correcting this going forward in the future.

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

No exceptions were 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.

No exceptions were noted.

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:

Not applicable.

- 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 Sheriff's offices. Observe that the confirmed amount agrees to the amount deposited by levee district.

Not applicable.

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

11. 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.

Not applicable.

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12. Using the listing prepared by management, randomly select five cards (all cards should be selected if the entity has less than five) that were used during the fiscal period. Obtain the monthly statements, or combined statements with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

Not applicable.

- a) Observe that 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.

13. 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).

Not applicable.

- a) For each transaction, observe that the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

Not applicable.

- Written documentation of the business/public purpose.

Not applicable.

- Documentation of the individuals participating in meals (for meal charges only).

Not applicable.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Not applicable.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law or Louisiana Procurement Code (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes), as applicable, and report any exceptions.

Not applicable.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

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Not applicable.

Travel and Travel-Related Expense Reimbursement

14. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Not applicable.

15. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the state's travel rules and regulations (i.e. PPM 49) and report any rates that exceed the rates established by PPM49. Note: Report rates that exceed those established in PPM49 even if the entity has the legal authorization to establish its own rates.

Not applicable.

16. Using the listing or general ledger from #14 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

Not applicable.

- a) Observe that each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, observe that each expense was reimbursed in accordance with the rates provided in PPM 49 rates (#15 above).

Not applicable.

- b) Observe that each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Not applicable.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Not applicable.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Not applicable.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the

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transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Not applicable.

- d) Observe the travel reimbursement request exceeding \$25.00 was submitted within 30 days following the travel in accordance with PPM 49.

Not applicable.

- e) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Not applicable.

Contracts

17. Obtain a listing of all agreements/contracts for professional services, materials, and supplies, leases, and construction activities that were in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

No exceptions were noted.

18. Using the listing above, randomly select the five contract vendors that were paid during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner or the Louisiana Legislative Auditor). Obtain the related contracts and paid invoices and:

- a) Observe that there is a formal/written contract that supports the services arrangement and the amount paid.

No exceptions were noted.

- b) 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.

- c) Observe that the contract was approved by the board, evidenced by board minutes or other contract documents, if required by policy.

Not applicable.

- d) If the contract was amended, observe that the original contract terms provided for such an amendment.

Not applicable.

- e) Select the largest payment from 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 were noted.

Payroll and Personnel

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December 31, 2018

19. Obtain a listing of employees with their actual salaries paid during the period, and obtain management's representation that the listing is complete. Randomly select five employees, obtain their personnel files, and

Not applicable.

- a) Agree actual paid salaries to the authorized salaries/pay rates in the personnel file.

Not applicable.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and observe that those changes were approved in writing and in accordance with written policy.

Not applicable.

20. Obtain attendance and leave records and randomly select one pay period during the fiscal period in which leave has been taken by at least one employee, and:

Not applicable.

- a) Observe that all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Not applicable.

- b) Observe that supervisors approved, electronically or in writing, the attendance and leave of the selected employees.

Not applicable.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Not applicable.

21. 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.

22. 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.

Not applicable.

Non-Payroll Disbursements – Other General

23. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter all for all other entity disbursements that are not addressed in the sections above (credit card/debit card/travel card/P-card, travel and expense reimbursement, and contracts). Obtain management's representation that the listing or general ledger population is complete.

No exceptions were noted

24. Using the listing or general ledger from #23 above, randomly select five disbursements. Obtain supporting documentation (e.g. purchase requisition, invoices, receipts, receiving slips) for each disbursement. For each of the five disbursements selected:

- a) Observe that each expense is supported by:
- An original itemized receipt or invoice that identifies precisely what was purchased.

No exceptions were noted.

- Documentation of the business/public purpose

No exceptions were noted.

- Other documentation as may be required by written policy

Not applicable.

- b) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. purchases for items for personal use without a business/public purpose). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions were noted.

- c) Observe that each expense and related documentation was reviewed and approved, in writing, by someone other than the person who initiated the purchase.

We noted that each expense and related documentation was not reviewed and approved, in writing, by someone other than the person who initiated the purchase.

Management's Response and Corrective Action Plan

The Board agrees with the exception but notes that at each monthly board meeting the Board of Commissioners approves the prior month's bank account summary and the prior month's bank reconciliation which contain details of all of the previous month's expenses. The Board will work on an approval process for individual invoices going forward.

Ethics

25. Using the five selected employees from procedure #19 under Payroll and Personnel above, obtain ethics compliance documentation from management, and observe that the documentation demonstrates each employee completed one hour of ethics training during the fiscal period.

Not applicable.

26. 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.

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The District was unable to provide us with documentation for two board members to demonstrate that required annual ethics training was completed.

Management's Response and Corrective Action Plan

The Board of Commissioners agrees with the exception and will work on correcting this going forward in the future.

Budget

27. Obtain a copy of the legally adopted budget and all amendments.

No exceptions were noted.

28. Trace the budget adoption and amendments to the minute book.

No exceptions were noted.

29. 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.

No exceptions or variances greater than 10% were noted.

30. 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.

No exceptions were noted.

Debt Service

31. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and observe that State Bond Commission approval was obtained.

Not applicable.

32. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and observe that the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Not applicable.

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Other

33. 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.

There were no misappropriations of public funds and assets during the fiscal period.

34. Inquire of management whether the entity contracted for audit or attest services other than these agreed-upon procedures during the current period. Report the type of audit or attest service (i.e. audit, review, agreed-upon procedures, etc.) contracted by management and the purpose or requirement for the additional audit or attest service.

During 2018, the Louisiana Legislative Auditor performed financial audit services procedures on the District. The procedures were required by the State of Louisiana.

Corrective Action

35. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

We obtained management's response and corrective action plan for all exceptions noted in the above agreed-upon procedures.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. 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 procedures performed and the results of those procedures to assist the users in assessing certain controls and management's assertions about compliance with laws and regulations, 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 Legislative Auditor as a public document.

Hienz and Macaluso, LLC

Metairie, Louisiana
June 30, 2019

Bayou D'Arbonne Lake Watershed District
Summary Schedule of Current Year Findings
December 31, 2018

There were no findings for the year ended December 31, 2018.

Bayou D'Arbonne Lake Watershed District
Summary Schedule of Prior Year Findings
December 31, 2018

For the year ended December 31, 2017, the Louisiana Legislative Auditor (the LLA) performed financial audit services and issued their report dated May 30, 2018. The LLA noted the following three findings.

Inadequate Controls over Cash

The District did not have adequate controls over cash during the fiscal year ending December 31, 2017, increasing the risk that errors or fraud could occur and remain undetected. Our procedures revealed the following:

- A check disbursement was processed and cleared the bank for \$4,500 written to the District's lawyer without having any signatures. Also, a check for \$2,300 written to a contractor cleared the bank having only one commissioner's signature. The District has an informal policy, since no written policies exist, that all checks over \$1,000 should be signed by at least two designated commissioners.
- The District did not deposit parish support totaling \$600 received in the mail from Union and Lincoln parishes for the months November 2017 and December 2017 until up to three months after receipt. There were no procedures in place to designate a backup person to obtain checks from the mail for deposit when the District's treasurer is out for an extended period of time.
- The District did not account for parish support, totaling \$450, for the months of August 2017 and September 2017 expected from Union Parish, and for the month of August 2017 expected from Lincoln Parish. The parishes generally mail monthly checks to the District for \$150; however, the District had no procedures to ensure it received all the parish support expected.

After the matter was brought to District management's attention, District management requested that the parishes reissue checks, and each parish agreed. As of April 25, 2018, the \$450 was received by the District.

District management should develop and implement written policies and procedures for cash to ensure all monies are accounted for and timely reconciled to what is expected, deposited timely, and checks are properly signed before issued. Management concurred with the finding and outlined a plan of corrective action.

Written Contracts Not Obtained:

For the second consecutive year, the District made payments for bookkeeping and board minute transcription services during the fiscal year ended December 31, 2017, totaling \$3,000 without obtaining written contracts for these services. In addition, during the fiscal year the District made payments for financial statement compilation, mowing, channel marker, and pier maintenance services totaling \$15,819 without a written contract. Good internal control and good business practices require that agreements between parties should be in writing, signed and dated, and should provide clarity of actions required by both parties.

Failure to formalize a contract or agreement to include all provisions increases the risk of misunderstandings and/or nonperformance of needed services without any protection for the District, including remedies for default.

The District should develop and implement written procedures for processing contracts to ensure that all contracts or agreements for services are written and signed by appropriate persons, and all relevant terms are included. Management concurred in part and outlined a plan of corrective action. Management noted that the board of commissioners may determine that some services may not require written contracts; however, it will clarify in its policy when contracts are required.

Bayou D'Arbonne Lake Watershed District
Summary Schedule of Prior Year Findings
December 31, 2018

Lack of Written Policies and Procedures:

For the second consecutive year, the District does not have written policies and procedures for its primary financial and business functions to include those for cash reconciliation, budgeting, revenues and receipts, purchasing, disbursements, contracting, related parties, and ethics. Good internal controls require written policies and procedures to be in place and communicated to all commissioners to guide them in their functions. The District should develop written policies and procedures for business functions to ensure consistency executing its processes. Management concurred with the finding and outlined a plan of corrective action.

Management's responses to the above three findings and corrective action plan follows on the next three pages.

BAYOU D'ARBONNE LAKE WATERSHED DISTRICT

May 4, 2018

Mr. Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Subject: Response to Reportable Audit Finding
Inadequate Controls over Cash

Dear Mr. Purpera,

This letter is in response to the reportable audit finding for the Bayou D'Arbonne Lake Watershed District. The finding was for "Inadequate Controls over Cash". I concur with the finding. The audit uncovered several issues that should have already been identified and addressed. This finding relates directly to a separate finding for lack of written policies and procedures.

I will personally take responsibility for ensuring that we remedy this issue in 2018. We will plan to draft a set of policies and procedures over the coming months that will define the district's primary financial and business functions, including steps to ensure we have adequate controls over cash. The target completion date will be by November 1, 2018. Please let me know if you would like to discuss further.

Regards,



Trotter Hunt
President, Bayou D'Arbonne Lake Watershed District

Bayou D'Arbonne Lake Watershed District
P.O. Box 696
Farmerville, LA 71241

BAYOU D'ARBONNE LAKE WATERSHED DISTRICT

May 4, 2018

Mr. Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Subject: Response to Reportable Audit Finding
Written Contracts Not Obtained

Dear Mr. Purpera,

This letter is in response to the reportable audit finding for the Bayou D'Arbonne Lake Watershed District. The finding was for "Written Contracts Not Obtained". I agree, in part, with this finding (more detail below). This finding relates directly to a separate finding for lack of written policies and procedures.

We need to update our policies and procedures to clarify when contracts are and are not required. For some of the smaller dollar items identified (pier maintenance, for example), the commission members may agree that written contracts are not required. For at least one of the larger dollar items identified (channel markers) a written contract was signed but the original copy could not be produced. In any case, we do need to take the following actions:

1. Clarify in our policies and procedures when a contract is required.
2. Draft and sign contracts or agreements when necessary
3. Clarify the filing system for finalized contracts

I will personally take responsibility for ensuring that we remedy this issue in 2018. We will plan to draft a set of policies and procedures over the coming months that will define the district's primary financial and business functions, including contracts. The target completion date will be by November 1, 2018. Also, by this November 1 deadline we will make sure that all of our 2018 contracts are in place and filed appropriately.

Please let me know if you would like to discuss further.

Regards,



Trotter Hunt
President, Bayou D'Arbonne Lake Watershed District

Bayou D'Arbonne Lake Watershed District
P.O. Box 696
Farmerville, LA 71241

BAYOU D'ARBONNE LAKE WATERSHED DISTRICT

April 27, 2018

Mr. Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Subject: Response to Reportable Audit Finding
Lack of Written Policies and Procedures

Dear Mr. Purpera,

This letter is in response to the reportable audit finding for the Bayou D'Arbonne Lake Watershed District. The finding was for a lack of written policies and procedures. I concur with the finding. There was an effort last year to assemble and push for board approval of written policies and procedures for its primary financial and business functions. However, this effort was never completed.

I will personally take responsibility for ensuring that we remedy this issue in 2018. We will plan to draft a set of policies and procedures over the coming months that will define the district's primary financial and business functions to include the following:

- Cash reconciliation
- Budgeting
- Revenues & receipts
- Purchasing
- Disbursements
- Contracting
- Related parties
- Ethics

The target completion date will be by November 1, 2018. Please let me know if you would like to discuss further.

Regards,



Trotter Hunt
President, Bayou D'Arbonne Lake Watershed District

Bayou D'Arbonne Lake Watershed District
P.O. Box 696
Farmerville, LA 71241