

Financial Report

The Work Connection, Inc.

Houma, Louisiana

June 30, 2022

Financial Report

The Work Connection, Inc.

Houma, Louisiana

June 30, 2022

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The Work Connection, Inc. Houma, Louisiana

June 30, 2022 and 2021

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
The Work Connection, Inc.,
Houma, Louisiana.

Opinion

We have audited the accompanying financial statements of The Work Connection, Inc. (the "Organization"), a nonprofit organization, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information of the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer for the year end June 30, 2022 is presented for the purpose of additional analysis and is required by Louisiana Revised Statute 24:513(A)(3). The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance). 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Organization's 2021 financial statements, and our report dated February 3, 2022, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 17, 2022 on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Certified Public Accountants.

Houma, Louisiana,
December 17, 2022.

STATEMENT OF FINANCIAL POSITION**The Work Connection, Inc.**
Houma, LouisianaJune 30, 2022
(with comparative totals for 2021)

	<u>2022</u>	<u>2021</u>
Assets		
Cash	\$ 58,577	\$ 23,236
Grants receivable	68,899	77,839
Miscellaneous receivable	-	1,513
Long-term receivable	8,211	6,957
Prepaid expense	181	-
Property and equipment, net	<u>51,650</u>	<u>18,257</u>
Total assets	<u>\$ 187,518</u>	<u>\$ 127,802</u>
Liabilities		
Accounts payable and accrued expenses	\$ 99,535	\$ 56,522
Compensated absences payable	<u>8,211</u>	<u>6,957</u>
Total liabilities	<u>107,746</u>	<u>63,479</u>
Net Assets		
Without donor restrictions	28,122	46,066
With donor restrictions	<u>51,650</u>	<u>18,257</u>
Total net assets	<u>79,772</u>	<u>64,323</u>
Total liabilities and net assets	<u>\$ 187,518</u>	<u>\$ 127,802</u>

See notes to financial statements.

STATEMENT OF ACTIVITIES**The Work Connection, Inc.**
Houma, LouisianaFor the year ended June 30, 2022
(with comparative totals for 2021)

	2022		Totals	2021 Totals
	Without Donor Restrictions	With Donor Restrictions		
Revenues, Gains, and Other Support				
Government grants	\$ 1,083,370	\$ 51,573	\$ 1,134,943	\$ 1,325,469
Insurance proceeds	56,891	-	56,891	-
Net assets released from restrictions:				
Satisfaction of use restrictions	18,180	(18,180)	-	-
	<u>1,158,441</u>	<u>33,393</u>	<u>1,191,834</u>	<u>1,325,469</u>
Total revenues, gains, and other support				
	<u>1,158,441</u>	<u>33,393</u>	<u>1,191,834</u>	<u>1,325,469</u>
Expenses				
Program services:				
Adult	524,977	-	524,977	652,737
Dislocated workers	275,003	-	275,003	391,531
Youth	353,143	-	353,143	292,112
Supportive services:				
Administration	23,262	-	23,262	179
	<u>1,176,385</u>	<u>-</u>	<u>1,176,385</u>	<u>1,336,559</u>
Total expenses				
	<u>1,176,385</u>	<u>-</u>	<u>1,176,385</u>	<u>1,336,559</u>
Increase (Decrease) in Net Assets	(17,944)	33,393	15,449	(11,090)
Net Assets				
Beginning of year	46,066	18,257	64,323	75,413
End of year	<u>\$ 28,122</u>	<u>\$ 51,650</u>	<u>\$ 79,772</u>	<u>\$ 64,323</u>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES**The Work Connection, Inc.**
Houma, LouisianaFor the year ended June 30, 2022
(with comparative totals for 2021)

	2022				Totals	2021 Totals
	Program			Supporting Services		
	Adult	Dislocated Workers	Youth	Administration		
Salaries	\$ 220,225	\$ 137,048	\$ 168,813	\$ -	\$ 526,086	\$ 581,686
Payroll taxes	16,480	10,213	12,568	-	39,261	43,579
Retirement	6,697	5,055	6,710	-	18,462	18,938
Employee benefits	24,810	18,929	21,170	-	64,909	68,649
Total salaries and related expenses	268,212	171,245	209,261	-	648,718	712,852
Advertising and public relations	2,352	11,382	2,017	-	15,751	10,669
Contract services	17,935	-	-	-	17,935	28,821
Depreciation	4,545	9,090	4,545	-	18,180	10,911
Equipment repairs and maintenance	1,744	4,648	5,907	-	12,299	19,971
Insurance	13,422	6,920	11,584	-	31,926	27,347
Membership dues and subscriptions	683	421	543	-	1,647	2,135
Miscellaneous	8,164	4,034	4,132	23,262	39,592	1,603
Postage and shipping	190	116	142	-	448	458
Professional fees	7,937	2,219	2,505	-	12,661	14,482
Participant tuition	146,204	33,110	63,250	-	242,564	379,057
Other participant supportive services	13,033	2,246	8,235	-	23,514	29,389
Rent	8,092	12,893	15,729	-	36,714	57,831
Supplies	23,244	9,900	18,425	-	51,569	25,193
Telephone	8,309	5,913	5,890	-	20,112	12,867
Utilities	911	866	978	-	2,755	2,973
Totals	\$ 524,977	\$ 275,003	\$ 353,143	\$ 23,262	\$ 1,176,385	\$ 1,336,559

See notes to financial statements.

STATEMENT OF CASH FLOWS**The Work Connection, Inc.**
Houma, LouisianaFor the year ended June 30, 2022
(with comparative totals for 2021)

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Increase (decrease) in net assets	<u>\$ 15,449</u>	<u>\$ (11,090)</u>
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	18,180	10,911
(Increase) decrease in assets:		
Grants receivable	8,940	(5,726)
Miscellaneous receivables	1,513	108
Prepaid expense	(181)	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	<u>43,013</u>	<u>8,805</u>
Total adjustments	<u>71,465</u>	<u>14,098</u>
Net cash provided by operating activities	86,914	3,008
Cash Flows From Investing Activities		
Purchase of property and equipment	<u>(51,573)</u>	<u>-</u>
Net Increase in Cash	35,341	3,008
Cash		
Beginning of year	<u>23,236</u>	<u>20,228</u>
End of year	<u><u>\$ 58,577</u></u>	<u><u>\$ 23,236</u></u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**The Work Connection, Inc.**

Houma, Louisiana

June 30, 2022 and 2021

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a) Organization**

The Work Connection, Inc. (the "Organization") was incorporated as a non-profit corporation on August 28, 1987. In accordance with the Workforce Innovation and Opportunity Act (WIOA), which superseded and reauthorized the Workforce Investment Act, the Organization funds job training and other employment services in the parishes of Lafourche, Assumption and Terrebonne under grants provided by the local Workforce Development Board (the LAT). The Organization is funded by the LAT as a subrecipient of WIOA grants.

b) Financial Statement Presentation

The Organization classifies their net assets, revenues, and expenses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Support, revenue, and expenses for general operations

Net Assets with Donor Restrictions - Contributions specifically authorized by the grantor or donor to be used for a certain purpose or to benefit a specific accounting period or contributions subject to donor-imposed restrictions and that are held in perpetuity by the Organization.

c) Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

e) Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Organization had no cash equivalents as of June 30, 2022 and 2021.

f) Allowance for Bad Debts

The financial statements of the Organization contain no allowance for uncollectible receivables. Uncollectible receivables are recognized as bad debts at the time information becomes available, which would indicate the uncollectibility of the particular receivable. Uncollectible receivables are considered immaterial to the financial statements as of June 30, 2022 and 2021.

g) Property and Equipment

All acquisitions of property and equipment are purchased with grant funding through the LAT from the pass-through grantor, the State of Louisiana Workforce Commission (LWC). These assets are considered restricted net assets. All property and equipment is ultimately the property of LWC, which allows the Organization to use the property to perform necessary services. Purchased property and equipment is carried at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation, as determined by management. The policy of the Organization is to capitalize all expenditures for property and equipment in excess of \$1,000. Depreciation is computed using the straight-line method over estimated useful lives (two to ten years). Depreciation expense for the years ended June 30, 2022 and 2021 was \$18,180 and \$10,911, respectively.

h) Compensated Absences

Full-time employees are entitled to earn annual vacation leave with pay upon completion of six month's employment and satisfactory completion of their initial probationary period.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Compensated Absences (Continued)

The rate at which an employee accumulates vacation leave depends on years of service. In the event the Organization would not be funded in the following year, employees would be required to exhaust their annual vacation leave prior to the end of the funding year. The related reimbursement is recognized as long-term receivable at the time the liability is incurred.

Sick leave accrues at a rate of five hours per month. Employees shall be allowed to carry accumulated sick leave forward from one program year to the next, not to exceed 120 hours prior to July 1, 2011 and 48 hours after. In no instance shall any employee receive wages for sick leave upon termination of employment, accordingly, accumulated sick leave is not accrued in the financial statements.

i) Methods Used for Allocation of Expenses

Most of the expenses can be directly allocated to programs or supporting functions. The financial statements also report certain categories of expenses that are attributable to both programs and supporting functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, and benefits which are allocated on the basis of estimates of time and effort.

j) Advertising and Public Relations

The Organization's policy is to expense advertising and public relations cost as incurred. For the years ended June 30, 2022 and 2021, total advertising and public relations expense was \$15,751 and \$10,669 respectively.

k) Income Taxes

The Organization is a non-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provisions for income taxes have been made.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosures of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. As of June 30, 2022, management of the Organization believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years ended June 30, 2019 and later remain subject to examination by the taxing authorities.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Recent Accounting Pronouncements

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, "*Leases*" (Topic 842). ASU No. 2016-02 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the Statement of Activities and the Statement of Cash Flows will be substantially unchanged from the existing lease accounting guidance. The ASU is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Organization is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

In November 2021, the FASB issued ASU No. 2021-09, "*Leases*" (Topic 842) "*Discount Rate for Lessees That Are Not Public Business Entities*" (ASU No. 2021-09). This ASU currently provides lessees that are not public business entities with a practical expedient that allows them to elect, as an accounting policy, to use a risk-free rate as the discount rate for all leases. The amendments in this update allow those lessees to make the risk-free election by class of the underlying asset, rather than at the entity-wide level. An entity that makes the risk-free rate election is required to disclose which asset classes it has elected to apply a risk-free rate. The amendments require that when the rate implicit in the lease is readily determinable for any individual lease, the lessee use that rate (rather than a risk-free rate or an incremental borrowing rate), regardless of whether it has made the risk-free election. Entities that have not yet adopted Topic 842 as of November 11, 2021, are required to adopt the amendments in this update at the same time that they adopt Topic 842.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I) Recent Accounting Pronouncements (Continued)

Contributed Non-Financial Assets

In September 2020, the FASB issued ASU No. 2020-07, "*Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*" (Topic 958). The amendments in this update apply to nonprofit organizations that receive contributed nonfinancial assets. Contribution revenue may be presented in the financial statements using different terms (for example, gifts, donations, grants, gifts-in-kind, donated services, or other terms). The amendments address presentation and disclosure of contributed nonfinancial assets. The term nonfinancial asset includes property and equipment (such as land, buildings, and equipment), use of property and equipment or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The ASU is effective for fiscal years beginning after June 15, 2021. The statement did not have a material effect on the financial statements.

Note 2 - PROPERTY AND EQUIPMENT

As of June 30, 2022 and 2021, property and equipment consists of the following:

	2022	2021
Transportation equipment	\$ 122,730	\$ 92,730
Office furniture and equipment	90,458	82,990
	213,188	175,720
Less: accumulated depreciation	(161,538)	(157,463)
Property and equipment, net	\$ 51,650	\$ 18,257

Note 3 - NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets as of June 30, 2022 and 2021 are restricted for the following purposes or periods:

	2022	2021
Subject to expenditure of specified purpose:		
Property and equipment	\$ 51,650	\$ 18,257

Note 3 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets released from restrictions during the years ended June 30, 2022 and 2021 are as follows:

	2022	2021
Purpose restriction satisfied:		
Property and equipment	\$18,180	\$10,911

Note 4 - AVAILABILITY OF FINANCIAL ASSETS

The Organization is substantially supported by grants. The Organization may also be supported by contributions with and without donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Organization has established guidelines for making decisions related to managing short-term cash and grant reimbursement requests in a prudent manner.

The following reflects the Organization's financial assets as of June 30, 2022 and 2021, reduced by amounts not available for general use because of donor-imposed restrictions:

	2022	2021
Financial assets:		
Cash	\$ 58,577	\$ 23,236
Grants receivable	68,899	77,839
Miscellaneous receivable	-	1,513
Total financial assets	127,476	102,588
Less amounts unavailable for general expenditures within one year, due to:		
Donor imposed restrictions:		
Restricted by donors with purpose restrictions	-	-
Financial assets available to meet cash needs for general expenditures within one year	\$127,476	\$102,588

Note 5 - OPERATING BUDGETARY DATA

The Organization is a non-profit organization which is not legally required to adopt or amend its budgets. The Organization's funding is from intergovernmental grants from the Federal Department of Labor and is paid as pass-through grants from the LWC and the LAT. The Organization signed a contract with the LAT which required grant budgets in the amounts of \$3,451,756 and \$3,080,277 for the years ended June 30, 2022 and 2021, respectively. All budgeted amounts which were not expended, or obligated through contracts, lapse at year end.

Note 6 - ECONOMIC DEPENDENCY

As described in Note 1a, the Organization receives its revenue from Federal grant funding passed through the LWC and the LAT. If significant budget cuts are made at the Federal, state and/or local government levels, the amount of funds that the Organization receives could be reduced significantly and have an adverse impact on its operations.

Note 7 - RETIREMENT PLAN

The Organization established a 401(k) retirement plan to provide benefits to all permanent full-time employees having completed at least one year of service. Participants are permitted to contribute to any amount up to 15% of their compensation not to exceed statutory limits. The Organization matches 100% of the employee contributions not to exceed 5% of the employee's compensation. The Organization's contributions for the years ended June 30, 2022 and 2021 were \$18,463 and \$18,938, respectively.

Note 8 - RISK MANAGEMENT

The Organization is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the year ended June 30, 2022.

Note 9 - OFFICE RENT

The Organization has three offices that are rented on a month-to-month basis. Rental expenditures incurred on all offices amounted to \$36,714 and \$57,381, respectively, for the years ended June 30, 2022 and 2021.

Note 10 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through December 17, 2022, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION SECTION

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

The Work Connection, Inc.
Houma, Louisiana

For the year ended June 30, 2022

Agency Head Name: Lorey Owens, Executive Director

Purpose

Salary	\$ 57,851
Benefits - insurance	6,241
Benefits - retirement	3,134
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	<hr/>
	<u>\$ 67,226</u>

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**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,
The Work Connection, Inc.,
Houma, Louisiana.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The Work Connection, Inc. (the "Organization"), which comprise the statement of financial position as of and for the year ended June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 17, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suited for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
December 17, 2022.

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

To the Board of Directors,
The Work Connection, Inc.,
Houma, Louisiana.

Report on Compliance for each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Work Connection, Inc.'s, (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization 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 June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion in the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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



Certified Public Accountants.

Houma, Louisiana,
December 17, 2022.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Work Connection, Inc.
Houma, Louisiana

For the year ended June 30, 2022

<u>Federal Grantor/Pass- Through Grantor/Program Title</u>	<u>Federal Assistance Listing</u>	<u>Federal Award/ Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Subrecipients</u>
Department of Labor				
<u>Pass-Through Payments:</u>				
<u>Louisiana Workforce Commission:</u>				
<u>LAT Workforce Investment Board, Inc.</u>				
<u>WIOA Cluster:</u>				
WIOA Adult Program	17.258	OCR #474-000559	\$ 520,432	\$ -
WIOA Youth Activities	17.259	OCR #474-000559	348,598	-
WIOA Dislocated Workers	17.278	OCR #474-000559	<u>265,913</u>	<u>-</u>
Total expenditures of federal awards			<u>\$ 1,134,943</u>	<u>\$ -</u>

See notes to Schedule of Expenditures of Federal Awards.

**NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

The Work Connection, Inc.
Houma, Louisiana

For the year ended June 30, 2022

Note 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the SEFA) includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2022. The information in this SEFA is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Organization.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the SEFA 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.
- (2) The Organization has elected not to use the 10% *de minimis* indirect cost rate as allowed under the Uniform Guidance.

Note 3 - RECONCILIATION TO FINANCIAL STATEMENTS

Total federal expenditures for the year ended June 30, 2022 reconciles to the Organization's financial statements for the year ended June 30, 2022 as follows:

Total federal expenditures	\$ 1,134,943
Add:	
Depreciation	18,180
Non federal expenditures	<u>23,262</u>
Total expenditures	<u><u>\$ 1,176,385</u></u>

Section I - Summary of Auditor's Report (Continued)

c) Identification of Major Programs:

<u>Federal Assistance Listing</u>	<u>Name of Federal Program</u>
	WIOA Cluster:
17.258	WIOA Adult Program
17.259	WIOA Youth Activities
17.278	WIOA Dislocated Workers

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee? Yes No

Section II Financial Statement Findings

No financial statement findings were noted during the audit of the financial statements for the year ended June 30, 2022.

Section III Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs reported during the audit for the year ended June 30, 2022.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

The Work Connection, Inc.
Houma, Louisiana

For the year ended June 30, 2022

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Financial Statements

Internal Control Over Financial Reporting

No material weaknesses were reported during the audit of the financial statements for the year ended June 30, 2021.

No significant deficiencies were reported during the audit of the financial statements for the year ended June 30, 2021.

Compliance and Other Matters

There were no compliance findings material to the financial statements reported during the audit for the year ended June 30, 2021.

Section II - Internal Control and Compliance Material to Federal Awards

There were no federal award findings or questioned costs reported during the audit for the year ended June 30, 2021.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2021.

MANAGEMENT'S CORRECTIVE ACTION PLAN

The Work Connection, Inc.
Houma, Louisiana

For the year ended June 30, 2022

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Financial Statements

Internal Control Over Financial Reporting

No material weaknesses were reported during the audit of the financial statements for the year ended June 30, 2022.

No significant deficiencies were reported during the audit of the financial statements for the year ended June 30, 2022.

Compliance and Other Matters

There were no compliance findings material to the financial statements reported during the audit for the year ended June 30, 2022.

Section II - Internal Control and Compliance Material to Federal Awards

There were no federal award findings or questioned costs reported during the audit for the year ended June 30, 2022.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2022.

STATEWIDE AGREED-UPON PROCEDURES

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Directors,
The Work Connection, Inc.,
Houma, Louisiana.

We have performed the procedures described in Schedule 2 on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUP) for the fiscal period July 1, 2021 through June 30, 2022. The Work Connection, Inc. (the "Organization") management is responsible for those C/C areas identified in the SAUPs.

The Organization has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are described in Schedule 2.

We were engaged by the Organization to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on these C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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

Bourgeois Bennett, L.L.C.

Certified Public Accountants

Houma, Louisiana,
December 17, 2022.

**SCHEDULE OF PROCEDURES AND ASSOCIATED
FINDINGS OF THE STATEWIDE AGREED-UPON PROCEDURES**

The Work Connection, Inc.
Houma, Louisiana

For the year ended June 30, 2022

The required procedures and our findings are as follows:

Procedures Performed on the Organization's Written Policies and Procedures:

1. Obtain and inspect the Organization's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the Organization's operations:
 - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.

Performance: Obtained and read the Organization's budgeting policy and found it to address all the functions list above.
Exceptions: There were no exceptions noted.
 - b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

Performance: Obtained and read the written policy for purchasing.
Exceptions: The Organization's purchasing policy does not include a provision for how vendors are added to the vendor list.
 - c) Disbursements, including processing, reviewing, and approving.

Performance: Obtained and read the written policy for disbursements and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
 - d) Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of each type of revenue or agent fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Performance: Obtained and read the written policy for receipts.
Exceptions: The Organization's receipts policy did not contain provisions for recording, preparing deposits, and determining the completeness of all collections.

Procedures Performed on the Organization's Written Policies and Procedures: (Continued)

- e) Payroll/Personnel, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
Performance: Obtained and read the Organization's payroll/personnel policy.
Exceptions: The Organization's payroll/personnel policy did not contain a provision for the approval process for employee rate of pay or approval and maintenance of pay rate schedules.

- 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.
Performance: Obtained and read the Organization's contracting policy.
Exceptions: The Organization's contracting policy did not contain provisions for standard terms and conditions, legal review, and approval process.

- g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
Performance: Obtained and read the Organization's credit card policy and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.

- h) Travel and Expense Reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
Performance: Obtained and read the written policy for travel and expense reimbursement.
Exceptions: The Organization's travel and expense reimbursement policy does not include a provision for dollar thresholds by category of expense.

- 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 Organization's ethics policy.
Performance: Obtained and read the Organization's ethics policy.
Exceptions: The Organization's ethics policy does not include provisions for the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, actions to be taken if an ethics violation takes place, a system to monitor possible ethics violations, and requirement that all employees, including elected officials, annually attest through signature verification that they have read the Organization's ethics policy.

Procedures Performed on the Organization's Written Policies and Procedures: (Continued)

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

Performance: Debt service is not applicable to non-profit entities.

- k) Information Technology Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Performance: Inquired about the Organization's information technology disaster recovery/disaster continuity policy.

Exceptions: The Organization does not have an information technology disaster recovery/business continuity policy.

- l) Sexual Harassment, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Performance: Obtained and read the written sexual harassment policy.

Exceptions: The policy does not include provisions for agency responsibilities and prohibitions, annual employee training, and annual reporting.

Procedures Performed on the Organization's Board or Finance Committee:

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

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

Performance: Obtained and read the written minutes of the Board meetings. The Board met with a quorum in accordance with its meeting policy.

Exceptions: There were no exceptions noted.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Performance: Not applicable as the Organization does not report on the governmental accounting model.

Procedures Performed on the Organization's Board or Finance Committee: (Continued)

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

Performance: The Organization is a non-profit and as such reports net assets with and without donor restrictions. Both net asset categories had positive ending balances.

Exceptions: There were no exceptions noted.

Procedures Performed on the Organization's Bank Reconciliations:

3. Obtain a listing of the Organization's bank accounts from management and management's representation that the listing is complete. Ask management to identify the main operating account. Select the Organization's main operating account and select 4 additional accounts (or all accounts if less than 5). Randomly select 1 month from the fiscal period, obtain, and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Performance: Obtained the listing of bank accounts from management and received management's representation that the listing is complete in a separate letter.

Exceptions: There were no exceptions noted.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

Performance: Obtained monthly bank reconciliation for the month of June for the operating bank account and 1 additional account selected and noted they were prepared within 2 months of closing date.

Exceptions: There were no exceptions noted.

- 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

Performance: Inspected the Organization's documentation for the June bank reconciliation for all bank accounts for evidence of review.

Exceptions: There were no exceptions noted.

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

Performance: Inspected documents for items outstanding for more than 12 months.

There were no checks outstanding for longer than 12 months as of the end of the fiscal period.

Exceptions: There were no exceptions noted.

Procedures Performed on the Organization's Collections (Excluding Electronic Funds Transfers):

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

Performance: Obtained the listing of deposit sites from management and received management's representation in a separate letter that the listing is complete. The Organization has 1 deposit site.

Exceptions: There were no exceptions noted.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select 1 collection location for each deposit site (i.e., collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Performance: Obtained the listing of collection locations from management and received management's representation in a separate letter that the listing is complete. The Organization has 1 collection location.

Exceptions: There were no exceptions noted.

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

Performance: Inspected policy manuals, inquired of management, and observed employees do not share cash drawers/registers.

Exceptions: There were no exceptions noted.

- b) Each employee responsible for collecting of cash is not responsible for preparing/making bank deposits, unless another employee or official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

Performance: Inspected policy manuals, inquired of management, and observed employees collecting cash are not responsible for making deposits.

Exceptions: There were no exceptions noted.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Performance: Inspected policy manuals, inquired of management, and observed employees collecting cash make general ledger postings.

Exceptions: The Accountant is responsible for collecting cash and posting entries to the general ledger.

Procedures Performed on the Organization's Collections (Excluding Electronic Funds Transfers): (Continued)

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Performance: Inspected policy manuals, inquired of management, and observed employees collecting cash do not reconcile cash collections to the general ledger.

Exceptions: There were no exceptions noted.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

Performance: Obtained a listing of all employees who have access to cash and inquired of management if these employees are covered by a bond or insurance policy for theft.

Observed that the bond or insurance policy was enforced during the fiscal period.

Exceptions: There were no exceptions noted.

7. Randomly select 2 deposit dates for each of the 5 bank accounts selected for procedures #3 under "Procedures Performed on the Organization's Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Performance: Obtained supporting documentation for the selected deposits and observed that receipts were sequentially pre-numbered.

Exceptions: There were no exceptions noted.

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

Performance: Traced supporting documentation to the deposit slip.

Exceptions: There were no exceptions noted.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Performance: Traced deposit slip total to actual deposit per bank statement.

Exceptions: There were no exceptions noted.

Procedures Performed on the Organization's Collections (Excluding Electronic Funds Transfers): (Continued)

- d) Observe that the deposit was made within 1 business day of receipt at the collection location (within 1 week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and cash is stored securely in a locked safe or drawer).

Performance: Observed that the deposits tested were made within 1 business day of receipt or within 1 week if the depository is more than 10 miles from collection location or the deposit is less than \$100.

Exceptions: One check was deposited 2 weeks after the date it was received.

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

Performance: Traced the actual deposit per the bank statement to the general ledger.

Exceptions: There were no exceptions noted.

Procedures Performed on the Organization's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases):

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

Performance: Obtained a listing of locations that process payments from management and management's representation that the listing is complete in a separate letter. The Organization has only 1 location that processes payments.

Exceptions: There were no exceptions noted.

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

Performance: Obtained a listing of employees involved in non-payroll purchasing and payment functions and reviewed written policies and procedures related to employee job duties. Observed that the job duties were properly segregated.

Exceptions: There were no exceptions noted.

- a) At least 2 employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Performance: Obtained a listing of employees involved in initiating a purchase request, approving a purchase, and placing an order/making a purchase. Observed at least 2 employees are involved.

Exceptions: There were no exceptions noted.

Procedures Performed on the Organization's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases): (Continued)

- b) At least 2 employees are involved in processing and approving payments to vendors.
Performance: Obtained a listing of employees involved in processing and approving payments to vendors. Observed at least 2 employees are involved.
Exceptions: There were no exceptions noted.
 - c) The employees responsible for processing payments are prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.
Performance: Obtained a listing of employees involved in processing payments to vendors. Observed if any employees involved are adding/modifying vendor files.
Exceptions: The Accountant adds and modifies vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
Performance: Obtained a listing of employees involved with signing and mailing checks.
Exceptions: The Accountant processes payments and mails checks.
10. For each location selected under #8 above, obtain the Organization's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- Performance: Obtained the Organization's general ledger for the fiscal period and management's representation that the population is complete.
Exceptions: There were no exceptions noted.
 - a) Observe that the disbursement matched the related original itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the Organization.
Performance: Obtained the disbursements and observed that the disbursement and the related original invoice agreed and evidence that the deliverables were received.
Exceptions: There were no exceptions noted.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
Performance: Observed the 5 disbursements included evidence of segregation of duties.
Exceptions: There were no exceptions noted.

Procedures Performed on the Organization's Credit Cards, Debit Cards, Fuel Cards, P-Cards:

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

Performance: Inquired of management for a listing of all active credit cards, bank debit cards, fuel cards and P-cards for the fiscal period, including the card numbers and the names of the persons who maintain possession of the cards and management's representation that the listing is completed.

Exceptions: There were no exceptions noted.

12. Using the listing prepared by management, select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select 1 monthly statement or combined statement for each card (for a debit card, randomly select 1 monthly bank statement), obtain supporting documentation, and:

- a) Observe 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, (or electronically approved), by someone other than the authorized card holder.

Performance: Observed evidence that the statements and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Exceptions: The combined statement and supporting documentation was reviewed and approved, in writing, by 1 of the card holders. This card holder did not have another individual to approve their statement.

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

Performance: Observed finance charges and late fees were not assessed on the selected statements.

Exceptions: There were no exceptions noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by:

- a) An original itemized receipt that identifies precisely what was purchased.

Performance: Observed that transactions were supported by original itemized receipts that identifies precisely what was purchased.

Exceptions: There were no exceptions noted.

Procedures Performed on the Organization's Credit Cards, Debit Cards, Fuel Cards, P-Cards: (Continued)

- b) Written documentation of the business/public purpose.
Performance: Observed that each transactions includes written documentation of the business/public purpose.
Exceptions: There were no exceptions noted.
- c) Documentation of the individuals participating in meals (for meal charges only).
Performance: Observed transactions for any meal charges and documentation of the individuals participating in meals. There were no meal charges noted.
Exceptions: There were no exceptions noted.

Procedures Performed on the Organization's Travel and Travel-Related Expense Reimbursements (Excluding Card Transactions):

- 14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - Performance: Inquired of management and observed that there were no travel-related expense reimbursements during the fiscal period. Therefore, testing was not applicable.
- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
Performance: Inquired of management and observed that there were no travel-related expense reimbursements during the fiscal period. Therefore, testing was not applicable.
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
Performance: Inquired of management and observed that there were no travel-related expense reimbursements during the fiscal period. Therefore, testing was not applicable.
- 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 (procedures #lh).
Performance: Inquired of management and observed that there were no travel-related expense reimbursements during the fiscal period. Therefore, testing was not applicable.

Procedures Performed on the Organization's Travel and Travel-Related Expense Reimbursements (Excluding Card Transactions): (Continued)

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

Performance: Inquired of management and observed that there were no travel-related expense reimbursements during the fiscal period. Therefore, testing was not applicable.

Procedures Performed on the Organization's Contracts:

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract and:

Performance: Obtained a listing of all contracts initiated or renewed during the fiscal year from management and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

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

Performance: Inspected supporting contract documentation and inquired of client about any contracts subject to Louisiana Public Bid Law. All 5 contracts selected were for rent; Louisiana Public Bid law was not applicable.

Exceptions: There were no exceptions noted.

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

Performance: Inspected contract documentation.

Exceptions: 4 of the 5 selected contracts were not approved in the meeting minutes.

- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment was approval documented).

Performance: Inspected contracts and inquired of management about amendments to contracts in the fiscal year. No contracts were amended in the fiscal year.

Exceptions: There were no exceptions noted.

- d) Randomly select 1 payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Performance: Obtained supporting documentation for payments for each contract and agreed payment to terms of the contract.

Exceptions: There were no exceptions noted.

Procedures Performed on the Organization's Payroll and Personnel:

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

Performance: Obtained a listing of employees during the fiscal year from management and received management's representation of completeness in a separate letter. Randomly selected 5 employees and agreed paid salaries to authorized salaries or pay rates per the personnel files.

Exceptions: There were no exceptions noted.

17. Randomly select 1 pay period during the fiscal period. For the 5 employees or officials selected under #16 "Procedures Performed on the Organization's Payroll and Personnel" section, obtain attendance records and leave documentation for the pay period, and:

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

Performance: Inspected time sheets for record of attendance and leave during the period.

Exceptions: There were no exceptions noted.

- b) Observe that supervisors approved the attendance and leave of the selected employees or officials.

Performance: Inspected time sheets for the approval of attendance and leave by the supervisor for the selected employees.

Exceptions: There were no exceptions noted.

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

Performance: Observed that any leave accrued or taken during the pay period was reflected in the cumulative leave records.

Exceptions: There were no exceptions noted.

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

Performance: Observed the authorized salary/pay rate maintained in the personnel files and agreed to rate paid.

Exceptions: There were no exceptions noted.

Procedures Performed on the Organization's Payroll and Personnel: (Continued)

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select 2 employees or officials, obtain related documentation of the hours, and pay rates used in management's termination payment calculations, and the Organization's policy on termination payments. Agree the hours to the employees' or officials' cumulative leave records, agree the pay rates to the employees' or officials' authorized pay rates in the employees' or officials' personnel files and agree the termination payment to the Organization policy.

Performance: Obtained a listing of employees terminated during the fiscal year from management and received management's representation of completeness in a separate letter. Agreed the hours to cumulative leave records, agreed the pay rates to the authorized pay rates, and agreed the termination payment to the Organization's policy.

Exceptions: There were no exceptions noted.

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

Performance: Obtained management's representation of the timely filing of payroll forms and inspected forms confirming all payments were made and forms were submitted to the applicable agencies by required deadlines.

Exceptions: There were no exceptions noted.

Procedure Performed on the Organization's Ethics:

20. Using the 5 selected employees/officials from procedure #16 under "Procedures Performed on the Organization's Payroll and Personnel", obtain ethics documentation from management and:

- a) Observe that the documentation demonstrates each employee or official completed 1 hour of ethics training during the fiscal period.

Performance: Observed that selected employee's files included documentation of ethics training completed during the fiscal year.

Exceptions: There were no exceptions noted.

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

Performance: Inquired of management about updates to the ethics policy. There were no changes during the fiscal period

Exceptions: There were no exceptions noted.

Procedures Performed on the Organization's Debt Service:

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

Performance: Debt service not applicable for non-profit organizations.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing of bonds/notes and other debt instruments is complete. Randomly select 1 bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived assets funds, or other funds required by the debt covenants).

Performance: Debt service not applicable for non-profit organizations.

Procedures Performed on the Organization's Fraud Notice:

23. Obtain a listing of misappropriations of public funds or 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 Organization reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the Organization is domiciled.

Performance: Inquired of management of any misappropriations of public funds or assets, none were noted.

Exceptions: There were no exceptions noted.

24. Observe that the Organization 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.

Performance: Observed that the fraud notice is posted on the premises and website concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exceptions: There were no exceptions noted.

**Procedures Performed on the Organization's Information Technology Disaster Recovery/
Business Continuity:**

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

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

Performance: We performed the procedures and discussed the results with management.

**Procedures Performed on the Organization's Information Technology Disaster Recovery/
Business Continuity: (Continued)**

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

Performance: We performed the procedures and discussed the results with management.

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

Performance: We performed the procedures and discussed the results with management.

Procedures Performed on the Organization's Sexual Harassment:

- 26. Using the 5 randomly selected employees/officials from procedure #16 under "Procedures Performed on the Organization's Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least 1 hour of sexual harassment training during the calendar year.

Performance: Examined sexual harassment training documentation for the 5 employees tested.

Exceptions: There were no exceptions noted.

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

Performance: Observed that the sexual harassment policy is posted on the premises.

Exceptions: There were no exceptions noted.

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

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

Performance: Inquired of management regarding the Organization's annual sexual harassment report for the fiscal period.

Exceptions: There was no report filed during the fiscal period.

Procedures Performed on the Organization's Sexual Harassment: (Continued)

- b) Number of sexual harassment complaints received by the Organization;
Performance: Inquired of management regarding the Organization's annual sexual harassment report for the fiscal period.
Exceptions: There were no sexual harassment complaints received by the Organization; however, no report was filed for the fiscal period.

- c) Number of complaints which resulted in a finding that sexual harassment occurred;
Performance: Inquired of management regarding the Organization's annual sexual harassment report for the fiscal period.
Exceptions: There were no sexual harassment complaints received by the Organization; however, no report was filed for the fiscal period.

- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action, and
Performance: Inquired of management regarding the Organization's annual sexual harassment report for the fiscal period.
Exceptions: There were no sexual harassment complaints received by the Organization; however, no report was filed for the fiscal period.

- e) Amount of time it took to resolve each complaint.
Performance: Inquired of management regarding the Organization's annual sexual harassment report for the fiscal period.
Exceptions: There were no sexual harassment complaints received by the Organization; however, no report was filed for the fiscal period.

Management's Overall Response to Exceptions:

- 1b Management will consider adding the required provision to the existing purchasing policy.
- 1d Management will consider adding the required provisions to the existing receipts/collections policy.
- 1e Management will consider adding the required provisions to the existing payroll/personnel policy.
- 1f Management will consider adding the required provisions to the existing contracting policy.
- 1h Management will consider adding the required provision to the existing travel and expense reimbursement policy.
- 1i Management will consider adding the required provisions to the existing ethics policy.
- 1k Management will consider drafting an information technology disaster recovery/business continuity policy that contains the required provisions.

Management's Overall Response to Exceptions: (Continued)

- 11 Management will consider adding the required provision to the sexual harassment policy.
- 5c Management will consider having another employee collect cash.
- 7d Management will ensure all deposits are made in a timely manner.
- 9c Management will consider having another employee periodically review vendor files.
- 9d Management will consider having an employee who does not process payments mail the checks.
- 12a Management will consider having a board member approve the combined credit card statement.
- 15b Management will ensure that all contracts and renewals are approved by the Board.
- 28
- a-e Management will prepare and make public the annual sexual harassment report containing the applicable requirements of R.S. 42:344 on or before the February 1 deadline.