

MINUTES OF THE MEETING OF THE
CADDO PARISH COMMISSION'S
AUDIT & FINANCE COMMITTEE
HELD ON THE 11TH DAY OF SEPTEMBER, 2024

The Caddo Parish Audit & Finance Committee met in legal session on the above date at 12:00 noon, in the Government Plaza Chambers, with Mr. John E. Atkins, presiding, and the following members in attendance: Commissioners Atkins, Cothran, Thomas, G. Young, and J. Young (5). ABSENT: None (0).

Mrs. Blake gave the invocation, and Mr. Cothran led the Committee in the Pledge of Allegiance.

AGENDA ADDITIONS

It was **moved by Mr. J. Young**, seconded by Mr. Thomas, *that discussion related to 2023 CAFR be added to the agenda under New Business.*

There being no one to speak for or against the agenda addition, the Committee Chair closed the public hearing.

At this time, Mr. J. Young's motion carried unanimously.

There were no public comments, so the Committee moved on to New Business.

NEW BUSINESS

- *Internal Audit of Animal Services*

An internal audit of the Caddo Parish Animal Services (CPAS) Department was conducted to assess compliance with internal policies and procedures and evaluate the underlying processes and applicable internal controls. The following areas were included in the scope: invoice processes, complaint and incident reporting, and drug security. The audit scope was from June 2023 to May 2024.

Based on discussions with personnel, volunteers had unrestricted access to all areas of the animal shelter and the ability to gain unauthorized access to the animal database system, PetPoint. This was a high-risk ranking. Recommendations include evaluating areas of the shelter that should be restricted to employees only and communicating this information to staff and volunteers.

Mr. Atkins wanted to know what rose this concern to the highest level. Louise explained that it is a cause for concern because volunteers have open access to all areas. Mr. Travis Clark, Animal Services Director, said that the only way someone would have access to PetPoint is if they have a username and password. To his knowledge, no one is in PetPoint that does not have a username and password. They initiated a password reset and issued a memorandum of understanding to all employees to safeguard their usernames and passwords. Mrs. Bryant mentioned that signage is also being installed to show where volunteers are allowed and where they are not allowed.

Mr. J. Young said that volunteers should not have employees' credentials, even if it is convenient for the employee. Mrs. Bryant, Mr. Clark, and others agreed.

Mr. Cothran wanted to know what has changed with regards to volunteer training. Mr. Clark said that the volunteer manual has been updated, and the volunteer has to sign it.

There were two areas of observations that were ranked moderate. There was no formalized or consistent process to reconcile invoices received for veterinary services, such as spays/neuters, to the animal shelter's internal records prior to submitting the invoice to Finance for payment. Recommendations included creating and implementing a formal process to reconcile and review invoices.

The other moderate ranking observation pertained to drug security. While CPAS maintained a Memorandum for Certified Animal Euthanasia Technicians to document procedures for safeguarding the drug room, the document was not consistently signed by personnel with access and contained inaccurate information regarding authorized access. Further, there were no formal policies and procedures to communicate the necessary procedures to safeguard controlled substances to the entire department. One employee was responsible for all activities related to the safeguarding of drugs. Recommendations included adding another employee for drug safeguarding processes.

Complaint and incident cases were not always consistently responded to in a timely manner. This was a low-ranking observation. Recommendations included evaluated current staffing levels to determine if the number of staff is sustainable to respond to cases in a timely manner.

THE AUDIO/VISUAL RECORDING MALFUNCTIONED AFTER 30 MINUTES, SO THE REMAINING MINUTES ARE BASED ON THE HANDOUTS AND COMMISSION CLERK'S NOTES.

- *Internal Audit of Parks & Recreation*

An internal audit of the Caddo Parish Parks & Recreation (CPPR) Department was conducted to assess compliance with internal policies and procedures and evaluate the underlying processes and applicable internal controls. The following areas were included in the scope: volunteer background checks, program and event fees, and ongoing monitoring of grants. The scope period included in the audit was July 2023 to June 2024.

A high-risk observation showed that documentation intended to track and monitor programs and events, volunteers, and grants was neither centralized nor complete. It is recommended that management should consider centralizing documents intended to track and monitor activities throughout the department. Management should coordinate with the Finance Department to develop and implement a process for monitoring and tracking grants.

While background check policies and procedures existed, the policy had not been fully implemented in practice. Consequently, background checks were not completed for all volunteers, background checks were not renewed annually, and the procedures per the policy were not consistently followed. There was no process to identify individuals as volunteers at event sign-in or throughout the duration of an event. This is considered a high-risk observation. It was recommended that management should consider updating the *Background Check/Volunteer Policy* to expand upon missing or unclear procedures and ensure that policies and procedures are consistently followed. Management should develop a process to monitor background checks to ensure they are renewed every 12 months for active volunteers. Management should consider implementing a process for validating the identity of volunteers at event sign-in and to clearly identify and distinguish volunteers at Parish events.

There was no formal approval process for obtaining background checks, nor was there a formal process to review background check results. This is considered a moderate risk ranking. Management should consider updating the *Background Check Consent Form* to allow for department head approval of the background check. Further, a formal review and approval process should be established for background check results and volunteer eligibility.

Reconciliations were not performed between collected fees and registration data to ensure that all program and event revenues were received. This is also considered a moderate risk rating. Management should continue their efforts to implement the parks and recreation module within the New World system, with the goal of consolidating all payment and registration data in a single location. In the interim, management should implement a process to manually reconcile payments to registration data for any events held between now and the implementation of the new module.

- *Internal Audit Status Update*

Currently, Information Systems Security (logical, physical, and cyber), disaster recovery and business continuity planning, and remote access are being followed up.

In 2025, the Finance Department's licenses (occupational, insurance, beer and liquor, amusement devices) will be audited.

- *Discussion related to 2023 CAFR*

In the prior year, the Commission received pandemic related grant funds and recognized these amounts as revenue, and because they were not fully expended, classified the remaining amounts as committed fund balance. The accounting guidance available calls for these amounts to be treated instead, as unearned revenue. Because this was a new grant program with terms that were infrequently included in the Commission's grants, the Commission was not aware the related revenue should be deferred when received and recognized when eligible expenditures were made. In the current year, the Commission returned unexpended funds to the Treasury, as required by the grant. These amounts were reported on the Schedule of Expenditures of Federal Awards (SEFA) because there was not a liability for unearned revenue to offset the outflow of funds.

The prior year financial statements should have classified the committed fund balance as unearned revenue, cause a prior period adjustment in the current year. The current year SEFA was also adjusted to remove funds that were returned to the Treasury.

It should be noted that the Parish received its first round of COVID-19 pandemic revenue in 2021. At that time, the Parish recognized all revenues in 2021. This process continued in 2022. In 2021-2022, over \$50M of pandemic revenue was awarded to the parish of Caddo. CRI, LLC had no findings or concerns of the accounting of this grant in those years. The Parish continued to consistently apply the same procedures to the grant in 2023.

The Parish will implement controls to review all new grant recognized. The Director of Finance and the Assistant Director of Finance will review all grants terms and summarize terms of the grant, including revenue recognition, eligible uses, etc. The summary will be submitted to the Assistant Administrator for review.

Mrs. Barnett reiterated that there were no issues found in the expenditures related to the grant. The finding is strictly related to revenue recognition. All funds were accounted for and expended properly.

Carr, Riggs, and Ingram also performed an audit on the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for January 1, 2023 to December 31, 2023.

The management and staff of the Caddo Parish Commission has reviewed the report and agreed with the report. Currently, the Parish is in the process of reviewing its policy for disaster recovery to ensure it is up to date. The Parish has one cash drawer that is shared. That cash drawer is reconciled by the department director daily. The Parish will review the process to identify the best action moving forward.

There being no further business to come before the Committee, the meeting was adjourned at 1:21 p.m.


Michelle Nations
Assistant to the Commission Clerk