

**LOUISIANA CASA ASSOCIATION  
BATON ROUGE, LOUISIANA**

**Financial Report  
As of and for the Year Ended  
June 30, 2019**

**Louisiana CASA Association  
Financial Report  
As of and for the Year Ended  
June 30, 2019**

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**John L. McKowen**  
Certified Public Accountant

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Louisiana CASA Association  
Baton Rouge, Louisiana

I have audited the accompanying financial statements of Louisiana CASA Association, a nonprofit organization, which comprise the statement of financial position as of June 30, 2019, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Member**  
*American Institute of Certified Public Accountants*  
*Society of Louisiana Certified Public Accountants*

## **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana CASA Association as of June 30, 2019, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits and other payments to the Executive Director is presented for purposes of additional analysis and is not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Report on Summarized Comparative Information**

I have previously audited Louisiana CASA Association's 2018 financial statements, and I expressed an unmodified opinion on those audited financial statements in my report dated October 24, 2018. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it was derived.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated October 11, 2019, on my consideration of Louisiana CASA Association's internal control over financial reporting and my 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 my 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 CASA Association's internal control over financial reporting and compliance.



John L. McKowen, CPA

Baton Rouge, Louisiana  
October 11, 2019

**Louisiana CASA Association**  
Baton Rouge, Louisiana

**Statement of Financial Position**

June 30, 2019  
(with summarized comparative amounts for 2018)

**ASSETS**

<b>CURRENT ASSETS</b>	2019	2018
Cash	\$ 15,262	\$ 24,291
Grants receivable	91,600	100,488
Prepaid expenses	1,379	1,284
Total assets	<u>108,241</u>	<u>126,063</u>
 <b>NON-CURRENT ASSETS</b>		
Property and equipment, net	<u>4,481</u>	<u>-</u>
Total assets	<u>\$ 112,722</u>	<u>\$ 126,063</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	<u>\$ 7,941</u>	<u>\$ 12,262</u>
Total liabilities	<u>\$ 7,941</u>	<u>\$ 12,262</u>
 <b>NET ASSETS</b>		
Without donor restrictions	104,781	113,801
With donor restrictions	<u>-</u>	<u>-</u>
Total net assets	<u>\$ 104,781</u>	<u>\$ 113,801</u>
Total liabilities and net assets	<u>\$ 112,722</u>	<u>\$ 126,063</u>

**Louisiana CASA Association**  
Baton Rouge, Louisiana

**STATEMENT OF ACTIVITIES**

For the year ended June 30, 2019  
(with summarized comparative amounts for 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>PUBLIC SUPPORT AND REVENUE</b>				
Grants	-	693,162	693,162	\$ 714,308
Contributions	6,648	2,500	9,148	21,864
Other	19,817	-	19,817	30,231
	26,465	695,662	722,127	766,403
Net assets released from restrictions	695,662	(695,662)	-	-
Total public support and revenue	722,127	-	722,127	766,403
<b>EXPENSES</b>				
Program services	668,241	-	668,241	608,048
Management and general	59,318	-	59,318	133,749
Fundraising	3,588	-	3,588	408
Total expenses	731,147	-	731,147	742,205
Increase (decrease) in net assets	(9,020)	-	(9,020)	24,198
<b>NET ASSETS</b>				
Beginning of year	113,801	-	113,801	89,603
End of year	104,781	-	104,781	\$ 113,801

The accompanying notes are an integral part of this statement.

**Louisiana CASA Association**  
Baton Rouge, Louisiana

**STATEMENT OF FUNCTIONAL EXPENSES**

For the year ended June 30, 2019  
(with comparative amounts for June 30, 2018)

	2019			2018	
	Program Services	Management and General	Fundraising	Total	Total
<b>EXPENSES</b>				-	
Salaries	368,508	43,887		412,395	403,639
Fringe benefits	43,669	5,201		48,870	45,357
Travel	40,978	2,976		43,954	51,565
Occupancy expense	21,600			21,600	21,600
Telephone	1,860			1,860	1,059
Supplies	5,535	512		6,047	9,322
Professional services	70,275	2,158	3,588	76,021	32,640
Equipment expense	7,123			7,123	9,992
Insurance	2,766			2,766	1,590
Printing	10,091			10,091	3,846
Training	79,856	2,412		82,268	89,073
Program support	14,312			14,312	48,309
Grants	-			-	20,940
Depreciation		1,347		1,347	-
Other costs	1,668	825		2,493	3,273
Total expenses	<u>668,241</u>	<u>59,318</u>	<u>3,588</u>	<u>731,147</u>	<u>742,205</u>

**Louisiana CASA Association**  
Baton Rouge, Louisiana

**STATEMENT OF CASH FLOWS**

For the year ended June 30, 2019  
(with comparative amounts for 2018)

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITES</b>		
Increase (decrease) in net assets	\$ (9,020)	\$ 24,198
Adjustments for non-cash items:		
Depreciation	1,347	-
Change in operating assets and liabilities		
(Increase) decrease in grants receivable	8,888	12,247
(Increase) decrease in other receivables	-	15,658
(Increase) decrease in prepaid expenses	(95)	(1,284)
Increase (decrease) in accounts payable and accrued liabilities	(4,321)	(35,497)
Net cash provided (used) by operating activities	(3,201)	15,322
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(5,828)	-
Net cash provided by investing activities	(5,828)	-
Net increase (decrease) in cash	(9,029)	15,322
<b>CASH</b>		
Beginning of year	24,291	8,969
End of year	\$ 15,262	\$ 24,291

Louisiana CASA Association had no interest expense and no income tax expense for the years ended June 30, 2019 or June 30, 2018.

**Louisiana CASA Association**  
Baton Rouge, Louisiana  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of activities**

Louisiana CASA Association is a Louisiana nonprofit corporation organized to support evidence-based services and programs for vulnerable families. Louisiana CASA Association's programs support and encourage the Court Appointed Special Advocate programs in Louisiana, promote cooperation and communication among CASA programs within Louisiana, coordinate and encourage funding of CASA programs at the state level, and represent the Louisiana CASA programs at the national level.

**Basis of presentation**

Louisiana CASA Association prepares its financial statements on the accrual basis of accounting. The significant accounting policies are described below to enhance the usefulness of the financial statements.

Louisiana CASA Association reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The statement of activities presents expenses of Louisiana CASA Association functionally by program services, fundraising, and management and general.

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Louisiana CASA Association' financial statements for the year ended June 30, 2018, from which the summarized information was derived.

**New accounting pronouncement**

During the year ended June 30, 2019, Louisiana CASA Association adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 – Not-for Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 addresses the complexity and understandability of net asset classifications, the deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between nonprofit entities. A key change required by ASU 2016-14 is the presentation of the net asset classes used in these financial statements. Amounts

previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (See Note 9).

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. Estimates are used primarily when accounting for the allowance for doubtful accounts, prepaid assets, and accrued liabilities.

### **Income tax status**

Louisiana CASA Association qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code; therefore, the financial statements have no provision for federal and state income tax.

Louisiana CASA Association follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management has determined that there is no impact to the financial statements as a result of ASC 740-10. Louisiana CASA Association' open audit periods are 2017 through 2019.

### **Net assets**

Net assets without donor restrictions represent resources over which the Board of Directors has discretionary control and are used to fund operations of Louisiana CASA Association in accordance with its bylaws.

Net assets with donor restrictions are contributions and grants restricted for various purposes. During the year ended June 30, 2019, contributions of \$695,662 were transferred to net assets without restrictions as restrictions were satisfied.

### **Cash and cash equivalents**

Louisiana CASA Association considers all highly liquid investments, money market funds and certificates of deposit with a maturity of three months or less at the date of acquisition to be cash equivalents. There were no cash equivalents at June 30, 2019.

### **Grants receivable**

Accounts receivable are recorded at cost, net of an allowance for doubtful accounts. Management believes all accounts are collectible; therefore, an allowance has not been

recorded at June 30, 2019. Louisiana CASA Association does not require collateral for its receivables. There were \$65,518 in receivables less than 90 days past due at June 30, 2019.

**Property and depreciation**

Property is stated at cost, or fair market value if donated, and depreciated over the estimated useful lives using the straight-line method for values in excess of \$1,000. Maintenance and repairs expenditures are expensed as incurred.

**Fair value of financial instruments**

The carrying value of receivables, prepaid insurance, accounts payable and accrued liabilities approximates fair value due to the short-term maturity of these instruments. None of these financial instruments are held for trading purposes.

**Grant revenue**

Louisiana CASA Association receives grants to support its activities as well as grants restricted for specific purposes. Restricted grants that have not been fully expended at year-end are classified as temporarily restricted net assets.

**Concentrations of credit risk**

Louisiana CASA Association typically maintains cash in local banks. Cash deposits are fully insured by Federal Deposit Insurance Corporation (FDIC) as they are below the maximum insured amounts of \$250,000.

**NOTE 2 – GRANTS RECEIVABLE**

At June 30, 2019, grants receivable were as follows:

	<u>Amount</u>
Corporation for National and Community Service	\$28,923
State of Louisiana	
Commission on Law Enforcement and Admin of Criminal Justice	29,080
Supreme Court	27,871
Children’s Trust Fund	1,435
Department of Children and Family Services	3,579
Other	712
	<u>\$91,600</u>

### NOTE 3 – PROPERTY AND EQUIPMENT

At June 30, 2019, property and equipment was as follows:

<u>Description</u>	<u>Estimated Service Life</u>	<u>Amount</u>
Furniture and fixtures	7 years	3,128
Software	3 years	2,700
		<hr/>
		5,828
Less accumulated depreciation		(1,347)
		<hr/>
		\$ 4,481

Depreciation expense for the year ended December 31, 2018 was \$1,347.

The organization purchased furniture and software during the year ended December 31, 2018 at a cost of \$5,828.

### NOTE 4 – NET ASSETS

At June 30, 2019, Louisiana CASA Association had \$104,781 in net assets without donor restrictions. There were no net assets with donor restrictions.

### NOTE 5 – OPERATING LEASE

The Organization leases its administrative facility under a month to month operating lease. Rental expense for the year ended June 30, 2019 totaled \$21,600.

### NOTE 6 – RETIREMENT PLAN

The Organization has a defined contribution plan covering all full-time employees who have reached the age of 21 with at least one year of service. The Organization contributes to the plan an amount equal to 7% of total employee's compensation. There was no change in the contribution rate from the prior year. The retirement expense for the year ended June 30, 2019 and June 30, 2018 were \$16,056 and \$15,477, respectively.

### NOTE 7 – ECONOMIC DEPENDENCY

The Organization received the majority of its revenue from funds provided through grants administered by the State of Louisiana and other nonprofit entities. The grant amounts are appropriated each year by both the state and the federal government. If significant budget cuts were to be made at the federal and/or state levels, the amount of funds the organization receives could be reduced significantly and have an adverse impact on its operation. As of the date of these financial statements, management was not aware of any actions taken that would adversely affect the amount of funds to be received in the next fiscal year. It should be noted, however, that the organization received 96% of its total support in the year ended

June 30, 2019 from such grants.

**NOTE 8 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization has \$106,862 of financial assets available within one year of the statement of financial position date available to meet cash needs for general and operating expenditures, consisting of cash and equivalents of \$15,262 and grants receivable of \$91,600.

As part of the organization’s liquidity management plan, requests for reimbursement on each contract are prepared monthly and timely submitted in an effort to maintain liquidity.

**NOTE 9 – ALLOCATION OF FUNCTIONAL EXPENSES**

The Statement of Functional Expenses reports certain categories of expenses that are attributable to more than one program or support function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits and professional fees, which are allocated on the basis of estimates of time and effort.

**NOTE 10 – SUBSEQUENT EVENTS**

Management of Louisiana CASA Association has evaluated subsequent events through October 11, 2019, the date that these financial statements were available to be issued and has determined that there are no significant subsequent events that require recognition or disclosure through that date.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Louisiana CASA Association  
Baton Rouge, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Louisiana CASA Association, which comprise the statement of financial position as of June 30, 2019 and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated October 11, 2019.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Louisiana CASA Association' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Louisiana CASA Association' internal control. Accordingly, I do not express an opinion on the effectiveness of Louisiana CASA Association' 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 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of 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

**Member**

*American Institute of Certified Public Accountants*  
*Society of Louisiana Certified Public Accountants*

material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Louisiana CASA Association' financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed 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 my testing of internal control and compliance and the results of testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, the Legislative Auditor distributes this report as a public document.

A handwritten signature in blue ink that reads "John L. McKowen, CPA". The signature is written in a cursive style.

John L. McKowen, CPA

Baton Rouge, Louisiana

October 11, 2019

**Louisiana CASA Association**  
Baton Rouge, Louisiana

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the year ended June 30, 2019

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

None

**Section II Internal Control and Compliance Material to Federal Awards**

None

**Section III Management Letter**

None

**Louisiana CASA Association**  
Baton Rouge, Louisiana

**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
For the year ended June 30, 2018

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

None

**Section II Internal Control and Compliance Material to Federal Awards**

None

**Section III Management Letter**

None

**Louisiana CASA Association**  
Baton Rouge, Louisiana

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

**For the year ended June 30, 2019**

**AGENCY HEAD NAME: Kathleen Stewart Richey, Executive Director**

<u>Purpose</u>	<u>Amount</u>
Salary	\$85,000
Benefits – retirement	5,950
Travel reimbursements	
Mileage	1,733
Meals	<u>456</u>
Total	<u>\$93,139</u>

**John L. McKowen**  
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**LOUISIANA CASA ASSOCIATION**  
**INDEPENDENT ACCOUNTANT'S REPORT**  
**ON APPLYING AGREED UPON PROCEDURES**  
**For the Year Ended June 30, 2019**

To the Board of Directors  
Louisiana CASA Association  
1120 Government Street, Building I  
Baton Rouge, Louisiana 70802

I have performed the procedures enumerated below, which were agreed to by Louisiana CASA Association (the Organization) and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures for the fiscal period July 1, 2018 through June 30, 2019. The Organization's management is responsible for those control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures.

This agreed-upon procedures engagement was performed 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, I 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.

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my 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 LLA's Statewide Agreed-Upon Procedures, and the results of that testing, and not to provide an opinion on control and 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.



John L. McKowen, CPA

Baton Rouge, Louisiana  
October 11, 2019

## ***Written Policies and Procedures***

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

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

*The Organization's written policies and procedures adequately address budgeting.*

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

*The Organization's written policies and procedures adequately address purchasing.*

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

*The Organization's written policies and procedures adequately address disbursements.*

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

*The Organization's written policies and procedures adequately address receipts/collections.*

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

*The Organization's written policies and procedures adequately address payroll/personnel.*

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

*The Organization's written policies and procedures adequately address contracting.*

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

*The Organization's written policies and procedures adequately address credit card usage.*

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

*The Organization's written policies and procedures adequately address travel and expense reimbursement.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

*The Organization's written policies and procedures adequately address ethics.*

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

*Not applicable.*

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

*The Organization is in the process of writing and adopting policies and procedures that address disaster recovery/business continuity.*

#### **Board or Finance Committee**

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*There were no exceptions in the prior year; therefore, board minutes were not tested in the current year.*

- 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, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

### ***Bank Reconciliations***

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*There were no exceptions in the prior year; therefore, bank reconciliations were not tested in the current year.*

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - 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
  - 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.

### ***Collections (excluding EFTs)***

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*There were no exceptions in the prior year; therefore, collections were not tested in the current year.*

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
  7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
    - a) Observe that receipts are sequentially pre-numbered.
    - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
    - c) Trace the deposit slip total to the actual deposit per the bank statement.
    - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
    - e) Trace the actual deposit per the bank statement to the general ledger.

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

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*There were no exceptions in the prior year; therefore, non-payroll disbursements were not tested in the current year.*

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).
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 agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

- 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.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe that the disbursement matched the related original invoice/billing statement.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

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*There were no exceptions in the prior year; therefore, credit cards were not tested in the current year.*

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.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
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 (1) an original itemized receipt that identifies precisely - what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

### ***Travel and Travel-Related Expense Reimbursements (excluding card transactions)***

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*There were no exceptions in the prior year; therefore, travel and travel related expense reimbursements were not tested in the current year.*

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

#### ***Contracts***

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*There were no exceptions in the prior year; therefore, contracts were not tested in the current year.*

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. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- 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.
  - 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).
  - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

#### ***Payroll and Personnel***

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*There were no exceptions in the prior year; therefore, payroll and personnel were not tested in the current year.*

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that 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.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

### ***Ethics***

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*There were no exceptions in the prior year; therefore, ethics was not tested in the current year.*

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

### ***Debt Service***

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

*Not applicable.*

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

*Not applicable.*

**Other**

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Management represents that there were no misappropriations during the fiscal year.*

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*The Organization has the notice required by R.S. 24:523.1 posted on its premises The website is currently undergoing revision and management represents that the notice will be posted once it is up and running*