

**SOUTHEASTERN LOUISIANA
AREA HEALTH EDUCATION CENTER**

Audit of Financial Statements

June 30, 2017



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Independent Auditor's Report

To the Board of Directors
Southeastern Louisiana Area Health Education Center
Hammond, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Southeastern Louisiana Area Health Education Center (the Center), which comprise the statement of financial position as of June 30, 2017, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center 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 Matters

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2017, on our consideration of the Center'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 Center's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Metairie, LA
December 12, 2017

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER**
Statement of Financial Position
June 30, 2017

Assets	
Cash and Cash Equivalents	\$ 581,757
Certificate of Deposit	55,137
Grants Receivable	3,532,637
Notes Receivable, Net of Allowance	1,499,782
Other Assets	128,333
Prepaid Expenses	17,674
Deposits	300
Fixed Assets, Net	<u>291,988</u>
Total Assets	<u>\$ 6,107,608</u>
Liabilities	
Accounts Payable and Accrued Liabilities	\$ 940,843
Deferred Revenue	44,639
Line of Credit	330,348
Notes Payable	<u>329,147</u>
Total Liabilities	<u>1,644,977</u>
Net Assets	
Unrestricted - Designated for Future Expenditures	<u>4,462,631</u>
Total Liabilities and Net Assets	<u>\$ 6,107,608</u>

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

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER**
Statement of Activities
For the Year Ended June 30, 2017

Unrestricted Net Assets	
Support and Revenue	
Cooperative Endeavor with LSUMC - State Portion	\$ 354,362
Cooperative Endeavor with LSUMC - Federal Portion	77,148
Federal Grant Revenue	3,294,093
Grant Revenue - State and Private	13,120,177
Contract Revenue	1,521,399
Interest and Other Income	139,299
	<hr/>
Total Unrestricted Support and Revenue	18,506,478
Expenses	
Program Services	
Salaries and Related Benefits	12,482,481
Administrative Cost	942,368
Travel	748,049
Other Professional Fees	734,340
Contractual	498,443
Supplies and Maintenance	415,339
Operating Service Expense	358,706
Other	337,461
Rent	141,001
Equipment Expense	98,281
Telephone and Communication	89,619
Contract Services	69,956
Consulting Fees	27,300
Postage	21,267
Insurance	14,978
Utilities	8,222
Professional Development	4,139
Printing	875
Advertising and Public Relations	50
	<hr/>
Total Program Services	16,992,875
Supporting Services	
General and Administrative	<hr/> 1,133,953
Total Supporting Services	<hr/> 1,133,953
Total Expenses	<hr/> 18,126,828
Change in Unrestricted Net Assets	379,650
Unrestricted Net Assets, Beginning of Year	<hr/> 4,082,981
Unrestricted Net Assets, End of Year	<hr/> \$ 4,462,631

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

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER**
Statement of Cash Flows
For the Year Ended June 30, 2017

Cash Flows from Operating Activities	
Change in Unrestricted Net Assets	\$ 379,650
Adjustments to Reconcile Change in Unrestricted Net Assets to Net Cash Provided by Operating Activities	
Depreciation	57,565
Bad Debt Expense	1,777
(Increase) Decrease in Assets	
Grant Receivable	(575,913)
Prepaid Expenses	(15,072)
Other Asset	(9,921)
Increase (Decrease) in Liabilities	
Accounts Payable and Accrued Liabilities	361,070
Deferred Revenue	(59,911)
	<u>139,245</u>
Net Cash Provided by Operating Activities	
Cash Flows from Investing Activities	
Decrease in Notes Receivable	344,238
Purchase of Property, Plant, and Equipment	<u>(38,391)</u>
	<u>305,847</u>
Net Cash Provided by Investing Activities	
Cash Flows from Financing Activities	
Payments on Notes Payable	(14,682)
Proceeds on Line of Credit	8,404,616
Payments on Line of Credit	<u>(8,737,936)</u>
	<u>(348,002)</u>
Net Cash Used in Financing Activities	
Net Increase in Cash and Cash Equivalents	97,090
Cash and Cash Equivalents, Beginning of Year	<u>484,667</u>
Cash and Cash Equivalents, End of Year	<u>\$ 581,757</u>
Supplemental Disclosure	
Cash Paid for Interest	<u>\$ 126,534</u>

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

SOUTHEASTERN LOUISIANA AREA HEALTH EDUCATION CENTER

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Organization

Southeastern Louisiana Area Health Education Center (the Center), formerly known as Southeastern Louisiana Area Health Education Foundation, is a Louisiana non-profit organization originally chartered on June 22, 1989. Its purpose is to operate an area health education center in southeastern Louisiana, in order to plan for additional clinical educational opportunities in rural and underserved communities.

Federal Income Taxes

The Center is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code.

Basis of Accounting

The Center prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, involving the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

The Center follows the provisions of the *Not-for-Profit Organizations* Topic of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC). Under the *Not-for-Profit Organizations* Topic of the FASB ASC, the Center 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 of June 30, 2017, there are no temporarily or permanently restricted net assets.

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 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.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

SOUTHEASTERN LOUISIANA AREA HEALTH EDUCATION CENTER

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Contributions (Continued)

Contributed property and equipment is recorded at fair value at the date of donation. In the absence of donor-imposed stipulations regarding how long the contributed asset must be used, the Center has adopted a policy of implying a time restriction on contributions of such assets that expires over the assets' useful lives.

Donated Goods and Services

Organizations are required to recognize as revenue and related expense, services received if the organization would typically need to purchase the services if not received as donations. No amounts have been reflected in the financial statements for donated goods and services because there was either no objective basis available to measure their value or the value given was immaterial to the financial statements taken as a whole.

Revenue and Expenses

Support for the Center is provided primarily by the Louisiana State University and Agricultural and Mechanical College, acting on behalf of the Louisiana State University Medical Center (LSUMC), by federal grants received either directly from federal agencies or passed through state and local governmental agencies, and by contracts and agreements signed with various state agencies to provide support personnel. Interest income is also generated by the Rural Loan Fund.

Expenditures pertaining to the funding provided by LSUMC are to be made in accordance with a budget, which has been adopted and made a part of the cooperative endeavor with LSUMC. The Center is to be reimbursed by LSUMC for costs incurred in carrying out the provisions of the agreement.

For federal and state grants administered on a cost-reimbursement basis, revenue is recognized as allowable expenditures are incurred.

Fixed Assets

Effective with the October 1, 1994, cooperative endeavor between LSUMC and the Center, title to equipment purchased with these funds is to remain with the Center. Prior to October 1, 1994, title to equipment purchased with these funds was to remain with LSUMC. Therefore, equipment purchased with funds provided by LSUMC during the fiscal year ended June 30, 2017, has been capitalized and recorded in the statement of financial position. In addition, the costs of automobiles, furniture, and office equipment purchased with funds provided by federal award programs have been capitalized and recorded in the statement of financial position. Acquisitions of property and equipment in excess of \$1,000 and an economic useful life greater than one year are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows: building and building improvements - 30 years, furniture and equipment - 5 to 7 years, and vehicles - 3 to 5 years.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Notes Receivable

Notes receivable (related to the Rural Loan Fund) are stated at their principal balances outstanding. Interest income on notes receivable is recognized using the interest method.

An allowance is established in an amount that management believes will be adequate to absorb possible losses on existing notes that may become uncollectible, based on evaluation of the collectability and prior loss experience. The evaluations take into consideration such factors as current economic conditions that may affect the borrowers' ability to pay.

Cash Flow Information

The Center considers all short-term investments with an original maturity of three months or less to be cash equivalents. The Center did not make any cash payments for income taxes during the year ended June 30, 2017.

Advertising Costs

Advertising costs are expensed as incurred. There were no advertising expenses for the year.

Note 2. Cash and Cash Equivalents

Concentration of Risk

The Center periodically maintains cash in bank accounts in excess of insured limits. The Center has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

Note 3. Notes Receivable

The Center operates the Rural Loan Fund Program to assist rural health clinics and hospitals obtain low-interest loans to assist in obtaining necessary equipment and facilities to enhance their ability to provide high-quality health care to residents in rural areas of the State of Louisiana.

At June 30, 2017, the Center had twenty-three notes outstanding, totaling \$1,499,782. At June 30, 2017, fifteen of the notes were classified as current with eight classified as past due. The twenty-three notes have interest rates of approximately 4% to 7%, with maturities ranging from 2017 to 2027.

During the year ended June 30, 2017, the Center conducted a review of its notes receivable and considers all but one of the notes receivable at June 30, 2017, to be fully collectible. Therefore, the Center provided for an allowance for doubtful accounts. At June 30, 2017, the allowance for doubtful accounts was \$18,500.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER**

Notes to Financial Statements

Note 4. Fixed Assets

As of June 30, 2017, fixed assets consist of the following:

Buildings	\$ 402,260
Office Equipment	115,336
Office Furniture	51,582
Vehicles	<u>127,778</u>
	696,956
Less: Accumulated Depreciation	<u>(404,968)</u>
Total	<u><u>\$ 291,988</u></u>

All capitalized assets are depreciated using the straight-line basis over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2017, totaled \$57,565.

Not included in fixed assets is approximately \$460,000 of medical reference books and journals which were donated to the Center during the year ended June 30, 2015. No value has been recorded within the financial statements for this donation as these items have been accepted for their potential future use in scientific and educational research.

Note 5. Line of Credit and Notes Payable

The Center has a line of credit in the amount of \$1,500,000. The line bears interest at the Index (4% at June 30, 2017) and matures June 10, 2019. As of June 30, 2017, the balance outstanding on the line of credit was \$330,348. On July 12, 2016, the Center established a \$500,000 stand-by line of credit, bearing interest at the Index, which matured on June 10, 2017.

The Center has two outstanding notes payable with a local banking institution to finance the purchase of two vehicles. The notes bear interest at a rate of 2.24% and mature in August 2019. As of June 30, 2017, the balances on the notes are \$13,108 (payable in monthly installments of \$539) and \$16,039 (payable in monthly installments of \$660).

In addition, the Center has a \$300,000 note payable from the LPFA. The note is non-interest bearing, and the entire principal balance is due in July 2022.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER**

Notes to Financial Statements

Note 5. Line of Credit and Notes Payable (Continued)

At June 30, 2017, scheduled maturities of notes payable for the years ending June 30, are as follows:

2018	\$ 12,705
2019	14,160
2020	2,282
2021	-
2022	-
Thereafter	<u>300,000</u>
Total	<u>\$ 329,147</u>

Note 6. Retirement Plan

The Center established an employer sponsored 403(b) annuity plan (the Plan) effective October 1, 1990, to provide retirement benefits for employees of the Center and the payment of benefits to employees and their beneficiaries. The Center's contribution was 7% of the employees' salaries during the year ended June 30, 2017. Additionally, an amount determined by resolution of the Board of Directors of the Center may be contributed to the Plan. The contribution to the Plan for the year ended June 30, 2017, amounted to \$663,555.

In October 2014, the Center established a 457(b) deferred compensation plan covering the CEO and CFO. In June 2016, the Center approved to add Directors to the Plan. The contributions for the Plan during the year totaled \$46,000. The only eligible employees are the CEO, CFO, and Directors.

Note 7. Operating Leases

The Center has operating leases for office space and office equipment. Lease expense for office equipment and office space for the year ended June 30, 2017, was \$33,443.

Future minimum lease payments on office equipment and office space for the years ending June 30, 2018, 2019, and 2020, are \$34,093, \$5,443, and \$1,600, respectively.

Note 8. Functional Allocation of Expenses

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

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER**

Notes to Financial Statements

Note 9. Uncertain Tax Positions

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Center believes it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements. Penalties and interests assessed by income taxing authorities, if any, would be included in income tax expense.

Note 10. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 12, 2017, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER**
Supplementary Information
Combining Schedule of Assets, Liabilities, and Net Assets
For the Year Ended June 30, 2017

Schedule I

	Program Services	Supporting Services	Plant Fund	Totals
Assets				
Cash and Cash Equivalents	\$ 73,827	\$ 507,930	\$ -	\$ 581,757
Certificates of Deposit	-	55,137	-	55,137
Grants Receivable	3,532,637	-	-	3,532,637
Notes Receivable, Net of Allowance	1,499,782	-	-	1,499,782
Other Assets	128,333	-	-	128,333
Prepaid Expenses	17,674	-	-	17,674
Deposits	-	300	-	300
Due from Other Programs	-	8,643,308	-	8,643,308
Fixed Assets, Net	-	-	291,988	291,988
Total Assets	\$ 5,252,253	\$ 9,206,675	\$ 291,988	\$ 14,750,916
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 103,719	\$ 837,124	\$ -	\$ 940,843
Deferred Revenue	44,639	-	-	44,639
Line of Credit Payable	-	330,348	-	330,348
Notes Payable	329,147	-	-	329,147
Due to Other Programs	8,425,329	-	217,979	8,643,308
Total Liabilities	8,902,834	1,167,472	217,979	10,288,285
Net Assets (Deficit)				
Unrestricted - Designated for Future Expenditures	(3,650,581)	8,039,203	74,009	4,462,631
Total Liabilities and Net Assets	\$ 5,252,253	\$ 9,206,675	\$ 291,988	\$ 14,750,916

See independent auditor's report.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER**

Schedule II

Supplementary Information

**Combining Schedule of Support, Revenue, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2017**

	Program Services	Supporting Services	Plant Fund	Totals
Support and Revenue				
Cooperative Endeavor with LSUMC - State Portion	\$ -	\$ 354,362	\$ -	\$ 354,362
Cooperative Endeavor with LSUMC - Federal Portion	-	77,148	-	77,148
Federal Grant Revenue	3,294,093	-	-	3,294,093
Grant Revenue - State and Private	13,120,177	-	-	13,120,177
Contract Revenue	-	1,521,399	-	1,521,399
Interest and Other Income	121,497	17,802	-	139,299
Total Support and Revenue	16,535,767	1,970,711	-	18,506,478
Expenses				
Salaries and Related Benefits	12,482,481	727,371	-	13,209,852
Administrative Cost	942,368	-	-	942,368
Travel	748,049	16,889	-	764,938
Other Professional Fees	734,340	10,281	-	744,621
Supplies and Maintenance	415,339	66,056	-	481,395
Contractual	498,443	2,576	-	501,019
Operating Service Expense	358,706	87,606	-	446,312
Contract Services	69,956	-	-	69,956
Other	337,461	7,813	-	345,274
Rent	141,001	-	-	141,001
Equipment Expense	98,281	1,809	-	100,090
Telephone and Communication	89,619	26,481	-	116,100
Depreciation	-	-	57,565	57,565
Printing	875	-	-	875
Bank Fees	-	38,879	-	38,879
Legal Fees	-	35,063	-	35,063
Consulting Fees	27,300	16,558	-	43,858
Postage	21,267	5,762	-	27,029
Advertising and Public Relations	50	5,939	-	5,989
Insurance	14,978	4,380	-	19,358
Utilities	8,222	9,406	-	17,628
Professional Development	4,139	-	-	4,139
Dues and Subscription	-	13,519	-	13,519
Total Expenses	16,992,875	1,076,388	57,565	18,126,828
Change in Net Assets	(457,108)	894,323	(57,565)	379,650
Net Assets, Beginning of Year	(3,193,473)	7,144,880	131,574	4,082,981
Net Assets, End of Year	\$ (3,650,581)	\$ 8,039,203	\$ 74,009	\$ 4,462,631

See independent auditor's report.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER**
Supplementary Information
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2017

Agency Head
Brian P. Jakes, Sr., CEO

Purpose	Amount
Salary	\$96,396
Benefits - Insurance	\$7,395
Benefits - Retirement	\$24,748
Benefits - Other	\$2,083
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Business Cell Phone	\$1,819
Special Meals	\$0

Louisiana Revised Statute 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees to be reported as a supplemental report within the financial statement of local government and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that received public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

See independent auditor's report.

UNIFORM GUIDANCE SECTION

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER**
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity's Identifying Number	Federal Revenue Recognized	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>				
Passed through Louisiana State University Medical Center:				
Area Health Education Centers Point of Service Maintenance and Enhancement Awards	93.107	72608770A1	\$ 77,148	\$ 77,148
Passed through City of New Orleans - Office of Health Policy:				
HIV Emergency Relief Project Grants - Ryan White HIV/AIDS Treatment	93.914	980HP0014C	723,600	723,600
Passed through New Orleans Regional AIDS Planning Council:				
HIV Emergency Relief Project Grants - Ryan White HIV/AIDS Treatment	93.914	98OHP0014C	310,215	310,215
Passed through Florida Parishes Human Services Authority:				
Block Grants for Community Mental Health Services	93.958	721155014-00	51,821	51,821
Subtotal - U.S. Department of Health and Human Services			1,162,784	1,162,784
<u>U.S. Department of Education</u>				
Passed through Louisiana Department of Health and Hospitals:				
Special Education - Grants for Infants and Families	84.181	610292	2,208,457	2,208,457
Subtotal - U.S. Department of Education			2,208,457	2,208,457
Total			\$ 3,371,241	\$ 3,371,241
Reconciliation				
Cooperative Endeavor with LSUMC - Federal Portion Federal Grant Revenue			\$ 77,148	
			3,294,093	
Total			\$ 3,371,241	

See accompanying notes to schedule of expenditures of federal awards.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER**

**Note to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the grant activity of Southeastern Louisiana Area Health Education Center (the Center) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance.

The Center has elected to use the indirect cost rate as specified under the grant agreement.

**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**

Independent Auditor's Report

To the Board of Directors
Southeastern Louisiana Area Health Education Center
Hammond, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Southeastern Louisiana Area Health Education Center (the Center), 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 12, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center'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 Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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. 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 Center'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 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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Metairie, LA
December 12, 2017

**REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

To the Board of Directors
Southeastern Louisiana Area Health Education Center
Hammond, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Southeastern Louisiana Area Health Education Center's (the Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Center's major federal program for the year ended June 30, 2017. The Center's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the Center's federal program.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A Professional Accounting Corporation



Metairie, LA
December 12, 2017

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER**
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

A. Summary of Auditor's Results

Financial Statements

- | | |
|---|---------------|
| 1) Type of auditor's report | Unmodified |
| 2) Internal control over financial reporting and compliance and other matters | |
| a) Material weaknesses identified | No |
| b) Significant deficiencies identified not considered to be material weaknesses | None reported |
| 3) Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|---|---------------|
| 4) Internal control over major programs | |
| a) Material weaknesses identified | No |
| b) Significant deficiencies identified not considered to be material weaknesses | None reported |
| 5) Type of auditor's report issued on compliance for major program | Unmodified |
| 6) Audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? | No |
| 7) Identification of major programs | |
| 93.914 - HIV Emergency Relief Project Grants – Ryan White HIV/AIDS Treatment | |
| 8) Dollar threshold used to distinguish between Type A and B programs | \$750,000 |
| 9) Auditee qualified as a low-risk auditee? | Yes |

B. Findings Related to the Financial Statements

None.

C. Findings and Questioned Costs Related to Major Federal Award Program

None.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER**
Schedule of Prior Audit Findings and Questioned Costs
For the Year Ended June 30, 2017

Findings Related to the Financial Statements

None.

Findings and Questioned Costs Related to Major Federal Award Program

None.

AGREED-UPON PROCEDURES REPORT
Southeastern Louisiana Area Health Education Center

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period July 1, 2016 - June 30, 2017

To the Board of Directors
Southeastern Louisiana Area Health Education Center
Hammond, Louisiana

We have performed the procedures enumerated below, which were agreed to by Southeastern Louisiana Area Health Education Center (the Center) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year July 1, 2016 through June 30, 2017. The Center's management is responsible for those C/C areas identified in the SAUPs.

The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and associated results are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **Receipts**, including receiving, recording, and preparing deposits.
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: 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.

Results: The Center's written policies and procedures address each of the financial/business functions listed above in items a) through j) except for item f). The Center's policy on contracts was only related to grant contracts and did not cover all types of contracts. The policy on grant contracts addressed the elements listed in item f).

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - c) Report whether the minutes referenced or included non-budgetary financial information (e.g., approval of contracts and disbursements) for at least one meeting during the fiscal period.

Results: This Center held an annual meeting which is in accordance with enabling legislation. The Center discussed financial performance during the meeting. The Center discussed non-budgetary financial information at the meeting.

Bank Reconciliations

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

Results: Obtained a listing of client bank accounts from management and management's representation the listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than five accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Results: Selected one-third of the bank accounts and noted that all bank reconciliations have been prepared, all reconciliations include evidence that a member of management has reviewed the reconciliation, and the documentation contained evidence reflecting there was research of reconciling items that have been outstanding for more than 6 months.

Collections

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

Results: Obtained a listing of cash/check/money order collection locations from management and management's representation the listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than five locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:
 - a) Obtain existing written documentation (e.g., insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
 - b) Obtain existing written documentation (e.g., sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Results: Selected all of the cash collection locations and noted that employees that collect cash are covered under the Center's insurance policies. The employees responsible for collecting cash are not responsible for depositing the cash in the bank, recording the related transaction or reconciling the relate bank account and are not required to share the same cash register or drawer with another employee.

The Center has a formal process to reconcile cash collections to the general ledger by a person who is not responsible for cash collection in the collection locations selected.

For the week of cash collections selected, the deposits were made within one day of collection and all daily cash collections were completely supported by documentation.

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

Results: The Center has a process specifically defined to determine completeness of all collections by a person who is not responsible for collections.

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

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

Results: Obtained a listing of disbursements from management and management's representation that the listing was complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g., purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- 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.

Results: The supporting documentation for the 25 randomly selected disbursements demonstrated each of the required elements in a), b), and c) listed above without exception.

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

Results: The person responsible for processing payments has the ability to add vendors to the Center's purchasing/disbursement system.

11. Using entity documentation (e.g., electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Results: The persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

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

Results: The unused check supply is maintained in a locked location with access restricted to someone who does not have signature authority. In addition, the electronic checks are controlled in a manner whereby the persons with signatory authority do not have system access.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Results: No exceptions noted as a result of the procedures performed.

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

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

Results: Obtained a listing of all active cards from management and management's representation that the listing is complete.

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

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

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Results: Selected 10 cards used during the year. There was evidence that the monthly statements were reviewed or approved, in writing, by someone other than the authorized card holder. There were no finance charges or late fees assessed on the selected statements.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e., each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased).
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization).
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e., transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

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

Results: Of the 163 transactions selected, 8 items did not have an itemized receipt. There were no exceptions identified to the criteria listed in b) and c) above.

Travel and Expense Reimbursement

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

Results: Obtained the listing of travel and related expense reimbursements by person during the fiscal year from management and management's representation that the listing is complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Results: Obtained the policy and noted no amounts which exceed the GSA rates.

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

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
- b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose. (Note: For meal charges, there should also be documentation of the individuals participating.)
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: The largest travel expense selected for each of the three persons selected was supported by the documentation listed in criteria a) through d).

Contracts

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

Results: Obtained a listing of all contracts in effect during the fiscal year from management and management's representation that the listing is complete.

- 21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
 - a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
 - c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
 - d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
 - e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g., Lawrason Act or Home Rule Charter).

Results: There was a written contract for each of the vendors selected. None of the contracts were subject to the criteria in item b). None of the contracts were amended. The supporting invoices and payments complied with the terms and conditions of the contract. None of the contracts required board approval by policy.

Payroll and Personnel

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

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Results: Obtained the listing of employees with their related salaries and management's representation that the listing is complete. The compensation paid to the five selected employees was in accordance with the terms and conditions of the employment contract or pay rate structure and any changes made to pay rate during the fiscal year was approved in writing and in accordance with written policy.

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

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Results: All of the documentation listed in items a), b), and c) above were present for the 25 employees randomly selected.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Results: Obtained the listing of employees terminated during the fiscal year and management's representation that the listing is complete. The two largest termination payments selected were made in accordance with policy.

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

Results: 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.

Ethics (excluding nonprofits)

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

Results: The Center is a nonprofit and is excluded.

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

Results: The Center is a nonprofit and is excluded.

Debt Service (excluding nonprofits)

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

Results: The Center is a nonprofit and is excluded.

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

Results: The Center is a nonprofit and is excluded.

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

Results: The Center is a nonprofit and is excluded.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: Our inquiry of management regarding misappropriations of public funds or assets identified no such instances of misappropriations.

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

Results: The Center has posted on its premises and website, the notice required by R.S. 24:523.1

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

Results: No exceptions regarding management's representations noted.

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*. We were not engaged to perform, and did not perform, an examination or review, the objective of which would be the expression of an opinion or conclusion. 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.

This report is intended solely for the use of management of Southeastern Louisiana Area Health Education Center 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.



A Professional Accounting Corporation

Metairie, LA
December 13, 2017

December 13, 2017

LaPorte
A Professional Accounting Corporation
111 Veterans Memorial Blvd.
Metairie, Louisiana 70005

In response to the agreed upon procedures Southeast LA AHEC offer the following comments:

Item 1 – Southeast LA AHEC is reviewing written policies and will add all types of contracts to that policy.

Item 4 – Southeast LA AHEC is researching outstanding checks over six months,

Item 10 – Southeast LA AHEC is upgrading to new accounting software which would allow a different employee to add vendors.

Item 16 – Southeast LA AHEC is meeting with employees to review credit card procedures.

Please contact me if you have any questions.

Thank you,



Cheryl S. Tanner, CGFM
Chief Financial Officer