

R E P O R T

LOUISIANA HUMAN RESOURCES
DEVELOPMENT INSTITUTE

JUNE 30, 2017 AND 2016

LOUISIANA HUMAN RESOURCES
DEVELOPMENT INSTITUTE

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INDEPENDENT AUDITOR'S REPORT

December 7, 2017

William G. Stamm, CPA
Lindsay J. Calub, CPA, LLC
Guy L. Duplantier, CPA
Michelle H. Cunningham, CPA
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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), which comprise the statements of financial position as of June 30, 2017 and 2016, 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, 2017 and 2016, 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 on page 11 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 7, 2017, 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, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
 STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
Cash (Note 1)	\$ -	\$ 25,578
Accounts receivable - grants (Notes 1 and 5)	<u>35,376</u>	<u>7,251</u>
 TOTAL ASSETS	 <u>\$ 35,376</u>	 <u>\$ 32,829</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ -	\$ 193
Cash (deficit)	3,919	-
Payroll taxes payable	2,410	2,694
Accrued payroll and benefits	<u>20,942</u>	<u>16,330</u>
 Total liabilities	 <u>27,271</u>	 <u>19,217</u>
 Unrestricted net assets	 <u>8,105</u>	 <u>13,612</u>
 Total net assets	 <u>8,105</u>	 <u>13,612</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 35,376</u>	 <u>\$ 32,829</u>

See accompanying notes.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
UNRESTRICTED NET ASSETS:		
REVENUES: (Note 1)		
Federal grants	\$ 598,876	\$ 541,267
Interest income	<u>1,602</u>	<u>1,637</u>
Total unrestricted revenues	<u>600,478</u>	<u>542,904</u>
EXPENSES: (Note 1)		
Administrative (Pages 5 and 6)	12,548	12,979
Program (Pages 5 and 6)	<u>593,437</u>	<u>528,974</u>
Total expenses	<u>605,985</u>	<u>541,953</u>
(DECREASE) INCREASE IN UNRESTRICTED NET ASSETS	(5,507)	951
Net assets - beginning of year	<u>13,612</u>	<u>12,661</u>
NET ASSETS - END OF YEAR	<u>\$ 8,105</u>	<u>\$ 13,612</u>

See accompanying notes.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Administrative</u>	<u>Program</u>	<u>Total</u>
Audit	\$ 1,000	\$ 10,250	\$ 11,250
Bank service fees	10	490	500
Communications	-	9,069	9,069
Fringe benefits and payroll taxes	3,866	189,440	193,306
Insurance	18	859	877
Salaries	7,598	372,294	379,892
Supplies	56	2,745	2,801
Travel	-	8,290	8,290
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 12,548</u>	<u>\$ 593,437</u>	<u>\$ 605,985</u>

See accompanying notes.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Administrative</u>	<u>Program</u>	<u>Total</u>
Audit	\$ 2,000	\$ 9,250	\$ 11,250
Bank service fees	550	-	550
Communications	-	1,957	1,957
Fringe benefits and payroll taxes	3,497	171,374	174,871
Insurance	15	745	760
Salaries	6,847	335,484	342,331
Supplies	70	3,422	3,492
Travel	-	6,742	6,742
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 12,979</u>	<u>\$ 528,974</u>	<u>\$ 541,953</u>

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (5,507)	\$ 951
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in:		
Accounts receivable - grants	(28,125)	(6,814)
Increase (decrease) in:		
Accounts payable	(193)	(11)
Payroll taxes payable	(284)	1,731
Accrued payroll and benefits	<u>4,612</u>	<u>2,895</u>
Net cash used by operating activities	(29,497)	(1,248)
Cash - beginning of year	<u>25,578</u>	<u>26,826</u>
CASH - END OF YEAR (DEFICIT)	<u>\$ (3,919)</u>	<u>\$ 25,578</u>

SUPPLEMENTAL DISCLOSURES OF
CASH FLOW INFORMATION:

Cash paid for:

Interest	\$ <u> -</u>	\$ <u> -</u>
Income taxes	\$ <u> -</u>	\$ <u> -</u>

See accompanying notes.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements for Not-for-Profit Entities*. Under ASC 958-205, the Institute is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which have no donor-imposed restrictions; temporarily restricted net assets, which have donor-imposed restrictions that will expire in the future; and permanently restricted net assets, which have donor-imposed restrictions, which do not expire. Currently, the Institute has no permanently or temporarily restricted net assets.

The statement of activities presents expenses of the Institute's operations functionally between administrative and program.

Public Support and Revenue:

Support and revenue that is restricted by the donor is reported as an increase in temporary restricted net assets. 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, temporarily restricted net assets are released and reclassified to unrestricted net assets.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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.

Equipment:

The title to all equipment purchased by the Institute with federal awards is retained by the grantor. Accordingly, the purchases are expensed and not capitalized in the accompanying financial statements.

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.

2. USE OF ESTIMATES:

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

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

3. 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 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 \$37,988 and \$24,680 for the years ended June 30, 2017 and 2016, respectively.

4. 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.

5. ACCOUNTS RECEIVABLE - GRANTS:

As of June 30, 2017 and 2016, the Institute had receivables from a grantor agency in the amount of \$35,376 and \$7,251, respectively. These receivables represent expenses incurred in excess of funds received.

6. CONCENTRATIONS:

The Institute's main source of revenue is federal grants. 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.

7. 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, 2017 and 2016.

8. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through the date that the financial statements were available to be issued on December 7, 2017 and determined that no events occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

9. RELATED PARTIES:

The Institute shares office space with the Louisiana Workforce Commission, a related party, at no cost. The annual estimated cost of this benefit has not been determined.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD
JUNE 30, 2017

Agency Head Name: Jerry M. Chapman, Executive Director

Purpose	Amount
Salary	\$57,330
Benefits - insurance	27,152
Benefits - retirement	5,533
Reimbursements	970



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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 7, 2017

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, 2017, 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 7, 2017.

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 2017-01 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, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

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

SEGREGATION OF DUTIES: (2016-01)

<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

LOUISIANA HUMAN RESOURCES
DEVELOPMENT INSTITUTE

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON PROCEDURES

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December 7, 2017

Board of Directors
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1991 Wooddale Blvd.
Baton Rouge, LA 70806

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 01, 2016 through June 30, 2017. 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 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, including receiving, recording, and preparing deposits.
- e) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- f) 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.
- g) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- h) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

The Institute does not have formal written policies. The Institute follows the guidelines set forth by the State of Louisiana for travel and expense reimbursement.

Management's Response:

The Institute relies on the state's travel and expense policies. We are in the process of creating written policies for all other areas.

Board

- 2) We obtained and reviewed the board/committee minutes for the fiscal period, and:
 - a) Determined whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Determined whether the minutes referenced or included monthly budget-to-actual comparisons on the general Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - c) Determined whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

No findings were noted as a result of applying the procedure above.

Bank Reconciliations

- 3) We obtained a listing of client bank accounts from management and management's representation that the listing is complete.
- 4) Using the listing provided by management, we selected all of the entity's bank accounts. For each of the bank accounts selected, we obtained bank statements and reconciliations for all months in the fiscal period and determined whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations included evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) had reviewed each bank reconciliation; and
 - c) Management had documentation reflecting that it had researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

During the testing of bank reconciliations, there were 10 instances noted in which the reconciliation was not signed off by someone other than the person that prepared the reconciliation.

Management's Response:

The Institute's Executive Director has begun reviewing all bank reconciliations which are prepared by the Controller.

Collections

- 5) We obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing was complete.
- 6) Using the listing provided by management, we selected all of the entity's cash collection locations. For each cash location selected:
 - a) We obtained existing written documentation (e.g. insurance policy, policy manual, job description) and determined whether each person responsible for collecting cash was (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
 - b) We obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and determined whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who was not responsible for cash collections in the cash collection location selected.
 - c) We selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

Collections (Continued)

- Using entity collection documentation, deposit slips, and bank statements, we traced daily collections to the deposit date on the corresponding bank statement and determined whether the deposits were made within one day of collection. If deposits were not made within one day of collection, we determined the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, we verified that daily cash collections were completely supported by documentation and report any exceptions.
- 7) We obtained existing written documentation (e.g. policy manual, written procedure) and determined whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who was not responsible for collections.

No findings were noted as a result of applying the procedures above.

Disbursements – General (excluding credit card purchases or payments)

- 8) We obtained a listing of entity disbursements from management or, alternately, obtained the general ledger and sorted/filtered for entity disbursements. We also obtained management's representation that the listing or general ledger population was complete.
- 9) Using the disbursement population from #8 above, we randomly selected 25 disbursements excluding credit card/debit card/fuel card/P-card purchases or payments. We obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and determined whether the supporting documentation for each transaction demonstrated that:
- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.
- 10) Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), we determined whether the person responsible for processing payments was prohibited from adding vendors to the entity's purchasing/disbursement system.

Disbursements – General (excluding credit card purchases or payments) (Continued)

- 11) Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), we determined whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
- 12) We inquired of management and observed whether the supply of unused checks was maintained in a locked location, with access restricted to those persons that do not have signatory authority, and noted any exceptions. Alternately, if the checks were electronically printed on blank check stock, we reviewed entity documentation (electronic system control documentation) and determined whether the persons with signatory authority have system access to print checks.
- 13) When signature stamp or signature machine was used, we inquired of the signer whether his or her signature was maintained under his or her control or was used only with the knowledge and consent of the signer. We inquired of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed.

No findings were noted as a result of applying the procedures above except for #10. The person responsible for processing payments can also add vendors to the purchasing system.

Management's Response:

Due to the size of the Institute, the same person that is responsible for processing payments also can add vendors.

Credit Cards

- 14) We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. We also obtained management's representation that the listing was complete.
- 15) Using the listing prepared by management, we randomly selected one-third of the credit cards (the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. We obtained the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. We selected the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:
 - a) Determined whether there was evidence that the monthly statement or combined statement and supporting documentation were reviewed and approved, in writing, by someone other than the authorized card holder.
 - b) Determined whether finance charges and/or late fees were assessed on the selected statements.

Credit Cards (Continued)

- 16) Using the monthly statements or combined statements selected under #15 above, we obtained supporting documentation for all transactions for each of the cards selected (i.e. each of the cards should have one month of transactions subject to testing).
- a) For each transaction, report whether the transaction was supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization)
 - b) For each transaction, we compared the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction was a large or recurring purchase requiring the solicitation of bids or quotes) and noted any exceptions.
 - c) For each transaction, we compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). When the nature of the transaction precluded or obscured a comparison to the requirements of Article 7, Section 14, the practitioner reported the transaction as an exception.

No findings were noted as a result of applying the procedures above.

Travel and Expense Reimbursement

- 17) We obtained from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sorted/filtered for travel reimbursements. We also obtained management's representation that the listing and general ledger was complete.
- 18) We obtained the entity's written policies related to travel and expense reimbursements. We compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and determined any amounts that exceed GSA rates.
- 19) Using the listing or general ledger from # 17 above, we selected the three persons who incurred the most travel costs during the fiscal period. We obtained the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and chose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

Travel and Expense Reimbursement (Continued)

- a) We compared expense documentation to written policies and determined whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity did not have written policies, we compared to the GSA rates (#18 above) and determined each reimbursement that exceeded those rates.
- b) We determined whether each expense was supported by:
 - An original itemized receipt that identified precisely what was purchased. (Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) did not require a receipt.)
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
- c) We compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and reported any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). When the nature of the transaction precluded or obscured a comparison to the requirements of Article 7, Section 14, the practitioner reported the transaction as an exception.
- d) We determined whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No findings were noted as a result of applying the procedures above.

Contracts

- 20) We obtained a listing of all contracts in effect during the fiscal period or, alternately, obtained the general ledger and sorted/filtered for contract payments. We also obtained management's representation that the listing or general ledger was complete.
- 21) Using the listing above, we selected the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). We obtained the related contracts and paid invoices and:
 - a) Determined whether there was a formal/written contract that supported the services arrangement and the amount paid.
 - b) Compared each contract's detail to the Louisiana Public Bid Law or Procurement Code. We determined whether each contract was subject to the Louisiana Public Bid Law or Procurement Code and:
 - If no, we obtained supporting contract documentation and determined whether the entity solicited quotes as a best practice.

Contracts (Continued)

- c) We determined whether the contract was amended. If so, we determined the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d) We selected the largest payment from each of the five contracts, obtained the supporting invoice, compared the invoice to the contract terms, and determined whether the invoice and related payment complied with the terms and conditions of the contract.
- e) We obtained/reviewed contract documentation and board minutes and determined whether there was documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Not applicable, the Institute does not have any contracts with vendors.

Ethics

- 26) Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, we obtained ethics compliance documentation from management and determined whether the entity maintained documentation to demonstrate that required ethics training was completed.
- 27) We inquired of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, we reviewed documentation that demonstrated whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. We determined whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

This step is not applicable to not-for-profit entities.

Other

- 31) We inquired of management whether the entity had any misappropriations of public funds or assets. If so, we obtained/reviewed supporting documentation and determined whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
- 32) We observed and determined whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.
- 33) When the practitioner observed or otherwise identified any exceptions regarding management's representations in the procedures above, the practitioner reported the nature of each exception.

No findings were noted as a result of applying the procedures above.

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.

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