

Internal Audit Report
Jefferson Performing Arts Society
Follow-Up Audit
May 15, 2013

SCOPE AND OBJECTIVES

The follow-up audit of the Jefferson Performing Arts Society (JPAS) was performed at the request of the Jefferson Parish Governmental Ethics Compliance and Audit Committee. The Scope of the follow-up audit was limited to reviewing the remediation of the findings noted in the audit of Jefferson Performing Arts Center (JPAS) issued on January 30, 2013. JPAS provided responses to the findings in February 24, 2013

RESPONSE REQUEST

All findings from the previous report have been resolved to the satisfaction of Internal Audit; therefore, no additional response is required.

FINDINGS AND REMEDIATION STATUS

Independent Auditor's Report of Lack of Segregation of Duties

Finding: JPAS developed a comprehensive Accounting and Financial Policies and Procedures Manual on February 20, 2013. After consultation with the Jefferson Parish Internal Auditor, this manual was revised on April 23, 2013. This finding is considered to be remediated effective April 23, 2013.

No further response is required.

Lack of Segregation of Duties Regarding Accounts Payable

Finding: JPAS developed a comprehensive Accounting and Financial Policies and Procedures Manual on February 20, 2013 that creates adequate segregation of duties. After consultation with the Jefferson Parish Internal Auditor, this manual was revised on April 23, 2013 to further enhance the segregation of duties. This finding is considered to be remediated effective April 23, 2013.

No further response is required.

Pre-Approved Check Requisition Forms

Finding: JPAS developed a comprehensive Accounting and Financial Policies and Procedures Manual on February 20, 2013. After consultation with the Jefferson Parish Internal Auditor, this manual was revised on April 23, 2013 to ensure that all non-recurring invoices have a separate requestor and approver. This finding is considered to be remediated effective April 23, 2013.

No further response is required.

Bank Reconciliations

Finding: JPAS developed a comprehensive Accounting and Financial Policies and Procedures Manual on February 20, 2013. After consultation with the Jefferson Parish Internal Auditor, this manual was revised on April 23, 2013 to ensure that the Business Manager as well as the JPAS Board Treasurer signs and dates the bank reconciliation. This finding is considered to be remediated effective April 23, 2013.

No further response is required.

JPAS Employee Credit Card Use

Finding: JPAS developed a comprehensive Accounting and Financial Policies and Procedures Manual on February 20, 2013. After consultation with the Jefferson Parish Internal Auditor, this manual was revised on April 23, 2013 to improve the monthly credit card statement reconciliation process and ensure that all employees are accountable to ensure proper documentation and approval of credit card receipts. This finding is considered to be remediated effective April 23, 2013; however, several instances of meal receipts either did not include the itemized receipts and/or detail the persons attending the meal and document the business purpose. JPAS needs to remain diligent in ensuring that all required documentation is included for meals on an ongoing basis.

No further response is required.

Direct Reimbursements to the Executive Director

Finding: Internal Audit noted that effective as of the March 26, 2013 direct reimbursements to the Executive Director are an agenda item on the JPAS board meeting and the review is documented in the minutes of the meeting. This finding is considered to be remediated as of March 26, 2013.

No further response is required.

Employee Reimbursements Were Missing Proper Documentation

Finding: Internal Audit reviewed all employee reimbursements to employees since the February 20, 2013 Accounting and Financial Policies and Procedures Manual and no exceptions were noted. This finding is considered to be remediated as of February 20, 2013.

No further response is required.

JPAS Travel Policy

Finding: JPAS developed a comprehensive Accounting and Financial Policies and Procedures Manual on February 20, 2013. After consultation with the Jefferson Parish Internal Auditor, this manual was revised on April 23, 2013 to improve the travel policy and to further establish rules for in-town meals and sponsor entertainment. With the exception of a few instances of meal receipts that either did not include the itemized receipts and/or detail the persons attending the meal and document the business

purpose, as noted above, the policy is considered effective. This finding is considered to be remediated as of February 20, 2013.

No further response is required.

Co-mingled Funds and Personal Expenses Reimbursed

Finding: JPAS developed a comprehensive Accounting and Financial Policies and Procedures Manual on February 20, 2013 that addressed these issues. Internal Audit reviewed a sample of transactions since the new policy was implemented on February 20, 2013 and found no exceptions. This finding is considered to be remediated as of February 20, 2013.

No further response is required.

Invoices Did Not Always Agree to Payment Amount /Double Payment

Finding: JPAS developed a comprehensive Accounting and Financial Policies and Procedures Manual on February 20, 2013 that addressed these issues. Internal Audit reviewed a sample of transactions since the new policy was implemented on February 20, 2013 and found no exceptions. This finding is considered to be remediated as of February 20, 2013.

No further response is required.

Accounts Payable Made Payable to “Cash”

Finding: JPAS developed a comprehensive Accounting and Financial Policies and Procedures Manual on February 20, 2013 that specifies that “checks written to cash are never permitted.” Internal Audit reviewed the check register for 2013 and found no checks payable to cash. This finding is considered to be remediated as of February 20, 2013.

No further response is required.

Petty Cash

Finding: JPAS developed a comprehensive Accounting and Financial Policies and Procedures Manual on February 20, 2013 that addresses petty cash funds. Internal Audit reviewed the current controls and counted petty cash. This finding is considered to be remediated as of February 20, 2013.

No further response is required.

Liquor Permit

Finding: JPAS had discontinued serving alcoholic beverages in July 2012. JPAS has decided not to resume this practice; therefore, this finding is considered remediated and no further response is required.

Asset Inventory

Finding: JPAS developed a comprehensive Accounting and Financial Policies and Procedures Manual on February 20, 2013 that specifies that an annual asset inventory is to be conducted. Internal Audit noted that the process of performing this asset inventory has been completed as of May 2, 2013.

No further response is required.

Concessions

Finding: JPAS has implemented a basic policy to address the internal control issues regarding concessions. This finding is considered to be remediated as of February 20, 2013.

No further response is required,

Related Party Transactions

Finding: JPAS has developed several policies regarding “related party” transactions. These policies include a disclosure statement by all Directors and staff, notification requirements for all potential conflicts of interest, and documentation of Board approval of any potential conflicts or related party transactions. This finding is considered to be remediated as of March 26, 2013.

No further response is required.

Mileage Logs for Company Vehicles

Finding: Mileage logs for all company vehicles were implemented immediately after the initial audit. This finding is considered remediated and no further response is required.

Independent Contractors Versus Employee

Finding: The Grants employee was moved from contract to employee status. All staff that perform special duties outside of their normal work duties will be paid through Paychex and withheld payroll taxes, rather considered contractors and issued 1099's. This finding is considered remediated and no further response is required.

Exempt Versus Non-Exempt Employees

Finding: JPAS consulted with an outside labor and employment counsel who found no conflict between the job descriptions and classifications of exempt versus non-exempt status. No further response required.

Employee Time Reporting

Finding: JPAS noted in their response that they have begun tracking employee sick and vacation time; however, this tracking was being performed manually. We recommended that JPAS utilize the Paychex payroll service to systematically track employee personal and vacation time. JPAS further consulted with their payroll service provider and implemented automated tracking of sick and vacation time effective May 3, 2013.

Internal Audit also recommended that JPAS document “Cultural Exchange” policies in the JPAS Employee Handbook and require that such paid leave be approved by the JPAS Board of Directors, for the Executive Director, or by the Executive Director, for other staff employees. JPAS implemented these additional polices on May 3, 2013.

No further response required.

Pre-Signed Contracts/Missing Contracts

Finding: This finding was remediated immediately after Internal Audit brought it to the Executive Director’s attention. Internal Audit reviewed a sample of contracts issued after the February 20, 2013 policy implementation date and found no exceptions. This finding is considered remediated and no further response is required.

FLSA Required Posters Not Posted

Finding: Both State and Federal required posters are now posted in an area available to all employees. This finding is considered remediated and no further response is required.