

Southeast Spouse Abuse Program/dba
Southeast Advocates for Family Empowerment

Annual Financial Statements

As of and for the Year Then Ended June 30, 2017

Southeast Spouse Abuse Program
Annual Financial Statements
As of and for the Year Ended June 30, 2017
With Other Supplemental information Schedules

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**JAMES
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& ASSOCIATES, INC.**
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Independent Auditor's Report

The Board of Directors of
Southeast Spouse Abuse Program
/dba/Southeast Advocates for Family Empowerment
Hammond, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the Southeast Spouse Abuse Program /dba/ Southeast Advocates for Family Empowerment (a nonprofit organization) which comprise the statement of financial position as of as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year 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 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 financial position of Southeast Spouse Abuse Program /dba/ Southeast Advocates for Family Empowerment as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 16 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 15, 2017, on our consideration of the Southeast Spouse Abuse Program /dba/ Southeast Advocates for Family Empowerment'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 Southeast Spouse Abuse Program /dba/ Southeast Advocates for Family Empowerment's internal control over financial reporting and compliance.

*James Lambert Riggs
& Associates*

James Lambert Riggs and Associates, Inc.
Hammond, Louisiana

December 15, 2017

Financial Statements

Southeast Spouse Abuse Program

Statement A

**Statement of Financial Position
As of June 30, 2017**

Assets

Current Assets

Cash and Cash Equivalents	\$ 169,585
Receivables, Net	
Governmental Revenues, Net	196,172
Unconditional Promises to Give, United Way	26,381
Prepaid Insurance and Deposits	<u>9,755</u>
Total Current Assets	<u>401,893</u>

Property, Plant, and Equipment

Land	21,150
Property, Plant and Equipment, Net	<u>126,236</u>
Total Property, Plant, and Equipment	<u>147,386</u>

Total Assets

\$ 549,279

Liabilities

Current Liabilities

Accounts Payable	\$ 7,883
Other Accrued Payables	<u>14,635</u>
Total Current Liabilities	<u>22,518</u>

Total Liabilities

22,518

Net Assets

Unrestricted

Total Net Assets	<u>526,761</u>
Total Liabilities and Net Assets	<u>\$ 549,279</u>

The accompanying notes are an integral part of these statements.

Southeast Spouse Abuse Program

Statement B

**Statement of Activities
For the Year Ended June 30, 2017**

Operating Revenues	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public Support			
Grants			
Department of Children and Family Services:			
Family Violence and Intervention Program	\$ -	\$ 243,673	\$ 243,673
Office of Women's Policy:			
Louisiana Marriage License Fund	22,186	-	22,186
Louisiana Commission on Law Enforcement:			
Crime Victim's Assistance	-	181,964	181,964
Stop Violence Against Women Act	-	18,936	18,936
Interest on Lawyers Trust Account	-	15,000	15,000
Department of Housing and Urban Development:			
Extended Housing	-	180,618	180,618
Unconditional Promises to Give:			
United Way	29,738	-	29,738
Contributions	3,479	-	3,479
Other	6,111	-	6,111
Investment Income	24	-	24
Net Assets Released from Restrictions	640,191	(640,191)	-
Total Operating Revenues	<u>701,729</u>	<u>-</u>	<u>701,729</u>
Operating Expenses			
Program Services	551,281	-	551,281
Management and General	108,195	-	108,195
Fund Raising	-	-	-
Total Operating Expenses	<u>659,476</u>	<u>-</u>	<u>659,476</u>
Change in Net Assets	<u>42,253</u>	<u>-</u>	<u>42,253</u>
Total Net Assets, Beginning	<u>484,508</u>	<u>-</u>	<u>484,508</u>
Total Net Assets, Ending	<u>\$ 526,761</u>	<u>\$ -</u>	<u>\$ 526,761</u>

The accompanying notes are an integral part of these statements.

Southeast Spouse Abuse Program

Statement C

**Statement of Functional Expenses
For the Year Ended June 30, 2017**

Expenses	Program Expenses	Management General	Fund Raising	Total
Salaries and Wages	\$ 234,169	\$ 76,222	\$ -	\$ 310,391
Employee Benefits	44,919	14,621	-	59,540
Advertising	60	309	-	369
Client Expenses				
Apartments	106,628	-	-	106,628
Emergency Needs	51,829	-	-	51,829
Depreciation	5,957	1,166	-	7,123
Dues & Subscriptions	6,687	1,309	-	7,996
Equipment Acquisitions	13,231	2,590	-	15,821
Fundraising	-	-	-	-
Insurance	10,378	883	-	11,261
Lawn Care and Janitorial	1,907	162	-	2,069
Maintenance	4,543	889	-	5,432
Miscellaneous	3,816	747	-	4,563
Postage	731	143	-	874
Professional	16,265	3,183	-	19,448
Program Travel	14,700	-	-	14,700
Supplies	15,717	3,077	-	18,794
Telephone	3,824	748	-	4,572
Training	7,155	1,400	-	8,555
Utilities	8,765	746	-	9,511
Total Expenses	\$ 551,281	\$ 108,195	\$ -	\$ 659,476

The accompanying notes are an integral part of these statements.

Southeast Spouse Abuse Program

Statement D

**Statement of Cash Flows
For the Year Ended June 30, 2017**

Cash Flows from Operating Activities	
Change in Net Assets	\$ 42,253
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	7,123
Changes in Operating Assets and Liabilities	
(Increase) Decrease in Receivables	(92,986)
(Increase) Decrease in Other Assets	(462)
Increase (Decrease) in Accounts Payable	3,629
Increase (Decrease) in Accrued Payables	4,602
Net Cash Provided (Used) by Operating Activities	<u>(35,841)</u>
 Cash Flows from Investing Activities	
Purchases of Property, Plant, and Equipment	<u>(24,073)</u>
Net Cash Provided (Used) by investing Activities	<u>(24,073)</u>
 Net Cash Increase (Decrease) in Cash and Cash Equivalents	(59,914)
Cash and Cash Equivalents, Beginning of Year	<u>229,499</u>
Cash and Cash Equivalents, End of Year	<u>\$ 169,585</u>

The accompanying notes are an integral part of these statements.

**Southeast Spouse Abuse Program
Notes to the Financial Statements
As of and for the Year Ended June 30, 2017**

Introduction

The Southeast Spouse Abuse Program (the Program) was originally established as the Tri Parish Spouse Abuse Program in 1981. The Program changed its name to the Southeast Spouse Abuse Program in March of 1982, when Washington Parish was added to the service area. In March of 2012, the Program began doing business as Southeast Advocates for Family Empowerment (SAFE). The Program is a nonprofit corporation for the purpose of providing the following:

Emotional and psychological support to victims of family violence through the provision of crisis intervention and support counseling, advocacy, and referrals for other forms of necessary assistance.

Information on the alternatives available to abused spouses, including information on shelter, public benefits, and legal and criminal justice systems.

Assistance to victims of family violence in establishing lives free from violence through help in searching for employment, housing and child care.

Education to the people of Tangipahoa, St. Helena, Livingston, and Washington Parishes about the issues, concerns, and problems involved in family violence. This includes the training of law enforcement, health care, social service, and legal personnel who affect the lives of abused spouses.

1. Summary of Significant Accounting Policies

A. Restrictions on Net Assets

Revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Program and changes therein are classified and reported as follows:

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

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations on their use that may be met either by actions of the Program or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the Program. Generally, the donors permit the Program to use all or part of the income earned for either general or donor-specific purposes.

**Southeast Spouse Abuse Program
Notes to the Financial Statements
As of and for the Year Ended June 30, 2017**

B. 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 in the financial statements. Estimates and assumptions may also affect disclosure of contingent assets and liabilities at the date of the financial statement, and the reported amounts of revenues and expenses. Actual results could differ from management's estimates.

C. Cash and Cash Equivalents

The Program's cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition. At June 30, 2017, the Organization had \$198,682 in demand deposits (collected bank balances), at three different financial institutions each insured by Federal Deposit Insurance of \$250,000 and was fully covered. Statement of Financial Accounting Standards No. 105 identifies deposits maintained at financial institutions in excess of federally insured limits as a concentration of credit risk requiring disclosure, regardless of the degree of risk.

D. Investments

Investments are reported at fair value. Investment income classified as operating revenue consists of interest and dividend income on investments and gains approved for use in operations. All other realized and unrealized gains or losses are classified as non-operating activity and are available to support operations in future years and to offset potential market declines. Investments classified as current are available for operations in the next fiscal year.

Various methods and assumptions were used to estimate the fair value of each class of financial instruments. Cash and cash equivalents are valued at their carrying amount due to their short maturities. Investments are reported at fair value based on quoted market prices. Debt is valued at rates currently available to the Program for issuances with similar terms and remaining maturities.

E. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

F. Property and Equipment

Purchases of land, buildings, and other property having a unit cost per established guidelines and a useful life of three or more years are capitalized at cost. Donated assets are capitalized at the estimated fair value at date of receipt. Interest expense incurred during a period of construction, less related interest income earned on proceeds of tax-exempt borrowings, is capitalized. Property under capital leases is amortized over the lease term. Any gain or loss on sale of land, buildings and other property is reported as other revenues on the statement of activities.

Southeast Spouse Abuse Program
Notes to the Financial Statements
As of and for the Year Ended June 30, 2017

The Program maintains a threshold level of \$2,000 or more for capitalization of property and equipment and depreciates all capitalized assets, other than land over the following estimated useful lives: buildings, thirty-nine years and computers, office furniture and equipment, five years.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

G. Revenue Recognition

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received or promised. Conditional contributions are recorded when the conditions have been met. Contributions are considered to be unrestricted unless specifically restricted by the donor.

The Program reports contributions in the temporarily or permanently restricted net asset class if they are received with donor stipulations as to their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released and reclassified to unrestricted net assets in the consolidated statement of activities. Donor-restricted contributions are initially reported in the temporarily restricted net asset class, even if it is anticipated such restrictions will be met in the current reporting period.

Product or service revenue is generally recognized upon delivery of the product of services to the customer.

Gains and losses on investments and other assets and liabilities are reported as increases and decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

**Southeast Spouse Abuse Program
Notes to the Financial Statements
As of and for the Year Ended June 30, 2017**

H. Concentration of Revenue

The Organization had the following concentration of operating revenue sources for the fiscal year ending June 30, 2017:

Governmental Revenues		
Grants		
Department of Children and Family Services	\$ 243,673	35%
Office of Women's Policy	22,186	3%
Louisiana Commission on Law Enforcement	181,964	26%
Stop Violence Against Women Act	18,936	3%
Interest on Lawyers Trust Account	15,000	2%
Mary K. Grant		0%
Department of Housing and Urban Development	180,618	26%
Promises to Give		
United Way	29,738	4%
Other Revenues		
Fundraising, Contribution, and Other	9,590	1%
Investment	24	-
Total Operating Revenue	<u>\$ 701,729</u>	100%

I. Contributed Services and Materials

Contributed services are reported at fair value in the financial statements for voluntary donations of services when those services (1) create or enhance non-financial assets or (2) require specialized skills provided by individuals possessing those skills and are services which would be typically purchased or not provided by donation. The Program did not record contributed services revenue for the year ended June 30, 2017.

Donated materials are recorded at their fair value at the date of the gift. The Program does not imply time restrictions for gifts of long-lived assets. As a result, in the absence of donor-imposed restrictions, gifts of long-lived assets are reported as unrestricted revenue.

The Program receives donated clothing and supplies in an agency role from various donors with the restriction to disperse these supplies to women on an as needed basis. The Program maintains a listing of these items and assigns an estimated value at the time of donation. However, in accordance with FASB 116, *Accounting for Contributions Received and Contributions Made*, since the Program is only acting in an agency role, the value of the donated items and corresponding donations made out by the Program are not recorded in the financial statements.

**Southeast Spouse Abuse Program
Notes to the Financial Statements
As of and for the Year Ended June 30, 2017**

J. Income Taxes

The Southeast Spouse Abuse Program is a not-for-profit Program. The Program is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Program has been classified as a Program that is not a private foundation under Section 509 (a) (2) of the Internal Revenue Code and qualifies for the fifty percent charitable contribution deduction for individual donors. Under Fin 49 paragraph 21, three years of federal tax returns remain subject to examination.

2. Receivables

The Organization anticipates collection of outstanding public support receivables as follows at June 30, 2017:

Governmental Revenues

Grants

Department of Children and Family Services			
Family Violence and Intervention Program	\$		56,771
Louisiana Marriage License Fund			3,841
Louisiana Commission on Law Enforcement			
Stop Violence Against Women Act			4,172
Crime Victim's Assistance			76,374
Department of Housing and Urban Development			55,014
Unconditional Promises to Give			
Tangipahoa United Way			26,381
Less: Allowance for uncollectible accounts			-
Total Receivables, Net	\$		<u>222,553</u>

Southeast Spouse Abuse Program
Notes to the Financial Statements
As of and for the Year Ended June 30, 2017

3. Property and Equipment

The cost and accumulated depreciation of land, buildings, and other property were as follows at June 30, 2017:

	<u>2017</u>
Land	\$ 21,150
Buildings and Improvements	138,990
Furniture and Equipment	49,393
Less: Accumulated Depreciation	<u>(62,147)</u>
Property and Equipment, Net	<u>\$ 147,386</u>

Depreciation expense of \$7,123 was recorded for the year ending June 30, 2017. A significant portion of the above fixed assets were acquired with restricted assets. The title to this property and equipment may revert to the State of Louisiana should the Program cease operations.

4. Accrued Vacation and Sick Leave

Vacation days are earned at the rate of eight hours per month that an employee satisfactorily completes work. No more than ten vacation days may be carried over from one calendar year to another. Compensation for days remaining will be paid upon termination of employment at the end of each pay period as if that employee had worked during the period. At June 30, 2017, accrued vacation payable is \$9,767.

Sick leave is earned at the rate of eight hours per month that an employee satisfactorily completes work. No more than fifteen days may be carried over from one calendar year to another. This benefit is not payable upon termination and therefore no accrual is made.

5. Allocation of Expenses

In some cases, common expenses are incurred which support the work performed under more than one grant or contract. Such expenses are allocated as agreed by the funding programs or in the absence of an agreement, on the basis which appears most reasonable to the Southeast Spouse Abuse Program.

6. Retirement System

Employees of the Program are members of the Social security system. In addition to employee payroll deductions, Program funds are remitted to match the employee contributions. Aggregate contributions to the Social Security system for the year ended June 30, 2017 were approximately \$50,244.

7. Contingent Liabilities

At June 30, 2017, the Program was not involved in any outstanding litigation or claims.

Southeast Spouse Abuse Program
Notes to the Financial Statements
As of and for the Year Ended June 30, 2017

9. Subsequent Events

These financial statements considered subsequent events through December 15, 2017, the date the financial statements were available to be issued. No events were noted that require recording or disclosure in the financial statements for the fiscal year ending June 30, 2017.

Other Supplemental Information

**Southeast Spouse Abuse Program
Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended June 30, 2017**

Agency Head: Pamela Hutcheson, Executive Director

Purpose	Amount
Salary	\$ 53,352
Benefits - Insurance	3,900
Benefits - Retirement	-
Deferred Compensation	-
Benefits - Other-Supplemental Pay	-
Car Allowance	-
Vehicle Provided by Government	-
Vehicle Rental	-
Cell Phone	-
Dues	-
Per Diem	-
Reimbursements	147
Travel	2,201
Registration Fees	-
Conference Travel	872
Housing	-
Unvouchered Expenses	-
Special Meals	-
Other	-
	<u>\$ 60,472</u>

See independent auditor's report.

Other Independent Auditor's Reports,
Findings, and Recommendations

Dennis E. James, CPA
Lyle E. Lambert, CPA
Paul M. Riggs, Jr., CPA

J. Bryan Ehricht, CPA
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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***

To Board of Directors of
Southeast Spouse Abuse Program
/dba/ Southeast Advocates for Family Empowerment
Hammond, 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 Southeast Spouse Abuse Program /dba/ Southeast Advocates for Family Empowerment (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 15, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Southeast Spouse Abuse Program /dba/ Southeast Advocates for Family Empowerment'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 Southeast Spouse Abuse Program/dba/Southeast Advocates for Family Empowerment's internal control. Accordingly, we do not express an opinion on the effectiveness of the Southeast Spouse Abuse Program /dba/ Southeast Advocates for Family Empowerment'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 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.

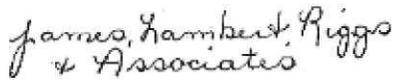
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 the Southeast Spouse Abuse Program /dba/ Southeast Advocates for Family Empowerment’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 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*.

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 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 Southeast Spouse Abuse Program/dba/Southeast Advocates for Family Empowerment’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



James Lambert Riggs and Associates, Inc.
Hammond, Louisiana

December 15, 2017

**Southeast Spouse Abuse Program
Schedule of Current Year Findings, Recommendations, and Responses
As of and for the Year Ended June 30, 2017**

Internal Controls over Financial Reporting

None

Compliance and Other Matters

None

**Southeast Spouse Abuse Program
Schedule of Prior Year Findings, Recommendations, and Responses
As of and for the Year Ended June 30, 2017**

Internal Controls over Financial Reporting

None

Compliance and Other Matters

None

**SOUTHEAST SPOUSE ABUSE PROGRAM,
D/B/A SOUTHEAST ADVOCATES FOR FAMILY EMPOWERMENT
HAMMOND, LOUISIANA**

STATEWIDE AGREED-UPON PROCEDURES REPORT

AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

Dennis E. James, CPA
Lyle E. Lambert, CPA
Paul M. Riggs, Jr., CPA

J. Bryan Ehricht, CPA
Samantha D. Wagner, CPA
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Independent Accountants' Report on Applying Agreed-Upon Procedures

Ms. Pamela Hutcheson, Executive Director and the Board of Directors
of Southeast Spouse Abuse Program,
d/b/a Southeast Advocates for Family Empowerment
Hammond, Louisiana and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Southeast Spouse Abuse Program d/b/a Southeast Advocates for Family Empowerment of Hammond, Louisiana and the Louisiana Legislative Auditor (LLA) on the control and compliance 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 control and compliance 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.

Our procedures and findings are detailed in Schedule "A"

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 control and compliance 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 control and compliance areas identified in the SAUPs, and the results 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 Legislative Auditor as a public document.

*James Lambert Riggs
& Associates*

James, Lambert, Riggs & Associates, Inc.
Hammond, Louisiana

December 15, 2017

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

Results: We sighted the entity's written policies and procedures for 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.

Results: We sighted the entity's written policies and procedures for purchasing.

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

Results: We sighted the entity's written policies and procedures for disbursements.

- d) **Receipts**, including receiving, recording, and preparing deposits

Results: We sighted the entity's written policies and procedures for receipts.

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

Results: We sighted the entity's written policies and procedures for payroll / personnel.

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

Results: We sighted the entity's written policies and procedures for contracts.

- 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

Results: We sighted the entity's written policies and procedures for credit cards and fuel cards.

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

Results: We sighted the entity's written policies and procedures for travel and expense reimbursements.

- 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.

Results: N/A – The entity is a nonprofit.

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

Results: N/A – The entity is a nonprofit.

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.

Results: The board met in accordance with the board's requirements.

- 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).

Results: The minutes referenced budget-to-actual comparisons on the entity's major funds.

- 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.

Results: The entity did not incur any periods of deficit spending 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.

Results: The entity has minutes that referenced or included non-budgetary financial information for at least one board meeting during the fiscal year.

Bank Reconciliations

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

Results: Management provided us with the required listing of bank accounts as well as management's 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;

Results: For the 3 bank accounts selected, all bank reconciliations were prepared for all twelve months for the period July 1, 2016 through June 30, 2017.

- 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

Results: For the 3 bank accounts selected, evidence existed that the bank reconciliations were reviewed by a member of management.

- 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.

Results: For the 3 bank accounts selected, none had outstanding items over 6 months as of June 30, 2017.

Collections

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

Results: Management provided us with the required listing of cash collection locations as well as management's representation 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.

Results: Each person responsible for collecting cash is bonded. Each person responsible for collecting cash is not responsible for depositing the cash in the bank. One of the two employees records the related transactions, and reconciles the bank accounts. Each person responsible for collecting cash has their own cash drawer.

- 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.

Results: Management provided us with written documentation or reconciling cash collections to the general ledger. This daily reconciliation is performed by an individual not responsible for cash collections.

- 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.

Results: The highest week of cash collections had only one day of collections. All collections were deposited within one business day.

- 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.

Results: Daily cash collections for the highest week of cash collections were completely 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.

Results: The entity provided written policies and procedures for collections.

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.

Results: Management provided us with the required listing of disbursements as well as management's representation that the listing 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.

Results: For the 25 transactions selected, there were no purchase orders. The entity, due to the small nature in size and its operations, does not utilize a purchase order system.

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

Results: For the 25 transactions selected, there were no purchase orders. The entity, due to the small nature in size and its operations, does not utilize a purchase order system.

- 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.

Results: For the 25 transactions selected, there were no purchase orders. The entity, due to the small nature in size and its operations, does not utilize a purchase order system. All 25 transactions included a receiving report, when applicable, and all 25 transactions had an 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.

Results: We sighted the entity's written policies and procedures for purchasing. The fiscal deputy who is responsible for processing payments is able to add vendors to the entity's purchasing / disbursement system.

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.

Results: We sighted the entity's written policies and procedures for purchasing. The individuals who can initiate or record purchases do not have signatory authority.

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.

Results: We sighted the entity's written policies and procedures for purchasing. Checks are printed on blank check stock and individuals with signatory authority do have access to print checks.

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.

Results: No signature stamp or machine is utilized by the entity.

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.

Results: Management provided us with the required listing of credit cards and fuel cards as well as management's 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 cardholder. [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.)]

Results: For the three credit cards / debit cards selected, the statements of the cards were reviewed and approved, in writing, by the Executive Director, who is an authorized cardholder.

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

Results: For the three credit cards/ debit cards selected, no finance charges and / or late charges were assessed.

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).

Results: For the three credit cards / debit cards selected, for the cards selected and reviewed, one itemized receipt was missing for the credit card transactions.

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

Results: For the 3 credit cards / debit cards selected, for the cards selected and reviewed all had supporting documentation of the business/ public purpose with the exception of the one missing receipt.

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

Results: No other documentation is required by written policy.

- 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.

Results: For the three credit cards / debit cards selected, no transactions reviewed required the solicitation of bids or quotes.

- 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.

Results: For the three credit cards / debit cards selected, there were no violations of Article 7, Section 14 of the Louisiana Constitution.

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.

Results: Management provided us with the required listing of travel and related expense reimbursements as well as management's 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.

Results: We sighted the entity's written policies and procedures for travel and expense reimbursements. No reimbursement rates exceeded GSA rates.

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.

Results: For the three employees selected, all travel and expense reimbursements were paid in accordance with written policy.

- 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.]

Results: For the three employee selected, all travel and expense reimbursements were documented by original itemized receipts.

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

Results: For the three employees selected, all travel and expense reimbursements documented the business / public purchase of the expense.

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

Results: No other documentation is required by written policy.

- 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.

Results: For the three employees selected, there were no violations of Article 7, Section 14 of the Louisiana Constitution.

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

Results: For the three employees selected, each expense and related documentation was reviewed and 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.

Results: Management provided us with a listing of all contracts in effect during the period July 1, 2016 through June 30, 2017, as well as management's representation that the listing is complete.

- 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.

Results: For the one contract selected, there was a formal / written contract that supported the services arrangement and the amount paid.

- 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).

Results: For the one contract selected, it was not subject to the Louisiana Public Bid Law.

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

Results: For the one contract selected, it was a contract for a service engagement. There was no documentary evidence in the files that the entity solicited other quotes for the selected contract.

- 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.

Results: For the one contract selected, there was no amendments to the terms during the period July 1, 2016 through June 30, 2017.

- 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.

Results: For the one contract selected, the largest payment contained a supporting invoice that complied with the terms and conditions of the contract.

- 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).

Results: The contract reviewed had board approval.

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:

- 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.

Results: Management provided us with the required list of employees and salaries as well as management's representation that the listing is complete. For the five randomly selected employees, compensation paid to each employee was made in accordance with each employee's approved pay rate.

- 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.

Results: Management provided us with the required list of employees and salaries as well as management's representation that the listing is complete. For the five randomly selected employees, all changes to each employee's approved pay rates were approved in writing and in accordance with written policy.

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.)

Results: Management provided us with all attendance and leave records for the period July 1, 2016 through June 30, 2017. For all selected employees there was documentation for their daily attendance and leave.

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

Results: Management provided us with all attendance and leave records for the period July 1, 2016 through June 30, 2017. For all selected employees, we sighted documentation that supervisors approved attendance and leave.

- 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.

Results: Management provided us with all attendance and leave records for the period July 1, 2016 through June 30, 2017. For all selected employees, we sighted written documentation of the entity's leave records.

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.

Results: Management provided us with the required list of employees terminated for the period July 1, 2016 through June 30, 2017. For the two termination payments selected for this period, the payments were made in accordance with the entity's policies and were approved by management.

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.

Results: Management provided us with all supporting documentation related to payroll taxes and retirement contributions for the period July 1, 2016 through June 30, 2017. For this period, all payroll tax deposits and retirement contribution payments were paid by the required deadlines.

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.

Results: N/A – The entity is a nonprofit.

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.

Results: N/A – The entity is a nonprofit.

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.

Results: N/A – The entity is a nonprofit.

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.

Results: N/A – The entity is a nonprofit.

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.

Results: N/A – The entity is a nonprofit.

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.

Results: Per conversation with management, the entity had no misappropriations of public funds or assets during the period July 1, 2016 through June 30, 2017.

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.

Results: We sighted a copy of the notice posted on the premises but not on their website.

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

Results: None