

*Financial Report*

*The Work Connection, Inc.*

*Houma, Louisiana*

*June 30, 2019*

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June 30, 2019 and 2018

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Houma, Louisiana

June 30, 2019 and 2018

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**FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors,  
The Work Connection, Inc.,  
Houma, Louisiana.

We have audited the accompanying financial statements of The Work Connection, Inc. (the "Organization"), a nonprofit organization, which comprise the statement of financial position as of June 30, 2019 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental 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.

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information of the schedule of compensation, benefits and other payments to agency head or chief executive officer for the year ended June 30, 2019 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Report on Summarized Comparative Information**

We have previously audited the Organization's 2018 financial statements, and our report dated December 27, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 23, 2019, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control over financial reporting and compliance.

Certified Public Accountants.

Houma, Louisiana,  
December 23, 2019

**STATEMENT OF FINANCIAL POSITION****The Work Connection, Inc.**  
Houma, Louisiana

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Cash	\$ 20,425	\$ 27,004
Grants receivable	47,313	118,592
Miscellaneous receivable	1,534	1,519
Long-term receivable	8,833	7,064
Property and equipment, net	<u>41,044</u>	<u>53,116</u>
Total assets	<u>\$ 119,149</u>	<u>\$ 207,295</u>
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 22,920	\$ 92,383
Compensated absences payable	<u>8,833</u>	<u>7,064</u>
Total liabilities	<u>31,753</u>	<u>99,447</u>
<b>Net Assets</b>		
Without donor restrictions	46,352	54,732
With donor restrictions	<u>41,044</u>	<u>53,116</u>
Total net assets	<u>87,396</u>	<u>107,848</u>
Total liabilities and net assets	<u>\$ 119,149</u>	<u>\$ 207,295</u>

See notes to financial statements.

**STATEMENT OF ACTIVITIES****The Work Connection, Inc.**  
Houma, LouisianaFor the year ended June 30, 2019  
(with comparative totals for 2018)

	2019			
	Without Donor Restrictions	With Donor Restrictions	Totals	2018 Totals
<b>Revenues, Gains, and Other Support</b>				
Government grants	\$ 1,367,884	\$ (27,117)	\$ 1,340,767	\$ 1,286,718
Net assets released from restrictions:				
Satisfaction of use restrictions	(15,045)	15,045	-	-
 Total revenues, gains, and other support	 <u>1,352,839</u>	 <u>(12,072)</u>	 <u>1,340,767</u>	 <u>1,286,718</u>
<b>Expenses</b>				
Program services:				
Adult	833,359	-	833,359	677,218
Dislocated workers	239,728	-	239,728	322,329
Youth	279,752	-	279,752	241,133
STEP	-	-	-	(61)
Hearts	8,380	-	8,380	48,721
 Total expenses	 <u>1,361,219</u>	 <u>-</u>	 <u>1,361,219</u>	 <u>1,289,340</u>
<b>Decrease in Net Assets</b>	(8,380)	(12,072)	(20,452)	(2,622)
<b>Net Assets</b>				
Beginning of year	<u>54,732</u>	<u>53,116</u>	<u>107,848</u>	<u>110,470</u>
End of year	<u>\$ 46,352</u>	<u>\$ 41,044</u>	<u>\$ 87,396</u>	<u>\$ 107,848</u>

See notes to financial statements.

**STATEMENT OF FUNCTIONAL EXPENSES****The Work Connection, Inc.**  
Houma, Louisiana

For the year ended June 30, 2019

	Program Services				Totals
	Adult	Dislocated Workers	Youth	Hearts	
Salaries	\$357,119	\$126,619	\$162,912	\$ -	\$ 646,650
Payroll taxes	26,915	9,453	12,089	-	48,457
Retirement	6,431	4,245	5,117	-	15,793
Employee benefits	9,303	7,164	13,196	-	29,663
<b>Total salaries and related expenses</b>	<b>399,768</b>	<b>147,481</b>	<b>193,314</b>	<b>-</b>	<b>740,563</b>
Advertising and public relations	(4,339)	(1,780)	(691)	6,832	22
Contract services	14,535	2,662	-	-	17,197
Depreciation	3,018	6,036	3,018	-	12,072
Equipment rentals	-	-	-	-	-
Equipment repairs maintenance	6,388	4,248	6,420	6	17,062
Insurance	11,579	6,195	10,124	-	27,898
Membership dues and subscriptions	716	586	690	-	1,992
Miscellaneous	2,193	1,208	2,762	557	6,720
Postage and shipping	193	27	142	-	362
Professional fees	592	168	321	-	1,081
Participant tuition	279,734	39,973	19,593	-	339,300
Other participant supportive services	55,341	9,472	6,076	-	70,889
Rent	22,754	14,595	20,482	-	57,831
Supplies	30,547	1,457	8,434	373	40,811
Telephone	5,255	3,474	4,152	-	12,881
Travel, meals, and lodging	2,878	2,366	2,750	612	8,606
Utilities	2,207	1,560	2,165	-	5,932
<b>Totals</b>	<b>\$833,359</b>	<b>\$239,728</b>	<b>\$279,752</b>	<b>\$8,380</b>	<b>\$1,361,219</b>

See notes to financial statements.

**STATEMENT OF FUNCTIONAL EXPENSES****The Work Connection, Inc.**  
Houma, Louisiana

For the year ended June 30, 2018

	Program Services					Totals
	Adult	Dislocated Workers	Youth	STEP	Hearts	
Salaries	\$ 347,486	\$ 153,786	\$ 135,693	\$ -	\$ 3,384	\$ 640,349
Payroll taxes	26,319	11,526	10,126	-	259	48,230
Retirement	5,020	4,328	4,386	-	-	13,734
Employee benefits	9,377	7,849	10,816	-	-	28,042
<b>Total salaries and related expenses</b>	<b>388,202</b>	<b>177,489</b>	<b>161,021</b>	<b>-</b>	<b>3,643</b>	<b>730,355</b>
Advertising and public relations	4,365	1,800	722	-	-	6,887
Contract services	18,239	18,481	-	-	-	36,720
Depreciation	1,148	2,296	1,148	-	-	4,592
Equipment repairs and maintenance	6,577	6,329	4,611	-	-	17,517
Insurance	6,865	7,995	4,797	-	-	19,657
Membership dues and subscriptions	960	809	710	-	-	2,479
Miscellaneous	2,424	1,554	2,495	-	44,095	50,568
Postage and shipping	127	104	75	-	-	306
Professional fees	1,164	1,213	231	-	662	3,270
Participant tuition	144,179	55,054	26,204	-	-	225,437
Other participant supportive services	33,078	13,870	6,063	-	-	53,011
Rent	20,861	21,058	15,912	-	-	57,831
Supplies	41,490	6,319	11,112	-	321	59,242
Telephone	4,080	3,442	2,673	-	-	10,195
Travel, meals, and lodging	2,628	2,434	1,394	(61)	-	6,395
Utilities	831	2,082	1,965	-	-	4,878
<b>Totals</b>	<b>\$ 677,218</b>	<b>\$ 322,329</b>	<b>\$ 241,133</b>	<b>\$ (61)</b>	<b>\$ 48,721</b>	<b>\$ 1,289,340</b>

See notes to financial statements.

**STATEMENT OF CASH FLOWS****The Work Connection, Inc.**  
Houma, LouisianaFor the year ended June 30, 2019  
(with comparative totals for 2018)

	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operating Activities</b>		
Decrease in net assets	<u>\$ (20,452)</u>	<u>\$ (2,622)</u>
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities:		
Depreciation	12,072	4,592
(Increase) decrease in assets:		
Grants receivable	71,279	(39,763)
Miscellaneous receivables	(15)	8
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	<u>(69,463)</u>	<u>83,502</u>
Total adjustments	<u>13,873</u>	<u>48,339</u>
Net cash used by (used in) operating activities	<u>(6,579)</u>	<u>45,717</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of office furniture and equipment	<u>-</u>	<u>(50,630)</u>
Net decrease in cash	(6,579)	(4,913)
<b>Cash</b>		
Beginning of year	<u>27,004</u>	<u>31,917</u>
End of year	<u><u>\$ 20,425</u></u>	<u><u>\$ 27,004</u></u>

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS**

**The Work Connection, Inc.**  
Houma, Louisiana

June 30, 2019 and 2018

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****a) Organization**

The Work Connection, Inc. (the "Organization") was incorporated as a non-profit corporation on August 28, 1987. In accordance with the Workforce Innovation and Opportunity Act (WIOA), which superseded and reauthorized the Workforce Investment Act, the Organization funds job training and other employment services in the parishes of Lafourche, Assumption and Terrebonne under grants provided by the local Workforce Development Board (the LAT). The Organization is funded by the LAT as a subrecipient of WIOA grants. The Organization also receives fees for services from the LAT for enrolling and testing participants in the Healthcare Recovery Training System programs, for the employment of disabled participants through Ticket-to-Work programs, and for the Strategies to Empower People grant that enables those receiving food stamps to seek employment.

**b) Financial Statement Presentation**

The Organization classifies their net assets, revenues, and expenses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Net Assets without Donor Restrictions** - Support, revenue, and expenses for general operations

**Net Assets with Donor Restrictions** - Contributions specifically authorized by the grantor or donor to be used for a certain purpose or to benefit a specific accounting period or contributions subject to donor-imposed restrictions and that are held in perpetuity by the Organization.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c) Basis of Accounting**

The financial statements of the Organization are prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**d) Use of Estimates**

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

**e) Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Organization had no cash equivalents as of June 30, 2019 and 2018.

**f) Allowance for Bad Debts**

The financial statements of the Organization contain no allowance for uncollectible receivables. Uncollectible receivables are recognized as bad debts at the time information becomes available, which would indicate the uncollectibility of the particular receivable. Uncollectible receivables are considered immaterial to the financial statements as of June 30, 2019 and 2018.

**g) Property and Equipment**

All acquisitions of property and equipment are purchased with grant funding through the LAT from the pass-through grantor, the State of Louisiana Workforce Commission (LWC). All property and equipment is ultimately the property of LWC, which allows the Organization to use the property to perform necessary services. Purchased property and equipment is carried at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation, as determined by management. The policy of

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**g) Property and Equipment (Continued)**

the Organization is to capitalize all expenditures for property and equipment in excess of \$1,000. Depreciation is computed using primarily the straight-line method over estimated useful lives (two to ten years). Depreciation expense for the years ended June 30, 2019 and 2018 was \$12,072 and \$4,592, respectively.

**h) Compensated Absences**

Full-time employees are entitled to earn annual vacation leave with pay upon completion of six month's employment and satisfactory completion of their initial probationary period.

The rate at which an employee accumulates vacation leave depends on years of service. In the event the Organization would not be funded in the following year, employees would be required to exhaust their annual vacation leave prior to the end of the funding year. The related reimbursement is recognized as long-term receivable at the time the liability is incurred.

Sick leave accrues at a rate of five hours per month. Employees shall be allowed to carry accumulated sick leave forward from one program year to the next, not to exceed 120 hours prior to July 1, 2011 and 48 hours after. In no instance shall any employee receive wages for sick leave upon termination of employment, accordingly accumulated sick leave is not accrued in the financial statements.

**i) Methods Used for Allocation of Expenses**

Most of the expenses can be directly allocated to programs or supporting functions. The financial statements also report certain categories of expenses that are attributable to both programs and supporting functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, and benefits which are allocated on the basis of estimates of time and effort.

**j) Advertising**

The Organization's policy is to expense advertising cost as incurred. For the years ended June 30, 2019 and 2018, total advertising expense was \$22 and \$6,887 respectively.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**k) Income Taxes**

The Organization is a non-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provisions for income taxes have been made.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosures of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. As of June 30, 2019, management of the Organization believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years ended June 30, 2016 and later remain subject to examination by the taxing authorities.

**l) Recent Accounting Pronouncements**

**Presentation of Financial Statements for Not-for-Profit Entities**

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) ASU 2016-14, "*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*", which changes the current guidance for assets classification, governing board designations, investment return, underwater endowment funds, expenses, liquidity and presentation of operating cash flows. ASU 2016-14 reduces the required number of classes of net assets from three to two: net assets with donor restrictions and net assets without donor restrictions. ASU 2016-14 also requires not-for-profit entities to provide enhanced disclosures about the amounts and purposes of governing board designations and appropriations. ASU 2016-14 requires non-for-profits to report investment return net of external and direct internal investment expenses. The requirement to disclose those netted expense is eliminate. In the absence of explicit donor restrictions, ASU 2016-14 requires not-for-profit entities to use the placed-in-service approach to account for capital gifts. The current option to use the over-time approach has been eliminated. ASU 2016-14 requires expense to be reported by nature in addition to function and include an analysis of expenses by both nature and function. The methods used by not-for-profit entities to allocate costs among program and support functions will also need to be disclosed. ASU 2016-14 requires not-for-profit entities to provide both qualitative and quantitative information on management of liquid

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1) Recent Accounting Pronouncements (Continued)**

**Presentation of Financial Statements for Not-for-Profit Entities (continued)**

available resources and the ability to cover short-term cash needs within one year of the balance sheet date. Finally, current standards allow not-for-profit entities to decide whether to present operating cash flows using either the direct method or the indirect method. ASU 2016-14 eliminates the requirement to present or disclose the indirect method of reconciliation if the entity decides to use the direct method. The ASU is effective for annual reporting periods beginning after December 17, 2017. The Organization has adopted the provisions of ASU 2016-14 and has applied this standard to the financial statements as of and for the year ended June 30, 2019.

**Leases**

In February 2016, FASB issued ASU 2016-02, "*Leases*" (Topic 842). ASU 2016-02 requires that a lease liability and related right-to-use-asset representing the lessee's right to use or control the asset be recorded on the statements of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the statement of activities and the statement of cash flows will be substantially unchanged from the existing lease accounting guidance. The ASU is effective for fiscal years beginning after December 15, 2020. Early adoption is permitted. The Organization is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

**Statement of Cash Flows**

In November 2016, the FASB issued ASU 2016-18, "*Statement of Cash Flows*" (Topic 230). ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1) Recent Accounting Pronouncements (Continued)**

**Statement of Cash Flows (continued)**

cash flows. The amendments in ASU 2016-18 do not provide a definition of restricted cash or restricted cash equivalents. The ASU is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. The Organization is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

**Revenue from Contracts with Customers**

In May 2014, the FASB issued ASU 2014-09, "*Revenue from Contracts with Customers*" (Topic 606), which provides a single comprehensive model for entities to use in accounting for revenue from contracts with customers and supersedes most current revenue recognition models. Subsequent to the issuance of ASU 2014-09, FASB issued several additional ASUs which amended and clarified the guidance and deferred the effective date. The ASU is effective for annual reporting periods beginning after December 15, 2018, with certain early adopting provisions available. The Organization is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

**Note 2 - PROPERTY AND EQUIPMENT**

As of June 30, 2019 and 2018, property and equipment consists of the following:

	2019	2018
Transportation equipment	\$ 92,730	\$ 119,847
Office furniture and equipment	82,990	82,990
	175,720	202,837
Less: accumulated depreciation	(134,676)	(149,721)
Property and equipment, net	\$ 41,044	\$ 53,116

**Note 3 - NET ASSETS WITH DONOR RESTRICTIONS**

Donor restricted net assets as of June 30, 2019 and 2018 are restricted for the following purposes or periods:

	<u>2019</u>	<u>2018</u>
Subject to expenditure of specified purpose:		
Property and equipment	<u>\$41,044</u>	<u>\$53,116</u>
Total net assets with donor restrictions	<u><u>\$41,044</u></u>	<u><u>\$53,116</u></u>

Net assets released from restrictions during the years ended June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Purpose restriction satisfied		
Property and equipment	<u>\$15,045</u>	<u>\$4,592</u>
Total net assets released	<u><u>\$15,045</u></u>	<u><u>\$4,592</u></u>

**Note 4 - AVAILABILITY OF FINANCIAL ASSETS**

The Organization is substantially supported by grants. The Organization may also be supported by contributions with and without donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Organization has established guidelines for making decisions related to managing short-term cash reserves and other investments in a prudent manner.

**Note 4 - AVAILABILITY OF FINANCIAL ASSETS (Continued)**

The following reflects the Organization's financial assets as of June 30, 2019, reduced by amounts not available for general use because of donor-imposed restrictions:

Financial assets:	
Cash	\$20,425
Grants receivable	47,313
Miscellaneous receivable	<u>1,534</u>
Total financial assets as of June 30, 2019	<u>69,272</u>
Less amounts unavailable for general expenditures within one year, due to:	
Donor imposed restrictions:	
Restricted by donors with purpose restrictions	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$69,272</u></u>

**Note 5 - OPERATING BUDGETARY DATA**

The Organization is a non-profit organization which is not legally required to adopt or amend its budgets. The Organization's funding is from intergovernmental grants from the Federal Department of Labor and the LWC and is paid as pass-through grants from the LAT. The Organization signed a contract with the LAT which required grant budgets in the amounts of \$1,988,147 and \$1,543,035 for the years ended June 30, 2019 and 2018, respectively. All budgeted amounts which were not expended, or obligated through contracts, lapse at year end.

**Note 6 - ECONOMIC DEPENDENCY**

As described in Note 1a, the Organization receives its revenue from Federal grant funding passed through the LWC. If significant budget cuts are made at the Federal, state and/or local government levels, the amount of funds that the Organization receives could be reduced significantly and have an adverse impact on its operations.

**Note 7 - RETIREMENT PLAN**

The Organization established a 401(k) retirement plan to provide benefits to all permanent full-time employees having completed at least one year of service. Participants are permitted to contribute in any amount up to 15% of their compensation not to exceed statutory limits. The Organization matches 100% of the employee contributions not to exceed 5% of the employee's compensation. The Organization's contributions for the years ended June 30, 2019 and 2018 were \$15,793 and \$13,734, respectively.

**Note 8 - RISK MANAGEMENT**

The Organization 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 during the year ended June 30, 2019.

**Note 9 - OFFICE RENT**

The Organization has three offices that are rented on a month-to-month basis. Rental expenditures incurred on all offices amounted to \$57,831 for both the years ended June 30, 2019 and 2018.

**Note 10 - SUBSEQUENT EVENTS**

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through December 23, 2019, which is the date the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION SECTION**

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER  
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

**The Work Connection, Inc.**  
Houma, Louisiana

For the year ended June 30, 2019

**Agency Head Name:** Lorey Owens, Executive Director

**Purpose**

Salary	\$ 51,980
Benefits - insurance	2,734
Benefits - retirement	2,957
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	72
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	450
	<hr/>
	<b>\$ 58,193</b>
	<hr/> <hr/>

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors,  
The Work Connection, Inc.,  
Houma, 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 The Work Connection, Inc., (the "Organization"), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon December 23, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Organization's financial statements are free of 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**

This report is intended 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suited for any other purpose.

Certified Public Accountants.

Houma, Louisiana,  
December 23, 2019.

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

To the Board of Directors,  
The Work Connection, Inc.,  
Houma, Louisiana.

**Report on Compliance for each Major Federal Program**

We have audited the compliance of The Work Connection, Inc., (the "Organization"), with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2019. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the Uniform Guidance. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

## **Opinion on Each Major Federal Program**

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

## **Report on Internal Control Over Compliance**

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Certified Public Accountants.

Houma, Louisiana,  
December 23, 2019.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**The Work Connection, Inc.**  
Houma, Louisiana

For the year ended June 30, 2019

<u>Federal Grantor/Pass- Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award/ Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Subrecipients</u>
<b>Department of Labor</b>				
<u>Pass-Through Payments:</u>				
<u>Louisiana Workforce Commission:</u>				
<u>LAT Workforce Investment Board, Inc.</u>				
<u>WIOA Cluster:</u>				
WIOA Adult Program	17.258	OCR #474-000559	\$ 830,341	\$ -
WIOA Youth Activities	17.259	OCR #474-000559	276,734	-
WIOA Dislocated Workers	17.278	OCR #474-000559	<u>233,692</u>	<u>-</u>
Total expenditures of federal awards			<u>\$ 1,340,767</u>	<u>\$ -</u>

See Notes to Schedule of Expenditures of Federal Awards.

**NOTES TO SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS**

**The Work Connection, Inc.**  
Houma, Louisiana

For the year ended June 30, 2019

**Note 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the SEFA) includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2019. The information in this SEFA is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Organization.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- (1) Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) The Organization has elected not to use the 10% *de minimis* indirect cost rate as allowed under the Uniform Guidance.

**Note 3 - RECONCILIATION TO FINANCIAL STATEMENTS**

Total federal expenditures for the year ended June 30, 2019 reconciles to the Organization's financial statements for the year ended June 30, 2019 as follows:

Total federal expenditures	\$ 1,340,767
Less capital outlay reimbursed	-
Add:	
Depreciation	12,072
Non federal expenditures	8,380
	<hr/>
Total expenditures	<u>\$ 1,361,219</u>

**SCHEDULE OF FINDINGS AND RESPONSES**

**The Work Connection, Inc.**  
Houma, Louisiana

For the year ended June 30, 2019

**Section I - Summary of Auditor's Report**

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be a material weakness?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

b) Federal Awards

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be a material weakness?  Yes  None reported

Type of auditor's report issued on compliance for major programs unqualified

- Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?  Yes  No

**Section I - Summary of Auditor's Report (Continued)**

c) Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
	WIOA Cluster:
17.258	WIOA Adult Program
17.259	WIOA Youth Activities
17.278	WIOA Dislocated Workers

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

Auditee qualified as a low-risk auditee?     Yes   X   No

**Section II Financial Statement Findings**

No financial statement findings were noted during the audit of the financial statements for the year ended June 30, 2019.

**Section III Federal Award Findings and Questioned Costs**

There were no federal award findings or questioned costs reported during the audit for the year ended June 30, 2019.

**REPORTS BY MANAGEMENT**

## **SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**

**The Work Connection, Inc.**  
Houma, Louisiana

For the year ended June 30, 2019

### **Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Financial Statements**

#### **Internal Control Over Financial Reporting**

No material weaknesses were reported during the audit of the financial statements for the fiscal year ended June 30, 2018.

No significant deficiencies were reported during the audit of the financial statements for the fiscal year ended June 30, 2018.

#### **Compliance and Other Matters**

There were no compliance findings material to the financial statements reported during the audit for the fiscal year ended June 30, 2018.

### **Section II - Internal Control and Compliance Material to Federal Awards**

There were no federal award findings or questioned costs reported during the audit for the year ended June 30, 2018.

### **Section III - Management Letter**

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2018.

## **MANAGEMENT'S CORRECTIVE ACTION PLAN**

**The Work Connection, Inc.**  
Houma, Louisiana

For the year ended June 30, 2019

### **Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Financial Statements**

#### **Internal Control Over Financial Reporting**

No material weaknesses were reported during the audit of the financial statements for the fiscal year ended June 30, 2019.

No significant deficiencies were reported during the audit of the financial statements for the fiscal year ended June 30, 2019.

#### **Compliance and Other Matters**

There were no compliance findings material to the financial statements reported during the audit for the fiscal year ended June 30, 2019.

### **Section II - Internal Control and Compliance Material to Federal Awards**

There were no federal award findings or questioned costs reported during the audit for the year ended June 30, 2019.

### **Section III - Management Letter**

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2019.

**STATEWIDE AGREED-UPON PROCEDURES**

**INDEPENDENT ACCOUNTANT'S REPORT ON**  
**APPLYING AGREED-UPON PROCEDURES**

To the Board Members of  
The Work Connection, Inc.,  
Houma, Louisiana.

We have performed the procedures described in Schedule 2, which were agreed to by The Work Connection, Inc. (the "Organization") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended June 30, 2019. The Board's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the AICPA and applicable standards contained in Government Auditing Standards, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures referred to above, either for the purpose for which this report has been requested, or for any other purpose.

The procedures and associated findings are described in Schedule 2.

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

The purpose of this report is to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 23:513, this report is distributed by the LLA as a public document.

Certified Public Accountants

Houma, Louisiana,  
December 23, 2019

**SCHEDULE OF PROCEDURES AND ASSOCIATED  
FINDINGS OF THE STATEWIDE AGREED-UPON PROCEDURES**

**The Work Connection, Inc.**  
Houma, Louisiana

For the year ended June 30, 2019

The required procedures and our findings are as follows:

**Procedures performed on the Organization's written policies and procedures:**

1. Obtain the Organization's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Organization does not have any written policies and procedures), as applicable:

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

Performance: Obtained and read the written policy for budgeting, and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

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.

Performance: Obtained and read the written policy for purchasing.

Exceptions: The policy did not contain a provision about how vendors are added to the vendor list.

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

Performance: Obtained and read the written policy for disbursements, and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

d) Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties).

Performance: Inquired of management as to a receipts policy.

Exceptions: Management confirmed there is no policy on receipts.

**Procedures performed on the Organization's written policies and procedures: (Continued)**

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

Performance: Obtained and read the written policy for payroll and personnel, and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

- 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.

Performance: Obtained and read the written policy for contracting, and found it to address all functions listed above.

Exceptions: There were no exceptions noted.

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

Performance: Obtained and read the written policy for credit cards, and found it to address all functions listed above.

Exceptions: There were no exceptions noted.

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

Performance: Obtained and read the written policy for travel and expense reimbursement, and found it to address all functions listed above.

Exceptions: There were no exceptions noted.

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

Performance: Due to non-profit status, debt service policy not required.

Exceptions: Not applicable.

**Procedures performed on the Organization's written policies and procedures: (Continued)**

- j) 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 Organization's ethics policy.

Performance: Obtained and read the written policy for ethics.

Exceptions: Management's policy on ethics does not include prohibitions as defined in Louisiana Statute 42:1111-1121, the system to monitor possible ethics violations, actions to be taken if an ethics violation takes place, and the requirement that all employees, including elected officials, annually attest through signature verification that they have read the Organization's ethics policy.

- k) Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups; (2) storage of backups in a separate physical location isolated from the network; (3) periodic testing/verification that backups can be restored; (4) use of antivirus software on all systems; (5) timely application of all available system and software patches/updates; and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Performance: Inquired of management about a written disaster recovery/business continuity policy.

Exceptions: Management confirmed that there is no disaster recovery/business continuity policy.

**Procedures performed on the Organization's board:**

2. Obtain and inspect the board minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period and:

- a) Observe that the board met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Performance: Obtained and read the written minutes of the board meetings. The board met quarterly as required with a quorum.

Exceptions: There were no exceptions noted.

- b) Observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Performance: Inspected meeting minutes and inquired of client about their monthly budget-to-actual comparisons.

Exceptions: Monthly budget-to-actual comparison were not referenced nor included.

**Procedures performed on the Organization's board: (Continued)**

- c) Obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Performance: Obtained the prior year's audit report and observed the unrestricted net asset balance. The prior year's unrestricted net asset balance was not negative.

Exceptions: Not applicable.

**Procedures performed on the Organization's bank reconciliations:**

- 3. Obtain a listing of the Organization's bank accounts from management and management's representation that the listing is complete. Management will identify the main operating account. Select the Organization's main operating account and select four additional accounts (or all accounts if less than five). Select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Performance: Prior year testing resulted in no exceptions related to bank reconciliations. Therefore, testing is not required in the current year.

- a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g., initialed and dated, electronically logged).

Performance: Prior year testing resulted in no exceptions related to bank reconciliations. Therefore, testing is not required in the current year.

- b) Bank reconciliations include evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Performance: Prior year testing resulted in no exceptions related to bank reconciliations. Therefore, testing is not required in the current year.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Performance: Prior year testing resulted in no exceptions related to bank reconciliations. Therefore, testing is not required in the current year.

**Procedures performed on the Organization's collections:**

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete. Select five deposit sites (or all deposit sites if less than five).

Performance: Obtained the listing of deposit sites from management, and received management's representation in a separate letter. The Organization has one deposit site.

Exceptions: There were no exceptions noted.

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

Performance: Obtained the listing of collection locations from management, and received management's representation in a separate letter. The Organization has one deposit site with one collection location.

Exceptions: There were no exceptions noted.

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

Performance: Inspected policy manuals and inquired of management and observed employees do not share cash drawers/registers.

Exceptions: There were no exceptions noted.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless other employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

Performance: Inspected policy manuals and inquired of management and observed employees collecting cash are not responsible for making deposits.

Exceptions: The Accountant is responsible for collecting cash and preparing/making deposit.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Performance: Inspected policy manuals and inquired of management and observed employees collecting cash do not make general ledger postings.

Exceptions: The Accountant is responsible for collecting cash and posting collection entries. No other employee or official reconciles postings to each other or the deposit.

**Procedures performed on the Organization's collections: (Continued)**

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Performance: Inspected policy manuals and inquired of management and employees performing reconciliations do not collect cash. The reconciliation is performed by the Accountant, who collects cash; however, it is verified by the Executive Director.

Exceptions: There were no exceptions noted.

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

Performance: Obtained a listing of all employees who have access to cash and inquired of management if these employees are covered by a bond or insurance policy for theft.

Exceptions: There were no exceptions noted.

7. Randomly select two deposit dates for each of the five bank accounts selected for procedure #3 under "Procedures performed on the Organization's bank reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates selected and select a deposit if multiple deposits were made on the same day). Obtain supporting documentation for each of the ten deposits and:

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

Performance: The Organization only has two bank accounts. One of which had no deposits during the fiscal year. Obtained supporting documentation for the two selected deposits and observed that receipts were sequentially pre-numbered.

Exceptions: There were no exceptions noted.

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

Performance: Traced supporting documentation to the deposit slip.

Exceptions: There were no exceptions noted.

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

Performance: Traced deposit slip total to actual deposit per bank statement.

Exceptions: There were no exceptions noted.

**Procedures performed on the Organization's collections: (Continued)**

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

Performance: Observed that the deposit was made within one business day of receipt.  
Exceptions: There were no exceptions noted.

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

Performance: Traced the actual deposit per the bank statement to the general ledger.  
Exceptions: There were no exceptions noted.

**Procedures performed on the Organization's non-payroll disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases):**

8. Obtain a listing of locations that process payments for the fiscal period, and management's representation that the listing is complete. Select five locations (or all locations if less than five).

Performance: Obtained the listing of location that process payments, and received management's representation in a separate letter. The Organization only has one location that processes payments.

Exceptions: There were no exceptions noted.

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

Performance: Obtained a listing of those employees involved with non-payroll purchasing and payments functions, and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

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

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above.

Exceptions: There were no exceptions noted.

**Procedures performed on the Organization's non-payroll disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases): (Continued)**

- b) At least one employee is involved in processing and approving payments to vendors.

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above.

Exceptions: There were no exceptions noted.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above.

Exceptions: The employee responsible for processing payments also modifies vendor files. No other employee reviews the files.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above.

Exceptions: The employee responsible for mailing checks is also responsible for processing payments.

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

Performance: Obtained the Organization's general ledger for the fiscal period, and obtained management's representation in a separate letter.

Exceptions: There were no exceptions noted.

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

Performance: Obtained the disbursement and observed that the disbursement and the related original invoice/billing statement were in agreement.

Exceptions: There were no exceptions noted.

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

Performance: Obtained the disbursement documentation and observed for proper segregation of duties as listed under #9 above.

Exceptions: There were no exceptions noted.

**Procedures performed on the Organization's credit cards, debit cards, fuel cards, P-cards:**

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

Performance: Prior year testing resulted in no exceptions related to credit cards. Therefore, testing is not required in the current year.

12. Using the listing prepared by management, randomly select five cards (or all cards if less than five) that were used during the fiscal period, rotating cards each year. Randomly select one monthly statement or combined statement for each card (for a debit card, select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

Performance: Prior year testing resulted in no exceptions related to credit cards. Therefore, testing is not required in the current year.

- b) Observe that finance charges and/or late fees were not assessed on the selected statements.

Performance: Prior year testing resulted in no exceptions related to credit cards. Therefore, testing is not required in the current year.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, select ten transactions (or all transactions if less than ten) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have ten transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

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

Performance: Prior year testing resulted in no exceptions related to credit cards. Therefore, testing is not required in the current year.

- 2) Written documentation of the business/public purpose.

Performance: Prior year testing resulted in no exceptions related to credit cards. Therefore, testing is not required in the current year.

**Procedures performed on the Organization's credit cards, debit cards, fuel cards, P-cards:  
(Continued)**

- 3) Documentation of the individuals participating in meals (for meal charges only).

Performance: Prior year testing resulted in no exceptions related to credit cards. Therefore, testing is not required in the current year.

**Procedures performed on the Organization's travel and travel-related expense reimbursements:**

14. Obtain from management a listing of all travel and related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Select five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:

Performance: Prior year testing resulted in no exceptions related to travel and travel-related expense reimbursements. Therefore, testing is not required in the current year.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

Performance: Prior year testing resulted in no exceptions related to travel and travel-related expense reimbursements. Therefore, testing is not required in the current year.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Performance: Prior year testing resulted in no exceptions related to travel and travel-related expense reimbursements. Therefore, testing is not required in the current year.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedures #1h).

Performance: Prior year testing resulted in no exceptions related to travel and travel-related expense reimbursements. Therefore, testing is not required in the current year.

**Procedures performed on the Organization's travel and travel-related expense reimbursements: (Continued)**

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

Performance: Prior year testing resulted in no exceptions related to travel and travel-related expense reimbursements. Therefore, testing is not required in the current year.

**Procedures performed on the Organization's contracts:**

- 15. Obtain a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Select five contracts (or all contracts if less than five) from the listing, and:

Performance: Prior year testing resulted in no exceptions related to contracts. Therefore, testing is not required in the current year.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Performance: Prior year testing resulted in no exceptions related to contracts. Therefore, testing is not required in the current year.

- b) Observe that the contract was approved by the governing body/Organization, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

Performance: Prior year testing resulted in no exceptions related to contracts. Therefore, testing is not required in the current year.

- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment.

Performance: Prior year testing resulted in no exceptions related to contracts. Therefore, testing is not required in the current year.

- d) Randomly select one payment from the fiscal period for each of the five contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Performance: Prior year testing resulted in no exceptions related to contracts. Therefore, testing is not required in the current year.

**Procedures performed on the Organization's payroll and personnel:**

16. Obtain a listing of employees (and elected officials, if applicable) during the fiscal period and management's representation that the listing is complete. Select five employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Performance: Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing is not required in the current year.

17. Select one pay period during the fiscal period. For the five employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

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

Performance: Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing is not required in the current year.

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

Performance: Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing is not required in the current year.

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

Performance: Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing is not required in the current year.

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

Performance: Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing is not required in the current year.

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

Performance: Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing is not required in the current year.

**Procedure performed on the Organization's ethics:**

20. Using the five selected employees/officials from procedure #16 under "Procedures performed on the Organization's payroll and personnel" above, obtain ethics compliance documentation from management and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Performance: Prior year testing resulted in no exceptions related to ethics. Therefore, testing is not required in the current year.

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the Organization's ethics policy during the fiscal period.

Performance: Prior year testing resulted in no exceptions related to ethics. Therefore, testing is not required in the current year.

**Procedure performed on the Organization's debt service:**

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that the State Bond Commission approval was obtained for each bond/note issued.

Performance: Due to non-profit status, debt service procedures are not applicable.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Performance: Due to non-profit status, debt service procedures are not applicable.

**Other procedures performed on the Organization:**

23. Obtain a listing of misappropriations of public funds or assets during the fiscal period, and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the Organization reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the Organization is domiciled.

Performance: Inquired of management of any misappropriations of public funds or assets.  
Exceptions: There were no exceptions noted.

**Other procedures performed on the Organization: (Continued)**

24. Observe and report whether the Organization has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Performance: Inquired about such notice posted in the premises.

Exceptions: There was no notice posted

**Management's Overall Response to Findings:**

- 1b Management will consider adding the provision stating how vendors are added to the vendor list before the end of fiscal year 2020.
- 1d Management will consider drafting a Receipts/Collections policy before the end of fiscal year 2020.
- 1j Management will consider adding the stated provisions to their Ethics policy before the end of fiscal year 2020.
- 1k Management is working on drafting a Disaster Recovery/Business Continuity policy to be approved by the Organization before the end of fiscal year 2020.
- 2b Management will consider presenting monthly financial statement budget-to-actual comparison. However, the Organization is not required to follow State budget law.
- 5b Management will consider assigning duties to other employees to establish segregation of duties.
- 5c Management will consider assigning duties to other employees to establish segregation of duties.
- 9c Management will consider assigning duties to other employees to establish segregation of duties.
- 9d Management will consider assigning duties to other employees to establish segregation of duties.
- 24 Management will post the required notice on its premises.