

**Date**

October 21, 2021

**Time**

11:40 am – 12:30 pm

**Instructor**

**Diane B. Allison**, CPA, CGMA, CGFO  
Assistant Legislative Auditor and  
Director of Local Government  
Services

**Location**

Virtual

**Method of Delivery**

Webinar

**Learning Level**

Basic

**CPE Hours**

1.0 Hours

**CPA Subject Matter**

Accounting and Auditing

**Yellow Book Subject Matter**

Governmental

**Prerequisite**

None

# Statewide Agreed-Upon Procedures

**Description**

This course will help participants understand why these statewide agreed-upon procedures are necessary and provide best practices for implementing them. It includes a brief discussion of the latest fraud schemes, elements of internal control, and benefits of the Accounting Procedures Manual.

**Objectives**

To provide governments with specific suggestions for complying with statewide agreed upon-procedures in the major areas of

- Written policies and procedures and Board oversight;
- Purchase cards;
- Travel expense reimbursements;
- Collections, disbursements, and reconciliations; and
- Payroll and data security.

**Who Will Benefit**

- Elected and Appointed Officials
- Local Government Employees

**About the Instructor**

**DIANE ALLISON, CPA, CGMA, CGFO**


**ASSISTANT LEGISLATIVE AUDITOR and DIRECTOR OF LOCAL GOVERNMENT SERVICES**

Diane Allison has been a CPA for 24 years and has over 30 years of accounting experience, including in the local government, not-for-profit, public accounting, and for-profit manufacturing sectors.

Diane currently serves as Assistant Legislative Auditor and Director of Local Government Services of the LLA, which oversees the work of more than 200 independent CPA firms that conduct over 3,600 audits and other types of engagements, performs various advisory services, prepares fiscal and actuarial notes for the Louisiana Legislature, and educates local governments on financial management.

Diane chairs the Government Finance Officers Association Accounting, Auditing and Financial Reporting committee and is a member of numerous professional organizations.

Michael J. "Mike" Waguespack, CPA  
Legislative Auditor




## Statewide Agreed-Upon Procedures

Presented by:  
**Diane B. Allison, CPA, CGMA, CGFO**  
Assistant Legislative Auditor and  
Director of Local Government Services

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## General Comments



1. The Legislative Auditor's Statewide agreed-upon procedures were updated in October 2021
2. Effective for local governments and quasi-public organizations (required to comply with the Audit Law, LSA-RS 24:513) for a fiscal year end of 12/31/2021 and later
3. Performed under AICPA attest standards by the same firm that performs the annual audit and attached to (but a separate report from) the audit report
4. Statewide agreed-upon procedures are "complementary" not "additive"
5. Statewide agreed-upon procedures are not required to be performed on discretely presented component units within the larger government's audit report
6. The independent-auditor can rely on the work of an internal auditor

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# General Comments



7. Management must provide a written response
8. Auditor may report no exception if the government had exceptions based strictly on the wording of the procedure and the entity's compensating controls **fully** mitigate the underlying control risk
9. Only those statewide agreed-upon procedure exceptions that rise to the level of significant deficiency or material weakness should be included as an audit finding
10. Statewide agreed-upon procedures can be performed in any 12-month fiscal period that is no more than 3 months prior to the end of the government's fiscal year
11. For non-profits with other than public funds, only the public funds portion is subject to the statewide agreed-upon procedures and only if the funds are not commingled
12. [www.lfa.la.gov](http://www.lfa.la.gov) – Communities – CPAs – Statewide Agreed-Up Procedures

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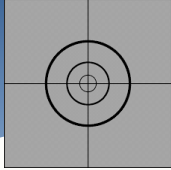


# 14 Focus Areas




1. Written policies and procedures
2. Board or finance committee
3. Bank reconciliations
4. Collections
5. Non-payroll disbursements
6. Credit, debit, fuel, and purchase cards
7. Travel and travel-related expense reimbursements

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# 14 Focus Areas



8. Contracts
9. Payroll and personnel
10. Ethics
11. Debt service
12. Fraud notice
13. Information technology disaster recovery/business continuity
14. Prevention of sexual harassment



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# Why?



- \* To address the audit expectation “gap” (a clean opinion doesn’t mean there’s no fraud)
- \* To look more closely at high-risk areas
- \* To look more closely at areas that the public cares about, which may be immaterial to the financial statements
- \* To improve internal controls to prevent fraud, waste, and abuse



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## Fraud Facts from the Association of Certified Fraud Examiners 2020 Report to the Nations

- \* The typical organization loses 5% of revenues in a given year as a result of fraud
- \* Asset misappropriation (stealing or misusing resources) was by far the most common form of occupational fraud, occurring in more than 86% of cases, with a median loss of \$100,000
- \* Median losses for **governments** were \$91,000 for state and \$75,000 for local governments
- \* Check and payment tampering schemes and billing schemes posed the greatest risk based on their relative frequency and median loss
- \* Mediation duration of frauds was 14 months (shortened through active detection methods)
- \* Most common concealment methods were creating fraudulent physical documents and altering physical documents
- \* Most common detection method was tips


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## Fraud Facts from the Association of Certified Fraud Examiners 2020 Report to the Nations

- \* The following fraud schemes were more prevalent in smaller organizations (less than 100 employees) than larger ones:
  - \* Billing
  - \* Check and payment tampering
  - \* Expense reimbursements
  - \* Payroll
  - \* Skimming
  - \* Financial statement fraud
  - \* Cash on hand
  - \* Cash larceny
  - \* Register disbursements


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## Fraud Facts from the Association of Certified Fraud Examiners 2020 Report to the Nations

- \* Most represented sectors were (1) banking and financial services, (2) **government and public administration**, and (3) manufacturing industries
- \* **Small organizations had a significantly lower implementation rate of anti-fraud controls than large organizations**
- \* The presence of anti-fraud controls correlated with both lower fraud losses (2% - 51%) and quicker detection (25% - 50%)
- \* **The most prominent organizational weakness that contributed to the frauds was a lack of internal controls**

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## What's the Cost?

Extra cost to auditee seems to be between \$5,000 and \$50,000 depending on the size of government

Could add 1 – 2 weeks additional field work

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# The Fraud Triangle

**OPPORTUNITY**

- ▶ Lack or end-around of internal controls
- ▶ Senior management not watching

**FRAUD**

**MOTIVE/PRESSURE**

- ▶ Personal financial pressure
- ▶ Addiction

**RATIONALIZATION**

- ▶ "I haven't received a raise"
- ▶ "It's only a loan; I'll pay it back."


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# Elements of Effective Internal Controls

- \* Written policies and procedures
- \* Segregation of incompatible duties (custody, authorization, recording)
- \* Proper authorization
- \* Compliance with laws and regulations
- \* Complete and accurate documentation
- \* Management reviews and reconciliations
- \* Analytical reviews
- \* Safeguarding of assets
- \* Accuracy and efficiency in recording and processing transactions
- \* Reporting and monitoring


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## Benefits of the Accounting Procedures Manual




1. Documents the procedures of processing accounting transactions, accounting conventions, safeguarding assets, etc.
2. Establishes strong internal controls for regulatory compliance
3. Delineates staff responsibilities
4. Serves as a training tool for new personnel
5. Provides legal protection
6. Standardizes processes to reduce fraud, waste and abuse
7. Improves efficiency and consistency
8. Simplifies processes and reduces employee liability and errors

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## 1. Written Policies and Procedures




- a. Budgeting – preparing, adopting, monitoring and amending
- b. Purchasing
  - i. How purchases are initiated
  - ii. How vendors are added to the vendor list
  - iii. The preparation and approval process of purchase requisitions and purchase orders
  - iv. Controls to ensure compliance with the Public Bid Law
  - v. Documentation required to be maintained for all bids and price quotes
- c. Disbursements – processing, reviewing, and approving

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# 1. Written Policies and Procedures




- d. Receipts and collections
  - i. Receiving, recording, and preparing deposits
  - ii. Verification of completeness of all collections for each type of revenue (fees, tickets, utilities, etc.)
- e. Payroll and personnel
  - i. Payroll processing
  - ii. Reviewing and approving time and attendance records, including leave and overtime worked
  - iii. Approval process for employees' rates of pay and approval and maintenance of pay rate schedules

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# 1. Written Policies and Procedures




- f. Contracting
  - i. Types of services requiring written contracts
  - ii. Standard terms and conditions
  - iii. Legal review
  - iv. Approval process
  - v. Monitoring
- g. Credit, debit, fuel, and purchase cards
  - i. How cards are controlled
  - ii. Allowable business uses
  - iii. Documentation requirements
  - iv. Required approvers of statements
  - v. Monitoring card usage

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# 1. Written Policies and Procedures




- h. Travel and expense reimbursements
  - i. Allowable expenses
  - ii. Dollar thresholds by category of expense
  - iii. Documentation requirements
  - iv. Required approvers
- i. Ethics
  - i. Prohibitions as defined in LSA-RS 42:1111-1121
  - ii. Actions to be taken if an ethics violation takes place
  - iii. System to monitor possible ethics violations
  - iv. Requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy

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# 1. Written Policies and Procedures




- j. Debt service
  - i. Debt issuance approval
  - ii. Continuing disclosure/EMMA reporting requirements
  - iii. Debt reserve requirements
  - iv. Debt service requirements
- k. Sexual harassment LSA-RS 42:342-344 requirements (NEW)
  - i. Agency responsibilities and prohibitions
  - ii. Annual employee training
  - iii. Annual reporting

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# 1. Written Policies and Procedures




I. Information technology disaster recovery and business continuity (NEW)

- i. Identification of critical data and frequency of data backups
- ii. Storage of backups in a separate physical location isolated from the network
- iii. Periodic testing and verification that backups can be restored
- iv. Use of antivirus software on all systems and devices
- v. Timely application of all available system and software patches and updates
- vi. Identification of personnel, processes, and tools needed to recover operations after a critical event

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# Best Practices for Written Policies and Procedures




1. The agency should have these major policies. See also [Financial Policies](#) by Shayne Kavanagh, available from [www.gfoa.org](http://www.gfoa.org) for \$45 for members of GFOA.
2. Keep the written Accounting Procedures Manual and fiscal policies updated.
3. Existing policies and procedures should adequately address most of the internal control elements (authorizing, recording, segregation of incompatible duties, thresholds, documentation, etc.) in sufficient detail.
4. Consider illustrating processes in a flow chart.
5. Consider using (fillable) forms or workflow software to capture all necessary information.

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## 2. Board or Finance Committee



- a. The board or finance committee should meet with a quorum at least monthly or on a frequency in accordance with the board’s enabling legislation, charter, bylaws, or other equivalent document
- b. Minutes should reference or include (NEW)
  - i. Monthly budget-to-actual comparisons on the general fund
  - ii. **Quarterly budget-to-actual, at a minimum, on proprietary funds**
  - iii. **Semi-annual budget-to-actual, at a minimum, on all special revenue funds**
  - iv. Alternatively, for those reporting on the nonprofit accounting model, financial activity relating to public funds
- c. If the general fund had a negative unassigned fund balance last year, the minutes of at least one meeting should reference or include a formal plan to eliminate the negative unassigned fund balance

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## Best Practices for Board or Finance Committees




In addition to the required income statements, consider providing

1. Monthly balance sheets;
2. A “Best Available Estimate” listing columns for the annual budget and all 12 months, with actual information for closed months and budgeted information for future months, to project the excess or deficit for the entire fiscal year;
3. An income statement and balance sheet for all debt service and capital projects funds at least twice a year;
4. A list of investments at least twice a year;
5. A schedule of debt service payments and bank accounts at least once a year; and
6. Economic information on the organization’s most volatile revenue source at least quarterly.

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### 3. Bank Reconciliations



- a. Bank reconciliations should be prepared, reviewed, dated and signed within two months of the closing date
- b. Bank reconciliations should be reviewed by a member of management or a board member who does not handle cash, post ledgers, or issue checks
- c. Items outstanding for more than 12 months should be researched

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### Best Practices for Bank Reconciliations




1. Close inactive bank accounts to reduce the amount of reconciliations.
2. Reconcile the bank accounts in the accounting software.
3. Bank reconciliations should be completed BEFORE the monthly financial statements are issued.
4. Start researching outstanding items when they're 4 months old to resolve before they're 6 months old
5. Pay vendors electronically to reduce the amount of checks outstanding (and save costs and time).
6. Use the bank's positive pay service (upload a list of checks to the bank so they'll pay only those checks to only those vendors for only that amount).
7. If bank reconciliations are provided to the governing body, then consider using a reconciliation form they can understand (list deposits by major revenue source, show titles of accounts transferred to and from, list electronic withdrawals by major purpose, etc.).
8. Include the collateralization report in the monthly bank statement reconciliation package.

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## 4. Collections




- a. Segregate incompatible duties
  - i. Employees who collect cash should not share cash drawers or registers
  - ii. Persons who collect cash should not prepare or make deposits unless another person reconciles collection documentation to the deposit
  - iii. Persons who collect cash should not post collection entries unless another person reconciles ledger postings to each other (i.e. general and subsidiary ledgers) and to the deposit
  - iv. Persons who reconcile cash collections should not collect cash unless another person verifies the reconciliation
- b. All employees who have access to cash should be bonded or covered by an employee dishonesty or theft policy


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## 4. Collections



- c. Receipts should be sequentially pre-numbered
- d. Sequentially pre-numbered receipts, system reports, and other related collection documentation should total to the same amount as the deposit slip
- e. The deposit slip total should be the same as the actual deposit showing on the bank statement
- f. Deposits should be made within 1 business day of receipt (within 1 week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer)
- g. The actual deposit showing on the bank statement should be the same amount that is posted to the general ledger

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## Best Practices for Collections




1. Use software and cash registers. Avoid using pre-numbered paper receipts whenever possible.
2. Use a remote check deposit terminal if offered by the bank.
3. Encourage customers to pay by credit or debit card and provide the means to do so.
4. Use self-service kiosks and/or an online payment portal so customers can enter their own payment.
5. Use disposable bank bags and the night depository to get collections to the bank timely.


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## 5. Non-Payroll Disbursements




- a. Segregate incompatible duties
  - i. At least two employees should be involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase
  - ii. At least two employees should be involved in processing and approving payments to vendors
  - iii. The person processing payments should be prohibited from adding or modifying vendor files unless another person reviews changes to vendor files
  - iv. The person who processed the payments should not mail the checks
- b. Documentation should include the original itemized invoice and support that the goods billed were received or services were provided satisfactorily


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## Best Practices for Non-Payroll Disbursements




1. A requisitioning process (requisition, purchase order, etc.) should occur **BEFORE** the purchase is made.
2. Purchases should be reasonable, necessary, budgeted, documented, approved, received, safeguarded, and used solely for public purposes of the agency.
3. Establish controls to ensure compliance with the Public Bid Law and federal procurement guidelines, when applicable.
4. Disbursement documentation should include an approved purchase order (requisition), receiving report (for goods), and an approved itemized invoice (including a signed approval to pay for services) and can include a contract.
5. Payments by cash are strictly prohibited.
6. An Authorized Signers policy states who is authorized to sign contracts and checks, and the number of signatures required on checks.

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## Best Practices for Non-Payroll Disbursements




7. Utilize software features that allow for electronically requisitioning and approving purchases, and that check for the three-way match between the purchase order, receiving report, and invoice, and signing checks.
8. Utilize software features that can pay vendors electronically to avoid printing, signing, mailing, reconciling, and storing paper checks.
9. Charge utilities to a credit card (and reap the rewards).
10. Set up automatic recurring disbursements (i.e. monthly rent) whenever possible.
11. Utilize software that reads scanned invoices and automatically processes routine payments.
12. Use “blanket” purchase orders (i.e. for hardware stores, repair services, etc.).

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## 6. Credit, Debit, Fuel, and Purchase Cards



- a. A list of all active cards, including card numbers, names of persons who possess them, expiration date, and credit limits, should be maintained
- b. Attach original receipts to each statement
- c. A person other than the authorized cardholder should review each monthly statement and approve it for payment
- d. Cards should be paid in full and on time every month
- e. Every purchase should include written documentation of the public or business purpose and documentation of the individuals participating in meals
- f. Documentation should be included for missing receipts

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## Best Practices for Using Cards




- 1. Review, scrutinize, and analyze fuel cards to monitor their usage and determine the reasonableness of purchases.
- 2. Require that the governing body formally approve the issuance of cards.
- 3. Cardholders should sign a written card agreement outlining the terms and conditions under which the cards may be used and informing them that unauthorized use may result in termination of employment.
- 4. Securely store unused cards.
- 5. Employ merchant category codes to restrict purchases.


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## Best Practices for Using Cards




6. Cards should not be used for significant routine or recurring purchases or for purchases subject to the Public Bid Law.
7. Compare card statements with travel expense reports to ensure that the employee did not have card charges for which the employee was also reimbursed and for compliance with the travel expense reimbursement policy.
8. Pay the cards online to pay quicker.
9. Consider requiring individuals to personally pay the finance charges or late fees.
10. Consider payroll deducting for card purchases with missing itemized receipts.
11. Create a log that cardholders should complete each month that includes fields for business purpose and general ledger code.


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## 7. Travel and Travel-Related Expense Reimbursements



- a. Per diem rates should not exceed the rates of either the state or the U.S. General Services Administration ([gsa.gov](https://www.gsa.gov))
- b. Actual costs reimbursed should be supported by original itemized receipts
- c. Documentation should include the public or business purpose, including the names of persons participating in meals
- d. Requests for travel-related reimbursements should be reviewed and approved in writing by another person

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## Best Practices for Travel-Related Expenditures




1. Travel should be ordinary, reasonable, necessary, conducted in the most economical means, and beneficial to the agency.
2. Travel, including estimated travel costs, should be approved in writing in advance, comply with the policy, and be within the approved budget.
3. Travel advances should be approved, reasonable, and documented.
4. Claims for reimbursement should be signed by the traveler and approved by a supervisor.
6. Original itemized receipts should be attached to the request for travel reimbursement along with the business purpose of the travel.
7. The traveler should document the time and date of departure, time and date of return, destination, and travel-related costs borne by the entity (create a form with instructions).


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## Best Practices for Travel-Related Expenditures



8. Persons who submit fraudulent claims for reimbursement are guilty of official misconduct and are subject to severe disciplinary action.
9. Vehicles owned by the entity are for public or business travel only.
10. Use of rental vehicles should be approved in advance and for the least expensive vehicle that serves the purpose (i.e. a compact car for 1 or 2 travelers).
11. Receipts should be required for all ground transportation (taxi, shuttles, ride-share services, etc.) including the starting and ending locations.
12. Reimbursements for meals should be only when an overnight stay is required and should be in accordance with the state's meal allowance rates.
13. Excessive expenses will not be reimbursed.


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## Best Practices for Travel-Related Expenditures



14. Lodging should be reimbursed at state rates, accompanied by detailed receipts, and for a single occupancy standard room.
15. Designate someone in the accounting or finance office as the reviewer of ALL travel reimbursement requests with the authority to disprove items.
16. Specifically state the consequences of a missing receipt (if a “missing receipt statement” will be accepted, or if the traveler needs to pay and when, etc.).

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## Best Practices for Travel-Related Expenditures



17. Consider including in the written policy
  - a. When lodging starts and ends and the minimum distance at which lodging applies;
  - b. When reimbursable meals start and end;
  - c. If the agency will reimburse the lower of meal receipts or per diem or meal per diem when meals are included in the registration fee;
  - d. Maximum amount of tips and to whom (servers, valet, baggage handler, doorman, drivers, etc.);
  - e. Exact documentation required; and
  - f. What incidentals, if any, the agency will pay (internet?).

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## 8. Contracts




- a. Comply with the Public Bid Law (documented quotes, advertising, bids, etc.), Procurement Code, or federal regulations, whichever is applicable
- b. Contracts should be approved by the proper authority in accordance with the written policy
- c. Amendments should be provided for in the original contract, comply with and be included in the scope of the original contract terms, and be approved
- d. Invoices should be billed and paid according to contract terms


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## Best Practices for Contracting



- 1. Require formal written contracts for public works, materials/supplies/goods (purchase order), and professional services.
- 2. Before contracting, perform a written needs assessment that includes (a) identifying the entity's goals and objectives; (b) exploring possible alternatives to contracting; and (c) comparing costs and benefits of contracting with alternatives.
- 3. Maintain all documents associated with the contract (bid documents, estimates, etc.).
- 4. For professional services, establish a process to evaluate whether fees are reasonable, criteria for selecting the vendor, and vendor performance.

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## Best Practices for Contracting



5. Include as standard contract terms and conditions
  - a. Specific goods or services to be performed and costs;
  - b. Timing of delivery;
  - c. Period covered by the contract;
  - d. Clearly defined performance standards and measurable outcomes;
  - e. How vendor performance will be evaluated and monitored;
  - f. If and how the contract may be amended and terminated; and
  - g. Consequences for failure to meet contract requirements.
6. Document the legal review in writing.
7. Require that all contracts should be in writing.


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## Best Practices for Contracting



8. Maintain a master list of contracts that includes
  - a. Person responsible for monitoring (contract manager);
  - b. Vendor's name and contact information;
  - c. Starting and ending dates;
  - d. Type(s) of good or services to be received; and
  - e. Cost.
9. Payments to vendors should be approved by the contract manager and comply with the contract.
10. Perform a post-contract evaluation to assess compliance with laws and policies and vendor and contract manager performance.


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## Best Practices for Contracting




11. The contract manager is responsible for

- a. Tracking budgets;
- b. Comparing invoices and charges to contract terms;
- c. Verifying, and accepting or rejecting deliverables;
- d. Withholding vendor payments until deliverables are met;
- e. Approving invoices;
- f. Maintaining all documentation supporting payments to the vendor;
- g. Closing out the contract; and
- h. Communicating the status of the contract to management.


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## Best Practices for Contracting



12. Consider centralizing the purchasing function to ensure compliance with all state and federal procurement laws and regulations.

13. Develop an organized filing system (hopefully electronic), a checklist to ensure that all documents are present, and a flow chart to make sure all purchasing steps are followed.

14. Develop a procedure to ensure that unauthorized persons do NOT sign contracts.


15. The accounting staff should have access to all contracts, not only to produce them for the independent auditor, but also to comply with GASB 87, *Leases*.

16. Consider writing a Purchasing Procedures Manual.


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## 9. Payroll and Personnel




- a. Salaries paid should be at authorized pay rates, which should be documented in each employee’s personnel file
- b. Daily attendance should be documented
- c. All leave, including holidays and paid and unpaid leave, should be documented
- d. Both attendance and leave should be approved by a supervisor
- e. Leave earned and taken should be added to or deducted from the employee’s leave records and should be in accordance with written policy, including leave amounts paid at termination
- f. All third-party payroll-related amounts (retirement, taxes, insurance, garnishments, savings plans, etc.) should be paid timely


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## Best Practices for Payroll and Personnel




- 1. Include in the hiring process
  - a. A needs assessment, minimum qualifications, job responsibilities, and formal pay; and
  - b. Protocols for receiving applications, interviewing (written questions), performing background checks, and verifying credentials.
- 2. Use a checklist to make sure that all documents are included in each personnel file (application, signed job description, pay rate, authorized deductions, retirement, tax, and banking forms, performance appraisals, certifications, required training, etc.).
- 3. Time sheets should be used to document hours worked (arrival time, start and stop of work times, start and stop for breaks), and leave taken and be signed by a supervisor before payroll is processed.

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## Best Practices for Payroll and Personnel




4. Do not advance or award leave before it is earned.
5. Comply with the Fair Labor Standards Act, especially for non-exempt employees working more than 40 hours in a work week (compensatory time can be either paid or banked for later use).
6. Require that overtime be approved in advance.
7. Segregate incompatible duties, so that different persons
  - a. Prepare and update payroll and personnel data;
  - b. Review and approve payroll actions;
  - c. Distribute payroll; and
  - d. Review and reconcile the payroll bank account.
8. Limit computer access to only those who need it to perform their duties.


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## Best Practices for Payroll and Personnel




9. Management should review and sign a report showing all changes made to payroll data each pay period.
10. Schedule recurring payments and reports as software permits.
11. Conduct and document annual performance evaluations on all employees.
12. Employees should annually acknowledge in writing their agreement to comply with policies and procedures.
13. Supervisors should approve a payroll verification report each pay period.
14. Develop a written Payroll Procedures Manual.
15. Hold everyone in the payroll process accountable for their part.


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# 10. Ethics



- a. Every employee and official are required to complete one hour of training on the Louisiana Ethics Code every calendar year ([www.ethics.la.gov](http://www.ethics.la.gov))
- b. Government employers are required to notify their employees in writing of any changes to the agency's ethics policy

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# Best Practices for Complying With the Ethics Code




- 1. Designate one person to make sure that all employees and officials have taken the required ethics training every year.
- 2. Require that all employees complete the ethics training in January, and that all new hires complete the training within 30 days of hire.
- 3. Save all the ethics training certificates both electronically and in each personnel file.
- 4. Promote a highly ethical tone in everything you do.
- 5. Take seriously, and fairly and thoroughly investigate, all complaints received, including corrective action taken.

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## 11. Debt Service



- a. State Bond Commission approval is required for all debt instruments (bonds, notes, loans, credit cards not paid in full monthly, etc.)
- b. All aspects of debt covenants should be followed exactly, including requirements for reserves, due dates of debt service payments, disclosures, etc.

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## Best Practices for Debt Service



1. Make debt service payments many days before the due date, in the event of technology glitches, bank holidays, natural disasters, staff absences, power outages, cut cable lines, etc.
2. For debt paid by a tax millage, the agency should reduce its millage when excess collections exceed one year of debt service payments.
3. Do NOT levy millages for any debt that has been paid off.
4. Develop a written Debt Management policy.
5. Be knowledgeable about all bond covenants (requirements for reserves, debt service due dates, revenue stream, qualified expenditures of debt proceeds, investing debt proceeds, post-issuance tax compliance, insurance, documentation, record retention, etc.).
6. Designate a person responsible for continuing disclosure requirements.



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## 12. Fraud Notice: 43% of Fraud Schemes were Detected by Tip

- a. A fraud hotline notice should be posted in each agency building
- b. Four ways to report suspected fraud
  - i. Fraud hotline (1-844-503-7283),
  - ii. Fax (1-844-403-7283),
  - iii. Website [www.la.gov](http://www.la.gov) or
  - iv. Snail mail (LLA Hotline, PO Box 94397 in Baton Rouge, LA 70804-9397).

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## 12. Fraud Reporting Required by LSA-RS 24:523

*An agency head of an auditee who has actual knowledge of or reasonable cause to believe that there has been a misappropriation of the public funds or assets of his agency shall immediately notify, in writing, the legislative auditor and the district attorney of the parish in which the agency is domiciled of such misappropriation.*

*“Reasonable cause” shall include information obtained as a result of the filing of a police report, an internal audit finding, or other source indicating such a misappropriation of agency funds or assets has occurred.*

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## Best Practices to Report Fraud




1. Download the fraud poster and make sure it's posted in every building that the agency owns or operates and on the agency's website.
2. Promptly report instances of fraud also to the independent auditor, in addition to the Legislative Auditor and District Attorney.
3. Create, promote, and live a culture of no tolerance for fraud, strict compliance with all laws and regulations, and high ethics.
4. Become familiar with best practices promulgated by the Legislative Auditor ([la.la.gov](http://la.la.gov)), Government Finance Officers Association ([gfoa.org](http://gfoa.org)), Association of Government Accountants ([agacgfm.org](http://agacgfm.org)), etc.
5. Develop a formal Internal Controls policy.


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## 13. IT Disaster Recovery and Business Continuity




- a. Identify critical data and back it up at least weekly
- b. Encrypt critical data stored on physical media (tapes, CDs) before transporting them offsite
- c. Test and verify that backups can be restored at least every 3 months
- d. Install antivirus software on all agency devices and ensure that it is current and active
- e. Operating systems and accounting software should be currently supported by the vendor


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## Best Practices for IT Disaster Recovery and Business Continuity



1. Know that backups on networked servers are subject to viruses and malware, so consider removing them from the domain, creating an isolated network, or creating a third copy of backup data into object storage.
2. Implement multi-factor authentication on backup servers.
3. Regularly train employees on cybersecurity, common scams, detection of phishing emails, etc.
4. Employ strong passwords and automatic screen locks.
5. Scrub hard drives and devices before disposing them.
6. Track equipment, including installing equipment location software, on all devices.

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## Best Practices for IT Disaster Recovery and Business Continuity




7. Develop a written breach response plan.
8. Purchase cybersecurity insurance.
9. Consider outsourcing IT security if the agency does not have the expertise in house.
10. Limit physical access to the server room.
11. Secure and protect mobile devices.
12. Connect securely using a virtual private network.
13. Encrypt all sensitive data before sending.
14. Minimize administrator privileges.


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## 14. Prevent Sexual Harassment




- a. All government employees are required to complete at least one hour of sexual harassment training every calendar year per LSA-RS 42:341-344 which became effective on January 1, 2019
- b. Supervisors are required to receive additional training
- c. All agencies are required to develop and institute a policy to prevent sexual harassment
- d. The sexual harassment prevention policy and complaint procedures should be posted on the agency's website, or, in the absence of a website, a notice on how to obtain the information should be posted in a conspicuous location in each agency building


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## 14. Prevent Sexual Harassment




- e. Compile an annual report by February 1 that includes (for the prior calendar year)
  - i. Number and percentage of public servants who completed the training requirements
  - ii. Number of sexual harassment complaints received by the agency
  - iii. Number of complaints which resulted in a finding that sexual harassment occurred
  - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action
  - v. Amount of time it took to resolve each complaint


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## 14. Prevent Sexual Harassment




- f. The policy to prevent sexual harassment should include, at a minimum,
  - i. A clear statement that unwelcome sexual advances, requests for sexual favors, and other verbal, physical, or inappropriate conduct of a sexual nature constitute sexual harassment when the conduct explicitly or implicitly affects an individual's employment, unreasonably interferes with an individual's work performance, or creates an intimidating, hostile or offensive work environment and shall not be tolerated
  - ii. A description of the behavior the agency defines as inappropriate conduct, including examples
  - iii. An effective complaint or grievance process that includes taking immediate and appropriate action when a complaint is received


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## 14. Prevent Sexual Harassment



- iv. The complaint process shall detail who may make a complaint, to whom a complaint may be made, providing for alternative designees, and actions taken on the complaint (which shall be documented)
- v. A general description of the investigation process, including required participation by the alleged victim and alleged harasser
- vi. A clear prohibition against retaliation against an individual for filing a complaint or participating in an investigation
- vii. A general description of possible disciplinary actions which may occur after the conclusion of an investigation, including if the claim was intentionally false
- viii. A statement apprising employees of applicable federal and state laws

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## Best Practices to Prevent Sexual Harassment




1. Designate one person responsible for ensuring that all employees complete the required training, the policy and procedures are posted, and the annual report is prepared.
2. Require that all employees complete the training in January, and that all new hires complete the training within 30 days of hire.
3. Save all the training certificates both electronically and in each personnel file.
4. Promote a no tolerance tone throughout your agency.
5. Take seriously, and fairly and thoroughly investigate, all complaints received, including corrective action taken.


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## Thank you!



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