

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Pete Panepinto, Mayor of the City of Hammond,
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the City of Hammond (the City) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted 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.

The procedures and associated findings are as follows:

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

1. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Management provided the listing showing all locations and their representation that the listing is complete. Noted only 1 location that processes payments.

2. For each location selected under #1 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their 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 an order/making the purchase.

Noted proper segregation of duties for the responsibilities listed above, without exception.

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

Noted proper segregation of duties for the responsibilities listed above, without exception.

- 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.

We noted that the person responsible for processing payments is prohibited from adding/modifying vendor files in the entity's purchasing system, without exception.

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

We noted that the persons with signatory authority give the signed check to an employee to mail who is not responsible for processing payments, without exception.

- 3. For each location selected under #1 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

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

Examined 5 disbursements noting each amount matched the original invoice/billing statement, without exception.

- b) Observe that the distribution documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #2, as applicable.

Examined 5 disbursements noting each showed evidence of proper segregation of duties, without exception.

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

- 4. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, 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.

Management provided the requested list and management's representation that the listing is complete.

5. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., major of a Lawrason Act municipality; these instances should not be reported.)]

We noted that the entity's monthly statements showed documentation of proper review and approval.

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

Observed that no finance charges or late fees were assessed on the statements examined, without exception.

6. Using the monthly statements or combined statements selected under #5 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, report whether the transaction is supported by:

- a) An original itemized receipt that identifies precisely what was purchased

Examined original itemized receipt for all transactions selected, without exception.

- b) Written documentation of the business/public purpose.

Examined documentation of business/public purpose for all transactions selected, without exception.

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

N/A – No meal expenses examined in the selected transactions.

Payroll and Personnel

7. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Management provided the requested listing and management's representation that the listing is complete.

8. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #7 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Observed daily attendance and leave records for each employee selected, without exception.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

Observed supervisory approval for each employee selected, without exception.

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

Observed that leave for each employee selected was properly documented, without exception.

9. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Management provided the requested listing and management's representation that the listing is complete. We examined 2 separate termination payments noting that the leave hours paid for each employee agreed to the entity's cumulative leave records, and the pay rates used for each employee agreed to the employees' authorized pay rates, without exception.

10. 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.

Obtained management's representation that all applicable payments/remittances have been paid and the appropriate forms filed by the required deadline, without exception.

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.

(((DATE)))

Metairie, Louisiana

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