

**FAMILY DAY CARE HOME PROGRAM  
OF  
NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED  
MONROE, LOUISIANA**

**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
WITH SUPPLEMENTAL INFORMATION  
As of And for The Year Ended September 30, 2019**

**BY**

**ROSIE D. HARPER  
CERTIFIED PUBLIC ACCOUNTANT, LLP**

**300 WASHINGTON STREET SUITE 104 • MONROE, LOUISIANA 71201  
OFFICE (318) 387-8008 • FAX (318) 387-0806**

**FAMILY DAY CARE HOME PROGRAM  
OF  
NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED  
MONROE, LOUISIANA**

**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
WITH SUPPLEMENTAL INFORMATION  
As of And for The Year Ended September 30, 2019**

**FAMILY DAY CARE HOME PROGRAM  
OF  
NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED  
Monroe, Louisiana**

**Financial Statements  
and Independent Auditor's Report  
with Supplemental Information  
As of and for the Year Ended September 30, 2019**

**CONTENTS**

	<u>STATEMENTS</u>	<u>PAGE NO.</u>
Independent Auditor's Report		1-2
Financial Statements		
Statement of Financial Position	A	4
Statement of Activities	B	5
Statement of Cash Flows	C	6
Statement of Functional Expenses	D	7
Notes to the Financial Statements		8-11
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>		12-13
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance		14-15
Supplemental Information:		
Program Description		17
Schedule of Activities-Budget to Actual (Administrative)		18
Analysis of Administrative Reimbursement Allowable		19
Schedule of Meals Claimed and Reimbursement Allowed		20
Schedule of Expenditure of Federal Awards		21
Schedule of Findings and Questioned Costs		22-28
Schedule of Prior Year Findings		29
Schedule of Compensation-Key Management		30
Schedule of Board Members		31
Management's Corrective Action Plan		32-34



**ROSIE D. HARPER**

Certified Public Accountant, LLP

300 Washington Street, Suite 104 • Monroe, Louisiana 71201

Phone: (318) 387-8008 • Fax: (318) 387-0806

---

### **Independent Auditor's Report**

To the Board of Directors of  
Nutrition Healthy Choice of Monroe, Incorporated  
Monroe, Louisiana

I have audited the accompanying financial statements of Nutrition Healthy Choice of Monroe, Incorporated (a nonprofit organization), which comprise the statement of financial position as of September 30, 2019 and the related statements of activities, functional expenses, and cash flows for the year 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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Nutrition Healthy Choice of Monroe, Incorporated  
Independent Auditor's Report (Continued)**

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nutrition Healthy Choice of Monroe, Incorporated as of September 30, 2019, 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.

**Other Matters**

*Other Information*

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. The information in Schedules 1 through 9 and the Louisiana Compliance Questionnaire are also presented for purposes of additional analysis and are not a part of the required 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 my 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*, I have also issued my report dated March 8, 2020 on my consideration of Nutrition Healthy Choice of Monroe, Incorporated's internal control over financial reporting and on my 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 my 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 Nutrition Healthy Choice of Monroe, Incorporated'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 Nutrition Healthy Choice of Monroe, Incorporated's internal control over financial reporting and compliance.



Rosie D. Harper  
Certified Public Accountant

Monroe, Louisiana  
March 8, 2020

# **FINANCIAL STATEMENTS**

FAMILY DAY CARE HOME PROGRAM  
OF  
NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED

Statement A

Statement of Financial Position  
September 30, 2019

**Assets**

Cash	\$ 805,513
Reimbursement Receivable	<u>710,571</u>
Total Assets	<u><u>1,516,084</u></u>

**Liabilities and Net Assets**

Liabilities:

Accrued Liabilities	575
Deferred Revenue	23,534
Due to Louisiana Department of Education	2,222
Due to Providers	<u>1,489,753</u>
Total Liabilities	<u>1,516,084</u>

Net Assets:

	<u>-</u>
Total Net Assets	<u>-</u>
Total Liabilities and Net Assets	<u><u>\$ 1,516,084</u></u>

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

FAMILY DAY CARE HOME PROGRAM  
 OF  
 NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED

Statement B

Statement of Activities  
 For the Year Ended  
 September 30, 2019

**CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS**

<b>Net Assets Released from Restrictions</b>	
Restrictions Satisfied by Payments	\$ 9,780,889
TOTAL REVENUE, GAINS AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	9,780,889
 <b>Expenses</b>	
General and Administrative Expenses	1,228,962
Program Expense	8,551,927
Total Expenses	9,780,889
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	-

**CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS**

<b>Revenue and Gains</b>	
Reimbursements	
Louisiana Department of Education	
Net Assets Released from Restrictions	9,780,889
TOTAL REVENUE AND GAINS WITH DONOR RESTRICTIONS	9,780,889
Restrictions Satisfied by Payments	(9,780,889)
DECREASE IN NET ASSETS WITH DONOR RESTRICTIONS	-
DECREASE IN NET ASSETS	-
NET ASSETS AT THE BEGINNING OF THE YEAR	-
NET ASSETS AT THE END OF THE YEAR	\$ -

See Accompanying Independent Auditor's Report and Notes to Financial Statements.



FAMILY DAY CARE HOME PROGRAM  
OF  
NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED

Statement C

Statement of Cash Flows  
For the Year Ended  
September 30, 2019

<b>Operating Activities</b>	<b>All Funds</b>
Change in Net Assets	\$ -
Adjustments to Reconcile Change in Net Assets to Net	
Cash Provided by Operating Activities:	
Decrease in Reimbursement Receivable	653,184
Decrease in Deferred Revenue	(50,920)
Decrease in Accrued Liabilities	(25,182)
Increase in Due to Louisiana Department of Education	1,685
Increase in Due to Providers	175,262
Total Adjustments	<u>754,029</u>
Net Cash Provided by Operating Activities	<u>754,029</u>
Net Cash Increase for Period	754,029
Cash at Beginning of Period	<u>51,484</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 805,513</u></u>

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

FAMILY DAY CARE HOME PROGRAM  
OF  
NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED

Statement D

Statement of Functional Expenses  
For the Year Ended  
September 30, 2019

	<b>General and Administrative</b>	<b>Program Services</b>	<b>Total Expenses</b>
<b>Personnel Costs</b>			
Salaries and Wages	\$ 759,737	\$ -	\$ 759,737
Related Benefits	125,089	-	125,089
<b>Total Personnel Costs</b>	884,826	-	884,826
<b>Other Expenses</b>			
Contract Costs	13,329	-	13,329
Provider Reimbursements	-	8,551,927	8,551,927
Operating Costs	258,418	-	258,418
Provider Training	9,872	-	9,872
Staff Training	21,854	-	21,854
Travel	31,115	-	31,115
Other Expense	9,548	-	9,548
<b>Total Other Expenses</b>	344,136	8,551,927	8,896,063
<b>Total Functional Expenses</b>	\$ 1,228,962	\$ 8,551,927	\$ 9,780,889

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

**Family Day Care Home Program  
Of  
Nutrition Healthy Choice of Monroe, Incorporated  
Monroe, Louisiana**

**Notes to the Financial Statements  
As of and for the Year Ended September 30, 2019**

**NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated is a private non-profit organization domiciled in Monroe, Louisiana. The Organization was chartered by the State of Louisiana on February 10, 1975. The Organization is recognized as a tax exempt (non-profit) organization under section 501 (c) (3) of the Internal Revenue Service Code. It administers assistance to Family Day Care Home providers by enrolling, monitoring, reimbursing, and providing overall assistance to service providers as authorized at section 17 of the National School Lunch Act (42 U.S.C. 1766). The Home providers provide a combination of three meals or snacks a day to eligible children who are kept in the homes of the service providers. A Board of Directors which consists of five (5) members governs the agency. The Board Members receive no compensation.

**Public Support and Revenue**

In order to comply with restrictions that donors place on grants and other gifts as well as designations made by its governing board, the principles of reporting net assets are used. Revenue and public support consist mainly of governmental grants and contributions. Contributions of cash and other assets are reported as net assets with donor restrictions if they are received with donor restrictions or restrictions designated by the governing board. Contributions are considered to be without restrictions unless restricted by the donor and are reported as net assets without donor restrictions.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Income Taxes**

Nutrition Healthy Choice of Monroe, Incorporated is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code and, therefore, has made no provision for federal income taxes in the accompanying financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Organization, and has concluded that as of March 8, 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by Internal Revenue Service for the years ended September 30, 2017, 2018, and 2019; however, there are currently no audits for any tax period in progress.

**Family Day Care Home Program of  
Nutrition Healthy Choice of Monroe, Incorporated  
Notes to the Financial Statements (Continued)**

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents. Under state law, the agency may deposit funds in demand accounts, interest bearing accounts, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated had no cash equivalents during the audit period. On September 30, 2019, the Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated had cash deposits of \$805,513.

**NOTE B-PENSION PLAN**

The Organization does not have a retirement program for its employees and the employees are not members of the State of Louisiana Retirement System. All employees of the Organization are members of the Social Security System. In addition to the employees' contributions, the agency contributes 7.65 percent of adjusted gross payroll to the Social Security System. The Organization does not guarantee the benefits granted by the Social Security System.

**NOTE C-FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NOTE D-BUDGET PRACTICES**

The Organization prepares an annual budget, which is approved by the Board of Directors prior to being submitted to the reimbursement agency. Budgeted costs amounts are closely monitored to ensure the costs are not exceeded.

**NOTE E-RECEIVABLES**

At September 30, 2019, the Organization had receivables as follows:

Louisiana Department of Education-Family Day Care Home Program Reimbursements	<u>\$ 710,571</u>
Total	<u><u>\$ 710,571</u></u>

**Family Day Care Home Program of  
Nutrition Healthy Choice of Monroe, Incorporated  
Notes to the Financial Statements (Continued)**

**NOTE F-LIABILITIES**

At September 30, 2019, the Organization had liabilities totaling \$1,492,550. The liabilities consist of the following:

Accrued Liabilities	\$	575
Due to Louisiana Department of Education		2,222
Due to Providers		1,489,753
Total	\$	<u>1,492,550</u>

**NOTE G-DEFERRED REVENUE**

Restricted revenue under the deferral method is recognized as revenue in the period in which the related expense is incurred. Starting with funds made available to sponsors in Federal Fiscal Year 2011, sponsors of a day care home may elect to carry over unspent CACFP administrative funds for use in the following fiscal year. The amount a sponsor may carry over may not exceed 10 percent of the sponsor's limit under the homes-times-rates formula described in (1) above (42 USC 1766(f)(3)(B)(iii)).

At September 30, 2019, the Organization had deferred revenue totaling \$23,534 which represents carryover funds of less than 3% of the funds of the total reimbursements received for homes times the effective rate per home.

**NOTE H-RELATED PARTY TRANSACTION**

The Board of Directors consists of five (5) members. The spouse of Board Member, Johnny Patterson, serves as the Executive Director of the agency. Board Member Johnny Patterson is employed as the Chief Financial Officer. The Board of Directors approved the appointment of the Executive Director and the Chief Financial Officer. Board member Garnesha Beck served as part-time accounting clerk.

**NOTE I-FRINGE BENEFIT**

All full-time employees are offered life insurance coverage up to \$40,000 or the maximum amount the underwriter will approve, whichever is greater. The Organization also pays health insurance benefits for all full-time employees. The Organization contributes \$100 per month for each employee to help defer the cost of health insurance.

**NOTE J-COMPENSATED ABSENCES**

Compensated absences are absences for which employees will be paid, such as vacation and/or sick leave. The Organization has a formal policy for accumulation and vesting of annual leave, and sick leave, which is based on the length of service. The days that are granted are included in annual salaries. Annual and sick leave time that are earned but not used may not be brought forward into the next calendar year. For the purpose of this report, accumulated days for compensated absences are considered immaterial.

**Family Day Care Home Program of  
Nutrition Healthy Choice of Monroe, Incorporated  
Notes to the Financial Statements (Continued)**

**NOTE K-OPERATING LEASE COMMITMENT**

As of September 30, 2019, the Organization was committed to three (3) operating leases for its office facilities and paid rent of \$33,424. Future minimum lease payments under leases that have remaining terms in excess of one year as of September 30, 2019 are:

<b>Fiscal Year</b>	<b>Buildings</b>
2020	32,524
2021	22,623
2022	20,739
Total	<u>\$ 75,886</u>

**NOTE L-CONCENTRATION OF RISK**

For the year ended September 30, 2019, the Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated was subject to significant concentration risks due to the fact that one hundred percent (100%) of its funding consisted of a contract agreement with the State of Louisiana.

**NOTE M. LIQUIDITY MANAGEMENT**

As of September 30, 2019, the following financial assets could be made readily available within one year of the statement of financial position date to meet general expenditures:

Cash	\$ 805,513
Reimbursement Receivable	710,571
Total	<u>\$ 1,516,084</u>

As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due.

**NOTE N-TEMPORARY DEFERRED SERIOUS DEFICIENCY DETERMINATION**

During May 13-17, 2019 and May 23, 2019, Louisiana Department of Education conducted a compliance monitoring review of the Organization. As a result, the Organization is currently in a status of temporary deferment of serious deficiency determination. Management has implemented the corrective action plan which was submitted to Louisiana Department of Education in response to their findings.

**NOTE N-SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through March 8, 2020, the date which the financial statements were available to be issued and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.



ROSIE D. HARPER

Certified Public Accountant, LLP

300 Washington Street, Suite 104 • Monroe, Louisiana 71201

Phone: (318) 387-8008 • Fax: (318) 387-0806

---

**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**

To: The Board of Directors of  
Nutrition Healthy Choice of Monroe, Incorporated  
Monroe, Louisiana

I 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 The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated (a nonprofit organization) which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated March 8, 2020.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Nutrition Healthy Choice of Monroe, Incorporated's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Nutrition Healthy Choice of Monroe, Incorporated's internal control. Accordingly, I do not express an opinion on the effectiveness of the Nutrition Healthy Choice of Monroe, Incorporated'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.

My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that I consider to be significant deficiencies, as *Finding:2019-1-3*.

**Nutrition Healthy Choice of Monroe, Incorporated**  
**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***  
**(Continued)**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Nutrition Healthy Choice of Monroe, Incorporated's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as *Finding:2019-1-3*.

**Nutrition Healthy Choice of Monroe, Incorporated's Response to Findings**

Nutrition Healthy Choice of Monroe, Incorporated's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. Nutrition Healthy Choice of Monroe, Incorporated's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of my 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. However, this report is a matter of public record and its distribution is not limited.



Rosie D. Harper  
Certified Public Accountant

Monroe, Louisiana  
March 8, 2020





ROSIE D. HARPER

Certified Public Accountant, LLP

300 Washington Street, Suite 104 • Monroe, Louisiana 71201

Phone: (318) 387-8008 • Fax: (318) 387-0806

---

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

To the Board of Directors  
Nutrition Healthy Choice of Monroe, Incorporated  
Monroe, Louisiana

**Report on Compliance for Each Major Federal Program**

I have audited The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated's major federal programs for the year ended September 30, 2019. The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

My responsibility is to express an opinion on compliance for each of The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Nutrition Healthy Choice of Monroe, Incorporated's compliance.

***Opinion on Each Major Federal Program***

In my opinion, The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

**Nutrition Healthy Choice of Monroe, Incorporated  
Independent Auditor's Report On Compliance For Each Major Program And On Internal Control Over  
Compliance Required By Uniform Guidance (Continued)**

***Other Matters***

The results of my auditing procedures did not disclose any instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance.

**Report on Internal Control Over Compliance**

Management of The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of The Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated's 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 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.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, I identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item *Findings:2019-1-3* that I consider to be a significant deficiency.

Nutrition Healthy Choice of Monroe, Incorporated's response to the internal control over compliance finding identified in my audit is described in the accompanying schedule of findings and questioned costs. Nutrition Healthy Choice of Monroe, Incorporated's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of my 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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Rosie D. Harper  
Certified Public Accountant

Monroe, Louisiana  
March 8, 2020

## **SUPPLEMENTAL INFORMATION**

**FAMILY DAY CARE HOME PROGRAM  
OF  
NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED  
Monroe, Louisiana**

**PROGRAM DESCRIPTION**

The Family Day Care Home program provides by enrolling, monitoring, reimbursing, and providing overall assistance for service providers as authorized at section 17 of the National School Lunch Act (42 U.S.C. 1766) as amended. The home providers provide a combination of three meals or snacks a day to eligible children who are kept in the homes of the service providers. The Family Day Care Home Program is a federally funded program that provides administrative assistance to Family Day Care Home service providers. The agency reimburses service providers for up to three (3) meals per day for eligible applicants. The agency is funded by the United States Department of Agriculture as a pass-through entity of the Louisiana Department of Education.

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

FAMILY DAY CARE HOME PROGRAM  
OF  
NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED

Schedule 2

Administrative Fund  
Schedule of Activities - Budget to Actual  
September 30, 2019

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenue</b>			
Reimbursements	\$1,202,600	\$ 1,228,962	\$ (26,362)
<b>Total Revenue</b>	<u>1,202,600</u>	<u>1,228,962</u>	<u>(26,362)</u>
<b>Personnel Costs</b>			
Salaries and Wages	750,713	759,737	(9,024)
Payroll Taxes and Other Fringe Benefits	73,483	125,089	(51,606)
<b>Total Personnel Costs</b>	<u>824,196</u>	<u>884,826</u>	<u>(60,630)</u>
<b>Other Expenses</b>			
Contract Costs	12,380	13,329	(949)
Operating Costs	282,524	258,418	24,106
Provider Training	9,000	9,872	(872)
Staff Training	20,000	21,854	(1,854)
Travel	38,500	31,115	7,385
Other Expense	16,000	9,548	6,452
<b>Total Other Expenses</b>	<u>378,404</u>	<u>344,136</u>	<u>34,268</u>
<b>Total Expenses</b>	<u>1,202,600</u>	<u>1,228,962</u>	<u>(26,362)</u>
<b>Change in Net Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

FAMILY DAY CARE HOME PROGRAM  
OF  
NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED

Schedule 3

Analysis of Administrative Reimbursement Allowable  
September 30, 2019

A. Actual Administrative Expenditures		\$1,228,962		
<b>Less:</b> Non-Program Expense	-			
Budget Overspent	-			
Questioned Costs	-	-		<u>1,228,962</u>
B. Administrative Reimbursement				
1 to 50 Oct 18-Jun 19	53,100			
51 to 200 Oct 18-Jun 19	121,500			
201 to 1000 Oct 18-Jun 19	504,000			
1001+ Oct 18-Jun 19	190,712			
1 to 50 Jul 19-Sept 19	18,000			
51 to 200 Jul 19-Sept 19	40,950			
201 to 1000 Jul 19-Sept 19	170,400			
1001+ Jul 19-Sept 19	<u>79,443</u>	1,178,105		
<b>Less:</b> Funds to be Returned		(63)		
<b>Plus:</b> Prior Year Carry-over Funds		<u>74,454</u>		<u>1,252,496</u>
C. Approved Administrative Budget				<u>1,202,600</u>
D. Thirty Percent (30%) of Total Reimbursement:				
<b>Program Reimbursement</b>	8,515,857			
<b>Less:</b> Funds Disallowed	-			
Non-Program Expenses				
Questioned Costs				
Budget Overspent	<u>-</u>	8,515,857		
<b>Administrative Reimbursement</b>	1,252,496			
<b>Less:</b> Funds Disallowed	-			
Non-Program Expenses	-			
Questioned Costs	-			
Budget Overspent	<u>-</u>	1,252,496		
		<u>9,768,353</u>		
		x 30%		
				<u>2,930,506</u>
E. Maximum Reimbursement Allowable (Lesser of A, B, C, or D)				1,202,600
F. Administrative Reimbursement Received Plus Prior Year Carry-over		<u>1,252,496</u>		
G. Administrative Reimbursement Over (Under) Claimed-( <b>Carry-Over</b> )				* <u>23,534</u>

\* Carryover funds are less than 2% of reimbursements received.  
See Accompanying Independent Auditor's Report and Notes to Financial Statements.

FAMILY DAY CARE HOME PROGRAM  
OF  
NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED

Schedule 4

Schedule of Meals Claimed and Reimbursement Allowed  
September 30, 2019

	<i>Tier 1</i>				
	<i>Breakfast</i>	<i>Lunch</i>	<i>Supper</i>	<i>Supplement</i>	<i>Total</i>
<b>Meals Claimed October 2018 to June 2019</b>					
Meals Claimed	15,608	775,730	1,309,270	1,333,115	3,433,723
<b>Less: Meals Over (Under) Claimed</b>					
Per Audit	-	169	269	276	714
Per Audit Cost	\$ -	\$ 415.74	\$ 661.74	\$ 201.48	\$ 1,278.96
Total (Over)/Under	-	169	269	276	714
Meals Allowed	15,608	775,561	1,309,001	1,332,839	3,433,009
Reimbursement Rate	\$ 1.31	\$ 2.46	\$ 2.46	\$ 0.73	
Reimbursement Based on Rate	\$ 20,446.48	\$ 1,907,880.06	\$ 3,220,142.46	\$ 972,972.47	\$ 6,121,441.47
<b>Meals Claimed July 2019 to September 2019</b>					
Meals Claimed	6,175	331,349	481,318	490,902	1,309,744
<b>Less: Meals Over (Under) Claimed</b>					
Per Audit	-	72	132	132	336
Per Audit Cost	\$ -	\$ 179.28	\$ 328.68	\$ 97.68	\$ 605.64
Total Over/(Under)	-	-	132	-	336
Meals Allowed	6,175	331,277	481,186	490,770	1,309,408
Reimbursement Rate	\$ 1.33	\$ 2.49	\$ 2.49	\$ 0.74	
Reimbursement Based on Rate	\$ 8,212.75	\$ 824,879.73	\$ 1,198,153.14	\$ 363,169.80	\$ 2,394,415.42
<b>Total Meals Claimed</b>	21,783	1,106,838	1,790,187	1,823,609	4,742,417
<b>Less Total Overclaims</b>	-	241	401	408	1,050
<b>Total Net Meals Allowed</b>	21,783	1,106,597	1,789,786	1,823,201	4,741,367
<b>Program Reimbursement Allowed</b>	\$ 28,659.23	\$ 2,732,759.79	\$ 4,418,295.60	\$ 1,336,142.27	\$ 8,515,856.89
<b>Adjustment for Rounding Off</b>					
<b>Program Reimbursement Allowed</b>					\$ 8,515,856.89
<b>Program Reimbursement Received</b>					8,517,741.49
<b>Less Funds Refunded to State at 9/30/19</b>					<b>(763.55)</b>
<b>Net Reimbursements Received</b>					8,516,977.94
<b>Program Reimbursement (Over)/Under Claimed</b>					<b>\$ (1,121.05)</b>

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

FAMILY DAY CARE HOME PROGRAM  
OF  
NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED

Schedule 5

Schedule of Expenditure of Federal Awards  
For the Year Ended September 30, 2019

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Federal Expenditures
UNITED STATES DEPARTMENT OF AGRICULTURE Passed through State of Louisiana Department of Education Child and Adult Care Food Program	10.558	\$ 9,780,889
TOTAL UNITED STATES DEPARTMENT OF AGRICULTURE		<u>9,780,889</u>
Total Expenditures of Federal Awards		<u>\$ 9,780,889</u>

FAMILY DAY CARE HOME PROGRAM OF NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Family Day Care Home Program of Nutrition Healthy Choice, Incorporated and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the basic financial statements.

The Organization has elected to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

e Accompanying Independent Auditor's Report and Notes to Financial Statements.



**FAMILY DAY CARE HOME PROGRAM  
OF  
NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2019**

**SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements of the Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated.
2. Instances of significant deficiency over internal controls were disclosed during the audit of the financial statements which is listed below as Finding 2019:1 through Finding 2019:3.
3. No instances of noncompliance material to the financial statements of the Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated were disclosed during the audit.
4. An instance of significant deficiency in internal control over major federal award programs was disclosed during the audit and is listed below as Finding 2019:1 through Finding 2019:3.
5. The auditor's report on compliance for the major federal award programs for the Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated expresses an unmodified opinion on all major federal programs.
6. The following funds were received and tested as major or non-major programs for the fiscal year ending September 30, 2019:

United States Department of Agriculture

**CFDA**  
10.558

**PROGRAM**  
Child and Adult Care Food Program

7. The threshold for distinguishing Types A and B programs were as follows:
  - Type A**-\$750,000 or more of federal awards expended.
  - Type B**-Any program that does not meet the threshold of Type A programs.
8. For the period ending September 30, 2019, the Family Day Care Home Program of Nutrition Healthy Choice of Monroe, Incorporated was determined not to be a low-risk auditee.

**Family Day Care Home Program Of Nutrition Healthy Choice Of Monroe, Incorporated  
Schedule Of Findings And Questioned Costs Year Ended September 30, 2019 (continued)**

**FINDINGS-FINANCIAL STATEMENTS AUDIT**

**2019-1 Payroll Taxes Not Paid Timely (Repeat Finding)**

**Criteria:** Federal and state laws require the timely filing and payment of payroll taxes.

**Cause:** Federal and state payroll taxes were not paid timely.

**Condition:** Federal and state payroll taxes were not paid timely.

**Effect:** The Organization has incurred penalties and interest by failing to pay federal and state payroll taxes in a timely manner.

**Recommendation:** The Organization should retain the services of a payroll processing company such as ADP, Quickbooks or Payroll Plus to provide payroll services. These companies will provide the expertise to ensure timely filing and payment of payroll tax liabilities.

**Management's response and Planned corrective action:**

*The payment of payroll taxes generally were timely based on the release of funds of the claim month. Payments were made on line using the EFTPS portal (Electronic Federal Tax Payment System; best option for businesses or large payments; enrollment required). Nutrition Healthy Choice manager was operating with the understanding that when information was entered in to the EFTPS with immediate electronic payment made, there was no need to file a paper 941 form. This was not the case. The Internal Revenue Service does require the quarterly 941 form to be filed. Since being made aware, 941 forms are being filed. Due the illness of the financial officer, the implementation of the corrective action plan for the FY18 finding was not fully implemented in FY19 as planned. To assure the absence of a key employee will not have the same negative affect on the day-to-day operation of NHC, a payroll processing company will be retained. During FY20, a payroll processing company will be selected and approved by the NHC Board of Directors for inclusion in the FY21 budget, thus ensuring timely filing and payment of payroll tax liabilities on a timely basis.*

**Family Day Care Home Program Of Nutrition Healthy Choice Of Monroe, Incorporated  
Schedule Of Findings And Questioned Costs Year Ended September 30, 2019 (continued)**

**2019-2 Inadequate Segregation of Duties**

**Criteria:** Adequate segregation of duties reduces the risks that errors or irregularities will not be prevented or detected on a timely basis by employees in the normal course of business.

**Cause:** The Organization is understaffed in the accounting department.

**Condition:** The treasurer handles primarily all financial transactions for the administrative budget.

**Effect:** Inadequate segregation of duties create risks that errors or irregularities will not be prevented or detected on a timely basis by employees in the normal course of business.

**Recommendation:** The Organization should increase its staffing in the accounting department and segregate the duties of the accounting staff to minimize the risks that errors or irregularities will not be prevented or detected on a timely basis by employees in the normal course of business.

**Management's response and Planned corrective action:**

*In addition to the position created in FY 18, Assistant to the Finance Officer, management will add another full-time position in the accounting department to address the Inadequate Segregation of Duties finding. The new position will be created in the accounting department to achieve better and more effective internal controls through proper segregation of duties. The selection process for this new position will start immediately with the goal of having the position included and approved in the FY21 budget.*

**Required Corrective Action:** *To ensure that the continuing internal control deficiencies do not continue, NHC management with Board approval will separate accounting into three areas of operation; provider reimbursement, payroll & general fund, and travel & other administrative expense. A different person will be charge of each area. Additional staff in the accounting department will be hired to implement this plan of action. The Board of Directors treasurer will provide oversite of the financial operations.*

**Family Day Care Home Program Of Nutrition Healthy Choice Of Monroe, Incorporated  
Schedule Of Findings And Questioned Costs Year Ended September 30, 2019 (continued)**

**2019-3 Temporary Deferment of Serious Deficiency Determination**

**Criteria:** The Organization is required to properly monitor providers and maintain adequate records and documentation.

**Cause:** During the monitoring review on May 13-17, 2019 and May 23, 2019 conducted by the Louisiana State of Louisiana Department of Education, the Organization was cited for failing to meet facility monitoring requirements in accordance with the approved application agreement and to maintain adequate records and documentation.

**Condition:** The Organization was cited for eight monitoring and inadequate deficiencies by the Louisiana Department of Education.

**Effect:** The Organization is currently in a status of deferment of serious deficiency determination.

**Recommendation:** The Organization should adhere to its corrective action plan which was submitted to the Louisiana Department of Education to ensure that it remains in compliance with the facility monitoring requirements in accordance with the approved application agreement and to maintain adequate records and documentation.

**Management's response and Planned corrective action:**

*The Board of Directors and the Management of Nutrition Healthy Choice has implemented the plan of action submitted to the Louisiana Department of Education to ensure that it remains in compliance with the facility monitoring requirements in accordance with the approved application agreement and to maintain adequate records and documentation. As results of this ongoing implementation:*

- 1) *All monitors were re-trained on maintaining adequate records and documentation, including how to organize and present provider folders.*
- 2) *All monitors were re-trained on how to correctly complete necessary documents (enrollment forms, provider applications, registry standards, monitoring forms, etc) for each provider*
- 3) *Monitor(s) who demonstrated sub-par job performance are no longer employed with NHC*
- 4) *All providers who failed a compliance visit or failed to call-in during the State Review were **required** to attend area re-training meetings (Ruston, Bastrop, Rayville, & Monroe). Notification by letter and phone.*
- 5) *All new providers who got on the program starting July 1, 2019, were **required** to attend area training meetings (Ruston, Bastrop, Rayville, & Monroe). Notification by letter and phone.*
- 6) *Overclaims have been refunded to the state.*
- 7) *HEDA forms have been color coded to ensure the correct form is use for the current year.*
- 8) *New easier to verify sign-in procedures for providers attending annual meeting are being implemented.*

*Nutrition Healthy Choice has provided this plan of action to the Louisiana Department of Education plus evidence of its implementation.*

**Family Day Care Home Program Of Nutrition Healthy Choice Of Monroe, Incorporated  
Schedule Of Findings And Questioned Costs Year Ended September 30, 2019 (continued)**

**FINDINGS-FEDERAL AWARDS**

**2019-1 Payroll Taxes Not Paid Timely (Repeat Finding)**

**Criteria:** Federal and state laws require the timely filing and payment of payroll taxes.

**Cause:** Federal and state payroll taxes were not paid timely.

**Condition:** Federal and state payroll taxes were not paid timely.

**Effect:** The Organization has incurred penalties and interest by failing to pay federal and state payroll taxes in a timely manner.

**Recommendation:** The Organization should retain the services of a payroll processing company such as ADP, Quickbooks or Payroll Plus to provide payroll services. These companies will provide the expertise to ensure timely filing and payment of payroll tax liabilities.

**Management's response and Planned corrective action:**

*The payment of payroll taxes generally were timely based on the release of funds of the claim month. Payments were made on line using the EFTPS portal (Electronic Federal Tax Payment System; best option for businesses or large payments; enrollment required). Nutrition Healthy Choice manager was operating with the understanding that when information was entered in to the EFTPS with immediate electronic payment made, there was no need to file a paper 941 form. This was not the case. The Internal Revenue Service does require the quarterly 941 form to be filed. Since being made aware, 941 forms are being filed. Due the illness of the financial officer, the implementation of the corrective action plan for the FY18 finding was not fully implemented in FY19 as planned. To assure the absence of a key employee will not have the same negative affect on the day-to-day operation of NHC, a payroll processing company will be retained. During FY20, a payroll processing company will be selected and approved by the NHC Board of Directors for inclusion in the FY21 budget, thus ensuring timely filing and payment of payroll tax liabilities on a timely basis.*

**Family Day Care Home Program Of Nutrition Healthy Choice Of Monroe, Incorporated  
Schedule Of Findings And Questioned Costs Year Ended September 30, 2019 (continued)**

**2019-2 Inadequate Segregation of Duties**

**Criteria:** Adequate segregation of duties reduces the risks that errors or irregularities will not be prevented or detected on a timely basis by employees in the normal course of business.

**Cause:** The Organization is understaffed in the accounting department.

**Condition:** The treasurer handles primarily all financial transactions for the administrative budget.

**Effect:** Inadequate segregation of duties create risks that errors or irregularities will not be prevented or detected on a timely basis by employees in the normal course of business.

**Recommendation:** The Organization should increase its staffing in the accounting department and segregate the duties of the accounting staff to minimize the risks that errors or irregularities will not be prevented or detected on a timely basis by employees in the normal course of business.

**Management's response and Planned corrective action:**

*In addition to the position created in FY 18, Assistant to the Finance Officer, management will add another full-time position in the accounting department to address the Inadequate Segregation of Duties finding. The new position will be created in the accounting department to achieve better and more effective internal controls through proper segregation of duties. The selection process for this new position will start immediately with the goal of having the position included and approved in the FY21 budget.*

**Required Corrective Action:** *To ensure that the continuing internal control deficiencies do not continue, NHC management with Board approval will separate accounting into three areas of operation; provider reimbursement, payroll & general fund, and travel & other administrative expense. A different person will be charge of each area. Additional staff in the accounting department will be hired to implement this plan of action. The Board of Directors treasurer will provide oversite of the financial operations.*

**Family Day Care Home Program Of Nutrition Healthy Choice Of Monroe, Incorporated  
Schedule Of Findings And Questioned Costs Year Ended September 30, 2019 (continued)**

**2019-3 Temporary Deferment of Serious Deficiency Determination**

**Criteria:** The Organization is required to properly monitor providers and maintain adequate records and documentation.

**Cause:** During the monitoring review on May 13-17, 2019 and May 23, 2019 conducted by the Louisiana State of Louisiana Department of Education, the Organization was cited for failing to meet facility monitoring requirements in accordance with the approved application agreement and to maintain adequate records and documentation.

**Condition:** The Organization was cited for eight monitoring and inadequate deficiencies by the Louisiana Department of Education.

**Effect:** The Organization is currently in a status of deferment of serious deficiency determination.

**Recommendation:** The Organization should adhere to its corrective action plan which was submitted to the Louisiana Department of Education to ensure that it remains in compliance with the facility monitoring requirements in accordance with the approved application agreement and to maintain adequate records and documentation.

**Management's response and Planned corrective action:**

*The Board of Directors and the Management of Nutrition Healthy Choice has implemented the plan of action submitted to the Louisiana Department of Education to ensure that it remains in compliance with the facility monitoring requirements in accordance with the approved application agreement and to maintain adequate records and documentation. As results of this ongoing implementation:*

- 1) *All monitors were re-trained on maintaining adequate records and documentation, including how to organize and present provider folders.*
- 2) *All monitors were re-trained on how to correctly complete necessary documents (enrollment forms, provider applications, registry standards, monitoring forms, etc) for each provider*
- 3) *Monitor(s) who demonstrated sub-par job performance are no longer employed with NHC*
- 4) *All providers who failed a compliance visit or failed to call-in during the State Review were **required** to attend area re-training meetings (Ruston, Bastrop, Rayville, & Monroe). Notification by letter and phone.*
- 5) *All new providers who got on the program starting July 1, 2019, were **required** to attend area training meetings (Ruston, Bastrop, Rayville, & Monroe). Notification by letter and phone.*
- 6) *Overclaims have been refunded to the state.*
- 7) *HEDA forms have been color coded to ensure the correct form is use for the current year.*
- 8) *New easier to verify sign-in procedures for providers attending annual meeting are being implemented.*

*Nutrition Healthy Choice has provided this plan of action to the Louisiana Department of Education plus evidence of its implementation.*

**QUESTIONED COSTS:** There were no questioned costs.-

**FAMILY DAY CARE HOME PROGRAM  
OF  
NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED**

**SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED SEPTEMBER 30, 2019**

**2018-1 Payroll Taxes Not Paid Timely (Repeat Finding)**

**Criteria:** Federal and state laws require the timely filing and payment of payroll taxes.

**Cause:** Federal and state payroll taxes were not paid timely.

**Condition:** Federal and state payroll taxes were not paid timely.

**Effect:** The Organization has incurred penalties and interest by failing to pay federal and state payroll taxes in a timely manner.

**Recommendation:** The Organization should retain the services of a payroll processing company such as ADP, Quickbooks or Payroll Plus to provide payroll services. These companies will provide the expertise to ensure timely filing and payment of payroll tax liabilities.

**STATUS:     UNCLEARED**



Family Daycare Home Program  
of  
Nutrition Healthy Choice of Monroe, Incorporated

Schedule of Key Compensated Officers  
As of and for the Year Ended September 30, 2019

<b>Job Title</b>	<b><u>Dorothy H Patterson</u></b> <b>Executive Director</b>	<b><u>Johnny B Patterson</u></b> <b>Financial Officer</b>
Salary	109,012	89,488
Benefits-Insurance	1,200	1,200
Benefits-Retirement	-	-
Other Benefits	-	-
Car Allowance	-	-
Vehicle provided by Government	-	-
Per Diem	-	-
Reimbursements	-	-
Travel	14,319	-
Registration Fees	-	-
Conference Travel	-	-
Continuing Professional Education Fees	-	-
Housing	-	-
Unvouchered Expenses	-	-
Special Meals	-	-
<b>Total Compensation</b>	<b>\$ 124,531</b>	<b>\$ 90,688</b>

See Accompanying Independent Auditor's Report and Notes to Financial Statements.

FAMILY DAY CARE HOME PROGRAM  
OF  
NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED  
Schedule of Board Members

For the Year Ended  
September 30, 2019

<b>Board Member</b>	<b>Title</b>	<b>Location</b>
Dorthea Bridges	Chairman	Monroe, Louisiana
Johnny Patterson	Secretary/Treasurer	Monroe, Louisiana
Georgette C. Davis	Board Member	Monroe, Louisiana
Rodney Williams	Board Member	Monroe, Louisiana
Garnesha Beck	Board Member	Shreveport, Louisiana

# *Nutrition Healthy Choice*

Of Monroe, Incorporated

300 Washington Street  
Suite 204  
Monroe, Louisiana 71201  
(318) 388-5277

1120 South Pointe Parkway  
Building C-1  
Shreveport, Louisiana 71105  
(318) 869-3550

e-mail: [NHCMonroe@email.com](mailto:NHCMonroe@email.com)

Fax: (318) 388-8718

---

March 8, 2020

Subject: FY2019--- **FINDINGS AND CORRECTIVE ACTION PLAN**

## **2019-1 Payroll Taxes Not Paid Timely (Repeat Finding)**

**Criteria:** Federal and state laws require the timely filing and payment of payroll taxes.

**Cause:** Federal and state payroll taxes were not paid timely.

**Condition:** Federal and state payroll taxes were not paid timely.

**Effect:** The Organization has incurred penalties and interest by failing to pay federal and state payroll taxes in a timely manner.

**Recommendation:** The Organization should retain the services of a payroll processing company such as ADP, Quickbooks or Payroll Plus to provide payroll services. These companies will provide the expertise to ensure timely filing and payment of payroll tax liabilities.

### **Management's response and Planned corrective action:**

*The payment of payroll taxes generally were timely based on the release of funds of the claim month. Payments were made on line using the EFTPS portal ([Electronic Federal Tax Payment System](#); best option for businesses or large payments; enrollment required). Nutrition Healthy Choice manager was operating with the understanding that when information was entered in to the EFTPS with immediate electronic payment made, there was no need to file a paper 941 form. This was not the case. The Internal Revenue Service does require the quarterly 941 form to be filed. Since being made aware, 941 forms are being filed. Due the illness of the financial officer, the implementation of the corrective action plan for the FY18 finding was not fully implemented in FY19 as planned. To assure the absence of a key employee will not have the same negative affect on the day-to-day operation of NHC, a payroll processing company will be retained. During FY20, a payroll processing company will be selected and approved by the NHC Board of Directors for inclusion in the FY21 budget, thus ensuring timely filing and payment of payroll tax liabilities on a timely basis.*

Nutrition Healthy Choices  
Management Response to Findings and  
Corrective Action Plan

2019-2 Inadequate Segregation of Duties

**Criteria:** Adequate segregation of duties reduces the risks that errors or irregularities will not be prevented or detected on a timely basis by employees in the normal course of business.

**Cause:** The Organization is understaffed in the accounting department.

**Condition:** The treasurer handles primarily all financial transactions for the administrative budget.

**Effect:** Inadequate segregation of duties create risks that errors or irregularities will not be prevented or detected on a timely basis by employees in the normal course of business.

**Recommendation:** The Organization should increase its staffing in the accounting department and segregate the duties of the accounting staff to minimize the risks that errors or irregularities will not be prevented or detected on a timely basis by employees in the normal course of business.

**Management's response and Planned corrective action:**

*In addition to the position created in FY 18, Assistant to the Finance Officer, management will add another full-time position in the accounting department to address the Inadequate Segregation of Duties finding. The new position will be created in the accounting department to achieve better and more effective internal controls through proper segregation of duties. The selection process for this new position will start immediately with the goal of having the position included and approved in the FY21 budget.*

**Required Corrective Action:** *To ensure that the continuing internal control deficiencies do not continue, NHC management with Board approval will separate accounting into three areas of operation; provider reimbursement, payroll & general fund, and travel & other administrative expense. A different person will be charge of each area. Additional staff in the accounting department will be hired to implement this plan of action. The Board of Directors treasurer will provide oversight of the financial operations.*

**2019-3 Temporary Deferment of Serious Deficiency Determination**

**Criteria:** The Organization is required to properly monitor providers and maintain adequate records and documentation.

**Cause:** During the monitoring review on May 13-17, 2019 and May 23, 2019 conducted by the Louisiana State of Louisiana Department of Education, the Organization was cited for failing to meet facility monitoring requirements in accordance with the approved application agreement and to maintain adequate records and documentation.

**Condition:** The Organization was cited for eight monitoring and inadequate deficiencies by the Louisiana Department of Education.

**Effect:** The Organization is currently in a status of deferment of serious deficiency determination.

**Recommendation:** The Organization should adhere to its corrective action plan which was submitted to the Louisiana Department of Education to ensure that it remains in compliance with the facility monitoring requirements in accordance with the approved application agreement and to maintain adequate records and documentation.

**Management's response and Planned corrective action:**

*The Board of Directors and the Management of Nutrition Healthy Choice has implemented the plan of action submitted to the Louisiana Department of Education to ensure that it remains in compliance with the facility monitoring requirements in accordance with the approved application agreement and to maintain adequate records and documentation. As results of this ongoing implementation:*

- 1) *All monitors were re-trained on maintaining adequate records and documentation, including how to organize and present provider folders.*
- 2) *All monitors were re-trained on how to correctly complete necessary documents (enrollment forms, provider applications, registry standards, monitoring forms, etc) for each provider*
- 3) *Monitor(s) who demonstrated sub-par job performance are no longer employed with NHC*
- 4) *All providers who failed a compliance visit or failed to call-in during the State Review were **required** to attend area re-training meetings (Ruston, Bastrop, Rayville, & Monroe). Notification by letter and phone.*
- 5) *All new providers who got on the program starting July 1, 2019, were **required** to attend area training meetings (Ruston, Bastrop, Rayville, & Monroe). Notification by letter and phone.*
- 6) *Overclaims have been refunded to the state.*
- 7) *HEDA forms have been color coded to ensure the correct form is use for the current year.*
- 8) *New easier to verify sign-in procedures for providers attending annual meeting are being implemented.*

*Nutrition Healthy Choice has provided this plan of action to the Louisiana Department of Education plus evidence of its implementation.*



---

Johnny Patterson, Secretary/Treasurer

March 8, 2020

**FAMILY DAY CARE HOME PROGRAM  
OF  
NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED  
MONROE, LOUISIANA**

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES  
As of and for the Year Ended September 30, 2019**

**BY**

**ROSIE D. HARPER  
CERTIFIED PUBLIC ACCOUNTANT, LLP**

**300 Washington Street, Suite 104 • Monroe, Louisiana 71201  
OFFICE (318) 387-8008 • FAX (318) 387-0806**

**FAMILY DAY CARE HOME PROGRAM  
OF  
NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED  
MONROE, LOUISIANA**

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES  
As of and for the Year Ended September 30, 2019**

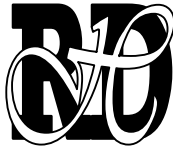
**FAMILY DAY CARE HOME PROGRAM  
OF  
NUTRITION HEALTHY CHOICE OF MONROE, INCORPORATED  
MONROE, LOUISIANA**

**Independent Accountant's Report  
On Applying Agreed-Upon Procedures  
As of and for the Year Ended September 30, 2019**

**CONTENTS**

	<u>STATEMENTS</u>	<u>PAGE NO.</u>
Independent Accountant's Report On Applying Agreed-Upon Procedures		1-9





ROSIE D. HARPER

Certified Public Accountant, LLP

300 Washington Street Suite 104 • Monroe, Louisiana 71201

Phone: (318) 387-8008 • Fax: (318) 387-0806

---

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of  
Nutrition Healthy Choice of Monroe, Incorporated and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by Nutrition Healthy Choice of Monroe, Incorporated (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 October 1, 2018 through September 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 for any other purpose.

The procedures and associated findings are as follows:

**Written Policies and Procedures**

1) I obtained and inspected the entity's written policies and procedures and observed whether those written policies and procedures addressed each of the following categories and subcategories, as applicable:

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

The Entity does have written guidelines for adopting, monitoring, and amending the budget. The entity does prepare an annual budget for the Family Day Care Home Program (FDCHP) which is submitted and approved by the Louisiana Department of Education. The budget is monitored and amended as needed. Each amendment must be approved by the Louisiana Department of Education.

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.

The Entity does have written guidelines for how purchases are initiated. The Entity does not use purchase orders or requisitions. Expenses incurred are approved in the budgeting process by the Louisiana Department of Education. The Entity does follow the procedures required by the Louisiana Public Bid Law.

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

The Entity does have written policies and procedures which provide guidelines for processing, reviewing, and approving disbursements.

Nutrition Healthy Choice of Monroe, Incorporated  
Independent Accountants Report on Applying Agreed-Upon Procedures (Continued)

- d) *Receipts/Collections*, including receiving, recording, and preparing deposits

The Entity does have written policies and procedures which provide guidelines for receiving, recording, and preparing deposits. Funds received for the FDCHP are direct deposited to the Entity's bank account.

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

The Entity does have written policies and procedures which provide guidelines for payroll processing and approval. Employees are required to complete timesheets which are reviewed and approved by the Director. The timesheets are presented to the Financial Officer for processing. The employees do not work overtime.

- 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 have written policies and procedures which provide guidelines for contracting including types of services requiring written contracts, standard terms and conditions, legal review, approval process, and monitoring process. The Entity follows the procedures of the Louisiana Public Bid Law. All contracts must be approved by the Louisiana Department of Education.

- 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

The Entity does have written policies and procedures which provide guidelines for credit cards. All credit cards are stored in a locked drawer. Employees must submit written request for use and sign out the cards. When the cards are returned, they must be signed in with the supporting documentation for the approved purchase.

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

The Entity does have written policies and procedures which provide guidelines for travel and expense reimbursement, including allowable expenses, documentation requirements, and required approvers, but it does not address dollar thresholds by category of expense. When employees use their personal vehicles for errands, they are required to submit a request for reimbursement which reports total mileage, destination, purpose of trip, and date. If they travel on Entity business, a request for reimbursement is submitted to the Financial Officer and approved by the Director. After approval, payment is made for the requested reimbursement.

- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

N/A

- j) *Debt Service*, including (1) debt issuance approval, (2) continuing disclosures/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

N/A

Nutrition Healthy Choice of Monroe, Incorporated  
Independent Accountants Report on Applying Agreed-Upon Procedures (Continued)

- k) ***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.

The Entity's policies and procedures do provide guidelines for disaster recovery/business continuity. The Entity uses an off-site back-up system and critical files are backed up daily. The Entity's IT contractor performs periodic testing and verification that back-ups can be restored. After testing the system, a report is emailed to Entity. All computer systems have antivirus software installed and updates to software are installed in a timely manner. The Entity's IT contractor maintains their computers, and his services would be utilized during a disaster recovery.

**Board or Finance Committee**

- 2) I obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observed whether 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.

The Entity's board of directors met with a quorum on a frequency in accordance with the board's bylaws.

- b) 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 and major special revenue funds, as well as monthly financial statements.

N/A

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

N/A

**Bank Reconciliations**

- 3) I obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. I asked management to identify the entity's main operating account. The Entity only had two (2) bank accounts. For each of the bank accounts selected, I randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statements and reconciliations for each account, and observed that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date;

Bank reconciliations were performed timely on all bank accounts.

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

The bank reconciliations are prepared by a staff or board member who does not approve, process, sign or maintain custody of checks. The bank reconciliations are reviewed by an appropriate level of management.

Nutrition Healthy Choice of Monroe, Incorporated  
Independent Accountants Report on Applying Agreed-Upon Procedures (Continued)

No reconciled items were on the bank statement outstanding for more than six months as of the end of the fiscal period.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months as of the end of the fiscal period.

No reconciled items were on the bank statement outstanding for more than twelve months as of the end of the fiscal period.

**Collections**

- 4) I obtained 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. I randomly select 5 deposit sites (or all if less than 5). N/A-The Entity does not have cash collection for the CAFCP.
- 5) For both deposit sites selected, I obtained a listing of collection locations and management's representation that the listing was complete. The Entity had collection locations. For both locations, I randomly selected one collection location for each deposit site, obtained and inspected written policies and procedures relating to employee job duties at each location, and observed that job duties are properly segregated at each collection location such that:
- a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing /making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee 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.

N/A-The Entity does not have cash collection for the CAFCP.

- 6) I inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

All individuals responsible for handling cash and checks are bonded.

- 7) I randomly selected two deposit dates for each of the two (2) bank accounts selected for procedure #3 under "Bank Reconciliations" above. (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day. I obtained supporting documentation for each of the eight (8) deposits and:

*N/A-Deposits from the State of Louisiana Department of Education for CAFCP reimbursements.*

- a) Observed that receipts were sequentially pre-numbered.
- b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Traced the deposit slip total to the actual deposit per the bank statement.
- d) Observed that the deposit was made within one (1) 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).
- e) Traced the actual deposit per the bank statement to the general ledger.

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

- 8) I obtained a listing of locations that process payments for the fiscal period and management's representation that the listing was complete. I selected the one location where payments are processed.
- 9) For each location selected under #8 above, I obtained a listing of those employees involved with non-payroll purchasing and payment functions. I obtained 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.  
All purchases were not initiated using a requisition or purchase order system. The person requesting purchases are not always separate from approval functions. All purchases are approved by the appropriate level of management and are pre-approved during the budgeting process by the Louisiana Department of Education. Payments for purchases are paid by original invoices.
  - b) At least two employees are involved in processing and approving payments to vendors.  
Payments for purchases were not processed without an approval from an appropriate level of management; a receiving report showing receipt of goods purchased and an approved invoice.
  - 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 vendors to the Entity's purchasing and disbursement system but is separate from the person who authorizes, and signs checks. All vendor additions and disbursements were approved by authorized personnel and management at an appropriate level.
  - 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.  
The person who mails checks is separate from the persons with signatory authority, make the final authorization and who processes payments.
- 10) For each location selected under #8 above, I obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. I randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
- a) Observed that the disbursement matched the related original invoice/billing statement.  
My testing did not disclose any discrepancies.
  - b) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.  
My testing did not disclose any discrepancies.

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

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

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

a) Observed that 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) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

My testing did not disclose any discrepancies.

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

The Entity incurred interest expense on four (4) of the five (5) cards, but the interest was paid by unrestricted funds from the General Fund and not charged to the FDCHP program funds.

13) I used the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly selected all transactions from each statement, and obtained supporting documentation for the transactions. For each transaction, I observed that it was 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).

My testing did not disclose any discrepancies.

**Travel and Expense Reimbursement**

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

a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

There were no amounts paid for travel and expense reimbursement that exceeded General Services Administration rates.

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

My testing did not disclose any discrepancies.

Nutrition Healthy Choice of Monroe, Incorporated  
Independent Accountants Report on Applying Agreed-Upon Procedures (Continued)

- 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).

My testing did not disclose any discrepancies.

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

My testing did not disclose any discrepancies.

**Contracts**

- 15) I obtained 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.* I obtained management's representation that the listing is complete. The Entity had only one (1) contract for an equipment lease. I selected the one (1) contract from the listing, excluding the practitioner's contract, and:

- a) I observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

My testing did not disclose any discrepancies.

- b) I observed that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

All contracts are required to be included in the annual budget and approved by the Louisiana Department of Education. The board of directors approve all budgets and amendments. My testing did not disclose any discrepancies.

- c) If the contract was amended (e.g. change order), I observed that the original contract terms provided for such an amendment. **N/A**

- d) I randomly selected one payment from the fiscal period for the contract, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

My testing did not disclose any discrepancies.

**Payroll and Personnel**

- 16) I obtained a listing of employees employed during the fiscal period and management's representation that the listing is complete. I randomly selected five (5) employees, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

My testing did not disclose any discrepancies.

- 17) I randomly selected one pay period during the fiscal period. For the five (5) employees selected under #16 above, I obtained attendance records and leave documentation for the pay period, and:

- a) Observed that all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Nutrition Healthy Choice of Monroe, Incorporated  
Independent Accountants Report on Applying Agreed-Upon Procedures (Continued)

**Payroll and Personnel (continued)**

- b) Observed that supervisors approved the attendance and leave of the selected employees/officials.
- c) Observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

My testing did not disclose any discrepancies.

- 18) I obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

My testing did not disclose any discrepancies.

- 19) I obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

The Entity's payroll tax forms were filed timely, but payroll taxes were not paid timely.

**Ethics (excluding nonprofits)**

- 20) Using the five (5) randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
- a. I observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. I observed that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

N/A

**Debt Service**

- 21) Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

N/A

- 22) Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

N/A



Nutrition Healthy Choice of Monroe, Incorporated  
Independent Accountants Report on Applying Agreed-Upon Procedures (Continued)

**Other**

23) I obtained 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.

The Entity did not have any misappropriations of public funds or assets during the fiscal period.

24) I observed 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.

The notice required by R.S. 24:523.1 was posted by the Entity.

I was 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, I do not express such an opinion or conclusion. Had I 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.



Rosie D. Harper  
Certified Public Accountant

Monroe, Louisiana  
March 8, 2020