

**CATAHOULA PARISH HOSPITAL
SERVICE DISTRICT NO. 2**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018

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**Rozier Harrington
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July 26, 2019

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Catahoula Parish Hospital Service District No. 2

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Catahoula Parish Hospital Service District No. 2, a component unit of the Catahoula Parish Police Jury, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District'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 financial statement presentation of the financial statements.

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

Opinions

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 Catahoula Parish Hospital Service District No. 2, as of December 31, 2018, and the respective changes in financial position and cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Catahoula Parish Hospital Service District No. 2. The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the primary government financial statements of the Catahoula Parish Hospital Service District No. 2.

The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated July 26, 2019, on our consideration of the District'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 solely 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 the effectiveness of the District's 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 District's internal control over financial reporting and compliance.



ROZIER, HARRINGTON, & MCKAY
Certified Public Accountants

Catahoula Parish Hospital Service District No. 2

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2018

This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended December 31, 2018.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. These financial statements report all revenues and expenses regardless of when cash is received or paid. Furthermore, the basic financial statements include all of the District's assets and all of the District's liabilities (including long-term debt).

FINANCIAL ANALYSIS OF THE DISTRICT

This portion of management's discussion and analysis provides a comparative financial analysis.

Net Position

A condensed version of the District's Balance Sheet is presented as follows:

	December 31, 2018	December 31, 2017
<u>Assets:</u>		
Current and Other Assets	\$ 3,826,672	\$ 2,641,114
Capital Assets	1,821,752	1,961,172
Total Assets	5,648,424	4,602,286
<u>Liabilities:</u>		
Current and Other Liabilities	171,516	169,384
Long-Term Liabilities	110,531	102,420
Total Liabilities	282,047	271,804
<u>Net Position:</u>		
Invested in Capital Assets (Net)	1,821,752	1,961,172
Unrestricted	3,544,625	2,369,310
Total Net Position	\$ 5,366,377	\$ 4,330,482

As the presentation appearing above demonstrates, a portion of the net position (33.9%) is invested in capital assets. Capital assets are used by the District to provide medical needs for their patients.

The remaining balance of unrestricted assets may be used to meet the District's ongoing obligations to citizens and creditors.

Catahoula Parish Hospital Service District No. 2

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2018

Changes in Net Position

A condensed version of the Statement of Revenues, Expenses, and Changes in Net Position is presented as follows:

	For the Year Ended	
	December 31, 2018	December 31, 2017
<u>Revenues:</u>		
Program Revenues		
Charges for service	\$ 2,855,338	\$ 2,905,952
Operating Grants and Contributions	2,878,252	2,789,219
Capital Grants and Contributions	----	----
General Revenues	50,787	19,514
Total Revenues	5,784,377	5,714,685
Program Expenses	4,748,482	4,797,069
Change in Net Position	1,035,895	917,616
Net Position Beginning	4,330,482	3,412,866
Net Position Ending	\$ 5,366,377	\$ 4,330,482

The District's net position has increased by \$1,035,895. This increase is due to an increase in operating grant revenues and prudent use of the Districts resources.

CAPITAL ASSET ADMINISTRATION

Capital asset administration for the year ended December 31, 2018, consisted of recording current year depreciation.

FACTORS EXPECTED TO EFFECT FUTURE OPERATIONS

At the present time, no factors have been identified that are expected to have a significant effect on future operations.

CATAHOULA PARISH HOSPITAL DISTRICT NO 2.

Statement of Net Position

December 31, 2018

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash and cash equivalents	\$ 3,289,839
Receivables (net)	499,768
Prepaid Expenses	9,626
Restricted Assets: Cash	20,439
Total current assets	<u>3,819,672</u>
Non Current Assets:	
Non-Depreciable Assets	
Land	152,677
Depreciable capital assets, net	1,669,075
Other Assets	7,000
Total assets	<u><u>5,648,424</u></u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts and other payables	70,645
Unearned Revenues	20,439
Accrued Expenses	80,432
Total Current Liabilities	<u>171,516</u>
Long-term debt due in more than one year	
Compensated Absences	110,531
Total Long-Term Liabilities	<u>110,531</u>
Total liabilities	<u>282,047</u>
<u>NET POSITION</u>	
Invested in Capital Assets (Net)	1,821,752
Unrestricted	3,544,625
Total Net Position	<u>5,366,377</u>
Total Liabilities and Net Position	<u><u>\$ 5,648,424</u></u>

See accompanying notes and accountants' report

CATAHOULA PARISH HOSPITAL DISTRICT NO 2.

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

Year Ended December 31, 2018

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
<u>Operating Revenues:</u>	
Net patient revenues	\$ 2,855,338
Total Operating Revenues	<u>2,855,338</u>
<u>Operating Expenses:</u>	
Salaries	2,713,550
Payroll taxes and related benefits	568,639
Insurance	72,015
Medical supplies	257,994
Contract labor	331,610
Utilities and telephone	162,865
Depreciation	139,420
Repairs and maintenance	312,421
Office Supplies	80,774
Rent and lease expense	57,359
Travel	13,015
Other expenses	38,820
Total Operating Expenses	<u>4,748,482</u>
Operating Income (Loss)	(1,893,144)
<u>Nonoperating Revenues (Expenses):</u>	
Grant proceeds	2,878,252
Interest revenue	15,665
Ad Valorem taxes	5,286
Other revenues	29,836
Change in Net Position	1,035,895
Net Position - beginning	<u>4,330,482</u>
Total net position - ending	<u>\$ 5,366,377</u>

See accompanying notes and accountants' report

CATAHOULA PARISH HOSPITAL DISTRICT NO 2.

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2018

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
<u>Cash flow from operating activities:</u>	
Cash received from patients	\$ 2,906,422
Cash payments to suppliers of goods and services	(1,827,628)
Cash payments to employees for services	<u>(2,686,951)</u>
Net cash provided (used) by operating activities	<u>(1,608,157)</u>
<u>Cash flows from non-capital financing activities:</u>	
Operating grants received	2,688,203
Ad Valorem taxes received	<u>5,286</u>
Net cash provided (used) by non-capital financing activities	<u>2,693,489</u>
<u>Cash flows from capital and related financing activities:</u>	
Acquisition of capital assets	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>-</u>
<u>Cash flows from investing activities:</u>	
Investment in Partnership	-
Interest and other income	<u>45,501</u>
Net cash provided (used) by investing activities	<u>45,501</u>
Net increase (decrease) in cash	1,130,833
Beginning cash balance	<u>2,179,445</u>
Ending cash balance	3,310,278
Restricted cash	<u>20,439</u>
Cash and cash equivalents	<u>\$ 3,289,839</u>
<u>Reconciliation of operating income (loss) to net cash</u>	
Operating income (loss)	\$ (1,893,144)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	139,420
(Increase) decrease in accounts receivable	51,084
(Increase) decrease in prepaid expenses	29,679
(Decrease) increase in operating accounts payable	38,205
(Decrease) increase in accrued expenses	18,488
(Decrease) increase in compensated absences	<u>8,111</u>
Net cash provided (used) by operating activities	<u>\$ (1,608,157)</u>

Supplemental Disclosure of Cash Flow Information:

During the year ended December 31, 2018, there were no investing, capital, or financing activities that did not result in cash receipts or payments.

Catahoula Parish Hospital Service District No. 2

Notes to Financial Statements ***December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Basis of Presentation

The Catahoula Parish Hospital Service District No. 2 (the District) is a political subdivision of the Catahoula Parish Police Jury. The District was organized pursuant to an ordinance adopted by the Catahoula Parish Police Jury on April 5, 1976. The hospital district has a service area that includes Catahoula Parish, Concordia Parish, and parts of Franklin and Tensas Parishes. The District has four medical clinics, a school-based health center, and a dental clinic. The District is governed by a board of commissioners appointed for terms of various years by the Catahoula Parish Police Jury.

The following is a summary of the more significant accounting policies.

Financial Reporting Entity

Governmental Accounting Standards Board (GASB) established criteria for determining which component units should be considered part of a financial reporting entity. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the reporting entity to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the reporting entity.
2. Organizations for which the reporting entity does not appoint a voting majority but are fiscally dependent on the reporting entity.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the District is a component unit of the Catahoula Parish Police Jury. The accompanying component unit financial statements present information only on the fund maintained by the District and do not present information on the police jury, the general government service provided by that governmental unit, or other governmental units that comprise the financial reporting entity.

Basis of Presentation

The District uses an enterprise fund for financial reporting purposes. Enterprise funds are proprietary funds used to account for business-like activities. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Catahoula Parish Hospital Service District No. 2

Notes to Financial Statements ***December 31, 2018***

The District's enterprise fund utilizes an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with their activities are reported. Proprietary fund equity is classified as net position.

In addition, the District's enterprise fund utilizes the accrual basis of accounting. Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations.

Use of Estimates

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

Cash and Cash Equivalents

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit, and highly liquid investments. Credit risk associated with bank deposits is limited by requiring fiscal agent banks to pledge securities as required by State Law. Furthermore, interest rate risk associated with certificates of deposits is typically mitigated by purchasing instruments that mature in one year or less.

Statement Of Cash Flows

For the purpose of reporting cash flows, cash and cash equivalents includes all cash on hand, cash in banks, and certificates of deposit.

Restricted Assets

Any amounts reported as restricted assets, represent resources that must be expended in a specific manner. Restrictions of this nature can be imposed by tax propositions and various contractual obligations including grant agreements and bond covenants. Whenever restricted assets can be used to satisfy an obligation, the restricted assets are typically consumed before utilizing any unrestricted resources.

Compensated Absences

Accumulated unpaid vacation and compensatory pay have been accrued when incurred.

Capital Assets

Capital assets, which include all property and equipment, are reported as assets in the financial statements.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value when received by the District.

Capital assets are depreciated using the straight-line method and estimated useful lives ranging from 4 to 50 years. Useful lives are selected depending on the expected durability of the particular asset.

Catahoula Parish Hospital Service District No. 2

Notes to Financial Statements

December 31, 2018

Unearned Revenues

Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received before qualifying expenditures are incurred. In subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenues is removed and revenue is recognized.

NOTE 2-CASH AND CASH EQUIVALENTS

Deposits are stated at cost, which approximates market value. Under state law, these deposits 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 December 31, 2018, the District has \$3,363,123 in deposits (collected bank balance). These deposits are secured from risk by \$1,413,356 of federal deposit insurance and \$2,234,411 of pledged securities held by the custodial bank in the name of the fiscal agent bank. State law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 - AD VALOREM TAXES

Ad valorem taxes are assessed by the Catahoula Parish Assessor and collected for the District by the Catahoula Parish Sheriff's Office. The following is the levied millage:

	<u>Millage</u>	<u>Expiration Date</u>
Ad valorem taxes levied for general corporate purposes	1.00	2022

NOTE 4 - RECEIVABLES

The receivables at December 31, 2018, are as follows:

<u>Accounts Receivable</u>	
Medicare	\$ 1,311,634
Medicaid	273,110
Insurance	674,984
Other	<u>35,504</u>
Total accounts receivable	<u>2,295,232</u>
<u>Due From Other Governmental Units</u>	
Operating Grant Receivable	208,151
Ad Valorem Taxes	<u>3,166</u>
Total Receivables from Governmental Units	<u>211,317</u>
Total Receivables	2,506,549
Allowance for contractual adjustment	<u>(2,006,781)</u>
Total Receivables	<u>\$ 499,768</u>

Catahoula Parish Hospital Service District No. 2

Notes to Financial Statements December 31, 2018

The allowance is due to the District experiencing contractual adjustments from most of its revenue sources. There were no bad debts recorded for the current year.

NOTE 5 – CAPITAL ASSETS

Changes in governmental and business-type capital assets are presented as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Non Depreciable Capital Assets				
Land	\$ 152,677	\$ ----	\$ ----	\$ 152,677
Depreciable Capital Assets				
Buildings and Improvements	2,244,647	----	----	2,244,647
Medical Equipment	498,639	----	----	498,639
Office Equipment	603,399	----	----	603,399
Vehicles	135,382	----	----	135,382
Accumulated Depreciation	(1,673,572)	(139,420)	----	(1,812,992)
Total Depreciable Capital Assets	1,808,495	(139,420)	-	1,669,075
Total Capital Assets	\$ 1,961,172	\$ (139,420)	\$ -	\$ 1,821,752

Depreciation expense for the year ended December 31, 2018, is \$139,420.

NOTE 6 – LONG-TERM LIABILITIES

Changes in the District's long-term debt for the year ended December 31, 2018, are presented as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Compensated Absences	\$ 102,420	\$ 8,111	\$ ----	\$ 110,531

NOTE 7- RISK MANAGEMENT

The District is exposed to various risk of loss related to torts; theft, damage or destruction of assets; errors and omissions; injuries to employees; and natural disasters. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 8- RETIREMENT PLAN

The District participates in a Section 457 defined contribution retirement plan for its employees. This plan allows for elective deferrals for participants with an employer match. The amount of pension expense for the current year is \$37,042.

NOTE 9- CONTINGENCIES

Existing conditions that may have future financial consequences are referred to as contingencies. Contingencies existing at December 31, 2018 are described as follows:

Catahoula Parish Hospital Service District No. 2

Notes to Financial Statements ***December 31, 2018***

Grant Contingencies - General

Grant funds received from the grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed expenditures, including amounts already collected, may constitute a liability. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time.

Third-Party Reimbursements

The District is reimbursed for medical services from Medicare and Medicaid. The District is liable for retroactive adjustments made by Medicare and Medicaid programs as a result of their examinations as well as retroactive changes in interpretations of applying statutes, regulations and general instructions of those programs. The amount of funds the District could incur cannot be determined at this time.

NOTE 10 – ACCOUNTS AND OTHER PAYABLES

Details related to amounts reported as accounts and other payables are provided as follows:

<u>Accounts Payable</u>	
Vendors	\$ 67,875
Other	2,770
Total Payables	\$ 70,645



**Rozier Harrington
& McKay** | CERTIFIED PUBLIC
ACCOUNTANTS |

July 26, 2019

**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**

Board of Commissioners
Catahoula Parish Hospital Service District No. 2

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activity of the Catahoula Parish Hospital Service District No. 2 (the District) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated July 26, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 entities 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item **Finding 2018-002** that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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

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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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item **2018-001**.

District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying management's corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



ROZIER, HARRINGTON & MCKAY
Certified Public Accountants



July 26, 2019

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

Board of Commissioners
Catahoula Parish Hospital Service District No. 2

Report on Compliance for Each Major Federal Program

We have audited the Catahoula Parish Hospital Service District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended December 31, 2018. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Programs

In our opinion, Catahoula Parish Hospital Service District No. 2 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs for the year ended December 31, 2018.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a

Catahoula Parish Hospital Service District No. 2

Page 2

deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

ROZIER, HARRINGTON & MCKAY
Certified Public Accountants

Catahoula Parish Hospital Service District No. 2
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2018

PART I – SUMMARY OF AUDITORS’ RESULTS:

- The Independent Auditor’s Report on the financial statements for the Catahoula Parish Hospital Service District No. 2 as of December 31, 2018, and for the year then ended expressed an unmodified opinion.
- The audit disclosed no instances of material weaknesses in internal control over financial reporting.
- The audit disclosed one instance of a significant deficiency in internal control (**Finding 2018-002**) over financial reporting.
- The results of the audit did disclose an instance of noncompliance (**Finding 2018-001**) that is considered to be material to the financial statements of the Catahoula Parish Hospital Service District No. 2.
- There were no deficiencies in internal control over compliance with requirements applicable major federal award programs disclosed.
- The Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with the Uniform Circular expressed an unmodified opinion.
- Major programs for the year ended December 31, 2018 are presented as follows:

UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES
CFDA No. 93.224 and 93.527 – Health Centers Cluster

- A threshold of \$750,000 was used for distinguishing between Type A and Type B programs for purposes of identifying major programs.
- The Catahoula Parish Hospital Service District No. 2 is considered to be a low risk auditee as defined by Uniform Guidance.

PART II – FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:

- **Finding 2018-001: Timely Audit Filing:** The District is required to submit their annual audit to the State of Louisiana Legislative Auditor no later than six months after year end. The audit was delayed due to the operating bank account reconciliation not being properly reconciled for several months of the year. This resulted in the audit not being able to be completed timely. We recommend that a member of management review the monthly bank reconciliations each month to ensure they are properly completed.
- **Finding 2018-002 – Bank Reconciliations**
Best practices require that bank reconciliations be prepared and reviewed monthly for all bank accounts. During the current year, due to personal issues of the Chief Financial Officer, bank reconciliations for the operating account were not prepared timely. This could result in financial statements being misstated. We recommend that a member of management review the monthly bank reconciliations each month to ensure they are properly completed.

PART III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL INCLUDE AUDIT FINDINGS AS DEFINED BY UNIFORM GUIDANCE:

- There are no matters to report.

Catahoula Parish Hospital Service District No. 2

Managements Corrective Action Plan

For the Year Ended December 31, 2018

SECTION I Internal Control and Compliance Material to the Financial Statements	
<p><u>Finding 2018-001 – Timely Audit Filing</u> The District is required to submit their annual audit to the State of Louisiana Legislative Auditor no later than six months after year end. The audit was delayed due to the operating bank account reconciliation not being properly reconciled for several months of the year. This resulted in the audit not being able to be completed timely. We recommend that the District policies be reviewed to ensure that all documentation is available for a timely audit filing.</p>	<p><u>Response:</u> We will change our policies to ensure that all financial records are complete, accurate and available in order to ensure a timely audit in the future.</p>
<p><u>Finding 2018-002 – Bank Reconciliations</u> Best practices require that bank reconciliations be prepared and reviewed monthly for all bank accounts. During the current year, due to personal issues of the Chief Financial Officer, bank reconciliations for the operating account were not prepared timely. This could result in financial statements being misstated. We recommend that a member of management review the monthly bank reconciliations each month to ensure they are properly completed.</p>	<p><u>Response:</u> We have changed our policies and procedures regarding bank reconciliations. We will have the Chief Executive Officer review the bank reconciliations monthly to ensure they are complete and accurate.</p>
SECTION II Internal Control and Compliance Material to Federal Awards	
There are no matters to report.	Not Applicable.
SECTION III Management Letter	
There are no matters to report.	Not Applicable.

Catahoula Parish Hospital Service District No. 2

Schedule of Prior Year Findings and Questioned Costs

For the Year Ended December 31, 2018

SECTION I Internal Control and Compliance Material to the Financial Statements	
There are no matters to report.	Not Applicable.
SECTION II Internal Control and Compliance Material to Federal Awards	
There are no matters to report.	Not Applicable.
SECTION III Management Letter	
There are no matters to report.	Not Applicable.

CATAHOULA PARISH HOSPITAL DISTRICT NO. 2

Schedule of Expenditure of Federal Financial Awards For the year ended December 31, 2018

<u>FEDERAL GRANTOR / Pass-through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Direct Program - Community Health Center	93.224	\$ 604,187
Direct Program - ACA New and Expanded Services Program	93.527	<u>2,029,265</u>
Total Health Center Cluster		2,633,452
Social Services Block Grant		
Passed through the Louisiana Department of Health and Hospitals	93.667	75,000
Rural Health Care Services Outreach		
Passed Through Innis Community Health Center	93.912	<u>6,000</u>
Total Other Programs		<u>6,000</u>
Total Expenditure of Federal Awards		<u>\$ 2,714,452</u>

Note

The schedule of expenditures of federal awards was prepared in conformity with generally accepted accounting principles for Governmental Units. The District does not use any cost allocation. See notes to the accompanying financial statements for further details.

CATAHOULA PARISH HOSPITAL DISTRICT NO. 2

***Schedule of Compensation, Benefits, and Other Payments
to Agency Head or Chief Executive Officer
Year ended December 31, 2018***

Agency Head Name	<u>Debra Miesch</u>
Purpose	
Salary	118,232
Benefits	
Health Insurance	7,998
Life, Accidental Death, Long-term	2,318
Reimbursements	-

APPENDIX A
Statewide Agreed-Upon Procedures



**Rozier Harrington
& McKay** | CERTIFIED PUBLIC
ACCOUNTANTS |

Independent Accountant's Report
On Applying Agreed-Upon Procedures

To the Catahoula Parish Hospital District No. 2 and
the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Catahoula Parish Hospital District No. 2 (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 January 1, 2018 through December 31, 2018. 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 results are presented in the accompanying Schedule of Procedures, Results and Managements' Response.

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.

Rozier, Harrington and McKay
Certified Public Accountants
Alexandria, Louisiana
July 26, 2019

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www.CenlaCPAs.com • Voice 318.442.1608 • Fax 318.487.2027

CATAHOULA PARISH HOSPITAL DISTRICT NO. 2

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Written Policies and Procedures		
Agreed-Upon Procedure	Results	Managements' Response
<p>1 Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories.</p> <ul style="list-style-type: none"> • Budgeting • Purchasing • Disbursements • Receipts • Payroll/Personnel • Contracting • Credit Cards • Travel and expense reimbursements • Ethics • Debt 	<p>The District maintains each of the policies, except for debt. There is no policy on debt because the District does not have any debt. In addition, each of policies address the items required for each policy with the following exception:</p> <ul style="list-style-type: none"> • Employees are not required to sign the ethics policy annually. • The purchasing policy does not address how vendors are added to the vendor list or the documentation required to be maintained for all bids and price quotes. 	<ul style="list-style-type: none"> • Even though the ethics policy does not expressly state that employees sign the policy annually, the District policy is to have all employees sign the ethics policy annually. • We constantly review and update our policies. We will review our purchasing policy make any necessary updates.

CATAHOULA PARISH HOSPITAL DISTRICT NO. 2

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Board (or Finance Committee)		
Agreed-Upon Procedure	Results	Managements' Response
<p>2 Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:</p> <p>a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.</p> <p>b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. <i>Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.</i></p>	<p>The prior year agreed-upon procedures report contained no exceptions in this category. As such, it has been excluded from testing in the current year.</p> <p>See comments above.</p> <p>See comments above.</p>	<p><i>The results did not result in findings or criticisms.</i></p> <p><i>The results did not result in findings or criticisms.</i></p> <p><i>The results did not result in findings or criticisms.</i></p>

CATAHOULA PARISH HOSPITAL DISTRICT NO. 2

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Board (or Finance Committee)		
Agreed-Upon Procedure	Results	Managements' Response
c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.	See comments above.	<i>The results did not result in findings or criticisms.</i>

CATAHOULA PARISH HOSPITAL DISTRICT NO. 2

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Bank Reconciliations		
Agreed-Upon Procedure	Results	Managements' Response
<p>3 Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:</p> <p>a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);</p> <p>b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and</p> <p>c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.</p>	<p>A listing of all bank accounts was provided.</p> <p>The bank reconciliations for all of the accounts except the one included evidence that they were prepared within 2 months of the statement closing date.</p> <p>The District had one account that was not reconciled for the period of August through December 2018.</p> <p>There is no evidence that a member of management reviewed each bank reconciliation.</p> <p>There were no reconciling items in excess of 12 months from the statement closing date.</p>	<p><i>The results did not result in findings or criticisms.</i></p> <p>We have changed our policies and now require that the District Chief Executive Officer review and sign each bank reconciliation monthly.</p> <p>See comments above.</p> <p><i>The results did not result in findings or criticisms.</i></p>

CATAHOULA PARISH HOSPITAL DISTRICT NO. 2

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Collections		
Agreed-Upon Procedure	Results	Managements' Response
<p>4 Obtain a listing of <u>deposit sites</u> for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).</p>	<p>The District maintains six deposit sites. Furthermore, each deposit site is a collection location.</p>	<p><i>The results did not result in findings or criticisms.</i></p>
<p>5 For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:</p> <p>a) Employees that are responsible for cash collections do not share cash drawers/registers.</p>	<p>There are six collection locations. One for each deposit site.</p> <p>Employees are not required to share the same cash drawer.</p>	<p><i>The results did not result in findings or criticisms.</i></p> <p><i>The results did not result in findings or criticisms.</i></p>

CATAHOULA PARISH HOSPITAL DISTRICT NO. 2

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Collections		
Agreed-Upon Procedure	Results	Managements' Response
b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.	Due to the limited staff at each location, typically the employee who accepts payments makes the daily cash deposit. However, the accounts payable clerk receives that daily deposit each day and reconciles the cash collection documentation to the daily deposit slip. The accounts payable clerk is not involved in cash collections.	<i>The results did not result in findings or criticisms.</i>
c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.	The Chief Financial Officer records transactions to the general ledger.	<i>The results did not result in findings or criticisms.</i>
d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.	The Chief Financial Officer records transactions to the general ledger. The CFO does not collect cash.	<i>The results did not result in findings or criticisms.</i>
6 Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.	Coverage for employee theft is maintained.	<i>The results did not result in findings or criticisms.</i>
7 Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day) . Alternately, the practitioner may use a source document other than bank statements	Two deposit dates were selected for each collection location.	<i>The results did not result in findings or criticisms.</i>

CATAHOULA PARISH HOSPITAL DISTRICT NO. 2

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Collections		
Agreed-Upon Procedure	Results	Managements' Response
<p>when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:</p> <p>a. Observe that receipts are sequentially pre-numbered.</p> <p>b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.</p> <p>c. Trace the deposit slip total to the actual deposit per the bank statement.</p> <p>d. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).</p> <p>e. Trace the actual deposit per the bank statement to the general ledger.</p>	<p>All receipts are sequentially prenumbered.</p> <p>The collection documentation agreed with the deposit slip or system reports.</p> <p>The deposit slip or system reports agree with the bank statement.</p> <p>Deposits were made within one day of collection.</p> <p>The deposits agree with the bank statement.</p>	<p><i>The results did not result in findings or criticisms.</i></p> <p><i>The results did not result in findings or criticisms.</i></p> <p><i>The results did not result in findings or criticisms.</i></p> <p><i>The results did not result in findings or criticisms.</i></p> <p><i>The results did not result in findings or criticisms.</i></p>

CATAHOULA PARISH HOSPITAL DISTRICT NO. 2

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)		
Agreed-Upon Procedure	Results	Managements' Response
<p>8 Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).</p>	<p>All disbursements are processed at the Sicily Island location.</p>	<p><i>The results did not result in findings or criticisms.</i></p>
<p>9 For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:</p>		
<p>a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.</p>	<p>At least two employees are involved in initiating, approving, and making purchases.</p>	<p><i>The results did not result in findings or criticisms.</i></p>
<p>b) At least two employees are involved in processing and approving payments to vendors.</p>	<p>At least two employees are involved in processing and approving payments.</p>	<p><i>The results did not result in findings or criticisms.</i></p>
<p>c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.</p>	<p>There are no formal restrictions associated with adding vendors.</p>	<p>This is a limitation related to our general ledger software. However, most of the District's vendors are established long time vendors. Therefore, new vendors are uncommon. Controls are in place to ensure that new vendors are not paid without adequate approval. These controls include:</p> <ul style="list-style-type: none"> • Many vendors request the District complete an application. • If there is no formal application process with small vendors, the Chief Executive Officer and Chief Financial Officer will

CATAHOULA PARISH HOSPITAL DISTRICT NO. 2

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)		
Agreed-Upon Procedure	Results	Managements' Response
<p>d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.</p>	<p>The accounts payable clerk processes payments and typically mails the signed checks.</p>	<p>meet to discuss this vendor prior to the first payment.</p> <p>This is mitigated by the CEO and at least one board member review each invoice and check prior to signing each check.</p>
<p>10 For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:</p> <p>a. Observe that the disbursement matched the related original invoice/billing statement.</p> <p>b. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.</p>	<p>Management provided a complete list of disbursements.</p> <p>Each disbursement mated the original invoice.</p> <p>The documentation includes evidence of the segregation of duties.</p>	<p><i>The results did not result in findings or criticisms.</i></p> <p><i>The results did not result in findings or criticisms.</i></p> <p><i>The results did not result in findings or criticisms.</i></p>

CATAHOULA PARISH HOSPITAL DISTRICT NO. 2

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Credit Cards/Debit Cards/Fuel Cards/P-Cards		
Agreed-Upon Procedure	Results	Managements' Response
<p>11 Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.</p>	<p>A list of all credit cards was provided.</p>	<p><i>The results did not result in findings or criticisms.</i></p>
<p>12 Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:</p> <p>a. Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.</p> <p>b. Observe that finance charges and late fees were not assessed on the selected statements.</p>	<p>The documentation included approval of the Chief Executive Officer. However, the Chief Executive Officer is an authorized card holder for one card.</p> <p>The statements did not include finance charges.</p>	<p>We will change our process to have the Chief Executive Officer's monthly statement approved by another member of management.</p> <p><i>The results did not result in findings or criticisms.</i></p>

CATAHOULA PARISH HOSPITAL DISTRICT NO. 2

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Credit Cards/Debit Cards/Fuel Cards/P-Cards		
Agreed-Upon Procedure	Results	Managements' Response
13 Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).	Supporting documentation was obtained for each transaction.	<i>The results did not result in findings or criticisms.</i>

CATAHOULA PARISH HOSPITAL DISTRICT NO. 2

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Travel and Expense Reimbursement		
Agreed-Upon Procedure	Results	Managements' Response
<p>14 Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:</p> <p>a. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).</p> <p>b. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.</p> <p>c. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).</p> <p>d. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.</p>	<p>The prior year agreed-upon procedures report contained no exceptions in this category. As such, it has been excluded from testing in the current year.</p> <p>See comments above.</p> <p>See comments above.</p> <p>See comments above.</p> <p>See comments above.</p>	<p><i>The results did not result in findings or criticisms.</i></p> <p><i>The results did not result in findings or criticisms.</i></p> <p><i>The results did not result in findings or criticisms.</i></p> <p><i>The results did not result in findings or criticisms.</i></p> <p><i>The results did not result in findings or criticisms.</i></p>

CATAHOULA PARISH HOSPITAL DISTRICT NO. 2

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Contracts		
Agreed-Upon Procedure	Results	Managements' Response
<p>15 Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:</p> <p>a. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.</p> <p>b. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).</p> <p>c. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.</p> <p>d. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.</p>	<p>The prior year agreed-upon procedures report contained no exceptions in this category. As such, it has been excluded from testing in the current year.</p> <p>See comments above.</p> <p>See comments above.</p> <p>See comments above.</p> <p>See comments above.</p>	<p><i>The results did not result in findings or criticisms.</i></p> <p><i>The results did not result in findings or criticisms.</i></p> <p><i>The results did not result in findings or criticisms.</i></p> <p><i>The results did not result in findings or criticisms.</i></p> <p><i>The results did not result in findings or criticisms.</i></p>

CATAHOULA PARISH HOSPITAL DISTRICT NO. 2

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Payroll and Personnel		
Agreed-Upon Procedure	Results	Managements' Response
<p>16 Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.</p>	<p>A complete list of employees was obtained.</p>	<p><i>The results did not result in findings or criticisms.</i></p>
<p>17 Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:</p> <p>a. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).</p> <p>b. Observe that supervisors approved the attendance and leave of the selected employees/officials.</p> <p>c. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.</p>	<p>Daily attendance and leave was documented.</p> <p>Time sheets are approved by a supervisor.</p> <p>Leave taken is reflected in the entities cumulative leave records.</p>	<p><i>The results did not result in findings or criticisms.</i></p> <p><i>The results did not result in findings or criticisms.</i></p> <p><i>The results did not result in findings or criticisms.</i></p>
<p>18 Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials'</p>	<p>A list of employees receiving termination payments has been obtained.</p> <ul style="list-style-type: none"> • The hours agree to the employee cumulative leave records. • The pay rates to the employee agree with the pay rates in the personnel file. 	<p><i>The results did not result in findings or criticisms.</i></p>

CATAHOULA PARISH HOSPITAL DISTRICT NO. 2

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Payroll and Personnel		
Agreed-Upon Procedure	Results	Managements' Response
authorized pay rates in the employee/officials' personnel files. 19 Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.	Management has represented that the payroll taxes, retirement contributions, health insurance, and workers compensation have been paid and the forms have been filed timely.	<i>The results did not result in findings or criticisms.</i>

CATAHOULA PARISH HOSPITAL DISTRICT NO. 2

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Ethics		
Agreed-Upon Procedure	Results	Managements' Response
20 Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and: a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period. b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.	The one hour of ethics training has been completed for each employee selected. Each employee has read and signed the Districts ethics policy.	<i>The results did not result in findings or criticisms.</i> <i>The results did not result in findings or criticisms.</i>

CATAHOULA PARISH HOSPITAL DISTRICT NO. 2

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Debt Service		
Agreed-Upon Procedure	Results	Managements' Response
21 Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.	The District has no debt.	<i>The results did not result in findings or criticisms.</i>
22 Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.	See comments above.	<i>The results did not result in findings or criticisms.</i>

CATAHOULA PARISH HOSPITAL DISTRICT NO. 2

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Other		
Agreed-Upon Procedure	Results	Managements' Response
<p>23 Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.</p>	<p>No misappropriations were identified.</p>	<p><i>The results did not result in findings or criticisms.</i></p>
<p>24 Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.</p>	<p>We observed the notice posted on the website at www.CPHD2.org and at the Sicily Island Medical Center. Management represents that this notice has been posted at each of the other five locations maintained by the District. Rozier, Harrington, & McKay has not traveled to the sites to verify that such notices are posted.</p>	<p>We have posted the notices at all locations maintained by the District.</p>