

**LOUISIANA TAX FREE SHOPPING COMMISSION
STATE OF LOUISIANA**

**Independent Accountants' Report on Applying
Agreed-Upon Procedures**

June 30, 2014

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Commission Members
Louisiana Tax Free Shopping Commission
State of Louisiana
New Orleans, Louisiana

We have performed the procedures enumerated below as they are a required part of the engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "*not applicable.*"

Management of the Louisiana Tax Free Shopping Commission (the Commission) is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the Commission and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the Commission's compliance with certain laws and regulations during the year ended June 30, 2014.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

General

1. Determine if there are adequate written policies and procedures for the primary financial/business functions of the entity (budgeting, receipts, purchasing, disbursements, payroll/personnel, contracting, travel, related parties, and ethics).

The Commission did not have written policies and procedures related contracting. Written policies and procedures were reviewed and determined to be adequate for all remaining primary financial/business functions.

2. Using the financial statements or AFR, perform analytical procedures comparing current and prior year financial statements, by line item. Identify and obtain explanations for variances of 10% or greater for line items that are 10% or more of the respective total assets, liabilities, equity, revenues, or expenses.

Explanations were obtained for all variances of 10% or greater for line items that were 10% or more of the respective total assets, liabilities, equity, revenues, and expenses.

Cash

1. Prepare a proof of cash for the period covered by the financial statements.

A proof of cash was prepared for the period covered by the financial statements without exception.

2. Determine if cash collection responsibilities are adequately segregated to ensure that the person responsible for cash collections is not responsible for posting accounts receivable or making deposits.

All cash collection responsibilities are adequately segregated.

3. Determine if bank reconciliations have been prepared for all months in the period covered by the financial statements. Determine if there is evidence of management review of the bank reconciliations. Determine if the reconciled balance for the final month of the fiscal year agrees to the general ledger.

Bank reconciliations were prepared for all months covered by the financial statements. Management indicated review of all bank reconciliations in the period covered by the financial statements. For one of the three accounts, the reconciled balance for the final month of the fiscal year did not agree to the general ledger.

Credit Cards

1. Obtain from management a listing of all active credit cards (and bank debit cards if applicable) for the period under examination, including the card numbers and the names of the persons who maintained possession of the cards.

A list of all active credit cards for the period under examination was obtained from management.

2. Obtain the monthly statements for all credit/debit cards used during the period under examination and select for detailed review the largest (dollar amount) statement for the two cards with the most (dollar amount) activity:

A. Obtain the entity's supporting documentation for the largest purchase/charge shown on each selected monthly statement:

- Determine if each purchase is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)

For each purchase examined, the charge was supported by an original itemized receipt.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)

For each purchase examined, documentation of business purpose was included.

- Other documentation as may be required by policy (e.g., purchase order, authorization, etc.)

Not applicable.

- Determine if selected purchases effectively circumvented the entity's normal procurement/purchasing process and/or the Louisiana Public Bid Law (i.e., large or recurring purchases requiring the solicitation of bids or quotes).

For the purchases examined, we determined the purchases did not effectively circumvent the Commission's normal procurement/purchasing process or the Louisiana Public Bid Law.

- B. Determine if there is evidence of management review of the two selected statements.

There was evidence of management review for the two statements selected.

Travel and Expense Reimbursement

1. Obtain a listing of all travel and related expense reimbursements during the period under examination and trace to the general ledger for completeness. Select for review the three persons who were reimbursed the most money:

The list of all travel and related expense reimbursements was obtained and traced to general ledger without exception.

- A. Obtain all of the expense reimbursement reports of each selected person, including the supporting documentation, and choose the largest expense report from each person to review in detail:

- Determine if each expenditure is:
 - Reimbursed in accordance with written policy (e.g., rates established for meals, mileage, lodging, etc.) and applicable laws

All expenditures were reimbursed in accordance with written policy.

- For an appropriate and necessary business purpose relative to the travel

All expenditures reimbursed were for appropriate and necessary business purposes.

- Determine if each expenditure is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

All expenditures were supported by original itemized receipts.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)

All expenditures documented the business/public purpose of the expenditure.

- Other documentation as may be required by policy (e.g., authorization for travel, conference brochure, certificate of attendance, etc.)

Not applicable.

- Determine if each expense report (including documentation) was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

All expense reports reviewed were approved in writing by someone other than the person receiving the reimbursement.

Contracts

1. Review accounting records (e.g., general ledgers, accounts payable reports, etc.) for the period under examination to identify individuals/businesses being paid for contracted services (e.g., professional, technical, etc.). Select the five “vendors” that were paid the most money during the period and determine if there is a formal/written contract that supports the services arrangement.

We reviewed the accounting records for the period under examination to identify individuals/businesses being paid for contracted services. Of the five vendors reviewed, three had formal/written contracts that supported the services arrangements. The remaining two were for purposes and amounts that would not required formal written contracts.

2. Obtain a listing of all active contracts and the expenditures made during the period under examination and trace to the general ledger for completeness. Select for detailed review, the largest (dollar amount) contract in each of the following categories that was entered into during the period.

(1) Services

Not applicable.

(2) Materials and supplies

Not applicable.

(3) Public works

Two vendors were paid for services provided during the year for the construction of a Commission office. Due to the small size and scope of the work performed, contracts were not obtained.

A. Obtain the selected contracts and the related paid invoices and:

- Determine if the contract is a related party transaction by obtaining management's representation.

Management represented that the vendors paid were not related parties.

- Determine if the transaction is subject to the Louisiana Public Bid Law or Procurement Code:
 - If yes, determine if the entity complied with all requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder, etc.)

Not applicable.

- If no, determine if the entity provided an open and competitive atmosphere (a good business practice) for the transaction/work.

Because the scope of the work included areas for which the Lessor was paying for the renovations, the Commission utilized the contractor and architect of the Lessor.

- Determine if the contract was amended. If so, determine whether the original contract contemplated or provided for such an amendment. Furthermore, determine if the amendment is outside the scope of the original contract, and if so, whether it should have been separately bid and contracted.

Not applicable.

- Select the largest payment from each of the 3 largest contracts selected above and determine if the invoice(s) received and payment complied with the terms and conditions of the contract.

Not applicable.

- Determine if there is documentation of Commission approval, if required.

Not applicable.

Payroll and Personnel

1. Obtain a listing of employment contracts/salaries in force during the period under examination and trace to the general ledger for completeness. Select the five highest paid employees and:

A list of employment contracts/salaries in force during the period under examination was obtained and traced to general ledger without exception.

- Determine if payments issued during the period under examination were done in strict accordance with the terms and conditions of the contract or pay rate structure.

No exceptions noted.

- Determine if changes made to hourly pay rates/salaries during the period under examination were approved in writing and in accordance with policy.

No exceptions noted.

2. Select the attendance and leave records for one pay period in which leave has been taken by at least one employee and:

- Determine if all employees are documenting their daily attendance and leave (e.g., vacation, sick, etc.). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions noted.

- Determine if supervisors are approving, in writing, the attendance and leave of all employees.

No exceptions noted.

- Determine if the entity is maintaining accurate written leave records (e.g., hours earned, hours used, and balance available) on all eligible employees.

No exceptions noted.

3. Select the two largest termination payments (e.g., vacation, sick, compensatory time, etc.) made during the period under examination. Determine if the payments were supported by adequate documentation, made in strict accordance with policy and/or contract, and properly approved.

Not applicable.

Budget

1. Obtain a copy of the legally adopted budget and all amendments.

We obtained a copy of the legally adopted budget. There were no amendments to the budget.

2. Trace the budget adoption and amendments to the minute book.

We traced the budget adoption to the minute book without exception.

3. Compare the total revenues and total expenditures of the final budget to actual total revenues and total expenditures on the financial statements or AFR. Report variances of 10% or greater.

Total revenues were 31% greater than budgeted, and total expenses were 39% greater than budgeted.

Debt Service

1. If debt was issued during the financial statement period, verify that State Bond Commission approval was obtained, as applicable.

Not applicable - the Commission did not issue any debt during the fiscal year.

2. Determine compliance with applicable debt covenants.

Not applicable - the Commission did not issue any debt during the fiscal year.

Corrective Action

1. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

General

Finding: The Commission did not have formal / written policies related to contracting.

Management's Response and Corrective Action: The Commission will prepare and adopt formal / written policies for the area noted.

Cash

Finding: For one of the Commission's bank accounts, the reconciled balance for the final month of the year did not agree to the general ledger.

Management's Response and Corrective Action: The difference represents a year end adjustment posted by the Commission's accounting firm that was done after the reconciliation was performed. We believe this to be an isolated incident of which the difference was easily identified and thus no corrective action is necessary.

Budget

Finding: The Commission's revenue and expenditures exceeded budgeted amounts by more than 10%.

Management's Response and Corrective Action: The Commission will monitor budgeted revenues and expenses periodically throughout the year and will propose budget amendments as deemed necessary.

Prior Year Findings

1. Prepare a schedule of prior findings or a statement that there were no prior findings.

General

Finding: The Commission did not have formal / written policies related to budgeting and contracting.

Management's Response and Corrective Action: The Commission will prepare and adopt formal / written policies for the areas noted.

Status: Unresolved. The Commission did adopt formal / written policies related to budgeting but did not for contracting.

Contracts

Finding: The Commission did not purchase office supplies through the applicable state contract.

Management's Response and Corrective Action: The Commission will utilize the applicable state contract for all future purchases of office supplies.

Status: Resolved.

Other

1. Prepare a listing of all per diem payments or compensation paid to members of the governing board or a disclosure that none was paid.

There was no per diem payments or compensation paid to members of the governing board.

2. Prepare a listing of all professional services payments made to contractors for surveys, feasibility studies, and special studies.

Not applicable.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not

express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Commission and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Griffin & Company, LLC

September 15, 2014