

FINANCIAL REPORT  
LOUISIANA HUMAN RESOURCES  
DEVELOPMENT INSTITUTE  
JUNE 30, 2024 AND 2023

LOUISIANA HUMAN RESOURCES  
DEVELOPMENT INSTITUTE

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# Duplantier Hrapmann Hogan & Maher, LLP

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## INDEPENDENT AUDITOR'S REPORT

December 27, 2024

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Board of Directors  
Louisiana Human Resources  
Development Institute  
1991 Wooddale Blvd.  
Baton Rouge, LA 70806

### Report on the Financial Statements

#### Opinion

We have audited the accompanying financial statements of the Louisiana Human Resources Development Institute (the Institute) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Human Resources Development Institute as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Louisiana Human Resources Development Institute and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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## **Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Louisiana Human Resources Development Institute's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Louisiana Human Resources Development Institute's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Louisiana Human Resources Development Institute's ability to continue as a going concern for a reasonable period of time.



We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain control-related matters that we identified during the audit.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Louisiana Human Resources Development Institute as a whole. The Schedule of Compensation, Benefits, and Other Payments to Agency Head as listed in the table of contents is presented for purposes 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 also presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2024, on our consideration of the Louisiana Human Resources Development Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institute's internal control over financial reporting and compliance.

*Duplantier, Sharpness, Hogan and Grady, LLP*

New Orleans, Louisiana

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2024 AND 2023

ASSETS

	<u>2024</u>	<u>2023</u>
Cash	\$ 14,292	\$ 7,398
Accounts receivable - grants	<u>32,237</u>	<u>27,389</u>
 TOTAL ASSETS	 <u>\$ 46,529</u>	 <u>\$ 34,787</u>

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts payable	\$ 3,537	\$ 1,374
Payroll taxes payable	10,599	9,194
Accrued payroll and benefits	<u>15,331</u>	<u>11,133</u>
Total liabilities	<u>29,467</u>	<u>21,701</u>

NET ASSETS:

Net assets without donor restrictions	<u>17,062</u>	<u>13,086</u>
Total net assets	<u>17,062</u>	<u>13,086</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 46,529</u>	<u>\$ 34,787</u>
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See accompanying notes.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
SUPPORT AND REVENUES:		
Federal grants	\$ 924,554	\$ 856,062
Other income	<u>2,227</u>	<u>3,157</u>
Total support and revenues	<u>926,781</u>	<u>859,219</u>
EXPENSES:		
Program:		
WIOA	904,349	848,297
Administrative	<u>18,456</u>	<u>21,010</u>
Total expenses	<u>922,805</u>	<u>869,307</u>
Change in net assets	3,976	(10,088)
Net assets - beginning of year	<u>13,086</u>	<u>23,174</u>
NET ASSETS - END OF YEAR	<u>\$ 17,062</u>	<u>\$ 13,086</u>

See accompanying notes.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Program</u> <u>WIOA</u>	<u>Administrative</u>	<u>Total</u>
Audit	\$ 14,896	\$ 304	\$ 15,200
Bank service fees	2,523	51	2,574
Communications	5,858	120	5,978
Fringe benefits and payroll taxes	280,234	5,719	285,953
Salaries	565,172	11,534	576,706
Staff Training	1,254	26	1,280
Supplies	3,432	70	3,502
Travel	30,400	620	31,020
Miscellaneous	580	12	592
Total	\$ <u>904,349</u>	\$ <u>18,456</u>	\$ <u>922,805</u>

See accompanying notes.



LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Program</u> <u>WIOA</u>	<u>Administrative</u>	<u>Total</u>
Audit	\$ 18,308	\$ 375	\$ 18,683
Bank service fees	290	6	296
Communications	5,599	115	5,714
Fringe benefits and payroll taxes	262,604	5,350	267,954
Insurance	882	18	900
Non-reimbursed	-	3,837	3,837
Salaries	518,056	10,450	528,506
Staff Training	6,531	133	6,664
Supplies	3,457	61	3,518
Travel	32,570	665	33,235
Total	\$ <u>848,297</u>	\$ <u>21,010</u>	\$ <u>869,307</u>

See accompanying notes.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,976	\$ (10,088)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
(Increase) decrease in:		
Accounts receivable - grants	(4,848)	(940)
Increase (decrease) in:		
Accounts payable	2,163	(13,323)
Payroll taxes payable	1,405	(3,697)
Accrued payroll and benefits	<u>4,198</u>	<u>(18,845)</u>
Net cash provided (used) by operating activities	6,894	(46,893)
Cash - beginning of year	<u>7,398</u>	<u>54,291</u>
CASH - END OF YEAR	\$ <u><u>14,292</u></u>	\$ <u><u>7,398</u></u>

SUPPLEMENTAL DISCLOSURES OF  
CASH FLOW INFORMATION:

Cash paid for:

Interest	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
Income taxes	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

See accompanying notes.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

NATURE OF OPERATIONS:

Louisiana Human Resources Development Institute (the Institute) is a nonprofit corporation established to operate a state-wide, multi-service worker assistance program. The assistance includes providing core and intensive Rapid Response services on a state-wide basis at times and locations determined by the Louisiana Workforce Commission, the employer and the needs of the affected workers. The Institute's staff is housed state-wide in Business and Career Solutions Centers (BCSC) in locations that will serve to cover all eight regions of the state. Services are offered 24/7 to meet the needs of employers, shift schedules, and affected workers. The overall goal of the Institute's services is to assist workers dislocated by mass layoffs, facility closures, and disasters in securing and retaining employment as quickly as possible. The Institute's primary source of revenue is federal government grants.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies applied in the preparation of the accompanying financial statements are as follows:

Basis of Accounting and Presentation:

The financial statements are prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

The statement of activities presents expenses of the Institute's operations functionally between administrative and program. This estimate is based on time spent between administrative and program functions of the staff.

The Institute's statements are presented in accordance with the Financial Accounting Standards Board (FASB) in its Accounting Standards Update (ASU) 2016-14 – *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. Net asset classes are reported in one of two asset classes – with donor restrictions and without donor restrictions. Net assets – without donor restrictions are not subject to or are no longer subject to donor-imposed stipulations. Net assets – with donor restrictions are limited by donor-imposed time and/or purpose restrictions. At June 30, 2024 and 2023, the Institute has no net assets with donor restrictions.

Support and Revenue:

The Institute receives as revenue and support grant revenues which management has determined are contributions. The Institute recognizes contributions when cash, securities, or other assets; an unconditional promise to give. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Once the condition is met, contributions are recorded as increases in net assets without donor restrictions or increases in net assets with

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Support and Revenue: (Continued)

donor restriction, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions, and reported in the statement of activities as net assets released from donor restrictions. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions. All of the grant funds received by the Institute are reimbursable therefore all conditions have been met prior to receiving funds.

Income Taxes:

The Institute is exempt from income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Accordingly, no provisions for federal or state income taxes have been recorded in the financial statements. Tax returns for the years ended June 30, 2021 through June 30, 2024 remain subject to examination by the taxing authorities.

Statements of Cash Flows:

For purposes of the statements of cash flows, the Institute considers cash and cash equivalents to be all items designated as "cash" on the statements of financial position.

Accounts Receivable - Grants:

Accounts receivable - grants represents amounts due from the grantor for grants to provide services.

The Institute has elected to charge the write-off of accounts receivable directly to bad debt expense in the year such accounts are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by accounting principles generally accepted in the United States of America, as accounts receivable from grantors are considered fully collectible.

Estimates:

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

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

2. PENSION PLAN:

The Institute provides a retirement benefit for its employees under a Simplified Employee Pension (SEP) Plan with contributions made to the employee's individual retirement account. The Institute contributes at a rate of 10% of gross salary. All employees with 90 days of service are eligible to participate in the Plan. Employer contributions by the Institute were \$57,461 and \$52,472 for the years ended June 30, 2024 and 2023, respectively.

3. SICK LEAVE:

All employees of the Institute are entitled to 13 days of sick leave each year. Unused sick leave may be carried over to the following year. The Institute does not pay employees for accumulated leave at termination of employment.

4. ACCOUNTS RECEIVABLE - GRANTS:

As of June 30, 2024 and 2023, the Institute had receivables from a grantor agency in the amount of \$32,237 and \$27,389, respectively. These receivables represent the reimbursement of grant related expenses incurred and are deemed fully collectible.

5. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The Institute manages its liquidity by operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The following table reflects the Institute's financial assets (cash and accounts receivables - grants) as June 30, 2024 and 2023, reduced by amounts not available for expenses within one year of balance sheet date:

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and equivalents	\$ 14,292	\$ 7,398
Accounts receivable - grants	32,237	27,389
Total financial assets	<u>46,529</u>	<u>34,787</u>
Less those unavailable for expenses within one year due:	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 46,529</u>	<u>\$ 34,787</u>

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

6. CONCENTRATIONS:

The Institute's main source of revenue is federal grants passed through the Louisiana Workforce Commission. A significant reduction in the level of this support, if this were to occur, may have an effect on the Institute's programs and activities.

7. CONCENTRATION OF CREDIT RISK:

The Institute maintains cash balances at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Institute did not exceed the insured limit at June 30, 2024 and 2023.

8. RELATED PARTIES:

The Institute shares office space at no cost with the Louisiana Workforce Commission, the sole source of revenue for the Institute. The annual estimated cost of this benefit has not been determined.

10. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through the date that the financial statements were available to be issued on December 27, 2024 and determined that no events occurred that required disclosure.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS  
TO AGENCY HEAD  
JUNE 30, 2024

Agency Head Name: Janna Taylor, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 66,632
Benefits - insurance	23,011
Benefits - retirement	6,663
Reimbursements	1,253
	<u>\$ 97,559</u>





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

December 27, 2024

Board of Directors  
Louisiana Human Resources  
Development Institute

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Louisiana Human Resources Development Institute (the Institute), a nonprofit organization, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 27, 2024.

## Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Institute's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control.

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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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs noted as 2024-01, that we consider to be a material weakness.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Institute'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*.

### **Louisiana Human Resources Development Institute's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Institute's response to the findings identified in our audit and described in the accompanying schedule of findings and question costs. The Institute's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*Duplantier, Sharpman, Hogan and Parker, LLP*

New Orleans, Louisiana





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

December 27, 2024

Board of Directors  
Louisiana Human Resources  
Development Institute

### Report on Compliance for Each Major Federal Program

### Opinion on Each Major Federal Program

We have audited the Louisiana Human Resources Development Institute's compliance with the types of compliance requirements described in the *OMB Circular Compliance Supplement* that could have a direct or material effect on the Louisiana Human Resources Development Institute's major federal program for the year ended June 30, 2024. The Louisiana Human Resources Development Institute's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Louisiana Human Resources Development Institute complied, in all material respects, with the types of compliance requirements referred to above that could have a direct or material effect on its major federal program for the year ended June 30, 2024.

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## **Basis for Opinion on Each Major Federal Program**

We conducted our audit on 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Institute and to meet our ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Institute's compliance with the compliance requirements referred to above.

## **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Institute's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Institute's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Institute's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Institute's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Institute’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Institute’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Other Matters**

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the *Uniform Guidance*.

## **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-01 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Institute’s response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Institute’s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 distributed by the Legislative Auditor as a public document.

*Duplantier, Chapman, Hogan and Maher, LLP*

New Orleans, Louisiana

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024

Federal Agency/Pass-through <u>Grantor/Program or Cluster Title</u>	Assistance Listing <u>Number</u>	Pass-Through Entity Identifying <u>Number</u>	Total Awards <u>Expended</u>
U.S. Department of Labor, passed through Louisiana Workforce Commission			
Workforce Innovation and Opportunity Act (WIOA)	17.258	OCR #474-002330	<u>\$ 922,805</u>
Total Department of Labor			<u>922,805</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 922,805</u></u>

See accompanying notes to schedule of federal awards.



LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024

1. BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the grant activity of the Louisiana Human Resources Development Institute under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U. S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Institute, it is not intended to and does not present the financial position, changes in net assets, or cash flow of the Louisiana Human Resources Development Institute.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The schedule of expenditures of federal awards of the Louisiana Human Resources Development Institute has been prepared in conformity with accounting principles generally accepted in the United States of America. 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.

The Institute did not have any non-cash awards during the fiscal year.

3. INDIRECT COST RATE:

The Institute has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS:

Financial Statements:

Type of auditor's report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified? ☒ yes ☐ no

Significant deficiencies identified that are not considered to be material weaknesses? ☐ yes ☒ no

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? ☒ yes ☐ no

Significant deficiencies identified that are not considered to be material weaknesses? ☐ yes ☒ no

Type of auditor's report issued on compliance for the major federal award programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, Title 2 U.S. Code of Federal Regulations (CFR) section 200.516(a):

☐ yes ☒ no

Identification of major program:

<u>Name of Program</u>	<u>Assistance Listing Number</u>	<u>Expenditure</u>
Workforce Innovation and Opportunity Act (WIOA)	17.258	\$ 922,805

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

Auditee qualified as low-risk auditee? ☐ yes ☒ no

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2024

SECTION II - FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED  
GOVERNMENTAL AUDITING STANDARDS AND UNIFORM GUIDANCE:

SEGREGATION OF DUTIES: (2024-01)

<u>Condition and Criteria:</u>	The Institute is not large enough to permit an adequate segregation of employee duties for effective internal control over general ledger, cash receipts, cash disbursements, and bank reconciliations.
<u>Cause:</u>	The size of the Institute and the limited number of employees do not permit an adequate segregation of duties.
<u>Effect:</u>	Errors, either intentional or unintentional, could occur and not be detected in a timely manner and in the ordinary course of operations.
<u>Recommendation:</u>	Due to the size of the Institute's operations, it does not have sufficient staff to establish adequate segregation of duties. Management should consider if the cost associated with reducing this deficiency in the design or operation of the internal control is considered to be justified.
<u>Management's Response:</u>	Management has noted this condition and has determined that the cost necessary to establish adequate segregation of duties is not justifiable at this time.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2024

SECTION II - FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED  
GOVERNMENTAL AUDITING STANDARDS AND UNIFORM GUIDANCE: (Continued)

SEGREGATION OF DUTIES: (2023-01)

<u>Condition and Criteria:</u>	The Institute is not large enough to permit an adequate segregation of employee duties for effective internal control over general ledger, cash receipts, cash disbursements, and bank reconciliations.
<u>Cause:</u>	The size of the Institute and the limited number of employees do not permit an adequate segregation of duties.
<u>Effect:</u>	Errors, either intentional or unintentional, could occur and not be detected in a timely manner and in the ordinary course of operations.
<u>Recommendation:</u>	Due to the size of the Institute's operations, it does not have sufficient staff to establish adequate segregation of duties. Management should consider if the cost associated with reducing this deficiency in the design or operation of the internal control is considered to be justified.
<u>Management's Response:</u>	Management has noted this condition and has determined that the cost necessary to establish adequate segregation of duties is not justifiable at this time.
<u>Status:</u>	This comment was repeated in the current year.

LOUISIANA HUMAN RESOURCE DEVELOPMENT  
INSTITUTE  
INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES  
  
FOR THE FISCAL YEAR JULY 01, 2023  
THROUGH JUNE 30, 2024

LOUISIANA HUMAN RESOURCE DEVELOPMENT INSTITUTE

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# Duplantier Hrapmann Hogan & Maher, LLP

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES FOR THE FISCAL YEAR JULY 01, 2023 THROUGH JUNE 30, 2024

December 26, 2024

### Board of Directors Louisiana Human Resource Development Institute and Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 01, 2023 through June 30, 2024. The Louisiana Human Resource Development Institute's management is responsible for those C/C areas identified in the SAUPs.

The Louisiana Human Resource Development Institute has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period July 01, 2023 through June 30, 2024. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

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### ***1) Written Policies and Procedures***

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- A. **Procedure**: Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - ii. ***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.
  - iii. ***Disbursements***, including processing, reviewing, and approving.
  - iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or 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).
  - v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
  - vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
  - vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
  - viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
  - ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
  - x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

- xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**Results:** As a result of applying the above agreed-upon procedures, we noted the following:

- Budgeting – Procedures do not include adopting or monitoring the budget
- Purchasing – Procedures do not include how vendors are added to the vendor list, controls to ensure compliance with public bid law, and documentation required to be maintained for all bids and price quotes.
- Ethics - The Institute does not have an Ethics policy.
- Information Technology Disaster Recovery/Business Continuity - The Institute does not have a policy for Information Technology Disaster Recovery/Business Continuity.
- Sexual Harassment – The Institute’s sexual harassment policy does not include information on employee training and annual reporting.

**Managements Response:**

The Administrative Manual was designed specifically to cover the operations of the Institute and includes the information relevant to the personnel performing those operations.

***2) Board or Finance Committee***

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- A. **Procedure:** Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board’s enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board’s enabling legislation, charter, bylaws, or other equivalent document.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

**Results:** As a result of applying the above agreed-upon procedures, we noted the following:

Upon applying the procedures above, we noted that the Institute did not discuss audit findings at their board meeting.

**Managements Response:**

Management will include discussion of financial activity relating to public funds in future meetings.

### 3) ***Bank Reconciliations***

---

- A. **Procedure:** Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Results:** As a result of applying the above agreed-upon procedures, we noted the following: One of two bank reconciliations did not include evidence that it was prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged) or that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed the bank reconciliation within 1 month of the date the reconciliation was prepared.

**Managements Response:**

This was an isolated incident.

***4) Collections (excluding electronic funds transfers)***

---

- A. **Procedure:** Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

**Results:** No findings noted as a result of applying the above agreed-upon procedures.

- B. **Procedure:** For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- i. Employees responsible for cash collections do not share cash drawers/registers;
- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
- iii. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

**Results:** No findings noted as a result of applying the above agreed-upon procedures.

- C. **Procedure:** Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

**Results:** No findings noted as a result of applying the above agreed-upon procedures.

- D. **Procedure:** Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.
  - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - iii. Trace the deposit slip total to the actual deposit per the bank statement.
  - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
  - v. Trace the actual deposit per the bank statement to the general ledger.

**Results:** No findings noted as a result of applying the above agreed-upon procedures.

**5) *Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)***

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- A. **Procedure:** Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

**Results:** No findings noted as a result of applying the above agreed-upon procedures.

- B. **Procedure:** For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
  - ii. At least two employees are involved in processing and approving payments to vendors;

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

**Results:** As a result of applying the above agreed-upon procedures, we noted that the employee responsible for processing payments is also responsible for adding/modifying vendor files.

**Managements Response:**

This is due to the number of personnel at our office. Annually we will provide a list of vendors to the board for their review.

- C. **Procedure:** For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
  - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

**Results:** No findings noted as a result of applying the above agreed-upon procedures.

- D. **Procedure:** Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

**Results:** No findings noted as a result of applying the above agreed-upon procedures.

**6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)**

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- A. **Procedure**: Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

**Results**: No findings noted as a result of applying the above agreed-upon procedures.

- B. **Procedure**: Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and:
- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
  - ii. Observe that finance charges and late fees were not assessed on the selected statements.

**Results**: No findings noted as a result of applying the above agreed-upon procedures.

- C. **Procedure**: Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

**Results**: As a result of applying the above agreed-upon procedures, we noted that written documentation of business purpose was not noted for thirteen of the sixteen transactions tested or two out of the three cards tested.

**Managements Response**:

Management will document the business purpose of all credit card transactions.



## 7) *Travel and Travel-Related Expense Reimbursements (excluding card transactions)*

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- A. **Procedure:** Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov));
  - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
  - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
  - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Results:** As a result of applying the above agreed-upon procedures, we noted that reimbursement was not reviewed and approved, in writing, by someone other than the person receiving reimbursement for one of five transactions tested.

### **Managements Response:**

In the future we will have all reimbursements reviewed and approved by someone other than the person receiving the reimbursement.

## 8) *Contracts*

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- A. **Procedure:** Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

**Results:** No findings noted as a result of applying the above agreed-upon procedures.

## **9) Payroll and Personnel**

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- A. **Procedure:** Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

**Results:** No findings noted as a result of applying the above agreed-upon procedures.

- B. **Procedure:** Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and:
- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
  - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
  - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
  - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

**Results:** As a result of applying the above agreed-upon procedures, we noted that the supervisor did not approve the attendance and leave of one of five employees tested.

**Managements Response:**

Management will ensure that all leave attendance is approved by a supervisor.

- C. **Procedure:** Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

**Results:** No findings noted as a result of applying the above agreed-upon procedures.

- D. **Procedure:** Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

**Results:** No findings noted as a result of applying the above agreed-upon procedures.

**10) Ethics**

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- A. **Procedure:** Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and:
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
  - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable

**Results:** As a result of applying the above agreed-upon procedures, we noted that 4 of 5 employees tested did not complete one hour of ethics training during the calendar year as required by R.S. 42:1170. The Institute also does not have an ethics designee.

**Managements Response:**

Management will ensure that all employees take the required ethics course within the required time.

- B. **Procedure**: Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

**Results**: As a result of applying the above agreed-upon procedures, we noted that the institute does not have an appointed ethics designee.

**Managements Response**:

Management will appoint an ethics designee

***11) Fraud Notice***

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- A. **Procedure**: Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

**Results**: As a result of applying the above agreed-upon procedures, we noted the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds was not posted on Louisiana Human Resources Development Institute's website.

**Managements Response**:

We will include the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds on our website.

- B. **Procedure**: Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Results**: As a result of applying the above agreed-upon procedures, we noted the fraud notice is not posted on client's premises.

**Managements Response**:

We moved offices recently. The fraud notice will be posted on our new premises.

## ***12) Information Technology Disaster Recovery/Business Continuity***

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A. **Procedure**: Perform the following procedures:

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

**Results**: We performed the above agreed-upon procedure and discussed the results with management of Louisiana Human Resource Development Institute.

B. **Procedure**: Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

**Results**: We performed the above agreed-upon procedure and discussed the results with management of Louisiana Human Resource Development Institute.

C. **Procedure**: Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 – completed the training; and
- Hired on or after June 9, 2020 – completed the training within 30 days of initial service or employment

**Results**: We performed the above agreed-upon procedure and discussed the results with management of Louisiana Human Resource Development Institute.

### ***13) Prevention of Sexual Harassment***

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- A. **Procedure**: Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

**Results**: As a result of applying the above agreed-upon procedures, we noted 4 of 5 employees tested did not complete one hour of sexual harassment training.

**Managements Response**:

Sexual harassment training is required by the Louisiana Workforce Commission. All sexual harassment training will be completed by December 31st each year. We will complete a sexual harassment report for internal purposes at the end of each calendar year.

- B. **Procedure**: Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

**Results**: Step not applicable.

- C. **Procedure**: Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements;
- ii. Number of sexual harassment complaints received by the agency;
- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

**Results**: Step not applicable.

We were engaged by the Louisiana Human Resource Development Institute to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, 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.

We are required to be independent of the Louisiana Human Resource Development Institute and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the results of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Duplantier, Chapman, Hogan and O'Keefe, LLP*

New Orleans, Louisiana