

Marketing Education Retail Alliance, Inc.
Baton Rouge, Louisiana
June 30, 2019

Table of Contents

Independent Auditor's Report	Page	3
Financial Statements		
Statements of Financial Position	Page	5
Statements of Activities	Page	6
Statements of Functional Expenses	Page	7
Statements of Cash Flows	Page	8
Notes to Financial Statements	Page	9
Supplementary Information		
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer	Page	13
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	Page	14
Schedule of Findings and Responses	Page	16
Summary Schedule of Prior Audit Findings	Page	17



**HAWTHORN
WAYMOUTH
& CARROLL, L.L.P.**
Certified Public Accountants

Louis C. McKnight, III, CPA
Charles R. Pevey, Jr., CPA
David J. Broussard, CPA
Brittany B. Thames, CPA
Kevin M. Rodriguez, CPA
Blaine M. Crochet, CPA

Independent Auditor's Report

Board of Directors
Marketing Education Retail Alliance, Inc.
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Marketing Education Retail Alliance, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity'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 statements.

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 statements referred to above present fairly, in all material respects, the financial position of Marketing Education Retail Alliance, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head or chief executive officer is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2019, on our consideration of Marketing Education Retail Alliance, Inc.'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 solely 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 the effectiveness of Marketing Education Retail Alliance, Inc.'s 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 Marketing Education Retail Alliance, Inc.'s internal control over financial reporting and compliance.

Hawthorn, Waymouth & Carroll, L.L.P.

September 20, 2019

Marketing Education Retail Alliance, Inc.
Statements of Financial Position
June 30, 2019 and 2018

	2019	2018
Assets		
Cash	\$ 111	\$ 272
Total assets	\$ 111	\$ 272
 Liabilities		
Accounts payable	\$ 111	\$ 272
Total liabilities	111	272
 Net Assets, Without Donor Restrictions	-	-
Total liabilities and net assets	\$ 111	\$ 272

The accompanying notes are an integral part of these financial statements.

Marketing Education Retail Alliance, Inc.
Statements of Activities
Years Ended June 30, 2019 and 2018

Without Donor Restrictions	2019	2018
Revenue and Other Support		
State grant	\$ 674,943	\$ 672,563
Total revenue and other support	674,943	672,563
Expenses		
Program expenses	607,576	605,196
General and administrative expenses	67,367	67,367
Total expenses	674,943	672,563
Change in Net Assets	-	-
Net Assets, beginning of year	-	-
Net Assets, end of year	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

Marketing Education Retail Alliance, Inc.
Statements of Functional Expenses
Years Ended June 30, 2019 and 2018

	June 30, 2019			June 30, 2018		
	Program Expenses	General & Administrative Expenses	Total	Program Expenses	General & Administrative Expenses	Total
Administrative Expenses						
Contract services	\$ 103,622	\$ 31,682	\$ 135,304	\$ 103,622	\$ 31,682	\$ 135,304
Equipment rental	8,832	2,700	11,532	8,832	2,700	11,532
Rent	5,897	1,803	7,700	5,897	1,803	7,700
Telephone	4,866	1,488	6,354	4,866	1,488	6,354
Office supplies	4,596	1,405	6,001	4,596	1,405	6,001
Public relations	2,000	-	2,000	2,000	-	2,000
Total administrative expenses	129,813	39,078	168,891	129,813	39,078	168,891
Operating Expenses						
Accounting/bookkeeping	-	24,000	24,000	-	24,000	24,000
Professional services	-	4,289	4,289	-	4,289	4,289
Educational consultant	19,000	-	19,000	19,000	-	19,000
Total operating expenses	19,000	28,289	47,289	19,000	28,289	47,289
Travel	1,000	-	1,000	1,000	-	1,000
Marketing Education Grants	457,763	-	457,763	455,383	-	455,383
Total expenses	\$ 607,576	\$ 67,367	\$ 674,943	\$ 605,196	\$ 67,367	\$ 672,563

The accompanying notes are an integral part of these financial statements.

Marketing Education Retail Alliance, Inc.
Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	2019	2018
Cash Flows From Operating Activities		
Change in net assets without donor restrictions	\$ -	\$ -
Adjustments to reconcile change in unrestricted net assets to net cash provided by (used in) operating activities		
Decrease in assets:		
Due from related party	-	31,944
Decrease in liabilities:		
Accounts payable	(161)	(22,975)
Net cash provided by (used in) operating activities	(161)	8,969
Net Increase (Decrease) in Cash	(161)	8,969
Cash (Cash Overdraft), beginning of year	272	(8,697)
Cash, end of year	\$ 111	\$ 272

The accompanying notes are an integral part of these financial statements.

Marketing Education Retail Alliance, Inc.
Notes to Financial Statements
June 30, 2019

Note 1-Nature of Operations

Marketing Education Retail Alliance, Inc. (MERA) is a not-for-profit organization formed on June 21, 2000 to increase marketing education in Louisiana by assisting in the expansion, training, and enhanced enrollment of members in Distributive Education Clubs of America by rewarding and motivating students. MERA's revenue is derived from a cooperative endeavor agreement with the Louisiana Department of Economic Development, a Louisiana Public Corporation, to channel funds directly to the classroom through a grant process, for worthy, creative, and innovative opportunities to assist students in achieving their full potential. MERA works with local and national merchants and businesses through the Louisiana Retailers Association (LRA) to ensure the best preparation of the leaders of our future.

Note 2-Summary of Significant Accounting Policies

A. Basis of Accounting and Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net assets, revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of MERA and changes therein are classified and reported as follows:

Net assets without donor restrictions: net assets not subject to donor stipulations.

Net assets with donor restrictions: net assets subject to donor stipulations that: a) restrict their use to a specific purpose which will be satisfied by actions of MERA or the passage of time; or b) require that they be maintained in perpetuity by MERA; generally, the donor of these assets permit MERA to use all or part of the income earned.

At June 30, 2019 and 2018, MERA had no net assets with donor restrictions.

B. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates that were used.

C. Cash and Cash Equivalents

For purposes of the statements of cash flows, MERA considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Marketing Education Retail Alliance, Inc.
Notes to Financial Statements
June 30, 2019

Note 2-Summary of Significant Accounting Policies (Continued)

D. Functional Expenses

Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are allocated to program and supporting services on the basis of periodic time and expenses studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of MERA.

E. Income Taxes

MERA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an entity other than a private foundation within the meaning of Section 509(a). Accordingly, no provision has been made for income taxes.

Management has determined that there are no uncertain tax positions that would require recognition in the financial statements. If MERA were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense, and penalties on any income tax would be reported as income taxes. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based on ongoing analysis of tax laws, regulations, and interpretations thereof as well as other factors.

F. Liquidity Management

As of June 30, 2019, the financial assets that could be made readily available within one year of the statement of financial position date to meet general expenditures include cash, totaling \$111. As part of its liquidity management, MERA has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due.

G. New Accounting Pronouncement

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. MERA has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods. The unrestricted net asset class has been renamed *net assets without donor restrictions*. The financial statements include a new disclosure about liquidity and availability of resources.

H. Reclassifications

Certain reclassifications have been made to the 2018 financial statements and notes to conform with the 2019 presentation. These classifications had no effect on total net assets or the change in net assets of the prior year.

Marketing Education Retail Alliance, Inc.
Notes to Financial Statements
June 30, 2019

Note 3-Related Party

MERA is related to LRA through common governance. LRA provides administrative and operating support for program services to MERA. The total amount paid for these services was \$168,891 for the years ended June 30, 2019 and 2018.

Note 4-Contingencies

MERA participates in a state grant program, which is governed by various rules and regulations. Costs charged to the grant program are subject to audit and adjustment by the grantor agency; therefore, to the extent that MERA has not complied with the rules and regulations governing the grant, refunds of any money received and the collectability of any related receivable at year end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the grant; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Any costs disallowed would be recognized in the period agreed upon by the grantor agency and MERA.

Note 5-Economic Dependency

MERA receives all of its revenue from a grant administered by the State of Louisiana. The grant amount is appropriated each year by the state government. If significant budget cuts are made at the federal and/or state level, the amount of funds received by MERA could be reduced significantly by an amount that could adversely impact its operations. Management is not aware of any actions that will adversely affect the amount of grant and contracts the organization will receive in the next fiscal year.

Note 6-Subsequent Events

MERA evaluated all subsequent events through September 20, 2019, the date the financial statements were available to be issued. As a result, MERA noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

Supplementary Information

**Marketing Education Retail Alliance, Inc.
Schedule of Compensation, Benefits, and Other
Payments to Agency Head or Chief Executive Officer
Year Ended June 30, 2019**

Agency Head Name: Jessica Elliott, Administrator

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 0
Benefits – insurance	0
Benefits – retirement	0
Benefits – cell phone	0
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0

No payments were made to the administrator from public funds.



**HAWTHORN
WAYMOUTH
& CARROLL, L.L.P.**
Certified Public Accountants

Louis C. McKnight, III, CPA
Charles R. Pevey, Jr., CPA
David J. Broussard, CPA
Brittany B. Thames, CPA
Kevin M. Rodriguez, CPA
Blaine M. Crochet, CPA

**Independent Auditor's 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***

Board of Directors
Marketing Education Retail Alliance, Inc.
Baton Rouge, Louisiana

We have audited, 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, the financial statements of Marketing Education Retail Alliance, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated September 20, 2019.

Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered Marketing Education Retail Alliance, Inc.'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 statements, but not for the purpose of expressing our opinion on the effectiveness of Marketing Education Retail Alliance, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Marketing Education Retail Alliance, Inc.'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 entity'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marketing Education Retail Alliance, Inc.'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing*.

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 results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hawthorn, Waymouth & Carroll, LLP.

September 20, 2019

Marketing Education Retail Alliance, Inc.
Schedule of Findings and Responses
Year Ended June 30, 2019

Part I - Summary of Audit Results

- 1) An unmodified opinion has been expressed on the financial statements of Marketing Education Retail Alliance, Inc. as of and for the year ended June 30, 2019, and the related notes to the financial statements.
- 2) No deficiencies in internal control over financial reporting that we consider to be a significant deficiency was identified.
- 3) No instances of noncompliance or other matters that is required to be reported under Government Auditing Standards was identified.
- 4) A single audit in accordance with Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards was not required.
- 5) A management letter was not issued.

Part II - Financial Statement Findings

None.

Marketing Education Retail Alliance, Inc.
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2019

Part I – Financial Statement Findings

2018-001 – Improper Related Party Transactions

Summary of Prior Year Finding:

MERA used grant funds to make cash advances to a related party.

Status:

Finding was cleared in current year.

Part II – Management Letter

A management letter was not issued for the year ended June 30, 2018.

**Marketing Education Retail Alliance, Inc.
Agreed-Upon Procedures Report
June 30, 2019**



**Independent Accountant's Report
on Applying Agreed-upon Procedures**

To the Board of Directors
Marketing Education Retail Alliance, Inc.
Baton Rouge, Louisiana

We have performed the procedures enumerated below, which were agreed to by Marketing Education Retail Alliance, Inc. (Entity) 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 July 1, 2018 through June 30, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted 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 any other purpose.

The procedures performed and the associated findings (presented in italics) are listed below as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that 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.
No exceptions noted.
 - 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.
No exceptions noted.
 - c. ***Disbursements***, including processing, reviewing, and approving.
No exceptions noted.

- 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).

No exceptions noted.

- e. **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

The entity has no payroll; therefore, there are no procedures covering payroll and personnel.

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

The entity does not have procedures covering standard terms and conditions or legal review of contracts.

- 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).

The entity has no credit, debit, fuel, or P cards; therefore, there are no procedures covering these items.

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

No exceptions noted.

- i. **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.

No exceptions noted.

Bank Reconciliations

1. Obtain a listing of client 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, which is the entity's only account. Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for the account, and observe that:
 - a. Bank reconciliation includes evidence that it was prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exceptions noted.

- b. Bank reconciliation includes evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each the reconciliation (e.g., initialed and dated, electronically logged);

No exceptions noted.

- c. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Procedure is not applicable.

Collections

- 1. 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. The entity has one deposit site.
- 2. For the deposit site, obtain a listing of collection locations and management's representation that the listing is complete. The entity has one collection location. From the collection location for the deposit site, 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 the collection location, and observe that job duties are properly segregated at the collection location such that:

- a. Employees that are responsible for cash collections do not share cash drawers/registers.

No exceptions noted.

- 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.

No exceptions noted.

- 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.

No exceptions noted.

- 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 verifies the reconciliation.

No exceptions noted.

- 3. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

No exceptions noted.

4. Randomly select two deposit dates from the bank account selected for procedure #1 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 two deposits and:

a. Observe that receipts are sequentially pre-numbered.

Deposits consist of ACH reimbursed grant funds in accordance with Cooperative Endeavor Agreement with the state. Due to the nature of these deposits, sequential pre-numbered receipts are not deemed necessary.

b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

ACH deposits were traced to cost reports submitted to the state for reimbursements with no exceptions noted.

c. Trace the remittance advice total to the actual deposit per the bank statement.

No exceptions noted.

d. Observe that 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).

No exceptions noted.

e. Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

Non-Payroll Disbursements

1. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. The entity has one location that processes payments.

2. For the location under #1 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.

No exceptions noted.

b. At least two employees are involved in processing and approving payments to vendors.

No exceptions noted.

- 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.

The person responsible for processing payments is not prohibited from adding and modifying 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.

No exceptions noted.

3. For the location under #1 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 the location, obtain supporting documentation for each transaction and:

- a. Observe that the disbursement matched the related original invoice/billing statement.

No exceptions noted.

- b. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #2, as applicable.

No exceptions noted.

Travel and Travel-Related Expense Reimbursements (Excluding Card Transactions)

1. 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, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Procedure is not applicable.

- b. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions noted.

- c. Observe that 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 under "Written Policies and Procedures" above).

No exceptions noted.

- d. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

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.

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.

Hawthorn, Waymouth & Carroll, L.L.P.

October 25, 2019