

**EDGAR P. HARNEY
SPIRIT OF EXCELLENCE ACADEMY, INC.**

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED JUNE 30, 2017

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT.....	1
STATEMENT OF FINANCIAL POSITION -- JUNE 30, 2017.....	4
STATEMENT OF ACTIVITIES -- FOR THE YEAR ENDED JUNE 30, 2017.....	5
STATEMENT OF CASH FLOWS -- FOR THE YEAR ENDED JUNE 30, 2017.....	6
NOTES TO THE FINANCIAL STATEMENTS.....	7
SUPPLEMENTARY INFORMATION:	
SCHEDULE I - Schedule of Compensation, Reimbursements, Benefits and Other Payments to Chief Executive Officer.....	18
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING</u> <u>STANDARDS</u>	19
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	22
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDING.....	24
EXIT CONFERENCE.....	25



Member
American Institute of
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Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
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Joseph A. Akanji, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Edgar P. Harney Spirit of Excellence Academy, Inc.
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of **Edgar P. Harney Spirit of Excellence Academy, Inc. (the School)** (a nonprofit organization) which comprise the **School's** statement of financial position as of June 30, 2017 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.

Auditors' 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 *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 of material misstatement.

INDEPENDENT AUDITORS' REPORT
CONTINUED

To the Board of Directors
Edgar P. Harney Spirit of Excellence Academy, Inc.
New Orleans, Louisiana
Page -2-

Auditors' Responsibility, continued

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of **Edgar P. Harney Spirit of Excellence Academy, Inc.** as of June 30, 2017 and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Compensation, Reimbursements, Benefits and Other Payments to Chief Executive Officer 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.

INDEPENDENT AUDITORS' REPORT
CONTINUED

To the Board of Directors
Edgar P. Harney Spirit of Excellence Academy, Inc.
New Orleans, Louisiana
Page -3-

Other Matter, continued

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 Schedule of Compensation, Reimbursements, Benefits and other Payments to Chief Executive Officer is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2017 on our consideration of **the School'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 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 School's** internal control over financial reporting and compliance.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 22, 2017

EDGAR P. HARNEY
SPIRIT OF EXCELLENCE ACADEMY, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS

Cash and cash equivalents - unrestricted	\$ 537,368
Cash and cash equivalents - restricted (NOTE 14)	21,724
Grants receivable (NOTES 2 and 6)	55,814
Accounts receivable	9,298
Prepaid expenses (NOTE 7)	31,503
Capital assets, net (NOTES 2 and 8)	14,998
Other assets	<u>6,854</u>
 Total assets	 <u>\$ 677,559</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 68,061
Accrued liabilities	248,463
Compensated absences (NOTE 2)	19,880
Amounts held for others (NOTE 14)	<u>21,724</u>
 Total liabilities	 <u>358,128</u>
 Net assets:	
Unrestricted net assets (NOTE 2)	<u>319,431</u>
 Total net assets	 <u>319,431</u>
 Total liabilities and net assets	 <u>\$ 677,559</u>

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

EDGAR P. HARNEY
SPIRIT OF EXCELLENCE ACADEMY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

REVENUES

Local sources:

Local Minimum Foundation Program (NOTES 2, 4 and 13)	\$ 1,743,689
Contributions and donations (NOTE 2)	500
Other	<u>32,578</u>

Total local sources 1,776,767

State sources:

State Minimum Foundation Program (NOTES 2, 4 and 13)	1,414,409
Grants (NOTE 4)	16,177
Other	<u>9,298</u>

Total state sources 1,439,884

Federal sources:

Grants (NOTE 4)	<u>340,946</u>
-----------------	----------------

Total revenues 3,557,597

EXPENSES

Program services

Regular programs	1,189,531
Special education programs	316,100
Special programs	298,694

Supporting services

Pupil services	196,104
Instructional staff support	65,187
General administration	138,895
School administration	515,690
Business services	134,885
Operation and maintenance of plant services	377,281
Student transportation services	363,390
Food service operations	<u>4,755</u>

Total expenses 3,600,512

Change in net assets (42,915)

Net assets - July 1, 2016 362,346

Net assets - June 30, 2017 \$ 319,431

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

EDGAR P. HARNEY
SPIRIT OF EXCELLENCE ACADEMY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (42,915)
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Depreciation expense	26,165
Changes in assets and liabilities:	
(Increase) decrease in:	
Grants receivable	(44,077)
Accounts receivable	76,795
Prepaid expenses	(4,196)
Increase (decrease) in:	
Accounts payable	15,090
Accrued liabilities	49,398
Compensated absences	(61,203)
Amounts held for others	<u>(228)</u>
Net cash provided by operating activities	<u>14,829</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on note payable and line of credit	\$ <u>(20,639)</u>
Net cash used in financing activities	<u>(20,639)</u>
Net decrease in cash and cash equivalents	(5,810)
Cash and cash equivalents, beginning of year	<u>564,902</u>
Cash and cash equivalents, end of year	<u>\$ 559,092</u>
Supplemental Disclosure:	
Interest paid	<u>\$ 46</u>

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

EDGAR P. HARNEY
SPIRIT OF EXCELLENCE ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION:

Edgar P. Harney Spirit of Excellence Academy, Inc. (the School) was organized as a non-profit corporation under the laws of the State of Louisiana on August 29, 2007. The corporation is organized exclusively for charitable and educational purposes. **The School's** mission is to create and maintain an orderly, trusting environment where teaching and learning are innovative and exciting, where students are taught to read, write, compute, and think critically according to their fullest potential.

Effective July 1, 2010, **the School** entered into a charter school contract with the Louisiana State Board of Elementary Education (BESE) to operate a Type 5 public charter school in the Louisiana Recovery School District as defined in LSA R.S. 17:3992 and 3998. The charter school contract was granted for an initial term of three (3) years and was extended for an additional two (2) years. Subsequently, the charter school contract with BESE was renewed for a term of four (4) years and will terminate on June 30, 2019.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The School prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

Financial statement presentation follows the guidance of FASB ASC 958-205, *Financial Statements of Not-for-Profits Organization*. Under FASB ASC 958-205, **the School** is required to report 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, as applicable.

EDGAR P. HARNEY
SPIRIT OF EXCELLENCE ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Financial Statement Presentation, Continued

Unrestricted - Support, revenues, and expenses for the general operation of the School.

Temporarily Restricted - Contributions specifically authorized by the donor to be used for a certain purpose or to benefit a specific period.

Permanently Restricted - Contributions subject to donor-imposed restrictions and that are to be held in perpetuity by the School. Generally, the donors of these assets permit the School to use all or part of the income derived from the investment of these contributions.

At June 30, 2017, the School had no temporary or permanently restricted net assets.

Public Support and Revenue

The School's primary source of funding is through the Minimum Foundation Program (MFP) funded by the State of Louisiana and the Orleans Parish School Board. The School received \$1,414,409 from the State and \$1,743,689 from the Orleans Parish School Board based upon eligible students at the official pupil count date of October 1st and February 1st, payable in monthly installments. State and federal grants are on a cost reimbursement basis.

Cash and Cash Equivalents

For purposes of reporting the Statement of Cash Flows, the School considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

EDGAR P. HARNEY
SPIRIT OF EXCELLENCE ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Grants Receivable

Grants receivable are stated at the amount management expects to collect from outstanding balances. The financial statements do not include an estimate for allowance for doubtful accounts. Management believes that all receivables are collectible.

Capital Assets

Capital assets, which include property, equipment, and intangible assets (contractual agreement), are reported at historical cost or estimated cost. Donated assets are recorded at their estimated fair market value at the date of donation. The School's policy is to capitalize property and equipment over \$1,000. Repairs and maintenance and small equipment purchases are charged to expense when incurred.

Depreciation expense is recognized using the straight-line method over the estimated useful lives of the assets. Amortization of contractual agreements are recognized using the straight-line method over the lesser of the useful life of the improvement or the remaining term of the lease at the time the improvement is placed in service.

Depreciation and amortization are being recognized over the following periods:

	<u>Years</u>
Office furniture and equipment	5

EDGAR P. HARNEY
SPIRIT OF EXCELLENCE ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Use of Estimates

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

Income Taxes

Income taxes are not provided for in the financial statements since **the School** is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. Should that status be challenged in the future, **the School's** 2014, 2015 and 2016 tax years respectively, are open for examination by the Internal Revenue Service.

Contributions

The School accounts for contributions received and made in accordance with FASB ASC Section 958-605, *Not-for-Profit Entities, Revenue Recognition*. In accordance with FASB ASC 958-605, contributions are recorded as unrestricted, temporarily restricted or permanently restricted depending on the existence and nature of any donor imposed restrictions.

EDGAR P. HARNEY
SPIRIT OF EXCELLENCE ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Contributions are generally recorded only upon receipt, unless evidence of an unconditional promise to give has been received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value for the amounts expected to be collected. Conditional promises to give are not included as support until such time as the conditions are substantially met. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Donations of property and equipment are recorded at fair value at the date of donation.

Compensated Absences

Upon completion of the employee trial period, full-time employees are eligible to accrue personal leave, which is paid time off from work. Personal leave may be used for vacation, illness (of employees or family members), or other personal reasons. Personal leave shall be accrued at the rate of one (1) day per month up to ten (10) days a year. Employees may carry forward any unused personal leave to the subsequent year. Employees may not take personal leave that exceeds the amount they have accrued, and employees may not donate personal leave to other employees of the School. It is the practice of the School that upon separation, employees shall receive compensation of up to ten (10) days of unused personal time accrued.

EDGAR P. HARNEY
SPIRIT OF EXCELLENCE ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - FUNCTIONAL ALLOCATION OF EXPENSES:

The cost of providing various programs and other activities has been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among instructional and support services in the accompanying Statement of Activities.

NOTE 4 - CONCENTRATIONS:

At June 30, 2017, **the School** had bank balances totaling \$578,121 on deposit in financial institution located in Louisiana with a carrying value of \$559,092. All of the bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2017, **the School** had \$328,121 in uninsured cash balances.

The primary funding sources of **the School** are the Minimum Foundation Program (MFP) funding provided by the state to all public school systems in Louisiana and various direct and pass-through grants from federal and state agencies. If the amount of MFP funds and grants received fall below the expected student count and contract levels, respectively, **the School's** operating results could be adversely affected.

NOTE 5 - RETIREMENT PLAN:

Substantially, all employees of **the School** are members of a safe harbor 403(b) contribution plan. Covered employees may elect to contribute a portion of their salaries to the plan. **The School** matching contribution to the Plan is 100% of the participant's compensation up to 5% and an additional 2% for contributions exceeding 4% of the participant's compensation. **The School** made contributions of \$125,059 to the Plan for the year ended June 30, 2017.

EDGAR P. HARNEY
SPIRIT OF EXCELLENCE ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - GRANTS RECEIVABLE:

As of June 30, 2017, grants receivable consist of amounts due from the following sources:

Federal:	
Title I	\$ 36,782
Special Education - IDEA	<u>16,168</u>
Total federal	<u>52,950</u>
State of Louisiana:	
MFP-8(g) Grant	<u>2,864</u>
Total grants receivable	<u>\$55,814</u>

NOTE 7 - PREPAID EXPENSES:

Prepaid expenses consist of the following at June 30, 2017:

Recovery School District - Alternative Education Services	\$23,753
Other goods and services for 2017-18	<u>7,750</u>
Total	<u>\$31,503</u>

EDGAR P. HARNEY
SPIRIT OF EXCELLENCE ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 8 - CAPITAL ASSETS:

Capital assets consist of the following at June 30, 2017:

Capital assets:	
Equipment	<u>\$ 78,585</u>
Total capital assets	<u>78,585</u>
Less accumulated depreciation for:	
Equipment	<u>(63,587)</u>
Total accumulated depreciation	<u>(63,587)</u>
Capital assets, net	<u>\$ 14,998</u>

Depreciation expense for the year ended June 30, 2017, totaled \$26,165.

NOTE 9 - RELATED PARTY TRANSACTIONS:

During the year ended June 30, 2017, **the School** engaged the services of Professional Corporation of Accountants and Management Consultants (the Corporation) to assist with various accounting related services. The owner of the Corporation is employed by **the School** as **the School's** Chief Financial Officer. Amount paid to the Corporation was \$7,000 for the year ended June 30, 2017.

EDGAR P. HARNEY
SPIRIT OF EXCELLENCE ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 10 - SCHOOL FACILITIES:

Effective July 1, 2013, **the School** entered into an agreement with the BESE, which allows **the School** to use the school facilities and its contents located at 2503 Willow Street, New Orleans, Louisiana 70113. The agreement expired on June 30, 2015. Subsequently, upon BESE granting an extension for four (4) additional years, (see NOTE 1) the agreement will now expired on June 30, 2019.

Alterations made by **the School** shall not diminish the value of the property at the time the alterations are approved. Any physical additions or improvements to the property will become property of BESE. All assets purchased with public funds obtained from public sources will automatically revert to BESE at the time the charter school agreement is terminated. **The School** must maintain records of all school property in compliance with BESE policy and shall update **the School's** property inventory quarterly.

The School is responsible for repair and replacement of physical property. In addition, **the School** is responsible for and obligated to provide for routine maintenance and repairs such that the facilities and property are maintained in as good condition as when the right of use was acquired, excluding ordinary wear.

Use of the property is not recorded as an in-kind contribution from or related rent expense to BESE. The value of the land and building is not readily determinable. The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in future years has not been recorded.

EDGAR P. HARNEY
SPIRIT OF EXCELLENCE ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 11 - CONTINGENCIES:

The School is the recipient of grant funds from various federal and state agencies. The grants are governed by various guidelines, regulations, and contractual agreements. The administration of the programs and activities funded by the grants are under the control and administration of **the School** and are subject to audit and/or review by the applicable funding sources. Any grant funds found not to be properly spent in accordance with the terms, conditions, and regulations of the funding source may be subject to recapture.

NOTE 12 - RISK MANAGEMENT:

The School is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage for the year ended June 30, 2017.

NOTE 13 - MINIMUM FOUNDATION PROGRAM (MFP):

The State of Louisiana provides funding which is determined on an annual basis based on the number of pupils enrolled in **the School** as of October 1st and February 1st. This state-funded per pupil allocation is based on the most recently approved minimum foundation program formula resolution. For the year ended June 30, 2017, **the School** recognized State MFP revenue of \$1,414,409.

EDGAR P. HARNEY
SPIRIT OF EXCELLENCE ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 13 - MINIMUM FOUNDATION PROGRAM (MFP), CONTINUED:

The Orleans Parish School Board (OPSB) provides funding to the State of Louisiana collected from local agencies, which pass through to **the School** as Local MFP. Revenues received by OPSB from sales taxes, ad valorem taxes, and other sources are allocated to each school based on its enrollment as of October 1st and February 1st. For the year ended June 30, 2017, **the School** recognized Local MFP revenue of \$1,743,689.

NOTE 14 - AMOUNTS HELD FOR OTHERS:

The School acts as a custodian for student activity accounts. Funds held on behalf of these groups amounted to \$21,724 at June 30, 2017, and is reported as both an asset (restricted cash) and a liability (amounts held for others). Consequently, there is no effect on **the School's** net assets.

NOTE 15 - BOARD OF DIRECTORS' COMPENSATION:

The members of the Board of Directors serve in a voluntary capacity; therefore, no compensation, per diem, or travel allowances were paid to any board member during the year ended June 30, 2017.

NOTE 16 - SUBSEQUENT EVENTS:

The School is required to evaluate events or transactions that may occur after the statement of financial position date for potential recognition or disclosure in the financial statements. **The School** performed such an evaluation through December 22, 2017, the date which the financial statements were available to be issued, and noted no subsequent events or transactions that occurred after the statement of financial position date requiring recognition or disclosure.

SUPPLEMENTARY INFORMATION

EDGAR P. HARNEY
SPIRIT OF EXCELLENCE ACADEMY, INC.
SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS
AND OTHER PAYMENTS TO CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2017

Chief Executive Officer: Ms. Eileen Williams, CEO/Principal

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 100,000
Benefits-insurance	6,282
Benefits-retirement	7,252
Benefits-other	7,789
Car allowance	0
Vehicle provided by entity	0
Per diem	0
Reimbursements	2,818
Travel	0
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Special meals	0

See Independent Auditors' Report on Supplementary Information.



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INDEPENDENT AUDITORS' 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
Edgar P. Harney Spirit of Excellence Academy, Inc.
New Orleans, 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 **Edgar P. Harney Spirit of Excellence Academy, Inc. (the School)** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, 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 December 22, 2017.

Internal Control Over Financial Reporting

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

INDEPENDENT AUDITORS' 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, *Continued*

To the Board of Directors
Edgar P. Harney Spirit of Excellence Academy, Inc.
New Orleans, Louisiana

Internal Control Over Financial Reporting, continued

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 School'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 School'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 School's** internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

INDEPENDENT AUDITORS' 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, *Continued*

To the Board of Directors
Edgar P. Harney Spirit of Excellence Academy, Inc.
New Orleans, Louisiana

Purpose of this Report, continued

Additionally, this report is intended solely for the information and use of management, others within **the School**, the Board of Directors, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 22, 2017

EDGAR P. HARNEY
SPIRIT OF EXCELLENCE ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

SECTION I – SUMMARY OF INDEPENDENT AUDITORS' RESULTS

- A. Type of report issued on the financial statements: **Unmodified.**
- B. Did the audit disclose any material weaknesses in internal control over financial reporting? **None reported.**
- C. Did the audit disclose any significant deficiencies in internal control over financial reporting that are not considered to be material weaknesses? **None reported.**
- D. Did the audit disclose any non-compliance which is material to the financial statements? **No.**
- E. Did the audit disclose any material weaknesses in internal control over major Federal programs? **Not applicable.**
- F. Did the audit disclose any significant deficiencies in internal control over major programs that are not considered to be material weaknesses? **Not applicable.**
- G. Type of report issued on compliance for major programs: **Not applicable.**
- H. Did the audit disclose any audit findings required to be reported in accordance with Uniform Guidance? **Not applicable.**
- I. Was a management letter issued? **Yes.**
- J. Identification of major programs: **Not applicable**
- K. Dollar threshold used to distinguish between Type A and Type B programs: **Not applicable.**
- L. Is the auditee a "low-risk" auditee, as defined by Uniform Guidance? **Not applicable.**

EDGAR P. HARNEY
SPIRIT OF EXCELLENCE ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not applicable.

**EDGAR P. HARNEY
SPIRIT OF EXCELLENCE ACADEMY, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

SECTION I – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION II -FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

**EDGAR P. HARNEY
SPIRIT OF EXCELLENCE ACADEMY, INC.
EXIT CONFERENCE**

The audit report was discussed during the course of the audit and at an exit conference held with the management of **the School**. The individuals who participated in those discussions and/or exit conference were as follows:

**EDGAR P. HARNEY
SPIRIT OF EXCELLENCE ACADEMY, INC.**

Pastor Charles J. Southall, III
Mr. Brent Washington, Sr.

President – Board of Directors
Chief Financial Officer

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

Mr. Alcide J. Tervalon, Jr., CPA
Mr. Armand E. Pinkney
Ms. Kesha Briscoe

Managing Partner
Engagement Manager
Engagement Senior



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

INDEPENDENT AUDITORS COMMENTS TO MANAGEMENT

To the Board of Directors
Edgar P. Harney Spirit of Excellence Academy, Inc.
New Orleans, Louisiana

In planning and performing our audit of the financial statements of **Edgar P. Harney Spirit of Excellence Academy, Inc. (the School)** as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered **the School's** internal control over financial reporting (internal control) as a basis for designing auditing 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 on **the School's** internal control. Accordingly, we do not express an opinion on the effectiveness of the **School's** internal control.

During the course of audit, we became aware of the following matters that are opportunities for strengthening internal controls and operating efficiency. A separate report dated December 22, 2017 contains our report on **the School's** internal control. This letter does not affect our report dated December 22, 2017 on the financial statements of **the School**.

MCL 2017-01 – Internal Controls Over Check Disbursements

Criteria

Pursuant to the existing *Accounting Policies and Procedures Manual*:

1. Purchases should be properly authorized and not exceed fund or account balances;
2. Goods and services ordered should be for an appropriate school purpose;
3. Goods and services ordered should be actually received and all goods and services received were ordered;
4. Invoices for goods and services should be correct;
5. Purchase amounts should be recorded in the proper funds, accounts and fiscal year;
6. Disbursements for purchases should be supported by adequate documentation;
7. Checks should be written on a timely basis for the correct amount and made payable to the proper payee; and

INDEPENDENT AUDITORS COMMENTS TO MANAGEMENT
CONTINUED

To the Board of Directors
Edgar P. Harney Spirit of Excellence Academy, Inc.
New Orleans, Louisiana
Page 2

MCL 2017-01 – Internal Controls Over Check Disbursements, continued

Criteria, continued

8. Documentation supporting disbursements should be cancelled in a manner which will prevent duplicate payment.

Condition

During the course of our audit, we selected a sample of twenty-five (25) non-payroll related check disbursements for testing. The results of that testing indicated the following weaknesses in internal control:

- o In nineteen (19) instances there was no evidence of proper authorization or approval for payment, as required by **the School's** Accounting Policies and Procedures Manual;
- o In five (5) instances there was no evidence that goods and/or services were for an appropriate school purpose;
- o In nine (9) instances there was no evidence that goods and/or services were actually received and all goods and services received were ordered;
- o In one (1) instance there was a purchase amount recorded for the incorrect account;
- o In seven (7) instances there was no adequate documentation for purchase;
- o In five (5) instances there were no supporting documentation to support disbursement was canceled in a manner which will prevent duplicate payment;
- o In two (2) instances there were payments made to independent contractors for whom we did not note any evidence of Board approval of the applicable contracts with independent contractors nor competitive procurement, as applicable.

INDEPENDENT AUDITORS COMMENTS TO MANAGEMENT
CONTINUED

To the Board of Directors
Edgar P. Harney Spirit of Excellence Academy, Inc.
New Orleans, Louisiana
Page 3

MCL 2017-01 – Internal Controls Over Check Disbursements, continued

Cause

Non-adherence to existing policies contained in *Accounting Policies and Procedures Manual*.

Effect

Disbursement not made in accordance with *Accounting Policies and Procedures Manual*.

Recommendation

We recommend that internal controls over check disbursements be strengthened to address deficiencies noted above.

Management's Response and Planned Corrective Action

Management agrees with the auditors' comments, and the following actions will be taken to improve the situation. Management will implement a procedure that requires all future contracts and invoices to include in detail all services rendered to the school. In addition, management will also implement a procedure to include supporting documentation for all check disbursements to be stamped paid to insure and prevent duplicate payments. Also management will implement to assure all outside contracts to vendors be approved at board meetings prior to execution.

INDEPENDENT AUDITORS COMMENTS TO MANAGEMENT
CONTINUED

To the Board of Directors
Edgar P. Harney Spirit of Excellence Academy, Inc.
New Orleans, Louisiana
Page 4

MLC 2017-02 – Accounting Policies and Procedures Manual

Criteria

The **School's** Accounting Policies and Procedures Manual provides uniform policies and procedures for the management of student activity and other internal **School** funds.

Condition

The School maintains an *Accounting Policies and Procedures Manual* that was prepared by an independent consultant. We noted however, that many of the policies and procedures are not being followed in the day-to-day operations of **the School**, particularly those involving requirements in *Section 6; – Operating Procedures, Section 7.4; – Bank Reconciliations, and Section 5.5;- Property Acquisition*. Additionally, the *Accounting Policies and Procedures Manual* lacks uniform policies and procedures for the handling of the School's credit card.

Cause

Non-adherence to existing policies contained in *Accounting Policies and Procedures Manual*.

Effect

The above noted aspects of the **School's** accounting operations are not being performed in accordance with *Accounting Policies and Procedures Manual*.

INDEPENDENT AUDITORS COMMENTS TO MANAGEMENT
CONTINUED

To the Board of Directors
Edgar P. Harney Spirit of Excellence Academy, Inc.
New Orleans, Louisiana
Page 5

MLC 2017-02 – **Accounting Policies and Procedures Manual, continued**

Recommendation

We recommend that **the School** adhere to the policies and procedures contained in its *Accounting Policies and Procedures Manual* and, if necessary, the appropriate modifications be made to the manual to conform to current operations.

Management's Response and Planned Corrective Action

Management agrees with the auditors' comments. Management is currently updating and including the appropriate modifications to the schools' Accounting Policies and Procedures Manual to conform to current operations. To strengthen internal controls over credit card use and disbursements, management will include supporting documentation (Credit Card Authorization Form) for all charges, as well as, written documentation stating the business purpose of the charges and names and positions of individuals in the party when special meals are purchased.

INDEPENDENT AUDITORS COMMENTS TO MANAGEMENT
CONTINUED

To the Board of Directors

Edgar P. Harney Spirit of Excellence Academy, Inc.

New Orleans, Louisiana

Page 6

MCL 2017-03 - Timeliness of Year-End Close Out

Criteria

The accounting records should be prepared in an accurate and timely manner to permit the preparation of the financial statements and other monthly reports in a timely manner and ensure the timely completion of the year-end audit.

Condition

During the preliminary phases of the audit we experienced delays in the commencement of the audit process due to untimely year-end closeout resulting in delays in our receipt of the year-end financial statements that would be the subject of the audit. We noted that there are no established procedures and related timetable to ensure timely completion of year-end financial reports and other matters.

Cause

Policies regarding the timetable of **the School's** monthly, quarterly and annual financial reports are not contained in *Accounting Policies and Procedures Manual*.

Effect

The audit was impacted by delays in providing year-end financial statements and other related data.

INDEPENDENT AUDITORS COMMENTS TO MANAGEMENT
CONTINUED

To the Board of Directors
Edgar P. Harney Spirit of Excellence Academy, Inc.
New Orleans, Louisiana
Page 7

MCL 2017-03 - Timeliness of Year-End Close Out, continued

Recommendation

We recommend that **the School** establish a schedule of year-end closing procedures and related timetable for performance of those closing procedures to ensure the timeliness of year-end closeout and preparation of monthly and year-end financial statements.

Management's Response and Planned Corrective Action

Management understands the auditors' concerns as it relates to the current year close out. However, during the current year-end the school was experiencing a total change in administration which included key personnel who performs various functions involved in the year-end closeout and the preparation of year-end document. Management does not anticipate this event occurring again in the near future.

INDEPENDENT AUDITORS COMMENTS TO MANAGEMENT
CONTINUED

To the Board of Directors
Edgar P. Harney Spirit of Excellence Academy, Inc.
New Orleans, Louisiana
Page 8

MLC 2017-04 - Segregation of Duties

Criteria

One of the key concepts in internal control over an entity's assets is segregation of duties. Segregation of duties serves two key purposes: It ensures that there is oversight and review to catch errors. It also helps to prevent fraud or theft because it requires two people to collude in order to hide a transaction.

Condition

During the course of our audit, we noted that the Finance Department consisted of one (1) individual during the year-ended June 30, 2017. That individual also performed other duties such as Human Resources related functions that are inconsistent with sound internal control.

Cause

The size and composition of the School and budgetary constraints are the primary reason for lack of segregation of duties.

Effect

There is a lack of a segregation of duties resulting in no independent review of various financial reports and monthly reconciliations by someone other than preparer.

INDEPENDENT AUDITORS COMMENTS TO MANAGEMENT
CONTINUED

To the Board of Directors
Edgar P. Harney Spirit of Excellence Academy, Inc.
New Orleans, Louisiana
Page 9

MLC 2017-04 - Segregation of Duties, continued

Recommendation

We recommend that to minimize the risk associated with improper segregation of duties the Human Resources function and other duties incompatible with Finance be assigned to other individuals within **the School** and we also recommend more involvement by the Board of Directors in the day-to-day operations of **the School** to minimize the risks associated with a lack of segregation of duties.

Management's Response and Planned Corrective Action

Management agrees with the auditors' comments. **The School** has hired a new Accountant experienced in financial reporting practices of Local Educational Agencies. One of the responsibilities included in the job descriptions of the school Accountant is Human Resource functions. By this function being delegated to the Accountant and no longer being performed by the Chief Financial Officer (The sole person in the Finance Department), this process will minimize the risks associated with a lack of segregation of duties.

INDEPENDENT AUDITORS COMMENTS TO MANAGEMENT
CONTINUED

To the Board of Directors
Edgar P. Harney Spirit of Excellence Academy, Inc.
New Orleans, Louisiana
Page 10

MLC 2017-05 - Review and Approval

Criteria

Review and approval of reports or transactions ensures that there is oversight and review to catch errors. It also helps to prevent fraud or theft because it requires two people to collude in order to hide a transaction.

Condition

During the course of our audit we noted primarily all monthly accounting duties and account reconciliations (bank reconciliations, etc.) are performed by the Chief Financial Officer. However due to a lack of segregation of duties there is no review of those reconciliations by someone independent of the preparer.

Cause

The size and composition of the School and budgetary constraints are the primary reason for lack of review of someone independent of preparer of various reconciliations and reports.

Effect

There is no independent review of various financial reports and monthly reconciliations by someone other than preparer.

INDEPENDENT AUDITORS COMMENTS TO MANAGEMENT
CONTINUED

To the Board of Directors
Edgar P. Harney Spirit of Excellence Academy, Inc.
New Orleans, Louisiana
Page 11

MLC 2017-05 - Review and Approval

Recommendation

We recommend that the Finance department be expanded within budgetary constraints and that the Board take a more active involvement in the day-to-day operations of the Finance department to strengthen the review and approval process (independent of the preparer) of various functions and reports prepared within the Finance department.

Management's Response and Planned Corrective Action

Management agrees with the auditors' comments. As previously stated management has implemented the essential changes by hiring a new accountant to strengthen the Finance Department and minimizing the risks associated with a lack of segregation of duties. In addition, please note currently the Chairman of the Board receives and reviews all bank statements on a monthly basis.

INDEPENDENT AUDITORS COMMENTS TO MANAGEMENT
CONTINUED

To the Board of Directors
Edgar P. Harney Spirit of Excellence Academy, Inc.
New Orleans, Louisiana
Page 12

MLC 2017-06 - Donated Materials

Criteria

It is the policy of **the School** to record donations of property and equipment at fair market value at the date of donation.

Condition

During the course of our audit and review of minutes of the Board of Directors meetings we noted it was mentioned that there was a donation of furniture and computers to **the School**. However, there was no listing of the donated items nor establishment of fair market value of the donated items nor any inclusion of the donated items on the property records of **the School**.

Cause

There appears to be a lack of communication and compliance with procedures within **the School** related to the donations of property and equipment.

Effect

- c Unrecorded donations of property and equipment.

Recommendation

We recommend that **the School** strengthen its controls regarding the proper identification and recording of items donated to **the School**.

INDEPENDENT AUDITORS COMMENTS TO MANAGEMENT
CONTINUED

To the Board of Directors
Edgar P. Harney Spirit of Excellence Academy, Inc.
New Orleans, Louisiana
Page 13

MLC 2017-06 - Donated Materials, continued

Management's Response and Planned Corrective Action

Management agrees with the auditors' comments. In the near future management will implement procedures to identify whenever items are donated to the school by establishing a listing of all items received including type of item, fair market value of the item on the date of receipt, and the remaining useful life of the item. This procedure will strengthen the internal controls regarding the proper identification and recording of donated items

MLC 2017-07 - Unsupported Credit Card Charges

Criteria

The School maintains an *Accounting Policies and Procedures Manual*. We noted however, that the policies and procedures do not include the handling of **the School's** credit card and its use.

Condition

During the course of our audit, we obtained a copy of the June 2017 credit card statement to test the liability as recorded in the general ledger associated with **the School's** credit card. In conjunction, with our testing we noted that there were three (3) credit card charges totaling \$236 appearing on the June 2017 credit card statement. We requested the receipts associated with two (2) of the three (3) credit card charges to ascertain the propriety of the charges but the receipts were unable to be located. Additionally, during our test work we noted five (5) additional card charges also lacked the corresponding receipts associated with those charges.

INDEPENDENT AUDITORS COMMENTS TO MANAGEMENT
CONTINUED

To the Board of Directors
Edgar P. Harney Spirit of Excellence Academy, Inc.
New Orleans, Louisiana
Page 14

MLC 2017-07 - Unsupported Credit Card Charges, continued

Cause

Policies regarding the handling of **the School's** credit card are not contained in *Accounting Policies and Procedures Manual*.

Effect

The above noted aspects of the **School's** use of credit cards are not included in **the School's** *Accounting Policies and Procedures Manual*.

Recommendation

We recommend that the supporting receipts for all credit card charges be maintained within the finance department in support of the charges appearing on the statement.

Management's Response and Planned Corrective Action

Management agrees with the auditors' comments. In the near future management will implement procedures to identify all supporting receipts for all credit card charges and will be maintained within the finance department for support of the charges appearing on the statements. All charges must be supported by point of sale receipts to be eligible for payment. Monthly credit card statements will be reconciled by the finance department to the credit card authorization forms. Next they will be reviewed and approved on a monthly basis by the Chief Financial Officer.

INDEPENDENT AUDITORS COMMENTS TO MANAGEMENT
CONTINUED

To the Board of Directors
Edgar P. Harney Spirit of Excellence Academy, Inc.
New Orleans, Louisiana
Page 15

MLC 2017-08 - Liability for Compensated Absences

Criteria

The *2016-2017 Employee Handbook* states “Upon termination employees shall not receive compensation for personal time accrued. Upon resignation prior to the fulfillment of contractual agreement, employees shall not receive compensation for personal time accrued.”

Condition

During the course of our audit, we noted that **the School** recorded on its general ledger a liability for compensated absences in the amount of \$19,880 which represents a cap of ten (10) days of accrued leave that will be paid upon separation. However, based on our review of the *2016-17 Employee Handbook*, it states that “Upon termination employees shall not receive compensation for personal time accrued. Upon resignation prior to the fulfillment of your contractual agreement, employees shall not receive compensation for personal time accrued”.

Cause

Accounting treatment for compensated absences not properly reflected in the Employee Handbook.

Effect

The accounting treatment for compensated absences is inconsistent with language in the *Employee Handbook*.

INDEPENDENT AUDITORS COMMENTS TO MANAGEMENT
CONTINUED

To the Board of Directors

Edgar P. Harney Spirit of Excellence Academy, Inc.

New Orleans, Louisiana

Page 16

M.I.C 2017-08 - Liability for Compensated Absences

Recommendation

We recommend that management and the Board clarify its policy regarding treatment of compensated absences upon separation and that policy be accurately reflected in the Board approved *Employee Handbook*.

Management's Response and Planned Corrective Action

Management agrees with the auditors' comments. However, it was the intent and approved by the board of directors, that upon termination of employment, employees shall receive compensation for personal time accrued up to ten (10) days. Management will make the approved and intended changes to the Employee Handbook.

INDEPENDENT AUDITORS COMMENTS TO MANAGEMENT
CONTINUED

To the Board of Directors
Edgar P. Harney Spirit of Excellence Academy, Inc.
New Orleans, Louisiana
Page 17

Status of Prior Year Management Letter Comments

	<u>Resolved</u>	<u>Partially Resolved</u>	<u>Unresolved</u>
2016-01 – Internal Controls Over Check Disbursements		X	
2016-02 – Accounting Policies and Procedures Manual		X	
2016-03 – Accounting Policies and Procedures Manual		X	

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various School personnel, and we will be pleased to discuss them in further detail at your convenience, to perform an additional study of these matters or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the Board of Directors, others within the School and the Louisiana Legislative Auditor and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public documents.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 22, 2017



**EDGAR P. HARNEY
SPIRIT OF EXCELLENCE ACADEMY, INC.**

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2017**

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES.....	1
SCHEDULES REQUIRED BY STATE LAW (R.S. 24:514 PERFORMANCE AND STATISTICAL DATA).....	6
Schedule 1 - General Fund Instructional and Support Expenditures and Certain Local Revenue Sources.....	8
Schedule 2 - Educational Levels of Public School Staff.....	9
Schedule 3 - Number and Type of Public Schools.....	10
Schedule 4 - Experience of Public Principals, Assistant Principals and Full-Time Classroom Teachers.....	11
Schedule 5 - Public School Staff Data: Average Salaries.....	12
Schedule 6 - Class Size Characteristics.....	13
Schedule 7 - Louisiana Educational Assessment Program (LEAP).....	14
Schedule 8 - Graduation Exit Exam (GEE).....	15
Schedule 9 - iLEAP Tests.....	16



Member
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**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors
Edgar P. Harney Spirit of Excellence Academy, Inc.
New Orleans, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of **Edgar P. Harney Spirit of Excellence Academy, Inc. (the School)** and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of **the School** and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE). Management of **the School** is responsible for its performance and statistical data. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules of supplemental information and are as follows:

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources (Schedule 1)**

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures
 - Total General Fund Equipment Expenditures
 - Total Local Taxation Revenue
 - Total Local Earnings on Investment in Real Property
 - Total State Revenue in Lieu of Taxes
 - Nonpublic Textbook Revenue
 - Nonpublic Transportation Revenue

No differences noted

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES**

CONTINUED

To the Board of Directors
Edgar P. Harney Spirit of Excellence Academy, Inc.
New Orleans, Louisiana – Page 3

**Experience of Public Principals, Assistant Principals, and Full-time
Classroom Teachers (Schedule 4)**

6. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1 and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

No differences noted

Public School Staff Data: Average Salaries (Schedule 5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.

No differences noted

8. We recalculated the average salaries and full-time equivalents reported in the schedule.

No differences noted

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES**

CONTINUED

To the Board of Directors
Edgar P. Harney Spirit of Excellence Academy, Inc.
New Orleans, Louisiana – Page 3

**Experience of Public Principals, Assistant Principals, and Full-time
Classroom Teachers (Schedule 4)**

6. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1 and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

No differences noted

Public School Staff Data: Average Salaries (Schedule 5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.

No differences noted

8. We recalculated the average salaries and full-time equivalents reported in the schedule.

No differences noted

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES**

CONTINUED

To the Board of Directors
Edgar P. Harney Spirit of Excellence Academy, Inc.
New Orleans, Louisiana – Page 4

Class Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1 roll books for those classes and determined if the class was properly classified on the schedule.

No differences noted

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by **the School**.

No differences noted

Graduation Exit Examination (GEE) (Schedule 8)

11. The Graduation Examination (GEE) is no longer administered. This schedule is no longer applicable.

iLEAP Tests (Schedule 9)

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by **the School**.

No differences noted

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES

CONTINUED

To the Board of Directors
Edgar P. Harney Spirit of Excellence Academy, Inc.
New Orleans, Louisiana – Page 5

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of **the School, the Louisiana Department of Education, the Louisiana Legislature,** and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 22, 2017

**EDGAR P. HARNEY
SPIRIT OF EXCELLENCE ACADEMY, INC.**

**Schedules Required by State Law (R.S. 24:514 - Performance and Statistical Data)
As of and for the Year Ended June 30, 2017**

Schedule 1 - General Fund Instructional and Support Expenditures and Certain Local Revenue Sources

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

Schedule 2 - Education Levels of Public School Staff

This schedule includes the certified and uncertified number and percentage of full-time classroom teachers and the number and percentage of principals and assistant principals with less than a Bachelor's; Bachelor's; Master's; Master's +30; Specialist in Education; and Ph. D or Ed. D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 3 - Number and Type of Public Schools

This schedule includes the number of elementary, middle/junior high, secondary and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 4 - Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers

This schedule includes the number of years of experience in teaching for assistant principals, principals, and full-time classroom teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 5 - Public School Staff Data: Average Salaries

This schedule includes average classroom teachers' salaries using full-time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**EDGAR P. HARNEY
SPIRIT OF EXCELLENCE ACADEMY, INC.**

**Schedules Required by State Law (R.S. 24:514 - Performance and Statistical Data)
As of and for the Year Ended June 30, 2017**

Schedule 6 - Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 7 - Louisiana Educational Assessment Program (LEAP)

This schedule represents student performance testing data and includes summary scores by district for grades 3, 4, 5, 6, 7 and 8 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

NOTE: Testing data for English and Math in 2016 reflects summary scores for the PARCC test, which replaced LEAP test in those categories.

Schedule 8 - Graduation Exit Examination (GEE)

The Graduation Exit Examination (GEE) is no longer administered. This schedule is no longer applicable.

Schedule 9 –iLEAP Tests

This schedule represents student performance testing data and includes a summary score for grades 3, 4, 5, 6, 7 and 8 for each district. The summary score reported is the National Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. This schedule includes three years of data.

NOTE: Testing data for English and Math in 2016 reflect summary scores for the PARCC test, which replaced LEAP test in those categories.

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
New Orleans, Louisiana

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2017**

	<u>Column A</u>	<u>Column B</u>
<u>General Fund Instructional and Equipment Expenditures</u>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 847,821	
Other Instructional Staff Activities	217,300	
Instructional Staff Employee Benefits	389,185	
Purchased Professional and Technical Services	50,474	
Instructional Materials and Supplies	41,316	
Instructional Equipment	0	
Total Teacher and Student Interaction Activities	<u>0</u>	\$ 1,546,096
Other Instructional Activities		0
Pupil Support Activities	151,504	
Less: Equipment for Pupil Support Activities	<u>0</u>	
Net Pupil Support Activities		151,504
Instructional Staff Services	37,253	
Less: Equipment for Instructional Staff Services	<u>0</u>	
Net Instructional Staff Services		37,253
School Administration		
Less: Equipment for School Administration	577,333	
Net School Administration	<u>0</u>	<u>577,333</u>
Total General Fund Instructional Expenditures (Total of Column B)		\$ <u>2,312,186</u>
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		<u>0</u>
<u>Certain Local Revenue Sources</u>		
Local Taxation Revenue:		
Constitutional Ad Valorem Taxes		\$ 0
Renewable Ad Valorem Tax		0
Debt Service Ad Valorem Tax		0
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		0
Sales and Use Taxes		<u>0</u>
Total Local Taxation Revenue		<u>\$ 0</u>
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property		\$ 0
Earnings from Other Real Property		<u>0</u>
Total Local Earnings on Investment in Real Property		<u>\$ 0</u>
State Revenue in Lieu of Taxes:		
Revenue Sharing - Constitutional Tax		\$ 0
Revenue Sharing - Other Taxes		0
Revenue Sharing - Excess Portion		0
Other Revenue in Lieu of Taxes		<u>0</u>
Total State Revenue in Lieu of Taxes		<u>\$ 0</u>
Nonpublic Textbook Revenue		<u>\$ 0</u>
Nonpublic Transportation Revenue		<u>\$ 0</u>

See accompanying independent accountant's report on applying agreed-upon procedures.

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
New Orleans, Louisiana

Education Levels of Public School Staff
As of October 1, 2016

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree								
Bachelor's Degree	5	38%	4	57%	-	0%	-	0%
Master's Degree	7	54%	2	29%	1	50%	-	0%
Master's Degree + 30	1	8%	1	14%	1	50%	-	0%
Specialist in Education								
Ph. D. or Ed. D.								
Total	13	100%	7	100%	2	100%		

See accompanying independent accountant's report on applying agreed-upon procedures.

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
New Orleans, Louisiana

Number and Type of Public Schools
For the Year Ended June 30, 2017

Type	Number
Elementary	1
Middle/Jr. High	
Secondary	
Combination	
Total	1

Note: Schools opened or closed during the fiscal year are included in this schedule.

See accompanying independent accountant's report on applying agreed-upon procedures.

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
New Orleans, Louisiana

Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers
As of October 1, 2016

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals							1	1
Principals							1	1
Classroom Teachers	1	1	6	2	4	1	5	20
Total	1	1	6	2	4	1	7	22

See independent accountant's report on applying agreed-upon procedures.

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
New Orleans, Louisiana

Public School Staff Data: Average Salaries
For the Year Ended June 30, 2017

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers' Salary Including Extra Compensation	50,022.68	50,022.68
Average Classroom Teachers' Salary Excluding Extra Compensation	49,745.18	49,745.18
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	20	20

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude stipends and employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers; some teachers may have been flagged as receiving reduced salaries (e.g., extended medical leave); and ROTC teachers usually receive more compensation because of a federal supplement. For these reasons, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes, temporary employees, and any teachers on sabbatical leave during any part of the school year.

See accompanying independent accountant's report on applying agreed-upon procedures.

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
New Orleans, Louisiana

Class Size Characteristics
As of October 1, 2016

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	59%	46	33%	26	8%	6		
Elementary Activity Classes	0%	-	100%	1	0%	-		
Middle/Jr. High								
Middle/Jr. High Activity Classes								
High								
High Activity Classes								
Combination								
Combination Activity Classes								

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

See accompanying independent accountant's report on applying agreed upon procedures.

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
New Orleans, Louisiana

Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2017

District Achievement Level Results	English Language Arts						Mathematics					
	2017		2016		2015		2017		2016		2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4 Students												
Advanced	0	0%	0	0%	1	3%	0	0%	0	0%	0	0%
Mastery	12	31%	4	10%	14	37%	11	27%	7	17%	5	13%
Basic	13	32%	17	40%	15	39%	12	29%	4	10%	20	53%
Approaching Basic	9	22%	17	40%	5	13%	10	24%	22	52%	10	26%
Unsatisfactory	6	15%	4	10%	3	8%	8	20%	9	21%	3	8%
Total	40	100%	42	100%	38	100%	40	100%	42	100%	38	100%

District Achievement Level Results	Science						Social Studies					
	2017		2016		2015		2017		2016		2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4 Students												
Advanced	0	0%	2	5%	1	2%	N/A	N/A	N/A	N/A	0	0%
Mastery	4	10%	2	5%	4	11%	N/A	N/A	N/A	N/A	4	11%
Basic	18	44%	20	48%	16	42%	N/A	N/A	N/A	N/A	20	52%
Approaching Basic	12	29%	13	31%	13	34%	N/A	N/A	N/A	N/A	10	26%
Unsatisfactory	7	17%	5	12%	4	11%	N/A	N/A	N/A	N/A	4	11%
Total	40	100%	42	100%	38	100%	N/A	N/A	N/A	N/A	38	100%

District Achievement Level Results	English Language Arts						Mathematics					
	2017		2016		2015		2017		2016		2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8 Students												
Advanced	0	0%	0	0%	1	3%	0	0%	1	4%	2	6%
Mastery	6	28%	12	43%	12	39%	6	32%	9	32%	19	61%
Basic	8	40%	10	36%	11	35%	9	44%	9	32%	5	16%
Approaching Basic	6	28%	3	11%	5	16%	4	20%	5	18%	2	6%
Unsatisfactory	1	4%	3	11%	2	6%	1	4%	4	14%	3	10%
Total	20	100%	28	100%	31	100%	20	100%	28	100%	31	100%

District Achievement Level Results	Science						Social Studies					
	2017		2016		2015		2017		2016		2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8 Students												
Advanced	0	0%	0	0%	2	6%	N/A	N/A	N/A	N/A	0	0%
Mastery	0	0%	1	4%	0	0%	N/A	N/A	N/A	N/A	1	3%
Basic	7	36%	7	25%	12	39%	N/A	N/A	N/A	N/A	16	51%
Approaching Basic	9	44%	15	54%	13	42%	N/A	N/A	N/A	N/A	7	23%
Unsatisfactory	4	20%	5	18%	4	13%	N/A	N/A	N/A	N/A	7	23%
Total	20	100%	28	100%	31	100%	N/A	N/A	N/A	N/A	31	100%

See accompanying independent accountant's report on applying agreed-upon procedures.

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
New Orleans, Louisiana

Graduation Exit Examination (GEE)
For the Year Ended June 30, 2017

The Graduation Exit Examination is no longer administered. This schedule is no longer applicable.

See accompanying independent accountant's report on applying agreed-upon procedures.

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
New Orleans, Louisiana

iLEAP Tests
For the Year Ended June 30, 2017

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2016		2016		2016		2016	
Grade 3 Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Advanced	0	0%	3	6%	1	2%	N/A	N/A
Mastery	4	9%	12	26%	4	9%	N/A	N/A
Basic	12	26%	14	30%	15	32%	N/A	N/A
Approaching Basic	12	26%	9	19%	19	40%	N/A	N/A
Unsatisfactory	19	40%	9	19%	8	17%	N/A	N/A
Total	47	100%	47	100%	47	100%	N/A	N/A

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2016		2016		2016		2016	
Grade 5 Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Advanced	0	0%	6	20%	0	0%	N/A	N/A
Mastery	7	23%	3	10%	4	13%	N/A	N/A
Basic	8	27%	9	30%	11	37%	N/A	N/A
Approaching Basic	14	47%	10	33%	11	37%	N/A	N/A
Unsatisfactory	1	3%	2	7%	4	13%	N/A	N/A
Total	30	100%	30	100%	30	100%	N/A	N/A

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2016		2016		2016		2016	
Grade 6 Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Advanced	1	4%	0	0%	0	0%	N/A	N/A
Mastery	7	27%	6	23%	2	8%	N/A	N/A
Basic	11	42%	7	27%	16	62%	N/A	N/A
Approaching Basic	5	19%	11	42%	5	19%	N/A	N/A
Unsatisfactory	2	8%	2	8%	3	12%	N/A	N/A
Total	26	100%	26	100%	26	100%	N/A	N/A

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2016		2016		2016		2016	
Grade 7 Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Advanced	0	0%	0	0%	0	0%	N/A	N/A
Mastery	9	30%	3	10%	2	7%	N/A	N/A
Basic	10	33%	17	57%	10	33%	N/A	N/A
Approaching Basic	9	30%	7	23%	13	43%	N/A	N/A
Unsatisfactory	2	7%	3	10%	5	17%	N/A	N/A
Total	30	100%	30	100%	30	100%	N/A	N/A

See accompanying independent accountant's report on applying agreed-upon procedures.

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
New Orleans, Louisiana

iLEAP Tests
For the Year Ended June 30, 2017

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2017		2017		2017		2017	
Grade 3 Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Advanced	0	0%	0	0%	0	0%	N/A	N/A
Mastery	0	0%	6	16%	0	0%	N/A	N/A
Basic	14	35%	17	42%	9	22%	N/A	N/A
Approaching Basic	19	48%	11	27%	22	54%	N/A	N/A
Unsatisfactory	7	17%	6	15%	10	24%	N/A	N/A
Total	40	100%	40	100%	40	100%	N/A	N/A

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2017		2017		2017		2017	
Grade 5 Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Advanced	0	0%	5	18%	0	0%	N/A	N/A
Mastery	5	16%	6	21%	5	18%	N/A	N/A
Basic	12	39%	5	18%	12	39%	N/A	N/A
Approaching Basic	9	29%	5	17%	8	25%	N/A	N/A
Unsatisfactory	5	16%	8	26%	5	18%	N/A	N/A
Total	30	100%	30	100%	30	100%	N/A	N/A

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2017		2017		2017		2017	
Grade 6 Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Advanced	0	0%	1	3%	0	1%	N/A	N/A
Mastery	4	14%	4	14%	4	14%	N/A	N/A
Basic	8	25%	14	47%	11	36%	N/A	N/A
Approaching Basic	16	53%	8	28%	10	33%	N/A	N/A
Unsatisfactory	2	8%	2	8%	5	17%	N/A	N/A
Total	30	100%	30	100%	30	100%	N/A	N/A

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2017		2017		2017		2017	
Grade 7 Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Advanced	0	0%	0	0%	0	0%	N/A	N/A
Mastery	2	21%	5	53%	2	16%	N/A	N/A
Basic	5	47%	4	42%	4	42%	N/A	N/A
Approaching Basic	2	16%	1	5%	4	42%	N/A	N/A
Unsatisfactory	2	16%	0	0%	0	0%	N/A	N/A
Total	10	100%	10	100%	10	100%	N/A	N/A

See accompanying independent accountant's report on applying agreed-upon procedures.

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
New Orleans, Louisiana

iLEAP Tests
For the Year Ended June 30, 2017

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2015		2015		2015		2015	
Grade 3 Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	7	17%	5	12%	0	0%	1	2%
Basic	12	29%	20	49%	16	39%	13	32%
Approaching Basic	14	34%	15	37%	17	42%	16	39%
Unsatisfactory	8	20%	1	2%	8	19%	11	27%
Total	41	100%	41	100%	41	100%	41	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2015		2015		2015		2015	
Grade 5 Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Advanced	0	0%	4	11%	0	0%	0	0%
Mastery	5	14%	13	35%	0	0%	0	0%
Basic	12	32%	12	32%	11	30%	9	25%
Approaching Basic	20	54%	7	19%	15	40%	17	45%
Unsatisfactory	0	0%	1	3%	11	30%	11	30%
Total	37	100%	37	100%	37	100%	37	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2015		2015		2015		2015	
Grade 6 Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	7	17%	12	29%	1	2%	0	0%
Basic	17	40%	19	45%	12	29%	11	26%
Approaching Basic	17	40%	7	17%	19	45%	21	50%
Unsatisfactory	1	2%	4	10%	10	24%	10	24%
Total	42	100%	42	100%	42	100%	42	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2015		2015		2015		2015	
Grade 7 Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	6	21%	4	14%	3	10%	1	3%
Basic	10	34%	12	41%	11	38%	13	45%
Approaching Basic	9	31%	11	38%	10	35%	11	38%
Unsatisfactory	4	14%	2	7%	5	17%	4	14%
Total	29	100%	29	100%	29	100%	29	100%

See accompanying independent accountant's report on applying agreed-upon procedures.

EDGAR P. HARNEY
SPIRIT OF EXCELLENCE ACADEMY, INC.
INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2017



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES**

To the Board of Directors of
Edgar P. Harney Spirit of Excellence Academy, Inc.

We have performed the procedures enumerated below, which were agreed to by **Edgar P. Harney Spirit of Excellence Academy, Inc. (the School)** and the Louisiana Legislative Auditor (LLA), on the control and compliance areas identified in the LLA's Statewide Agreed-upon Procedures (SAUPs) for the year ended June 30, 2017 ("fiscal period"). **The School's** management is responsible for those control and compliance areas identified in the SAUPs.

This agreed-upon procedures engagement was performed 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 the 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.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

To the Board of Directors of
Edgar P. Harney Spirit of Excellence Academy, Inc.

PROCEDURES AND FINDINGS

Our procedures and findings related to the statewide agreed-upon procedures are as follows:

Written Policies and Procedures

1. We obtained **the School's** written policies and procedures to determine whether the policies and procedures address each of the following financial/business functions, as applicable:

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

The policies and procedures for the School do not include the monitoring and amending of the budget.

Management's Response

Management agrees with the auditors' comments. These procedures and processes will be implemented.

- 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.

We noted the purchasing policy does not address how vendors are added to the vendor list.

Management's Response

Management agrees with the auditors' comments. Management is currently updating and including the appropriate modifications to the schools' Accounting Policies and Procedures Manual to conform to current operations.

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

No exceptions were noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

To the Board of Directors of
Edgar P. Harney Spirit of Excellence Academy, Inc.

Written Policies and Procedures, continued

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

No exceptions were noted.

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

We noted the policy and procedures do not address the payroll process.

Management's Response

Management agrees with the auditors' comments. These procedures and processes will be implemented.

- 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.

We noted the contracting policy does not address standard terms and conditions, legal review, or the monitoring process.

Management's Response

Management agrees with the auditors' comments. As stated in **Management's Response 1-b**, management is currently updating and including the appropriate modifications to the schools' Accounting Policies and Procedures Manual to conform to current operations.

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

We noted no any policies on credit card control, allowable business use, documentation requirements, required approvers, or monitoring card usage.

Management's Response

Management agrees with the auditors' comments. These procedures and processes will be implemented.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

To the Board of Directors of
Edgar P. Harney Spirit of Excellence Academy, Inc.

Written Policies and Procedures, continued

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

We noted the travel and expense reimbursement policy does not address dollar thresholds by category of expense.

Management's Response

Management agrees with the auditors' comments. As stated in **Management's Response 1-b**, management is currently updating and including the appropriate modifications to the schools' Accounting Policies and Procedures Manual to conform to current operations.

- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

Ethics requirements are not applicable to nonprofits.

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

Debt service is not applicable; the School had no debt during the fiscal period.

Board (or Finance Committee, if applicable)

- 2. We obtained and reviewed the Board minutes for the fiscal period to determine whether:
 - a) The Board met (with a quorum) every other month, or on a frequency in accordance with the Board's Charter of equivalent document.

We noted that the Board met with a quorum every other month during the fiscal period however there was no document specifying the frequency of Board meetings.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

To the Board of Directors of
Edgar P. Harney Spirit of Excellence Academy, Inc.

Board (or Finance Committee, if applicable), continued

- b) The Board minutes referenced or included monthly budget-to-actual comparisons on **the School's** funds, and if the budget-to-actual comparisons showed that management was deficit spending during the fiscal period, there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

None of the Board minutes provided for our review made reference to or included monthly budget-to-actual comparisons of the School's funds. We noted there was no indication of a formal plan presentation of the budget-to-actual presented to the Board of Directors over the fiscal period nor was any of the Finance Committee minutes provided.

Management's Response

Management does not agree with the auditors' comments. Budget to actual comparison reports are presented to the finance committee at the finance committee meetings.

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

No exceptions were noted.

Bank Reconciliations

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

No exceptions were noted.

4. From the listing provided by management, we selected all of **the School's** bank accounts and obtained bank statements and reconciliations for all months in the fiscal period to determine whether:

- a) Bank reconciliations have been prepared;

No exceptions were noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

To the Board of Directors of
Edgar P. Harney Spirit of Excellence Academy, Inc.

Bank Reconciliations, continued

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) have reviewed each bank reconciliation; and

We noted that all bank reconciliations were not reviewed by someone independent of the cash receipt and disbursement functions. However, the bank statements are received by the Board President for review.

Management's Response

Management agrees with the auditors' comments. The school has hired a new accountant experienced in financial reporting practices. The Chief Financial Officer can now delegate various functions to the accountant which will now minimize the risk associated with the lack of segregation of duties.

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

We noted four (4) checks outstanding over twelve (12) months on the June 30, 2017 Operating account bank reconciliation.

Management's Response

Management agrees with the auditors' comments. All old outstanding checks will be written off.

Cash Collections

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

No exceptions noted.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)

To the Board of Directors of
Edgar P. Harney Spirit of Excellence Academy, Inc.

Cash Collections, continued

6. From the discussion with management, we selected all of **the School's** cash collection location and:
- a) Obtained existing written documentation (e.g. insurance policy, policy manual, job description) to determine whether the assigned person was responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

We noted the Data manager is bonded and responsible for collecting but is also responsible for depositing the cash in the bank.

Management's Response

Management agrees with the auditors' comments. These procedures and processes will be revised.

- b) Obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) to determine whether **the School** has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

We noted the School does not have a formal process to reconcile cash collections to the general ledger for student activities.

Management's Response

Management agrees with the auditors' comments. These procedures and processes will be implemented.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

To the Board of Directors of
Edgar P. Harney Spirit of Excellence Academy, Inc.

Cash Collections, continued

- c) Selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
- 1) Using entity collection documentation, deposit slips, and bank statements, traced daily collections to the deposit date on the corresponding bank statement to determine whether the deposits were made within one day of collection.

No exceptions were noted.

- 2) Using sequentially numbered receipts, system reports, or other related collection documentation, verified that daily cash collections are completely supported by documentation.

All cash deposits were supported by cash collection forms, however none of the cash collections were supported by numbered receipts, system reports, or other related collection documentation.

Management's Response

Management agrees with the auditors' comments. These procedures and processes will be implemented.

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

No exceptions were noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

To the Board of Directors of
Edgar P. Harney Spirit of Excellence Academy, Inc.

Disbursements – General (excluding credit card purchases or payments)

8. We obtained the School's general ledger for the period July 1, 2016 through July 30, 2017 and filtered for disbursements. We obtained management's representation that the general ledger population was complete.

No exceptions were noted.

9. Using the disbursement population from #10 above, we randomly selected 25 disbursements, excluding credit card/debit card/fuel card/P-card purchases or payments. We obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction to determine whether:

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

We noted seven (7) of twenty-five (25) purchases were not initiated using the purchase order system.

Management's Response

Management agrees with the auditors' comments. These procedures and processes will be implemented.

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

We noted ten (10) of twenty-five (25) purchases were not approved by anyone other than the individual initiating the purchase.

Management's Response

Management agrees with the auditors' comments. These procedures and processes will be implemented.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

To the Board of Directors of
Edgar P. Harney Spirit of Excellence Academy, Inc.

Disbursements – General (excluding credit card purchases or payments), continued

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.

We noted seven (7) of twenty-five (25) purchases did not have approved requisition and/or purchase order, or electronic equivalent. We noted five (5) of the twenty-five (25) did not include a receiving report or packing slip as indication that goods were received. We noted ten (10) of twenty-five (25) purchases had invoices with no indication of approval.

Management's Response

Management agrees with the auditors' comments. These procedures and processes will be implemented.

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

We noted that the CFO is responsible for processing accounts payable and authorized to add vendors in the purchasing system.

Management's Response

Management agrees with the auditors' comments

11. We reviewed **the School's** documentation (e.g. electronic system control documentation, policy manual, written procedure) to determine whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

None of the authorized check signers are prohibited from initiating purchases since the purchase requisition process is manual; however, one of the authorized check signers has access to process accounts payable.

Management's Response

Management agrees with the auditors' comments

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)

To the Board of Directors of
Edgar P. Harney Spirit of Excellence Academy, Inc.

Disbursements – General (excluding credit card purchases or payments, continued)

12. We inquired of management and observed the supply of unused checks to determine whether unused checks are maintained in a locked location, with access restricted to those persons that do not have signatory authority.

The supply of unused checks is kept in a locked file cabinet and is accessible by the CFO only, who is a check signer. The CEO and CFO have authority to sign checks. However, on the Board Operating account the Board President and Chair of Finance or Assistant Chair of Finance have authority to sign checks.

Management's Response

Management agrees with the auditors' comments

13. We inquired of the individual with a signature stamp whether her signature is maintained under her control or is used only with her knowledge and consent. We also inquired whether signed checks are likewise maintained under the control of the signer or authorized user until mailed.

This procedure is not applicable.

Credit Cards

14. We obtained from management a listing of all active credit cards, including the card numbers and the names of the persons who maintained possession of the cards and we obtained management's representation that the listing is complete.

No exceptions were noted

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

To the Board of Directors of
Edgar P. Harney Spirit of Excellence Academy, Inc.

Credit Cards, continued

15. Through discussion with management, we selected the credit card account mentioned used during the fiscal period and obtained the monthly statements. We selected the monthly statement with the largest dollar activity for each card to determine whether:

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

We received eleven (11) of the twelve (12) statements requested; per discussion with CFO all credit card statements are reviewed, reconciled and approved with supporting documentation monthly by someone other than the authorized cardholders.

Management's Response

Management agrees with the auditors' comments. These procedures and processes will be implemented.

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

We noted finance charges were assessed on the following statements: July 2016, September 2016, November 2016, and January 2017. We noted late fees were assessed on the following statements: August 2016, October 2016, December 2016, February 2017, and May 2017.

Management's Response

Management agrees with the auditors' comments. These procedures and processes will be implemented to eliminate unnecessary finance charges and late fees.

16. Using the monthly statements selected under #15 above, we obtained supporting documentation for all transactions for the credit card.

- a) We reviewed each transaction to determine whether the transaction is supported by:

- 1) An original itemized receipt (i.e., identifies precisely what was purchased)

No exceptions were noted.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)

To the Board of Directors of
Edgar P. Harney Spirit of Excellence Academy, Inc.

Credit Cards, continued

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

We noted for three (3) of the four (4) transactions there was no indication for the business purpose of the charge.

Management's Response

Management agrees with the auditors' comments.

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

We noted the written policies do not include procedures on credit card purchases.

Management's Response

Management agrees with the auditors' comments.

- b) For each transaction, we reviewed the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) for compliance with **the School's** written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes).

We noted none of the four (4) transactions were subject to the Louisiana Public Bid Law.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)

To the Board of Directors of
Edgar P. Harney Spirit of Excellence Academy, Inc.

Credit Cards, continued

- c) For each transaction, we compared **the School's** documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed).

We noted four (4) of the four (4) transactions were not applicable to Article 7, Section 14 of the Louisiana Constitution. No exceptions noted.

Travel and Expense Reimbursement

17. We obtained the general ledger for the period July 1, 2016 through June 30, 2017 and filtered for travel reimbursements. We obtained management's representation that the general ledger population is complete.

No exceptions were noted.

18. We obtained **the School's** written policies related to travel and expense reimbursements and compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) to determine whether there are any amounts that exceed GSA rates.

No exceptions were noted.

19. Using the transactions from #17 above, we selected the persons who incurred the most travel costs during the fiscal period. We obtained the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and chose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) We compared expense documentation to written policies to determine whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging).

No exceptions were noted.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)

To the Board of Directors of
Edgar P. Harney Spirit of Excellence Academy, Inc.

Travel and Expense Reimbursement, continued

b) We determined whether each expense is supported by:

1) An original itemized receipt that identifies precisely what was purchased.

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

c) We compared **the School's** documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value.

No exceptions were noted.

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

We noted that the expense and related documentation was not reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Management's Response

Management agrees with the auditors' comments.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)

To the Board of Directors of
Edgar P. Harney Spirit of Excellence Academy, Inc.

Contracts

20. We obtained a listing of all contracts in effect during the fiscal period and obtained the general ledger for the period July 1, 2016 through June 30, 2017 and filtered for contract payments. We obtained management's representation that the general ledger population is complete.

No exceptions were noted.

21. Using the listing above, we selected the five (5) contract vendors that were paid the most money during the fiscal period, excluding payments to the practitioner. We obtained the related contracts:

- a) We determined whether there is a formal/written contract that supports the services arrangement and the amount paid.

No exceptions were noted.

- b) We compared each contract's detail to the Louisiana Public Bid Law or Procurement Code to determine whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- 1) If yes, we obtained and compared supporting contract documentation to legal requirements to determine whether the School complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

We noted the Louisiana Public Bid Law or Procurement Code was not used for the contracts provided.

Managements' Response

Management agrees with the auditors' comments. These procedures and processes will be implemented.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

To the Board of Directors of
Edgar P. Harney Spirit of Excellence Academy, Inc.

Contracts, continued

- 2) If no, we obtained supporting contract documentation to determine whether the School solicited quotes as a best practice.

We noted the School did not solicit quotes for service contracts.

Management's Response

Management agrees with the auditors' comments. These procedures and processes will be implemented.

- c) We determined whether the contract was amended, and if so, we determined whether the original contract terms contemplated or provided for such an amendment.

This procedure was not applicable as none of the contracts were amended.

- d) We selected the largest payment from each of the five (5) contracts, obtained the supporting invoice, and compared the invoice to the contract terms, to determine whether the invoice and related payment complied with the terms and conditions of the contract.

Invoices were not provided for review for testing therefore we were unable to determine whether the payments selected for testing if the invoice and related payment complied with the terms of the contract.

Management's Response

Management does not agree with the auditors' comments. Invoices were available for review.

- e) We obtained and reviewed contract documentation and board minutes to determine whether there is documentation of board approval, if required by policy or law (e.g. Lawson Act or Home Rule Charter).

No exception noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

To the Board of Directors of
Edgar P. Harney Spirit of Excellence Academy, Inc.

Payroll and Personnel

22. We obtained a listing of employees (and elected officials, if applicable) with their related salaries. We selected the five (5) highest paid employees, obtained their personnel files, and:

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

We noted one (1) employee contract was unavailable to determine the contract salary.

Management's Response

Management agrees with the auditors' comments. These procedures and processes will be implemented.

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

No exceptions were noted.

23. We obtained attendance and leave records and randomly selected one pay period in which leave was taken by at least one employee (September 23, 2016 and October 15, 2016) Within that pay period, we randomly selected 25 employees to determine whether:

- a) all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

No exceptions noted.

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

No exceptions noted.

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

No exceptions were noted.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)

To the Board of Directors of
Edgar P. Harney Spirit of Excellence Academy, Inc.

Payroll and Personnel, continued

24. We obtained from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. We selected the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtained the personnel files for the two employees. We reviewed the termination payments to determine whether they were made in strict accordance with policy and/or contract and approved by management.

No exceptions were noted.

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

No exceptions were noted.

Ethics (excluding nonprofits)

26. *This procedure as stated in the Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures is not applicable for Non-profits.*

27. *This procedure as stated in the Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures is not applicable for Non-profits.*

Debt Service

28. *No debt was issued during the fiscal year.*

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

No exceptions were noted.

30. *The School had no tax millages relating to debt service.*

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

To the Board of Directors of
Edgar P. Harney Spirit of Excellence Academy, Inc.

Other

31. We inquired of management whether **the School** had any misappropriations of public funds or assets. If so, we obtained and reviewed supporting documentation to determine whether **the School** reported the misappropriation to the Louisiana Legislative Auditor and the District Attorney of Orleans Parish.

No misappropriations of public funds or assets were identified during the period.

32. We observed **the School's** premises and website to determine whether the School posted the notice required by R.S. 24:523.1.

The School did not have the notice required by R.S. 24:523.1 posted on its premises or on its website.

Management's Response

The notice mentioned will be posted on the premises.

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

No exceptions were identified regarding management's representations in the procedures above.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)

To the Board of Directors of
Edgar P. Harney Spirit of Excellence Academy, Inc.

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

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the 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 Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 22, 2017