

**ASSOCIATION OF RETARDED  
CITIZENS OF EVANGELINE, INC.**  
Ville Platte, Louisiana

Financial Report

Year Ended June 30, 2017

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
<b>FINANCIAL STATEMENTS</b>	
Statement of financial position	4
Statement of activities	5
Statement of cash flows	6
Statement of functional expenses	7
Statement of fiduciary net position	8
Notes to the financial statements	9-11
<b>INTERNAL CONTROL AND COMPLIANCE</b>	
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	14-15
Schedule of findings and responses	17
Schedule of prior year audit findings	18
<b>INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREE-UPON PROCEDURES</b>	
	19-30

James L. Nicholson, Jr., CPA  
G. Kenneth Pavy, II, CPA  
Michael A. Roy, CPA  
Lisa Trouille Manuel, CPA  
Dana D. Quebedeaux, CPA



**JOHN S. DOWLING & COMPANY**  
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS  
www.jsdc-cpas.com

John S. Dowling, CPA  
1904-1984  
John Newton Stout, CPA  
1936-2005  
Chizal S. Fontenot, CPA  
1955-2012

Van L. Auld, CPA

Retired

Harold Dupre, CPA  
1996  
Dwight Ledoux, CPA  
1998  
Joel Lanclos, Jr., CPA  
2003  
Russell J. Stelly, CPA  
2005

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Association of Retarded Citizens of Evangeline, Inc.  
Ville Platte, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Association of Retarded Citizens of Evangeline, Inc. (a nonprofit organization), which comprise the statements of financial position and fiduciary net position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To the Board of Directors  
Association of Retarded Citizens of Evangeline, Inc.  
Ville Platte, Louisiana

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 and fiduciary net position of the Association of Retarded Citizens of Evangeline, Inc., as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

In accordance with Government Auditing Standards, we have also issued our report dated December 14, 2017, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Organization's internal control over financial reporting and compliance.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated December 14, 2017 on the results of our state wide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's state wide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

*John S. Dowling & Company*

Opelousas, Louisiana  
December 14, 2017

**FINANCIAL STATEMENTS**

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.  
Ville Platte, Louisiana

Statement of Financial Position  
June 30, 2017

ASSETS	
Current assets:	
Cash and interest bearing deposits	\$ 39,051
Revenue receivable	<u>85,596</u>
Total current assets	<u>124,647</u>
Property and equipment:	
Furniture, fixtures and equipment	23,122
Buildings	68,683
Leasehold improvements	38,058
Accumulated depreciation	<u>(78,301)</u>
Total net property and equipment	<u>51,562</u>
Other assets:	
Deposits	<u>3,430</u>
Total assets	<u>\$ 179,639</u>
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable	\$ 33,054
Salaries payable	6,163
Accrued payroll taxes	<u>8,123</u>
Total current liabilities	47,340
Net assets:	
Unrestricted	<u>132,299</u>
Total liabilities and net assets	<u>\$ 179,639</u>

The accompanying notes are an integral part of this statement.

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.  
Ville Platte, Louisiana

Statement of Activities  
For the Year Ended June 30, 2017

Support:	
Title 19 reimbursement	\$ 808,421
Medicaid waiver	359,487
OCDD reimbursement	16,240
Nursery, crafts, and thrift sales	58,913
Miscellaneous	<u>1,185</u>
Total support	<u>1,244,246</u>
Expenses:	
Functional Expenses-	
Program Services	861,221
Management and general	<u>382,177</u>
Total expenses	<u>1,243,398</u>
Change in unrestricted net assets	848
Unrestricted net assets, beginning	<u>131,451</u>
Unrestricted net assets, ending	<u>\$ 132,299</u>

The accompanying notes are an integral part of this statement.

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.  
Ville Platte, Louisiana

Statement of Cash Flows  
Year Ended June 30, 2017

Cash flows from operating activities:	
Change in net assets	\$ 848
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	4,082
Decrease in revenue receivable	3,370
Decrease in accounts payable	(4,384)
Increase in salaries payable	1,451
Decrease in accrued payroll taxes	<u>(88)</u>
Net cash provided operating activities	5,279
Cash, beginning of period	<u>33,772</u>
Cash , end of period	<u>\$39,051</u>

The accompanying notes are an integral part of this statement.

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.  
Ville Platte, Louisiana

Statement of Functional Expenses  
Year Ended June 30, 2017

	Program Services	Management and General	Total
Auto expense	\$ -	\$ 27,821	\$ 27,821
Bank charges	-	199	199
Food	43,684	-	43,684
Liability insurance	-	39,670	39,670
Licenses	-	2,185	2,185
Management fee	-	139,524	139,524
Medical services	5,448	-	5,448
Miscellaneous	-	3,406	3,406
Non-food	12,815	-	12,815
Non-property taxes	-	81,251	81,251
Office supplies	-	4,843	4,843
Outside services	38,372	-	38,372
Payroll taxes	42,043	1,713	43,756
Personal client needs	6,782	-	6,782
Postage	-	1,591	1,591
Professional fees	-	21,865	21,865
Recreational	24,974	-	24,974
Rent	65,721	-	65,721
Repairs and maintenance	21,737	-	21,737
Salaries	534,609	25,811	560,420
Supplies	25,478	-	25,478
Telephone	-	14,451	14,451
Training in-service	-	675	675
Travel and seminar	-	3,382	3,382
Utilities	35,476	-	35,476
Workman's compensation insurance	-	13,790	13,790
Total expenses before depreciation	857,139	382,177	1,239,316
Depreciation expense	4,082	-	4,082
Total expenses	<u>\$ 861,221</u>	<u>\$ 382,177</u>	<u>\$ 1,243,398</u>

The accompanying notes are an integral part of this statement.

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.  
Ville Platte, Louisiana

Statement of Fiduciary Net Position  
June 30, 2017

ASSETS	
Cash	<u>\$10,921</u>
Total assets	<u><u>\$10,921</u></u>
LIABILITIES	
Due to residents	<u>\$10,921</u>
Total liabilities	<u><u>\$10,921</u></u>

The accompanying notes are an integral part of this statement.

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.  
Ville Platte, Louisiana

Notes to the Financial Statements

(1) Summary of Significant Accounting Policies

A. Nature of Activities

The Association of Retarded Citizens of Evangeline, Inc., is a non-profit corporation exempt from income tax under section 501(c)(3) of the Internal Revenue Code. The Organization was created on August 11, 1987 to promote and advance charitable, educational, and scientific purposes and to provide for the general welfare of persons who are retarded citizens of the Parish of Evangeline and surrounding areas. The Organization consists of two homes and a center for development located in Ville Platte, Louisiana.

The Board of Directors of the corporation are elected by the members of the Organization, serve variable terms, and receive no compensation.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The financial statements of the Organization are presented on the accrual basis of accounting.

C. Income Taxes

Income taxes are not provided for in the financial statements since the Organization is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Organization is not classified as a private foundation. The Organization's income tax returns for the year ending June 30, 2015, 2016, and 2017 may be subject to examination by the Internal Revenue Service, generally three years after they were filed.

D. Property and Equipment

Property and equipment are stated at cost. Depreciation is computed on a straight-line basis over the applicable recovery periods, which range from 5 to 31.5 years. The organization maintains a threshold of \$5,000 or more for capitalizing assets.

E. Compensated Absences

Vacation and sick leave are recorded as expenditures of the period in which paid and cannot be carried over from year to year. Any liability the Organization might have in this regard at June 30, 2017 is considered immaterial; therefore, no liability has been recorded in the accounts.

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.  
Ville Platte, Louisiana

Notes to Financial Statements (Continued)

F. Statement of Cash Flows

The Organization considers all highly liquid investments with maturity of three months or less at the date of acquisition to be cash equivalents.

G. Estimates

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

(2) Property and Equipment

Property and equipment consisted of the following at June 30, 2017:

Furniture and fixtures	\$ 23,122
Building and improvements	<u>106,741</u>
Total	129,863
Less: Accumulated depreciation	<u>(78,301)</u>
Net property and equipment	<u>\$ 51,562</u>

Depreciation in the amount of \$4,082 was charged to the program services function.

Evangeline Association of Retarded Citizens, Inc. (a non-profit organization), has the same board as Association of Retarded Citizens of Evangeline, Inc., and owns two buildings that Association of Retarded Citizens of Evangeline, Inc. uses rent free.

(3) Social Security System

Employees of the Organization are members of the Social Security System. The organization and its employees contribute a percentage of each employee's salary to the System (6.2% contributed by the Organization; 6.2% contributed by the employee). The organization's contribution during the year ended June 30, 2017 amounted to \$34,658.

(4) Litigation

There is no litigation pending against the Organization at June 30, 2017 in which the result would have a material adverse effect on the accompanying financial statements, and accordingly, no provision for losses has been recorded.

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.  
Ville Platte, Louisiana

Notes to Financial Statements (Continued)

(5) Third-Party Reimbursements

The Organization receives Medicaid reimbursements for patients living at two separate homes. Each home serves approximately 6-8 patients. Reimbursements are determined according to the patient's level of care.

(6) Operating Leases

The Organization has entered into a number of operating leases, which contain cancellation provisions. For the year ended June 30, 2017, rent expenses approximated \$65,721, for all types of leases, which were all related to program services.

(7) Concentrations

Approximately 94% of the Organization's total revenue for the year consists of Medicaid reimbursements. A significant reduction in the level of this support or suspension in funding may have an effect on the continuing operations of the Association of Retarded Citizens of Evangeline, Inc.

(8) Risk Management

The Organization is exposed to risks of loss in the areas of auto liability, property liability, fidelity bond and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

(9) Subsequent Event Review

The Organization's management has evaluated subsequent events through December 14, 2017, the date which the financial statements were available to be issued. As of December 14, 2017, there were no subsequent events noted.

(10) Compensation, Benefits, and Other Payments to Agency Head

Daniel Lemoine, President of the Board, did not receive any compensation, benefits, nor any other payments during the year ended June 30, 2017.

**INTERNAL CONTROL AND COMPLIANCE**

**RELATED REPORTS**

James L. Nicholson, Jr., CPA  
G. Kenneth Pavy, II, CPA  
Michael A. Roy, CPA  
Lisa Trouille Manuel, CPA  
Dana D. Quebedeaux, CPA



**JOHN S. DOWLING & COMPANY**  
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS  
www.jsdc-cpas.com

John S. Dowling, CPA  
1904-1984  
John Newton Stout, CPA  
1936-2005  
Chizal S. Fontenot, CPA  
1955-2012

Van L. Auld, CPA

Retired

Harold Dupre, CPA  
1996  
Dwight Ledoux, CPA  
1998  
Joel Lanclos, Jr., CPA  
2003  
Russell J. Stelly, CPA  
2005

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

To the Board of Directors  
Association of Retarded Citizens of Evangeline, Inc.  
Ville Platte, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Association of Retarded Citizens of Evangeline, Inc. (a nonprofit organization), which comprise the statement of financial position and fiduciary net position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 14, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association of Retarded Citizens of Evangeline, 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 Association of Retarded Citizens of Evangeline, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Association of Retarded Citizens of Evangeline, Inc.'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 may exist that were not identified.

P. O. Box 1549  
4766 I-49 North Service Road  
Opelousas, Louisiana 70570  
Phone: 337-948-4848  
Fax: 337-948-6109

112 Fountain Bend Dr.  
Lafayette, LA 70506  
Phone: 337-984-9717  
Fax: 337-984-5544

To the Board of Directors  
Association of Retarded Citizens of Evangeline, Inc.  
Page 2

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses that we consider to be a significant deficiency. 2017-1.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association of Retarded Citizens of Evangeline, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

#### Association of Retarded Citizens of Evangeline, Inc.'s Response to Findings

Association of Retarded Citizens of Evangeline, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Association of Retarded Citizens of Evangeline, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

#### Purpose of this Report

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

*John S. Dewling & Company*

Opelousas, Louisiana  
December 14, 2017

**SUPPLEMENTARY INFORMATION**

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.  
Ville Platte, Louisiana  
Schedule of Findings and Responses  
Year Ended June 30, 2017

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the Association of Retarded Citizens of Evangeline, Inc.
2. One significant deficiency and no material weaknesses relating to the audit of the financial statements was reported in the 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.
3. No instances of noncompliance relating to the audit of the financial statements were reported in the 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.
4. No management letter was issued for Association of Retarded Citizens of Evangeline, Inc. as of and for the year ended June 30, 2017.
5. There was no single audit required under 2CFR 200.516(a) Uniform Guidance.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

Internal Control

2017-1 Segregation of Duties

Condition: Due to the small number of employees, the Association of Retarded Citizens of Evangeline, Inc. did not have adequate segregation of all functions within the accounting system.

Criteria: Accounting duties should be segregated among employees.

Cause: There are a small number of employees at the Association of Retarded Citizens of Evangeline, Inc. performing the daily operating activities.

Effect: Not all accounting functions are segregated and it is important that you are aware of this condition because errors or fraud could occur and not be detected in a timely manner.

Recommendation: A system of internal control procedures should be established in order to mitigate the problem of having such a small number of employees performing the daily operating activities.

Response: Due to the nature of the transactions and the size of the entity, accounting functions cannot be segregated.

Contact person: Gary Ortego of Go-Medical Consultants, Inc., management consultant

ASSOCIATION OF RETARDED CITIZENS OF EVANGELINE, INC.  
Ville Platte, Louisiana  
Schedule of Prior Year Findings  
Year Ended June 30, 2017

SECTION I – Internal Control and Compliance Material to the Financial Statements

Internal Control

2016-1 Segregation of Duties

Unresolved

Compliance

None

SECTION II – Management Letter

None

James L. Nicholson, Jr., CPA  
G. Kenneth Pavy, II, CPA  
Michael A. Roy, CPA  
Lisa Trouille Manuel, CPA  
Dana D. Quebedeaux, CPA



**JOHN S. DOWLING & COMPANY**  
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS  
www.jsdc-cpas.com

John S. Dowling, CPA  
1904-1984  
John Newton Stout, CPA  
1936-2005  
Chizal S. Fontenot, CPA  
1955-2012

Van L. Auld, CPA

Retired

Harold Dupre, CPA  
1996  
Dwight Ledoux, CPA  
1998  
Joel Lanclos, Jr., CPA  
2003  
Russell J. Stelly, CPA  
2005

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors  
Association of Retarded Citizens of Evangeline, Inc.  
Ville Platte, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Board of Directors of Association of Retarded Citizens of Evangeline, Inc. (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

***Written Policies and Procedures***

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

- a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

**Finding:** Not applicable to non-profits.

- 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.

**Finding:** Written policies and procedures were obtained and address the applicable areas noted above.

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

**Finding:** Written policies and procedures were obtained and address the areas noted above.

- 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

**Finding:** Written policies and procedures were obtained and address the areas noted above.

- 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

**Finding:** There are no written policies and procedures for the areas noted above.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

**Finding:** Written policies and procedures were obtained and address the areas noted above.

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

**Finding:** There are no written policies and procedures for the area noted above.

- 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

**Finding:** Not applicable to non-profits.

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

**Finding:** Not applicable to non-profits.

**Board (or Finance Committee, if applicable)**

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

**Finding:** Obtained and reviewed minutes of board for the fiscal period noting the board met four times. The bylaws do not mention a frequency of meetings.

- 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.

**Finding:** Not applicable for non-profits.

- 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.

**Finding:** There was approval of a contract for at least one meeting during the fiscal year.

### ***Bank Reconciliations***

---

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

**Finding:** We were provided with the list from management and management's representation that the listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. 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;

**Finding:** Obtained all bank statements and reconciliations for all months in the fiscal period, noting that reconciliations have been prepared for all months by an outside fee accountant.

- 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

**Finding:** The bank reconciliations obtained did not contain evidence that management or a board member reviewed the bank reconciliations which were prepared by an outside fee accountant.

- 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.

**Finding:** Not applicable since there were no items outstanding for more than six month at the end of the fiscal period.

***Collections***

---

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

**Finding:** Obtained a listing of cash collection locations and management's representation that the listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

**For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

**Finding:** Each person collecting cash is bonded. The employees collecting cash are usually the same ones making the deposit. An outside fee accountant records the transactions and reconciles the bank statements. The same employees do not 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.

**Finding:** Obtained written documentation; however, there is no formal process for reconciling cash collections to the general ledger by revenue source. An outside fee accountant does reconcile the bank statements and record all general ledger transactions monthly.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
  - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

**Finding:** There were a total of twelve deposits tested, of which two were deposited two days after collection and the remaining ten were deposited within one day of collection. All deposits tested were completely supported by documentation.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

**Finding:** There is no written procedure to determine completeness of all collections.

***Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)***

---

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

**Finding:** Obtained the general ledger and management's representation that the general ledger population is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

**Finding:** The organization does not use a requisition/purchase or electronic system. All purchases were made by authorized personnel.

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

**Finding:** Invoices are approved by a person who does not initiate the purchase but there was no documentation of approval on the invoices.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

**Finding:** The organization does not use a requisition/purchase or electronic system. There was no documentation of approval on the invoices.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

**Finding:** The person responsible for processing payments can add vendors to the organization's disbursement system.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

**Finding:** The persons with signatory authority do have the authority for initiating purchases. All transactions are recorded by an outside fee accountant monthly.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

**Finding:** Checks are electronically printed and one person that has signatory authority does have access to print checks.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

**Finding:** There are dual signatures required but the director signs and then uses the administrator's signature stamp which the director keeps in a locked cabinet. Checks are not signed until written.

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

---

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

**Finding:** Obtained a list of all credit cards and management's representation that the list is complete.

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

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

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

**Finding:** Monthly statements were obtained; however, supporting documentation was not approved, in writing, by someone other than the authorized card holder.

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

**Finding:** No finance charges or late fees were assessed on the selected statements.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
- An original itemized receipt (i.e., identifies precisely what was purchased)

**Finding:** All transactions were supported by original itemized receipts.

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

**Finding:** All documentation was complete.

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

**Finding:** No other documentation is required by written policy.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

**Finding:** No exceptions noted.

- 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.

**Finding:** No exceptions noted.

### *Travel and Expense Reimbursement*

---

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

**Finding:** Obtained the general ledger and compiled the list of travel reimbursements and management's representation that the list is complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

**Finding:** The organization does not have a written policy for travel.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

**Finding:** No amounts paid exceeded the GSA rates.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased.

**Finding:** All expenses were supported by original itemized receipts.

- Documentation of the business/public purpose.

**Finding:** All expenses were supported by documentation of business purpose.

- Other documentation as may be required by written policy.

**Finding:** The organization does not have a written policy for travel.

- 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.

**Finding:** No exceptions were noted.

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

**Finding:** The related documentation did not have written approval.

### ***Contracts***

---

- 20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

**Finding:** Obtained all contracts from management and management's representation that the listing is complete.

- 21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
  - a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

**Finding:** There were written contract supporting the service arrangement and 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)

**Finding:** The contracts were not subject to the Louisiana Public Bid Law or Procurement Code.

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

**Finding:** The organization does not solicit 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.

**Finding:** No contracts were amended.

- 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.

**Finding:** The invoices and payments 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).

**Finding:** There are no written policies or procedures for contracts and law does not apply.

### ***Payroll and Personnel***

---

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

**Finding:** Obtained a list of employees from the outside fee accountant and management's representation that the list is complete.

- 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.

**Finding:** No exceptions noted.

- 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.

**Finding:** No changes were made to rates/salaries.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

**Finding:** All daily attendance and leave was documented.

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

**Finding:** There is written documentation that supervisors approved in writing the attendance and leave.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

**Finding:** There is written documentation that the organization maintains leave records.

- 24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

**Finding:** No employees were terminated during the fiscal year.

- 25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

**Finding:** We noted no exceptions with regards to payroll taxes. The organization does not participate in any retirement plans.

***Ethics (excluding nonprofits)***

---

- 26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.
- 27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

**Finding:** This section is not applicable since this organization is a nonprofit.

***Debt Service (excluding nonprofits)***

---

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.
29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.
30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

**Finding:** This section is not applicable since this organization is a nonprofit.

***Other***

---

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

**Finding:** There were no misappropriations of public funds or assets per management.

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

**Finding:** The notice is posted on the premises. The organization does not have a website.

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

**Finding:** No exceptions were noted.

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

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

*John S. Dowling & Company*

Opelousas, Louisiana  
December 14, 2017