

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2017

**(With Independent Auditor's
Report Thereon)**

Terrie L. Jackson
Certified Public Accountant

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.

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Independent Auditor's Report

To the Board of Directors
Bossier Office of Community Services, Inc.
Bossier City, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Bossier Office of Community Services, Inc. (a non-profit corporation), which comprise the statement of financial position as of December 31, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial

statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bossier Office of Community Services, Inc. as of December 31, 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.

Other Matters Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of Bossier Office of Community Services, Inc. as a whole. The schedule on page 24 of this report is presented for purposes of additional analysis and is not a required part of these financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is also 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 May 14, 2018, on our consideration of Bossier Office of Community Services, Inc.'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 the effectiveness of Bossier Office of Community Services, Inc.'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 Bossier Office of Community Services Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Texas L Jackson". The signature is written in a cursive style with a large, sweeping initial "T".

Houston, Texas
May 14, 2018

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.

Statement of Financial Position

December 31, 2017

Assets

Current assets:	
Cash	\$ 413,518
Certificate of deposit	7,619
Grants receivable	215,591
Total current assets	<u>636,728</u>
Property and equipment:	
Land and land improvements	35,966
Buildings	839,825
Vehicles	690,430
Total property and equipment	<u>1,566,221</u>
Less accumulated depreciation	1,173,749
Net property and equipment	<u>392,472</u>
Total assets	<u>\$ 1,029,200</u>

Liabilities and Net Assets

Current liabilities:	
Accounts payable	\$ 141,449
Accrued payroll related liabilities	133,766
Total liabilities - current	<u>275,215</u>
Net assets:	
Unrestricted	183,107
Temporarily restricted	570,878
Total net assets	<u>753,985</u>
Total liabilities and net assets	<u>\$ 1,029,200</u>

See accompanying notes to financial statements.

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.

Statement of Activities

Year ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and other support:			
Federal grant funds	\$ -	\$ 3,935,829	\$ 3,935,829
Interest income	87	-	87
Other income	<u>28,565</u>	-	<u>28,565</u>
	28,652	3,935,829	3,964,481
In-kind income	<u>-</u>	<u>145,020</u>	<u>145,020</u>
	28,652	4,080,849	4,109,501
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>4,174,736</u>	<u>(4,174,736)</u>	<u>-</u>
Total revenues and other support	<u>4,203,388</u>	<u>(93,887)</u>	<u>4,109,501</u>
Expenses:			
Program Expenses:			
Head Start	2,837,690	-	2,837,690
Early Head Start	495,454	-	495,454
Food Service	440,857	-	440,857
Community Services Block Grant I	99,868	-	99,868
Community Services Block Grant II	221,480	-	221,480
Low Income Home Energy Assistance Program	60,860	-	60,860
Community Development Block Grant	<u>8,587</u>	-	<u>8,587</u>
Total program expenses	4,164,796	-	4,164,796
General and administrative expenses	<u>15,643</u>	-	<u>15,643</u>
Total expenses	<u>4,180,439</u>	-	<u>4,180,439</u>
Change in net assets	22,949	(93,887)	(70,938)
Net assets at beginning of year	<u>160,158</u>	<u>664,765</u>	<u>824,923</u>
Net assets at end of year	<u>\$ 183,107</u>	<u>\$ 570,878</u>	<u>\$ 753,985</u>

See accompanying notes to financial statements.

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.

Statement of Functional Expenses

Year ended December 31, 2017

	<u>Head Start</u>	<u>Early Head Start</u>	<u>Food Service</u>	<u>CSBG I</u>	<u>CSBG II</u>	<u>LIHEAP</u>	<u>CDBG</u>	<u>General</u>	<u>Total</u>
Salaries and related expenses:									
Salaries and wages	\$ 1,708,505	\$ 294,735	\$ 135,921	\$ 58,565	\$ 111,868	\$ 33,118	\$ 5,670	\$ -	\$ 2,348,382
Payroll taxes and fringe benefits	436,784	100,680	31,693	23,513	41,815	13,135	1,022	-	648,642
Total salaries wages and benefits	<u>2,145,289</u>	<u>395,415</u>	<u>167,614</u>	<u>82,078</u>	<u>153,683</u>	<u>46,253</u>	<u>6,692</u>	<u>-</u>	<u>2,997,024</u>
Expenses:									
Food services	707	493	263,777	2,481	-	-	-	-	267,458
Supplies	104,937	27,256	285	-	4,009	3,193	21	195	139,896
Accounting and auditing expenses	12,000	4,762	1,588	-	8,937	1,588	588	-	29,463
Consulting services	30,641	2,796	-	-	-	96	-	-	33,533
Telephone and utilities	91,845	25,045	-	1,620	5,408	1,975	-	-	125,893
Insurance	105,642	15,629	-	4,690	9,086	2,817	-	-	137,864
Repairs and maintenance	59,282	10,805	681	1,950	5,822	1,691	-	-	80,231
Auto expenses	-	37	-	898	2,492	-	1,286	-	4,713
Travel	66,537	-	-	2,661	13,297	2,664	-	-	85,159
Training and development	28,260	1,220	-	-	-	-	-	-	29,480
Direct assistance program	-	-	-	-	12,254	-	-	10,000	22,254
Other expenses	872	6,332	6,912	3,490	6,492	583	-	5,448	30,129
Total expenses before in-kind services	<u>2,646,012</u>	<u>489,790</u>	<u>440,857</u>	<u>99,868</u>	<u>221,480</u>	<u>60,860</u>	<u>8,587</u>	<u>15,643</u>	<u>3,983,097</u>
In-kind services	139,356	5,664	-	-	-	-	-	-	145,020
Total expenses before depreciation	<u>2,785,368</u>	<u>495,454</u>	<u>440,857</u>	<u>99,868</u>	<u>221,480</u>	<u>60,860</u>	<u>8,587</u>	<u>15,643</u>	<u>4,128,117</u>
Depreciation expense	52,322	-	-	-	-	-	-	-	52,322
Total expenses	<u>\$ 2,837,690</u>	<u>\$ 495,454</u>	<u>\$ 440,857</u>	<u>\$ 99,868</u>	<u>\$ 221,480</u>	<u>\$ 60,860</u>	<u>\$ 8,587</u>	<u>\$ 15,643</u>	<u>\$ 4,180,439</u>

See accompanying notes to the financial statements.

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.

Statement of Cash Flows

Year ended December 31, 2017

Cash flows from operating activities:	
Change in net assets	\$ (70,938)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	52,322
Increase in value of certificate of deposit	(26)
(Increase) decrease in operating assets:	
Grants receivable	(71,717)
Increase (decrease) in operating liabilities:	
Accounts payable	1,436
Accrued payroll related liabilities	94,623
Net cash provided by operating activities	<u>5,700</u>
Cash flows from investing activities	-
Cash flows from financing activities	-
Net change in cash	5,700
Cash at beginning of year	<u>407,818</u>
Cash at the end of year	<u>\$ 413,518</u>

See accompanying notes to financial statements.

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND PROGRAM DESCRIPTION -

Bossier Office of Community Services, Incorporated (BOCS) is a private nonprofit corporation established under the laws of the State of Louisiana. The corporation is organized to operate a Community Services Program in and for Bossier Parish, Louisiana. Specifically, the corporation is organized to:

- A. serve as the official anti-poverty agency in Bossier Parish, Louisiana;
- B. create, plan, develop, implement, conduct and administer programs according to Federal rules, regulations and guidelines that involve the maximum participation of the community served;
- C. ensure and provide affordable, safe, sanitary and decent housing to very low, low and moderate income residents of the State and expand economic development and home ownership opportunities for low and moderate income residents of the State;
- D. provide assistance and educational materials related to housing to very low, low and moderate income residents of the State;
- E. improvise and utilize all community resources both public and private in an organized approach on eliminating poverty.

Bossier Office of Community Services Inc.'s operations are segregated into general grant programs as follows:

Head Start and Early Head Start Programs (HS and EHS) provides comprehensive educational and support services to low-income and disabled children zero to five years of age and children who have not reached the compensatory school age. This program provides health, mental health, nutrition, education and parent involvement services to children in an effort to enable the child to function at an optimum level in their environment. Funding is provided through federal funds from the U.S. Department of Health and Human Services.

Child and Adult Care Food Program (CACFP) provides a food service program in conjunction with the Head Start and Early Head Start Programs. Funding is provided by federal funds passed through the State of Louisiana, Department of Education.

Community Services Block Grant (CSBG) provides assistance to the poor, disadvantaged and unemployed through housing services, community projects, nutrition services, emergency assistance, employment services, transportation services, and other services. Funding is provided by federal funds passed through the State of Louisiana, Department of Labor.

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

Transit Services provides transportation services to citizens in the urban and rural areas of Bossier Parish. Funding is provided by federal funds passed through the State of Louisiana, Department of Social Services, federal funds passed through the City of Bossier City, transit fares and other miscellaneous revenues.

Low-Income Home Energy Assistance Program (LIHEAP) provides assistance to low income households in offsetting the burden of high energy costs. Funding is provided by federal funds passed through the Louisiana Housing Corporation.

Reporting Entity - The governing body of Bossier Office of Community Services is its Board of Directors. The Board appoints an Executive Director to administer the affairs of the agency. BOCS is not considered a component of the city, parish or any governmental body. The governing board independently oversees the agency's operations.

- 1) The accompanying financial statements include all of the organization's programs, activities and functions of BOCS for which the Board has oversight responsibility, except as described in the following paragraph. Such oversight responsibilities include designation of management, the ability to significantly influence operations, accountability for fiscal matters, and the scope of public services.
- 2) Some equipment is owned by BOCS while used in the program for which it was purchased or in other future authorized programs. The funding sources, however, have a reversionary interest in the equipment purchased with grant funds, therefore its disposition, as well as the ownership of any sale proceeds therefrom is subject to funding source regulations.

BASIS OF ACCOUNTING -

Accounting Policies – The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. BOCS uses the accrual basis of accounting.

Financial Statement Presentation – The financial statements are presented as recommended by Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205, *Financial Statements of Not-for-Profit Organizations*. FASB ASC 958-205 requires the agency to report information regarding its financial position and activities into three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

Revenue and Support – Grant revenues (Grants and Governmental reimbursements) are recognized using the legal and contractual requirements of the Agency's programs as guidance. Grant revenues (where funds must be expended for specific purposes prior to amount being reimbursed to the Agency) are recognized based on expenditures recorded.

BOCS reports grants and gifts of cash and other assets as restricted support if they are received with donor or grant stipulations that limit the use of the donated assets. When a donor restriction

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted net assets are restricted for future period expenditures.

Property and Equipment – Property and equipment are recorded at costs unless donated. If donated, property and equipment are carried at the approximate fair value at the date of donation. It is BOCS’s policy to capitalize property and equipment with a unit cost of \$5,000 or more. Lesser amounts are expensed. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulation regarding how long those donated assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

BOCS recognizes depreciation on its fixed assets in accordance with generally accepted accounting principles. The Federal government has a reversionary interest in property purchased with Federal funds. Its disposition, as well as any disposition proceeds, is subject to federal regulations. The use of assets purchased with federal funds is limited to the purposes intended by the funding source. Fixed assets are depreciated using the straight-line method.

BOCS’s fixed assets are stated at cost and are depreciated as follows:

<u>Fixed Asset</u>	<u>Useful Life</u>	<u>Method</u>
Furniture & Equipment	5 – 10 Years	Straight Line
Vehicles	5 -- 10 Years	Straight Line
Buildings	40 – 50 Years	Straight Line

Depreciation expense for the year ended December 31, 2017 totaled \$52,322.

Cash and Cash Equivalents – For purposes of the Statement of Cash Flows, BOCS considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income Taxes – BOCS is a not-for-profit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as a private corporation.

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

Contributed Services – BOCS received donated services from a variety of unpaid volunteers assisting in its program services. No amounts for donated services have been recognized in the accompanying statements of activities since the criteria for recognition of such volunteer efforts under FASB ASC 985 has not been satisfied.

Pension Plan – A 403 (b) Retirement Plan was established for employees of BOCS effective May 1, 2001.

Expense Allocation – The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fair Value Measurements

Generally Accepted Accounting Principles established a framework for measuring fair value that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820-10-50 are as follows:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which BOCS has access at the measurement date.
- Level 2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - * quoted prices for similar assets or liabilities in active markets;
 - * quoted prices for identical or similar assets in markets that are not active;
 - * observable inputs other than quoted prices for the assets or liability (for example, interest rates and yield curves); and
 - * inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When available, BOCS measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for many of the assets and liabilities that BOCS is required to measure at fair value.

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 2. SHORT-TERM INVESTMENTS

Short-term investments consist of the following at December 31, 2017:

Certificate of Deposit	<u>\$7,619</u>
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As noted, BOCS is required to report its fair value measurements in one to three levels, which are based on the ability to observe in the marketplace the inputs to the organization's valuation techniques. Level 1, the most observable level of inputs, is for investments measured at quoted prices in active markets for identical investments as of December 31, 2017. All of BOCS short-term investments are measured using Level 1.

BOCS used the following ways to determine the fair value of its investments at December 31, 2017:

- **Certificates of deposit:** Determined by the published net asset value per unit at the end of the last trading day of the year, which is the basis for transactions at that date.

NOTE 3: LEASE COMMITMENTS

Bossier Office of Community Services leases equipment under operating leases from various entities. No leases have initial or remaining non-cancelable terms in excess of one year.

NOTE 4: PENSION PLAN

A 403 (b) Retirement Plan was established for employees of BOCS effective May 1, 2001. Employees with at least one year of service may contribute a portion of their wages to the plan. An amount equal to 5% of the total salary of eligible employees is contributed to the plan by BOCS.

The amount contributed by BOCS to retirement plans on behalf of the employees for the year ended December 31, 2017 was \$95,802.

NOTE 5: COMPENSATED ABSENCES

The personnel policy of BOCS provides for paid annual leave and/or vacation pay. The earned but unpaid amounts are recognized in the accounting period when actual payment is made.

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 6: CONCENTRATION OF CREDIT RISK

BOCS received over 99% of its funding from Federal grants, with the Head Start program providing 80% of all grant revenues.

Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of December 31, 2017, BOCS had no significant concentrations of credit risk in relation to grant receivables.

NOTE 7: COMMITMENTS AND CONTINGENCIES

BOCS participates in certain governmental financial assistance programs. Although BOCS grant programs have been audited through December 31, 2017 in accordance with provisions of the Single Audit Act, these programs are still subject to financial and compliance audits by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although BOCS expects such amounts, if any, to be immaterial.

NOTE 8: SUBSEQUENT EVENTS

Subsequent events were evaluated through May 14, 2018, the date that the financial statements were available to be issued.

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2017

<u>Federal Grantor/Pass through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Expenditures</u>
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Direct Program			
Head Start Program	93.600	06CH7168	\$ 2,645,966
Early Head Start Program	93.600	06CH7168	489,791
Total Head Start Program			<u>3,135,757</u>
Passed through Louisiana Department of Labor			
Community Services Block Grant (CSBG)	93.569	2016N0033	99,911
Community Services Block Grant (CSBG)	93.569	2017N0033	220,702
Total Community Services Block Grant			<u>320,613</u>
Passed through Louisiana Housing Corporation			
Low Income Home Energy Assistance Program (LIHEAP)	93.568		64,562
Total Low Income Home Energy Assistance Program			<u>64,562</u>
Total U.S. Department of Health and Human Services			<u>3,520,932</u>
<u>U. S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through Louisiana Department of Education			
Child and Adult Care Food Program (CACFP)	10.558	93-136	396,311
Total U.S. Department of Agriculture			<u>396,311</u>
<u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed through City of Bossier City			
Community Development Block Grant - (CDBG)			
Transportation Assistance	14.218	B-16-MC-22-0009	5,190
Transportation Assistance	14.218	B-17-MC-22-0009	3,396
Total Department of Housing and Urban Development			<u>8,586</u>
<u>U. S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed through a local governing board			
Emergency Food and Shelter Program (FEMA)	97.024	356400-019	10,000
Total U.S. Department of Homeland Security			<u>10,000</u>
Total Expenditures of Federal Awards			\$ <u>3,935,829</u>
In-kind matching expenditures (Noncash Awards)			
Head Start	93.600	06CH7168	\$ 139,356
Early Head Start	93.600	06CH7168	5,664
Total Noncash Awards			\$ <u>145,020</u>

See accompanying notes.

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
NOTES TO SCHEDULE OF EXPENDITURES FEDERAL AWARDS
December 31, 2017

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Bossier Office of Community Services, Inc. (BOCS) under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of BOCS, it is not intended to and does not present the financial position, changes in net assets or cash flows of BOCS.

(2) Summary of Significant Accounting Policies

Expenditures reported in the accompanying schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate

BOCS has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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Houston Chapter, Texas Society of CPAs

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 the Board of Directors
Bossier Office of Community Services, Inc.
Bossier City, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bossier Office of Community Services, Inc. (BOCS) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 14, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bossier Office of Community Services Inc.'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 Bossier Office of Community Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Bossier Office of Community Services, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Texas L Jackson". The signature is written in a cursive style with a large, sweeping initial "T".

Houston, Texas
May 14, 2018

TERRIE L. JACKSON
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Independent Auditor's Report on Compliance For Each Major
Federal Program and on Internal Control Over Compliance
Required by the Uniform Guidance

To the Board of Directors
Bossier Office of Community Services, Inc.
Bossier City, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Bossier Office of Community Services, Inc.'s (BOCS) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of BOCS's major federal programs for the year ended December 31, 2017. Bossier Office of Community Services, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of BOCS'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 BOCS's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Bossier Office of Community Services, Inc. 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 major federal programs for the year ended December 31, 2017.

Report on Internal Control over Compliance

Management of Bossier Office of Community Services, Inc. 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 BOCS'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 BOCS'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 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 the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Texas L Jackson". The signature is written in a cursive style with a large, sweeping initial "T".

Houston, Texas
May 14, 2018

**BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
SUMMARY SCHEDULE OF PRIOR FINDINGS
YEAR ENDED DECEMBER 31, 2017**

Financial Statement Audit Findings

Finding 2016-001: Late Submission of Audit Report

Condition: The audit report for the year ended December 31, 2016 was not submitted within six months of year end to the Louisiana Legislative Auditor's as required by state law.

Criteria: Louisiana Revised Statute (R.S.) 24:513 requires submission of the audit report within six months of year end.

Recommendation: We recommended that future reports are completed and submitted timely to the Louisiana Legislative Auditors.

View's of responsible officials and planned corrective actions: Future reports will be submitted timely.

Current Status: Finding has been resolved. BOCS is in compliance with the statute for filing for the fiscal year ended December 31, 2017.

Major Federal Award Program Audit Findings

None reported.

**BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2017**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued – Unmodified

Internal control over financial reporting:

Material weaknesses identified? No

Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified? No

Significant deficiencies identified? None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
93.600	Head Start Program

Dollar threshold used to distinguish between type A and type B programs:
\$750,000

Auditee qualified as low-risk auditee? Yes

**BOSSIER OFFICE OF COMMUNITY SERVICE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2017**

Section II – Financial Statement Finding

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

Bossier Office of Community Services, Inc.
Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer
For the Year Ended December 31, 2017

Chief Executive Officer's Name: Debra A. Hamilton	<u>Amount</u>
Purpose	
Salary	\$ 99,252
Benefits--insurance	4,651
Benefits --retirement	4,963
Benefits--STD/LTD	1,499
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	7,287
Registration fees	1,530
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	25
Total	\$ <u>119,207</u>

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Bossier Office of Community Services, Inc.
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Bossier Office of Community Services, Inc. (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, 2017 through December 31, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

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

Results: A copy of the written financial policies and procedures manual was obtained and read.

Exceptions:

Budgeting – Manual did not address in the detail suggested by SAUPs.

Purchasing – Manual did not address how vendors are added to vendor list.

Manual did not include controls to ensure compliance with the public bid law.

Contracting – Manual did not address.

Ethics was not applicable because the Entity is a non-profit.

Debt service was not applicable because the Entity has not issued any debt.

Management's Response: Entity is in the process of updating and adopting its written policies and procedures manual to include these items.

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.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
- 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: *a) The governing board meets at least quarterly with a quorum.*

b) Budget-to-actual comparisons are presented at each meeting.

c) Minutes included non-budgetary financial informal (e.g. approval of contract and disbursements) for at least one meeting during the fiscal period.

Exception:

Minutes did not include a reference to budget-to-actual comparisons monthly.

Management's Response: *Budget-to-actual comparisons are reviewed at each meeting by the board. Management will make sure minutes reflect this.*

Bank Reconciliations

- 3. Obtain a listing of client bank accounts from management and 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;
 - 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
 - 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: *We obtained a list of bank accounts. All accounts were confirmed with bank. Management confirmed the listing was complete.*

- a) Bank accounts are reconciled monthly by the Finance Director.*
- b) The Executive Director reviews each bank reconciliation and has no involvement in the transactions associated with the bank account.*
- c. Amounts were not discovered for items outstanding more than six months.*

Collections

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

Results: *A listing was obtained from management and representation from management that the listing was 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.
 - 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.
 - 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.
 - 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: a) 1) Employees are bonded, 2) The Secretary is responsible for collecting, stamping “For Deposit Only” and logging amounts in. She forwards collections to the bookkeepers who record the receipts, prepare a deposit slip, attaches copy of receipt and all source documents, and stamp the bank account number on check or money order. Bookkeepers forward to the Finance Director. The Finance Director reviews the deposit slip, receipt summary, reconciles, and makes deposits in the bank, 3) Registers or drawers are not shared

b) Formal process to reconcile cash collections to the general ledger is used.

c) Collections are completely supported by documentation. Deposits were made as daily.

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: Entity has written collection process documented in the policy and procedures manual. Inquiry determined that employee responsible for collections is not the same one responsible for determining completeness.

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 check registers with beginning and ending check numbers for all disbursements made during the year. Management represented that the population 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.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Results: *We randomly selected 25 disbursements and obtained supporting documentation of the following:*

- a) *Purchases were initiated using a requisition system*
- b) *Purchases were approved by a person who did not initiate the purchase*
- c) *Payments for purchases were not processed without an approved requisition and/or purchase order, receiving report, and 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: *There are no written policies associated with adding vendors.*

Exception: *The individuals responsible for processing payments are not prohibited from adding vendors to the Entity's purchasing/disbursement system.*

Management's Response: *There is a small number of staff in the finance department. All checks require two signatures from individuals not responsible for preparing checks.*

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: *Persons with signatory authority or who make the final authorization have no involvement in purchasing.*

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: *Blank checks are locked in a secure location with access restricted to those that do not have signatory authority.*

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: *Not applicable.*

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 a listing of all cards and represented that the listing is complete.*

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

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

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

Results: *a) Monthly statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder, b) No finance charges and/or late fees were assessed on the selected statements.*

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

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
- b) For each transaction, 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.
- 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: a) Documentation was available to support all transactions.

b) None of the purchases were subject to Public Bid Law requirements.

c) None of the purchases appeared to be loaned, pledged, or donated funds, credit, property, or things of value

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 general ledgers and represented that the ledgers were 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.
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.

- 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.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
- c) 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.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: a) Payments were reimbursed or prepaid in accordance with written policy.

b) Transactions were supported by adequate documentation that demonstrated business purpose.

c) Reimbursements received did not represent a loan, pledge, or donation of funds, credit, property or things of value

d) Approval was provided by someone other than the recipient.

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: General ledgers were obtained from management and management represented that the general ledgers were 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.
 - 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)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
- 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.
- 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.
- 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:***
- a) There is a formal/written contract that supports the service arrangements and amounts paid.***
 - b) The contracts were not subject to the Louisiana Public Bid Law or Procurement Code.***
 - c) There were no amendments or change orders.***
 - d) Invoices and related payments were consistent with contract terms.***
 - e) Contracts were approved by the Board during grant approval that includes budget 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.
 - 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:***
- a) Compensation amounts were approved in writing in employee files.***
 - b) Compensation changes 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.)
- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
- 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: *a) Attendance and leave was documented.*

b) Time sheets included signatures documenting supervisor's approval.

c) Leave taken was deducted from the employees leave balance as maintained on their leave worksheet.

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: *Payments were consistent with the personnel policies.*

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: *Payroll taxes and retirement contributions and required reports were submitted timely.*

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: *Not applicable – 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: Not applicable – 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: Not applicable, 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: Not applicable, 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: Not applicable, 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: Management reported no misappropriations.

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: The Entity posts notices on its premises.

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

Results: No exceptions were identified.

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.

A handwritten signature in black ink that reads "Texas L Jackson". The signature is written in a cursive style with a large initial "T" and a long, sweeping underline.

Houston, Texas

June 29, 2018