

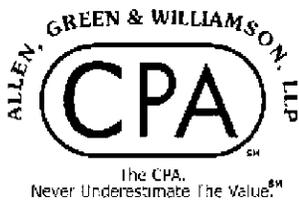
**Bienville Parish Tax Agency Fund
Of the Bienville Parish School Board
Arcadia, Louisiana**

**Financial Statements
As of and for the Year Ended June 30, 2014**

**Bienville Parish Tax Agency Fund
Of the Bienville Parish School Board**

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INDEPENDENT AUDITOR'S REPORT

Board Members
Bienville Parish Tax Agency Fund
of the Bienville Parish School Board
Arcadia, Louisiana

Report on the Financial Statement

We have audited the accompanying financial statement of the Bienville Parish Tax Agency Fund of the Bienville Parish School Board, as of and for the year ended June 30, 2014, and the related notes to the financial statement, as listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Tax Agency's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Tax Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the respective financial position of the Tax Agency, as of June 30, 2014, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statement presents only the Bienville Parish Tax Agency Fund and does not purport to and does not, present fairly the financial position of the Bienville Parish School Board, as of June 30, 2014, and the changes in its financial position for the year ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statement. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context. Our opinion on the basic financial statement is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statement of the Tax Agency. The other information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying other information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2015 on our consideration of the Tax Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tax Agency's internal control over financial reporting and compliance.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
January 13, 2015

**Bienville Parish Tax Agency Fund
Of the Bienville Parish School Board**

**Statement of Fiduciary Assets and Liabilities
June 30, 2014**

ASSETS

Cash and cash equivalents	\$ 559,012
Accounts receivable sales tax vendors	973,210
Cash restricted for taxes paid under protest	<u>3,399</u>
Total Assets	<u><u>1,535,621</u></u>

LIABILITIES

Deposits due others	1,532,222
Taxes paid under protest from restricted assets	<u>3,399</u>
Total Liabilities	<u><u>\$ 1,535,621</u></u>

The notes to the financial statements are an integral part of this statement.

**Bienville Parish Tax Agency Fund
Of the Bienville Parish School Board**

**Notes to the Financial Statements
June 30, 2014**

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**Bienville Parish Tax Agency Fund
Of the Bienville Parish School Board**

**Notes to the Financial Statements
June 30, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The Bienville Parish Tax Agency Fund has been formed under joint agreement of the Bienville Parish School Board, the Bienville Parish Police Jury, the City of Arcadia, the Town of Gibsland, the Town of Ringgold and the Village of Castor for the collection of sales, use taxes and other fees, in accordance with Louisiana Revised Statutes 33:2844. The Bienville Parish Tax Agency charges the joint governments a collection fee of 1.5% of total collections to cover operating costs for Bienville Parish Tax Agency Fund of the Bienville Parish School Board.

A. REPORTING ENTITY For financial reporting purposes, in conformance with GASB Statements, the Bienville Parish Tax Agency Fund is an agency fund of the Bienville Parish School Board. Accordingly, the accompanying financial statement presents only the accounts of the tax agency fund and is not intended to present fairly the financial position and results of operations of the Bienville Parish School Board in conformity with accounting principles generally accepted in the United States of America. The Bienville Parish Tax Agency Fund is included as part of the financial statements of the Bienville Parish School Board.

B. FUND ACCOUNTS A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, deferred outflows/inflows of resources, fund equity, revenues, and expenditures.

Funds are classified into one category, fiduciary. The category, in turn, is divided into separate "fund types." Fiduciary funds are used to account for assets held for others. The tax agency fund requires the use of a fiduciary fund as described below:

Fiduciary Fund - The Bienville Parish Tax Agency Fund is used to account for the collection and distribution of sales and use taxes imposed by the various taxing authorities within the parish. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

C. BASIS OF ACCOUNTING The basis of accounting for an agency fund is the accrual basis. The measurement focus is custodial, since the fund is not involved with the performance of governmental services. An agency fund has no revenues or expenditures and therefore there is no fund balance or need to measure the results of operations for a period.

D. USE OF ESTIMATES The preparation of the financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Bienville Parish Tax Agency Fund
Of the Bienville Parish School Board**

**Notes to the Financial Statements
June 30, 2014**

NOTE 2 - DEPOSITS At June 30, 2014, the Tax Agency has cash and cash equivalents (book balances) totaling \$562,411. Included in this amount \$3,399 is restricted assets, see Note 7 – Taxes Paid under Protest for further disclosure.

Deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At year-end, the Tax Agency's carrying amount of deposits was \$562,411 and the bank balance was \$1,151,359.

Interest Rate Risk: The Tax Agency's policy does not address interest rate risk.

Custodial Credit Risk - Deposits: In the case of deposits this is the risk that in the event of a bank failure, the Tax Agency fund deposits may not be returned to it. The bank balance was either covered by federal depository insurance or pledged securities held by the Tax Agency's agent but not in the Tax Agency's name. Even though the pledge securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposed a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Tax Agency the fiscal agent has failed to pay deposited funds upon request.

NOTE 3 - DEPOSITS DUE OTHERS A summary of changes in deposits due others for the year ended June 30, 2014 on accrual basis, is as follows:

BALANCE, Beginning	\$	1,059,416
ADDITIONS:		
Sales tax collections		9,419,744
DEDUCTIONS:		
Taxes distributed to others:		
Bienville Parish School Board		2,165,856
Bienville Parish School Board Special		2,165,411
Bienville Parish Police Jury		2,165,418
City of Arcadia		1,985,512
Town of Gibsland		83,771
Town of Ringgold		310,061
Village of Castor		62,848
Village of Saline		8,061
Total deductions		8,946,938
BALANCE, Ending	\$	1,532,222

**Bienville Parish Tax Agency Fund
Of the Bienville Parish School Board**

**Notes to the Financial Statements
June 30, 2014**

NOTE 4 - SALES TAX COLLECTIONS AND DISBURSEMENTS (CASH BASIS) The following is a schedule of the sales tax collections and disbursement on a cash basis collected in behalf of and payments made to local governmental entities for the fiscal year ended June 30, 2014

	Total Collection	Collection Fees	Attorney, & Audit Fees	Total Disbursements
Town of Arcadia (2.5%)				
Town of Arcadia 1991 (1%)	\$ 794,205	\$ 11,893	\$ 656	\$ 781,656
Town of Arcadia 2013 (1.5%)	1,191,307	17,840	985	1,172,482
	<u>1,985,512</u>	<u>29,733</u>	<u>1,641</u>	<u>1,954,138</u>
Town of Gisbland (2%)				
Town of Gisbland 1983 (1%)	41,885	629	10	41,246
Town of Gisbland 2013 (1%)	41,886	628	10	41,248
	<u>83,771</u>	<u>1,257</u>	<u>20</u>	<u>82,494</u>
Town of Ringgold (2%)				
Town of Ringgold 1972 (1%)	155,031	2,327	2,163	150,541
Town of Ringgold 1992 (1%)	155,030	2,326	2,162	150,542
	<u>310,061</u>	<u>4,653</u>	<u>4,325</u>	<u>301,083</u>
Bienville Parish School Board (2%)				
School Board 1978 (1%)	2,165,856	32,493	59,318	2,074,045
School Board Special 1994 (1%)	2,165,411	32,486	59,516	2,073,409
	<u>4,331,267</u>	<u>64,979</u>	<u>118,834</u>	<u>4,147,454</u>
Bienville Parish Police Jury (1%)	2,165,418	32,487	59,318	2,073,613
Village of Castor (1%)	62,848	943	24	61,881
Village of Saline (1%)	8,061	122	-	7,939
Total	<u>\$ 8,946,938</u>	<u>\$ 134,174</u>	<u>\$ 184,162</u>	<u>\$ 8,628,602</u>

NOTE 5 - ACCOUNTS RECEIVABLE The balance in accounts receivable of \$973,210 represents sales tax collections in July, 2014 for June, 2014 sales. No allowance for doubtful accounts has been established as the Tax Agency expects to collect these balances in full.

**Bienville Parish Tax Agency Fund
Of the Bienville Parish School Board**

**Notes to the Financial Statements
June 30, 2014**

NOTE 6 - COMMITMENTS AND CONTINGENCIES At June 30, 2014, the Bienville Parish Tax Agency was involved in two litigations. These two lawsuits are in regard to vendors requesting tax refunds in the amount of \$662,828. It is the opinion of legal counsel for the Tax Agency that the ultimate resolution of both suits is uncertain and research is ongoing. Therefore the Tax Agency has not recorded a liability for these items.

NOTE 7 - TAXES PAID UNDER PROTEST There is currently \$3,399 in Taxes Paid Under Protest attributable to one vendor, including interest accrued, recorded in accounts payable. Interest totaling \$25 has been earned since the taxes were placed in escrow. Taxes paid under protest are being held in a separate bank account pending the outcome of the cases.

The changes in taxes paid under protest are as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>
Taxes paid under protest	\$768,838	\$3,399	\$768,838	\$3,399

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Board Members

Bienville Parish Tax Agency Fund
of the Bienville Parish School Board
Arcadia, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Bienville Parish Tax Agency Fund of the Bienville Parish School Board as of and for the year ended June 30, 2014, and the related notes to the financial statement and have issued our report thereon dated DATE.

Emphasis of Matter

As discussed in Note 1, the financial statement presents only the Bienville Parish Tax Agency Fund and does not purport to and does not, present fairly the financial position of the Bienville Parish School Board, as of June 30, 2014, and the changes in its financial position for the year ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Tax Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Tax Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tax Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Tax Agency's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 and 2014-002 that we consider to be significant deficiencies.

Compliance and Other Matters

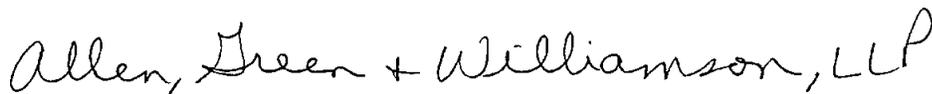
As part of obtaining reasonable assurance about whether the Tax Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-002.

The Tax Agency's Response to Findings

The Tax Agency's response to the findings identified in our audit is described in the accompanying Corrective Action Plan for Current Year Findings and Questioned Costs. The Tax Agency's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Tax Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tax Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.



ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
January 13, 2015

Bienville Parish Tax Agency Fund
Schedule of Findings and Questioned Costs
June 30, 2014

Reference # and title: **2014-001** **Untraceable Adjustments**

Criteria or specific requirement: Effective internal controls should provide an audit trail for any adjustments (debit or credit memos) or waivers that are made in the system. Any adjustments to the vendor delinquent accounts should be made only after proper authorization and an audit trail should exist to confirm the authorization process.

Condition found: The Bienville Tax override report is designed to handle debit and credit memos. In reviewing the report it was determined that debit and credit memos are added for audits of vendors, but the memos are not always cleared when the vendor pays the audit adjustment. There were outstanding debit and credit memo balances on the report for several years dating back to 2006. This override report as of 6/30/14 was in excess of 700 pages. In addition, there is no audit trail for when debit or credit memos are removed from the system.

Possible asserted effect (cause and effect):

Cause: Lack of proper procedures in handling debit and credit memos.

Effect: There is not a sufficient audit trail for tracing the removal of memos from the system. Also, the override report is not accurate.

Recommendations to prevent future occurrences: Procedures and policies should be drafted for the accounting of debit and credit memos. In addition, the override report should be cleaned up for all old inactive entries.

View of responsible official: Management will clean up all old entries and bring the report up to date.

Reference # and title: **2014-002** **Delinquent Accounts**

Criteria or specific requirement: In order to be good stewards of the tax payers' money, it is the responsibility of the sales tax agency to properly record delinquent payments and associated late payments and penalties, to notify vendors of any late payments due and vigorously pursue collections.

Condition found: Delinquent accounts are not being properly addressed as per policy and Louisiana Revised Statutes. The Tax Agency does send out letters to the vendors at 30 days and 60 days intervals. When no response is received, the delinquent accounts are turned over to the District Attorney, however, there was no documentation retained by the Tax Agency regarding which delinquent accounts have been turned over to the District Attorney. The monthly delinquent tax report is not being actively worked. Also, there is no policy for writing off old delinquent accounts. The delinquent reports listed several vendors who appear to have been out of business for quite some time.

Possible asserted effect (cause and effect):

Cause: Proper procedures for working the delinquent tax report are not being followed.

Effect: Some taxes owed to the Tax Agency may not be collected.

Recommendations to prevent future occurrences: The Tax Agency staff should be advised of the proper procedures to follow regarding collection of delinquent taxes. Management should establish procedures to ensure that the accounts are worked timely and that documentation is maintained regarding delinquent accounts that have been turned over to the District Attorney.

Bienville Parish Tax Agency Fund
Schedule of Findings and Questioned Costs
June 30, 2014

View of responsible official: Management will maintain documentation regarding delinquent accounts. We will establish procedures with the District Attorney's office for accounts to be turned over.

Bienville Parish Tax Agency Fund
Summary Schedule of Prior Year Findings and Questioned Costs
June 30, 2014

Reference # and title: **2013-001** **Untraceable Adjustments**

Origination date: This finding originated fiscal year ended June 30, 2008.

Condition: Effective internal controls should provide an audit trail for any adjustments (debit or credit memos) or waivers that are made in the system. Any adjustments to the vendor delinquent accounts should be made only after proper authorization and an audit trail should exist to confirm the authorization process.

The Bienville Tax override report is designed to handle debit and credit memos. In reviewing the report it was determined that debit and credit memos are added for audits of vendors, but the memos are not always cleared when the vendor pays the audit adjustment. There were outstanding debit and credit memo balances on the report for several years dating back to 2006. This override report as of 06/30/13 was in excess of 600 pages. In addition, there is no audit trail for when debit or credit memos are removed from the system.

Corrective action planned: See current year finding 2014-001.

Reference # and title: **2013-002** **Delinquent Accounts**

Origination date: This finding originated fiscal year ended June 30, 2012.

Condition: In order to be good stewards of the taxpayer's money, it is the responsibility of the sales tax agency to properly record delinquent payments and associated late payments and penalties, to notify vendors of any late payments due, and to vigorously pursue collections.

Delinquent accounts are not being properly addressed as per policy and Louisiana Revised Statutes. The Tax Agency does send out letters to the vendors at 30 days and 60 days intervals. However, if the vendor still does not pay the delinquent tax, no further actions appears to be taken. No delinquent accounts are being turned over to the District Attorney when the agency is unable to collect the delinquent amounts through the usual process. The monthly delinquent tax report is not being actively worked. Also, there is no policy for writing off old delinquent accounts. The delinquent report listed several vendors who appear to have been out for business for quite some time.

Corrective action planned: See current year finding 2014-002.

Reference # and title: **2013-003** **Untimely Deposits & Remittances**

Origination date: This finding originated fiscal year ended June 30, 2013.

Condition: Proper internal controls require the Agency to deposit sales tax collections within three business days from receipt of payment. Also, to charge penalty and interest to all Sales Tax Reports that are not submitted timely.

When testing 40 sales tax remittance reports the following was noted:

- One exception for the sales tax being deposited untimely.
- One exception where the date of the remittance report could not be determined, thus it could not be determined if the early discount should have been taken.
- One exception noting that a return filed late was not charged penalty or interest.

Bienville Parish Tax Agency Fund
Summary Schedule of Prior Year Findings and Questioned Costs
June 30, 2014

When testing 25 batch deposits, it was noted three of the batches had monies collected that were deposited untimely.

Corrective action taken: The Tax Agency worked to ensure that deposits and remittances were recorded in a timely manner. This finding is considered cleared.

Bienville Parish Tax Agency Fund
Corrective Action Plan for Current Year Findings and Questioned Costs
June 30, 2014

Reference # and title: 2014-001 Untraceable Adjustments

Condition: Effective internal controls should provide an audit trail for any adjustments (debit or credit memos) or waivers that are made in the system. Any adjustments to the vendor delinquent accounts should be made only after proper authorization and an audit trail should exist to confirm the authorization process.

The Bienville Tax override report is designed to handle debit and credit memos. In reviewing the report it was determined that debit and credit memos are added for audits of vendors, but the memos are not always cleared when the vendor pays the audit adjustment. There were outstanding debit and credit memo balances on the report for several years dating back to 2006. This override report as of 6/30/14 was in excess of 700 pages. In addition, there is no audit trail for when debit or credit memos are removed from the system.

Corrective action planned: Management is working with the software provider to ensure that memos are cleared. Also override report is being corrected to reflect only current information.

Person responsible for corrective action:
Jarvis Osborne, Business Manager Telephone (318) 263-9416
Bienville Parish School Board Facsimile (318) 263-3100
P. O. Box 418
Arcadia, LA 71001-0418

Anticipated completion date: June 2015.

Reference # and title: 2014-002 Delinquent Accounts

Condition: In order to be good stewards of the tax payers' money, it is the responsibility of the sales tax agency to properly record delinquent payments and associated late payments and penalties, to notify vendors of any late payments due and vigorously pursue collections.

Delinquent accounts are not being properly addressed as per policy and Louisiana Revised Statutes. The Tax Agency does send out letters to the vendors at 30 days and 60 days intervals. When no response is received, the delinquent accounts are turned over to the District Attorney, however, there was no documentation retained by the Tax Agency regarding which delinquent accounts have been turned over to the District Attorney. The monthly delinquent tax report is not being actively worked. Also, there is no policy for writing off old delinquent accounts. The delinquent reports listed several vendors who appear to have been out of business for quite some time.

Corrective action planned: Delinquent report is being reviewed and corrected to show only current, active vendors. Procedures will be established with the District Attorney's office for handling these vendor.

Person responsible for corrective action:
Jarvis Osborne, Business Manager Telephone (318) 263-9416
Bienville Parish School Board Facsimile (318) 263-3100
P. O. Box 418
Arcadia, LA 71001-0418

Anticipated completion date: June 2015.