

REGISTRAR OF VOTERS EMPLOYEES'  
RETIREMENT SYSTEM

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED UPON PROCEDURES

JUNE 30, 2017

REGISTRAR OF VOTERS EMPLOYEES' RETIREMENT SYSTEM

TABLE OF CONTENTS

JUNE 30, 2017

	<u>PAGE</u>
STATEWIDE AGREED UPON PROCEDURES .....	1 - 12



Duplantier  
Hrapmann  
Hogan &  
Maher, LLP

INDEPENDENT ACCOUNTANT’S REPORT  
ON APPLYING AGREED UPON PROCEDURES

November 20, 2017

William G. Stamm, CPA  
Lindsay J. Calub, CPA, LLC  
Guy L. Duplantier, CPA  
Michelle H. Cunningham, CPA  
Dennis W. Dillon, CPA  
Grady C. Lloyd, III CPA

Heather M. Jovanovich, CPA  
Terri L. Kitto, CPA

Michael J. O’Rourke, CPA  
David A. Burgard, CPA  
Clifford J. Giffin, Jr., CPA

A.J. Duplantier, Jr., CPA  
(1919-1985)  
Felix J. Hrapmann, Jr., CPA  
(1919-1990)  
William R. Hogan, Jr., CPA  
(1920-1996)  
James Maher, Jr., CPA  
(1921-1999)

**New Orleans**  
1615 Poydras Street,  
Suite 2100  
New Orleans, LA 70112  
Phone: (504) 586-8866  
Fax: (504) 525-5888

**Northshore**  
1290 Seventh Street  
Slidell, LA 70458  
Phone: (985) 641-1272  
Fax: (985) 781-6497

**Houma**  
247 Corporate Drive  
Houma, LA 70360  
Phone: (985) 868-2630  
Fax: (985) 872-3833

**Napoleonville**  
5047 Highway 1  
P.O. Box 830  
Napoleonville, LA 70390  
Phone: (985) 369-6003  
Fax: (985) 369-9941

Board of Commissioners  
Registrar of Voters Employees’ Retirement System and  
Louisiana Legislative Auditor

We have applied the procedures enumerated below which were agreed to by the Registrar of Voters Employees’ Retirement System (ROVERS) and the Louisiana Legislative Auditor, on the control and compliance areas identified in the Louisiana Legislative Auditor’s Statewide Agreed-Upon Procedures for the year ended June 30, 2017. ROVERS’s management is responsible for the control and compliance areas identified in the Statewide Agreed-Upon Procedures. 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:

**Written Policies and Procedures**

- 1) We obtained the entity's written policies and procedures and determined whether those written policies and procedures addressed each of the following financial/business functions:
  - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.
  - b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

[www.dhhmcpa.com](http://www.dhhmcpa.com)

Members  
American Institute of  
Certified Public Accountants  
Society of LA CPAs

- c) Disbursements, including processing, reviewing, and approving.
- d) Receipts, including receiving, recording, and preparing deposits.
- e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- 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.
- h) Travel and Expense Reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- 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, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Upon applying the procedure above, we noted that ROVERS does not have written policies and procedures over budgeting, purchasing, disbursements, receipts, payroll, contracting, travel and expense reimbursement and ethics.

### **Board**

- 2) We obtained and reviewed the Board/Committee minutes for the fiscal year, and:
  - a) Determined 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.
  - b) Determined whether the minutes referenced or included monthly budget-to-actual comparisons on the general Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

- c) Determined whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal year.

No findings were noted as a result of applying the procedure above.

### **Bank Reconciliations**

- 3) We obtained a listing of client bank accounts from management and management's representation that the listing is complete.

No findings were noted as a result of applying the procedures above.

- 4) Using the listing provided by management, we selected all of the entity's bank accounts. For each of the bank accounts selected, we obtained bank statements and reconciliations for all months in the fiscal year and determined whether:

- a) Bank reconciliations have been prepared;
- b) Bank reconciliations included evidence that a member of management or a Board member (with no involvement in the transactions associated with the bank account) had reviewed each bank reconciliation; and
- c) Management had documentation reflecting that it had researched reconciling items that have been outstanding for more than six months as of the end of the fiscal period.

Upon applying the procedure above, we noted that bank reconciliations were prepared but did not include evidence of review for approval. We also noted that there was no documentation reflecting that management researched one reconciling item in the amount of \$500 outstanding for more than six months as of the end of the fiscal year.

### **Collections**

- 5) We obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing was complete.

No findings were noted as a result of applying the procedure above.

- 6) Using the listing provided by management, we selected all of the entity's cash collection locations. For each cash location selected:

- a) We obtained existing written documentation (e.g. insurance policy, policy manual, job description) and determined whether each person responsible for collecting cash was (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related

transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

- b) We obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and determined whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who was not responsible for cash collections in the cash collection location selected.
- c) We selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal year and:
  - i. Using entity collection documentation, deposit slips, and bank statements, we traced daily collections to the deposit date on the corresponding bank statement and determined whether the deposits were made within one day of collection. If deposits were not made within one day of collection, we determined the number of days from receipt to deposit for each day at each collection location.
  - ii. Using sequentially numbered receipts, system reports, or other related collection documentation, we verified that daily cash collections were completely supported by documentation and report any exceptions.

Upon applying the procedure above, we noted there was no written documentation stating that each person responsible for collecting cash was bonded and also noted there was no written documentation stating that each person responsible for collecting cash was not also responsible for depositing cash in bank and recording the related transaction. We also noted that there was written documentation that cash collections from regular contributions were reconciled to the general ledger; however, there was no written documentation that revenue from other sources such as irregular contributions, ad valorem taxes, and state revenue sharing are reconciled to the general ledger.

- 7) We obtained existing written documentation (e.g. policy manual, written procedure) and determined whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who was not responsible for collections.

Upon applying the procedure above, we noted that there was no written documentation stating that ROVERS has a process specifically defined to determine completeness of all collections for each revenue source and by a person who is not responsible for cash collections.

**Disbursements – General (excluding credit card purchases or payments)**

- 8) We obtained a listing of entity disbursements from management or, alternately, obtained the general ledger and sorted/filtered for entity disbursements. We also obtained management's representation that the listing or general ledger population was complete.

No findings were noted as a result of applying the procedure above.

- 9) Using the disbursement population from #8 above, we randomly selected 25 disbursements excluding credit card/debit card/fuel card/P-card purchases or payments. We obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and determined whether the supporting documentation for each transaction demonstrated that:
- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
  - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
  - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

ROVERS staff consists of a Director and a part-time employee. Due to the limited staff size we noted that ROVERS does not have a system that separates initiation from approval functions.

- 10) Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), we determined whether the person responsible for processing payments was prohibited from adding vendors to the entity's purchasing/disbursement system.

Upon applying the procedure above, we noted there is no documentation stating whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing system.

- 11) Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), we determined whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Upon applying the procedure above, we noted there was no written documentation stating whether the person with signatory authority or who makes the final authorization for disbursements has no responsibility for initiating or recording purchases.

- 12) We inquired of management and observed whether the supply of unused checks was maintained in a locked location, with access restricted to those persons that do not have signatory authority, and noted any exceptions. Alternately, if the checks were electronically printed on blank check stock, we reviewed entity documentation (electronic system control documentation) and determined whether the persons with signatory authority also have system access to print checks.

Upon applying the procedure above, we noted that the supply of unused checks is maintained in a locked location; however, due to the limited staff size the person with signatory authority has access to the locked location.

- 13) When signature stamp or signature machine was used, we inquired of the signer whether his or her signature was maintained under his or her control or was used only with the knowledge and consent of the signer. We inquired of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed.

No findings were noted as a result of applying the procedure above.

### **Credit Cards**

- 14) We obtained 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. We also obtained management's representation that the listing was complete.

No findings were noted as a result of applying the procedure above.

- 15) Using the listing prepared by management, we randomly selected one-third of the credit cards (the entity has less than ten cards) that were used during the fiscal period, rotating cards each year. We obtained the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. We selected the monthly statement or combined statement 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:
  - a) Determined whether there was evidence that the monthly statement or combined statement and supporting documentation were reviewed and approved, in writing, by someone other than the authorized card holder.
  - b) Determined whether finance charges and/or late fees were assessed on the selected statements.



No findings were noted as a result of applying the procedure above.

- 16) Using the monthly statements or combined statements selected under #15 above, we obtained supporting documentation for all transactions for each of the cards selected (i.e. each of the cards should have one month of transactions subject to testing).
- a) For each transaction, we determined that the transaction was supported by:
    - i. An original itemized receipt (i.e., identifies precisely what was purchased).
    - ii. Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
    - iii. Other documentation that may be required by written policy (e.g., purchase order, written authorization).
  - b) For each transaction, we compared 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 (i.e. transaction was a large or recurring purchase requiring the solicitation of bids or quotes) and noted any exceptions.
  - c) For each transaction, we compared 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). When the nature of the transaction precluded or obscured a comparison to the requirements of Article 7, Section 14, the practitioner reported the transaction as an exception.

No findings were noted as a result of applying the procedure above.

### **Travel and Expense Reimbursement**

- 17) We obtained from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sorted/filtered for travel reimbursements. We also obtained management's representation that the listing and general ledger was complete.

No findings were noted as a result of applying the procedure above.

- 18) We obtained the entity's written policies related to travel and expense reimbursements. We compared the amounts in the policies to the per diem and mileage rates established by the

U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and determined any amounts that exceed GSA rates.

Upon applying the procedures above, we noted that there were no formal written policies for travel and expense reimbursements. We did note that ROVERS follows the state's travel and expense guidelines and that there were no amounts reimbursed that exceeded GSA rates.

- 19) Using the listing or general ledger from number 17 above, we selected the three persons who incurred the most travel costs during the fiscal period. We obtained the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and chose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
  - a) We compared expense documentation to written policies and determined whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity did not have written policies, we compared to the GSA rates (#18 above) and determined each reimbursement that exceeded those rates.
  - b) We determined whether each expense was supported by:
    - i. An original itemized receipt that identified precisely what was purchased. (Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) did not require a receipt.)
    - ii. Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
    - iii. Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
  - c) We compared 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 reported any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). When the nature of the transaction precluded or obscured a comparison to the requirements of Article 7, Section 14, the practitioner reported the transaction as an exception.
  - d) We determined whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Upon applying the procedure above, we noted no written evidence that reimbursements were reviewed by someone other than the person claiming the reimbursement.

**Contracts**

20) We obtained a listing of all contracts in effect during the fiscal period or, alternately, obtained the general ledger and sorted/filtered for contract payments. We also obtained management's representation that the listing or general ledger was complete.

No findings were noted as a result of applying the procedure above.

21) Using the listing above, we selected the five contract vendors that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). We obtained the related contracts and paid invoices and:

- a) Determined whether there was a formal/written contract that supported the services arrangement and the amount paid.
- b) Compared each contract's detail to the Louisiana Public Bid Law or Procurement Code. We determined whether each contract was subject to the Louisiana Public Bid Law or Procurement Code and:
  - i. If yes, we obtained/compared supporting contract documentation to legal requirements and determined whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
  - ii. If no, we obtained supporting contract documentation and determined whether the entity solicited quotes as a best practice.
- c) We determined whether the contract was amended. If so, we determined the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d) We selected the largest payment from each of the five contracts, obtained the supporting invoice, compared the invoice to the contract terms, and determined whether the invoice and related payment complied with the terms and conditions of the contract.
- e) We obtained/reviewed contract documentation and Board minutes and determined whether there was documentation of Board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

No findings were noted as a result of applying the procedure above.

**Payroll and Personnel**

22) We obtained a listing of employees (and elected officials, if applicable) with their related salaries, and obtained management's representation that the listing was complete. We randomly selected five employees/officials, obtained their personnel files, and:

- a) Reviewed compensation paid to each employee during the fiscal period and determined whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
- b) Reviewed changes made to hourly pay rates/salaries during the fiscal period and determined whether those changes were approved in writing and in accordance with written policy.

Upon applying the procedure above, we noted one instance in which there was no written approval for an employee's change in pay during the year.

23) We obtained attendance and leave records and randomly selected one pay period in which leave has been taken by at least one employee. Within that pay period, we randomly selected one-third of employees/officials (the entity had less than 25 employees during the fiscal period), and:

- a) Determined whether 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).
- b) Determined whether there was written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
- c) Determined whether there was written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Upon applying the procedure above, we noted that ROVERS does not maintain a record of attendance and leave for employees and as such employee leave was not documented and there was no written documentation regarding approval of attendance and leave taken during the year.

24) We obtained from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list was complete. If applicable, we selected the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtained the personnel files for the two

employees/officials. We determined whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

No findings were noted as a result of applying the procedure above.

- 25) We obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. We determined whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No findings were noted as a result of applying the procedure above.

### **Ethics**

- 26) Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, we obtained ethics compliance documentation from management and determined whether the entity maintained documentation to demonstrate that required ethics training was completed.

No findings were noted as a result of applying the procedure above.

- 27) We inquired of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, we reviewed documentation that demonstrated whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. We determined whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

No findings were noted as a result of applying the procedure above.

### **Debt Service (excluding nonprofits)**

- 28) For debt that was issued during the fiscal period, we obtained supporting documentation from the entity, and determined whether State Bond Commission approval was obtained.

Procedure was not applicable.

- 29) For the outstanding debt during the fiscal period, we obtained supporting documentation from the entity and determined whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Procedure was not applicable.

- 30) For the tax mileages relating to debt service, we obtained supporting documentation and determined whether millage collections exceeded debt service payments by more than 10% during the fiscal period. Also, we determined any mileages that continued to be received for debt that has been paid off.

Procedure was not applicable.

**Other**

- 31) We inquired of management whether the entity had any misappropriations of public funds or assets. If so, we obtained/reviewed supporting documentation and determined whether the entity reported the misappropriation to the Legislative Auditor and the district attorney of the parish in which the entity is domiciled.

No findings were noted as a result of applying the procedures above.

- 32) We observed and determined whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Upon applying the procedure above, we noted that ROVERS did not have the required notice posted in their office or on their website.

- 33) When the practitioner observed or otherwise identified any exceptions regarding management's representations in the procedures above, the practitioner reported the nature of each exception.

No findings were noted as a result of applying the procedure above.

This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the control and compliance areas identified in the Statewide Agreed-Upon Procedures. 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.

This report is intended solely for the information and use of ROVERS and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than those specified parties.

***Duplantier, Hrapmann, Hogan & Maher, LLP***

New Orleans, Louisiana