

People Unlimited, Inc.
Financial Statements
As of June 30, 2017 and for the Year Then Ended

People Unlimited, Inc.
For The Year Ended June 30, 2017

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WADE & PERRY

Certified Public Accountants
A Professional Accounting Corporation
Members: AICPA/ Society of LCPA's

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
People Unlimited, Inc.
Ruston, Louisiana 71270

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of People Unlimited, Inc. ("Company"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Company's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

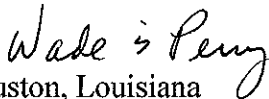
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Company, as of June 30, 2017, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 30, 2017, on our consideration of the Company'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 the 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 Company's internal control over financial reporting and compliance.


Ruston, Louisiana
November 30, 2017

People Unlimited, Inc.
Balance Sheet
As of June 30, 2017

ASSETS

Current assets:

Cash and cash equivalents	\$99,552
Accounts receivable - trade	179,288
Total current assets	<u>278,840</u>

Other assets

Accounts receivable - officer	0
Due from related party	0
Property, plant, and equipment - net	0
Prepaid expenses	259
Total other assets	<u>259</u>

TOTAL ASSETS

\$279,099

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts, salaries, and other payables	39,892
Accrued liabilities	66,332
Total current liabilities	<u>106,224</u>

Noncurrent liabilities - Due to related party

161,757

Total liabilities

267,981

Stockholders' Equity:

Common stock, no par value, 5,000 shares authorized, 100 shares issued and outstanding in 2017	5,000
Capital - Shareholder	0
Distributions	(102,567)
Net income	108,685
Total stockholders' equity	<u>11,118</u>

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

\$279,099

See accompanying auditor's report and notes to financial statements.

People Unlimited, Inc.
Statement of Income and Retained Earnings
For the Year Ended June 30, 2017

REVENUES	
Targeted Populations	\$563,840
La Children's Choice - Region 8	44,375
Supports Waiver	134,664
ROW	625
SUN screening	88,279
Elderly - Region 8	<u>461,579</u>
TOTAL REVENUES	<u>1,293,362</u>
EXPENSES	
Bank service charges	341
Licenses and permits	856
Postage	960
Professional services	13,030
Telephone	16,516
Travel & seminar	49,819
Employee benefits	1,983
Building lease	65,870
Salaries & wages	841,396
Health insurance benefits	8,385
Payroll taxes	106,054
Other taxes	8
Depreciation expense	1,325
Supplies	14,710
Management fee allocation	96,685
SUN screenings	45,180
DHH fees	6,900
Miscellaneous expenses	<u>15,403</u>
TOTAL EXPENSES	<u>1,285,421</u>
Operating Income	7,941
NON-OPERATING INCOME (Expenses)	
Interest income	1,391
Forgiven Debt	102,525
Interest expense	<u>(3,172)</u>
TOTAL NON-OPERATING INCOME (Expense)	<u>100,744</u>
NET INCOME	108,685
Distributions	(102,567)
Stockholder's equity as of beginning of period	<u>5,000</u>
Stockholder's equity as of end of period	<u><u>\$11,118</u></u>

See accompanying auditor's report and notes to financial statements.

People Unlimited, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2017

Cash Flows from Operating Activities	
Receipts from customers and users	\$1,235,500
Receipts from related party	69,566
Payments to suppliers	(413,301)
Payments to employees	(841,396)
Payments to related party	<u>(97,552)</u>
Net cash provided by operating activities	(47,183)
Cash Flows from Investing activities	
Interest income	<u>1,391</u>
Net cash provided by investing activities	<u>1,391</u>
Cash Flows from Capital and Related Financing Activities	
Interest payments	(3,172)
Purchase of fixed assets	<u>0</u>
Net cash provided by capital and related financing activities	<u>(3,172)</u>
Cash Flows from Noncapital Financing Activities	
Current year distributions	(102,567)
Miscellaneous - forgiven debt	<u>102,525</u>
Net cash provided by noncapital financing activities	<u>(42)</u>
Net increase (decrease) in cash and cash equivalents	(49,006)
Cash and cash equivalents as of beginning of period	<u>148,558</u>
Cash and cash equivalents as of end of period	<u><u>\$99,552</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used)	
by Operating Activities	
Operating income	7,941
Depreciation	1,325
(Increase) decrease in accounts receivable - trade	(57,862)
(Increase) decrease in accounts receivable - officer	69,566
(Increase) decrease in due from related party	0
Increase (decrease) in accounts payable	14,876
Increase (decrease) in accrued liabilities	14,523
Increase (decrease) in due to related party	<u>(97,552)</u>
Net Cash Provided by Operating Activities	<u><u>(47,183)</u></u>
Reconciliation of total cash and cash equivalents:	
Current assets - cash and cash equivalents	<u><u>\$99,552</u></u>

See accompanying auditor's report and notes to financial statements.

People Unlimited, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

People Unlimited, Inc.'s (an S corporation) primary business activity is to provide services by qualified staff to the targeted or waiver population to assist them in gaining access to the full range of needed services including medical, social, emotional, and other support services. The Company's primary locations are in Ruston, Louisiana and Monroe, Louisiana. The Company is a Louisiana corporation which incorporated on October 12, 1998. The Company made an election to change to an S-corporation for income tax purposes effective July 1, 1999. The Company's income or loss is now being passed through to the stockholder's personal tax returns.

Method of Accounting

The books and records are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash with an initial maturity of three months or less.

Receivables

The Company uses the direct writeoff method of recognizing bad debts. Bad debt expense for the year ended June 30, 2017, was \$0. Although the direct write-off method is not in accordance with generally accepted accounting principles (GAAP), it approximates GAAP if all material doubtful accounts have been written off and the Company does not anticipate a significant increase in bad debts.

Fixed Assets

Fixed assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives with respect to major classes of depreciable assets as follows:

Equipment	5 - 7 years
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People Unlimited, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2017

Use of Estimates

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

2. CASH AND CASH EQUIVALENTS

At June 30, 2015, the Company has cash and cash equivalents (book balances) totaling \$99,552 as follows:

Demand deposits	\$99,552
Time deposits	<u>0</u>
Total	<u><u>\$99,552</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2017, the Company has \$127,348 in deposits (collected bank balances). These deposits are secured from risk by \$127,348 of federal deposit insurance and \$0 of pledged securities held by the custodial bank in the name of the fiscal agent bank. (GASB Category 3).

3. PROPERTY AND EQUIPMENT

The following is a schedule of additions and deletions for the year ended June 30, 2017:

	Balance <u>6/30/16</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/17</u>
Equipment	\$18,212			\$18,212
Less accumulated depreciation	<u>(16,887)</u>	<u>(\$1,325)</u>		<u>(18,212)</u>
Total	<u><u>\$1,325</u></u>	<u><u>(\$1,325)</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

People Unlimited, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2017

4. COMPENSATED ABSENCES

Accrued compensated absences consist of unpaid sick leave and personal leave as follows:

Sick leave	\$15,881
Personal leave	<u>26,572</u>
Total	<u><u>\$42,453</u></u>

5. LEASES

The Company leases property under a 60-month lease with an option to extend for five years. Lease expense was \$65,870 for the year ended June 30, 2017. The Company has one capital lease that is not considered material to the financial statements.

6. FUNCTIONAL EXPENSES

All program revenue and expenses are from one functional area; therefore, a statement of functional expenses is not included.

7. RELATED PARTY TRANSACTIONS

The related parties consist of one company with common ownership and one non-profit company whose executive director is the Company's 100% stockholder. The following is a summary of the due to related party transactions for the year ended June 30, 2017:

Balance, June 30, 2016	\$259,309
Management fee allocation	96,685
Loans from PCSS	5,123
Forgiven debt	(102,525)
Repayments	(105,000)
Credit card charges	4,993
Imputed interest @ 2%	<u>3,172</u>
Balance, June 30, 2017	<u><u>\$161,757</u></u>

The following is a summary of the accounts receivable officer account for the year ended June 30, 2017:

Balance, June 30, 2016	\$69,566
Distributions/reclassifications	(70,957)
Imputed interest @ 2%	<u>1,391</u>
Balance, June 30, 2017	<u><u>\$0</u></u>

People Unlimited, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2017

8. STOCKHOLDERS' EQUITY

	Common Stock	Retained Earnings	Total Stockholders' Equity
June 30, 2016	\$5,000	\$0	\$5,000
Net income (loss)		108,685	108,685
Distributions/reclassifications		(102,567)	(102,567)
June 30, 2017	<u>\$5,000</u>	<u>\$6,118</u>	<u>\$11,118</u>

9. SCHEDULE OF STATE GRANT FINANCIAL ASSISTANCE

Grant/Program Title	Grant I.D. number	Award Amount	Revenue Recognized for the year ended		Unawarded (overawarded)
			Prior to 7/1/16	6/30/17	
Northeast Delta Human Services		\$100,071	\$0	\$88,279	\$11,792
Louisiana Department of Health and Hospitals - Office for Citizens with Developmental Disabilities					
Social Services	CFMS 709338	810,890	3,794,733	743,504	(3,727,347)
Social Services	CFMS 580007	1,781,260	8,030,416	461,579	(6,710,735)
Total		<u>\$2,692,221</u>	<u>\$11,825,149</u>	<u>\$1,293,362</u>	<u>(\$10,426,290)</u>

10. RISK MANAGEMENT

The Company is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the Company maintains commercial insurance policies covering its vehicles, professional liability and surety bond coverage. No claims were paid on any of the policies which exceeded to policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended June 30, 2017.

11. RETIREMENT SYSTEMS

All employees of the Company who earn \$5,000 per year minimum are eligible to be members of a single-employer defined contribution retirement plan after two full years employment. This retirement plan is self-directed through American Funds. It is a SIMPLE IRA with the Company matching up to 3% of gross payroll. Currently, there are two employees participating. Total contributions were \$1,700 and \$1,732 for the employee and employer, respectively.

12. DATE OF MANAGEMENT REVIEW

The Company has evaluated subsequent events through November 30, 2017, the date which the financial statements were available to be issued. Management is not aware of any significant subsequent event as of this date.

SUPPLEMENTAL INFORMATION SCHEDULES

People Unlimited, Inc.
Schedule of Compensation, Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2017

Schedule 1

Agency Head Name: Gregory A. Scott

Purpose	Amount
Salary	\$30,322

WADE & PERRY

Certified Public Accountants

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Members: AICPA/ Society of LCPA's

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

Independent Auditor's Report

To the Board of Directors
People Unlimited, Inc.
Ruston, Louisiana

We have audited, 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, the financial statements of the business-type activities of People Unlimited, Inc. ("Company") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Company's basic financial statements, and have issued our report thereon dated November 30, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Company'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company'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. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. 2017-1 and 2017-3.

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. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies. 2017-2.

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

Compliance and Other Matters

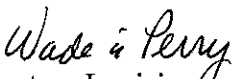
As part of obtaining reasonable assurance about whether Company's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements 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 schedule of findings and responses as items 2017-4.

Company's Response to Findings

Company's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Company'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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Ruston, Louisiana
November 30, 2017

People Unlimited, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

We have audited the financial statements of People Unlimited, Inc. as of June 30, 2017 and for the year then ended and have issued our report thereon dated November 30, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of November 30, 2017, resulted in an unmodified opinion. The following is a summary of our audit observations on internal control, tests of compliance, and findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*:

A. Summary of Audit Results

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

Internal Control

Material Weaknesses ☒ Yes ☐ No Significant deficiency ☒ Yes ☐ No

Compliance

Compliance Material to Financial Statements ☒ Yes ☐ No

2. Federal Awards

Internal Control

Material Weaknesses ☐ Yes ☒ No Reportable ☐ Yes ☒ No

Type of Opinion On Compliance
For Major Programs

Unqualified ☒ Qualified ☐
Disclaimer ☐ Adverse ☐

Are their findings required to be reported in accordance with Uniform Guidance?
☐ Yes ☒ No

Was a management letter issued? ☐ Yes ☒ No

3. Identification of Major Programs:

CFDA Number(s)
N/A

Name of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 750,000

Is the auditee a "low-risk" auditee? ☐ Yes ☒ No

B. Financial Statements Findings

2017-1. Accounting staff

Condition: The Company does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in preparing its financial statements, including the related notes. Several material adjustments had to be made to the financial statements. This is a repeat finding.

Criteria: Considered material weakness if entity cannot apply GAAP.

Cause: Company does not have staff capable of preparing report and notes and applying GAAP.

Effect: Potential misstatements in financial statements may not be detected.

Recommendation: We recommend the Company implement a formal review process where monthly reconciliations, reports, and processes are authorized, approved and reviewed to ensure accuracy and improve internal controls. We do not recommend that it would be cost effective for the Company to hire additional personnel to resolve this problem.

2017-2. Lack of segregation of duties

Condition: The Company does not have an adequate segregation of duties regarding its accounting and reporting system to maintain a complete system of internal control. This is a repeat finding.

Criteria: Considered good business practice to have segregation of duties wherever possible.

Cause: Small company with limited personnel available

Effect: Potential misstatements in financial statements may not be detected and is at risk for fraud.

Recommendation: We recommend the Company implement a system of checks and balances. The bookkeeper should not write checks, post disbursements to the general ledger and reconcile the bank account. Segregation of duties should include collection of monies, recording deposits in general ledger, taking deposits to the bank, preparing checks and disbursements, signing checks, mailing checks, and reconciling the bank account.

2017-3. Inadequate internal controls for disbursements and payroll

Condition: From a total of forty disbursements, 16 disbursements for payroll did not have accurate calculations for overtime, flex hours, or sick/vacation. Two disbursements had no supporting documentation provided to be tested. This is a repeat finding.

Criteria: Internal controls should be set up for all areas.

Cause: Staff is not aware of payroll rules and regulations. All supporting documentation is not maintained in a central location.

Effect: Internal control violation and potential errors in payroll disbursements.

Recommendation: Maintain adequate support for all disbursements in central location. All employees involved in the payroll function need to understand overtime and payroll rules and regulations and the company's policy concerning using flex pay if 40 hours are not worked in a week.

2017-4. Late submission of audit report

Condition: The Company submitted the audit report after December 31, 2017.

Criteria: LRS 24:513(A) - deadline is six months after the end of the entity's fiscal year.

Cause: The Company had not finished its agreed upon procedures by the report deadline.

Effect: The Company may have funding delayed from the state if the Company is put on the noncompliance list.

Recommendation: We recommend the Company continue to improve its policies and procedures and internal controls including but not limited to the agreed upon procedures tested as per the state in order to have its reporting done timely.

C. Federal Award Findings and Questioned Costs

None

People Unlimited, Inc.
Summary of Prior Year Findings
For the Year Ended June 30, 2017

A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

2016-1. Accounting staff

Conclusion: Unresolved - see 2017-1

2016-2. Lack of segregation of duties

Conclusion: Unresolved - see 2017-2

2016-3. Inadequate internal controls over disbursements and payroll

Conclusion: Unresolved - see 2017-3

B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

None

C. MANAGEMENT LETTER

None

PEOPLE UNLIMITED, INC.
1201 ATKINS ROAD
RUSTON, LA 71270
(318)255-9105

CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2017

People Unlimited, Inc. hereby submits the following corrective action plan as referenced in the Findings and Questioned Costs:

- 2017-1. Management does periodically review reports and bank statements for accuracy.
- 2017-2. Management agrees with the recommendation and does try to segregate accounting functions as financially cost effective as possible.
- 2017-3. Management has discussed these findings with the appropriate personnel and intends to follow up periodically.
- 2017-4. Management agrees with the recommendation and intends to implement them immediately.

WADE & PERRY
Certified Public Accountants
A Professional Accounting Corporation
Members: AICPA/ Society of LCPA's

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
People Unlimited, LLC and
the Louisiana Legislative Auditor:

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

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

The entity does not have written policies and procedures regarding budgeting.

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

The entity does not have written policies and procedures regarding purchasing.

- c) **Disbursements**, including processing, reviewing, and approving
The entity does not have written policies and procedures regarding disbursements.
- d) **Receipts**, including receiving, recording, and preparing deposits
The entity does not have written policies and procedures regarding receipts.
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
The entity provided written policies and procedures in the employee handbook that addressed the functions noted above.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
The entity does not have written policies and procedures regarding contracting.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
The entity does not have written policies and procedures regarding credit cards.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
The entity does not have written policies and procedures regarding travel and expense reimbursement.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
Written policies on ethics and ethical issues are discussed throughout the employee handbook.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
The entity does not have written policies and procedures regarding debt service

Board (or Finance Committee, if applicable)

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

The board meets twice a year. No policy or legislation in place to suggest that the board meetings should be more or less frequent.

- b) Report 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).

➤ If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Year to date budgets were discussed and approved at both board meetings during the fiscal year.

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

Non-budgetary financial information such as leases, contracts and waiver issues was referenced in at least one meeting during the fiscal period.

Bank Reconciliations

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

Management provided a listing of bank accounts and provided representation that the listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

There was 1 bank account total and we selected 1 to test. All bank reconciliations have been prepared for all the months in the fiscal period.

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

There was no evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation.

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

Management has not documented on the bank reconciliations that it has researched reconciling items that have been outstanding for more than 6 months.

Collections

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

Management provided a listing of collection locations and management represented that the listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

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

(1) bonded – all employees responsible for collecting cash are 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) – management has asserted that no employee responsible for collecting cash is responsible for the above listed duties, except Carla, bookkeeper at main office, collects some check payments and records the related transaction and reconciles the bank account

(3) not required to share the same cash register or drawer with another employee – management has asserted that workers do not share a cash register

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

There is no written documentation supporting a formal process to reconcile cash collections to the general ledger

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

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

Daily collections were traced to the deposit date on the corresponding bank statement. The entity does not keep record of when collections are received.

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

Cash collections are supported by documentation.

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

The Entity does not have written documentation that address the functions noted above.

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

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

Management provided the general ledger and management provided representation that the general ledger is complete.

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

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

Examined supporting documentation for each of the disbursements selected and noted that purchases were initiated using a purchase order system.

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

Examined supporting documentation for each of the disbursements selected and noted appropriate approval of purchase orders by a person who did not initiate the transaction.

- 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.

Examined supporting documentation for each of the disbursements selected and noted appropriate purchase order and approved invoice.

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

One person responsible for processing payments is allowed to add vendors.

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

The person with check signing authority can initiate purchased but does not record purchases.

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

Unused checks are maintained in the business office. The business office remains locked when bookkeeper is not in the business office during business hours and is locked and monitored by security cameras during non-business hours.

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

A signature stamp is used only when owner is not available to sign. When stamp is used, owner reviews those items before they are disbursed.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Obtained listing of all active credit cards and management provided representation that the listing is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

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

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

Examined supporting documentation for each monthly statement selected and noted no approval.

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

There were interest charges on one statement. The Entity is a for profit company.

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

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

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

Each transaction was supported by an original itemized receipt.

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

Each transaction was supported by documentation of the business/public purpose

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

The Entity does not have written policies and procedures that address the functions noted above

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

The Entity does not have written policies and procedures that address the functions noted above.

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

No exceptions noted.

Travel and Expense Reimbursement

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

Obtained listing of travel and expense reimbursements, by person, and management provided representation that the listing is complete.

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

Management provided written policies related to travel and expense reimbursements in the employee handbook with no set per diem or mileage rates. The travel reimbursements do not exceed the GSA rate.

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

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

The Entity does not have written policies and procedures that address the functions noted above. The travel reimbursements do not exceed the GSA rate.

- b) Report whether each expense is supported by:

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

Expenses selected were reimbursed in accordance with supporting documentation.

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

Expenses selected included documentation of the business purpose noted.

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

No exceptions noted.

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

No exceptions noted.

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

Two of the three reimbursements were approved in writing by someone other than the person receiving reimbursement.

Contracts

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

There were no contracts per management.

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

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

There were no contracts per management.

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

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

There were no contracts per management.

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

There were no contracts per management.

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

There were no contracts per management.

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

There were no contracts per management.

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

There were no contracts per management.

Payroll and Personnel

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

Obtained listing of employees with their related salaries and management's representation that the listing is complete.

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

Each employee selected was paid in accordance with the terms and conditions of the employment contract or pay rate structure.

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

No exceptions.

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

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

Documentation of daily attendance and leave was noted for all except one selected employee.

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

Documentation of supervisor approval for attendance and leave was noted for each selected employee, except for the exception.

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

Documentation of written leave records were maintained for employees selected, aside from the exception.

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

Obtained listing of employees terminated during the fiscal period and management provided representation that the listing is complete. No exceptions.

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

Obtained supporting documentation relating to payroll taxes and retirement contributions during the fiscal period. We noted that all related payroll taxes were submitted by the required deadlines. We also noted that retirement contributions were up-to-date at year end but were paid sporadically during the year.

Ethics (excluding nonprofits)

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

Management provided ethics compliance documentation for the selected employees and demonstrated that the ethics training was completed.

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

No exceptions noted

Debt Service (excluding nonprofits)

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

The Entity is a for profit company receiving governmental funds, therefore item is not applicable.

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

The Entity is a for profit company receiving governmental funds, therefore item is not applicable.

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

The Entity is a for profit company receiving governmental funds, therefore item is not applicable.

Other

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

Management has asserted that the Entity did not have any misappropriation of public funds or assets during the reporting period.

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

Required notices are posted on the premises.

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

No exceptions noted

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those 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.

Wade i Perry

Ruston, LA

January 29, 2018