

CHILD ADVOCACY SERVICES, INC.

**FINANCIAL STATEMENTS
AND
AUDITOR'S REPORT**

DECEMBER 31, 2017

CHILD ADVOCACY SERVICES, INC.

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	3
STATEMENT OF FINANCIAL POSITION	5
STATEMENT OF ACTIVITIES	6
STATEMENT OF FUNCTIONAL EXPENSES	7
STATEMENT OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9
SUPPLEMENTAL INFORMATION	
STATEMENT OF ACTIVITIES BY PROGRAM	16
STATEMENT OF ACTIVITIES – LOUISIANA SUPREME COURT TANF PROGRAM	17
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	18
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER	19
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 <u>GOVERNMENT AUDITING STANDARDS</u>	20
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	23
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	24

Justin J. Scanlan, C.P.A., P.C.

A LIMITED LIABILITY COMPANY

4769 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122
TELEPHONE: (504) 288-0050

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Child Advocacy Services, Inc.

We have audited the accompanying financial statements of Child Advocacy 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 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 of 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 statement 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 Child Advocacy 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.

Report on Comparative Information

We have previously audited Child Advocacy Services, Inc.'s financial statements, and our report dated February 15, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respect, with the audited financial statements from which it has been derived.

Other Matters Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules listed in the table of contents are presented for the purpose of additional analysis and is not a required part of the 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 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 statement 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 February 14, 2018, on our consideration of Child Advocacy 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 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 Child Advocacy Services, Inc.'s internal control over financial reporting and compliance.

Justin J. Scanlan, CPA, LLC

New Orleans, Louisiana
February 14, 2018

CHILD ADVOCACY SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

**SUMMARIZED
COMPARATIVE
INFORMATION
DECEMBER 31, 2016**

ASSETS		
Cash	\$ 454,079	\$ 362,332
Certificates of deposit	173,173	172,400
Receivables (Notes A4 and B)		
Grants	187,526	142,557
Other	<u>4,810</u>	<u>15,125</u>
	<u>192,336</u>	<u>157,682</u>
Property, building and equipment - at cost (Notes A5 and C)	<u>54,802</u>	<u>58,108</u>
Total assets	<u>\$ 874,390</u>	<u>\$ 750,522</u>

LIABILITIES AND NET ASSETS		
Accounts payable and accrued liabilities	\$ <u>11,523</u>	\$ <u>454</u>
Total liabilities	<u>\$ 11,523</u>	<u>\$ 454</u>
Commitment (Note D)	-	-
Net assets		
Unrestricted	862,867	750,068
Temporarily restricted	<u>-</u>	<u>-</u>
Total net assets	<u>862,867</u>	<u>750,068</u>
Total liabilities and net assets	<u>\$ 874,390</u>	<u>\$ 750,522</u>

The accompanying notes are an integral part of this financial statement.

**CHILD ADVOCACY SERVICES, INC.
STATEMENT OF ACTIVITIES**

For the year ended December 31, 2017

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	SUMMARIZED COMPARATIVE INFORMATION For the year ended December 31, 2016
REVENUE				
United Way	\$ -	\$ 183,072	\$ 183,072	\$ 194,214
Grant appropriations				
Governmental (Note E)	-	1,446,806	1,446,806	1,373,249
Other	-	15,500	15,500	23,500
Special events, net of direct expense of \$9,193	140,267	-	140,267	98,565
Other	63,866	-	63,866	90,300
Contributions	75,187	-	75,187	61,808
Net assets released from restrictions	<u>1,645,378</u>	<u>< 1,645,378 ></u>	<u>-</u>	<u>-</u>
Total revenues	<u>1,924,698</u>	<u>-</u>	<u>1,924,698</u>	<u>1,841,636</u>
EXPENSES				
Program services				
Court appointed special advocate	1,072,348	-	1,072,348	1,072,269
Children's advocacy center	<u>572,260</u>	<u>-</u>	<u>572,260</u>	<u>564,185</u>
	<u>1,644,608</u>	<u>-</u>	<u>1,644,608</u>	<u>1,636,454</u>
Supportive services				
Management and general	143,439	-	143,439	126,984
Fund raising	<u>23,852</u>	<u>-</u>	<u>23,852</u>	<u>23,252</u>
	<u>167,291</u>	<u>-</u>	<u>167,291</u>	<u>150,236</u>
Total expenses	<u>1,811,899</u>	<u>-</u>	<u>1,811,899</u>	<u>1,786,690</u>
Increase <decrease> in net assets	112,799	-	112,799	54,946
Net assets, beginning of year	<u>750,068</u>	<u>-</u>	<u>750,068</u>	<u>695,122</u>
Net assets, end of year	<u>\$ 862,867</u>	<u>\$ -</u>	<u>\$ 862,867</u>	<u>\$ 750,068</u>

The accompanying notes are an integral part of this financial statement.

CHILD ADVOCACY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2017

	<u>PROGRAM SERVICES</u>		<u>SUPPORTIVE SERVICES</u>		<u>TOTAL</u>	<u>SUMMARIZED COMPARATIVE INFORMATION</u>
	<u>COURT APPOINTED SPECIAL ADVOCATE</u>	<u>CHILDREN'S ADVOCACY CENTER</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND RAISING</u>		<u>FOR THE YEAR ENDED DECEMBER 31, 2016</u>
Salaries	\$ 677,718	\$ 364,752	\$ 97,467	\$ 12,594	\$ 1,152,531	\$ 1,105,800
Fringe benefits	163,426	91,502	23,782	3,073	281,783	267,803
Occupancy	78,669	35,059	12,637	-	126,365	116,012
Travel	51,256	16,347	1,046	-	68,649	76,524
Supplies	20,042	9,656	-	-	29,698	42,548
Printing	2,048	8,721	154	-	10,923	17,264
Board generated self-support	-	-	-	8,185	8,185	7,961
Training	9,662	-	-	-	9,662	9,530
Other program expenses	<u>69,527</u>	<u>46,223</u>	<u>8,353</u>	<u>-</u>	<u>124,103</u>	<u>143,248</u>
Total expenses	<u>\$ 1,072,348</u>	<u>\$ 572,260</u>	<u>\$ 143,439</u>	<u>\$ 23,852</u>	<u>\$ 1,811,899</u>	<u>\$ 1,786,690</u>

The accompanying notes are an integral part of this financial statement.

CHILD ADVOCACY SERVICES, INC.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2017

**SUMMARIZED
COMPARATIVE
INFORMATION
For the year ended
December 31, 2016**

Cash flows from operating activities:

Increase <decrease> in net assets	\$ 112,799	\$ 54,946
Adjustments to reconcile increase <decrease> in net assets to net cash provided by <used in> operating activities:		
Depreciation	3,306	4,458
Changes in assets and liabilities:		
<Increase> decrease in grants receivable	< 44,969>	6,143
<Increase> decrease in other receivables	10,315	< 5,977>
Increase <decrease> in accounts payable and accrued liabilities	<u>11,069</u>	<u>< 1,542></u>
Net cash provided by <used in> operating activities	<u>92,520</u>	<u>58,028</u>
Cash flows from investing activities:		
Purchase of certificates of deposit	<u>< 773></u>	<u>< 1,611></u>
Net cash provided by <used in> investing activities	<u>< 773></u>	<u>< 1,611></u>
Increase <decrease> in cash and cash equivalents	91,747	56,417
Cash and cash equivalents, beginning of year	<u>362,332</u>	<u>305,915</u>
Cash and cash equivalents, end of year	<u>\$ 454,079</u>	<u>\$ 362,332</u>

The accompanying notes are an integral part of this financial statement.

CHILD ADVOCACY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. **Nature of Activities**

Child Advocacy Services, Inc. was organized to give voice, healing and security to children in Louisiana, primarily in the Florida parishes region.

2. **Financial Statement Presentation**

The corporation's financial statements are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth under FASB ASC 958. Accordingly, the net assets of the corporation are classified to present the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

The net assets and changes therein are classified as follows:

Unrestricted Net Assets - Contributions and other revenue and expenses for the general operation of its programs.

Temporarily Restricted Net Assets - Contributions and other revenues specifically authorized by the donor or grantor to be used for specific purposes.

Permanently Restricted Net Assets - Contributions subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by actions of the Corporation pursuant to those stipulations. There were no permanently restricted net assets.

3. **Revenue Recognition**

Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction 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 activity as "net assets released from restrictions".

Grant revenue is recognized as it is earned in accordance with approved contracts.

4. **Receivables**

The corporation considers accounts receivable to be fully collectible since the balance consists principally of payments due under governmental contracts. If amounts due become uncollectible, they will be charged to operations when that determination is made.

CHILD ADVOCACY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Property, Building and Equipment

Child Advocacy Services, Inc. records property acquisitions at cost. Donated assets are recorded at estimated value at date of donation.

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, principally on the straight-line method. Depreciation expense for the year ended December 31, 2017 totaled \$3,306.

It is the policy of the corporation to capitalize all property, furniture, and equipment with an acquisition cost in excess of \$5,000.

6. Cash equivalents

For purposes of the statement of cash flows, the corporation considers all investments with original maturities of three months or less to be cash equivalents.

7. 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. Accordingly, actual results could differ from these estimates.

8. Fair Values of Financial Instruments

Cash and cash equivalents carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those investments.

9. Functional Allocation of Expense

The expenses of providing the program and other activities have been summarized on a functional basis in the statement of functional expenses. Certain of those expenses have been allocated among the program and supporting services benefited based on estimates by management of the costs involved.

10. Subsequent Events

The subsequent events of the organization were evaluated through the date the financial statements were available to be issued (February 14, 2018).

11. Summarized Comparative Information

Summarized comparative information are presented only to assist with financial analysis. Data in these columns do not present financial position, results of operations or changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

CHILD ADVOCACY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2017

NOTE B - GRANTS RECEIVABLE

The grants receivable consist of the following as of December 31, 2017:

Louisiana Commission on Law Enforcement and Administration of Criminal Justice	\$ 39,360
State of Louisiana – Governor's Office of Programs and Planning	47,726
Louisiana Supreme Court	76,524
West Feliciana Police Jury	5,689
St. Charles Parish District Attorney	1,988
St. John United Way	9,239
Louisiana Alliance of Children's Advocacy Center	7,000
	<u>\$ 187,526</u>

NOTE C – PROPERTY, BUILDING AND EQUIPMENT

Property, building and equipment at December 31, 2017 consists of the following:

Building and improvements	\$ 86,758
Equipment	<u>7,979</u>
	94,737
Less accumulated depreciation	<u>< 69,935 ></u>
	24,802
Land	<u>30,000</u>
	\$ 54,802

NOTE D - COMMITMENT

The corporation leases office space for its administrative office in Hammond and six branch locations in Denham Springs, Laplace, St. Francisville, Napoleonville, Luling and Gonzales under noncancelleble agreements accounted for as operating leases. The Luling lease expires December 31, 2017. The Laplace lease expires July 1, 2018. The Denham Springs lease expires December 31, 2017. The St. Francisville lease expires May 31, 2019. The Hammond, Napoleonville, and Gonzales leases are on a month-to-month basis.

Future minimum lease payments are as follows:

<u>December 31,</u>	
2018	\$ 10,575
2019	<u>2,625</u>
	<u>\$ 13,200</u>

The rental expense for the year ended December 31, 2017 totaled \$79,780.

CHILD ADVOCACY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2017

NOTE E - SUMMARY OF FUNDING

Child Advocacy Services, Inc.'s funding for grants consist of the following:

<u>Grants</u>	<u>Periods</u>	<u>Grant Award</u>	<u>Revenue Recognized</u>
<u>Governmental</u>			
State of Louisiana – Department of Children and Family Services:			
Community Board Family Resources Grant	7/1/16-6/30/17	\$ 28,000	\$ 14,000
State of Louisiana - Governor's Office of Programs and Planning			
Children's Trust Fund	8/1/17-6/30/18	105,000	47,726
State of Louisiana – Supreme Court			
	7/1/16-6/30/17	876,102	461,412
	7/1/17-6/30/18	955,135	466,527
Louisiana Commission on Law Enforcement and Administration of Criminal Justice			
	1/1/16-6/30/17	244,604	159,173
	1/1/16-6/30/17	82,229	65,756
	7/1/17-6/30/18	52,500	35,000
	4/1/17-6/30/17	877	877
	7/1/17-6/30/18	249,416	165,335
West Feliciana Parish Police Jury			
	7/1/16-6/30/17	24,000	12,000
	7/1/17-6/30/18	24,000	12,000
Louisiana Alliance of Children's Advocacy Center			
	1/1/17-12/31/17	7,000	<u>7,000</u>
Total governmental grants			<u>\$ 1,446,806</u>

NOTE F – RETIREMENT ARRANGEMENT

The Child Advocacy Services, Inc. sponsors a deferred compensation plan covering all employees earning over \$5,000 and elect to defer a portion of their salary. The corporation will match 3% of the deferred compensation. The contribution rate remains unchanged from the prior year. The retirement expense for the year ended December 31, 2017 totaled \$18,636.

CHILD ADVOCACY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2017

NOTE G - INCOME TAXES

The Corporation is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code.

Child Advocacy Services, Inc. has adopted the provisions of FASB ASC 740-10-25, which requires a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. Child Advocacy Services, Inc. does not believe its financial statements include any uncertain tax positions.

NOTE H - FAIR VALUE MEASUREMENT

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 820-10 requires disclosure of the estimated fair value of certain financial instruments and the methods and significant assumptions used to estimate their fair value. Financial instruments within the scope of FASB ASC 820-10 are included in the table below.

	<u>Fair Value Measurement of Reporting Date</u>			
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Certificates of Deposit	<u>\$ 173,173</u>	<u>\$ 173,173</u>	<u>\$ -</u>	<u>\$ -</u>

The assumptions to estimate fair values are as follows:

1. Certificates of deposit carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of the instruments.

NOTE I - BOARD OF DIRECTORS COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

CHILD ADVOCACY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2017

NOTE J - CONCENTRATION OF CREDIT RISK

As of December 31, 2017, the unsecured cash balances consist of the following:

Bank balances, including outstanding checks	\$ 665,992
Less: FDIC insurance	< 576,472 >
Unsecured cash balances	<u>\$ 89,520</u>

Two government agencies account for 66% of total grants receivable at December 31, 2017.

The corporation's support through state and federal grants totaled 75% for the year ended December 31, 2017.

NOTE K – ECONOMIC DEPENDENCY

Child Advocacy Services, Inc. received the majority of its revenue from funds provided through grants administered by the State of Louisiana. The grant amounts are appropriated each year by the federal and state government. If significant budget cuts are made at the federal and/or state level, the amount of the funds the corporation receives could be reduced significantly and have an adverse impact on its operations. At the time of completion of the examination of the corporation's financial statements, management was not aware of any actions taken that would adversely affect the amount of funds the corporation will receive in the next fiscal year.

SUPPLEMENTAL INFORMATION

CHILD ADVOCACY SERVICES, INC.
STATEMENT OF ACTIVITIES BY PROGRAM
For the year ended December 31, 2017

	<u>COURT APPOINTED SPECIAL ADVOCATE</u>	<u>CHILDREN'S ADVOCACY CENTER</u>	<u>TOTAL</u>
REVENUE			
Direct program revenue:			
Grant appropriations	<u>\$ 1,042,481</u>	<u>\$ 419,825</u>	<u>\$ 1,462,306</u>
Total direct program revenues	1,042,481	419,825	1,462,306
Unrestricted revenue	<u>\$ 147,491</u>	<u>\$ 131,829</u>	<u>279,320</u>
Total self-generated revenue	1,189,972	551,654	1,741,626
United Way	<u>81,579</u>	<u>101,493</u>	<u>183,072</u>
Total revenue	<u>1,271,551</u>	<u>653,147</u>	<u>1,924,698</u>
EXPENSES			
Salaries	677,718	364,752	1,042,470
Fringe benefits	163,426	91,502	254,928
Occupancy	78,669	35,059	113,728
Travel	51,256	16,347	67,603
Supplies	20,042	9,656	29,698
Printing	2,048	8,721	10,769
Training	9,662	-	9,662
Other program expenses	<u>69,527</u>	<u>46,223</u>	<u>115,750</u>
Total direct program expenses	1,072,348	572,260	1,644,608
Support service expenses	<u>109,080</u>	<u>58,211</u>	<u>167,291</u>
Total expenses	<u>1,181,428</u>	<u>630,471</u>	<u>1,811,899</u>
INCREASE <DECREASE> IN NET ASSETS	<u>\$ 90,123</u>	<u>\$ 22,676</u>	<u>\$ 112,799</u>

CHILD ADVOCACY SERVICES, INC.

STATEMENT OF ACTIVITIES - LOUISIANA
SUPREME COURT TANF PROGRAM

For the year ended December 31, 2017

	For the period January 1, 2017 through <u>June 30, 2017</u>	For the period July 1, 2017 through <u>December 31, 2017</u>	<u>Total</u>
REVENUE			
Grant appropriations	\$ 461,412	\$ 466,527	\$ 927,939
Total revenue	<u>461,412</u>	<u>466,527</u>	<u>927,939</u>
EXPENSES			
Salaries	287,309	300,977	588,286
Fringe benefits	69,382	70,899	140,281
Professional services	2,332	2,517	4,849
Operating expense	60,194	65,511	125,705
Travel	25,693	18,296	43,989
Training	5,195	3,971	9,166
Supplies	10,934	4,356	15,290
Printing/copying	373	-	373
Total expenses	<u>461,412</u>	<u>466,527</u>	<u>927,939</u>
Increase <decrease> in net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CHILD ADVOCACY SERVICES, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 2017

	<u>PASS-THROUGH GRANTOR CONTRACT NO.</u>	<u>FEDERAL CFDA NUMBER</u>	<u>TOTAL FEDERAL EXPENDITURES</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through programs from:			
State of Louisiana – Supreme Court: TANF Program	-	93.558	\$ 663,755
Louisiana Department of Children and Family Services: Community Based Family Resource Support Grant	1000122290	93.590	<u>14,000</u>
Total U. S. Department of Health and Human Services			<u>677,755</u>
 U. S. DEPARTMENT OF JUSTICE			
Pass through programs from			
Louisiana Commission on Law Enforcement and Administration of Criminal Justice:			
Child Advocacy Program 5	2015-VA-01/03-2779	16.575	159,173
Child Abuse Program 7	2015-VA-01/03-2780	16.575	65,756
Child Advocacy Program 5	2016-VA-01/02-3694	16.575	165,335
Child Abuse Program 7	2016-VA-01/03-3696	16.575	35,000
Child Advocacy Program 7	2014-VA-01/03-3437	16.575	877
Louisiana Alliance of Children's Advocacy Center State Chapter Support to CAC's	5-HAMM-LA-SA16	16.758	<u>7,000</u>
Total U. S. Department of Justice			<u>433,141</u>
TOTAL FEDERAL AWARDS	-		<u>\$ 1,110,896</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Child Advocacy Services, Inc. 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 Par 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 Child Advocacy Services, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Child Advocacy Services, Inc.

CHILD ADVOCACY SERVICES, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

For the year ended December 31, 2017

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

B. Summary of Significant Accounting Policies

- (1) Expenditures reported on the 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 reimbursements.

C. Indirect Cost Rate

Advocacy Center has not elected to use the 10% de minimis indirect cost rate.

D. Non-Federal Contributions

The matching contribution for the year ended December 31, 2017 totaled the following:

Child Advocacy Program 5	\$	81,127
Child Abuse Program 7		23,627
Child Advocacy Program 5		<u>219</u>
		<u>\$ 104,973</u>

CHILD ADVOCACY SERVICES, INC.

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

For the year ended December 31, 2017

Agency Head Name: Robert A. Carlisle

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 83,961
Benefits - hospitalization and life	11,991
Reimbursements	967
Travel	6,925
Professional dues	530

Justin J. Scanlan, C.P.A., F.T.C.

A LIMITED LIABILITY COMPANY

4769 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122
TELEPHONE: (504) 288-0050

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 Directors
Child Advocacy Services, Inc.

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 Child Advocacy Services, Inc. (non-profit organization), 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, and have issued our report thereon dated February 14, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Child Advocacy 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 Child Advocacy 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 Child Advocacy Services, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance, or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

New Orleans, Louisiana
February 14, 2018

Justin J. Scanlon, CPA, LLC

Justin J. Scanlan, C.P.A., F.T.C.

A LIMITED LIABILITY COMPANY

4769 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122
TELEPHONE: (504) 288-0050

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

Board of Directors
Child Advocacy Services, Inc.

Report on Compliance for Each Major Federal Program

We have audited Child Advocacy Services, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Child Advocacy Services, Inc.'s major federal programs for the year ended December 31, 2017. Child Advocacy 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 requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Child Advocacy Services, Inc.'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 (CFR) 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 Child Advocacy Services, Inc.'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 Child Advocacy Services, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Child Advocacy 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 Child Advocacy 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 Child Advocacy Services, Inc.'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 to 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 Child Advocacy Services, Inc.'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.

Purpose of this Report

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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Justine J. Scanlon, CPA, LLC

New Orleans, Louisiana
February 14, 2018

CHILD ADVOCACY SERVICES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended December 31, 2017

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued.

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported
- Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X 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)? yes X no

Identification of major programs:

CFDA Number

Name of Federal
Program or Cluster

U. S. Department of Health and
Human Services:
Passed through State of Louisiana
Supreme Court:
TANF Program

93.558

Dollar threshold used to distinguish between type A and B
programs:

\$750,000

Since there were no type A programs, a type B program was
classified as a major program to satisfy the 40% testing rule.

Auditee qualified as low-risk auditee? yes X no

CHILD ADVOCACY SERVICES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the year ended December 31, 2017

B. FINANCIAL STATEMENT FINDINGS

There were no findings related to the financial statements for the year ended December 31, 2017.

C. FINANCIAL AWARD FINDINGS AND QUESTIONED COSTS

There were no items identified in the course of our testing during the current year required to be reported.

D. STATUS OF PRIOR YEAR AUDIT FINDINGS

There were no prior year audit findings.

CHILD ADVOCACY SERVICES, INC.
STATEWIDE AGREED-UPON PROCEDURES
For the year ended December 31, 2017

Justin J. Scanlan, C.P.A., F.T.C.

A LIMITED LIABILITY COMPANY

4769 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122
TELEPHONE: (504) 288-0050

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Child Advocacy Services, Inc.
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Child Advocacy Services, Inc. and the Louisiana Legislative Auditor on the control and compliance areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures for the year ended December 31, 2017. The Child Advocacy Services, Inc.'s management is responsible for those control and compliance areas identified in the Statewide Agreed-Upon Procedures.

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 as follows:

Written Policies and Procedures

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 card, 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.

Result

The contracting policy does not specify when the approval process involves the Board of Directors.

Board (or Finance Committee, if applicable)

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.

No exceptions were noted.

Bank Reconciliations

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

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). 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.

No exceptions were noted.

Collections

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

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). 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 cash in the bank, recording the related transaction, or reconciling the related bank account collected, recording related transactions 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 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.

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, and agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Note

The collection procedures are not applicable. The organization primarily receives electronic transfers from its grantors. The primary grantors are the federal and state government.

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

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.

Using the disbursement population from the paragraph 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/debt 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; as receiving report showing the receipts of goods purchased, or electronic equivalent ; and an approved invoice.

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.

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.

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.

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.

Note

The organization does not use a signature stamp.

No exceptions were noted.

Credit Cards

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.

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.

Using the monthly statements or combined statements selected, 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., identified 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.

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

No exceptions were noted.

Travel and Expense Reimbursement

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.

Obtain the entity's written policies related to travel and expense reimbursements. Compare 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.

Using the listing or general ledger, 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 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 individual 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 the reimbursement.

No exceptions were noted.

Contracts

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.

Using the listing above, select the five contact "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payment 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 review of the contracts noted the following:

1. The IT annual maintenance contract involving all offices was not in writing.
2. The social media contract totaling \$11,000 was not approved by the Board of Directors.

Payroll and Personnel

Obtain a listing of the 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.

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.

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 termination payments were made in strict accordance with policy and/or contract and approved by management.

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.

No exceptions were noted.

Ethics

Non-profit organizations are excluded from the Ethics Statewide Agreed-Upon Procedures.

Debt Service

Non-Profit organizations are excluded from the Debt Service Statewide Agreed-Upon Procedures.

Other

Inquire of management whether the entity had any misappropriation 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.

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

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

Result

The notice required by R.S. 24:523.1 was not posted to the website.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the State Agreed-Upon Procedures. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the State Agreed-Upon Procedures, 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 Louisiana Legislative Auditor as a public document.

Justin J. Scanlon, CPA, LLC

New Orleans, Louisiana
February 14, 2018



Powerful Voices for Children

Child Advocacy Services

1504 W. Church Street, Hammond, LA 70401

Toll Free 800-798-1575 • www.childadv.net

Phone 985-902-9583 • Fax 985-345-4689

Proudly Serving Ascension, Assumption, East Feliciana, Livingston, St. Charles, St. Helena, St. James, St. John, Tangipahoa, and West Feliciana Parishes.

RESPONSES TO AGREED-UPON PROCEDURES REPORT

Result – “The contracting policy does not specify when the approval process involves the Board of Directors.”

Response: The contracting policy has been updated to require approval by the Board of Directors for contracts for goods or services that exceed \$10,000.

Result – “A review of the contracts noted the following: 1. The IT annual maintenance contract involving all offices was not in writing. 2. The social media contract totaling \$11000 was not approved by the Board of Directors.”

Response: A written contract with the IT company is being obtained. In accordance with the revised policy, all future contracts for goods or services that exceed \$10,000 will receive approval from the Board of Directors.

Result – “The notice required by RS 24:523.1 was not posted to the website.”

Response: Child Advocacy Services' new website that went live at the end of January 2018 has been corrected to include the notice required by R.S. 24:523.1. Child Advocacy Services had added this information to its previous website in 2017, but in the changeover to the new platform, the information was lost.

