

LOUISIANA HEALTH CARE QUALITY FORUM

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Louisiana Health Care Quality Forum
Baton Rouge, Louisiana
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December 31, 2017 and 2016

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Independent Auditor's Report

Ms. Cindy Munn, Chief Executive Officer
and Members of the Board of Directors
Louisiana Health Care Quality Forum
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the Louisiana Health Care Quality Forum (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years 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 fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Health Care Quality Forum as of December 31, 2017 and 2016, and the changes in its net assets and

its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

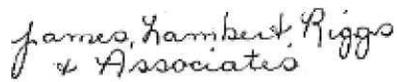
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2018, on our consideration of the Louisiana Health Care Quality Forum's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Louisiana Health Care Quality Forum's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Louisiana Health Care Quality Forum's internal control over financial reporting and compliance.



James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

July 19, 2018

Financial Statements

Louisiana Health Care Quality Forum
Baton Rouge, Louisiana
Statements of Financial Position
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 409,168	\$ 1,495,637
Investment Securities	327,317	324,490
Accounts Receivable, Net	290,330	438,512
Accrued Revenue	206,269	52,640
Prepaid Expenses	<u>179,219</u>	<u>197,377</u>
Total Current Assets	1,412,303	2,508,656
Property & Equipment:		
Facility Construction	6,515	6,515
Furniture and Equipment	1,625,466	1,629,895
Less: Accumulated Depreciation	<u>(1,558,733)</u>	<u>(1,426,287)</u>
Total Property & Equipment	<u>73,248</u>	<u>210,123</u>
 Total Assets	 <u>\$ 1,485,551</u>	 <u>\$ 2,718,779</u>
Liabilities and Net Assets		
Liabilities:		
Accounts Payable	\$ 1,152,958	\$ 1,007,480
Payroll Liabilities	27,622	101,940
Other Liabilities	48,347	-
Accrued Expenses	435,004	147,223
Deferred Revenue	<u>237,282</u>	<u>172,568</u>
Total Liabilities	1,901,213	1,429,211
Net Assets:		
Temporarily Restricted	24,846	81,349
Unrestricted	<u>(440,508)</u>	<u>1,208,219</u>
Total Net Assets	<u>(415,662)</u>	<u>1,289,568</u>
 Total Liabilities and Net Assets	 <u>\$ 1,485,551</u>	 <u>\$ 2,718,779</u>

The accompanying notes are an integral part of these financial statements.

Louisiana Health Care Quality Forum
Baton Rouge, Louisiana
Statements of Activities
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Unrestricted Net Assets:		
Unrestricted Revenues and Gains:		
Cooperative Endeavor Agreements	\$ 2,861,993	\$ 2,570,313
Program Income	611,678	497,774
Contract Income	67,295	117,887
Other Income	<u>11,386</u>	<u>86,597</u>
Total Unrestricted Revenues and Gains	3,552,352	3,272,571
Net Assets Released from Restrictions	<u>1,309,085</u>	<u>2,903,460</u>
Total Unrestricted Revenues, Gains, & Other Support	<u>4,861,437</u>	<u>6,176,031</u>
Expenses:		
Program Services:		
DHH	1,408,082	1,806,793
HIE	2,358,476	3,213,068
IAPD	671,188	885,796
REC	-	427,543
LaPOST	146,891	190,007
DPSC	300,104	-
Other	134,005	144,966
Supporting Services:		
G&A	<u>1,491,422</u>	<u>1,555,624</u>
Total Expenses	<u>6,510,168</u>	<u>8,223,797</u>
Change in Unrestricted Net Assets	<u>(1,648,731)</u>	<u>(2,047,766)</u>
Temporarily Restricted Net Assets:		
Cooperative Endeavor Agreements	81,167	47,520
Program Income	1,092,898	1,648,394
Contract Income	56,281	72,346
Other Income	22,240	384,203
Net Assets Released from Restrictions	<u>(1,309,085)</u>	<u>(2,903,460)</u>
Change in Temporarily Restricted Net Assets	<u>(56,499)</u>	<u>(750,997)</u>
Change in Net Assets	(1,705,230)	(2,798,763)
Net Assets - Beginning of the Year	<u>1,289,568</u>	<u>4,088,331</u>
Net Assets - End of the Year	<u>\$ (415,662)</u>	<u>\$ 1,289,568</u>

The accompanying notes are an integral part of these financial statements.

Louisiana Health Care Quality Forum
Baton Rouge, Louisiana
Statement of Functional Expenses
For the Year Ended December 31, 2017

	Program Services					Support	Total	
	DHH	HIE	IAPD	LaPOST	DPSC	Other		G&A
Bank Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,161	\$ 2,161
Bad Debt Expense	1,167	(559)	-	-	-	-	-	608
Business Registration Fees	-	1,609	-	-	-	389	682	2,680
Participation Costs - Analytics	493,083	-	-	-	300,104	-	-	793,187
Participation Costs - LaHIE	-	1,330,300	-	-	-	-	-	1,330,300
Accounting Fees	-	17,250	33,000	2,870	-	-	43,380	96,500
Communication / Media	-	-	-	-	-	-	100	100
Legal Fees	(2,485)	-	4,631	-	-	-	133,165	135,311
Outside Contract Services	800,202	3,530	915	5,732	-	8,851	46,285	865,515
Professional Consultants	-	120,000	61,845	-	-	32,877	80,429	295,151
Depreciation	68	72,429	54,719	-	-	-	9,594	136,810
Equipment Rental	-	-	-	-	-	-	7,552	7,552
Rent	-	-	-	-	-	-	260,690	260,690
Sponsorships & Contributions	-	-	-	275	-	-	-	275
Advertising	-	-	-	12,900	-	-	(4,024)	8,876
Dues and Subscriptions	-	6,777	70	-	-	235	31,056	38,138
Educational Events	-	-	-	-	-	-	12,000	12,000
Insurance	406	75,698	1,581	320	-	221	42,052	120,278
Meals	-	68	463	116	-	204	2,513	3,364
Other Costs - Operations	350	4,817	14,394	29,475	-	27,878	24,466	101,380
Postage	5	230	11	425	-	-	568	1,239
Printing and Copying	-	-	33	9,441	-	1,291	1,879	12,644
Committee / Board Meetings	-	-	-	-	-	-	402	402
Supplies	-	-	79	98	-	171	4,222	4,570
Telephone	672	1,589	2,539	450	-	369	27,813	33,432
Travel	2,741	17,286	2,535	185	-	5,903	12,380	41,030
HRA Expenses	1,341	21,007	14,232	1,090	-	93	20,600	58,363
General Paid Time Expense	(2,216)	(19,391)	(13,196)	(3,904)	-	(2,189)	(15,741)	(56,637)
401K Match	2,630	14,408	11,336	3,265	-	303	21,293	53,235
Health Insurance	3,496	73,896	51,276	2,032	-	524	50,860	182,084
Payroll Processing Fees	180	1,028	716	141	-	94	1,077	3,236
Payroll Tax Expense	7,876	39,479	26,442	6,475	-	4,156	41,518	125,946
Salaries	98,566	577,025	403,567	75,505	-	52,635	632,450	1,839,748
	<u>\$ 1,408,082</u>	<u>\$ 2,358,476</u>	<u>\$ 671,188</u>	<u>\$ 146,891</u>	<u>\$ 300,104</u>	<u>\$ 134,005</u>	<u>\$ 1,491,422</u>	<u>\$ 6,510,168</u>

The accompanying notes are an integral part of these financial statements.

Louisiana Health Care Quality Forum
Baton Rouge, Louisiana
Statement of Functional Expenses
For the Year Ended December 31, 2016

	Program Services					Support	Total	
	DHH	HIE	IAPD	REC	LaPOST	Other		G&A
Bank Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,631	\$ 1,631
Bad Debt Expense	-	190,631	-	-	-	-	-	190,631
Business Registration Fees	-	-	-	-	140	2,048	3,982	6,170
Participation Costs - Analytics	517,145	-	-	-	-	-	-	517,145
Participation Costs - LaHIE	4,570	1,754,100	-	-	-	-	-	1,758,670
PIP Consultants	4,223	-	1,400	6,535	-	-	-	12,158
Accounting Fees	-	39,180	52,873	41,055	5,250	-	37,488	175,846
Communication / Media	-	-	-	-	215	-	100	315
Legal Fees	12,567	30,195	(81)	-	-	-	194,936	237,617
Outside Contract Services	1,105,919	1,279	(824)	991	4,778	80	66,519	1,178,742
Professional Consultants	-	129,000	-	-	-	25,714	98,874	253,588
Depreciation	2,686	174,521	59,685	2,749	-	-	22,063	261,704
Equipment Rental	-	-	-	-	-	-	7,535	7,535
Rent	-	-	-	-	-	-	279,737	279,737
Facilities and Equipment - Other	-	32,520	-	-	-	-	-	32,520
Sponsorships & Contributions	-	-	-	-	275	-	5,500	5,775
Advertising	-	-	220,699	-	11,900	-	(73)	232,526
Dues and Subscriptions	-	21,852	-	-	-	836	27,677	50,365
Educational Events	-	-	-	-	-	-	6,000	6,000
Insurance	502	58,400	1,595	1,117	343	287	57,061	119,305
Meals	107	975	-	57	778	298	6,428	8,643
Other Costs - Operations	901	1,058	13,605	-	35,980	1,234	14,186	66,964
Postage	-	96	-	-	1,822	6	1,108	3,032
Printing and Copying	-	725	164	203	16,136	2,206	5,374	24,808
Committee / Board Meetings	-	-	-	-	-	-	224	224
Supplies	90	151	76	40	78	1,755	6,035	8,225
Telephone	681	2,408	960	452	1,374	632	32,018	38,525
Travel	353	17,595	4,816	6,759	1,604	19,947	19,910	70,984
HRA Expenses	3,566	22,309	15,404	5,496	1,125	494	15,271	63,665
General Paid Time Expense	793	16,871	14,331	(14,728)	2,697	389	19,389	39,742
401K Match	3,275	14,064	10,341	8,232	3,684	446	16,905	56,947
Health Insurance	7,285	58,231	53,267	35,595	2,533	6,240	27,301	190,452
Payroll Processing Fees	224	994	664	522	152	129	936	3,621
Payroll Tax Expense	9,503	40,812	26,039	23,375	7,136	5,859	34,628	147,352
Salaries	132,403	605,101	410,782	309,093	92,007	76,366	546,881	2,172,633
	<u>\$ 1,806,793</u>	<u>\$ 3,213,068</u>	<u>\$ 885,796</u>	<u>\$ 427,543</u>	<u>\$ 190,007</u>	<u>\$ 144,966</u>	<u>\$ 1,555,624</u>	<u>\$ 8,223,797</u>

The accompanying notes are an integral part of these financial statements.

Louisiana Health Care Quality Forum
Baton Rouge, Louisiana
Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities:		
Decrease in Net Assets	\$ (1,705,230)	\$ (2,798,763)
Adjustments to reconcile increase in net assets to net cash provided / (used) by operating activities:		
Bad Debts	608	190,631
Depreciation	136,810	261,704
Loss on Disposal of Fixed Assets	65	38
Adjustment of Prior Year Work in Progress	-	57,500
Gain on Investments	(2,827)	(35,261)
Decrease / (Increase) in Operating Assets:		
Accounts Receivable	147,574	(122,278)
Accrued Revenue	(153,629)	325,501
Prepaid Expenses	18,158	232,702
Increase / (Decrease) in Operating Liabilities:		
Accounts Payable	145,478	475,818
Payroll Liabilities	(74,318)	46,950
Accrued Expenses	287,781	(813,062)
Other Liabilities	48,347	-
Deferred Revenue	64,714	(296,002)
Net Cash Used in Operating Activities	(1,086,469)	(2,474,522)
Cash Flows from Investing Activities:		
Purchase of Furniture and Equipment	-	(4,987)
Purchase / Sale of Investments	-	924,875
Net Cash Provided by Investing Activities	-	919,888
Net Decrease in Cash and Cash Equivalents	(1,086,469)	(1,554,634)
Cash and Cash Equivalents - Beginning of the Year	1,495,637	3,050,271
Cash and Cash Equivalents - End of the Year	\$ 409,168	\$ 1,495,637

The accompanying notes are an integral part of these financial statements.

Louisiana Health Care Quality Forum
Baton Rouge, Louisiana
Notes to the Financial Statements
For the Years Ended December 31, 2017 and 2016

Introduction

The Louisiana Health Care Quality Forum (the “Quality Forum”) is a private, nonprofit organization whose mission is to lead evidence-based, collaborative initiatives to improve the health of the people of Louisiana. The Quality Forum is governed by a 15 member volunteer Board of Directors with dozens of other stakeholders actively working in the Quality Forum’s areas of focus. The Quality Forum works to improve the quality of health and health care throughout Louisiana in a cost effective and transparent manner, and functions as a “learning system” to assist providers and health systems improve the quality of care provided to Louisiana's Medicaid, uninsured, and privately insured.

1. Summary of Significant Accounting Policies

A. Basis of Accounting

In accordance with generally accepted accounting principles, the accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

B. Basis of Presentation

The Quality Forum follows FASB Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*, with regard to its financial statement presentation. Under ASC 958-210-45, the Quality Forum is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. As of December 31, 2017, the Quality Forum had only unrestricted net assets and temporarily restricted net assets.

The statements of activities and statements of functional expenses present expenses of the Quality Forum’s operations functionally between program services and general & administrative. General & administrative expenses include those expenses which cannot be functionally categorized are allocated between functions based on management’s estimate of usage applicable to conducting those functions.

Additionally, the Quality Forum is required to present a statement of cash flows.

C. Cash and Cash Equivalents

For reporting purposes, the Quality Forum considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

Louisiana Health Care Quality Forum
Baton Rouge, Louisiana
Notes to the Financial Statements (Continued)
For the Years Ended December 31, 2017 and 2016

D. Fixed Assets

Fixed assets are recorded at historical cost and depreciated over the estimated useful lives of the assets using the straight-line and declining balance methods. Contributed property and equipment is recorded at fair value at the date of donation. The following is a summary of the estimated useful lives used:

Furniture	7 Years
Equipment	5 Years
Computers	3 Years

The Quality Forum capitalizes all assets that cost in excess of \$1,000 with a useful life exceeding one year. Routine repairs and maintenance are expensed as incurred.

E. Contributions

The Quality Forum follows ASC 958-605 for accounting for contributions received. Under ASC 958-605, contributions are recorded as restricted if they are received with donor stipulations that limit the use of the donation. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as temporarily restricted and as net assets released from restriction in the same reporting period.

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support which increases those net asset classes.

F. Concentration of Risk

Source of Funding:

The Quality Forum receives the majority of its support from a contract with the Louisiana Department of Health and Hospitals (DHH). During each of the years ended December 31, 2017 and 2016, approximately 56% and 36%, respectively, of the total support of the Quality Forum was received from DHH.

Cash on Deposit and Uninsured Balances:

At December 31, 2017 and 2016, the balances in the Quality Forum's cash, money market mutual funds, and other investments not covered from loss by the FDIC totaled \$415,085, and \$1,579,694, respectively (see Note 2).

Louisiana Health Care Quality Forum
Baton Rouge, Louisiana
Notes to the Financial Statements (Continued)
For the Years Ended December 31, 2017 and 2016

G. Functional Expense Reporting

The cost of providing program and support services has been summarized on a functional basis in the statements of activities and statements of functional expenses. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Quality Forum.

H. Fair Value Measurements

Fair value is the price the Quality Forum would receive to sell an asset or pay to transfer a liability (exit price) in an orderly transaction between market participants. For those assets and liabilities recorded or disclosed at fair value, fair value is determined based upon the quoted market price, if available. If a quoted market price is not available for identical assets, fair value is determined based upon the quoted market price of similar assets or the present value of expected future cash flows considering the risks involved, including counterparty performance risk if appropriate, and using discount rates appropriate for the duration. The fair values are assigned a level within the fair value hierarchy, depending on the source of the inputs into the calculation:

Level 1: Inputs based upon quoted prices in active markets for identical assets.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset (or liability), either directly or indirectly.

Level 3: Inputs are unobservable for the asset.

I. Compensated Absences

Employees of the Quality Forum are entitled to general paid time (GPT) for purposes of vacation, holidays, personal business, illness, and other factors. The liability for GPT is accrued monthly and adjusted annually to reflect each employees' maximum number of hours carried over to the next fiscal year.

J. Advertising

Advertising costs are expensed as incurred. Advertising expense amounted to \$8,876 and \$232,526 for the years ended December 31, 2017 and 2016, respectively.

K. Income Taxes

The Quality Forum is a not-for-profit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as a public charity. However, income from certain activities not directly related to the Quality Forum's tax-exempt purpose is subject to taxation as unrelated business income.

The Quality Forum has adopted ASC 740-10, *Accounting for Uncertainty in Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in any entity's financial statements. The interpretation requires recognition and measurement of uncertain income tax positions using a "more-likely-than-not" approach. The adoption of this interpretation had no material impact on the Quality Forum's financial statements at December 31, 2017.

Louisiana Health Care Quality Forum
Baton Rouge, Louisiana
Notes to the Financial Statements (Continued)
For the Years Ended December 31, 2017 and 2016

The Quality Forum's tax returns for the years ended December 31, 2016, December 31, 2015, and December 31, 2014, remain open and subject to examination by taxing authorities.

L. Use of Estimates

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

2. **Cash and Cash Equivalents**

Cash and cash equivalents at December 31, 2017 and 2016, consisted of the following:

	<u>2017</u>	<u>2016</u>
Bank Operating Account	\$ 320,135	\$ 239,078
Money Market Mutual Fund	87,768	1,255,204
Savings Account	1,119	1,117
Petty Cash	<u>146</u>	<u>238</u>
Total Cash and Cash Equivalents	<u>\$ 409,168</u>	<u>\$ 1,495,637</u>

Bank and savings accounts on deposit with a commercial bank are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

For the years ended December 31, 2017 and 2016, the money market account is invested with Fidelity Investments in its Fidelity Government Cash Reserves. This money market fund is invested 100% in cash and Federal government securities.

3. **Investments**

At December 31, 2017, the Quality Forum had \$327,317 in investments that consisted of the following:

iShares TIPS Bond ETF	\$ 169,181
iShares TR Intermediate Credit Bond ETF	<u>158,136</u>
Total Mutual Funds	<u>\$ 327,317</u>

For the years ended December 31, 2017 and 2016, the Quality Forum had \$11,894 and \$58,658, respectively, in investment gains / (losses) included in the statement of activities as Other Income.

Louisiana Health Care Quality Forum
Baton Rouge, Louisiana
Notes to the Financial Statements (Continued)
For the Years Ended December 31, 2017 and 2016

4. Accounts Receivable

Accounts receivable at December 31, 2017 and 2016, consist of the following:

	2017	2016
Louisiana Department of Health and Hospitals	\$ 408,502	\$ 335,907
Various	175,660	431,073
Less: Allowance for Doubtful Accounts	(87,563)	(275,828)
Total	\$ 496,599	\$ 491,152

Management has evaluated all receivables at December 31, 2017 and 2016, to determine their collectability. For the year ended December 31, 2017 and 2016, the amount for allowance for doubtful accounts was based on an evaluation of past-due fees due from Louisiana hospitals and providers.

5. Property and Equipment

A summary of property and equipment for the years ended December 31, 2017 and 2016, is as follows:

	2017	2016
Facility Construction	\$ 6,515	\$ 6,515
Furniture & Equipment	1,625,466	1,629,895
	1,631,981	1,636,410
Less: Accumulated Depreciation	(1,558,733)	(1,426,287)
Total	\$ 73,248	\$ 210,123

Depreciation expense for the years ended December 31, 2017 and 2016, amounted to \$136,810 and \$261,704, respectively.

6. Contract Revenue

A. LaPOST

The Louisiana Physician Orders for Scope of Treatment (“LaPOST”) is an initiative of the Quality Forum focused on providing consumers and health care professionals with the information, education, and resources necessary to make educated decisions about end-of-life care. The Quality Forum receives funding from multiple sources to support outreach and education efforts throughout the state for this initiative.

B. TX/LA Telehealth Agreement

On October 1, 2014, the Quality Forum entered into a subcontract agreement with Texas Tech University Health Sciences Center. The Quality Forum’s role is to provide a Project Coordinator to assist in developing the TX/LA Telehealth Resource Center. The agreement has been renewed annually with the latest extension granted September 1, 2017.

Louisiana Health Care Quality Forum
Baton Rouge, Louisiana
Notes to the Financial Statements (Continued)
For the Years Ended December 31, 2017 and 2016

C. TX Workforce Agreement

On June 29, 2015, the Quality Forum entered into a subaward agreement with the University of Texas Health Science Center at Houston. The Quality Forum's role under this agreement is to update the health IT instructional training materials to include the areas of population health management, care coordination and interoperability, new care delivery and payment models, and value-based purchasing. On June 29, 2016, the award was extended for a second year. The agreement ended in June 2017.

D. OPH Health Promotion Contract

On July 1, 2017, the Louisiana Department of Health ("LDH"), Bureau of Chronic Disease and Health Promotion contracted with the Quality Forum to provide technical support and consulting services to increase patient awareness of hypertension and diabetes, enhance self-management of these diseases, promote data reporting and support clinical innovations.

7. Cooperative Agreement Income

A. LDH Bureau of Health Services Financing

On April 1, 2017, the Quality Forum entered into a cooperative endeavor agreement with the LDH, Bureau of Health Services Financing. Under this agreement, the Quality Forum is contracted to provide technical and consultative support as described in detail in the Implementation-Advance Planning Document Update for Health Information Technology. The Quality Forum will implement and / or provide support for the following initiatives: Medicaid Provider Outreach, Patient-Centered Medical Home Transformation, HIE Integration Assistance, LA Emergency Department Information Exchange, development of a LaPOST Registry, and implementation of an electronic health records ("EHR") system in Louisiana's correctional facilities.

B. LDH Office of Public Health

On July 1, 2017, the Quality Forum entered into a cooperative endeavor agreement with the LDH, Office of Public Health to provide a certified EHR system for use at all parish health units along with ongoing support for EHR adoption and meaningful use assistance.

C. LDH Office of Aging and Adult Services

On January 1, 2017, the Quality Forum entered into a six-month cooperative endeavor agreement with the LDH, Office of Aging and Adult Services with the purpose of providing education and resources to nursing facility administrators, staff, patients, and caregivers on Advance Care Planning and the LaPOST document.

Louisiana Health Care Quality Forum
Baton Rouge, Louisiana
Notes to the Financial Statements (Continued)
For the Years Ended December 31, 2017 and 2016

D. Department of Public Safety and Corrections

On December 1, 2016, the Quality Forum entered into a cooperative endeavor agreement with the Department of Public Safety and Corrections to provide a certified EHR system to Louisiana's correctional facilities that will be integrated with the LA Health Information Exchange ("LaHIE"). Per the cooperative endeavor agreement, deliverables include software and support, subscription to LaHIE, ongoing support for EHR adoption and meaningful use support.

8. Fair Value Measurements

The following table reflects assets and liabilities that are measured and carried at fair value on a recurring basis as of December 31, 2017:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Carrying Value
Financial Assets:				
Cash & Cash Equivalents	\$ 409,168	\$ -	\$ -	\$ 409,168
Investment Securities	327,317	-	-	327,317

9. Retirement Plans

Effective on May 16, 2013, the Quality Forum enrolled in the Louisiana Health Care Quality Forum 401(k) Plan. This plan is for the exclusive benefit of all eligible employees and their beneficiaries with the intention to provide a measure of retirement security for the future. To be eligible to participate, an employee must have completed one year of service or worked 1000 hours. The amount an employee can contribute to the plan is limited by the Internal Revenue Service in the amount that can be contributed as Salary Deferral. The amount of the Quality Forum's contribution to the plan is at the discretion of the Board of Directors; the Board of Directors has established a 4% employer contribution rate.

The Quality Forum's contributions to the plans for the years ended December 31, 2017 and 2016, amounted to \$53,235 and \$48,975, respectively.

10. Leases

The Quality Forum is committed for office equipment under a non-cancelable operating lease with an expiration date of May 19, 2020, with monthly lease payments of \$629.

On October 1, 2014, the Quality Forum signed a 7-year lease for office space. The lease was amended in May 2017 returning a portion of the space to the landlord and reducing annual rent. The amendment also extended the lease an additional year with the annual base rent amount ranging from \$239,625 in 2015 to \$260,925 in 2021.

Louisiana Health Care Quality Forum
Baton Rouge, Louisiana
Notes to the Financial Statements (Continued)
For the Years Ended December 31, 2017 and 2016

Future minimum lease payments related to these leases are as follows:

Years Ending December 31,		
2018	\$	252,433
2019		257,758
2020		258,718
2021		<u>260,925</u>
Total Future Minimum Lease Payments	\$	<u>1,029,834</u>

The Quality Forum's payments for leases for the years ended December 31, 2017 and 2016, amounted to \$268,242 and \$287,272, respectively.

11. Temporarily Restricted Net Assets

The Quality Forum classified \$24,846 and \$81,349 of net assets as temporarily restricted for the years ended December 31, 2017 and 2016, respectively. These funds are designated as follows and are expected to be used for the following purposes before the expiration of the grants and / or contracts.

	<u>2017</u>	<u>2016</u>
LaPOST	\$ 24,846	\$ 81,349
Total Temporarily Restricted Net Assets	<u>\$ 24,846</u>	<u>\$ 81,349</u>

12. Date of Management's Review

Subsequent events have been evaluated through July 19, 2018, which is the date the financial statements were available to be issued.

Other Supplemental Information

Louisiana Health Care Quality Forum
Baton Rouge, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2017

Agency Head: Cindy Munn, Chief Executive Officer

Purpose	Amount
Salary	\$ 45,600
Benefits - Insurance	2,902
Benefits - Retirement	-
Deferred Compensation	1,915
Benefits - Other (Disability Insurance, Life Insurance, HRA)	1,515
Car Allowance	-
Vehicle Provided by Government	-
Vehicle Rental	-
Cell Phone	480
Dues	-
Per Diem	-
Reimbursements	6
Travel	61
Registration Fees	-
Conference Travel	1,060
Housing	-
Unvouchered Expenses	-
Special Meals	73
Other	-
	<u>\$ 53,612</u>

Note: The above amounts represent only the portion of salary payments to Cindy Munn, CEO from State and Federal sources.

**Other Independent Auditor's Reports and
Findings, Recommendations, and Responses**

Dennis E. James, CPA
Lyle E. Lambert, CPA
Paul M. Riggs, Jr., CPA

J. Bryan Ehricht, CPA
Samantha D. Wagner, CPA
Christie J. Barado
Megan E. Lynch
B. Jacob Steib
Debbie G. Faust, EA
Ramona K. Huckabee, EA



**JAMES
LAMBERT RIGGS
& ASSOCIATES, INC.**
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Member of
American Institute of CPAs
Society of Louisiana CPAs

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

Ms. Cindy Munn, Chief Executive Officer
and Members of the Board of Directors
Louisiana Health Care Quality Forum
Baton Rouge, Louisiana

We have audited, 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, the financial statements of the Louisiana Health Care Quality Forum (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 19, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Louisiana Health Care Quality Forum'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 the Louisiana Health Care Quality Forum's internal control. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Health Care Quality Forum'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 weaknesses, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Health Care Quality Forum'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

Louisiana Health Care Quality Forum
July 19, 2018

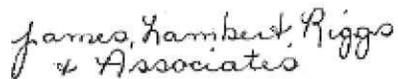
disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompany schedule of current year findings and responses as item 2017-001.

Louisiana Health Care Quality Forum's Response to Findings

The Louisiana Health Care Quality Forum's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Louisiana Health Care Quality Forum'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 communications is not suitable for any other purpose.



James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

July 19, 2018

Louisiana Health Care Quality Forum
Baton Rouge, Louisiana
 Schedule of Current Year Findings and Responses
 For the Year Ended December 31, 2017

We have audited, 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, the financial statements of the Louisiana Health Care Quality Forum (a nonprofit organization), and have issued our report thereon dated July 19, 2018. Our audit of the basic financial statements resulted in an unmodified opinion.

Section I Summary of Auditor’s Reports

1. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:

Material Weakness	___	Yes	X	No
Significant Deficiencies	___	Yes	X	No

Compliance:

Compliance Material to the Financial Statements	X	Yes	___	No
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2. Management Letter

Was a management letter issued?	___	Yes	X	No
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Section II Financial Statement Findings

Internal Control over Financial Reporting:

None

Compliance and Other Matters:

2017-001 – Failure to Complete Audit Report Within Six Months of the Close of the Fiscal Year

Condition: The Quality Forum did not comply with certain provisions of State Law, which requires the Quality Forum to complete its audit within six months of the close of its fiscal year.

This condition was noted in the prior year audit.

Criteria: Louisiana Revised Statute 24:513(5)(a)(i) requires that “... audits shall be completed within six months of the close of the entity’s fiscal year.”

For the year ended December 31, 2017, the audit report and audit documentation were not completed until July 19, 2018.

Cause: This condition was caused by extenuating circumstances that did not permit the audit to begin until mid-June 2018.

Effect: As a result of this violation, the Quality Forum was not in compliance with reporting requirements of the Louisiana Legislative Auditor’s office.

Louisiana Health Care Quality Forum
Baton Rouge, Louisiana
Schedule of Current Year Findings and Responses
For the Year Ended December 31, 2017

Recommendation: We recommend the Quality Forum require the auditors to begin the audit in January of each fiscal year and that the annual audit be completed by June 30 of each year to ensure timely reporting to the Legislative Auditor.

Management's Response:

In management's response dated July 19, 2018, the Quality Forum indicated the following:

Historically, the Quality Forum has always completed and submitted our audit within 6 months of the close of our fiscal year. Due to extenuating circumstances beyond our control, the Quality Forum was unable to meet the June 30th deadline for this past fiscal year. Management agrees with the auditor's recommendation and will coordinate with the auditors to begin the engagement in January of each fiscal year.



July 19, 2018

James, Lambert, Riggs and Associates, Inc.
Attn: Paul Riggs
401 East Thomas Street
Hammond, Louisiana 70401

Re: *Management Response for Late Submission of Audit*

Finding:

Louisiana Health Care Quality Forum (the Quality Forum) did not comply with certain provisions of State Law, which requires that audits should be completed within six months of the close of its fiscal year.

Auditor Recommendation:

The Quality Forum will require the auditors to begin the audit in January of each fiscal year and that the annual audit be completed by June 30th of each year to ensure timely reporting to the Legislative Auditor.

Management Response:

Historically, the Quality Forum has always completed and submitted our audit within 6 months of the close of our fiscal year. Due to extenuating circumstances beyond our control, the Quality Forum was unable to meet the June 30th deadline for this past fiscal year. Management agrees with the auditor's recommendation and will coordinate with the auditors to begin the engagement in January of each fiscal year.

Respectfully yours,

A handwritten signature in blue ink that reads "Cindy Munn". The signature is fluid and cursive.

Cindy Munn
Chief Executive Officer

LOUISIANA HEALTH CARE QUALITY FORUM
STATEWIDE AGREED UPON PROCEDURES ENGAGEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017

Dennis E. James, CPA
Lyle E. Lambert, CPA
Paul M. Riggs, Jr., CPA

J. Bryan Ehricht, CPA
Samantha D. Wagner, CPA
Christie J. Barado
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Society of Louisiana CPAs

Independent Accountants' Report on Applying Agreed-Upon Procedures

Ms. Cindy Munn, Chief Executive Officer
and Members of the Board of Directors
Louisiana Health Care Quality Forum
Baton Rouge, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Louisiana Quality Health Care Forum (the "Quality Forum") and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The Quality Forum's management is responsible for those control and compliance 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.

Our procedures and findings are detailed in Schedule "A"

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the 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 control and compliance areas identified in the SAUPs, and the results of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

July 19, 2018

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

Results: We sighted the Quality Forum's written policies and procedures for budgeting.

- 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.

Results: We sighted the Quality Forum's written policies and procedures for purchasing.

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

Results: We sighted the Quality Forum's written policies and procedures for disbursements.

- d) **Receipts**, including receiving, recording, and preparing deposits

Results: We sighted the Quality Forum's written policies and procedures for receipts.

- e) **Payroll / Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked

Results: We sighted the Quality Forum's written policies and procedures for payroll / personnel.

- 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.

Results: We sighted the Quality Forum's written policies and procedures for contracting.

- 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

Results: We sighted the Quality Forum's written policies and procedures for credit cards and fuel cards.

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

Results: We sighted the Quality Forum's written policies and procedures for travel and expense reimbursements.

- 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.

Results: N/A – The entity is a nonprofit.

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

Results: N/A – The entity is a nonprofit.

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.

Results: Per a review of the minutes of the Quality Forum for the period January 1, 2017 through December 31, 2017, the Quality Forum's Board of Directors met on a quarterly basis.

- 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).

Results: Per a review of the minutes of the Board of Directors for the period January 1, 2017 through December 31, 2017, the minutes referenced budget-to-actual comparisons on the Quality Forum's major funds.

- 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.

Results: Per a review of the minutes of the Board of Directors for the period January 1, 2017 through December 31, 2017, all meetings had significant discussions on continuing deficits and how to overcome these deficits.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Results: Per a review of the minutes of the Board of Directors for the period January 1, 2017 through December 31, 2017, the Board of Directors approved contracts and grant agreements in at least one meeting during the year.

Bank Reconciliations

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

Results: Management provided us with the required listing of bank accounts as well as 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 five accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Results: For the four (4) bank accounts selected, all bank reconciliations were prepared for all twelve months for the period January 1, 2017 through December 31, 2017.

- 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

Results: For the four (4) bank accounts selected, evidence existed that the bank statements and bank reconciliations were reviewed by a member of management or a board member for the period January 1, 2017 through December 31, 2017.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Results: For the four (4) bank accounts selected, no accounts had outstanding items over 6 months as of December 31, 2017.

Collections

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

Results: Management provided us with the required listing of cash collection locations as well as 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 five locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in

the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Results: Each person responsible for collecting cash is bonded. Each person responsible for collecting cash is not responsible for depositing the cash in the bank, does not record the related transaction, and does not reconcile the related bank account. Each person responsible for collecting cash has his or her own cash drawer.

- 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.

Results: Management provided us with written documentation or reconciling cash collections to the general ledger. This daily reconciliation is performed by an individual not responsible for cash collections.

- 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.

Results: The highest week of cash collections had only four (4) days of collections, and all four (4) days' collections were deposited within one business day.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Results: Daily cash collections for the highest week of cash collections 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.

Results: We sighted the Quality Forum's written policies and procedures for receipts.

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

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

Results: Management provided us with the required listing of disbursements as well as management's representation that the listing 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.

Results: The Quality Forum does not utilize a purchase order system.

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

Results: The Quality Forum does not utilize a purchase order system.

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

Results: The Quality Forum does not utilize a purchase order system. All twenty-five (25) transactions including a receiving report, when applicable, and all twenty-five (25) transactions had an approved invoice.

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

Results: We sighted the Quality Forum's written policies and procedures for purchasing. The office administrator and business manager are responsible for processing payments and are able to add vendors to the Quality Forum's purchasing / 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.

Results: We sighted the Quality Forum's written policies and procedures for purchasing. The individuals who can initiate or record purchases do not have signatory authority.

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

Results: We sighted the Quality Forum's written policies and procedures for purchasing. Checks are rarely used and are kept in a locked location. Checks are printed on blank check stock, and individuals with signatory authority do not 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.

Results: No signature stamp or machine is utilized by the Quality Forum.

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

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

Results: Management provided us with the required listing of credit cards as well as management's representation that the listing is complete.

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

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

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

Results: For the credit cards selected, the statements of the cards were reviewed and 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.

Results: For the credit cards selected, there a total of \$155.05 in finance charges 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).

Results: For the credit cards selected, all cards had supporting itemized receipts for all transactions.

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

Results: For the credit cards selected, all cards selected had supporting documentation of the business/public purpose, and all meal receipts contained documentation of the individuals participating.

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

Results: We sighted the Quality Forum's written policies and procedures for credit cards. For the credit cards selected, all cards selected had other supporting documentation required by the Quality Forum's 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.

Results: For the credit cards selected, no transactions reviewed required the solicitation of bids or quotes.

c) For each transaction, compare the entity's documentation of the business / public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results: For the credit cards selected, there were no violations of Article 7, Section 14 of the Louisiana Constitution.

Travel and Expense Reimbursement

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

Results: Management provided us with the required listing of travel and related expense reimbursements as well as management's representation that the listing 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) and report any amounts that exceed GSA rates.

Results: We sighted the Quality Forum's written policies and procedures for travel and expense reimbursements. No reimbursement rates exceeded GSA rates.

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

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

Results: For the three (3) employees selected, all travel and expense reimbursements were paid in accordance with written policy.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Results: For the three (3) employees selected, all travel and expense reimbursements were documented by original itemized receipts.

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

Results: For the three (3) employees selected, all travel and expense reimbursements documented the business / public purchase of the expense.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

Results: We sighted the Quality Forum's written policies and procedures for travel and expense reimbursements. For the three (3) employees selected, all three (3) employee reimbursements had other supporting documentation required by the Quality Forum's written policy.

- 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.

Results: For the three (3) employees selected, there were no violations of Article 7, Section 14 of the Louisiana Constitution.

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

Results: For the three (3) employees selected, each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

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

Results: Management provided us with a listing of all contracts in effect during the period January 1, 2017 through December 31, 2017, as well as 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.

Results: For the five (5) contracts selected, there was a formal / written contract that supported the services arrangement and the amount paid.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain / compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).

Results: For the five (5) contracts selected, none were subject to the Louisiana Public Bid Law.

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

Results: For the five (5) contracts selected, none were subject to the Louisiana Public Bid Law. The Quality Forum solicited quotes / proposals on one (1) contract.

- 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.

Results: For the five (5) contracts selected, none were amended during the period January 1, 2017 through December 31, 2017.

- 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.

Results: For the five (5) contracts selected, all five (5) of the largest payments contained supporting invoices that complied with the terms and conditions of the contract.

- e) Obtain / review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Results: For the five (5) contracts selected, all five (5) contracts were approved by the Board of Directors.

Payroll and Personnel

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

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Results: Management provided us with the required list of employees and salaries as well as management's representation that the listing is complete. For the five (5) randomly selected employees, compensation paid to each employee was made in accordance with each employee's approved pay rate.

- b) Review changes made to hourly pay rates / salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Results: Management provided us with the required list of employees and salaries as well as management's representation that the listing is complete. For the five (5) randomly selected employees, all changes to each employee's approved pay rates were approved in writing and in accordance with written policy.

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

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

Results: Management provided us with all attendance and leave records for the period January 1, 2017 through December 31, 2017. For the five (5) selected employees, all employees documented their daily attendance and leave.

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

Results: Management provided us with all attendance and leave records for the period January 1, 2017 through December 31, 2017. For the five (5) selected employees, we sighted documentation that supervisors approved 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.

Results: Management provided us with all attendance and leave records for the period January 1, 2017 through December 30, 2017. For the five (5) selected employees, we sighted written documentation of the Quality Forum's 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.

Results: Management provided us with the required list of employees terminated for the period January 1, 2017 through December 31, 2017. For the two (2) termination payments selected for this period, the payments were made in accordance with Quality Forum's policies and were approved by management.

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

Results: Management provided us with all supporting documentation related to payroll taxes and retirement contributions for the period January 1, 2017 through December 31, 2017. For this period, all payroll tax deposits and retirement contribution payments were paid by the required deadlines.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees / officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Results: N/A – The entity is a nonprofit.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Results: N/A – The entity is a nonprofit.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Results: N/A – The entity is a nonprofit.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Results: N/A – The entity is a nonprofit.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Results: N/A – The entity 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.

Results: Per conversation with Business Manager Dawn Yarnall, the Quality Forum had no misappropriations of public funds or assets during the period January 1, 2017 through December 31, 2017.

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

Results: Sighted copy of the notice posted on the premises and on the Quality Forum's website.

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

Results: There were no exceptions regarding management's representations in the procedures above.



July 19, 2018

James, Lambert, Riggs and Associates, Inc.
Attn: Paul Riggs
401 East Thomas Street
Hammond, Louisiana 70401

Re: *Management Response for Results of Statewide Agreed-Upon Procedures*

AUP Procedure:

Use of a Purchase Order System

Management Response:

Due to the size of the organization and internal controls in place, a purchase order system is not utilized.

AUP Procedure:

Finance charges and/or Late fees assessed on credit cards

Management Response:

LHCQF will work to avoid being assessed any finance and/or late fee charges on credit cards.

Respectfully yours,

A handwritten signature in blue ink, appearing to read "Cindy Munn".

Cindy Munn
Chief Executive Officer