

RIVER REGION HUMAN DEVELOPMENT, INC.

Financial Report

Year Ended September 30, 2018

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KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITOR'S REPORT

* A Professional Accounting Corporation

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To the Officers and Board of Directors
River Region Human Development, Inc.
Gonzales, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of River Region Human Development, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2018, and the related statements 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

Our responsibility is to express an opinion on these financial statements based on our audits. 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 Organization as of September 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. This information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2019, on our consideration of the Organization'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 River Region Human Development, Inc.'s internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Baton Rouge, Louisiana
July 23, 2019

FINANCIAL STATEMENTS

River Region Human Development, Inc.
Gonzales, Louisiana

Statement of Financial Position
September 30, 2018

ASSETS

Current assets:	
Grants receivable	\$ 203,930
Other receivable	<u>4,162</u>
Total current assets	208,092
Property and equipment, net	<u>4,544</u>
Total assets	<u>\$ 212,636</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Cash overdraft	\$ 17,986
Accounts payable	40,027
Due to providers	167,560
Accrued payroll liabilities	<u>12,105</u>
Total liabilities	237,678
Net assets (deficit):	
Unrestricted	<u>(25,042)</u>
Total liabilities and net assets	<u>\$ 212,636</u>

The accompanying notes are an integral part of this statement.

River Region Human Development, Inc.
Gonzales, Louisiana

Statement of Activities
Year Ended September 30, 2018

	Unrestricted	Temporarily Restricted	Total
Support, revenues and reclassifications:			
Support -			
Government grants	\$ 226,992	\$ 1,081,880	\$ 1,308,872
Other income	8,035	-	8,035
Net assets released from restrictions -			
Restrictions satisfied by payment	<u>1,081,880</u>	<u>(1,081,880)</u>	<u>-</u>
Total support, revenues and reclassifications	<u>1,316,907</u>	<u>-</u>	<u>1,316,907</u>
Expenses:			
Program services	1,244,635	-	1,244,635
Supporting services -			
Management and general	<u>100,658</u>	<u>-</u>	<u>100,658</u>
Total expenses	<u>1,345,293</u>	<u>-</u>	<u>1,345,293</u>
Change in net assets	(28,386)	-	(28,386)
Net assets, beginning	<u>3,344</u>	<u>-</u>	<u>3,344</u>
Net assets (deficit), ending	<u>\$ (25,042)</u>	<u>\$ -</u>	<u>\$ (25,042)</u>

The accompanying notes are an integral part of this statement.

River Region Human Development, Inc.
Gonzales, Louisiana

Statement of Cash Flows
For The Year Ended September 30, 2018

Cash flows from operating activities:	
Decrease in net assets	\$ (28,386)
Adjustments to reconcile change in net assets to net cash used by operating activities -	
Depreciation	1,225
Change in current assets and liabilities:	
Grants receivable	(88,187)
Other receivable	(2,662)
Accounts payable	19,861
Due to providers	72,534
Payroll liabilities	<u>3,439</u>
Total adjustments	6,210
Net cash used by operating activities	(22,176)
Cash and cash equivalents, beginning of year	<u>4,190</u>
Cash and cash equivalents, end of year	<u>\$ (17,986)</u>

The accompanying notes are an integral part of this statement.

RIVER REGION HUMAN DEVELOPMENT, INC
Gonzales, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Organization and Nature of Activities

River Region Human Development, Inc. (the Organization) was chartered as a nonprofit corporation March 21, 1988, in the parish of Ascension, state of Louisiana. The mission of the Organization is to provide food for the needy in the area. The Organization operates a Family Day Care Home Program (FDCHP) under the Child and Adult Care Food Program. This program is funded by the U.S. Department of Agriculture (USDA), offering meals for needy daycare recipients who are provided childcare and aftercare service by approved providers. All meals meet the nutritional requirements of the USDA. Program participants are solicited through public announcements. This program is funded by federal funds and is the primary source of the Organization's revenues.

B. Financial Statement Presentation

The Organization is required to report 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. There are no permanently restricted net assets.

C. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to grant-imposed stipulations.

Temporarily restricted net assets - Net assets subject to grant-imposed stipulations that will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the organization considers all highly liquid interest-bearing deposits with a maturity of three months or less when purchased to be cash equivalents.

RIVER REGION HUMAN DEVELOPMENT, INC
Gonzales, Louisiana

Notes to Financial Statements (Continued)

E. Due to Providers

Due to providers represents amounts owed to providers for the cost of meals served during the month of August 2018 and September 2018.

F. Revenues Recognition

Program reimbursements and grants are recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

G. Property and Equipment

Property and equipment are valued at historical cost for assets purchased and at fair market value at the date of donation for contributed assets. The Organization maintains a threshold level of \$1,000 or more for capitalizing capital assets. Depreciation is computed by the straight-line method at rates based on the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Furniture and equipment	5 - 15 years

H. Functional Allocation of Expenses

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

I. Support and Expenses

The Organization reports administrative and program reimbursements on the accrual basis of accounting. The amounts due to providers are also reported on the accrual basis of accounting. A donor-restriction applies to the program reimbursement, and the amount is shown as temporarily restricted net assets. When the donor restriction expires, that is, when the stipulated restriction ends by payments to the providers, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

J. Use of Estimates

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

RIVER REGION HUMAN DEVELOPMENT, INC
Gonzales, Louisiana

Notes to Financial Statements (Continued)

K. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as other than a private foundation. The Organization's tax-exempt status has no effect on its liability for any federal excise taxes. Accounting principles generally accepted in the United States of America require the Organization's management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has undertaken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Organization, and has concluded that there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audit by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization's Form 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the IRS, generally three years after they are filed.

(2) Concentration of Credit Risk

The Organization's cash is deposited in one financial institution. Cash accounts at banks are insured by the FDIC for up to \$250,000. The Organization's cash balance did not exceed this limit and therefore were not subject to credit risk.

(3) Concentrations

The Organization received 99.39% of its revenue from the Department of Education, State of Louisiana through the US Department of Agriculture Food and Nutrition Services, Family Day Care Home Program. The Organization does not expect that the support from this governmental agency will be lost in the near-term; however, a change in this funding could substantially affect the operations of the Organization.

(4) Property and Equipment

Property and equipment consist of the following as of September 30, 2018:

Furniture and equipment	\$ 9,127
Less: Accumulated depreciation	(4,583)
Property and equipment, net	<u>\$ 4,544</u>

Depreciation expense in the amount of \$1,225 was charged to supporting services.

RIVER REGION HUMAN DEVELOPMENT, INC
Gonzales, Louisiana

Notes to Financial Statements (Continued)

(5) Operating Lease

The Organization conducts its administrative operations at a leased facility in Gonzales, Louisiana. The lease term is October 1, 2017 through September 30, 2018 at a rate of \$900 per month. The lease is renewed annually. Lease expense amounted to \$10,800 for the year ended September 30, 2018.

(6) Board of Directors

The management of the Organization is vested in a Board of Directors which consists of four members who serve without compensation.

(7) Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial. Also, a liability for findings and questioned costs is not established until final disposition of such matters by the funding agency.

(8) Risk Management

The Organization is exposed to risk of loss in the area of general liability. The Organization has not purchased insurance to cover any potential losses.

(9) Compensation, Benefits, and Other Payments to Agency Head

The schedule of compensation, benefits and other payments to Edgar Irvin, Director, for the year ended September 30, 2018 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 83,054
Travel	<u>197</u>
Total	<u>\$ 83,251</u>

(10) Subsequent Event

In accordance with Louisiana Revised Statute 24:513, the Organization failed to complete and submit an audit of their financial statements as of and for the year ended September 30, 2018 within the deadline imposed by state law. Therefore, the Organization's funding from the Louisiana Department of Education for its Child and Adult Care Program has been suspended as of April 2019 until their financial statement audit is submitted to the Louisiana Legislative Auditor's Office.

RIVER REGION HUMAN DEVELOPMENT, INC
Gonzales, Louisiana

Notes to Financial Statements (Continued)

(11) Going Concern – Substantial Doubt Alleviated

As shown in the accompanying financial statements, the Organization had a decrease in net assets of \$28,386 during the year ended September 30, 2018, and as of that date, the Organization's liabilities exceeded its assets by \$25,042. Those factors, as well as the suspension of their state funding, create uncertainty about the Organization's ability to continue as a going concern. Management has evaluated these conditions and determined a reduction in administrative expenses and a donation from a contributor would alleviate this uncertainty. Additionally, their state funding will be reinstated upon submission of their audited financial statements to the appropriate agencies. As a result, management has plans to reduce administrative expenses by approximately 10 percent and will receive a donation of \$12,000 for administrative expenses.

(12) Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update No. 2014-9, Revenue from Contracts with Customers (Topic 606). This guidance is a comprehensive new revenue recognition standard that will supersede substantially all existing revenue recognition guidance. The new standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be more entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates than under existing guidance. These may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. On July 9, 2015, the FASB agreed to delay the effective date of the standard by one year. Therefore, the new standard will be effective for annual periods beginning after December 31, 2018 and is not expected to have a significant impact on the Organization's financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) intended to improve financial reporting regarding leasing transactions. The new standard affects all companies and organizations that lease assets and liabilities for the rights and obligations created by those leases if the lease terms are more than 12 months. The guidance also will require qualitative quantitative disclosures providing additional information about the amounts recorded in the financial statements. The amendments in this update are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Organization is evaluating the potential impact of the amendment on the Organization's financial statements.

In August 2016, the FASB issued Accounting Standards update No. 2016-14, Not-for-Profit Entities (Topic 958) to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. The amendment is effective for fiscal years beginning after December 15, 2018. The Organization is evaluating the potential impact of the amendment on the Organization's financial statements.

(13) Subsequent Event Review

The Organization's management has evaluated subsequent events through July 23, 2019, the date which the financial statements were available to be issued.

**OTHER SUPPLEMENTARY
INFORMATION**

River Region Human Development, Inc.
Gonzales, Louisiana

Statement of Functional Expenses
For The Year Ended September 30, 2018

	Program Services	Management and General	Total Expenses
Salaries and wages	\$ 107,282	\$ 60,303	\$ 167,585
Payroll taxes	8,206	4,613	12,819
Contract services	10,148	3,673	13,821
Professional fees	28,507	7,127	35,634
Provider assistance	1,082,408	-	1,082,408
Travel - monitoring	627	-	627
Training/conference	-	430	430
Supplies	-	4,746	4,746
Occupancy	-	10,800	10,800
Utilities	-	981	981
Telecommunication	-	5,112	5,112
Miscellaneous	<u>7,457</u>	<u>1,648</u>	<u>9,105</u>
Total expenses before depreciation	1,244,635	99,433	1,344,068
Depreciation	<u>-</u>	<u>1,225</u>	<u>1,225</u>
Total	<u>\$ 1,244,635</u>	<u>\$ 100,658</u>	<u>\$ 1,345,293</u>

INTERNAL CONTROL, COMPLIANCE

AND

OTHER MATTERS

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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*

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To the Board of Directors
River Region Human Development, Inc.
Gonzales, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the River Region Human Development, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2018 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 23, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control 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 have not been identified. We did identify deficiencies in internal control, described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2018-005 through 2018-007 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2018-001 through 2018-004.

Organization's Response to Findings

The Organization's response to the findings identified in our audit are described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan. The Organization'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 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 suited for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Baton Rouge, Louisiana
July 23, 2019

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

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To the Board of Directors
River Region Human Development, Inc.
Gonzales, Louisiana

Report on Compliance for Each Major Federal Program

We have audited River Region Human Development, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal programs for the year ended September 30, 2018. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2018-003 and 2018-004. Our opinion on the major federal program is not modified with respect to this matter.

The Organization's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2018-006 to be a material weakness.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Baton Rouge, Louisiana
July 23, 2019

River Region Human Development, INC
Gonzales, Louisiana

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2018

<u>Federal Grantor/Pass-Through Grantor/Program Name</u>	<u>CFDA Number</u>	<u>Pass- Through Identifying No.</u>	<u>Federal Expenditures</u>
U. S. Department of Agriculture - Passed through State of Louisiana Department of Education: Child and Adult Care Food Program	10.558	N/A	<u>\$ 1,308,872</u>

RIVER REGION HUMAN DEVELOPMENT, INC.
Gonzales, Louisiana

Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2018

(1) General

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of River Region Human Development, Inc. (the Organization). The Organization's reporting entity is defined in Note 1 to the basic financial statements for the year ended September 30, 2018. All federal financial assistance received directly from federal agencies is included on the schedule as well as federal financial assistance passed through other government agencies.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the basic financial statements.

(3) Indirect Cost Rate

The Organization has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

RIVER REGION HUMAN DEVELOPMENT, INC.
Gonzales, Louisiana

Schedule of Findings and Questioned Costs
Year Ended September 30, 2018

Part I. Summary of Auditor's Results:

1. An unmodified opinion was issued on the financial statements.
2. There were no significant deficiencies in internal control disclosed during the audit of the financial statements. There were three material weaknesses reported.
3. Four instances of noncompliance material to the financial statements of the Organization, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed by the audit.
4. There were no significant deficiencies in internal control over the major federal award program disclosed during the audit. There was one material weakness reported.
5. The auditor's report on compliance for the major federal award program for the Organization expresses an unmodified opinion for the major federal program.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
7. The program tested as a major program was: Child and Adult Care Food Program (10.558).
8. The threshold used to distinguish between Type A and Type B programs as described in 2 CFR section 200.518(b)(1) was \$750,000.
9. The Organization did not qualify as a low risk auditee.

Part II. Findings which are required to be reported in accordance with generally accepted governmental auditing standards:

A. Compliance Findings –

See Compliance findings 2018-001 through 2018-004 on the schedule of current and prior year audit findings and management's corrective action plan.

B. Internal Control Findings –

See Internal Control findings 2018-005 through 2018-007 on the schedule of current and prior year audit findings and management's corrective action plan.

RIVER REGION HUMAN DEVELOPMENT, INC.
Gonzales, Louisiana

Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2018

Part III. Findings and questioned costs for major Federal awards which include audit findings as defined in 2 CFR section 200 of the Uniform Guidance:

U.S. Department of Agriculture – Passed through the State of Louisiana Department of Education:

Compliance Findings –

2018-003 Failure to Maintain Adequate Tiering Documentation

Child and Adult Care Food Program (10.558)

Fiscal year finding initially occurred: 2018

Criteria

The Organization must operate the Child and Adult Care Program (CACFP) in accordance with the Code of Federal Regulation (CFR) Title 7 Section 226.6.

Condition

Based on a Compliance Monitoring Review conducted by the Louisiana Department of Education on July 17 – 19, 2018, it was determined that the Organization did not have adequate controls to operate the CACFP in accordance with CFR Title 7 Section 226.6.

Cause

The Organization's management did not have adequate controls to ensure current tiering determinations were maintained on providers and therefore, failing to comply with CACFP Performance Standards.

Effect

The Organization had a tiering determination form for one provider that expired on October 4, 2017, resulting in an overclaim of approximately \$2,662.

Context

The Organization did not maintain a current determination status for one provider.

Recommendation

The Organization should implement procedures to ensure provider tiering determinations are current for all providers and take the necessary steps to ensure compliance with the CACFP performance standards.

RIVER REGION HUMAN DEVELOPMENT, INC.
Gonzales, Louisiana

Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2018

Management's Corrective Action

The Organization's management will re-tier all providers to ensure that everyone is maintaining a current status. Management will implement edit checks to assure that all providers are tiered yearly. The overclaim amount of \$2,662 has been reimbursed to the granting agency.

2018-004 Failure to File Single Audit Reporting Package Timely

Child and Adult Care Food Program (10.558)

Fiscal year finding initially occurred: 2017 (Finding 2017-007)

Criteria

In accordance with the Code of Federal Regulation Title 2 Section 200.512(a), the Organization must submit their reporting package and data collection form with the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

Condition

The single audit reporting package and data collection form was not submitted timely for fiscal year ended September 30, 2018.

Cause

The Organization's management did not take appropriate actions to ensure its annual financial statement audit was completed timely.

Effect

The Organization did not comply with Code of Federal Regulation Title 2 Section 200.512(a).

Context

The Organization did not submit the single audit reporting package and data collection form in accordance with Code of Federal Regulation Title 2 Section 200.512(a) required deadline.

Recommendation

The Organization should ensure their annual financial statement audit is completed timely in order to submit the single audit reporting package and data collection form within the prescribed deadline.

RIVER REGION HUMAN DEVELOPMENT, INC.
Gonzales, Louisiana

Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2018

Management's Corrective Action

The Organization will take appropriate actions to ensure their single audit reporting package and data collection form are submitted in accordance with the Code of Federal Regulation Title 2 Section 200.512(a).

Internal Control Finding –

2018-006 Failure to Maintain Adequate Tiering Documentation

See Compliance Finding 2018-003.

RIVER REGION HUMAN DEVELOPMENT, INC.
Gonzales, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended September 30, 2018

Part I. Current Year Findings and Management's Corrective Action Plan:

A. Compliance Findings -

2018-001 Failure to Report and Remit Payroll Taxes

Fiscal year finding initially occurred: 2017

Condition

The Organization did not have adequate controls to ensure all payroll taxes were properly reported and remitted to the appropriate federal and state agencies.

Criteria

The Organization should have controls over their payroll process to ensure that payroll taxes are properly reported and remitted to the appropriate federal and state agencies.

Cause

The Organization did not have adequate procedures in place to verify that all payroll taxes for the second quarter were not reported and remitted to the Internal Revenue Service and the Louisiana Department of Revenue.

Effect

The Organization did not report and remit payroll taxes totaling \$3,788 for the second quarter of 2018.

Recommendation

The Organization should establish policies and procedures to ensure all payroll taxes are properly reported and remitted to the appropriate federal and state agencies by the prescribed deadline.

Management's Corrective Action

The Organization will review its payroll procedures to ensure that the total wages and the employer and employee portions of payroll taxes included on the required payroll reports are being properly reconciled to the general ledger prior to reporting and remitting the calculated amounts to the federal and state agencies.

RIVER REGION HUMAN DEVELOPMENT, INC.
Gonzales, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended September 30, 2018

2018-002 Failure to File Audited Financial Statements Timely

Fiscal year finding initially occurred: 2015

Condition

The annual audited financial statements were not filed timely for fiscal year ended September 30, 2018.

Criteria

In accordance with Louisiana Revised Statute 24:513, the Organization must complete and submit an audit of their financial statements within six months of the close of their fiscal year to the Legislative Auditor's office.

Cause

The Organization's management did not take appropriate actions to ensure its annual financial statement audit was completed within six months of the close of their fiscal year.

Effect

The Organization did not comply with Louisiana Revised Statute 24:513.

Recommendation

The Organization should take necessary actions to ensure their annual financial statement audit is submitted within six months of the close of their fiscal year.

Management's Corrective Action

The Organization will take appropriate actions to ensure future audits are completed and submitted to the Legislative Auditor's office within six months of the close of their fiscal year.

RIVER REGION HUMAN DEVELOPMENT, INC.
Gonzales, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended September 30, 2018

2018-003 Failure to Maintain Adequate Tiering Documentation

Fiscal year finding initially occurred: 2018

Criteria

The Organization must operate the Child and Adult Care Program (CFDA 10.558) in accordance with the Code of Federal Regulation (CFR) Title 7 Section 226.6.

Condition

Based on a Compliance Monitoring Review conducted by the Louisiana Department of Education on July 17 – 19, 2018, it was determined that the Organization did not have adequate controls to operate the Child and Adult Care Program in accordance with CFR Title 7 Section 226.6.

Cause

The Organization's management did not have adequate controls to ensure current tiering determinations were maintained on providers and therefore, failing to comply with CACFP Performance Standards.

Effect

The Organization had a tiering determination form for one provider that expired on October 4, 2017, resulting in an overclaim of approximately \$2,662.

Recommendation

The Organization should implement procedures to ensure provider tiering determinations are current for all providers and take the necessary steps to ensure compliance with the CACFP performance standards.

Management's Corrective Action

The Organization's management will re-tier all providers to ensure that everyone is maintaining a current status. Additionally, the management will implement edit checks to assure that all providers are tiered yearly. The overclaim amount of \$2,662 has been reimbursed to the granting agency.

RIVER REGION HUMAN DEVELOPMENT, INC.
Gonzales, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended September 30, 2018

2018-004 Failure to File Single Audit Reporting Package Timely

Fiscal year finding initially occurred: 2017

Criteria

In accordance with the Code of Federal Regulation Title 2 Section 200.512(a), the Organization must submit their reporting package and data collection form with the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

Condition

The single audit reporting package and data collection form was not submitted timely for fiscal year ended September 30, 2018.

Cause

The Organization's management did not take appropriate actions to ensure its annual financial statement audit was completed timely in order to submit the single audit reporting package and data collection form within the prescribed deadline.

Effect

The Organization did not comply with Code of Federal Regulation Title 2 Section 200.512(a).

Recommendation

The Organization should ensure their annual financial statement audit is completed timely in order to submit the single audit reporting package and data collection form within the prescribed deadline.

Management's Corrective Action

The Organization will take appropriate actions to ensure their single audit reporting package and data collection form are submitted in accordance with the Code of Federal Regulation Title 2 Section 200.512(a).

Internal Control Findings –

2018-005 Failure to Report and Remit Payroll Taxes

See Compliance finding 2018-001.

2018-006 Failure to Maintain Adequate Tiering Documentation

See Compliance finding 2018-003.

RIVER REGION HUMAN DEVELOPMENT, INC.
Gonzales, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended September 30, 2018

2018-007 Inadequate Procedures Over Recording Transactions

Fiscal year finding initially occurred: 2017

Criteria

The Organization should have procedures to record all transactions in their general ledger and to perform monthly bank reconciliations on all bank accounts regardless of the significance of the activity.

Condition

The Organization has a bank account with limited activity that was not recorded on the general ledger and not properly reconciled.

Cause

The Organization's management did not have procedures to record the activity and perform monthly reconciliations for all bank accounts.

Effect

The Organization's financial records did not include the activity for one bank account that is primarily used to collect and remit inspection fees.

Recommendation

The Organization should ensure their financial records includes all activity of the Organization and all bank accounts are properly reconciled monthly.

Management's Corrective Action

The Organization will review their procedures to ensure the transactions for all bank accounts are recorded in the general ledger and reconciliations will be properly performed monthly.

Part II. Prior Year Findings and Management's Corrective Action Plan:

Internal Control Findings –

2017-001

Condition

The Organization's general accounting procedures were not adequate to fully account for all current fiscal year activity. Bank accounts and general ledger accounts were not reconciled during the year.

RIVER REGION HUMAN DEVELOPMENT, INC.
Gonzales, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended September 30, 2018

Management's Corrective Action

The Organization will implement policies and procedures to ensure transactions are properly recorded and general ledger accounts are reconciled on a monthly basis.

Current Status: Unresolved – See Internal Control Finding 2018-007.

2017-002

Condition

The Organization did not have proper supporting documentation for mileage reimbursements.

Management's Corrective Action

The Organization will ensure that all amounts reimbursed to employees are properly supported with the appropriate documentation.

Current Status: Resolved

2017-003

Condition

The Organization's financial management policy requires all non-provider checks be signed by two individuals. Several checks had only one signature.

Management's Corrective Action

The Board of Directors will review its policy to determine if a dollar limit should be established and the board will periodically review the bank statements to ascertain compliance.

Current Status: Resolved

2017-004

Condition

The Organization failed to submit payroll taxes and payroll tax reports to the IRS timely.

Management's Corrective Action

The Organization will take appropriate actions to ensure that its payroll taxes and required forms are filed timely.

Current Status: Unresolved – See Compliance Finding 2018-001.

RIVER REGION HUMAN DEVELOPMENT, INC.
Gonzales, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended September 30, 2018

Compliance Findings –

2017-005

Condition

In accordance with Louisiana Revised Statute 24:513, the Organization must complete and submit an audit of their financial statements within six months of the close of their fiscal year to the Legislative Auditor's office. The Organization's audit was not complete until after the deadline imposed by state law.

Management's Corrective Action

The Organization will take appropriate actions to ensure future audits are completed and submitted to the Legislative Auditor's office within six months of the close of their fiscal year.

Current Status: Unresolved – See Compliance Finding 2018-002.

2017-006

Condition

The Organization failed to submit payroll taxes and payroll tax reports to the IRS timely.

Management's Corrective Action

The Organization will take appropriate actions to ensure that its payroll taxes and required forms are filed timely.

Current Status: Unresolved - See Compliance Finding 2018-001.

2017-007

Condition

The single audit reporting package and data collection form was not filed timely in accordance with Code of Federal Regulation Title 2 Section 200.512(a).

Management's Corrective Action

The Organization will take appropriate actions to ensure future audits are completed and submitted to the Federal Audit Clearinghouse within the prescribed deadline.

Current Status: Unresolved – See Compliance Finding 2018-004.

RIVER REGION HUMAN DEVELOPMENT, INC.

Gonzales, Louisiana

Agreed-Upon Procedures Report

Year Ended September, 2018

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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* A Professional Accounting Corporation

To the Board of Directors of
River Region Human Development, Inc.
Gonzales, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by River Region Human Development, Inc. (Organization) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2017 through September 30, 2018. The Organization's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. We obtained and inspected the Organization's written policies and procedures and observed that they address each of the following categories and subcategories (if applicable to public funds and the Organization's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - 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.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - 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).
 - e) **Payroll/Personnel**, including (1) payroll processing, and (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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the Organization's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Board (or Finance Committee, if applicable)

- 2. We obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) We observed 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 non-profit accounting model, we observed 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, we obtained the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the General Fund.

Bank Reconciliations

- 3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. We asked management to identify the Organization's main operating account. We selected the Organization's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). We randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for selected accounts, 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

(The following procedures were not performed due to no exceptions on testing in the prior 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)

8. We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. We randomly selected one location that process payments.

9. For each location selected under #8 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to employee job duties (if the agency had no written policies and procedures, inquired of employees about their job duties), and observed 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, we obtained the Organization's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. We randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
 - a) We observed that the disbursement matched the related original invoice/billing statement.
 - b) We observed 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

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, by someone other than the authorized card holder.
 - 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).

Travel and Expense Reimbursement

14. We obtained 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. We randomly selected 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, we agreed the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, we observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) We observed 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) We observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

15. We obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. We obtain management's representation that the listing is complete. We randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - a) We observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) We observed 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), we observed that the original contract terms provided for such an amendment.
 - d) We randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

16. We obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected 5 employees/officials, obtain related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
17. We randomly selected one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, we obtained attendance records and leave documentation for the pay period, and:
 - a) We observed 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) We observed that supervisors approved the attendance and leave of the selected employees/officials.
 - c) We observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. We obtained from management 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. We obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Other

20. We inquired of management whether the Organization had any misappropriations of public funds or assets. If so, we obtained/reviewed supporting documentation and reported whether the Organization reported the misappropriation to the legislative auditor and the district attorney of the parish in which the Organization is domiciled.
21. We observed that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exceptions:

No exceptions were found as a result of applying the required procedures listed above except:

Written Policies:

1. The Organization does not have written policies and procedures that address each of the following functions: budgeting, purchasing, receipts/collections, payroll processing, and contracting.

Management's response: The Organization will develop written policies and procedures to address budgeting, purchasing, receipts/collections, payroll processing, and contracting.

Board of Finance Committee:

2. The Organization did not reference or include monthly financial statements in the board minutes.

Management's response: The Organization will ensure that monthly financial statements will be provided for each of their board meetings.

Bank Reconciliations:

3. The Organization did not have a bank reconciliation prepared within the 2 months of related statement closing date for 1 of the 2 accounts selected for testing.

Management's response: The Organization will implement procedures to ensure bank reconciliations are prepared timely.

4. The Organization's bank reconciliation did not have evidence of management's review for both of the accounts selected for testing.

Management's response: The Organization will implement procedures to ensure management's review is documented on bank reconciliation.

5. The Organization's bank reconciliation did not have evidence of management's researching reconciling items that have been outstanding for more than 12 months from the statement closing date.

Management's response: The Organization will implement procedures to ensure management's review is documented on the bank reconciliations.

Payroll and Personnel:

6. The Organization had two pay periods for the month of May 2018 but only reported and remitted payroll taxes for one of the payroll periods.

Management's response: The Organization will file an amended payroll tax reports for the 2nd quarter of 2018 and ensure that payroll taxes are properly reported and filed.

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 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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Baton Rouge, Louisiana
July 23, 2019