

LOUISIANA IMMERSIVE TECHNOLOGIES  
ENTERPRISE COMMISSION

FINANCIAL REPORT

JUNE 30, 2017

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## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
Louisiana Immersive Technologies  
Enterprise Commission  
Lafayette, Louisiana

We have audited the accompanying basic financial statements of the Louisiana Immersive Technologies Enterprise Commission, as of and for the year ended June 30, 2017, and the related notes to financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Immersive Technologies Enterprise Commission, as of June 30, 2017, and the respective changes in financial position and cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Emphasis of Matter

As stated in Note 10. to the financial statements effective July 31, 2017, the Commission transferred all assets, liabilities and operations to the University of Louisiana at Lafayette. The Commission was dissolved on July 31, 2017.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Louisiana Immersive Technologies Enterprise Commission. The schedule of compensation, benefits and other payments to agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation, benefits and other payments to agency head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 schedule of compensation, benefits and other payments to agency head is fairly stated in all material respects in relation to the basic financial statements as a whole.

### Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2017 on our consideration of the Louisiana Immersive Technologies Enterprise Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Louisiana Immersive Technologies Enterprise Commission's internal control over financial reporting and compliance.



Lafayette, Louisiana  
December 4, 2017

## LOUISIANA IMMERSIVE TECHNOLOGIES ENTERPRISE

### MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Louisiana Immersive Technologies Enterprise Commission's (the "Commission") financial performance provides an overview of the financial activities for the year ended June 30, 2017. Please read it in conjunction with the Commission's financial statements, which begin on page 6.

#### I. FINANCIAL HIGHLIGHTS

The Commission's net position decreased by \$1,141,191 or 7.35% as a result of this year's operations.

The Commission's operating revenues were \$624,818 for the year ended June 30, 2017, compared to \$882,656 for the year ended June 30, 2016, a decrease of 29.21%.

Total operating expenses during the year ending June 30, 2017 were \$1,777,348, compared to \$1,808,995 during the year ending June 30, 2016, a decrease of \$31,647 or 1.75%

#### II. USING THIS ANNUAL REPORT

One of the most important questions asked about the Commission's finances is, "Is the Commission better off or worse off as a result of the year's activities?" The statement of net position and the statement of revenues, expenses, and change in net position report information about the Commission and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Commission's net position and the related changes. The net position, the difference between the assets and the liabilities, is one way to measure the Commission's financial position or financial health. Over time, increases or decreases in the Commission's net position is one indicator of whether its financial health is improving or deteriorating.

In accordance with Government Accounting Standards, both government-wide and fund financial statements are typically presented. However, because the Commission's activities are considered business-type activities, the statements in both presentations are identical. As a result, only one set of financial statements is presented.

II. CONDENSED FINANCIAL STATEMENTS

The following table reflects the condensed statement of net position for 2017, with comparative figures from 2016.

**TABLE I**  
CONDENSED STATEMENT OF NET POSITION  
JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Assets:		
Current assets	\$ 1,637,707	\$ 2,152,020
Capital assets, net	<u>12,997,756</u>	<u>13,650,697</u>
Total assets	<u>\$14,635,463</u>	<u>\$15,802,717</u>
Current liabilities:		
Accounts payable and other current liabilities	\$ 249,986	\$ 276,049
Net position:		
Net investment in capital assets	\$12,997,756	\$13,650,697
Unrestricted	<u>1,387,721</u>	<u>1,875,971</u>
Total net position	<u>\$14,385,477</u>	<u>\$15,526,668</u>
Total liabilities and net position	<u>\$14,635,463</u>	<u>\$15,802,717</u>

The following table provides a summary of the statement of revenues, expenses, and change in net position for the year ended June 30, 2017, with comparative figures from 2016:

**TABLE II**  
CONDENSED STATEMENT OF REVENUES,  
EXPENSES AND CHANGE IN NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Operating revenues	\$ 624,818	\$ 882,656
Operating expenses	<u>1,777,348</u>	<u>1,808,995</u>
Operating loss	\$ (1,152,530)	\$ (926,339)
Non-operating revenues (expenses)	\$ 11,339	\$ 10,356
Change in net position	\$ (1,141,191)	\$ (915,983)
Net position, beginning	<u>15,526,668</u>	<u>16,442,651</u>
Net position, ending	<u>\$14,385,477</u>	<u>\$15,526,668</u>

Operating expenses, excluding depreciation expense of \$662,776 and \$669,781 at June 30, 2017 and 2016, respectively, decreased by \$24,642 or approximately 2.16%

### III. CAPITAL ASSETS

At June 30, 2017, the Commission had \$12,997,756 invested in capital assets. This amount represents a net decrease of \$652,941 from last year. This decrease is largely due to recognition of depreciation expense during the fiscal year.

### IV. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET/OPERATIONS

In November 2016, the Commission approved a cooperative endeavor agreement with the University of Louisiana at Lafayette whereby the Commission will transfer all assets, liabilities and operations of the facility to the University with subsequent dissolution of the Commission. The Commission was dissolved effective July 31, 2017.

### V. CONTACTING THE COMMISSION'S MANAGEMENT

Our financial report is designed to provide government agencies and the general public an overview of the Commission's finances and to demonstrate accountability for the money that it receives. If you have any questions about this report or wish to ask for more information, you should contact Ramesh Kolluru Ph.D., Vice President of Research at P.O. Box 44932, Lafayette, LA, 70504-4932 or by phone at (337) 482-6541.

LOUISIANA IMMERSIVE TECHNOLOGIES  
ENTERPRISE COMMISSION

STATEMENT OF NET POSITION  
June 30, 2017

ASSETS

CURRENT ASSETS

Cash	\$ 1,603,616
Accounts receivable	4,091
Prepaid expenses	<u>30,000</u>
Total current assets	<u>\$ 1,637,707</u>

CAPITAL ASSETS

Depreciable, net	<u>\$12,997,756</u>
Total assets	<u>\$14,635,463</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable	\$ 30,467
Unearned revenue	213,972
Accrued payroll	375
Compensated absences	5,165
Other liabilities	<u>7</u>
Total current liabilities	<u>\$ 249,986</u>

NET POSITION

Net investment in capital assets	\$12,997,756
Unrestricted	<u>1,387,721</u>
Total net position	<u>\$14,385,477</u>
Total liabilities and net position	<u>\$14,635,463</u>

See Notes to Financial Statements.

LOUISIANA IMMERSIVE TECHNOLOGIES  
ENTERPRISE COMMISSION

STATEMENT OF REVENUES, EXPENSES AND  
CHANGE IN NET POSITION  
Year Ended June 30, 2017

Operating revenues:	
Lease revenue	\$ 589,369
Project revenue	15,708
Venue usage revenue	<u>19,741</u>
Total operating revenues	<u>\$ 624,818</u>
 Operating expenses:	
Salaries and employee benefits	\$ 363,813
Accounting and auditing	13,373
Business development	2,244
Depreciation expense	662,776
Dues and memberships	32,628
Insurance	79,846
Internet	1,799
IT support	51,768
Legal	45,453
Management fees	180,030
Marketing and advertising	1,764
Pest control	1,680
Repairs and maintenance	126,477
Supplies	21,500
Technology and software expense	1,276
Telephone	9,947
Utilities	173,992
Waste disposal	3,059
Other	<u>3,923</u>
Total operating expense	<u>\$ 1,777,348</u>
 Operating loss	 \$ (1,152,530)
 Non-operating revenues (expenses):	
Interest income	<u>\$ 11,399</u>
 Change in net position	 \$ (1,141,191)
 Net position, beginning	 <u>15,526,668</u>
 Net position, ending	 <u>\$14,385,477</u>

See Notes to Financial Statements.

LOUISIANA IMMERSIVE TECHNOLOGIES  
ENTERPRISE COMMISSION

STATEMENT OF CASH FLOWS  
Year Ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts for lessees and venue usage	\$ 886,461
Payments to suppliers for goods and services	(936,096)
Payments to employees and for employee related costs	<u>(385,248)</u>

Net cash used in operating activities \$ (434,883)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of capital assets	\$ <u>(9,835)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	\$ <u>11,339</u>
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Net decrease in cash \$ (433,379)

Cash, beginning of year 2,036,995

Cash, end of year \$ 1,603,616

RECONCILIATION OF OPERATING LOSS TO NET CASH  
USED IN OPERATING ACTIVITIES

Operating loss \$(1,152,530)

Adjustments to reconcile operating loss to  
net cash used in operating activities:

Depreciation	662,776
Change in assets and liabilities –	
Decrease in receivables	88,434
Increase in prepaid expenses	(7,500)
Increase in unearned revenue	173,209
Decrease in accrued payroll	(1,211)
Decrease in compensated absences	(20,224)
Increase in other liabilities	<u>7</u>

Net cash used in operating activities \$ (434,883)

See Notes to Financial Statements.

LOUISIANA IMMERSIVE TECHNOLOGIES  
ENTERPRISE COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of the Louisiana Immersive Technologies Enterprise Commission (the "Commission") have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the Commission are described below.

Reporting entity:

A financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Primary government:

The Commission is a political subdivision of the State of Louisiana, created pursuant to Louisiana Revised Statutes 51:2101 and 51:2102. The Commission came into existence on June 23, 2006 with the signing of Act 624. The Commission serves the state by furthering education in immersive technologies, engaging in collaborative research involving immersive technologies, and by furthering the economic development of business and industries utilizing immersive technologies. The Commission is governed by a Board of Commissioners, composed of seven persons appointed by the Secretary of the Louisiana Department of Economic Development, the Chairman of the Board of the Lafayette Economic Development Authority, and the President of the University of Louisiana at Lafayette.

Component units:

The basic criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes, are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the primary government's governing authority appoints a majority of board members of the potential component unit.
3. Fiscal interdependency between the primary government and the potential component unit.
4. Imposition of will by the primary government on the potential component unit.

## NOTES TO FINANCIAL STATEMENTS

5. Financial benefit/burden relationship between the primary government and the potential component unit.

Based on the above criteria, there are no organizations or agencies which should be included in the basic financial statements as component units.

### Basis of presentation:

The Commission's basic financial statements consist of its enterprise fund's financial statements which report the business type activities of the entity. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

Because the Commission operates as a business type entity, presentation of separate government-wide and fund financial statements would be redundant (the two are identical); thus, the Commission has presented one set of basic financial statements.

The Commission considers lease, venue usage and project revenues to be operating revenues, while revenues derived from intergovernmental agreements, grants and other similar funding arrangements to be non-operating revenues.

### Basis of accounting:

The basic financial statements presented are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

### Use of 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.

### Cash and cash equivalents:

Cash includes amounts in demand deposits and on hand. For purposes of reporting cash flows, the Commission considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

### Receivables:

All receivables are reported net of estimated uncollectible amounts.

## NOTES TO FINANCIAL STATEMENTS

### Capital assets:

The Commission's property, plant, and equipment (fixed assets) with useful lives of more than one year are stated at historical cost or estimated historical cost for assets where actual historical cost is not available and reported in the financial statements as capital assets. The Commission maintains a capitalization threshold level of \$5,000 for software licenses and \$1,000 for all other fixed asset purchases. The costs of normal repairs and maintenance that do not add to the value of an asset or materially extend asset useful lives are not capitalized. Depreciation of all exhaustible fixed assets is recorded as an expense in the statement of revenues, expenses, and change in net position, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Years</u>
Land improvements	30
Buildings and improvements	10 - 30
Equipment	5 - 7
Computer hardware	5
Software	3

### Compensated absences:

Employees earn a set amount of vacation leave each year depending on years of service. Vacation leave may be carried forward from year to year, with the accumulated total not exceeding 30 days. Upon termination of employment with the Commission, employees are paid for unused vacation time that has been earned through the last day of work. As such, a provision for this has been made in the financial statements.

Employees also earn sick leave at a rate of one day per month. Sick leave may be carried forward from year to year, with the accumulated total not exceeding 12 working days. When employment with the Commission is severed, either voluntarily or involuntarily, all accrued sick time is forfeited and is not compensated in the form of cash or any other benefit.

### Equity classifications:

Equity is classified as net position and displayed in three components: (1) net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, (2) restricted net position - consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (b) law through constitutional provisions or enabling legislation, and (3) unrestricted net position - all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

### Use of restricted resources:

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Commission's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

NOTES TO FINANCIAL STATEMENTS

Custodial credit risk:

The Commission is exposed to custodial credit risk as it relates to their deposits with financial institutions. The Commission's policy to ensure there is no exposure to this risk is to require each financial institution to pledge their own securities to cover any amount in excess of Federal Depository Insurance Coverage. These securities must be pledged in the Commission's name. As of June 30, 2017, the Commission had \$1,395,977 of deposits with financial institutions for which securities were pledged to cover the excess over Federal Depository Insurance Coverage.

Note 2. Capital Assets and Depreciation

Capital assets activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Capital assets being depreciated:</b>				
Land improvements	\$ 8,618	\$ -	\$ -	\$ 8,618
Building	15,717,705	-	-	15,717,705
Building improvements	1,965,887	1,239	-	1,967,126
Equipment	967,583	-	-	967,583
Computer hardware	1,834,611	8,596	-	1,843,207
Software	<u>158,856</u>	<u>-</u>	<u>-</u>	<u>158,856</u>
	<u>\$20,653,260</u>	<u>\$ 9,835</u>	<u>\$ -</u>	<u>\$20,663,095</u>
<b>Less accumulated depreciation for:</b>				
Land improvements	\$ (1,723)	\$ (287)	\$ -	\$ (2,010)
Building	(3,667,465)	(523,924)	-	(4,191,389)
Building improvements	(410,742)	(120,467)	-	(531,209)
Equipment	(963,025)	(1,801)	-	(964,826)
Computer hardware	(1,800,753)	(16,297)	-	(1,817,050)
Software	<u>(158,855)</u>	<u>-</u>	<u>-</u>	<u>(158,855)</u>
	<u>\$ (7,002,563)</u>	<u>\$(662,776)</u>	<u>\$ -</u>	<u>\$ (7,665,339)</u>
Total capital assets being depreciated, net	<u>\$13,650,697</u>	<u>\$(652,941)</u>	<u>\$ -</u>	<u>\$12,997,756</u>
Capital assets, net	<u>\$13,650,697</u>	<u>\$(652,941)</u>	<u>\$ -</u>	<u>\$12,997,756</u>

Depreciation expense for the year ended June 30, 2017 was \$662,776.

## NOTES TO FINANCIAL STATEMENTS

### Note 3. Accounts Receivable and Other Receivables

Accounts receivable as of June 30, 2017 consisted of unpaid invoices for rentals, leases and other services provided to various customers. No allowance was recognized for uncollectible accounts as management believes that all outstanding invoices will be collected.

### Note 4. Lease Agreements

The Commission leases office space within its facility to several private companies. These office spaces are rented at fair market value rates. Lease terms vary depending on each tenant's needs. Future minimum rental payments to be received on these operating leases are \$49,074 all expected to be collected in July 2017. As stated in Note 10. the Commission was dissolved effective July 31, 2017.

### Note 5. Lease of Property

The Commission's facilities are located on property leased from the University of Louisiana at Lafayette. The lease is for an unspecified period of time and there is no rental expense associated with the lease.

### Note 6. Retirement Plan

The Commission administers a 457 defined contribution plan and a Roth 401k (after tax) plan to provide retirement benefits for its employees. Trustees of the trust established as part of these plans are the Chief Executive Officer and the Executive Committee of the Board of Commissioners. The Commission may amend the plans at any time by notification to employees in writing. Employees are eligible to become a participant in the plans on the first day of the month following the date he or she reaches age 21 and completes six consecutive calendar months of employment at the Commission. Employees may choose to contribute any amount of compensation to the plans, up to the maximum amount allowed by law. The Commission matches employee contributions up to 5% of the employee's compensation. The Commission's pension expense for the year ended June 30, 2017 was \$5,163.

### Note 7. Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Commission purchases commercial insurance to cover any claims related to these risks.

### Note 8. Commitments and Contingencies

In the normal course of operations, the Commission may receive grant funds from various state agencies. The grants are subject to audits by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as a result of these audits is not believed to be material.

## NOTES TO FINANCIAL STATEMENTS

### Note 9. Cooperative Endeavor Agreement

On December 21, 2016, the Commission entered into a cooperative endeavor agreement with the University of Louisiana at Lafayette, whereby the University assumed responsibility for the management and operation of the Commission facilities. As part of this agreement the Commission began paying management fees to the University of Louisiana at Lafayette in the amount of \$30,000 per month, beginning January 1, 2017. Total management fees paid to the University of Louisiana at Lafayette for 2017 were \$180,000.

### Note 10. Subsequent Events

In November 2016, the Commission approved the cooperative endeavor agreement explained in Note 9. Effective July 31, 2017, the Commission transferred all assets, liabilities and operations of the facility to the University. The Commission was dissolved effective July 31, 2017.

LOUISIANA IMMERSIVE TECHNOLOGIES  
ENTERPRISE COMMISSION

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER  
PAYMENTS TO AGENCY HEAD  
Year Ended June 30, 2017

Agency Head: Doug Menefee, Chairman

There was no compensation, benefits or other payments to agency head for the year ending June 30, 2017.

See Independent Auditor's Report.

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INDEPENDENT AUDITORS' 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 Commissioners  
Louisiana Immersive Technologies  
Enterprise Commission  
Lafayette, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Louisiana Immersive Technologies Enterprise Commission ("the Commission"), as of and for the year ended June 30, 2017, and the related notes to financial statements, and have issued our report thereon dated December 4, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 Commission's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and responses that we consider to be a material weakness, which is identified as 2017-001.

### Compliance and Other Matters

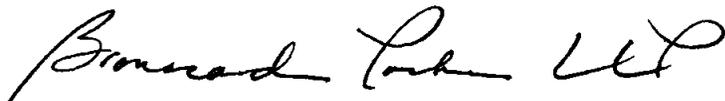
As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

### Louisiana Immersive Technologies Enterprise Commission's Response to Finding

The Commission's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### 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 Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.



Lafayette, Louisiana  
December 4, 2017

LOUISIANA IMMERSIVE TECHNOLOGIES  
ENTERPRISE COMMISSION

SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2017

We have audited the basic financial statements of the Louisiana Immersive Technologies Enterprise Commission as of and for the year ended June 30, 2017, and have issued our report thereon dated December 4, 2017. 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 audit of the financial statements as of June 30, 2017, resulted in an unmodified opinion.

Section I. Summary of Auditors' Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material weaknesses  Yes  No

Control deficiencies identified  
that are not considered to be  
material weakness(es)  Yes  None reported

Compliance

Compliance material to financial statements  Yes  No

Section II. Financial Statement Findings

**#2017-001 Segregation of Duties**

Condition: The Commission does not have an adequate segregation of duties in the accounting department. One individual prepares deposit slips, enters deposits into the accounting system, and reconciles the cash account. The same individual is involved in the accounts payable function, having the ability to print checks, and in the payroll function, having access to the online payroll system and the ability to approve payroll.

Criteria: An effective system of internal control requires a proper segregation of duties so that no one individual handles a transaction from its inception to its completion.

Cause: The Commission has a limited number of employees within the accounting department.

Effect: Ineffective system of internal controls within the accounting function.

Recommendation: While we recognize that the Commission may not be a large enough entity to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition. Keeping in mind the limited number of employees to which duties can be assigned, the Commission should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Response: We have segregated duties as much as possible with the resources available. We will monitor the situation.

LOUISIANA IMMERSIVE TECHNOLOGIES  
ENTERPRISE COMMISSION

SCHEDULE OF PRIOR FINDINGS  
Year Ended June 30, 2017

Section I. Internal Control and Compliance Material to the Financial Statements

**#2016-1 Segregation of Duties**

Recommendation: While we recognize that the Commission may not be a large enough entity to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition. Keeping in mind the limited number of employees to which duties can be assigned, the Commission should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Current Status: NOT RESOLVED: Repeat finding at 2017-001.

Section II. Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III. Management Letter

There were no matters reported in a separate management letter for the year ended June 30, 2016.

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners and Management of  
of Louisiana Immersive Technologies Enterprise  
and the Louisiana Legislative Auditor  
Lafayette, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Louisiana Immersive Technologies Enterprise (the Commission) and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Louisiana Immersive Technologies Enterprise's management is responsible for those control and compliance 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. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

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

*We obtained a copy of their budgeting policy effective for the fiscal year ended June 30, 2017. All budgeting items, including preparing, adopting, monitoring and amending the budget are addressed in the policy.*

- 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.

*We obtained a copy of their purchasing policy effective for the fiscal year ended June 30, 2017. Items addressed in the policy include how purchases are initiated, when and how new vendors are added in the accounting system, the preparation and approval process of purchase requisitions and purchase orders, controls to ensure compliance with the public bid law and documentation required to be maintained for all bids and price quotes were addressed in the policy.*

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

*We obtained a copy of their disbursement policy effective for the fiscal year ended June 30, 2017. Items addressed in the policy include processing, reviewing and approving of disbursements.*

- d. Receipts, including receiving, recording, and preparing deposits.

*We obtained a copy of their receipts policy effective for the fiscal year ended June 30, 2017. Items addressed in the policy include receiving, recording and preparing deposits.*

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

*We obtained a copy of their payroll/personnel policy effective for the fiscal year ended June 30, 2017. Payroll processing and the reviewing and approving of leave and time worked are addressed in the written policies.*

- 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 written policies received did not specifically address types of services requiring written contracts, standard terms and conditions, legal review, approval or monitoring processes for contracts. Louisiana Bid Law was addressed in the purchasing policy which included when certain types of contracts are required under Louisiana law to be competitively bid or quotes obtained.*

- 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, and (5) monitoring card usage.

*We obtained a copy of their credit card policy effective for the fiscal year ended June 30, 2017. The policy addresses how the cards are to be controlled, documentation requirements and monitoring of card usages. The policy only states that cards are to be used for purchases of goods and services when needed but does not go into detail of allowable business uses. All charges are required to have purchase orders (as approved in the purchasing policy).*

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

*We obtained a copy of their travel and expense reimbursement policies effective for the fiscal year ended June 30, 2017. All travel and expense reimbursement items, including allowable expenses, dollar thresholds by category of expense, documentation requirements and required approvers are addressed in the written policies received.*

- i. Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:111-1121, (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.

*We obtained a copy of their ethics policy effective for the fiscal year ended June 30, 2017. The policy states that it is in accordance with the Louisiana Code of Governmental Ethics La.R.S. 42:1101. The policy requires employees who learn about conduct in violation of the policy to report the information to their supervisor. Management then are required to discuss the issue with legal counsel. The ethics policy is included in the employee handbook and employees must sign a "Receipt of Handbook" form, however this is not done annually.*

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

*Not applicable for the Commission.*

**Board (or Finance Committee, if applicable)**

2. Obtain and review the board/committee minutes for the fiscal period, and:
  - a. Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charters, or other equivalent document.

*The Commission met three times during fiscal year 2017.*

- b. Report whether the minutes reference or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
  - i. If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

*The board minutes reference the monthly financial statements for approval at each meeting. These monthly financial statements include a budget-to-actual comparison.*

- c. Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

*The minutes did reference non-budgetary information such as approval of contracts.*

**Bank Reconciliations**

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

*We obtained a listing of all bank accounts. The Commission had only one checking account at June 30, 2017.*

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if no more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a. Bank reconciliations have been prepared;

*All monthly bank reconciliations for the cash account were performed.*

- b. Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

*Per discussion with accounting personnel, the individual monthly bank reconciliation are not reviewed by the Commission or senior management. The Commission reviews the monthly financial statements at their meetings.*

- c. If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

*Per review and discussion with accounting personnel, there were 2 reconciling items on the bank reconciliations that were older than 6 months. The checks dated in 2011 and 2013 for a total of \$63. The purpose of the checks were determined by management and remain outstanding on the bank reconciliation.*

### Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

*The Commission has only one location.*

6. Using the listing provided by management, select all of the entity's cash collections locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). For each cash collection locations selected:

- a. Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

*We obtained the Commission's written documentation of collection policies in effect for the fiscal year ending 6/30/17. Employees responsible for collecting cash are bonded. The person responsible for collecting cash is also responsible for making the deposit, recording the transaction and reconciling the bank account. The written policy does not address cash drawer procedures.*

- b. Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

*Substantially all collections are the result of lease contracts with customers or grant agreements. Grant reimbursements are processed by the facility director or accountant. The grant reimbursement is invoiced in the accounting system when submitted. Lease contracts are proposed to the Commission by management, approved by the Commission and executed by management. Accounting is then notified and setups up the contract in accounting to invoice as needed. Accounting is responsible for generating and sending invoices. Checks received are copied, the deposit prepared, entered into the accounting software and brought to the bank by accounting personnel.*

- c. Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- i. Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

*We obtained supporting documentation, the deposit slip and corresponding bank statement for the highest week of collections which was in August 2016. The time from receiving the checks to the actual day the deposit was made was up to 5 days which is in line with the Commission's policy of weekly deposits.*

- ii. Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

*The cash collections tested above were completely supported by documentation and in agreement with deposit slip and clearance on the bank statement.*

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

*Per the written policy, bank reconciliations are performed on a monthly basis. The Commission does not have an adequate segregation of duties in the accounting department. One individual prepares deposit slips, enters deposits into the accounting system, and reconciles the cash account.*

**Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)**

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

*We obtained the beginning and ending check numbers from the Commission for the fiscal year ending June 30, 2017.*

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a. Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

*Yes, purchase orders were used for all purchases over \$100 or non-recurring items per the Commission's policy.*

- b. Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

*Yes, all purchase orders were approved by a person other than the person who initiated the purchase.*

- c. Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

*Yes, payments were not processed without an approved purchase order, if required, a receiving report, if required, and an approved invoice.*

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

*Per the written policy, the person responsible for processing payments is also responsible for adding vendors to the entities purchasing/disbursement system.*

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

*Per the written policy, a dual signature system is in place. The CEO and Commission members have signatory authority. In cases of emergency or backup the COO also has signatory authority. The COO is responsible for approving all purchase and check requests.*

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

*Per inquiry of management and observation, all blank and unused checks are kept in a locked cabinet with restricted access to persons without signatory authority.*

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

*Not applicable, the Commission does not have a signature stamp or machine in use.*

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

14. Obtain 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. Obtain management's representation that the listing is complete.

*The Commission provided a listing of credit cards along with the names of personnel who maintain possession of the cards. A representation was obtained from management that the listing was complete.*

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

*The Commission has 2 credit cards, 1 credit card was selected for testing.*

16. Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

*Yes, the credit card statement had an attached disbursement listing showing all the individual items charged for the month. The listing, monthly statement and support was reviewed and approved by someone other than the person holding the card.*

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

*No finance or late fees were assess on the selected statement.*

17. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

a) For each transaction, report whether the transaction is supported by:

i. An original itemized receipt (i.e., identifies precisely what was purchased)

*Yes, all transactions for the month were supported by an original itemized receipt.*

ii. Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

*Yes, all transactions had documentation of the business purpose*

iii. Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

*Yes, purchase orders for items over \$100 or non-recurring items were obtained.*

c) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

*No items selected were subject to the Louisiana Public Bid law. All items reviewed comply with the Commission's written purchasing and disbursement policy.*

d) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*No items of this nature were noted.*

### **Travel and Expense Reimbursement**

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

*We obtained a listing of all travel and related expense reimbursements to employees during the fiscal year ending 6/30/17. A representation was obtained from management that the listing was complete.*

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

*We obtained the Commission's written policy related to travel and expense reimbursement and compared the amounts in the policy to the per diem and mileage rates established by the U.S. General Services Administration. Travel and expense reimbursement amounts in the Commission's policy did not exceed GSA rates.*

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

*All expenses selected were reimbursed in accordance with the Commission's policy.*

- b) Report whether each expense is supported by:

- i. An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

*All expenses reimbursed were supported by original itemized receipts.*

- ii. Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

*All expense reimbursements had documentation of the business/public purpose.*

- iii. Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

*All reimbursements included an expense report detailing the travel and related expenses along with original itemized receipts and was approved for payment.*

- e) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*No items of this nature were noted.*

- f) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*Yes, all travel & related expenses were approved by someone other than the person receiving the reimbursement.*

### Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

*The only vendor contract in the current fiscal year was a cooperative endeavor agreement with the University of Louisiana at Lafayette for operational management services. A representation was obtained from management that the listing was complete.*

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

*The only contract in the current fiscal year was a cooperative endeavor agreement for certain management services provided by the University.*

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

*A formal written contract exists which supports the services arrangement and amounts paid during the contract period.*

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- i. If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

*Not applicable, only cooperative endeavor agreement with University in the current year.*

- ii. If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

*Not applicable.*

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

*Monthly payments were amended from \$60,000 per month to \$30,000 per month for management services received from the University since the Commission still continued to absorb certain costs after January 1, 2017.*

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

*Complied with terms of the cooperative endeavor agreement.*

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

*Yes, approved by the Commission on November 9, 2016.*

### **Payroll and Personnel**

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

*We obtained a listing of all employees and appointed officials during the fiscal year ending June 30, 2017. A representation was obtained from management that the listing was complete.*

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

*Yes, compensation paid to the selected employees were in agreement with pay rate structure in personnel files.*

- c) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

*No rate changes were made during the fiscal year ending June 30, 2017.*

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

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

*Per discussions with Commission management, the clock in/out system used by employees records their daily attendance and leave in the ADP system (Third Party service provider). However, since the Commission was dissolved at 7/31/17, they lost access to the ADP online system a month after. We were not able to access the leave and attendance reports since the audit fieldwork was done after access was lost.*

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

*Per Commission management, the daily leave and attendance is approved electronically in the ADP system. All request for leave is also done electronically through the ADP system. We were not able to access the approvals for leave and attendance since the audit fieldwork was done after access was lost.*

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

*Per Commission management, all leave records are maintained in the ADP system for each employee showing the hours they earned, hours used and the balance of hours still available. We were not able to access the leave records since the audit fieldwork was done after access was lost.*

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

*We obtained a listing of employees terminated during the fiscal year ending June 30, 2017 with their termination payments. A representation was obtained from management that the listing was complete. We tested the 2 largest termination payments and they were in agreement with the Commission's policy*

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

*We obtained support for retirement contributions and payroll taxes. We noted that both the employee and employer portions were submitted to the applicable agencies by the required deadlines.*

### **Ethics (excluding nonprofits)**

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

*For the 5 selected employees above the Commission did not provide support to demonstrate that the required ethics training was completed.*

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

*Per Commission management, there were no alleged ethics violations reported during the fiscal year ending June 30, 2017.*

**Debt Service (excluding nonprofits)**

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

*Not applicable.*

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

*Not applicable.*

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

*Not applicable.*

**Other**

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Per Commission management, they did not have any misappropriations of public funds or assets.*

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

*There were no postings of the notice required by R.S. 24:523.1 on the Commission's premises and/or website.*

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

*None noted.*

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the SAUPs. Accordingly, we do not

express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance 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 Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "Broussard Poche, LLP". The signature is written in black ink and is positioned above the typed name of the firm.

Broussard Poche, LLP  
Lafayette, Louisiana  
December 4, 2017