

ST. AMANT'S DCH, INC.
Denham Springs, Louisiana

Financial Report

Year Ended September 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
St. Amant's DCH, Inc.
Denham Springs, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of St. Amant's DCH, Inc. (a nonprofit organization) (the Organization), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to 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 Organization as of September 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 15 is presented for purposes of additional analysis and is not a required part of the financial statements. This information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2019 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
March 26, 2019

FINANCIAL STATEMENTS

ST. AMANT'S DCH, INC.
Denham Springs, Louisiana

Statement of Financial Position
September 30, 2018

ASSETS

Current assets:	
Cash and cash equivalents	\$ 2,185
Due from Department of Education	904,088
Other receivable	<u>36,518</u>
Total current assets	<u>942,791</u>
Non-current assets:	
Furniture and equipment	59,236
Accumulated depreciation	<u>(11,847)</u>
Total non-current assets	<u>47,389</u>
Other assets:	
Security deposits	<u>5,100</u>
Total assets	<u>\$ 995,280</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Cash overdraft	\$ 12,407
Accounts payable	2,700
Payroll and related liabilities	43,753
Other liabilities	22,750
Due to providers	877,125
Notes payable - current	<u>10,861</u>
Total current liabilities	969,596
Long-term liabilities:	
Note payable	<u>42,508</u>
Total liabilities	1,012,104
Net assets:	
Unrestricted	<u>(16,824)</u>
Total liabilities and net assets	<u>\$ 995,280</u>

The accompanying notes are an integral part of this statement.

ST. AMANT'S DCH, INC.
Denham Springs, Louisiana

Statement of Activities
For The Year Ended September 30, 2018

	Unrestricted	Temporarily Restricted	Total
Revenues, Gains and Other Support			
Fundraising	\$ 153,326	\$ -	\$ 153,326
Reimbursements:			
Administrative	957,942	-	957,942
Program	-	5,456,862	5,456,862
Other income	58,392	-	58,392
Net assets released from restrictions -			
Restrictions satisfied by payments	<u>5,456,862</u>	<u>(5,456,862)</u>	<u>-</u>
Total contributions	<u>6,626,522</u>	<u>-</u>	<u>6,626,522</u>
 Expenses -			
Program services	6,198,836	-	6,198,836
Supporting services:			
Fundraising expense	129,217	-	129,217
Management and general	<u>283,156</u>	<u>-</u>	<u>283,156</u>
Total expenses	<u>6,611,209</u>	<u>-</u>	<u>6,611,209</u>
Change in net assets	15,313	-	15,313
Net assets, beginning	<u>(32,137)</u>	<u>-</u>	<u>(32,137)</u>
Net assets, ending	<u>\$ (16,824)</u>	<u>\$ -</u>	<u>\$ (16,824)</u>

The accompanying notes are an integral part of this statement.

ST. AMANT'S DCH, INC.
Denham Springs, Louisiana

Statement of Cash Flows
For The Year Ended September 30, 2018

Cash flows from operating activities:	
Change in net assets	<u>\$ 15,313</u>
Adjustments to reconcile change in net assets to net cash flow from operating activities -	
Depreciation	11,847
(Increase) decrease in operating assets	
Due from Department of Education	(453,364)
Other receivable	(14,939)
Security Deposit	(5,100)
(Decrease) increase in operating liabilities	
Accounts payable	(23,717)
Payroll related liabilities	2,636
Other liabilities	22,750
Due to providers	<u>436,251</u>
Total adjustments	<u>(23,636)</u>
Net cash used by operating activities	(8,323)
Cash flows from capital and related financing activities:	
Principal paid on long-term debt	<u>(5,867)</u>
Net decrease in cash and cash equivalents	(14,190)
Cash and cash equivalents, beginning of year	<u>3,968</u>
Cash and cash equivalents, end of year	
Administrative	\$ (12,407)
General	<u>2,185</u>
Total	<u>\$ (10,222)</u>
Supplementary cash flow information:	
Interest paid	<u>\$ 4,043</u>
Furniture and equipment acquired through issuance of debt	<u>\$ 59,236</u>

The accompanying notes are an integral part of this statement.

ST. AMANT'S DCH, INC.
Denham Springs, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Nature of Activities

St. Amant's DCH, Inc. (hereafter referred to as the Organization) operates a Family Day Care Home Program under the Child and Adult Care Food Program, Section 17 of the Richard B. Russell National School Lunch Act. Under the provisions of this program, individuals who care for a small number of children in their homes are reimbursed for the costs of meals served to the children. The Organization monitors the composition of the meals to assure nutritional values, makes routine inspections of the homes to assure safety of the children who stay there, and acts as intermediary between the state and federal agencies who administer funds and the providers who care for the children. This program is funded totally by federal funds received from the State of Louisiana Department of Education and is the primary source of the Organization's revenues.

B. Use of Estimates

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

C. Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

D. Basis of Accounting

Assets, liabilities, revenues and expenses are recognized on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

E. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid interest-bearing deposits with a maturity of three months or less when purchased to be cash equivalents.

ST. AMANT'S DCH, INC.
Denham Springs, Louisiana

Notes to Financial Statements

F. Receivables

Accounts receivable are stated at unpaid balances. The Organization maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers/vendors to make required payments. Because collection is expected at 100%, an allowance for doubtful accounts has not been recorded.

G. Revenue Recognition

Program reimbursements and grants are recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

H. Inventory

Inventory is stated at cost. It includes only office supplies and printed materials, the amount of which is considered immaterial. Therefore, the acquisition of these items is expensed when purchased, and inventory on hand at year end is not reported on the accompanying financial statements.

I. Income Tax Status

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. In addition, the Organization has been determined, by the Internal Revenue Service, not to be a private foundation within the meaning of Section 509(a) of the code. The Organization received its latest determination letter on August 13, 1993, in which the Internal Revenue Service stated that the Organization was in compliance with the applicable requirements of the Internal Revenue Code (IRC). Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has undertaken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audit by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

J. Property and Equipment

Property and equipment are valued at historical cost for assets purchased and at fair market value at the date of donation for contributed assets. The Organization maintains a threshold level of \$500 or more for capitalizing capital assets. Depreciable assets are depreciated using the straight-line method over the estimated useful lives of the individual assets as follows:

Furniture and equipment

5 – 7 years

ST. AMANT'S DCH, INC.
Denham Springs, Louisiana

Notes to Financial Statements

K. Support and Expenses

The Organization reports administrative and program reimbursements on the accrual basis of accounting. The amounts due to providers are also reported on the accrual basis of accounting. A donor-restriction applies to the program reimbursement, and the amount is shown as temporarily restricted net assets. When the donor restriction expires, that is, when the stipulated restriction ends by payments to the providers, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

L. Advertising Costs

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense was \$0.

M. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

N. Donated Services and Materials

The Organization recognizes donated services that (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated materials are valued at current market value at the time of the donation. Donated services and materials were considered to be immaterial.

(2) Concentration of Credit Risk

The Organization's cash is deposited in one financial institution. Cash accounts at banks are insured by the FDIC for up to \$250,000. The Organization's cash balance did not exceed this limit and therefore were not subject to credit risk.

ST. AMANT'S DCH, INC.
Denham Springs, Louisiana

Notes to Financial Statements

(3) Capital Assets

The following is a summary of furniture and equipment and the corresponding accumulated depreciation:

Furniture and equipment	\$ 59,236
Less: Accumulated depreciation	<u>(11,847)</u>
Net furniture and equipment	<u>\$ 47,389</u>

Depreciation expense in the amount of \$11,847 was charged to supporting services.

(4) Notes Payable

The Organization's notes payable balance consisted of the following:

Note payable to Feliciana Bank & Trust Company, dated October 11, 2017, in the original amount of \$59,236, payable in sixty monthly installments of \$1,187, including interest at 7.50% percent annum, and maturing October 10, 2022, secured by a 2015 GMC Sierra 2500.	\$ 53,369
Less: current portion	<u>10,861</u>
Net long term debt	<u>\$ 42,508</u>

Notes Payable at September 30, 2018, is scheduled to mature as follows:

Year Ending	Principal
2019	\$ 10,861
2020	11,705
2021	12,613
2022	13,592
2023	<u>4,598</u>
	<u>\$ 53,369</u>

Interest paid was \$4,043 during the year ended September 30, 2018.

ST. AMANT'S DCH, INC.
Denham Springs, Louisiana

Notes to Financial Statements

(5) Retirement Plan

The Organization offers employees, who meet predetermined eligibility requirements, to participate in the Organization's 401k. The Organization will match up to 3 percent of eligible employees' compensation for the fiscal year to the retirement account. The Organization's contribution was \$14,842.

(6) Operating Lease

The Organization is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, therefore, the results of these agreements are not reflected in property and equipment.

The Organization conducted its operations from a facility that was leased under a four-year noncancelable operating lease expiring January 2020. The lease was terminated in 2018. The Organization entered into a new lease beginning May 21, 2018 and ending on the last day of May 2021, with monthly payments of \$2,500. Additionally, the organization leases two copiers with Xerox. The lease was entered into January 2016 for a term of 60 months with monthly payments totaling \$1,249 per month. Rental expense for the year ended September 30, 2018 amounted to \$84,725.

<u>Year Ending</u>	<u>Amounts</u>
2019	\$ 44,988
2020	44,988
2021	26,247
	<u>\$ 116,223</u>

(7) Risk Management

The Organization is exposed to risks of loss in the areas of general liability and property hazards. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year. Insurance settlements did not exceed insurance coverage.

(8) Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial. Also, a liability for findings and questioned costs is not established until final disposition of such matters by the funding agency.

ST. AMANT'S DCH, INC.
Denham Springs, Louisiana

Notes to Financial Statements

In accordance with a legal settlement, the Organization entered into a promissory noted dated December 2018, with an unrelated organization, wherein they were held responsible for rent and other costs related to prematurely vacating their Hammond, LA location. In accordance with the agreement, the Organization is liable for back pay of rent from the day of the last payment made and has agreed to make payments in the following amounts:

<u>Year Ending</u>	<u>Amounts</u>
2019	\$ 16,000
2020	12,000
2021	12,000
2022	8,000
	<u>\$ 48,000</u>

Of the amounts above, \$22,750 has been recorded in Other Liabilities for rent that was due but not paid during the fiscal year ending September 30, 2018. Under the terms of the agreements, cash payments of \$2,000 are due from December 2018 through May 2019 and cash payments of \$1,000 are due from June 2019 through May 2022.

(9) Concentrations

The Organization received substantially all of its total revenue from the Department of Education, State of Louisiana through the U.S. Department of Agriculture Food and Nutrition Services, Family Day Care Home Program, under 7 CFR Part 226. The Organization does not expect that the support from this governmental agency will be lost in the near-term; however, a change in this funding could substantially affect the operations of the Organization.

(10) Subsequent Events

The Organization has evaluated subsequent events through the date of the independent auditor's report, the date which the financial statements were available to be issued.

ST. AMANT'S DCH, INC.
Denham Springs, Louisiana

Notes to Financial Statements

(11) Executive Director Compensation

The schedule of compensation, benefits, and other payments to William Miller, IV, Executive Director follows:

Purpose	Amount
Salary	\$ 92,492
Health insurance	8,855
Car insurance & allowance	15,888
Cell phone allowance	2,216
Conference travel	371
Total	\$ 119,822

(12) Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update No. 2014-9, Revenue from Contracts with Customers (Topic 606). This guidance is a comprehensive new revenue recognition standard that will supersede substantially all existing revenue recognition guidance. The new standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be more entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates than under existing guidance. These may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. On July 9, 2015, the FASB agreed to delay the effective date of the standard by one year. Therefore, the new standard will be effective for annual periods beginning after December 31, 2018 and is not expected to have a significant impact on the Organization's financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) intended to improve financial reporting regarding leasing transactions. The new standard affects all companies and organizations that lease assets and liabilities for the rights and obligations created by those leases if the lease terms are more than 12 months. The guidance also will require qualitative quantitative disclosures providing additional information about the amounts recorded in the financial statements. The amendments in this update are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Organization is evaluating the potential impact of the amendment on the Organization's financial statements.

In August 2016, the FASB issued Accounting Standards update No. 2016-14, Not-for-Profit Entities (Topic 958) to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. The amendment is effective for fiscal years beginning after December 15, 2017. The Organization is evaluating the potential impact of the amendment on the Organization's financial statements.

**OTHER SUPPLEMENTARY
INFORMATION**

Statement of Functional Expenses
For the Year Ended September 30, 2018

	Program Services	Management and General	Fundraising	Total Expenses
Insurance	\$ -	\$ 7,752	\$ -	\$ 7,752
Interest	-	4,043	-	4,043
Minute Menu	31,736	-	-	31,736
Miscellaneous	-	48,799	69,861	118,660
Office rent	-	84,725	35,860	120,585
Office and supplies	-	6,881	6,962	13,843
Postage and printing	-	3,962	-	3,962
Provider payments	5,456,862	-	-	5,456,862
Salaries	632,438	92,492	16,534	741,464
Telephone	-	10,735	-	10,735
Travel - monitoring	77,800	-	-	77,800
Utilities	-	11,920	-	11,920
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses before depreciation	6,198,836	271,309	129,217	6,599,362
Depreciation	-	11,847	-	11,847
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$6,198,836</u>	<u>\$ 283,156</u>	<u>\$ 129,217</u>	<u>\$6,611,209</u>

**INTERNAL CONTROL,
COMPLIANCE
AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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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*

To the Board of Directors
St. Amant's DCH, Inc.
Denham Springs, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of St. Amant's DCH, Inc. (a nonprofit organization) (the Organization), which comprise the statement of financial position as of September 30, 2018 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 26, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2018-001, 2018-002, 2018-003, and 2018-004 which we consider to be material weaknesses.

Compliance and Other Matters

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

St. Amant's DCH, Inc.'s Response to Findings

The Organization's response to the findings identified in our audit is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
March 26, 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

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To the Board of Directors
St. Amant's DCH, Inc.
Denham Springs, Louisiana

Report on Compliance for Each Major Federal Program

We have audited St. Amant's DCH, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended September 30, 2018. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above.

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization 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 September 30, 2018.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization'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, we do not express an opinion on the effectiveness of the Organization'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the 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 the internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
March 26, 2019

ST. AMANT'S DCH, INC.
Hammond, Louisiana

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2018

<u>Federal Grantor/Pass-Through Grantor/Program Name</u>	<u>CFDA Number</u>	<u>Pass - Through Identifying No.</u>	<u>Expenditures</u>
<u>United States Department of Agriculture-</u>			
Passed through the Louisiana Department of Education			
Child and Adult Care Food Program	10.558	N/A	<u>\$ 6,414,804</u>

ST. AMANT'S DCH, INC.
Denham Springs, Louisiana

Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2018

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the St. Amant's DCH, Inc. (the Organization). The Organization reporting entity is defined in Note 1 to the basic financial statements for the year ended September 30, 2018. All federal financial assistance received directly from federal agencies is included on the schedule as well as federal financial assistance passed through other government agencies.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the basic financial statements.

(3) Indirect Cost Rate

The Organization has elected to not use the 10% de minimis indirect cost rate.

ST. AMANT'S DCH, INC.
Denham Springs, Louisiana

Schedule of Findings and Questioned Costs
Year Ended September 30, 2018

Part I. Summary of Auditor's Results:

1. The auditor's report expresses an unmodified opinion on whether the financial statements of St. Amant's DCH, Inc. were prepared in accordance with GAAP.
2. Four material weaknesses in internal control were disclosed during the audit of the financial statements of St. Amant's DCH, Inc.
3. No instances of noncompliance material to the financial statements of St. Amant's DCH, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over the major federal award programs were reported during the audit. No material weaknesses are reported
5. The auditor's report on compliance for the major federal award programs for St. Amant's DCH, Inc. expresses an unmodified opinion on all major federal programs.
6. The audit disclosed no findings required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance.
7. The major program was:

United States Department of Agriculture:
Child and Adult Care Food Program, CFDA 10.558
8. The threshold used to distinguish between Type A and Type B programs was \$750,000.
9. St. Amant's DCH, Inc. qualified as a low-risk auditee.

ST. AMANT'S DCH, INC.
Denham Springs, Louisiana

Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2018

Part II. Findings which are required to be reported in accordance with generally accepted governmental auditing standards:

A. Internal Control Findings –

See internal control findings 2018-001, 2018-002, 2018-003, and 2018-004, on the schedule of current and prior year findings and management's corrective action plan.

B. Compliance Findings –

There were no compliance findings.

Part III. Findings and questioned costs for major Federal awards which include audit findings as defined in 2 CFR section 200 of the Uniform Guidance:

There are no findings and questioned costs related to federal programs that are required to be reported under the above guidance.

ST. AMANT'S DCH, INC.
Denham Springs, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended September 30, 2018

Part I. Current Year Findings and Management's Corrective Action Plan:

A. Internal Control Over Financial Reporting

2018-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2017

CONDITION: The St. Amant's DCH, Inc. did not have adequate segregation of functions within the accounting system.

CRITERIA: AU-C §315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

CAUSE: The cause of the condition is the fact that the Organization does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have a control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recording keeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management concurs with the audit finding. Due to the limited amount of staff involved in the financial process, the achievement of adequate segregation of duties is not possible. As of September 2018, management has contracted with an outside firm of certified public accountants to assist with the duties of the finance function.

ST. AMANT'S DCH, INC.
Denham Springs, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended September 30, 2018

2018-002 Financial Accounting Records

Fiscal year finding initially occurred: 2017

CONDITION: The Organization did not maintain accurate financial accounting records throughout the year, including, accurate support for revenues.

CRITERIA: AU-C§315.04, Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement, defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

CAUSE: The cause of the condition is the failure to keep accurate support of revenues and expenses.

EFFECT: Failure to maintain accurate financial accounting records could result in overspending of available funds. Additionally, inappropriate use of funds could go undetected for an extended period.

RECOMMENDATION: The Organization should keep supporting documentation for revenues and expenses.

MANAGEMENT'S CORRECTIVE ACTION PLAN: In September of 2018, management contracted with an outside firm of certified public accountants to assist with monthly financial reporting, recordkeeping, and reconciliation of major account balances.

2018-003 Documentation and use of credit cards

Fiscal year finding initially occurred: 2017

CONDITION: The Organization was unable to provide written documentation required by their credit card policy.

CRITERIA: The Organization's credit card policy states that the credit card statements should be reconciled on a monthly basis.

ST. AMANT'S DCH, INC.
Denham Springs, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended September 30, 2018

Receipts must show the date, purpose and name(s) for which the expense was incurred. In addition, monthly credit card statements should be reviewed at least quarterly by the Board Members. Any non-business charges must be reimbursed by the end of each quarter.

CAUSE: The Organization was unable to provide written documentation required by their credit card policy.

EFFECT: Failure to follow written policies and procedures increases the risk of not having continuity of operations and the risk that errors and/or irregularities including fraud and/or misappropriations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should comply with its written policies and procedures and provide support for charges. Additionally, statements should be reconciled monthly and reviewed by the Board quarterly.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management has contracted with a firm of certified public accountants to assist with ensuring that policies and procedures are complied with and to ensure credit card charges are supported by sufficient documentation.

2018-004

Written Policies and Procedures over Personal Use of Organization Automobile

Fiscal year finding initially occurred: 2017

CONDITION: The Organization provides the Executive Director with a vehicle for personal use; however, written policies and procedures for the personal use of the Organization's automobile could not be located and we were unable to determine if this was a taxable fringe benefit.

CRITERIA: Written policies and procedures for personal use of the Organization's automobiles should be in place to ensure that all personal use is reimbursed back to the Organization or included as a taxable fringe benefit to the individual.

CAUSE: The Organization has not properly documented policies and procedures that should be followed regarding personal use of automobiles.

EFFECT: Because no written policies and procedures are in place for personal use of the Organization's automobiles, improper use of the Organization's automobiles may be occurring.

ST. AMANT'S DCH, INC.
Denham Springs, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended September 30, 2018

RECOMMENDATION: The Organization should implement written policies and procedures and a system of accounting for the personal use of the Organization's automobiles to ensure that the portion of use that is personal is properly reimbursed back to the Organization or treated as a taxable fringe benefit.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management is currently working with a contracted firm of certified public accountants to review and revise policies of the Organization, as deemed necessary. Management plans to include a policy governing personal use of the Organization assets as part of the review of existing policies.

B. Compliance

There are no compliance findings to be reported.

C. Other

In accordance with OMB Uniform Guidance, management of the Organization has issued a separate corrective action plan in response to the finding listed above.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2017-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2017

CONDITION: The St. Amant's DCH, Inc. did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have a control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recording keeping; and (4) reconciliation.

CURRENT STATUS: Unresolved. See item 2018-001

2017-002 Application of Generally Accepted Accounting Principles

ST. AMANT'S DCH, INC.
Denham Springs, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended September 30, 2018

Fiscal year finding initially occurred: 2017

CONDITION: St. Amant's DCH, Inc. does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

CORRECTIVE ACTION TAKEN: The Organization hired a consulting accounting firm who assists in recording the entity's financial transactions in accordance with generally accepted accounting principals (GAAP).

CURRENT STATUS: Resolved.

2017-003

Financial Accounting Records

Fiscal year finding initially occurred: 2017

CONDITION: The Organization did not maintain accurate financial accounting records throughout the year, including, accurate monthly reconciliations of its cash, receivable, payroll and other liability accounts. In addition, the Organization failed to properly report all of its activity during the prior audit.

RECOMMENDATION: The Organization should perform regular reconciliations of their cash, receivable, payroll and other liability accounts. These Reconciliations should be reviewed by an individual with suitable skills who is not responsible for daily activities of the Organization.

CORRECTIVE ACTION TAKEN: The Organization hired a consulting accounting firm who assists in the accurate monthly reconciliations of its cash, receivables, payroll and other liability accounts.

CURRENT STATUS: Partially Resolved. See 2018-002.

2017-004

Written Policies and Procedures over Credit Card Documentation

Fiscal year finding initially occurred: 2017

CONDITION: Detailed or itemized receipts describing the business purpose of purchases made with the Organization's credit card could not be located.

ST. AMANT'S DCH, INC.
Denham Springs, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended September 30, 2018

RECOMMENDATION: The Organization needs to set written policies and procedures to address credit card purchases and the supporting documentation for transactions.

CURRENT STATUS: Unresolved. See item 2018-003

2017-005 Written Policies and Procedures over Personal Use of Credit Card

Fiscal year finding initially occurred: 2017

CONDITION: The Executive Director used the Organization's credit card for personal purchases and did not reimburse the Organization prior to the due date of the credit card statement.

RECOMMENDATION: The Organization needs to set written policies and procedures to address personal use of the Organization's credit card and the reimbursement process should personal use occur.

CURRENT STATUS: Unresolved. See item 2018-003.

2017-006 Written Policies and Procedures over Personal Use of Organization Automobile

Fiscal year finding initially occurred: 2017

CONDITION: The Organization provides the Executive Director with a vehicle for personal use; however, written policies and procedures for the personal use of the Organization's automobile could not be located and we were unable to determine if this was a taxable fringe benefit.

RECOMMENDATION: The Organization should implement written policies and procedures and a system of accounting for the personal use of the Organization's automobiles to ensure that the portion of use that is personal is properly reimbursed back to the Organization or treated as a taxable fringe benefit.

CURRENT STATUS: Unresolved. See Item 2018-004.

B. Compliance

There were no compliance findings reported.



William Miller IV
Executive Director

St. Amant's DCH, Inc.

P.O. Box 1719
Denham Springs, LA 70727

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(800)370-8502

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E-Mail: stamantsdch@gmail.com

St. Amant's DCH, Inc. respectfully submits the following corrective action plan for the year ended September 30, 2018.

Audit conducted by:

Kolder, Slaven & Company, LLC
200 South Main Street
Abbeville, LA 70510

Audit Period: Fiscal year ended September 30, 2018

The findings from the September 30, 2018 schedule of findings and questioned costs are discussed below. The finding is numbered consistently with the number assigned in the schedule.

FINDING – FINANCIAL AUDIT

Material Weakness

2018-001 **RECOMMENDATION:** Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have a control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recording keeping; and (4) reconciliation.

CORRECTIVE ACTION PLAN: Management concurs with the audit finding. Due to the limited amount of staff involved in the financial process, the achievement of adequate segregation of duties is not possible. As of September 2018, management has contracted with an outside firm of certified public accountants to assist with the duties of the finance function.

2018-002 **RECOMMENDATION:** The Organization should keep supporting documentation for revenues and expenses.

CORRECTIVE ACTION PLAN: In September of 2018, management contracted with an outside firm of certified public accountants to assist with monthly financial reporting, recordkeeping, and reconciliation of major account balances.

2018-003 **RECOMMENDATION:** Management should comply with its written policies and procedures and provide support for charges. Additionally, statements should be reconciled monthly and reviewed by the Board quarterly

CORRECTIVE ACTION PLAN: Management has contracted with a firm of certified public accountants to assist with ensuring that policies and procedures are complied with and to ensure credit card charges are supported by sufficient documentation.

2018-004 RECOMMENDATION: The Organization needs to set written policies and procedures to address personal use of the Organization's credit card and the reimbursement process should personal use occurs.

CORRECTIVE ACTION PLAN: Management is currently working with a contracted firm of certified public accountants to review and revise policies of the Organization, as deemed necessary. Management plans to include a policy governing personal use of the Organization assets as part of the review of existing policies.

If there are questions regarding the plan, please call William Miller, IV, Director, at 225-271-8214.

Sincerely,

William Miller, IV
Director

ST. AMANT'S DCH, INC.
Denham Springs, Louisiana

Agreed-Upon Procedures Report

Year Ended September 30, 2018

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
St. Amant's DCH, Inc.,
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by St. Amant's DCH, Inc. (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2017 through September 30, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. We obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories:
 - 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.

Board or Finance Committee

- 2. We obtained and inspected 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) We observed 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, we observed 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, we obtained the prior year audit report and we observed 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, we 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.

Bank Reconciliations

- 3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. We asked management to identify the entity's main operating account. We selected the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). We randomly selected one month from the fiscal period, we obtained and inspected the corresponding bank statement and reconciliation for selected each account, and observed that:
 - a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations included 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.

Collections

- 4. We obtained 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 selected 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, we obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), we obtained and inspected 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 we observed 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. We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
 7. We randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits are made on the same day). Alternately, we used 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. We obtained supporting documentation for each of the 10 deposits and:
 - a) Observed that receipts are sequentially pre-numbered.
 - b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Traced the deposit slip total to the actual deposit per the bank statement.
 - d) Observed 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) Traced the actual deposit per the bank statement to the general ledger.

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

8. We obtained a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly selected 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquired of employees about their job duties), and we observed 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, we obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and we obtained management's representation that the population is complete. We randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
- a) Observed that the disbursement matched the related original invoice/billing statement.
 - b) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

11. We obtained 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. We obtained management's representation that the listing is complete.
12. Using the listing prepared by management, we randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:
- a) Observed 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.
 - b) Observed 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, we randomly selected 10 transactions (or all transactions if less than 10) from each statement, and we obtained supporting documentation for the transactions. For each transaction, we observed 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).

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. We obtained 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. We randomly selected 5 reimbursements, obtained 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:
- a) If reimbursed using a per diem, agreed the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

15. We obtained 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. We obtained management's representation that the listing is complete. We randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observed that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observed that the original contract terms provided for such an amendment.
 - d) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

16. We obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected 5 employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
17. We randomly selected one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, we obtained attendance records and leave documentation for the pay period, and:
 - a) Observed that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Observed that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. We obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. We randomly selected two employees/officials, obtained related documentation of the hours and pay rates used in management's termination payment calculations, agreed the hours to the employee/officials' cumulate leave records, and agreed the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. We obtained 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.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above we obtained ethics documentation from management, and:
 - a. Observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observed 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.

Debt Service

21. We obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. We selected all bonds/notes on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each bond/note issued.
22. We obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. We randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants.

Other

23. We obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. We selected all misappropriations on the listing, obtained supporting documentation, and observed 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. We observed 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.

Findings:

In accordance with the Statewide Agreed-Upon Procedures, certain categories may be excluded from testing. Therefore, the following categories were not tested this year: Board or Finance Committee, Collections, Non-Payroll Disbursements, Credit/Debit/Fuel Cards, Travel and Expense Reimbursement, Contracts, Payroll and Personnel, Ethics, Debt Service, and Other.

No exceptions were found as a result of applying procedures listed above except:

Written Policies and Procedures:

The Entity does not have written policies and procedures addressing budgeting, including preparing the budget, adopting the budget, monitoring the budget, and amending the budget.

The Entity does not have written policies and procedures addressing management's actions to determine the completeness of all collections for each type of revenue.

The Entity does not have written policies and procedures addressing contracting, including types of services requiring contracts, standard terms and conditions, legal review, approval process, and monitoring process.

Bank Reconciliations:

The Entity did not have documentation that management has researched reconciling items that have been outstanding for longer than 12 months from the statement date.

Management's Response:

Management of St. Amant's DCH, Inc. concurs with the exceptions and are working to address the deficiencies identified.

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

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
March 26, 2019