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| **FINANCIAL REPORTING**  **POLICY**  The Louisiana Legislative Auditor (LLA) is providing the following best practice to help local government entities create their own written policies and procedures. Because this document may not include all legal provisions applicable to different types of local government entities, entities should consult with legal counsel when developing written policies and procedures. Also, many of the legal provisions referenced in this document may not apply to quasi-public organizations, such as nonprofits. Quasi-public organizations should refer to the LLA’s legal FAQs for additional guidance. |
| Financial reporting is the primary tool used by management to monitor income and expenditures and to make decisions. The municipality, as a public body, is accountable for the manner in which funds are spent. It is essential to monitor actual progress against the budget (financial plan for the year) to ensure that the desired fiscal result will be achieved.  An accounting system should be maintained that provides timely information and an accurate picture of the municipality’s financial condition. Accounting practices should be in accordance with generally accepted accounting principles (GAAP) and generally accepted government auditing standards (GAGAS). Furthermore, management should ensure there is an adequate separation of functions to ensure assets are safeguarded and the potential for errors in the records are minimized.  **Monthly Reporting**  The municipal clerk is responsible for overseeing the preparation of the monthly financial statements, including budget-to-actual comparisons, on all funds (e.g., general fund, utility fund, special revenue fund, etc.) of the municipality. If necessary, the municipality may contract with an external accounting firm to provide assistance to ensure the preparation of timely and accurate financial statements.  The mayor or clerk is to formally present the monthly financial statements and budget comparisons to the board/council, including any warnings of corrective/remedial action needed (e.g., amend the budget). Discussion of the monthly financial statements and budget comparisons should be on the meeting agenda and the written minutes should reflect such discussion.  **Annual Reporting**  Annual financial reporting provides accountability and is required by state law [Louisiana Revised Statute (R.S.) 24:513]. Annually, the board is to approve the engagement of an independent certified public accountant to perform the municipality’s audit which is also subject to the approval of the Louisiana Legislative Auditor.  State law requires that the auditor be provided with all the books and records needed to perform the audit and R.S. 24:518 provides penalties for failure to do so. The audit must be completed and submitted to the Legislative Auditor no later than six months after the close of the fiscal year [R.S. 24:513(A)(5)(a)(i)]. However, the municipality may have an extension at any time after a disaster or emergency is declared under the provisions of R.S. 29:724(B)(1) which prevents the municipality from completing its report within six months of the close of the fiscal year. |
| <https://www.lla.la.gov/resources/local-government-reporting/best-practices> 10/10/2014 |