

People Centered Support Services, Inc.  
Annual Financial Statements  
For the Year Then Ended June 30, 2019

People Centered Support Services, Inc.  
Annual Financial Statements  
For the Year Ended June 30, 2019  
With Supplemental Information Schedules

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# WADE & PERRY

Certified Public Accountants  
A Professional Accounting Corporation  
Members: AICPA/ Society of LCPA's

## Independent Auditor's Report

Board of Directors of  
People Centered Support Services, Inc.  
Ruston, Louisiana 71270

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of People Centered Support Services, Inc. ("Company"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Company's basic financial statements as listed in the table of contents.

### ***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 opinions 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 opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Company, as of June 30, 2019, and the respective changes in financial position and where applicable, cash flows thereof 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 opinions on the financial statements that collectively comprise the Company's basic financial statements. The schedule of compensation, benefits and other payments to agency head is presented for the purpose of additional analysis and is not a required part of the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 11, 2019, on our consideration of the Company'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 the 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 Company's internal control over financial reporting and compliance.

*Wade S Perry*

Ruston, Louisiana  
December 11, 2019

People Centered Support Services, Inc.  
Balance Sheet  
As of June 30, 2019

## ASSETS

Current assets:	
Cash and cash investments	\$67,229
Accounts receivables-trade	243,529
Total current assets	<u>310,758</u>
Non-current assets:	
Due from related party	45,886
Due from shareholder	63,457
Other assets	1,691
Capital assets (net of accumulated depreciation)	176,890
Total Non-current assets	<u>287,924</u>
TOTAL ASSETS	<u>\$598,682</u>

## LIABILITIES AND STOCKHOLDER'S EQUITY

Current Liabilities:	
Cash overdraft	\$0
Accounts, salaries, and other payables	238,456
Accrued liabilities	98,178
Current portion of loan and note payable	110,550
Total current liabilities	<u>447,184</u>
Noncurrent liabilities	
Loans payable	146,498
Total noncurrent liabilities	<u>146,498</u>
Total liabilities	<u>593,682</u>
Stockholder's Equity	
Common stock, no par value, 5,000 shares authorized, 100 shares issued and outstanding in 2019	5,000
Capital - Shareholder	0
Distributions/Repayments	(32,696)
Net income	32,696
Total Stockholder's Equity	<u>5,000</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$598,682</u>

The accompanying notes are an integral part of this statement.

People Centered Support Services, Inc.  
Statement of Income and Retained Earnings  
For the Year Ended June 30, 2019

REVENUES	
Vocational	\$31,542
Medicaid	2,221,056
<i>Personal care attendant - OCDD</i>	39,241
Self-generated income	136,634
Other revenues	83,205
TOTAL REVENUES	<u>2,511,678</u>
EXPENSES	
Licenses and permits	1,600
Auto expenses	26,816
Postage	1,227
Professional services	275
Telephone	18,890
Rent	10,533
Travel & Entertainment	45,799
Miscellaneous expense	20,675
Repairs and maintenance	9,568
Supplies	48,093
Utilities	22,491
Accrued payroll adjustment	3,612
Consumer wages	39,022
Consultants	16,213
Depreciation	19,048
Salaries & wages	1,755,471
Payroll taxes	164,660
Post-retirement expenses	632
Bad debt expense	104,263
Insurance	161,889
Management fee allocation	(67,115)
TOTAL EXPENSES	<u>2,403,662</u>

(Continued)

See accompanying auditor's report and notes to financial statements.

People Centered Support Services, Inc.  
Statement of Income and Retained Earnings  
For the year ended June 30, 2019

Operating Income	\$108,016
NON-OPERATING INCOME (Expense)	
Interest expense	(18,522)
Non-allowable expenses	(63,623)
Rent income	5,925
Interest income	900
TOTAL NON-OPERATING INCOME (Expense)	<u>(75,320)</u>
NET INCOME	32,696
Stockholder's equity less common stock, beginning	0
Distributions, current year	<u>(32,696)</u>
Stockholder's equity less common stock, ending	<u><u>\$0</u></u>

See accompanying auditor's report and notes to financial statements.

People Centered Support Services, Inc.  
Statement of Cash Flows  
For the Year Ended June 30, 2019

Cash Flows from Operating Activities	
Receipts from customers and users	\$2,422,929
Receipts from related party	4,913
Payments to suppliers	(474,010)
Payments to employees	(1,755,471)
Payments to related party	0
Net Cash Provided by Operating Activities	<u>198,361</u>
Cash Flows from Noncapital Financing Activities	
Increase in LOC - operations loan	309
Non-allowable expenses	(63,623)
Current year distribution to shareholder	(32,696)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(96,010)</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of assets	0
Increase in loan payable	0
Principal paid on capital debt	(1,265)
Interest paid on capital debt	(18,522)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(19,787)</u>
Cash Flows from Investing Activities	
Rent income	5,925
Interest income	900
Net Cash Provided by Investing Activities	<u>6,825</u>
Net Increase in Cash and equivalents	89,389
Cash and equivalents, Beginning of Year	<u>(22,160)</u>
Cash and equivalents, End of Year	<u><u>\$67,229</u></u>
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities	
Operating income	\$108,016
Depreciation expense	19,048
(Increase) decrease in accounts receivable	(88,398)
(Increase) decrease in due from related party	4,913
(Increase) decrease in other assets	(351)
Increase (decrease) in accounts payable	193,581
Increase (decrease) in accrued liabilities	(38,448)
Net Cash Provided by Operating Activities	<u><u>\$198,361</u></u>
Reconciliation of total cash and cash investments:	
Current assets - cash and cash investments	<u>\$67,229</u>
Total cash and cash investments	<u><u>\$67,229</u></u>

The accompanying notes are an integral part of this statement.

People Centered Support Services, Inc.  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

INTRODUCTION

People Centered Support Services, Inc.'s (an S corporation) primary business activity is to provide services by qualified staff to the targeted or waiver population to assist them in gaining access to the full range of needed services including medical, social, emotional, and other support services. The Company has one location in Ruston, Louisiana. The Company is a corporation which incorporated on March 17, 1999.

Method of Accounting

The books and records are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash with an initial maturity of three months or less.

Receivables

The Company uses the direct writeoff method of recognizing bad debts. Management considered all accounts receivable at June 30, 2019 to be fully collectible, therefore no allowance for doubtful accounts was recorded. Although the direct write-off method is not in accordance with generally accepted accounting principles (GAAP), it approximates GAAP if all material doubtful accounts have been written off and the Company does not anticipate a significant increase in bad debts.

Fixed Assets

Fixed assets are stated at cost. Depreciation is computed using the, straight-line method over the estimated useful lives with respect to major classes of depreciable assets as follows:

Furniture and equipment	3 - 10	years
Vehicle	5	years
Building	27 ½	years

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS

At June 30, 2019, the Company has cash and cash equivalents (book balances) totaling \$67,229 as follows:

People Centered Support Services, Inc.  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

Demand deposits	\$67,229
Time deposits	<u>0</u>
Total	<u><u>\$67,229</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2019, the Company has \$120,776 in deposits (collected bank balances). These deposits are secured from risk by \$120,776 of federal deposit insurance and \$0 of pledged securities held by the custodial bank in the name of the fiscal agent bank. (GASB Category 3).

### 3. PROPERTY AND EQUIPMENT

The following is a schedule of additions and deletions for the year ended June 30, 2019:

	<u>Balance</u> <u>6/30/18</u>	<u>Adjustment</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/19</u>
Equipment	\$137,968				\$137,968
Vehicle	173,398				173,398
Building	254,000				254,000
Less accumulated depreciation	<u>(369,428)</u>		<u>(19,048)</u>		<u>(388,476)</u>
Total	<u><u>\$195,938</u></u>	<u>\$0</u>	<u><u>(\$19,048)</u></u>	<u>\$0</u>	<u><u>\$176,890</u></u>

### 4. COMPENSATED ABSENCES

Sick leave is earned by full-time employees at the rate of 1.85 hours per pay period. Sick leave may be accrued but when the balance is greater than 48 hours, the Company buys back the excess hours. Personal leave is earned by full-time employees at the rate of 3.08 hours per pay period or 4.62 hours per pay period after 5 years of employment. Personal leave may be accrued but when the balance is greater than 80 hours after 5 years of employment, the Company buys back the excess hours.

Accrued compensated absences consist of unpaid sick leave and personal leave as follows:

Sick leave	\$21,043
Personal leave	<u>40,482</u>
Total	<u><u>\$61,525</u></u>

People Centered Support Services, Inc.  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

5. LEASES

The Company leases property under a 60-month lease with an option to extend for five years. The Company leases three copiers, each for 48 months. Lease expense was \$10,533 for the year ended June 30, 2019. For the year ended June 30, 2019, the Company did not have any capital leases.

6. PROGRAMS

The organization's principal programs and primary funding sources are:

Adult Habilitation - this program's income is derived from the Louisiana Department of Health and Hospitals. These funds are used to train clients in vocational and pre-vocational activities and supportive services.

Vocational Rehabilitation - this program's income is derived from the Department of Social Services, Office of Louisiana Rehabilitative Services. This program provides vocational training support to clients placed in jobs within the community.

Supported Work Contracts - this program's income is derived from services by clients which include janitorial and other contracts.

Supported/Independent Living - this program's income is derived from the Louisiana Department of Health and Hospitals. This program helps the individual clients become more independent by providing support and training in their residences within the community.

Personal Care Attendant - this program's income is derived from the Louisiana Department of Health and Hospitals. This program provides support and training for individuals in satisfying their own personal needs.

7. RELATED PARTY TRANSACTIONS

The related parties consist of one company with common ownership and one non-profit company whose executive director is the Company's 100% stockholder. The following is a summary of the due from related party transactions for the year ended June 30, 2019:

Balance, June 30, 2018	\$60,673
Management fee allocation	67,115
Loans to/from related parties	(871)
Forgiven debt	(102,525)
Repayments	(13,998)
Credit card charges	13,379
IRA Contributions	21,213
Imputed interest @ 2%	900
Balance, June 30, 2019	<u>\$45,886</u>

People Centered Support Services, Inc.  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

8. STOCKHOLDERS' EQUITY

	<u>Common Stock</u>	<u>Distributions to date</u>	<u>Retained Earnings</u>	<u>Total Stockholders' Equity</u>
July 1, 2018	\$5,000	(\$2,391,214)	\$2,391,214	\$5,000
Distributions/contributions		(32,696)		(32,696)
Net Income			32,696	32,696
June 30, 2019	<u>\$5,000</u>	<u>(\$2,423,910)</u>	<u>\$2,423,910</u>	<u>\$5,000</u>

9. SCHEDULE OF REVENUE

	<u>State</u>	<u>Fees for Services</u>	<u>Total</u>
Adult services	\$31,095	\$642,533	\$673,628
Residential services		46,090	46,090
Personal Care		1,789,280	1,789,280
Total	<u>\$31,095</u>	<u>\$2,477,903</u>	<u>\$2,508,998</u>

10. RISK MANAGEMENT

The Company is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the Company maintains commercial insurance policies covering its vehicles, professional liability and surety bond coverage. No claims were paid on any of the policies which exceeded to policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended June 30, 2019.

11. RETIREMENT SYSTEMS

All employees of the Company who earn \$5,000 per year minimum are eligible to be members of a single-employer defined contribution retirement plan after two full years employment. This retirement plan is self-directed through American Funds. It is a SIMPLE IRA with the Company matching up to 3% of gross payroll. Currently, there is one employee participating. Total contributions were \$608 and \$632 for the employee and employer, respectively.

12. DATE OF MANAGEMENT REVIEW

The Company has evaluated subsequent events through December 11, 2019, the date which the financial statements were available to be issued. Management is not aware of any significant subsequent event as of this date.

OTHER SUPPLEMENTAL INFORMATION

People Centered Support Services, Inc.  
Schedule of Compensation, Benefits and Other Payments  
to Agency Head or Chief Executive Officer  
For the Year Ended June 30, 2019

Schedule 1

Agency Head Name: Gregory A. Scott

Purpose	Amount
Salary	\$72,498
Benefits-insurance	21,104

# WADE & PERRY

Certified Public Accountants  
A Professional Accounting Corporation  
Members: AICPA/ Society of LCPA's

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

## Independent Auditor's Report

Board of Directors of  
People Centered Support Services, Inc.  
Ruston, 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 the business-type activities of People Centered Support Services, Inc. ("Company") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Company's basic financial statements, and have issued our report thereon dated December 11, 2019.

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

In planning and performing our audit of the financial statements, we considered the Company'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company'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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses. 2019-3.

*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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies. 2019-1 and 2019-2.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Company'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 statements 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2019-4.

## **Company's Response to Findings**

The Company's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Company's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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 suitable for any other purpose.

*Wade & Perry*  
Ruston, Louisiana  
December 11, 2019

People Centered Support Services, Inc.  
 Schedule of Findings and Responses  
 For the Year Ended June 30, 2019

We have audited the financial statements of People Centered Support Services, Inc. as of and for the year ended June 30, 2019, and have issued our report thereon dated December 11, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of People Centered Support Services, Inc. resulted in an unmodified opinion.

**A. Summary of Audit Results**

1. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses  Yes  No Significant Deficiency  Yes  No

Compliance

Compliance Material to Financial Statements  Yes  No

2. Federal Awards

Internal Control

Material Weaknesses  Yes  No Reportable  Yes  No

Type of Opinion On Compliance Unqualified  Qualified   
 For Major Programs Disclaimer  Adverse

Are their findings required to be reported in accordance with Uniform Guidance?  
 Yes  No

Was a management letter issued?  Yes  No

3. Identification of Major Programs:

CFDA Number(s)

Name of Federal Program (or Cluster)

N/A

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

Is the auditee a "low-risk" auditee, as defined by Uniform Guidance?  Yes  No

## **B. Financial Statements Findings**

### 2019-1. Lack of segregation of duties

Condition: The Company does not have an adequate segregation of duties regarding its accounting and reporting system to maintain a complete system of internal control. This is a repeat finding.

Criteria: Considered good business practice to have segregation of duties wherever possible.

Cause: Small company with limited personnel available.

Effect: Potential misstatements in financial statements may not be detected and is at risk for fraud.

Recommendation: We recommend the Company implement a system of checks and balances. The bookkeeper should not write checks, post disbursements to the general ledger and reconcile the bank account. Segregation of duties should include collection of monies, recording deposits in general ledger, taking deposits to the bank, preparing checks and disbursements, signing checks, mailing checks, and reconciling the bank account.

### 2019-2. Inadequate internal controls for disbursements

Condition: Four of 89 missing checks listed in the general ledger could not be located for examination. An additional 12 checks not entered into the general ledger but were examined as voided checks. One of 23 voided checks were not examined. This is a repeat finding.

Criteria: Internal controls should be set up for all areas.

Cause: All supporting documentation is not maintained in a central location.

Effect: Internal control violation and potential errors in payroll disbursements.

Recommendation: Maintain adequate support for all checks and disbursements in central location.

### 2019-3. Inadequate internal controls for payroll

Condition: Additional paychecks were issued for undocumented sick and vacation hours for 1 employee.

Criteria: Internal controls should be set up for vacation and sick hours earned and taken.

Cause: Small company with limited personnel available.

Effect: Internal control violation and potential errors in payroll disbursements.

Recommendation: We recommend the Company implement a system of checks and balances. The bookkeeper should not write checks, post disbursements to the general ledger and reconcile the bank account. Segregation of duties should include preparing checks and disbursements, signing checks, mailing checks, reconciling the bank account, and reconciling vacation and sick time from prior year to current year.

2019-4. Payroll taxes were not paid timely

Condition: Payroll tax liabilities were not paid timely.

Criteria: According to Circular E, employer's tax guide, the Company is required to make payroll tax deposits semi-weekly.

Cause: Bookkeeper did not make tax deposits.

Effect: Potential penalties and interest affecting cashflow of the Company.

Recommendation: We recommend the bookkeeper pay the payroll tax liabilities with each payroll according to the semi-weekly depositer schedule found in the employer's tax guide.

### **C. Federal Award Findings and Questioned Costs**

None

People Centered Support Services, Inc.  
Summary of Prior Year Findings  
For the Year Ended June 30, 2019

**A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS**

2018-1. Lack of segregation of duties

Conclusion: Unresolved - see 2019-1

2018-2. Inadequate internal controls

Conclusion: Unresolved - see 2019-2

**B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS**

None

**C. MANAGEMENT LETTER**

None

PEOPLE CENTERED SUPPORT SERVICES, INC.  
1201 ATKINS ROAD  
RUSTON, LA 71270  
(318) 255-9105

CORRECTIVE ACTION PLAN  
For the Year Ended June 30, 2019

People Centered Support Services, Inc. hereby submits the following corrective action plan as referenced in the Findings and Questioned Costs:

- 2019-1. Management agrees with the recommendations and intends to implement them immediately. Management will establish procedures to implement a review process to improve internal controls.
- 2019-2. The Company agrees with the recommendation and intends to implement them immediately.
- 2019-3. The Company agrees with the recommendation and intends to implement them immediately.
- 2019-4. The Company agrees with the recommendation and intends to implement them immediately.

# WADE & PERRY

Certified Public Accountants

A Professional Accounting Corporation

Members: AICPA/ Society of LCPA's

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of People Centered Support Services, Inc. and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by People Centered Support Services, Inc. (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

## *Written Policies and Procedures*

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):<sup>1</sup>
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) **Disbursements**, including processing, reviewing, and approving
  - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the

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<sup>1</sup> For governmental organization, the practitioner may eliminate those categories and subcategories that do not apply to the organization's operations. For quasi-public organizations, including non-profits, the practitioner may eliminate those categories and subcategories that do not apply to public funds administered by the quasi-public.

completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**<sup>2</sup>, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- 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.

Written policies and procedures were obtained and address the functions noted above. The Entity is not in compliance with budgeting, purchasing, disbursements, receipts/collections, contracting, credit cards, travel, debt, and disaster recovery/business continuity.

### ***Board or Finance Committee***<sup>3</sup>

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No prior year exceptions.

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<sup>2</sup> The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the non-profit should have written policies and procedures relating to ethics.

<sup>3</sup> These procedures are not applicable to entities managed by a single elected official, such as sheriff or assessor.

### ***Bank Reconciliations***

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

Obtained a listing of bank accounts for the fiscal period and management's representation that the listing is complete.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exceptions.

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

There was no evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

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

Management has not documented that it has researched reconciling items that have been outstanding for more than 12 months.

### ***Collections (excluding EFTs)<sup>5</sup>***

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

Obtained a listing of deposit sites and the corresponding collection locations and management's representation that the listing is complete.

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

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<sup>4</sup> Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

<sup>5</sup> The Collections category is not required to be tested if the entity has a third party contractor performing all collection functions (i.e., receiving collections, preparing deposits, and making deposits).

employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Obtain a listing of collection locations and management's representation that the listing is complete.

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

All employees share a cash drawer/register.

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

No exceptions.

- 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.

Two employees are responsible for collecting cash and one of those employees is also responsible for reconciling the ledger postings.

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

No exceptions.

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

No exceptions.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

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

No exceptions.

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

No exceptions.

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

No exceptions.

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

One deposit with 9 items showed 4 items not deposited within one business day of receipt and the remaining 5 items had no record of receipt date.

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

No exceptions

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

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

Obtained a listing of locations that process payments and management's representation that the listing is complete.

- 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 agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Obtained a listing of all employees involved with non-payroll purchasing and payments functions and observed that:

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

No exceptions.

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

The 2 employees involved in processing and approving payments to vendors

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

The 2 employees responsible for processing payments are also responsible for adding/modifying vendor files with no one else reviewing the vendor files.

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

The 2 employees responsible for processing payments are also responsible for mailing the payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.])

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

Obtained the entity's non-payroll disbursement transaction population and obtained management's representation that the population is complete

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

No exceptions.

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

Observed 3 of the 5 disbursements included evidence of segregation of duties.

### *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<sup>6</sup>. Obtain management's representation that the listing is complete.

Obtained listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) and management's representation that the listing is complete

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

Selected all 3 cards, then randomly selected one month as the ending statement date for each card.

- 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 (or electronically approved), 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.])

Observed no evidence monthly statements were reviewed and approved by someone other than the authorized card holder.

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

No exceptions

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<sup>6</sup> Including credit cards used by school staff for either school operations or student activity fund operations.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing)<sup>7</sup>.

Obtained supporting documentation for at least 10 transactions, or all of them if less than 10 transactions.

For each transaction, observe that it is supported by

- (1) an original itemized receipt that identifies precisely what was purchased,

Ten of the total 20 transactions were supported by an original, itemized receipt.

- (2) written documentation of the business/public purpose, and

Observed no documentation of business/public purpose for any of the 20 transactions.

- (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Not applicable

***Travel and Travel-Related Expense Reimbursements<sup>8</sup> (excluding card transactions)***

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No prior year exceptions.

***Contracts***

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No prior year exceptions.

***Payroll and Personnel***

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No prior year exceptions.

***Ethics<sup>9</sup>***

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No prior year exceptions.

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<sup>7</sup> For example, if 3 of the 5 cards selected were fuel cards, only 10 transactions would be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #12 were fuel cards, Procedure #13 would not be applicable.

<sup>8</sup> Non-travel reimbursements are not required to be tested under this category.

<sup>9</sup> The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the procedures should be performed.

*Debt Service*<sup>10</sup>

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No prior year exceptions.

*Other*

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No prior year exceptions

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

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

*Wade & Perry*  
Ruston, LA

December 11, 2019

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<sup>10</sup> This AUP category is generally not applicable to non-profit entities; however, if applicable, the procedures should be performed.

People Centered Support Services, Inc.  
1201 Atkins Road  
Ruston, LA 71270

December 11, 2019

Wade & Perry, CPAs  
Ruston, LA

The following is Management's Response to the 2019 AUP report submitted for People Centered Support Services, Inc.

**WRITTEN POLICIES AND PROCEDURES**

1. a) Budgeting
- b) Purchasing
- c) Disbursements
- d) Receipts/collections
- f) Contracting
- g) Credit cards
- h) Travel
- j) Debt Service
- k) Disaster recover/business continuity

Management will work toward documenting existing these policies.

**BANK RECONCILIATIONS**

3. b) Management will work toward showing evidence of bank reconciliations being reviewed.
- c) Management will work toward having reconciling items researched.

**COLLECTIONS**

5. a) Management will work toward implementing checks and balances for this procedure.
- c) Management will work toward implementing checks and balances for this procedure.
7. d) Management will work toward making timely deposits.

**DISBURSEMENTS**

9. b) Management will work toward implementing checks and balances for this procedure.
- c) Management will work toward implementing checks and balances for this procedure.
- d) Management will work toward implementing checks and balances for this procedure.
10. b) Management will work toward implementing checks and balances for this procedure.

**CREDIT CARDS/DEBIT CARDS, ETC.**

12. a) Management will work toward implementing checks and balances for this procedure.
13. (1) Management will work toward maintaining support for all credit card transactions.
- (2) Management will work toward documenting business purpose for all transactions.