



# INDEPENDENT INTERNAL AUDITORS' REPORT ON APPLYING AGREED-UPON PROCEDURES FOR THE YEAR ENDED DECEMBER 31, 2021

Audit No. 22-03

August 2, 2022

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## Report Highlights

## Page(s)

- Exceptions were reported for 10 of the 28 procedures 5-7, 9, 11-14
- No exceptions were reported for 17 of the 28 procedures 5, 8, 10, 12
- Results of remaining procedure for Information Technology Disaster Recovery/Business Continuity were discussed with management 13
- Management Response 15



The Council  
City of Shreveport

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August 2, 2022

Councilman James Green  
Chairman, Shreveport City Council

Dear Councilman Green:

Subject: IAR 22-03 – Independent Internal Auditors' Report on Applying Agreed-Upon Procedures for the Year Ended December 31, 2021

Attached please find the above-mentioned report. Management comments are included at the end of the report.

Sincerely,

Leanis L. Steward, CPA, CIA  
City Internal Auditor

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## **Independent Internal Auditors' Report On Applying Agreed-Upon Procedures For the Year Ended December 31, 2021**

City of Shreveport City Council Members  
Shreveport, Louisiana  
And the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by management of the City of Shreveport (City) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. The City's management is responsible for those C/C areas identified in the SAUPs.

The City's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

This agreed-upon procedures engagement was conducted in accordance with United States generally accepted government auditing standards which incorporate attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the management of the City of Shreveport and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



The procedures and associated findings are as follows.

## ***PROCEDURES TO BE PERFORMED IN CONNECTION WITH LOUISIANA LEGISLATIVE AUDITOR STATEWIDE AGREED-UPON PROCEDURES***

### ***Written Policies and Procedures***

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

a) Budgeting, including preparing, adopting, monitoring, and amending the budget.

b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

c) Disbursements, including processing, reviewing, and approving.

d) Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

e) Payroll/Personnel, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rateschedules.

f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoringprocess.

g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

h) Travel and Expense Reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.



- j) Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

### *Exceptions*

The ethics policy does not address a system to monitor possible ethics violations, or the requirement that documentation is maintained to demonstrate that all employees/officials were informed of any changes to the entity's ethics policy [\(1.i\)](#).

The Information Disaster Recovery/Business Continuity policy does not specify use of antivirus software on all systems or address timely application of all available system and software patches/updates. Also, this policy needs to be updated [\(1.k\)](#).

### ***Board or Finance Committee***

**2.** Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

**a)** Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

**b)** For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

**c)** For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

**No exceptions noted in the procedures performed.**



### ***Bank Reconciliations***

**3.** Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- a)** Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
- b)** Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c)** 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.

### ***Exceptions***

The reviewer for the Operating and Flexible Spending accounts also posts to ledgers [\(3.b\)](#).

The Water & Sewer account does not have evidence of reviewer signature because it is still undergoing revisions [\(3.b\)](#), therefore it was not prepared within two months of the statement closing date [\(3.a\)](#).

### ***Collections (excluding electronic funds transfers)***

**4.** Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

**5.** For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a)** Employees responsible for cash collections do not share cash drawers/registers.
- b)** Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.



- c)** Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d)** The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
- 6.** Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
- 7.** Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:
  - a)** Observe that receipts are sequentially pre-numbered.
  - b)** Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c)** Trace the deposit slip total to the actual deposit per the bank statement.
  - d)** Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
  - e)** Trace the actual deposit per the bank statement to the general ledger.

### *Exceptions*

Two exceptions were found for employee job duties: Two people at SPAR Event Services location are able to both collect cash and make deposits [\(5.b\)](#).

Two exceptions were found for deposit days selected for the five bank accounts: two amounts, \$518.00 and \$12,069.92, both from the Area Transit account at Transit Headquarters collection location, were not deposited within one business day of receipt, or within one week if the deposit location is more than ten miles from the collection location [\(7.d\)](#).



***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

b) At least two 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 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. [Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

**No exceptions noted in the procedures performed.**

***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.



**12.** Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

**a)** Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

**b)** Observe that finance charges and late fees were not assessed on the selected statements.

**13.** Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing) For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

### *Exceptions*

There was no evidence of review/approval of the October 2021 monthly statements for two procurement cards [\(12.a\)](#).

Three procurements cards, including the two above mentioned, did not state business/public purpose for transactions reviewed [\(13.\)](#).

### ***Travel and Travel-Related Expense Reimbursements (excluding card transactions)***

**14.** Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:



- a)** If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
- b)** If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c)** Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d)** Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted in the procedures performed

### **Contracts**

**15.** Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a)** Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b)** Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
- c)** If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
- d)** Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted in the procedures performed.



### ***Payroll and Personnel***

**16.** Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

**17.** Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

**a)** Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

**b)** Observe whether supervisors approved the attendance and leave of the selected employees or officials.

**c)** Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

**d)** Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

**18.** Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

**19.** Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

### ***Exceptions***

There were two exceptions where compensation paid did not agree to terms and conditions of employment contract or pay rate structure in personnel file: One employee received retroactive pay with a slight difference of \$83.18 over from actual calculations. Another employee received retroactive pay to correct a delayed promotional increase, however, the retro pay given was \$231.76 short [\(16.\)](#).

One employee did not have documentation of written or electronic approval for leave taken [\(17.b\)](#).



### ***Ethics***

**20.** Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain ethics documentation from management, and:

**a)** Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

**b)** Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity’s ethics policy during the fiscal period, as applicable.

No exceptions noted in the procedures performed.

### ***Debt Service***

**21.** Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management’s representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

**22.** Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

No exceptions noted in the procedures performed.

### ***Fraud Notice***

**23.** Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

**24.** Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds

### ***Exceptions.***

Notice not posted on City website as required by LLA [\(24.\)](#).

There is a notice on the premises, however, the city’s website has a link that sends users directly into the form to submit to the LLA rather than sending them to the LLA website or



giving the notice with explanation. This means the form is given without context and may not have sufficient instructions (how much detail to provide, alternative means of contact, preference of having contact information).

### ***Information Technology Disaster Recovery/Business Continuity***

**25.** Perform the following procedures, verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”

**a)** Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

**b)** Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

**c)** Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

### ***Sexual Harassment***

**26.** Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

**27.** Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

**28.** Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

**a)** Number and percentage of public servants in the agency who have completed the training requirements;

**b)** Number of sexual harassment complaints received by the agency;

**c)** Number of complaints which resulted in a finding that sexual harassment occurred;



- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

*Exceptions*

Information required to be compiled by RS 42:341 was compiled by February 1st, however, no report was written containing the required information and dated on or before February 1<sup>st</sup> [\(28.\)](#).

Approved By:

A handwritten signature in cursive script that reads "Leanis L. Steward".

Leanis L. Steward, CIA, CPA  
City Internal Auditor

ts

c: Mayor  
CAO  
City Attorney  
City Council  
Clerk of Council  
Carr, Riggs & Ingram  
Interim Chief Financial Officer



## OFFICE OF THE CFO

505 TRAVIS STREET, SUITE 670 • SHREVEPORT, LA 71101 • (318) 673-5405

July 18, 2022

Responses to Independent Internal Auditors' Report on Applying Agreed Upon Procedures for the Year Ended December 31, 2021.

### **Written Policies and Procedures Management's Response**

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Human Resources has a system in place to track compliance with our Ethics Policy. Policies and procedures are being looked at to address violations, policy knowledge and adherence with State statutes.

Our Information Technology management team is aware of the critical need to update the Disaster Recovery/Business Continuity policy. Their team has indicated they will address this exception.

### **Bank Reconciliations Management's Response**

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Finance/Accounting will review policies and procedures with staff to ensure we are compliant and timely. We also believe the recent award of a Banking RFP contract will continue to move the needle forward.

### **Collections Management's Response**

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These policies and procedures were updated this year and we will review with staff to ensure we are compliant and timely.

### **Credit Cards/Debit Cards/Fuel Cards/P-Cards Management's Response**

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A more stringent review/approval process, that includes additional oversight over procurements cards and monthly statements, is now taking place in our Purchasing division.

### **Payroll and Personnel Management's Response**

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Policies and procedures will be reviewed with staff to ensure we are compliant.

### **Fraud Notice Management's Response**

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Notice has been given to our Information Technology department to add the LLA's website. We expect completion of this addition to our website by July 31, 2022.

### **Sexual Harassment Management's Response**

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Human Resources is now aware of this critical reporting applicable requirement of R.S. 42:344.