

## You CAN Do This: Resolving Statewide Agreed-Upon Procedures Exceptions



CENTER FOR LOCAL GOVERNMENT EXCELLENCE

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We want to explore your needs, challenges, and strengths to find ways to make you more prepared, resilient and productive. We are a trusted resource that can positively impact the success of your organization – and ultimately the success of the state.



## You CAN Do This: Resolving Statewide Agreed-Upon Procedures Exceptions



Lists the exact procedures

**Why?**

Explains why the LLA thinks this procedure is important



Suggestions for resolving exceptions

Next Level

Suggestions for doing even more than the minimum procedures require, to improve internal controls, efficiency, and effectiveness.

3



## Why Are Statewide Agreed-Upon Procedures (SAUPs) Necessary?

- **A clean or unmodified auditor’s opinion does not mean that the auditor is certifying that the financial statements are free of errors or that no fraud occurred** because the auditor does not test every transaction; instead the auditor tests a representative sample of transactions.
- **SAUPs require the auditor to take a more careful look** at areas that might not end up in the representative sample tested in an audit engagement.
- The **objective of SAUPs is to correct internal control processes** of local entities in order to lessen their risks of fraud, waste, or abuse in the future.

4



## Little Problems Can Turn Into Big Problems

- Statewide agreed-upon procedure exceptions
- Management Letter comments
- **Audit findings**

5



## Statewide Agreed-Upon Procedures

1. Written policies and procedures
2. Board or finance committee
3. Bank reconciliations
4. Collections
5. Non-payroll disbursements
6. Travel and travel-related expense reimbursements
7. Credit, debit, fuel, and purchase cards
8. Contracts
9. Payroll and personnel
10. Ethics
11. Debt service
12. Fraud notice
13. IT disaster recovery/business continuity
14. Prevention of sexual harassment

6





## SAUP 1: Budgeting Policies and Procedures

Written budgeting policies and procedures should address:

1. Preparing the budget
2. Adopting the budget
3. Monitoring the budget
4. Amending the budget

Local Government Budget Act [R.S. 39:1301 - 1315](#)

7



## Requirements of the Local Government Budget Act

- Present a budget in Month 11 for board **adoption** in Month 12, before the fiscal year starts in Month 1
  - Budget needs to be **available for public inspection** (for most types of governments) at least 15 days before adoption
  - Required to conduct a **public hearing** before adopting the budget if proposed expenditures are at least \$500,000
  - Required to **publish notice of public hearing** at least 10 days before the hearing
- Budget should be in the **proper form**
  - Budget Message with required elements
  - Current year original budget, year-to-date actual, projected annual actual, and amended budget; proposed budget; variance between amended and proposed budgets
  - Include the budget adoption instrument (ordinance, resolution)
- Publish **notice of completion**

8



## Requirements of the Local Government Budget Act

- Required to **notify the board in writing** when have an unfavorable variance of at least 5%
- Required to **amend the budget** when have an unfavorable variance of at least 5%



9



## The Budget Process at a High Level

1. Develop a **timeline**, working back from the adoption date
2. Start with providing **budget worksheets** with historical information to department heads
3. **Estimate revenues** – gather information from sales tax collector, assessor, grant writers, utilities department, etc.
4. Enter in the **big budget spreadsheet** – usually expenditures exceed revenues
5. **Decide** what can be reduced or eliminated
  - a. May take a lot of time and collaboration
  - b. Expenditures shouldn't exceed revenues
  - c. Evaluate programs for effectiveness

10



## The Budget Process at a High Level

6. Write the **Budget Message**
  - a. Summary description of the financial plan
  - b. Major policies affecting the budget
  - c. Objectives
  - d. Assumptions
  - e. Budgetary basis (same as for financial reporting?)
  - f. Discussion of the most important features
  - g. Signed by the preparer (chief executive, agency head)
7. **Schedule** date of the public hearing and adoption; publish notice in the newspaper; have the budget available for public inspection
8. Conduct the hearing, **adopt** the budget, then publish notice of completion of all action required

11



## SAUP 2: Board or Finance Committee

1. The board should meet with a **quorum** as frequently as required in its charter, by-laws, or enabling legislation.
2. Management should provide to the board
  - a. monthly budget-to-actual comparisons on the **general fund**,
  - b. quarterly budget-to-actual comparisons, at a minimum, on **proprietary funds**, and
  - c. semi-annual budget-to-actual comparisons, at a minimum, on all **special revenue funds**.
3. If the general fund had a **negative ending unassigned fund balance** in the prior year, there should be a formal plan to eliminate the negative balance.
4. At each meeting the board should receive **written updates** on the progress made in resolving audit findings according to management's corrective action plan until the findings are resolved.

12



## SAUP 2: Board or Finance Committee

# Why?

- The board's **oversight role** includes setting policies and making decisions that affect the overall operation of the entity, including budgeting, planning, and resource allocation.
- It is important that the board receive accurate and timely information in order to make **informed decisions**.

13



## SAUP 2: Tips for Resolving Board or Finance Committee Exceptions

1. Annually **pre-schedule** board meetings for the entire calendar year.
2. Prepare **minutes** for every board meeting.
3. Provide the board with **budget-to-actual comparisons** at each meeting.
4. If applicable, develop a plan to eliminate the **negative unassigned fund** balance. The unassigned fund balance is an important measure of a government's financial health and stability.
5. Management should provide the board with updates on the progress made toward **resolving audit findings**.



14



## Taking Board or Finance Committees to the Next Level

1. Consider using **board management software** which may:
  - a. Provide tools for agenda management, document distribution, and scheduling meetings;
  - b. Electronically store board related documents, such as meeting agendas and minutes; and
  - c. Provide public digital access to important board related documents, live streams, and video recordings of board meetings.
2. Management should provide to the board a **list of investments** at least twice a year.
3. Management should provide to the board a **schedule of debt service payments and bank accounts** at least once a year.

15



## SAUP 3: Bank Reconciliations

1. Bank statement reconciliations should be prepared
  - a. For **every bank account**, and
  - b. Within **2 months** of the bank statement closing date (initialed and dated or electronically logged).
2. Bank statement reconciliations should include **written evidence** that a member of management or a board member who doesn't handle cash, post ledgers, or issue checks has **reviewed** each bank reconciliation (initialed and dated or signed electronically).
3. Management has documentation reflecting it has **researched reconciling items** that have been outstanding for more than 12 months from the statement closing date, if applicable.

16





## SAUP 3: Bank Reconciliations

# Why?

- [R.S. 10:4-406\(d\)\(2\)](#) allows entities **30 days to examine bank statements** and canceled checks for unauthorized signatures or alterations.
  - Consider logging onto the bank's website daily in the morning to see all the activity from the prior day, then make sure it all gets posted in the general ledger.
- [R.S. 9:151-188](#), the Uniform Unclaimed Property Act, requires "holders" to transfer **unclaimed property**, including uncashed checks, to the State Treasurer.

17



## SAUP 3: Tips for Resolving Bank Reconciliation Exceptions



1. **Schedule bank reconciliations** on your calendar by the 5<sup>th</sup> of each month to make it a priority for everyone.
2. Bank balance + deposits not cleared (should be dated on the last one or two business days of the month) – checks that haven't cleared = reconciled (general ledger) balance.
3. If technology permits, **upload the bank statement** into the accounting software so the accounting software can identify the uncleared items.
4. **Document who prepared** the reconciliation (name and date) and who **reviewed** it.
5. **Work to resolve old outstanding items every month.**

18



## Taking Bank Reconciliations to the Next Level

1. **Close inactive bank accounts** to reduce the amount of reconciliations, if possible.
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 old 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 board, 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.

19



## SAUP 4: Collections

1. Written receipts and collections **policies and procedures** should address:
  - a. Receiving, recording, and preparing deposits; and
  - b. Management's actions to determine completeness of all collections for each type of revenue.
2. Receipts should be **pre-numbered sequentially** and all receipts should be accounted for.
3. Receipts should agree with the software reports, other documentation, and the **deposit slip**.
4. The amount on the deposit slip should be the same as on the bank statement and in the **general ledger**.

20





## SAUP 4: Collections

5. Collection job duties should be **properly segregated** such that
  - a. Employees responsible for cash collections don't share cash drawers;
  - b. Employees who collect cash don't prepare or make bank deposits, unless another employee reconciles collection documentation to the bank deposit; and
  - c. Employees who collect cash do not post collection entries or reconcile collections to the general ledger, unless another employee reconciles ledger postings to each other and the deposit and verifies the reconciliation.
6. All employees with access to cash should be **bonded or insured**.
7. Deposits should be made **within 1 business day** of receipt per [R.S. 39:1212](#) (within 1 week if the bank is more than 10 miles away or the deposit is less than \$100 and the cash is stored securely).

21



## SAUP 4: Collections

# Why?

- Need to **segregate the duties** of custody, authorization (approval), recording and reconciling so that one person is not in the position to both commit a fraud and conceal it: at least 2 eyes on every transaction.
- **Asset misappropriation** (theft of cash, skimming, fraudulent disbursements) is the most common type of fraud.
- The **presence of anti-fraud controls** is associated with lower fraud losses and quicker fraud detection.
- Need to make sure that **ALL revenues were collected** and that **ALL collections were deposited in the bank**.
- Keep cash **stored securely in a safe** with limited access, and don't keep it on the premises for long.

22



## SAUP 4: Tips for Resolving Collections Exceptions



1. **Shift job duties** around to achieve the proper segregation of duties, which also cross-trains employees.
2. Make sure each cashier has his/her own **cash drawer**.
3. Keep the employee dishonesty/theft insurance or bond current so there's no lapse of **coverage**.
4. Make sure that **every receipt is accounted for**, including voids and credits.
5. The **deposit documentation** should be sufficient to prove completeness of revenues (report, all numbered receipts, etc.).
6. Close the cash drawer, run the reports, and reconcile at the **end of each business day**.
7. Make deposits at the bank **daily**.
8. Make sure that receipts = deposits = bank statement = general ledger each day for each deposit.

23



## Taking Collections to the Next Level

1. Use **software and cash registers**, instead of handwritten paper receipts.
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. Consider **drafting customers' accounts** for their utility payments.
5. Use self-service kiosks and/or an **online payment portal** so customers can enter their own payment.
6. Use **disposable bank bags and the night depository** to get collections to the bank timely.

24



## Questions?

1. Budget written policies and procedures
2. Board or Finance committee
3. Bank reconciliations
4. Collections



25



## SAUP 5: Non-Payroll Disbursements

1. The **written purchasing policies and procedures** should address:
  - a. How purchases are **initiated**,
  - b. How **vendors are added to the vendor list**,
  - c. The **preparation and approval** process of purchase requisitions and purchase orders,
  - d. Controls to ensure compliance with the **Public Bid Law** ([R.S. 38:2211 et seq](#)), and
  - e. Documentation required to be maintained for all bids and price quotes.

26

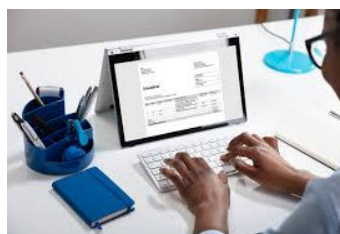




## SAUP 5: Non-Payroll Disbursements

### 2. The **written disbursements policies and procedures** should address:

- a. Processing,
- b. Reviewing, and
- c. Approving.



27



## SAUP 5: Non-Payroll Disbursements

3. Purchasing and disbursement **duties should be properly segregated** so that
  - a. At least 2 employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
  - b. At least 2 employees are involved in processing and approving payments to vendors;
  - c. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to the vendor files;
  - d. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
  - e. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

28





## SAUP 5: Non-Payroll Disbursements

4. Disbursement **amounts should match** the related original itemized invoice and supporting documentation should indicate that deliverables included on the invoice were received by the entity.
5. Disbursement documentation should include evidence of **segregation of duties** as outlined in the written policies and procedures.
6. The **non-payroll-related electronic disbursements** should only be approved by authorized check signers and should also be approved by the required number of signers as stated in the entity's policy.

29



## SAUP 5: Non-Payroll Disbursements

# Why?

- Disbursements should only be made to **valid vendors** for authorized purchases.
- **Changes to vendor lists** should be validated and substantiated.
- **Segregation of duties** helps prevent one person from having control over the entire disbursement process. The risk is that a person could commit a fraud and conceal it.
- **Effective internal controls** over disbursements can help prevent fraud and misappropriation of funds.
- **Management's review** of transactions helps identify errors and unauthorized purchases.

30



## SAUP 5: Tips for Resolving Non-Payroll Disbursement Exceptions



1. A requisitioning process (requisition, purchase order, etc.) should take place **before** a purchase is made.
2. Develop an **authorized signers policy** which states who is authorized to sign contracts, checks, etc. and the number of signatures required on checks.
3. Efforts should be made to ensure the **separation of incompatible duties**.
4. Review and implement **"Changing Vendor Banking Information" best practices** which can be found on the LLA website at <https://lla.la.gov/resources/local-government-reporting/best-practices>.

31



## Taking Non-Payroll Disbursements to the Next Level

1. Develop a **purchase requisition form** that employees must submit before making a purchase.
2. When requesting a change to information, require vendors to provide both **old and new information**.
3. Require vendors to **request vendor change forms** directly from the your entity. Do not post the form on your website.
4. Management should provide **written approval** for every vendor change and addition.
5. Utilize **procure to pay (P2P)** software that allows for electronically requisitioning and approving purchases, and that checks for the three-way match between the purchase order, receiving report, and invoice.

32







## SAUP 6: Credit, Debit, Fuel and Purchase Cards

1. The **written policies and procedures** should address:
  - a. How cards are to be controlled,
  - b. Allowable business uses,
  - c. Documentation requirements,
  - d. Required approvers of statements, and
  - e. Monitoring card usage.



33



## SAUP 6: Credit, Debit, Fuel and Purchase Cards

2. Each card statement and the accompanying receipts should be **reviewed and approved**, in writing, by someone other than the card holder.
3. No **finance fees or late charges** should be charged to the entity.
4. The **original itemized receipts** that identify what was purchased should be attached to each monthly statement.
5. The **business/public purpose** should be documented for each transaction.
6. The names of the **individuals participating in meals** should be documented.

34



## SAUP 6: Credit, Debit, Fuel and Purchase Cards

# Why?

- To reduce the chances of both intentional and unintentional misuse, only authorized personnel should have **access** to cards.
- Incurring late fees and finance charges is an inefficient use of **taxpayer funds**.
- **Prior authorization** of purchases helps ensure that they are necessary and for a valid business purpose.
- **Management's review** of transactions helps identify errors and unauthorized purchases.

35



## SAUP 6: Tips for Resolving Credit, Debit, Fuel and Purchase Card Exceptions



1. A **board member** should review and approve card purchases made by management.
2. Statements should be **paid in full** and in a **timely manner**.
3. Management should have **written procedures for missing receipts**.
4. Cards should not be used to **circumvent** the [Public Bid Law](#).

36



## Taking Credit, Debit, Fuel and Purchase Cards to the **Next Level**

1. Conduct a **periodic review** of active cards and cancel any deemed unnecessary.
2. Maintain a **master list** of cards or use your card issuer's online portal if it lists all active cards, along with their relevant details.
3. Require employees to sign an **annual credit card agreement**.
4. Store unused cards in a locked location under the control of a **custodian**.

37



## SAUP 7: Travel and Travel-Related Expense Reimbursements

1. Written travel and travel-related **policies and procedures** should address:
  - a. Allowable expenses,
  - b. Dollar thresholds by category of expense,
  - c. Documentation requirements, and
  - d. Required approvers.

38





## SAUP 7: Travel and Travel-Related Expense Reimbursements

2. If reimbursed on **per diem rates**, the rates should be no more than the rates established by the state or U.S. General Services Administration (gsa.gov).
3. If reimbursed using **actual costs**, then documentation should include original itemized receipts identifying exactly what was purchased.
4. Documentation should include the **business/public purpose**, including names of people who ate meals.
5. Reimbursement requests should be **reviewed and approved** in writing by someone other than the person being reimbursed.

39



## SAUP 7: Travel Expense Reimbursements

# Why?

- When using public funds to travel, there should be a **strong business purpose and complete documentation**, and costs should be **economical and reasonable**, not extravagant under any circumstances.
- Avoid the opportunity for someone to claim reimbursement for **fictitious**, inflated, personal, or nonexistent business expenses.
- Provide clear policies and procedures that are **compliant** with state and federal (IRS) regulations.
- Promote **safe** business travel.
- Allow for **reasonable and manageable** travel expenses while maintaining the necessary controls and accountability.

40



## SAUP 7: Tips for Resolving Travel Exceptions

1. **Keep updating your policy** to remain current and relevant, like who to tip and how much, using ride-share services, services the government should pay for (number of bags to check, incidentals, meals when included in the conference fee, etc.), travel apps, etc.
2. Keep current with [federal](#) and [state](#) **per diem and mileage rates**, since they change.
3. Require **itemized receipts** for ALL business travel expenses (except meals if using per diem rates); take pictures of itemized receipts.
4. Require travelers to submit requests for reimbursement within **30 days** of travel.
5. If not obvious, then request that the traveler **write the business purpose** (i.e. what was discussed at a meal and who participated).
6. Use **checklists and forms** to ensure that documentation is 100% complete and travel requests are approved by someone other than the traveler.



41



## Taking Travel Expenses to the Next Level

1. Travel should be ordinary, reasonable, necessary, conducted in the most **economical** means, and beneficial to the government.
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**.
5. Original **itemized receipts** should be attached to the request for travel reimbursement along with the **business purpose** of the travel.
6. The traveler should document the **time and date** of departure, time and date of return, destination, and all entity travel-related costs (create a form with instructions).

42



## Taking Travel Expenses to the Next Level

7. Persons who submit **fraudulent claims** for reimbursement may be found guilty of official misconduct and should be subject to severe disciplinary action, including immediate termination.
8. **Vehicles owned by the government** are for public or business travel only, not personal.
9. 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).
10. Receipts should be required for all **ground transportation** (ride-share services, shuttles, taxis, etc.) including the starting and ending locations.
11. Reimbursements for **meals** should occur only when an **overnight stay** is required and should be in accordance with the state's meal allowance rates. The cost of snacks should not be reimbursed.

43



## Taking Travel Expenses to the Next Level

12. **Excessive expenses** will not be reimbursed.
13. **Lodging** should be reimbursed at state rates, accompanied by detailed receipts, and for a single occupancy standard room.
14. Consider deducting **commuting miles** from mileage reimbursements (i.e. if a commute is 25 miles one way, will the government reimburse non-commuting miles for 10 miles?).
15. Designate someone in the accounting or finance office as the **reviewer** of ALL travel reimbursement requests with the authority to disapprove items.
16. Specifically state the consequences of a **missing receipt**.

44



## Taking Travel Expenses to the Next Level

17. Consider including in the written procedures:

- a. When lodging starts and ends and the minimum distance at which lodging applies;
- b. When reimbursable meals start and end;
- c. If the government will reimburse (1) the lower of meal receipts or per diem; and (2) meal per diem when meals are included in the registration fee;
- d. Amount to reimburse when mileage exceeds airfare (for those who don't fly);
- e. Maximum amount of tips and to whom (servers, valet, baggage handlers, doorman, drivers, etc.);
- f. Exact documentation required;
- g. Consequences if an employee skips sessions; and
- h. What incidentals, if any, the government will pay.

45



## Taking Travel Expenses to the Next Level

These tip amounts paid by public funds may be appropriate:

- Drivers – about 15% of fares
- Baggage handlers – usually \$1 - \$2 per bag per baggage handler
- Valet parking – generally \$2 to \$5
- Waiters and waitresses – generally 15% to 20% of total cost, not to exceed 20% (if using actual receipts; otherwise, tips are included in the meal per diem rate)
- Maître d', concierge, room service, housekeeping, repairs?



46



## Questions?

5. Non-payroll disbursements
6. Credit, debit, fuel, and purchase cards
7. Travel and travel-related expense reimbursements



47



## SAUP 8: Contracts

1. The **written policies and procedures** should address:
  - a. Types of services requiring written contracts,
  - b. Standard terms and conditions,
  - c. Legal review,
  - d. Approval process, and
  - e. Monitoring process.



48







## SAUP 8: Contracts

2. Contracts should be bid in accordance with the [Public Bid Law](#).
3. The contract should be **approved** by the board or in a manner consistent with the entity's policy.
4. Contract **amendments** should be within the scope of the original contract and made in compliance with contract terms.
5. Invoices and related payments should **agree** to the terms and conditions of the contract.

49



## SAUP 8: Contracts

# Why?

- **Contracts** make clear what each party is responsible for, what actions can be taken if the terms are not met, help ensure that projects are completed on time and within budget, and provide transparency to the public.
- **Legal review** of the contracts can help identify and mitigate risks associated with the contract, ensure compliance with law, clarify terms and conditions, and protect the entity's interests.
- **Adhering** to your entity's policies and procedures helps prevent inefficiency and possible legal liability.

50



## SAUP 8: Tips for Resolving Contract Exceptions



1. It is important to become **familiar and comply** with your entity's contract policy and the [Public Bid Law](#).
2. Have a legal review performed **before** entering into any new contract or modifying an existing contract.
3. Develop a process to **monitor** the contractor's performance against the contract requirements.
4. Develop an understanding of your entity's **contractual obligations** and fulfill them.

51



## Taking Contracts to the Next Level

1. Review the **Public Bid Law FAQs** on the LLA website annually.  
The FAQs may be found on our website at <https://lla.la.gov/resources/legal-assistance/legal-faq>
2. Consider using **governmental contract management software** which may:
  - a. Improve efficiency,
  - b. Assist with monitoring the status of contracts,
  - c. Help ensure compliance with laws and regulations, and
  - d. Reduce time spent on contract administration and related costs.

52





## SAUP 9: Payroll and Personnel

1. Written payroll and personnel **policies and procedures** should address:
  - a. Payroll processing,
  - b. Reviewing and approving time and attendance records, including leave and overtime worked, and
  - c. The approval process for employee rates of pay or approval and maintenance of pay rate schedules.

53



## SAUP 9: Payroll and Personnel

2. Employees and elected officials should be paid at an authorized **pay rate** that is included in their **personnel file**.
3. Daily **attendance and leave should be documented** for all employees and elected officials who earn leave.
4. Leave and attendance should be **approved by a supervisor** every pay period.
5. **Leave taken should be recorded** in (deducted from) the person's leave record.
6. **Termination payments** should include documentation of the hours and pay rates used in the termination calculations, paid in accordance with written policies and procedures, and agree with cumulative leave records and authorized pay rates.
7. **Third-party payment amounts** (taxes, retirement, insurance, deferred compensation, garnishments, etc.) should be paid and reported timely.

54



## SAUP 9: Payroll and Personnel

# Why?

- Employee salaries and benefits are often a government's **largest expenses**
- So that everything is crystal **clear and in writing**, to avoid any misunderstandings or disputes
- **Comply** with the myriad of federal and state laws (FLSA, FMLA, COBRA, HIPAA, ADA, and more)
- **Properly classify employees** (salaried, hourly, exempt, non-exempt, retirement system, etc.)
- **Pay employees correctly** and on time and limit payroll adjustments
- **Keep current with changes** (tax schedules, minimums and maximums, retirement contribution rates, applicability of taxes to certain benefits, etc.)
- **Accurate reporting to third parties** (retirement systems, W-2s, unemployment, etc.)

55



## SAUP 9: Tips for Resolving Payroll Exceptions



1. Starts with **formal approval of pay rates** for every employee – not just included in the budget, but an official salary schedule that the board should adopt annually as part of the budget process.
2. Require the **documentation** for every employee and paid official for every pay period – no exceptions.
3. Require a **supervisor's approval** for every employee and paid official for every pay period – no exceptions.
4. Maintain **accurate leave balances** – compensatory, annual (vacation, personal), sick, overtime, etc., both amounts earned (additions) and amounts taken (deductions).
5. Use a **checklist** to make sure all the required documentation is in each employee's personnel file.
6. Have someone **review the termination calculation** and documentation before it's processed for payment.
7. Pay all third-parties on regular schedules and use a checklist.

56



## Federal Payroll Tax Payment Due Dates

If your federal tax liability in the last 4 quarters was	Then you are considered this type of filer	And your payroll taxes are due	For pay checks dated
\$50,000 or less	Monthly	The 15 <sup>th</sup> day of the following month	During the month
More than \$50,000	Semiweekly	By the following Wednesday AND By the following Friday	Wednesday, Thursday, or Friday AND Saturday, Sunday, Monday, or Tuesday

- For the payment of federal income taxes withheld, Medicare taxes, and Social Security taxes to the IRS
- Payments are required to be made electronically through the [eftps.gov](https://eftps.gov) website

57



## Louisiana Payroll Tax Payment Due Dates

If the amount of Louisiana income taxes withheld is	Then you are considered this type of filer	And your payroll taxes are due	For pay checks dated
Less than \$500	Quarterly	1 <sup>st</sup> day after close of each quarter (April 1, July 1, Oct. 1, Jan. 1)	During the quarter (Jan. – March; April-June; July-Sept.; Oct. – Dec.)
\$500 - \$4,999	Monthly	1 <sup>st</sup> day after close of each month	During the month
\$5,000 or more	Semimonthly	16 <sup>th</sup> day of the month AND 1 <sup>st</sup> day of the following month	1 <sup>st</sup> through 15 <sup>th</sup> of the month AND 16 <sup>th</sup> through last day of the month

- For the payment of Louisiana income taxes withheld
- Payments that exceed \$5,000 must be made electronically through the [LaTap.revenue.louisiana.gov](https://LaTap.revenue.louisiana.gov) website

58



## SAUP 9: Tips for Resolving Payroll Exceptions



Pay other payroll liabilities timely:

- Garnishments, deferred savings and compensation plans (403(b), 457, etc.) – every pay period
- Health, dental, vision, optional insurances – usually monthly
- Retirement – usually monthly
- Other benefits (flex spending, etc.) – usually monthly
- State unemployment and Forms 941 and L-1 – quarterly (April 30, July 31, October 31, January 31)

59



## Taking Payroll and Personnel to the Next Level

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 work times, start and stop for unpaid breaks), and leave taken, and should be signed (approved) by a supervisor before payroll is processed.

60



## Taking Payroll and Personnel to the Next Level

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** (before worked).
7. **Segregate incompatible duties**, so that different persons
  - a. Prepare and update payroll and personnel data;
  - b. Review and approve payroll actions;
  - c. Process payroll; and
  - d. Review and reconcile the payroll bank account.
8. **Limit computer access** to only those who need it to perform their duties.

61



## Taking Payroll and Personnel to the Next Level

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 agreements to comply with policies and procedures.
13. Supervisors should **approve a payroll verification report** each pay period.
14. Develop a **written Payroll Procedures manual** and keep it updated.
15. Hold everyone in the payroll process **accountable** for his/her part.

62



## Questions?

8. Contracts
9. Payroll and personnel



63



## SAUP 10: Ethics

1. The **written policies and procedures** should address:
  - a. The prohibitions as defined in [R.S. 42:1111-1121](#),
  - b. Actions to be taken if an ethics violation takes place,
  - c. System to monitor possible ethics violations, and
  - d. A requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

64







## SAUP 10: Ethics

2. Each employee/official should complete **one hour of Ethics training required by [R.S. 42:1170](#)**.
3. All employees/officials should be notified of any **changes** to the **Ethics policy**.
4. Every entity should appoint an **Ethics designee** as required by [R.S. 42:1170](#).

65



## SAUP 10: Ethics

# Why?

- [R.S. 42:1111-1121](#) lists **prohibited** actions.

A list of prohibited actions can be found on the Louisiana Ethics Board's website at <https://ethics.la.gov/Pub/Laws/ethsum.pdf>

- [R.S. 42:1170](#) requires **annual ethics training** and the appointment of an **ethics designee**.
- An effective ethics policy promotes transparency, prevents conflicts of interest, and helps maintain the **public's trust**.
- It should be the goal of all local governments to ensure that their employees/officials act in the **best interest of the public**.

66



## SAUP 10: Tips for Resolving Ethics Exceptions



1. **Notify employees** in writing of any changes to the Ethics policy and require them to document receipt of the updated policy.
2. Appoint an employee/official as the **ethics designee**.
3. Ensure all employees/officials complete **one hour of annual Ethics training**.

Ethics training is available for free online at [ethics.la.gov](https://ethics.la.gov)

4. Regularly **review and update** your Ethics policy to ensure it reflects changes in laws and regulations.

67



## Taking Ethics to the Next Level

1. For all the training required by law on a calendar year basis, require that everyone completes the training by **January 31** and that new hires complete all required training within their first **30 days**.
2. Management should promote a **highly ethical tone**.
3. See the LLA's [Required Training for Public Employees and Public Officials of State and Local Entities](#) white paper in the Legal FAQ section of our website.

68





## SAUP 11: Debt Service

1. The **written policies and procedures** should address:
  - a. Debt issuance approval,
  - b. Continuing disclosure/EMMA reporting requirements,
  - c. Debt reserve requirements, and
  - d. Debt service requirements.

69



## SAUP 11: Debt Service

2. Obtain **Bond Commission approval** before incurring debt as required by [Article VII, Section 8](#) of the Louisiana Constitution.
3. The government should **comply with all debt covenants**.

70



## SAUP 11: Debt Service

# Why?

- **Article VII, Section 8 of the Louisiana Constitution** mandates that the State Bond Commission must approved all debt before it is incurred.
- By adhering to the **debt covenants**, entities can maintain access to credit, avoid default, protect their financial health, and build trust with stakeholders.

71



## SAUP 11: Tips for Resolving Debt Service Exceptions



1. Monitor your entity's debt levels to ensure they are sustainable.
2. Actively maintain compliance with all **debt covenants**.
3. Obtain **State Bond Commission approval** before incurring debt.

To apply to the State Bond Commission go to  
<https://www.treasury.la.gov/state-bond-commission>

72



## Taking Debt Service to the Next Level

1. Consider using **debt management software**, which may:
  - a. Help manage debt more efficiently and effectively,
  - b. Enhance the reliability and trustworthiness of data,
  - c. Help maintain compliance with debt covenants, and
  - d. Store all relevant documents in one place.
2. Make debt service payments many days **before the due date**. This will ensure timely payments in case of technology glitches, bank holidays, natural disasters, staff absences, power outages, etc.
3. Frequently consult with your **bond counsel** to ensure compliance with all legal requirements.

73



## SAUP 12: Fraud Notice

1. **Report all misappropriations of public funds**, whether actual knowledge or reasonable cause to believe, to the Legislative Auditor and District Attorney as required by [R.S. 24:523](#).
2. **Post the fraud notice** on premises and the website as required by [R.S. 24:523.1](#).

**FIGHT FRAUD, WASTE & ABUSE!**

Contact the Louisiana Legislative Auditor (LLA) Hotline if you suspect the misappropriation (theft, fraud, waste or abuse of public funds) by anyone.

Information provided to the LLA Hotline may result in an investigation, audit or other review.

When providing information to the LLA Hotline, please include sufficient detail (describing who, what, where, when, why and how) to allow us to fully evaluate your information. Although we will consider anonymous information, providing us with your name and telephone number will allow us to contact you with any additional questions that we have. Your name and telephone number, as well as the status of complaints, are confidential.

74



## SAUP 12: Fraud Notice

# Why?

- [R.S. 24:523](#) requires that all misappropriations are reported to the Legislative Auditor and the District Attorney.
- [R.S. 24:523.1](#) requires that the fraud notice be posted on an entity's premises and on its website.
- Employees and members of the public should be aware of **how to report** suspected instances of fraud, theft, and/or misappropriations of funds.
- **Tips** rank among the most prevalent means of identifying fraudulent activity.

75



## SAUP 12: Tips for Resolving Fraud Notice Exceptions



1. Report **all instances** of misappropriated public funds to the Legislative Auditor and to the District Attorney.
2. The **fraud notice** must be posted on your premises, in a visible area, and also post it on your website.

The notice may be found on LLA's website at <https://lla.la.gov/report-fraud/report-fraud-resources>.

76



## Taking Fraud Notice Posting to the Next Level

1. If your entity has multiple buildings/locations, consider posting the notice in **every building**.
2. If your building has common areas on multiple floors, consider posting the notice in **each common area**.



77



```

Hi!
Your files are encrypted by Netwalker.
All encrypted files for this computer has extension: .e76748

--
If for some reason you read this text before the encryption ended,
this can be understood by the fact that the computer slows down,
and your heart rate has increased due to the ability to turn it off,
then we recommend that you move away from the computer and accept that you
have been compromised.
Rebooting/shutdown will cause you to lose files without the possibility of
recovery.

--
Our encryption algorithms are very strong and your files are very well
protected,
the only way to get your files back is to cooperate with us and get the
decrypter program.

Do not try to recover your files without a decrypter program, you may damage
them and then they will be impossible to recover.

For us this is just business and to prove to you our seriousness, we will
decrypt you one file for free.
Just open our website, upload the encrypted file and get the decrypted file
for free.

--
Steps to get access on our website:
    
```



Ransomware  
attack!

78





## SAUP 13: IT Disaster Recovery and Business Continuity

1. Written information technology (IT) **policies and procedures** should address:
  - a. Identification of critical data and frequency of data backups,
  - b. Storage of backups in a separate physical location isolated from the network,
  - c. Periodic testing/verification that backups can be restored,
  - d. Use of antivirus software on all systems,
  - e. Timely application of all available system and software patches/updates, and
  - f. Identification of personnel, processes, and tools needed to recover operations after a critical event.

79



## SAUP 13: IT Disaster Recovery and Business Continuity

2. A **backup** of the most critical data should occur **at least weekly**.
3. Backups **should not be stored** on the entity's local server or network and should be **encrypted**.
4. Backups should be **tested and verified** that they can be restored at least once every 3 months.
5. **Current antivirus software** should be installed on every entity computer and should be active.
6. Operating systems and accounting software in use should be currently **supported by vendors**.
7. **Access to the network** should be disabled or removed for terminated employees.

80





## SAUP 13: IT Disaster Recovery/ Business Continuity

# Why?

- Be proactive in keeping critical data secure
- Protect against human errors, hardware failure, virus attacks, power failure, and natural disasters
- To not lose days, weeks, or months of work due to a data crash
- Recover from a cyberattack relatively quickly, easily, and at a low cost
- For business continuity – continue operating and providing services
- To comply with state and federal (i.e. grantors) laws and regulations

81



## Act 155 of the 2020 Legislative Session

- [R.S. 42:1267](#) became effective on June 9, 2020
- Requires State Civil Service to develop training programs designed to focus on forming information security habits and procedures that protect information resources and teach best practices for detecting, assessing, reporting, and addressing information security threats
- Each state and local government employee/official who has access to the agency's information technology assets is required to complete the cybersecurity training
- Any contractor who has access to state or local government information technology assets is required to complete cybersecurity training during the term of the contract and any renewal period
- The Agency Head shall verify to State Civil Service completion of the training by all employees and contractors
- Can access the free training through LMA's Training Site ([lma.org](http://lma.org)) or by contacting the state Civil Service office ([civilservice.louisiana.gov](http://civilservice.louisiana.gov))

82



## Database Security Breach Notification Law

- [R.S. 51: 3071-3077](#) and Audit Risk Alert [#39](#) (August 2021)
- Passed in 2005 when identity theft was rampant
- Applies to agencies, political subdivisions, and all entities (and persons) that conduct business or own or license computerized data that has personally identifying information (PII)
- Protect PII from unauthorized access, destruction, use, modification, or disclosure
- Take reasonable steps to destroy records that have PII by shredding erasing, or making the records unreadable and undecipherable
- Notify certain parties when a breach is discovered

83



## SAUP 13: Tips for Resolving IT Exceptions

1. **Backup your data at least once a week and encrypt the backup.**
2. **Test your backups** at least every 3 months to make sure they can be restored.
3. **Maintain offsite backups** (on another media such as tapes, USB or the cloud) and/or replicate the data on another server in another physical location.
4. **Install antivirus software** on every computer and keep it updated (configure updates to occur automatically and renew your subscriptions).
5. Make sure your operating system and software is still maintained (updated, patched) by the vendor and **don't use unsupported software.**
6. When an employee leaves, remove or **disable their access** to the network (software and computers).



84



## Taking IT Disaster Recovery to the Next Level

1. Implement **multi-factor authentication** on backup servers.
2. **Regularly train employees** on cybersecurity, common scams, detection of phishing emails, etc.
3. Require automatic screen locks and **strong passwords**, for example
  - An@pple1daykeep\$theDRaway, or
  - WellD0ne1\$BetterThanWell\$@1d.
4. **Scrub** hard drives and devices before disposing them.
5. **Track equipment**, including installing equipment location software, on all devices.
6. **Develop a written breach response plan.**

85



## Taking IT Disaster Recovery to the Next Level

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

86





## SAUP 14: Prevention of Sexual Harassment

1. The **written policies and procedures** should address the requirements of [R.S. 42:342-344](#) including:
  - a. Agency responsibilities and prohibitions,
  - b. Annual employee training, and
  - c. Annual reporting.

87



## SAUP 14: Prevention of Sexual Harassment

2. All employees must complete **one-hour of training annually** as required by [R.S. 42:343](#).

Civil Service has a free online training.  
([civilservice.louisiana.gov/divisions/training](http://civilservice.louisiana.gov/divisions/training))

3. The policy and complaint procedures should be **posted** on the website (or premises) as required by [R.S. 42:343](#).

88





## SAUP 14: Prevention of Sexual Harassment

4. The **annual report** (required by [R.S. 42:344\(A\)](#)) must be prepared by February 1<sup>st</sup> and must include all the required items below:
- Number and percentage of public servants who completed training,
  - Number of sexual harassment complaints,
  - Number of complaints which resulted in a finding of sexual harassment,
  - Number of complaints which resulted in discipline or corrective action, and
  - Amount of time it took to resolve each complaint.

LLA's [Prevention of Sexual Harassment Law](#) legal FAQs includes a report template.

89



## SAUP 14: Prevention of Sexual Harassment

Why?

- [R.S. 42:342-344](#) requires that each entity has a policy prohibiting sexual harassment; mandates annual training on preventing sexual harassment; and mandates that each entity prepares an annual report of sexual harassment complaints.
- Having annual training and a policy on the prevention of sexual harassment helps protect employees, promotes equality in the work place, and helps create a **positive workplace culture**.

90



## SAUP 14: Tips for Resolving Prevention of Sexual Harassment Exceptions



1. Require all employees/officials to complete training by **January 31** and new hires within their first **30 days**.
2. Post policy and complaint procedures in the **same location(s)** as the fraud notice.
3. Post policy and complaint procedures on **both** your website and on your premises.
4. Management should **sign and date** the annual report to provide evidence of the report's completion by the February 1<sup>st</sup> deadline.

91



## Taking Prevention of Sexual Harassment to the Next Level

1. Place a **link** to the latest annual report on your entity's website.
2. Promote a **"zero tolerance tone"** throughout your entity.



92



## Questions?

- 10. Ethics
- 11. Debt service
- 12. Fraud notice
- 13. IT Disaster Recovery/Business Continuity
- 14. Prevention of Sexual Harassment



93



## Future of Statewide Agreed-Upon Procedures



- They're here to stay
- Every procedure is required to be performed every year
- Exact procedures could change, however
  - Cybersecurity training (Act 155)
  - Online money transfer systems
- Started collecting data on exceptions in March 2023
- Will change to fiscal years *beginning* on or after (December 1, 2023)

94



## General Comments

1. The statewide agreed-upon procedures (SAUPs) were last updated in October 2022 for Year 5.
2. Effective for local governments and quasi-public organizations (required to comply with the Audit Law, [R.S. 24:513](#)) for a fiscal year end of 12/31/2022 and later and revenues of \$500,000 or more (required to have an audit).
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 primary government’s audit report.
6. Management must provide a written response.

95



## General Comments

7. Auditor may report no exception if the entity had exceptions based strictly on the wording of the procedure and the entity’s compensating controls **fully** mitigate the underlying control risk.
8. 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.
9. 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 entity’s fiscal year.
10. 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.
11. If American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds ([CSLFRF](#)) cause a change from a review/attestation to an audit, then statewide agreed-upon procedures are waived (Audit Risk Alert [#46](#)).
12. [www.lla.la.gov](http://www.lla.la.gov) – Resources – Statewide Agreed-Up On Procedures.

96







## Thank You!

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97

