

REPORT

LOUISIANA HUMAN RESOURCES
DEVELOPMENT INSTITUTE

JUNE 30, 2019 AND 2018

LOUISIANA HUMAN RESOURCES
DEVELOPMENT INSTITUTE

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JUNE 30, 2019 AND 2018

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Duplantier Hrapmann Hogan & Maher, LLP

INDEPENDENT AUDITOR'S REPORT

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December 20, 2019

Board of Directors
Louisiana Human Resources
Development Institute
1991 Wooddale Blvd.
Baton Rouge, LA 70806

Report on the Financial Statements

We have audited the accompanying financial statements of the Louisiana Human Resources Development Institute (the Institute) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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.

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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 Human Resources Development Institute as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our 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 Agency Head as listed in the index to the report is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019, on our consideration of the Louisiana Human Resources Development Institute'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institute's internal control over financial reporting and compliance.

Duplantier, Sharpness, Hogan and Parker, LLP

New Orleans, Louisiana

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

ASSETS

	<u>2019</u>	<u>2018</u>
Cash	\$ 45,806	\$ 12,261
Accounts receivable - grants	<u>41,342</u>	<u>39,810</u>
 TOTAL ASSETS	 <u>\$ 87,148</u>	 <u>\$ 52,071</u>

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts payable	\$ 37,919	\$ -
Payroll taxes payable	2,519	2,118
Accrued payroll and benefits	<u>21,493</u>	<u>22,020</u>
Total liabilities	<u>61,931</u>	<u>24,138</u>

NET ASSETS:

Net assets without donor restrictions	<u>25,217</u>	<u>27,933</u>
Total net assets	<u>25,217</u>	<u>27,933</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 87,148</u>	<u>\$ 52,071</u>
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See accompanying notes.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
SUPPORT AND REVENUES:		
Federal grants	\$ 632,758	\$ 629,798
Labor summit	41,629	33,070
Interest income	846	1,387
Total support and revenues	<u>675,233</u>	<u>664,255</u>
EXPENSES:		
Program	623,107	599,497
Administrative	54,842	44,930
Total expenses	<u>677,949</u>	<u>644,427</u>
Change in net assets	(2,716)	19,828
Net assets - beginning of year	<u>27,933</u>	<u>8,105</u>
NET ASSETS	\$ <u><u>25,217</u></u>	\$ <u><u>27,933</u></u>

See accompanying notes.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Program</u>	<u>Administrative</u>	<u>Total</u>
Audit	\$ 12,005	\$ 245	\$ 12,250
Bank service fees	290	6	296
Communications	1,941	-	1,941
Fringe benefits and payroll taxes	197,075	4,022	201,097
Insurance	703	14	717
Salaries	389,791	7,955	397,746
Supplies	5,444	111	5,555
Travel	15,858	-	15,858
Labor summit	<u>-</u>	<u>42,489</u>	<u>42,489</u>
Total	<u>\$ 623,107</u>	<u>\$ 54,842</u>	<u>\$ 677,949</u>

See accompanying notes.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Program</u>	<u>Administrative</u>	<u>Total</u>
Audit	\$ 11,750	\$ 1,000	\$ 12,750
Bank service fees	418	9	427
Communications	2,142	-	2,142
Fringe benefits and payroll taxes	208,846	4,262	213,108
Insurance	605	12	617
Salaries	362,222	7,392	369,614
Supplies	2,583	53	2,636
Travel	10,931	-	10,931
Labor Summit	-	32,202	32,202
	<hr/>	<hr/>	<hr/>
Total	\$ 599,497	\$ 44,930	\$ 644,427
	<hr/>	<hr/>	<hr/>

See accompanying notes.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (2,716)	\$ 19,828
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Increase in:		
Accounts receivable - grants	(1,532)	(4,434)
Increase (decrease) in:		
Accounts payable	37,919	-
Payroll taxes payable	401	(292)
Accrued payroll and benefits	<u>(527)</u>	<u>1,078</u>
Net cash provided by operating activities	33,545	16,180
Cash - beginning of year (deficit)	<u>12,261</u>	<u>(3,919)</u>
CASH - END OF YEAR	\$ <u><u>45,806</u></u>	\$ <u><u>12,261</u></u>
 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for:		
Interest	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
Income taxes	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

See accompanying notes.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NATURE OF OPERATIONS:

Louisiana Human Resources Development Institute (the Institute) is a nonprofit corporation established to operate a state-wide, multi-service worker assistance program. The assistance includes providing core and intensive Rapid Response services on a state-wide basis at times and locations determined by the Louisiana Workforce Commission, the employer and the needs of the affected workers. The Institute's staff is housed state-wide in Business and Career Solutions Centers (BCSC) in locations that will serve to cover all eight regions of the state. Services are offered 24/7 to meet the needs of employers, shift schedules, and affected workers. The overall goal of the Institute's services is to assist workers dislocated by mass layoffs, facility closures, and disasters in securing and retaining employment as quickly as possible. The Institute's primary source of revenue is federal government grants.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies applied in the preparation of the accompanying financial statements are as follows:

Basis of Accounting and Presentation:

The financial statements are prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

The statement of activities presents expenses of the Institute's operations functionally between administrative and program. This estimate is based on time spent between administrative and program functions of the staff.

Public Support and Revenue:

Support and revenue that is restricted by the donor is reported as an increase net assets with donor restrictions. A restriction expires when the stipulated time has elapsed, or the stipulated purpose for which the resource was restricted has occurred. When a restriction expires, net assets with donor restrictions are released and reclassified to net assets without donor restrictions.

Income Taxes:

The Institute is exempt from income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Accordingly, no provisions for federal or state income taxes have been recorded in the financial statements.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

New Accounting Pronouncement:

As of July 1, 2018, the Institute 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). This Update addresses the complexity and understandability of net asset classification, 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 not-for-profit entities. A key change required by ASU 2016-14 is 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 (Note 5).

Statements of Cash Flows:

For purposes of the statements of cash flows, the Institute considers cash and cash equivalents to be all items designated as "cash" on the statements of financial position.

Accounts Receivable - Grants:

Accounts receivable - grants represent amounts due from the grantors for grants to provide services.

The Institute has elected to charge the write-off of accounts receivable directly to bad debt expense in the year such accounts are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by accounting principles generally accepted in the United States of America, as accounts receivable from grantors are considered fully collectible.

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

2. PENSION PLAN:

The Institute provides a retirement benefit for its employees under a Simplified Employee Pension (SEP) Plan with contributions made to the employee's individual retirement account. The

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

2. PENSION PLAN: (Continued)

Institute contributes at a rate of 10% of gross salary. All employees with 90 days of service are eligible to participate in the plan. Employer contributions by the Institute were \$39,775 and \$36,961 for the years ended June 30, 2019 and 2018, respectively.

3. SICK LEAVE:

All employees of the Institute are entitled to 13 days of sick leave each year. Unused sick leave may be carried over to the following year. The Institute does not pay employees for accumulated leave at termination of employment.

4. ACCOUNTS RECEIVABLE - GRANTS:

As of June 30, 2019 and 2018, the Institute had receivables from a grantor agency in the amount of \$41,342 and \$39,810, respectively. These receivables represent the reimbursement of grant related expenses incurred.

5. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The Institute manages its liquidity by operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The following table reflects the Institute's financial assets (cash and cash equivalents, and investments) as June 30, 2019 and 2018, reduced by amounts not available for expenses within one year of balance sheet date:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash and equivalents	\$ 45,806	\$ 12,261
Accounts receivable -grants	<u>41,342</u>	<u>39,810</u>
Total financial assets	<u>87,148</u>	<u>52,071</u>
Less those unavailable for expenses		
within on year due:		
Accounts payable	(37,919)	-
Accrued payroll and benefits	<u>(24,012)</u>	<u>(24,138)</u>
Total contractual restrictions	<u>(61,931)</u>	<u>(24,138)</u>
Financial assets available to meet cash		
needs for general expenditures within one year	<u>\$ 25,217</u>	<u>\$ 27,933</u>

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

6. NEW ACCOUNTING PRONOUNCEMENT:

On August 18, 2016, the FASB issued 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The Institute has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented.

The changes have the following effect on net assets at July 1, 2018:

	<u>As originally presented</u>	<u>After adoption of ASU 2016-14</u>
Net assets:		
Unrestricted	\$ 27,933	\$ -
Without donor restrictions	<u>-</u>	<u>27,933</u>
Total net assets	<u>\$ 27,933</u>	<u>\$ 27,933</u>

7. CONCENTRATIONS:

The Institute's main source of revenue is federal grants passed through the Louisiana Workforce Commission. A significant reduction in the level of this support, if this were to occur, may have an effect on the Institute's programs and activities.

8. CONCENTRATION OF CREDIT RISK:

The Institute maintains cash balances at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to \$250,000. The Institute did not exceed the insured limit at June 30, 2019 and 2018.

9. RELATED PARTIES:

Louisiana Workforce Commission, sole source of revenue for the Institute, shares office space with the Institute at no cost. The annual estimated cost of this benefit has not been determined.

10. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through the date that the financial statements were available to be issued on December 20, 2019 and determined that no events occurred that required disclosure.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD
JUNE 30, 2019

Agency Head Name: Jerry M. Chapman, Executive Director

Purpose	Amount
Salary	\$ 59,651
Benefits - insurance	10,706
Benefits - retirement	5,965
Reimbursements	607



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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

December 20, 2019

Board of Directors
Louisiana Human Resources
Development Institute

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Louisiana Human Resources Development Institute (the Institute), a nonprofit organization, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Institute'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 Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 that we consider to be a material weakness. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2019-01 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Institute's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Human Resources Development Institute's Response to Finding

The Institute's response to the finding identified in our audit is described in the accompanying schedule of findings. The Institute's response was not subjected to 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 Institute'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 Institute's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Chapman, Hogan and Parker, LLP

New Orleans, Louisiana

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS:

Financial Statements:

Type of auditor's report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified? X yes ___ no

Significant deficiencies identified that are not
considered to be material weaknesses? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

SECTION II - FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED
GOVERNMENTAL AUDITING STANDARDS:

SEGREGATION OF DUTIES: (2019-01)

Condition and Criteria: The Institute is not large enough to permit an adequate segregation of employee duties for effective internal control over general ledger, cash receipts, cash disbursements, and bank reconciliations.

Cause: The size of the Institute and the limited number of employees do not permit an adequate segregation of duties.

Effect: Errors, either intentional or unintentional, could occur and not be detected in a timely manner and in the ordinary course of operations.

Recommendation: Due to the size of the Institute's operations, it does not have sufficient staff to establish adequate segregation of duties. Management should consider if the cost associated with reducing this deficiency in the design or operation of the internal control is considered to be justified.

Management's Response: Management has noted this condition and has determined that the cost necessary to establish adequate segregation of duties is not justifiable at this time.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

SECTION II - FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED
GOVERNMENTAL AUDITING STANDARDS: (Continued)

SEGREGATION OF DUTIES: (2018-01)

<u>Condition and Criteria:</u>	The Institute is not large enough to permit an adequate segregation of employee duties for effective internal control over general ledger, cash receipts, cash disbursements, and bank reconciliations.
<u>Cause:</u>	The size of the Institute and the limited number of employees do not permit an adequate segregation of duties.
<u>Effect:</u>	Errors, either intentional or unintentional, could occur and not be detected in a timely manner and in the ordinary course of operations.
<u>Recommendation:</u>	Due to the size of the Institute's operations, it does not have sufficient staff to establish adequate segregation of duties. Management should consider if the cost associated with reducing this deficiency in the design or operation of the internal control is considered to be justified.
<u>Management's Response:</u>	Management has noted this condition and has determined that the cost necessary to establish adequate segregation of duties is not justifiable at this time.
<u>Status:</u>	This comment was repeated in the current year.

LOUISIANA HUMAN RESOURCES
DEVELOPMENT INSTITUTE

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON PROCEDURES

JUNE 30, 2019

LOUISIANA HUMAN RESOURCES
DEVELOPMENT INSTITUTE

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Duplantier Hrapmann Hogan & Maher, LLP

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES

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December 10, 2019

Board of Directors
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We have performed the procedures enumerated below, which were agreed to by the Louisiana Human Resources Development Institute (the "Institute") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Institute's management is responsible for those C/C areas identified in the SAUPs.

This agreed upon procedures engagement was conducted in accordance with the 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) We obtained the entity's written policies and procedures and determined whether those written policies and procedures addressed each of the following financial/business functions:
 - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.

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Written Policies and Procedures (Continued)

- 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 order.
- c) Disbursements, including processing, reviewing and approving.
- d) Receipts/collections, including receiving, recording, and preparing deposits.
- e) Payroll/personnel, including (1) payroll processing; (2) reviewing and approving time and attendance records, including leave and overtime worked.
- 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.
- 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.
- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) 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 Institute has formal written policies included in their Administrative Manual which serves as a reference to current policies and procedures of operation. Due to the nature of their operations the Institute does not have written policies for budgets, purchasing/disbursements, receipts/collections, contracting, credit cards or disaster recovery.

Management's Response:

The Administrative Manual was designed specifically to cover the operations of the Institute and includes the information relevant to the personnel performing those operations.

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 C/C areas identified in the

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

Duplantier, Chapman, Hogan and Grady, LLP

New Orleans, Louisiana