

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
Baton Rouge, Louisiana
FINANCIAL REPORT
March 31, 2019

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
Baton Rouge, Louisiana

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March 31, 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Louisiana Primary Care Association, Inc.
Baton Rouge, Louisiana

Report on the Financial Statements

I have audited the accompanying statements of Louisiana Primary Care Association, Inc., (a non-profit organization), which comprise the statement of financial position as of March 31, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the fiscal 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Primary Care Association, Inc. as of March 31, 2019, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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*, and the Schedule of Compensation, Benefits and Other Payments to Agency Head, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my 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*, I have also issued my report dated September 30, 2019, on my consideration of Louisiana Primary Care Association, Inc.'s internal control over financial reporting and on my 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 my 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 Louisiana Primary Care Association, Inc.'s internal control over financial reporting and compliance.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
September 30, 2019

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

STATEMENT OF FINANCIAL POSITION

March 31, 2019

ASSETS**CURRENT ASSETS**

Cash and cash equivalents	\$ 1,717,122
Receivables:	
Grants	306,887
Trade and other	306,966
Prepaid expenses and other	<u>24,052</u>
Total current assets	<u>2,355,027</u>

OTHER INVESTMENT

1,365

PROPERTY AND EQUIPMENT, net

972,363

RESTRICTED CASH1,918,567

Total assets

\$ 5,247,322**LIABILITIES AND NET ASSETS****CURRENT LIABILITIES**

Accounts payable and accrued liabilities	\$ 236,770
Accrued vacation and sick leave	50,131
Unearned revenue	711
Current portion of long term debt	<u>36,627</u>

Total current liabilities

324,239

NOTES PAYABLE432,549

Total liabilities

756,788**NET ASSETS**

Without donor restriction	2,189,576
With donor restriction	<u>2,300,958</u>
Total net assets	<u>4,490,534</u>

Total liabilities and net assets

\$ 5,247,322

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

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended March 31, 2019

	Without donor restrictions	With donor restrictions	Total
REVENUES AND SUPPORT			
Grants	\$ 2,289,830	\$ 285,250	\$ 2,575,080
Conferences	371,805	-	371,805
Contract fees	620,302	60,000	680,302
Member dues	157,975	-	157,975
Interest	29,252	-	29,252
Changes in net asset restrictions:			
Released from restrictions	208,477	(208,477)	-
Total revenues and support	<u>3,677,641</u>	<u>136,773</u>	<u>3,814,414</u>
EXPENSES			
Supporting services	2,746,877	-	2,746,877
Management and general	689,830	-	689,830
Total expenses	<u>3,436,707</u>	<u>-</u>	<u>3,436,707</u>
Income (loss) from operations	240,934	136,773	377,707
NONOPERATING			
Unrealized loss on investments	(9,478)	-	(9,478)
Change in net assets	<u>231,456</u>	<u>136,773</u>	<u>368,229</u>
NET ASSETS			
Beginning of year, as previously reported	1,876,427	2,164,185	4,040,612
Prior Period Adjustment			
Rectification of management fee receivable error	81,693	-	81,693
Beginning of year, corrected	<u>1,958,120</u>	<u>2,164,185</u>	<u>4,122,305</u>
End of year	<u>\$ 2,189,576</u>	<u>\$ 2,300,958</u>	<u>\$ 4,490,534</u>

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

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended March 31, 2019

	<u>Supporting Services</u>		<u>Total</u>
	<u>LPCA Programs</u>	<u>Management & General</u>	
Salaries	1,181,176	246,601	1,427,777
Fringe benefits	160,554	37,570	198,124
Payroll taxes	82,079	18,322	100,401
Consulting and other contracted services	923,118	128,462	1,051,580
Conferences and staff development	200,073	9,313	209,386
Accounting services	70,480	14,637	85,117
Travel	61,834	19,600	81,434
Office	13,193	38,217	51,410
Depreciation	-	43,398	43,398
Meals and entertainment	4,616	35,458	40,074
Legal	-	22,631	22,631
Interest	11,923	10,265	22,188
Dues and subscriptions	-	15,764	15,764
Insurance	-	12,696	12,696
Printing and duplicating	4,155	8,069	12,224
Telephone and online	6,052	6,421	12,473
Property tax	5,643	5,421	11,064
Program supplies	9,075	-	9,075
Utilities	4,344	4,243	8,587
Repairs and maintenance	2,609	4,215	6,824
Advertising	-	2,584	2,584
Facility lease	2,115	-	2,115
Training and membership meetings	1,294	814	2,108
Postage	666	558	1,224
Bank charges	330	291	621
Miscellaneous	1,548	4,280	5,828
Total expenses	<u>\$ 2,746,877</u>	<u>\$ 689,830</u>	<u>\$ 3,436,707</u>

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

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

STATEMENT OF CASH FLOWS

For the year ended March 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 449,922
Adjustments for non-cash items:	
Depreciation	43,398
Change in operating assets and liabilities:	
Receivables, prepaid expenses, and other assets	66,533
Unrealized loss on investments	253
Accounts payable	(20,127)
Deferred revenue	(993)
Accrued liabilities	<u>4,550</u>
Net cash provided by operating activities	<u>543,536</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Decrease in notes payable	<u>(34,123)</u>
Net increase in cash	509,413

CASH AND RESTRICTED CASH

Beginning of year	<u>3,126,276</u>
End of year	<u>\$ 3,635,689</u>

Reconciliation of cash and restricted cash reported within the balance sheet:

Cash	\$ 1,717,122
Restricted cash	<u>1,918,567</u>
Total cash and restricted cash	<u>\$ 3,635,689</u>

Supplemental disclosure of cash flow information:

Interest paid during the year	<u>\$ 22,188</u>
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The accompanying notes to financial statements
are an integral part of this statement.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND OPERATIONS

The accompanying financial statements include the accounts of the Louisiana Primary Care Association, Inc. (the Association), a nonprofit corporation. The Association is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code.

The Association promotes comprehensive, high quality primary health care to medically underserved people in Louisiana. The Association represents Louisiana Section 330 federally funded community health centers that are an integral component of the health care delivery system dedicated to manage health care for individuals most likely to lack access to health services. The Association has a leadership role in providing guidance and assistance to community health centers with all efforts directed to assure these centers remain viable providers of primary health care. The Association accomplishes its goals by providing a myriad of support services including:

Member Services

The Association provides governmental relations and legislative advocacy, recruitment and retention, clinical improvement programs, information and public education, and technical assistance to its member organizations.

Conferences, Seminars, and Educational Programs

The Association provides educational programs and workshops to physicians, staff, and governing board members.

Management and General

The Association provides management oversight and assistance with general and financial operations as well as technology maintenance.

BASIS OF ACCOUNTING

The financial statements of the Association have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NEW ACCOUNTING PRONOUNCEMENT

During the year ended March 31, 2019, the Association adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statement of Not-for-Profit Entities* (ASU No. 2016-14). This update addresses the complexity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU No. 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note 12).

CASH AND CASH EQUIVALENTS

The Association considers all highly liquid investments, including certificates of deposit with an initial maturity of three months or less, to be cash equivalents.

ACCOUNTS AND GRANTS RECEIVABLE

The Association uses the allowance method for doubtful accounts. Management believes all accounts to be collectable and therefore no allowance has been recorded for uncollectible receivables as of March 31, 2019.

OTHER INVESTMENT

The Association is a limited partner in Louisiana Primary Care Accountable Care Organization, LLC (LPCACO) with an interest of 3.6% and has no ability to influence the operating or financial policies of the partnership, the cost method is used to account for its investment. Under that method, the Organization records income only to the extent of distributions received. No distributions were received in 2019. See Note 10 for additional information regarding transactions involving LPCACO.

VACATION LEAVE

Full time employees (working an average of no less than 30 hours per week) shall receive sick leave and accrued annual (vacation) leave. Employees working between 30-39 hours per week on average will receive a prorated amount of both sick and annual vacation leave based on the percentage of hours worked divided by forty (40).

Vacation leave is earned at varying rates from 10 to 14 hours per month depending on length of service.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

VACATION LEAVE

Vacation balances will not exceed a maximum of thirty (30) days (or 240 hours) at any given time. A maximum of 40 hours (5 days) accrued vacation may be carried over for one additional calendar year as vacation time. Annual vacation leave not used by each calendar year end (in excess of above 40 hours) will convert into sick leave (up to the current 240 hour sick leave maximum). When an employee is terminated, he/she is entitled to compensation (at current salary or wage) for unused accrued annual leave (not to exceed the accrued maximum of 240 hours).

Sick leave is earned at varying rates from 6-8 days annually depending on length of service. Employees may retain unused sick leave hours, up to a maximum of 240 hours, until employment is severed or terminated. Unused sick leave is not payable upon termination and therefore no accrual has been recorded for these hours.

NET ASSETS

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board's (FASB) Accounting Standard Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ASC 958, the Association is required to report information regarding its financial position and activities according to two classes of net assets: without donor restriction net assets and with donor restriction net assets. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of contributor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restriction

Net assets for general use with no donor restrictions.

Net assets with donor restriction

Net assets that can be expended currently, but only for a specified purpose designated by the grantor. Once expended for their restricted purpose, these donor restricted net assets are released to net assets without restrictions and reported in the statement of activities as net assets released from restriction.

REVENUES

The Association receives the majority of its revenues from Federal and State agencies. The Association recognizes contract revenue on a pro-rata basis over the contract life or to the extent of expenses. Revenue recognition depends on the contract. Any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by the Association with the terms of the grant or contract.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUNCTIONAL EXPENSES

The Association allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are allocated directly according to their natural expense classification.

USE OF ESTIMATES

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

INCOME TAXES

The Association is exempt from federal income taxed under Section 501(c)(3) of the Internal Revenue Code. The Association is subject to income tax on unrelated business income which included the rental of space. The Association did not incur income tax expenses during the fiscal year ended March 31, 2019.

The Association's Forms 990, *Return of Organization exempt from Income Tax*, and Forms 990-T, *Exempt Organization Business Income Tax Return*, are subject to examination by the IRS, general for three years after they are filed.

SUBSEQUENT EVENTS

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through September 30, 2019, the date the financial statements were available to be issued.

NOTE 2 - FAIR VALUE MEASURES

The carrying value of receivables, prepaid expenses and other, unearned revenue, accounts payable, accrued expenses and notes payable approximate fair value due to the short-term nature of these financial instruments. None of these financial instruments are held for trading purposes.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment is presented in the financial statements at cost (in excess of \$3,000) less allowances for depreciation. Depreciation is computed using the straight-line method and is allocated over the estimated useful lives of the assets, which is generally five to seven years.

NOTE 3 - PROPERTY AND EQUIPMENT (CONTINUED)

A summary of property and equipment is as follows:

	Amount
Land	\$ 150,000
Building and improvements	992,554
Equipment	142,972
Furniture and fixtures	20,069
Total	1,305,595
Less accumulated depreciation	(333,232)
 Total	 \$ 972,363

Depreciation expense was \$43,398 for 2019.

As discussed in Note 1, the Association receives funding under the Public Health Services Act which places various restrictions on items obtained with these funds. According to the Public Health Service Grants Policy Statement, title to real and tangible property shall rest in the grantee upon acquisition, subject to the accountability requirements and the Public Health Service's right to transfer title.

NOTE 4 - LONG TERM DEBT

The Association obtained a \$620,000 loan from Capital One, National Association in 2014. Proceeds from the loan were used to purchase a building and the respective land and make necessary improvements. Payments are due in 180 monthly installments of principal and interest of \$4,774 based on an annual interest rate of 4.5%. The loan matures on June 16, 2029. Interest expense was \$22,188 for 2019. This loan is collateralized by real estate.

Maturities of long-term debt are as follows:

Year	Amount
2020	36,627
2021	38,388
2022	40,177
2023	42,048
2024	43,974
Thereafter	267,962
	\$ 469,176

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist primarily of a grant from the Louisiana Department of Administration (DOA). In January 2008, the Association entered into a Cooperative Endeavor Agreement with the DOA to act as the program financial manager for a state appropriation of \$41,500,000. The funds were allocated by the DOA for statewide planning, acquisition and construction of community primary health care clinics. The expanded capacity represents buildings and equipment which will allow for a broader population of patients to be served. The program expenditures were made over multiple years. The funding has been placed in a checking account (\$26 for March 31, 2019) and a savings account (\$1,918,541 as of March 31, 2019).

When a donor restriction expires, that is, when a stipulated time or purpose restriction is accomplished, with donor restriction net assets are reclassified to without donor restriction net assets and reported in the statement of activities as “net assets released from restrictions.” The Association does not imply a time restriction on gifts of long-lived assets. If a restriction expires in the same fiscal year as the contribution was received, the contribution is reported as without donor restriction. The Association released \$208,477 in net assets with donor restriction during 2019.

Net assets with donor restrictions subject to expenditure for specified purpose were as follows:

	Beginning of Year	Increases	Decreases	End of Year
Facility Expansion Initiative	\$ 2,150,383	\$ -	\$ (1,063)	\$ 2,149,320
Minority Health Acces	-	60,000	(4,237)	55,763
Breast & Cervical Health Grant		158,232	(108,085)	50,147
Colorectal Screening Grant	-	127,018	(95,092)	31,926
Heinz Grant	12,742	-	-	12,742
Direct Relief Grant	1,060	-	-	1,060
Total	<u>\$ 2,164,185</u>	<u>\$ 345,250</u>	<u>\$ (208,477)</u>	<u>\$ 2,300,958</u>

NOTE 6 - CONCENTRATIONS

Financial instruments, which potentially subject the Association to concentrations of credit risk, consist principally of cash accounts. Cash accounts are insured by the Federal Deposit Insurance Corporation to \$250,000. Also, specific accounts with balances in excess of FDIC insurance are collateralized by the financial institution. Amounts in excess of insured limits at March 31, 2019 were \$998,403. The Association does not believe that it is exposed to any significant credit risk on uninsured amounts.

NOTE 7 - RETIREMENT PLAN

The Association sponsors a 401(k) profit sharing plan. Eligible employees are allowed to contribute a portion of their compensation, up to federally designated limits. The Association matches up to 100% of the amount of the employee's elective deferrals that are not in excess of 3% of the employee's compensation, plus 50% of the amount of the employee's elective deferrals that exceeds 3% of the employee's compensation but not in excess of 5% of the employee's compensation. All employees are 100% vested in the plan. The Association's contribution to the plan for the year ended March 31, 2019 was \$35,752.

NOTE 8 - ECONOMIC DEPENDENCY

The Association receives a substantial portion of its total support and revenues from the federal government. During the fiscal year ended March 31, 2019, the Louisiana Primary Care Association, Inc. recorded \$2,328,374 in grant support from the Department of Health and Human Services. This represents 60% of total support and revenues for the fiscal year ended March 31, 2019. These funds are provided to subsidize charity support services provided by the Association.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Grants

The Association receives grants for specific purposes that are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. It is the opinion of the Association management that its compliance with the terms of grants will result in negligible, if any, disallowed costs.

NOTE 10 - RELATED PARTIES

The Association is a member organization of Louisiana Primary Care Accountable Care Organization, LLC (LPCACO), an entity of 24 members, each of which is a federally qualified health center in the State of Louisiana. The Association has a payable of \$36,871 which is related to the collection of prepaid member fees on behalf of LPCACO. In addition, the Association also provided management services to the LPCACO during the fiscal year ended March 31, 2019 which resulted in management fee revenue totaling \$91,080.

NOTE 11 - OPERATING LEASE

The Association is a lessor of an office building where the Association occupies approximately 50% of the premises. The lease commenced in February 2019 and expires in February 2020.

NOTE 11 - OPERATING LEASE (CONTINUED)

The cost of the building and related improvements under the lease agreement is \$463,234 for the year ending March 31, 2019. The accumulated depreciation is \$76,412 for the year ended March 31, 2019. The following is a schedule of future minimum rentals on the non-cancelable lease due to the Association:

<u>Year</u>	<u>Amount</u>
2020	\$ 32,675

NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Association's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	<u>Amount</u>
Cash and cash equivalents	\$ 1,717,122
Grant and trade receivables	<u>613,853</u>
Total	<u>\$ 2,330,975</u>

As part of the Associations liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. No amounts listed in the above table have contractual or donor-imposed restrictions within one year of the balance sheet as of March 31, 2019.

NOTE 13 - RESTATEMENT OF CLASSIFICATION OF NET ASSETS

As discussed in Note 1, the Association implemented ASU No. 2016-14 during 2019 and, as a result, was required to restate net assets for March 31, 2019 to address the complexity and understandability of net asset classification. Net assets classifications have changed from temporarily restricted and unrestricted to with donor restrictions and without donor restrictions, respectfully. The adoption of this standard had no effect on the Association's net asset balance at March 31, 2019.

Additionally, net assets without donor restrictions as of April 1, 2018 have been restated to correct an understatement of revenue, expenses, and net position related to management fees earned in the previous fiscal year. The effect of the restatement increased the change in net assets without donor restrictions as previously reported by \$81,693.

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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*

Board of Directors
Louisiana Primary Care Association, Inc.
Baton Rouge, Louisiana

I 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 Louisiana Primary Care Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated September 30, 2019.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Louisiana Primary Care Association, 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Primary Care Association, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of Louisiana Primary Care Association, 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.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Primary Care Association, Inc.'s financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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. However, this report is a matter of public record and its distribution is not limited.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
September 30, 2019

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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

Board of Directors
Louisiana Primary Care Association, Inc.
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

I have audited Louisiana Primary Care Association, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Louisiana Primary Care, Inc.'s major federal programs for the year ended March 31, 2019. Louisiana Primary Care Association, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Louisiana Primary Care Association, Inc.'s compliance.

Opinion on Each Major Federal Program

In my opinion, Louisiana Primary Care Association, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2019.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of my 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. However, this report is a matter of public record and its distribution is not limited.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
September 30, 2019

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended March 31, 2019

Grantor/State Pass-through/ Program name/ <u>Location of Project</u>	<u>CFDA Number</u>	<u>Award Number</u>	<u>Federal Expenditures</u>
Department of Health and Human Services			
Technical and Non-Financial Assistance to Health Centers	93.129	U58CS068501101	\$ 884,228
Affordable Care Act (ACA) - New and Expanded Services	* 93.527	H2QCS25641	1,109,144
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke	93.757	2000276761	10,595
Pass-through / Louisiana State University - Health Sciences Center Organized Approaches to Increase Colorectal Cancer Screening	93.800	PH-16-111-100	<u>195,318</u>
Total Federal Assistance			<u>\$ 2,199,285</u>

* Major Program

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Louisiana Primary Care Association, Inc., and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements contained by Title 2 of U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Requirements for Federal Awards (Uniform Guidance). The Association has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the guidance.

The amounts presented in this schedule do not differ from the amounts presented in, or used in the preparation of the financial statements.

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

Louisiana Primary Care Association, Inc.
Baton Rouge, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD**

For the year ended March 31, 2019

Agency Head: Gerrelda Davis

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 195,800
Benefits - health insurance (Employer Paid portion)	7,500
Benefits - dental insurance (Employer Paid portion)	360
Benefits - retirement (Employer Paid portion)	5,425
Benefits - {list any other here}	-
Car allowance	12,000
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	14,019
Registration fees	4,312
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	<u>\$ 239,416</u>

**Schedule of Findings and Questioned Costs
Year Ended March 31, 2019**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditor’s report issued				Unmodified
Internal control over financial reporting:				
Material weaknesses identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No	
Significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> None reported	
Noncompliance material to financial statements noted?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No	

Federal Awards

Internal control over major programs:				
Material weaknesses identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No	
Significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> None reported	
Type of auditor’s report issued on compliance for major programs:				Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No	

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.527	US Department of Health and Human Services, New and Expanded Services Under the Health Center Program

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

Auditee qualified as low-risk auditee? Yes No

No Separate Management Letter Issued

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

**Schedule of Findings and Questioned Cost
Year Ended March 31, 2019**

SECTION II – FINDINGS

None

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

**Summary Schedule of Prior Year Findings and Questioned Cost
Year Ended March 31, 2018**

SECTION III – PRIOR YEAR FINDINGS

None

STEVEN M. DEROUEN & ASSOCIATES

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Certified Public Accountants

Member Louisiana Society of
Certified Public Accountants

AGREED-UPON PROCEDURES REPORT

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

FOR THE PERIOD OF APRIL 1, 2018 THROUGH MARCH 31, 2019

To the Board of Directors and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by the Louisiana Primary Care Association, Inc. 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 April 1, 2018 through March 31, 2019. 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, I 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 and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts/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).
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
 - g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
 - h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
 - i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
 - j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
 - k) **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.

Written Policies and Procedures (Continued)

Observation: While the Organization has an Emergency Plan, it does not address the above requirements listed in item 1k.

Management's Response: The Organization will incorporate the items listed in the above Disaster Recover/Business Continuity description into its Emergency Plan.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

There were no observations noted in the prior year's "Board or Finance Committee" testing, therefore the above procedures are not applicable.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

The entity has compensating controls that fully mitigated the observation listed on the prior year's "Bank Reconciliations" testing, there fore the above procedures are not applicable.

Collections

4. 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).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements 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:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

These procedures are not applicable to the grants received by the Non-Profit Organization.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

These procedures were superseded by Uniform Guidance testing procedures.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Observation: *Through our agreed-upon testing procedures, we noted finance charges and/or late fees were incurred on two out of the four credit cards tested.*

Management's Response: *Management will make additional efforts to pay the credit card statement balance in full to ensure no finance charges and/or late fees are charged to the Organization.*

Observation: *Through our agreed-upon testing procedures, we noted two meal receipts without a listing of the individuals participating.*

Management's Response: *Management will make additional efforts to ensure that all business meal receipts have a list of those who participated.*

Travel and Travel-Related Expense Reimbursements

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

There were no observations noted in the prior year's "Travel and Travel-Related Expense Reimbursements" testing, therefore the above procedures are not applicable.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - 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.

There were no observations noted in the prior year's "Contracts" testing, therefore the above procedures are not applicable.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

These procedures were superseded by Uniform Guidance testing procedures.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity’s ethics policy during the fiscal period.

These procedures are not applicable to the grants received by the Non-Profit Organization.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management’s representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

These procedures are not applicable to the grants received by the Non-Profit Organization.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

There were no observations noted in the prior year’s “Other” testing, therefore the above procedures are not applicable.

I was 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, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my 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.

Steven M. DeRouen & Associates

September 30, 2019
Lake Charles, Louisiana