

**SOUTHEASTERN LOUISIANA
AREA HEALTH EDUCATION CENTER**

Audit of Financial Statements

June 30, 2023



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Independent Auditor's Report

To the Board of Directors
Southeastern Louisiana Area Health Education Center
Hammond, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Southeastern Louisiana Area Health Education Center (the Center), which comprise the statement of financial position as of June 30, 2023, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Center as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and other schedules listed in the table of contents are 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 accompanying supplementary 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 November 8, 2023 on our consideration of the Center's internal control over financial reporting and 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 the Center'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 the Center's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "LaPorte".

A Professional Accounting Corporation

Metairie, LA
November 8, 2023

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER**
Statement of Financial Position
June 30, 2023

Assets

Cash and Cash Equivalents	\$	380,059
Certificate of Deposit		168,338
Grants Receivable		12,515,750
Note Receivable, Net of Allowance		1,499,665
Other Assets		165,062
Prepaid Expenses		86,584
Deposits		300
Fixed Assets, Net		<u>374,090</u>

Total Assets \$ 15,189,848

Liabilities

Accounts Payable and Accrued Liabilities	\$	2,071,498
Deferred Revenue		601,510
Line of Credit		2,248,448
Note Payable		<u>250,000</u>

Total Liabilities 5,171,456

Net Assets

Without Donor Restrictions		<u>10,018,392</u>
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Total Liabilities and Net Assets \$ 15,189,848

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

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER**
Statement of Activities
For the Year Ended June 30, 2023

Net Assets Without Donor Restrictions

Support and Revenue

Cooperative Endeavor with LSUMC - State Portion	\$ 257,821
Cooperative Endeavor with LSUMC - Federal Portion	114,739
Federal Grant Revenue	3,946,585
Grants Revenue - State and Private	42,839,986
Contract Revenue	6,379,659
Interest and Other Income and Expense, Net	143,517

Total Support and Revenue	<u>53,682,307</u>
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Expenses

Program Services

Area Health Education	48,172,628
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Supporting Services

Management and General	<u>2,772,433</u>
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Total Expenses	<u>50,945,061</u>
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Change in Net Assets Without Donor Restrictions	2,737,246
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Net Assets, Beginning of Year	<u>7,281,146</u>
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Net Assets, End of Year	<u><u>\$ 10,018,392</u></u>
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The accompanying notes are an integral part of these financial statements.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER
Statement of Functional Expenses
For the Year Ended June 30, 2023**

	Program Services	Supporting Services	
	Area Health Education	Management and General	Total
Salaries and Related Benefits	\$ 33,488,925	\$ 1,765,317	\$ 35,254,242
Professional Fees	6,538,833	24,726	6,563,559
Administrative Services	4,233,242	-	4,233,242
Supplies and Maintenance	1,098,752	290,986	1,389,738
Operating Service Expense	757,448	26,451	783,899
Travel	703,073	33,516	736,589
Telephone and Communication	364,282	50,596	414,878
Training	372,911	-	372,911
Rent	352,613	12,000	364,613
Equipment Expense	145,202	12,096	157,298
Bank Charges	-	118,172	118,172
Interest	-	109,436	109,436
Consulting Fees	8,921	78,126	87,047
Other	86,605	-	86,605
School Expenses	-	53,183	53,183
Donations	-	50,353	50,353
Legal Fees	-	46,003	46,003
Depreciation	-	41,081	41,081
Utilities	12,616	12,468	25,084
Postage	9,205	12,763	21,968
Insurance and Taxes	-	18,968	18,968
Dues and Subscription	-	16,192	16,192
Total Expenses by Function	\$ 48,172,628	\$ 2,772,433	\$ 50,945,061

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

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER**
Statement of Cash Flows
For the Year Ended June 30, 2023

Cash Flows from Operating Activities

Change in Net Assets Without Donor Restrictions	\$ 2,737,246
Adjustments to Reconcile Change in Net Assets Without Donor Restrictions to Net Cash Used in Operating Activities	
Depreciation	41,081
(Increase) Decrease in Assets	
Grants Receivable	(3,998,017)
Prepaid Expenses	(52,608)
Increase (Decrease) in Liabilities	
Accounts Payable and Accrued Liabilities	686,532
Deferred Revenue	165,494

Net Cash Used in Operating Activities (420,272)

Cash Flows from Investing Activities

Decrease in Notes Receivable	224,706
Purchase of Certificate of Deposit	(84)
Purchase of Fixed Assets	(13,729)

Net Cash Provided by Investing Activities 210,893

Cash Flows from Financing Activities

Proceeds on Line of Credit	21,941,676
Payments on Line of Credit	(21,627,099)

Net Cash Provided by Financing Activities 314,577

Net Increase in Cash and Cash Equivalents 105,198

Cash and Cash Equivalents, Beginning of Year 274,861

Cash and Cash Equivalents, End of Year \$ 380,059

Supplemental Disclosure

Cash Paid for Interest	<u><u>\$ 109,436</u></u>
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The accompanying notes are an integral part of these financial statements.

SOUTHEASTERN LOUISIANA AREA HEALTH EDUCATION CENTER

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Organization

Southeastern Louisiana Area Health Education Center (the Center), formerly known as Southeastern Louisiana Area Health Education Foundation, is a Louisiana non-profit organization originally chartered on June 22, 1989. Its purpose is to operate an area health education center in southeastern Louisiana, in order to plan for additional clinical educational opportunities in rural and underserved communities. The Center provides the following program activities: serves as a bridge between Schools of Health Professions, health providers, and communities; conducts “needs assessments” to determine health care manpower needs and help communities fill those through a “grow your own approach”; organizes linkages with others to provide clinical training sites for students in medicine, nursing, allied health, and dentistry; recruits and retains health care professionals in rural and underserved areas; educates and attracts students, especially those under-represented, to careers in medicine, nursing, dentistry, and allied health fields; sponsor adult and student health career fairs, summer health career camps, and elementary school health education programs; and presents affordable, high quality educational seminars and community education on health care issues for professionals and the public.

Federal Income Taxes

The Center is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code.

Basis of Accounting

The Center prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, involving the application of accrual accounting; consequently, revenues and gains are recognized when earned and expenses and losses are recognized when incurred.

Basis of Presentation

The Center follows the provisions of the *Not-for-Profit Organizations* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under the *Not-for-Profit Organizations* Topic of the FASB ASC, the Center is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions include those net assets available for use in general operations and not subject to donor restrictions. Net assets with donor restrictions are those net assets subject to donor-imposed restrictions. As of June 30, 2023, there are no net assets with donor restrictions.

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Contributions

Contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. Once expended for their restricted purpose, these restricted net assets are released to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed property and equipment is recorded at fair value at the date of donation. In the absence of donor-imposed stipulations regarding how long the contributed asset must be used, the Center has adopted a policy of implying a time restriction on contributions of such assets that expires over the assets' useful lives.

Donated Goods and Services

Organizations are required to recognize as revenue and related expense, services received if the organization would typically need to purchase the services if not received as donations. No amounts have been reflected in the financial statements for donated goods and services because there was either no objective basis available to measure their value or the value given was immaterial to the financial statements taken as a whole.

Revenue and Expenses

Support for the Center is provided primarily by the Louisiana State University and Agricultural and Mechanical College, acting on behalf of the Louisiana State University Medical Center (LSUMC), by federal grants received either directly from federal agencies or passed through state and local governmental agencies, and by contracts and agreements signed with various state agencies to provide support personnel. Interest income is also generated by the Rural Loan Fund Program (see Note 3).

Expenditures pertaining to the funding provided by LSUMC are to be made in accordance with a budget, which has been adopted and made a part of the cooperative endeavor with LSUMC. The Center is to be reimbursed by LSUMC for costs incurred in carrying out the provisions of the agreement. For federal and state grants administered on a cost-reimbursement basis, revenue is recognized as allowable expenditures are incurred. Contract revenue is recognized over the life of the contract and represents the Center's administrative fee.

Grants Receivable

Grants receivable represents amounts earned but not yet collected as of June 30, 2023, from the various grants awarded to the Center. Management believes that the amounts are fully collectible, and no provision for uncollectible accounts is considered necessary. Grants receivable totaled \$8,517,733 as of July 1, 2022.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fixed Assets

Effective with the October 1, 1994 cooperative endeavor between LSUMC and the Center, title to equipment purchased with these funds is to remain with the Center. Prior to October 1, 1994, title to equipment purchased with these funds was to remain with LSUMC. Therefore, equipment purchased with funds provided by LSUMC have been capitalized and recorded in the statement of financial position. In addition, the costs of automobiles, furniture, and office equipment purchased with funds provided by federal award programs have been capitalized and recorded in the statement of financial position. Acquisitions of property and equipment in excess of \$1,000 and an economic useful life greater than one year are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows: building and building improvements - 30 years, furniture and equipment - 5 to 7 years, and vehicles - 3 to 5 years.

Notes Receivable

Notes receivable (related to the Rural Loan Fund) are stated at their principal balances outstanding. Interest income on notes receivable is recognized using the interest method. An allowance is established in an amount that management believes will be adequate to absorb possible losses on existing notes that may become uncollectible, based on evaluation of the collectability and prior loss experience. The evaluations take into consideration such factors as current economic conditions that may affect the borrowers' ability to pay.

Cash Flow Information

The Center considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Functional Expenses

The cost of providing the Center's various programs and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses are first allocated by direct identification and then allocation if an expenditure benefits more than one program or function. As of June 30, 2023, all expenses were allocated by direct identification and not allocated.

Advertising Costs

Advertising costs are expensed as incurred. The Center incurred advertising costs totaling \$18,243 during the year ended June 30, 2023.

Leases

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months.

SOUTHEASTERN LOUISIANA AREA HEALTH EDUCATION CENTER

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Leases (Continued)

Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The Center adopted Topic 842 on July 1, 2022, using the optional transition method to the modified retrospective approach. Under this transition provision, the Center has applied Topic 842 to reporting periods beginning on July 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Center's historical accounting treatment under ASC Topic 840, *Leases*.

The Center determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract, and (ii) the Center obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Center also considers whether its service arrangements include the right to control the use of an asset.

The Center elected to adopt the package of practical expedients under the transition guidance within Topic 842 and has not elected to adopt the hindsight practical expedient. The Center made an accounting policy election available under Topic 842 not to recognize the right of use assets and lease liabilities for leases with a term of 12 months or less. The Center also made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component.

For the year ended June 30, 2023, the Center had no operating or finance leases applicable to Topic 842. Adoption of the new lease standard did not impact net earnings or cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets. The Center did have operating leases for equipment with terms of 12 months or less, which is accounted for under its accounting policy election for short-term leases (see Note 9).

Recently Issued Accounting Pronouncements - Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost. The ASU requires financial assets measured at amortized cost (including loans, trade receivables, and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of activities as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022. ASU 2016-13 is effective for the Center as of July 1, 2023. The Center is currently evaluating the impact of adopting this new guidance on its financial statements and does not expect the impact to be significant.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER**

Notes to Financial Statements

Note 2. Concentration of Credit Risk

The Center periodically maintains cash in bank accounts in excess of the federally insured limits. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. At June 30, 2023, approximately \$320,933 of cash and cash equivalents were uninsured. The Center has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

Note 3. Notes Receivable

The Center operates the Rural Loan Fund Program to assist rural health clinics and hospitals obtain low-interest loans to assist in obtaining necessary equipment and facilities to enhance their ability to provide high-quality health care to residents in rural areas of the State of Louisiana.

At June 30, 2023, the Center had twelve notes outstanding totaling \$1,518,165. At June 30, 2023, all twelve notes were classified as current. The twelve notes have interest rates of approximately 4% to 7%, with maturities ranging from 2023 to 2029.

During the year ended June 30, 2023, the Center conducted a review of its notes receivable and has recorded an allowance for doubtful accounts of \$18,500.

Note 4. Fixed Assets

As of June 30, 2023, fixed assets consisted of the following:

Buildings	\$	615,581
Office Equipment		142,793
Office Furniture		51,582
Vehicles		<u>216,212</u>
		1,026,168
Less: Accumulated Depreciation		<u>(652,078)</u>
Total	\$	<u><u>374,090</u></u>

All capitalized assets are depreciated using the straight-line basis over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2023, totaled \$41,081.

Not included in fixed assets is approximately \$460,000 of medical reference books and journals which were donated to the Center during the year ended June 30, 2015. No value has been recorded within the financial statements for this donation as these items have been accepted for their potential future use in scientific and educational research.

SOUTHEASTERN LOUISIANA AREA HEALTH EDUCATION CENTER

Notes to Financial Statements

Note 5. Line of Credit and Note Payable

The Center has a line of credit in the amount of \$5,500,000. The line bears interest at the Index (8.25% at June 30, 2023) and matured on September 9, 2023. The line was renewed for an additional six months maturing March 9, 2024. As of June 30, 2023, the balance outstanding on the line of credit was \$2,248,448.

The Center has a \$250,000 note payable from the Louisiana Public Facilities Authority (LPFA). The note is non-interest bearing, and the entire principal balance of \$250,000 is due in July 2024.

Note 6. Retirement Plan

The Center established an employer sponsored 403(b) annuity plan (the Plan) effective October 1, 1990, to provide retirement benefits for employees of the Center and the payment of benefits to employees and their beneficiaries. The Center's contribution was 7% of the employees' salaries during the year ended June 30, 2023. Additionally, an amount determined by resolution of the Board of Directors of the Center may be contributed to the Plan. The contribution to the Plan for the year ended June 30, 2023, amounted to \$1,224,340.

In October 2014, the Center established a 457(b) deferred compensation plan covering the CEO, CFO, and certain senior staff. In June 2016, the Center approved to add Directors to the Plan. The contribution to the Plan for the year ended June 30, 2023 amounted to \$94,000. The only eligible employees are the CEO, CFO, and certain Board approved senior staff.

Note 7. Uncertain Tax Positions

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Center believes it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements. Penalties and interests assessed by income taxing authorities, if any, would be included in income tax expense.

Note 8. Liquidity and Availability

The Center regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days, utilizing the financial resources the Center has available.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER**

Notes to Financial Statements

Note 8. Liquidity and Availability (Continued)

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, consisted of the following:

Cash and Cash Equivalents	\$	380,059
Certificate of Deposit		168,338
Grants Receivable		<u>12,515,750</u>
Total	\$	<u>13,064,147</u>

Note 9. Commitments and Contingencies

The Center receives financial assistance directly from federal agencies which are subject to compliance audits under Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and monitoring review by the granting agencies. As a result, amounts might be subject to disallowance upon acceptance of the audits and monitoring reviews by the federal granting agencies.

The Center, in the ordinary course of business, may be involved in various legal proceedings. It is the opinion of the Center's management that the disposition or ultimate resolution of such proceedings would not have a material effect on the Center's financial position or the results of operations. The Center has operating leases for equipment that fall under the Center's accounting policy election for leases with a term of 12 months or less.

Lease expense for all short-term operating leases, including taxes and fees, for the year ended June 30, 2023 was \$7,385.

At June 30, 2023, the Center's future commitment under its non-cancelable operating leases, as determined under Topic 840, was \$9,120.

Note 10. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 8, 2023, and determined that the following event occurred that requires disclosure:

On September 9, 2023, the Center renewed its line of credit for an additional six months, maturing March 9, 2024.

No subsequent events occurring after November 8, 2023, have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER
Supplementary Information
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2023**

Agency Head
Brian P. Jakes, Sr., CEO

Purpose	Amount
Salary	\$190,845
Benefits - Insurance	\$9,298
Benefits - Retirement	\$32,860
Benefits - Other	\$0
Car Allowance	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Business Cell Phone	\$1,561
Special Meals	\$0

Louisiana Revised Statute (R.S.) 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees to be reported as a supplemental report within the financial statement of local government and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that received public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

See independent auditor's report.

UNIFORM GUIDANCE SECTION

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity's Identifying Number	Federal Revenue Recognized	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>				
Passed through Louisiana State University Medical Center:				
Area Health Education Centers Point of Service Maintenance and Enhancement Awards	93.107	72608770A1	\$ 114,739	\$ 114,739
Passed through City of New Orleans - Office of Health Policy:				
HIV Emergency Relief Project Grants - Ryan White HIV/AIDS Treatment	93.914	980HP0014C	777,079	777,079
Passed through New Orleans Regional AIDS Planning Council:				
HIV Emergency Relief Project Grants - Ryan White HIV/AIDS Treatment	93.914	980HP0014C	319,420	319,420
Passed through Florida Parishes Human Services Authority:				
Block Grants for Community Mental Health Services	93.958	721155014-00	21,271	21,271
Total - U.S. Department of Health and Human Services			1,232,509	1,232,509
<u>U.S. Department of Education</u>				
Passed through Louisiana Department of Health and Hospitals:				
Special Education - Grants for Infants and Families	84.181	610292	2,828,815	2,828,815
Total - U.S. Department of Education			2,828,815	2,828,815
Total Expenditures and Federal Awards			\$ 4,061,324	\$ 4,061,324
Reconciliation				
Cooperative Endeavor with LSUMC - Federal Portion Federal Grant Revenue			\$ 114,739	
			<u>3,946,585</u>	
Total			\$ 4,061,324	

See accompanying note to schedule of expenditures of federal awards.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER**
Note to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the grant activity of Southeastern Louisiana Area Health Education Center (the Center) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance.

The Center has elected to use the indirect cost rate as specified under the grant agreement.

**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

To the Board of Directors
Southeastern Louisiana Area Health Education Center
Hammond, 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 statements of Southeastern Louisiana Area Health Education Center (the Center), which comprise the statement of financial position as of June 30, 2023, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 8, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) as a basis for designing 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 an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center'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 financial statements. 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 Standards*.

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 entity'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 entity'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 Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaPorte".

A Professional Accounting Corporation

Metairie, LA
November 8, 2023

**REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

To the Board of Directors
Southeastern Louisiana Area Health Education Center
Hammond, Louisiana

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Southeastern Louisiana Area Health Education Center's (the Center) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Center's major federal program for the year ended June 30, 2023. The Center's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibility under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Center's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Center's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Center's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Center's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Metairie, LA
November 8, 2023

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023**

A. Summary of Auditor's Results

Financial Statements

- | | |
|--|---------------|
| 1) Type of auditor's report | Unmodified |
| 2) Internal control over financial reporting and compliance and other matters | |
| a) Material weaknesses identified? | No |
| b) Significant deficiencies identified not considered to be material weaknesses? | None reported |
| 3) Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|---|---------------|
| 4) Internal control over major programs | |
| a) Material weaknesses identified? | No |
| b) Significant deficiencies identified not considered to be material weaknesses? | None reported |
| 5) Type of auditor's report issued on compliance for major program | Unmodified |
| 6) Audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? | No |
| 7) Identification of major programs | |
| 84.181 - Special Education - Grants for Infants and Families | |
| 8) Dollar threshold used to distinguish between Type A and B programs | \$750,000 |
| 9) Auditee qualified as a low-risk auditee? | Yes |

B. Findings Related to the Financial Statements

None.

C. Findings and Questioned Costs Related to Major Federal Award Program

None.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER
Schedule of Prior Audit Findings and Questioned Costs
For the Year Ended June 30, 2023**

Findings Related to the Financial Statements

None.

Findings and Questioned Costs Related to Major Federal Award Program

None.

AGREED-UPON PROCEDURES REPORT

S.E. Louisiana Area Education Center

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period July 1, 2022 - June 30, 2023

To the Board of Directors
Southeastern Louisiana Area Health Education Center
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. Southeastern Louisiana Area Health Education Center's (the Center) management is responsible for those C/C areas identified in the SAUPs.

Southeastern Louisiana Area Health Education Center 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 the LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, the 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.

The procedures and associated findings are as follows:

1) *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:
 - i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - ii. **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.

- iii. **Disbursements**, including processing, reviewing, and approving.
- iv. **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).
- v. **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 rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, purchase 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).
- ix. **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.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **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.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: Exceptions were noted for procedure xi.

xi. - Exceptions related to the following reasons: Policy does not include the periodic testing/verification that backups can be restored and the identification of personnel, processes, and tools needed to recover operations after a critical event.

2) Board or Finance Committee

- A. 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:
- i. 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.
 - ii. For those entities reporting on the governmental accounting model, observe that 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 not-for-profit 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.*
 - iii. 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.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: No exceptions were noted as a result of performing these procedures.

3) Bank Reconciliations

- A. 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:
- i. 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);
 - ii. Bank reconciliations include written 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
 - iii. 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.

Results: No exceptions were noted as a result of performing these procedures.

4) Collections (excluding electronic funds transfers)

- A. 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).
- B. 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:
 - i. Employees that are responsible for cash collections do not share cash drawers/registers;
 - ii. 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;
 - iii. 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; and
 - iv. 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.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3A 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:
 - i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. 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 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

Not applicable.

5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

- A. 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).
- B. For each location selected under procedure #5A 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:
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. 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;
 - iv. 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; and
 - v. Only employee/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- [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.]
- C. For each location selected under #5A 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:
- i. Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g. sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: if no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Results: No exceptions were noted as a result of performing these procedures.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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.
- B. 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:
 - i. 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 (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under #6B 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 that 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.

Results: No exceptions were noted as a result of performing these procedures.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. 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:
 - i. If reimbursed using a per diem, observe that 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);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

- iii. 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 Procedures procedure #1A(vii); and
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions were noted as a result of performing these procedures.

8) Contracts

- A. 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:
 - i. 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;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observe that 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); and
 - iv. 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 that the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions were noted as a result of performing these procedures.

9) Payroll and Personnel

- A. 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.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and:
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe that supervisors approved the attendance and leave of the selected employees or officials;

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- C. 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 2 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.
- D. 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.

Results: No exceptions were noted as a result of performing these procedures.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain ethics documentation from management, and:
- i. Observe that the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. 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.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Not applicable.

11) Debt Service

- A. 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 that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

- B. 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).

Not applicable.

12) Fraud Notice

- A. 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 as required by R.S. 24:523.
- B. Observe that 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.

Results: The notice required by R.S. 24:523.1 is not posted on the entity's website.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report: "We performed the procedure and discussed the results with management."**
 - i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. 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.
 - iii. 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.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C.
 - i. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results: We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that 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).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1st, and observe that it includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Not applicable.

We were engaged by Southeastern Louisiana Area Health Education Center to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, 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 Southeastern Louisiana Area Health Education Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended 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.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Metairie, LA
November 6, 2023

AHEC Area Health Education Center • Southeast Louisiana

AHEC • 1302 J. W. Davis Drive; Hammond LA 70403; Phone: 985.345.1119; Fax: 985.419.9486

Mr. Michael J. Waguespack
Louisiana Legislative Auditor
1600 N 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: SAUP Agreed-Upon Procedures

The management of the S.E. Louisiana Area Education Center wishes to provide the following responses relative to the results of the 2023 statewide agreed-upon procedures engagement:

- 1) In response to the results of the policies and procedures section, management will amend its policies and procedures to meet all requirements.
- 2) In response to the fraud notice required by R.S. 24:523.1, management will post the notice on the entity's website.

Sincerely,



Cheryl Tanner,
CFO