

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Financial Report
Year Ended June 30, 2018

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
FINANCIAL STATEMENTS	
Statement of financial position	4
Statement of activities	5
Statement of functional expenses	6
Statement of cash flows	7
Notes to financial statements	8-13
SUPPLEMENTAL INFORMATION	
Combining statement of financial position	16
Schedule of grant revenue	17
INTERNAL CONTROL, COMPLIANCE AND OTHER GRANT INFORMATION	
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 <i>Government Auditing Standards</i>	19-20
Independent Auditor's Report on Compliance for each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	21-22
Schedule of expenditures of federal awards	23
Notes to schedule of expenditures of federal awards	24
Schedule of findings and questioned costs	25-26
Summary schedule of current and prior year audit findings and corrective action plan	27

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Brad E. Kolder, CPA, JD*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1234 David Dr. Ste. 203
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

INDEPENDENT AUDITOR'S REPORT

* A Professional Accounting Corporation

WWW.KCSRPCAS.COM

Mr. Lyndon Livingston, Executive Director, and
Members of the Board of Directors
Allen Action Agency, Inc.
Oberlin, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the Allen Action Agency, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to 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 Allen Action Agency, Inc. as of June 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 (page 23), as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the combining statement of financial position, and schedule of grant revenue, are presented for purposes of additional analysis and are 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 September 28, 2018, on our consideration of the Allen Action Agency, Inc.'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 the effectiveness of Allen Action Agency, Inc.'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 Allen Action Agency, Inc.'s internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
September 28, 2018

FINANCIAL STATEMENTS

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Statement of Financial Position
June 30, 2018

ASSETS

Current assets:	
Cash	\$ 80,279
Grant receivable	496
Total current assets	<u>80,775</u>
Property and equipment, net	563,081
Other assets	225
Total assets	<u>\$ 644,081</u>

LIABILITIES AND NET ASSETS

Liabilities -	
Current liabilities:	
Accounts payable	\$ 1,822
Accrued salaries and related benefits	11,583
Deferred revenue	6,430
Note payable	30,782
Total current liabilities	<u>50,617</u>
Noncurrent liabilities:	
Note payable	65,985
Total liabilities	<u>116,602</u>
Net assets:	
Unrestricted	18,117
Temporarily restricted	509,362
Total net assets	<u>527,479</u>
Total liabilities and net assets	<u>\$ 644,081</u>

The accompanying notes are an integral part of this statement.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Statement of Activities
For the Year Ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, gains, and other support			
Government grants	\$ -	\$ 1,238,846	\$ 1,238,846
Local grants	12,725	24,508	37,233
Donated services and facilities	-	264,514	264,514
Total revenues, gains, and other support	<u>12,725</u>	<u>1,527,868</u>	<u>1,540,593</u>
Expenses:			
Program services -			
Energy Assistance Programs	-	14,849	14,849
Emergency Food Shelter Programs	-	19,971	19,971
Local grants	22,258	9,289	31,547
Food services	-	84,116	84,116
Headstart	-	1,351,457	1,351,457
Total program services	<u>22,258</u>	<u>1,479,682</u>	<u>1,501,940</u>
Support services -			
Community Services Block Grant	-	61,700	61,700
Total expenses	<u>22,258</u>	<u>1,541,382</u>	<u>1,563,640</u>
Change in net assets	(9,533)	(13,514)	(23,047)
Net assets, beginning	<u>27,650</u>	<u>522,876</u>	<u>550,526</u>
Net assets, ending	<u>\$ 18,117</u>	<u>\$ 509,362</u>	<u>\$ 527,479</u>

The accompanying notes are an integral part of this statement.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

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

	Program Services					Total Program Services	Support Services	Totals
	Energy Assistance Grants	Emergency Food & Shelter Grants	Local Grants	Food Services Program	Head Start Program		Community Services Block Grant	
Salaries	\$ 6,042	\$ -	\$ 9,533	\$ 22,735	\$ 647,729	\$ 686,039	\$ 45,868	\$ 731,907
Payroll taxes	463	-	4,561	-	60,532	65,556	3,781	69,337
Retirement	181	-	-	-	22,161	22,342	981	23,323
Total salaries and related expenses	6,686	-	14,094	22,735	730,422	773,937	50,630	824,567
Dues	-	-	-	-	3,140	3,140	-	3,140
Energy assistance	3,156	-	-	-	-	3,156	664	3,820
Food and nutrition	-	-	-	61,381	18,313	79,694	-	79,694
Insurance	-	-	-	-	54,933	54,933	442	55,375
Interest expense	-	-	-	-	5,137	5,137	-	5,137
Contributed services and facility costs	-	-	-	-	264,514	264,514	-	264,514
Medical and dental	-	-	-	-	7,816	7,816	-	7,816
Miscellaneous	-	60	3,456	-	10,058	13,574	29	13,603
Other occupancy	-	-	-	-	5,411	5,411	-	5,411
Parent involvement	-	-	1,881	-	1,807	3,688	-	3,688
Printing and advertising	-	-	-	-	545	545	325	870
Professional fees	-	-	-	-	22,630	22,630	1,500	24,130
Rent assistance	-	2,095	-	-	-	2,095	-	2,095
Repairs and maintenance	-	-	-	-	51,708	51,708	-	51,708
Seminars and workshops	-	-	-	-	3,345	3,345	-	3,345
Supplies and materials	4,258	-	11,240	-	32,251	47,749	3,398	51,147
Telephone	-	-	-	-	18,672	18,672	3,476	22,148
Travel	749	-	876	-	10,091	11,716	119	11,835
Utilities	-	17,816	-	-	44,996	62,812	1,117	63,929
Total expenses before depreciation	14,849	19,971	31,547	84,116	1,285,789	1,436,272	61,700	1,497,972
Depreciation expense	-	-	-	-	65,668	65,668	-	65,668
Total expenses	\$ 14,849	\$ 19,971	\$ 31,547	\$ 84,116	\$ 1,351,457	\$ 1,501,940	\$ 61,700	\$ 1,563,640

The accompanying notes are an integral part of this statement.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Statement of Cash Flows
For the Year Ended June 30, 2018

Cash flows from operating activities:	
Change in net assets	\$ (23,047)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	65,668
Decrease in grant receivable	(496)
Decrease in accounts payable	27
Increase in accrued salaries and related benefits	<u>(319)</u>
Net cash provided by operating activities	<u>35,162</u>
Cash flows from financing activities:	
Acquisition of capital assets	-
Payment on long term debt	<u>(36,272)</u>
Net cash used by capital and related financing activities	<u>(36,272)</u>
Increase in cash and cash equivalents	(1,110)
Cash and cash equivalents, beginning	<u>81,389</u>
Cash and cash equivalents, ending	<u>\$ 80,279</u>
Supplemental disclosures:	
Cash paid during the year for interest	<u>\$ 5,137</u>

The accompanying notes are an integral part of this statement

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Allen Action Agency, Inc., (the Agency) incorporated under the laws of the State of Louisiana on August 19, 1965, is a nonprofit organization as defined by Section 501(c)(3) of the Internal Revenue Code. The Agency receives grants from federal and state governments to conduct various community service programs, including the Headstart Program for Allen Parish. Its primary purpose is to better the conditions under which people in the Allen Parish area live.

B. Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Unrestricted net assets represent expendable funds available for operations which are not otherwise limited by donor restrictions. Temporarily restricted net assets consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Agency may spend the funds.

C. Fixed Assets and Depreciation

Fixed assets are recorded at cost. Depreciation of fixed assets is calculated on the straight-line basis over an estimated useful life of 3-30 years. The Agency follows the practice of capitalizing all expenses for equipment and buildings in accordance with each program's grant guidelines.

D. Budgets

Allen Action Agency, Inc. does not adopt budgets on a fiscal year basis. Each grant program's budget is based on its individual program year end and is approved by the program at the inception of the program. Budgetary amendments must generally be approved by the program as well.

E. Compensated Absences

Vacation and sick leave are recorded as expenses of the period in which paid. Vacation and sick leave are accrued based on years of service. Employees with three years of service or less accrue 8 hours per month of vacation and sick leave, three to five years of service permits 10 hours per month of accrual, and employees with five or more years of service accrue 12 hours per month. Any vacation leave in excess of 72 hours and all sick leave not utilized by the end of each year is forfeited.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Financial Statements (Continued)

F. Statement of Cash Flows

The Allen Action Agency, Inc. considers all highly liquid investments with maturity of three months or less at the date of acquisition to be cash equivalents.

G. Income Tax Status

The Agency qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as an organization that is not a private foundation. However, the Agency's tax-exempt status has no effect on its liability for any federal excise taxes. Accounting principles generally accepted in the United States of America require the Agency's management to evaluate tax positions taken and recognize a tax liability (or asset) if the Agency has undertaken an uncertain tax position that more than likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Agency, and has concluded that as of June 30, 2018, 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 Agency is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Agency's Forms 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the IRS, generally for three years after they were filed.

H. Estimates

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

I. Functional Expenses

Expenses are charged to each program based on direct expenditures incurred.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Financial Statements (Continued)

(2) Due To/From Other Funds

Individual programs balance of due to and from other funds at June 30, 2018 are as follows. The following balances have been eliminated in the statement of financial position.

	Due from other funds	Due to other funds
Accounts Payable/Payroll	\$ -	\$ 12,780
Food Services	11,736	-
Energy Assistance	2,020	1,006
Emergency Food & Shelter	30	-
	\$ 13,786	\$ 13,786

(3) Property and equipment

Property and equipment at June 30, 2018 consisted of the following:

Land	\$ 10,039
Buildings and improvements	969,033
Furniture, fixtures and equipment	573,549
	1,552,621
Less: Accumulated depreciation	(989,540)
Property and equipment, net	\$ 563,081

Property and equipment purchased with federal monies may revert to the government or the sale of such property and equipment must be approved, and the proceeds from the sale are restricted. Depreciation expense for the year ended June 30, 2018 totaled \$65,668.

(4) Notes Payable

The Agency's note payable balance consisted of the following at June 30, 2018:

Notes payable to Iberia Bank, original amount of \$599,879, due in monthly installments of \$3,451, which includes interest at 10.375%, maturing in October 2021, secured by land and a building.

\$ 96,767

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Financial Statements (Continued)

The annual requirement to amortize the note, including interest of \$30,089, follows:

Year ending June 30,	Payment Due
2019	41,408
2020	41,408
2021	41,408
2022	2,632
	\$ 126,856

(5) Deferred Revenue

Deferred revenue at June 30, 2018 in the amount of \$6,430 consists of grant funds received from LIHEAP in advance of expenditures which will take place in the next fiscal year.

(6) Retirement

The Agency maintains a 403(b) plan for its employees of the Headstart program and Agency administrative personnel. Under this plan there is no fixed dollar amount of retirement benefits. Employee and employer contributions determine the retirement benefits available. Contributions are invested in mutual funds, which will be administered by the custodian. Participants are eligible by completing one month of service with the Agency. Employee contributions cannot exceed \$18,000 annually. Employer contributions are discretionary, and vesting is automatic. Participants may receive loans from their individual accounts up to the lesser of \$50,000 or 50% of their account balance. Loans will bear interest at a rate determined by the plan administrator. The term of loans may not exceed 5 years. Benefits paid for the years ended June 30, 2018, 2017, and 2016 were \$23,323, \$25,970, and \$41,415, respectively.

(7) Restrictions of Net Assets

Temporarily restricted net assets are available for specific grant programs at June 30, 2018 as follows:

Food reimbursement	\$ 44,001
Headstart pre-school education	459,439
Home energy assistance	5,922
Total temporarily restricted net assets	\$ 509,362

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Financial Statements (Continued)

(8) Grant Revenue

The Agency's major source of revenue is grants from federal and state governmental entities. The use of these funds is restricted to the purpose set forth in the individual grant agreements. Such grant agreements are subject to review and audit by governmental agencies. Such audits could result in a request for reimbursement by the grantor for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of Allen Action Agency, Inc., such disallowances, if any, will not be significant.

(9) Pending Litigation

There is no pending litigation against the Allen Action Agency, Inc. at June 30, 2018.

(10) Compensation Paid to Members of the Board of Directors

Members of the Board of Directors of Allen Action Agency, Inc. receive no compensation and are reimbursed only for expenses incurred relating to the Agency's business, which must have appropriate supporting documentation.

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

A detail of compensation, benefits, and other payments paid to the Executive Director, Lyndon Livingston, for the year ended June 30, 2018 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 57,903
Retirement	1,728
Travel	797
Reimbursements	961
	<u>\$ 61,389</u>

(12) Contributed Facilities, Services, and Materials

Contributed facilities represent the estimated fair rental value of office and storage space. Contributed services represent volunteer teachers, doctors, and attorneys in which the value of the service creates or enhances non-financial assets, or the service is specialized and would otherwise be purchased if not provided by donation. Contributed facilities, services, and materials are reflected in the financial statements at fair value, which amounted to \$264,514 for the year ended June 30, 2018.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Financial Statements (Continued)

(13) Concentrations

The Agency receives a substantial amount of its support from the U.S. Department of Health and Human Services - Headstart program. A significant reduction in the level of this support or suspension in funding may have a detrimental effect on the continuing operations of the Allen Action Agency, Inc.

The Agency maintains its cash balances at a local financial institution. Balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2018, cash balances (bank balances) were fully insured.

(14) Subsequent Events

The Agency has evaluated subsequent events through September 28, 2018, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

INDIVIDUAL PROGRAMS/FUNDS

Accounts Payable/Payroll

The clearing accounts which are used for the disbursement of accounts payable and payroll checks for all programs.

Food Services Program

To account for receipt and expenditure of federal grant funds passed through the Louisiana Department of Education for meals for needy children at Headstart locations.

Community Service Block Grant

To account for the receipt and subsequent use of federal grant funds passed through the Louisiana Department of Labor to be used for administrative and other budgeted purposes.

Head Start Program

To account for the receipt and expenditure of funds received from the U.S. Department of Health & Human Services which provides educational, psychological, nutritional, medical, dental and social services to needy pre-school children in the area.

Energy Assistance Grants

To account for the receipt and subsequent use of federal grant funds passed through the Louisiana Housing Finance Agency to be used for the payment of home energy bills for qualifying residents of the area.

Parents Fund

To account for local funds received and generated by activities of Headstart participants' parents, which are under the control of the Allen Action Agency, Inc.'s Board of Directors for outreach programs and discretionary spending.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Combining Statement of Financial Position
June 30, 2018

	Accounts Payable/ Payroll	Food Services Program	Community Services Block Grant	Head Start Program	Energy Assistance Grants	Emergency Food & Shelter Grants	Parents Fund	Total	Eliminating Entries	Total
ASSETS										
Current assets:										
Cash	\$ 36,542	\$ 32,265	\$ -	\$ -	\$ 11,185	\$ -	\$ 287	\$ 80,279	\$ -	\$ 80,279
Grant receivable	-	-	135	-	361	-	-	496	-	496
Due from other funds	-	11,736	-	-	2,020	30	-	13,786	(13,786)	-
Total current assets	<u>36,542</u>	<u>44,001</u>	<u>135</u>	<u>-</u>	<u>13,566</u>	<u>30</u>	<u>287</u>	<u>94,561</u>	<u>(13,786)</u>	<u>80,775</u>
Property and equipment, net	-	-	-	563,081	-	-	-	563,081	-	563,081
Other assets	225	-	-	-	-	-	-	225	-	225
Total assets	<u>\$ 36,767</u>	<u>\$ 44,001</u>	<u>\$ 135</u>	<u>\$ 563,081</u>	<u>\$ 13,566</u>	<u>\$ 30</u>	<u>\$ 287</u>	<u>\$ 657,867</u>	<u>\$ (13,786)</u>	<u>\$ 644,081</u>
LIABILITIES AND NET ASSETS										
Liabilities -										
Current liabilities:										
Accounts payable	\$ 1,449	\$ -	\$ 135	\$ -	\$ 208	\$ 30	\$ -	\$ 1,822	\$ -	\$ 1,822
Accrued salaries and related benefits	4,421	-	-	7,162	-	-	-	11,583	-	11,583
Due to other funds	12,780	-	-	-	1,006	-	-	13,786	(13,786)	-
Deferred revenue	-	-	-	-	6,430	-	-	6,430	-	6,430
Note payable	-	-	-	30,782	-	-	-	30,782	-	30,782
Total current liabilities	<u>18,650</u>	<u>-</u>	<u>135</u>	<u>37,944</u>	<u>7,644</u>	<u>30</u>	<u>-</u>	<u>64,403</u>	<u>(13,786)</u>	<u>50,617</u>
Non-current liabilities:										
Note payable	-	-	-	65,985	-	-	-	65,985	-	65,985
Total liabilities	<u>18,650</u>	<u>-</u>	<u>135</u>	<u>103,929</u>	<u>7,644</u>	<u>30</u>	<u>-</u>	<u>130,388</u>	<u>(13,786)</u>	<u>116,602</u>
Net assets:										
Unrestricted	18,117	-	-	-	-	-	-	18,117	-	18,117
Temporarily restricted	-	44,001	-	459,152	5,922	-	287	509,362	-	509,362
Total net assets	<u>18,117</u>	<u>44,001</u>	<u>-</u>	<u>459,152</u>	<u>5,922</u>	<u>-</u>	<u>287</u>	<u>527,479</u>	<u>-</u>	<u>527,479</u>
Total liabilities and net assets	<u>\$ 36,767</u>	<u>\$ 44,001</u>	<u>\$ 135</u>	<u>\$ 563,081</u>	<u>\$ 13,566</u>	<u>\$ 30</u>	<u>\$ 287</u>	<u>\$ 657,867</u>	<u>\$ (13,786)</u>	<u>\$ 644,081</u>

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Schedule of Grant Revenue
For the Year Ended June 30, 2018

LIHEAP/LACAP	\$ 14,416
Food Services Program	84,707
Community Services Block Grant	61,700
Headstart	1,058,052
Emergency Food and Shelter Program	<u>19,971</u>
	<u>\$ 1,238,846</u>

INTERNAL CONTROL, COMPLIANCE

AND

OTHER GRANT INFORMATION

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Brad E. Kolder, CPA, JD*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1234 David Dr. Ste. 203
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

* A Professional Accounting Corporation

WWW.KCSRPCAS.COM

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

Mr. Lyndon Livingston, Executive Director
and Members of the Board of Directors
Allen Action Agency, Inc.
Oberlin, 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 Allen Action Agency, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 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 September 28, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Allen Action Agency, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Allen Action Agency Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Allen Action Agency'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. 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 Allen Action Agency, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
September 28, 2018

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Brad E. Kolder, CPA, JD*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1234 David Dr. Ste. 203
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

* A Professional Accounting Corporation

WWW.KCSRPCAS.COM

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

Mr. Lyndon Livingston, Executive Director,
and Members of the Board of Directors
Allen Action Agency, Inc.
Oberlin, Louisiana

Report on Compliance for the Major Federal Program

We have audited Allen Action Agency, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Allen Action Agency, Inc.'s major federal program for the year ended June 30, 2018. Allen Action Agency, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Allen Action Agency, Inc.'s major federal program 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 Allen Action Agency, Inc.'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 the major federal program. However, our audit does not provide a legal determination of Allen Action Agency, Inc.'s compliance.

Opinion on the Major Federal Program

In our opinion, Allen Action Agency, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of Allen Action Agency, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Allen Action Agency, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 Allen Action Agency, Inc.'s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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. 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

Oberlin, Louisiana
September 28, 2018

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

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

Federal Grantor/Pass Through Grantor/Program Title	Pass-through Identifying Number	CFDA Number	Expenditures
U. S. Department of Health and Human Services:			
Headstart		93.600	\$ 1,058,052
Passed through Louisiana Housing Finance Agency - Low-Income Home Energy Assistance		93.568	14,416
Passed through the Louisiana Department of Labor - Community Service Block Grant	2017-N0010	93.569	<u>61,700</u>
Total Department of Health and Human Services			<u>1,134,168</u>
U. S. Department of Agriculture:			
Passed through Louisiana Department of Education - Child and Adult Care Food Program		10.558	<u>84,116</u>
U.S. Department of Homeland Security:			
Passed through United Way - Emergency Food and Shelter Program		97.024	<u>19,971</u>
Total expenditures of federal awards			<u>\$ 1,238,255</u>

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Allen Action Agency, Inc. under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Allen Action Agency, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Allen Action Agency, Inc.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate

The Allen Action Agency, Inc. has not elected to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

(4) Relationship to Federal Financial Reports

A reconciliation of total expenditures of federal awards reported in the schedule of expenditures of federal awards to total expenses per statement of functional expenses is as follows:

Total expenses per statement of activities	\$ 1,563,640
Add: Principal note payments	36,272
Less: In-kind contributions	(264,514)
Depreciation	(65,668)
Non-federal expense	<u>(31,475)</u>
Total expenditures per schedule of federal awards	<u>\$ 1,238,255</u>

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Part I. Summary of Auditor's Results:

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Allen Action Agency, Inc. were prepared in accordance with GAAP.
2. There were no significant deficiencies or material weaknesses in internal control disclosed by the audit of the financial statements.
3. No instances of noncompliance material to the financial statements which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over the major program were disclosed during the audit.
5. The auditor's report on compliance for the major federal award program expressed an unmodified opinion.
6. The audit disclosed no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The major program was the U.S. Department of Health and Human Services - Headstart Program, CFDA No. 93.600.
8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. The Allen Action Agency, Inc. was determined to be a low-risk auditee.

Part II. Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards:

A. **Compliance Findings –**

There were no compliance findings noted.

B. **Internal Control Findings –**

There were no internal control findings noted.

(continued)

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2018

Part III. Findings and questioned costs for Federal awards which include audit findings as defined in 2 CFR section 200.516(a):

A. Compliance Finding -

There were no compliance findings noted.

B. Internal Control Finding –

There were no internal control findings noted.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Summary Schedule of Current and Prior Year Audit
Findings and Corrective Action Plan
For the Year Ended June 30, 2018

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding/ Management Letter Comment	Corrective Action Taken	Planned Corrective Action/Partial Corrective Action Taken	Name of Contact Person	Anticipated Date of Completion
----------	---	--	-------------------------------	--	------------------------------	--------------------------------------

CURRENT YEAR (06/30/18) --

Internal Control:

There were no internal control findings noted.

Compliance:

There were no compliance findings noted.

PRIOR YEAR (06/30/17) --

Internal Control:

There were no internal control findings noted.

Compliance:

There were no compliance findings noted.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Statewide Agreed-Upon Procedures Report

Year Ended June 30, 2018

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Brad E. Kolder, CPA, JD*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1234 David Dr. Ste. 203
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

* A Professional Accounting Corporation

WWW.KCSRPCAS.COM

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board Members of the Allen
Action Agency, Inc., and
The Louisiana Legislative Auditor

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

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

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

Written policies and procedures were obtained and address the functions noted above.

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.

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

- 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).

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Not applicable.

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

Written policies and procedures were obtained and address the functions noted above.

Bank Reconciliations

2. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

Obtained listing of client bank accounts and managements representation that listing is complete.

- 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);

Per review of the bank reconciliations, four out of the five accounts tested lacked the appropriate evidence to verify that they were prepared within two months of the statement date.

- 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

None of the reconciliations tested included evidence that a member of management/board member reviewed each bank reconciliation.

- 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.

Two out of the five accounts tested had outstanding items for more than 12 months and did not contain any evidence of management researching these items.

One out of the five accounts tested had outstanding items listed that were not dated, therefore, it was impossible to determine if they were outstanding for more than twelve months. There was also no evidence of management researching those items.

Collections

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

Obtained listing of deposit sites and management's representation that listing is complete.

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

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Written documentation was obtained and address the functions noted above.

- 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.

No exception noted.

- 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.

No exceptions noted.

- 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.

No exceptions noted.

- 5. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Through inquiry of management, all employees who have access to cash are covered by an insurance policy for theft.

- 6. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Of the ten deposits selected, one deposit did not have a corresponding receipt when applicable.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Of the ten deposits selected, one deposit did not have any corresponding documentation to trace to the deposit slip.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Of the ten deposits selected, three deposits did not have a receipt or supporting documentation needed to verify that the deposit was made within one business day.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

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

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

Obtained listing of all locations and managements representation that listing is complete.

- 8. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

No exceptions noted.

- b) At least two employees are involved in processing and approving payments to vendors.

No exceptions noted.

- 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.

Written documentation was obtained and does not address the functions noted above.

- 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.

No exceptions noted. Proper segregation of duties appears to be in place.

- 9. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Two out of the five disbursements tested did not contain the proper approval as specified in the policies and procedures.

Payroll and Personnel

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

Obtained listing of all employees/elected officials and managements representation that listing is complete.

- 11. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

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

No exceptions noted. All employees selected had the proper documentation for their daily attendance and leave time.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

No exceptions noted.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions noted.

12. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Not applicable. No terminations were made during the fiscal period.

13. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Management representation obtained stating that all employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and worker's compensation premiums have been paid by the required deadlines.

Management's Response:

Management of Allen Action Agency, 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

Oberlin, Louisiana
September 28, 2018