

R E P O R T

LOUISIANA HUMAN RESOURCES  
DEVELOPMENT INSTITUTE

JUNE 30, 2018 AND 2017

LOUISIANA HUMAN RESOURCES  
DEVELOPMENT INSTITUTE

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JUNE 30, 2018 AND 2017

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# Duplantier Hrapmann Hogan & Maher, LLP

## INDEPENDENT AUDITOR'S REPORT

December 6, 2018

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Guy L. Duplantier, CPA  
Michelle H. Cunningham, CPA  
Dennis W. Dillon, CPA  
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Board of Directors  
Louisiana Human Resources  
Development Institute  
1991 Wooddale Blvd.  
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### Report on the Financial Statements

We have audited the accompanying financial statements of the Louisiana Human Resources Development Institute (the Institute) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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.

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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 Louisiana Human Resources Development Institute as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. 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 6, 2018, on our consideration of the Louisiana Human Resources Development Institute'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 Institute's internal control over financial reporting and compliance.

***Duplantier, Hrapmann, Hogan & Maher, LLP***

New Orleans, Louisiana

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE  
 STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Cash	\$ 12,261	\$ -
Accounts receivable - grants	<u>39,810</u>	<u>35,376</u>
 TOTAL ASSETS	 <u>\$ 52,071</u>	 <u>\$ 35,376</u>

LIABILITIES AND NET ASSETS

Cash (deficit)	\$ -	\$ 3,919
Payroll taxes payable	2,118	2,410
Accrued payroll and benefits	<u>22,020</u>	<u>20,942</u>
 TOTAL LIABILITIES	 <u>24,138</u>	 <u>27,271</u>
 Unrestricted net assets	 <u>27,933</u>	 <u>8,105</u>
 TOTAL NET ASSETS	 <u>27,933</u>	 <u>8,105</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 52,071</u>	 <u>\$ 35,376</u>

See accompanying notes.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE  
 STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
UNRESTRICTED NET ASSETS:		
REVENUES:		
Federal grants	\$ 629,798	\$ 598,876
Labor summit	33,070	-
Interest income	<u>1,387</u>	<u>1,602</u>
Total unrestricted revenues	<u>664,255</u>	<u>600,478</u>
EXPENSES:		
Administrative	44,930	12,548
Program	<u>599,497</u>	<u>593,437</u>
Total expenses	<u>644,427</u>	<u>605,985</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	19,828	(5,507)
Net assets - beginning of year	<u>8,105</u>	<u>13,612</u>
NET ASSETS - END OF YEAR	<u>\$ 27,933</u>	<u>\$ 8,105</u>

See accompanying notes.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Administrative</u>	<u>Program</u>	<u>Total</u>
Audit	\$ 1,000	\$ 11,750	\$ 12,750
Bank service fees	9	418	427
Communications	-	2,142	2,142
Fringe benefits and payroll taxes	4,262	208,846	213,108
Insurance	12	605	617
Salaries	7,392	362,222	369,614
Supplies	53	2,583	2,636
Travel	-	10,931	10,931
Labor summit	<u>32,202</u>	<u>-</u>	<u>32,202</u>
 Total	 <u>\$ 44,930</u>	 <u>\$ 599,497</u>	 <u>\$ 644,427</u>

See accompanying notes.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Administrative</u>	<u>Program</u>	<u>Total</u>
Audit	\$ 1,000	\$ 10,250	\$ 11,250
Bank service fees	10	490	500
Communications	-	9,069	9,069
Fringe benefits and payroll taxes	3,866	189,440	193,306
Insurance	18	859	877
Salaries	7,598	372,294	379,892
Supplies	56	2,745	2,801
Travel	-	8,290	8,290
Labor Summit	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$ 12,548</u>	<u>\$ 593,437</u>	<u>\$ 605,985</u>

See accompanying notes.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 19,828	\$ (5,507)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Increase in:		
Accounts receivable - grants	(4,434)	(28,125)
Increase (decrease) in:		
Accounts payable	-	(193)
Payroll taxes payable	(292)	(284)
Accrued payroll and benefits	<u>1,078</u>	<u>4,612</u>
Net cash provided/(used) by operating activities	16,180	(29,497)
Cash - beginning of year	<u>(3,919)</u>	<u>25,578</u>
CASH - END OF YEAR (DEFICIT)	<u>\$ 12,261</u>	<u>\$ (3,919)</u>

SUPPLEMENTAL DISCLOSURES OF  
CASH FLOW INFORMATION:

Cash paid for:

Interest	\$ <u>-</u>	\$ <u>-</u>
Income taxes	\$ <u>-</u>	\$ <u>-</u>

See accompanying notes.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

NATURE OF OPERATIONS:

Louisiana Human Resources Development Institute (the Institute) is a nonprofit corporation established to operate a state-wide, multi-service worker assistance program. The assistance includes providing core and intensive Rapid Response services on a state-wide basis at times and locations determined by the Louisiana Workforce Commission, the employer and the needs of the affected workers. The Institute's staff is housed state-wide in Business and Career Solutions Centers (BCSC) in locations that will serve to cover all eight regions of the state. Services are offered 24/7 to meet the needs of employers, shift schedules, and affected workers. The overall goal of the Institute's services is to assist workers dislocated by mass layoffs, facility closures, and disasters in securing and retaining employment as quickly as possible. The Institute's primary source of revenue is federal government grants.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies applied in the preparation of the accompanying financial statements are as follows:

Basis of Accounting and Presentation:

The financial statements are prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements for Not-for-Profit Entities*. Under ASC 958-205, the Institute is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which have no donor-imposed restrictions; temporarily restricted net assets, which have donor-imposed restrictions that will expire in the future; and permanently restricted net assets, which have donor-imposed restrictions, which do not expire. Currently, the Institute has no permanently or temporarily restricted net assets.

The statement of activities presents expenses of the Institute's operations functionally between administrative and program. This estimate is based on time spent between administrative and program functions of the staff.

Public Support and Revenue:

Support and revenue that is restricted by the donor is reported as an increase in temporary restricted net assets. A restriction expires when the stipulated time has elapsed, or the stipulated purpose for which the resource was restricted has occurred. When a restriction expires, temporarily restricted net assets are released and reclassified to unrestricted net assets.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Income Taxes:

The Institute is exempt from income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Accordingly, no provisions for federal or state income taxes have been recorded in the financial statements.

Equipment:

The title to all equipment purchased by the Institute with federal awards is retained by the grantor. Accordingly, the purchases are expensed and not capitalized in the accompanying financial statements.

Statements of Cash Flows:

For purposes of the statements of cash flows, the Institute considers cash and cash equivalents to be all items designated as "cash" on the statements of financial position.

Accounts Receivable - Grants:

Accounts receivable - grants represent amounts due from the grantors for grants to provide services.

The Institute has elected to charge the write-off of accounts receivable directly to bad debt expense in the year such accounts are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by accounting principles generally accepted in the United States of America, as accounts receivable from grantors are considered fully collectible.

2. USE OF ESTIMATES:

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

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

3. PENSION PLAN:

The Institute provides a retirement benefit for its employees under a Simplified Employee Pension (SEP) Plan with contributions made to the employee's Individual Retirement Account. The Institute contributes at a rate of 10% of gross salary. All employees with 90 days of service are eligible to participate in the plan. Employer contributions by the Institute were \$36,961 and \$37,988 for the years ended June 30, 2018 and 2017, respectively.

4. SICK LEAVE:

All employees of the Institute are entitled to 13 days of sick leave each year. Unused sick leave may be carried over to the following year. The Institute does not pay employees for accumulated leave at termination of employment.

5. ACCOUNTS RECEIVABLE - GRANTS:

As of June 30, 2018 and 2017, the Institute had receivables from a grantor agency in the amount of \$39,810 and \$35,376, respectively. These receivables represent expenses incurred in excess of funds received.

6. CONCENTRATIONS:

The Institute's main source of revenue is federal grants. A significant reduction in the level of this support, if this were to occur, may have an effect on the Institute's programs and activities.

7. CONCENTRATION OF CREDIT RISK:

The Institute maintains cash balances at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to \$250,000. The Institute's cash balances were covered by FDIC insurance for the years ended June 30, 2018 and 2017.

8. RELATED PARTIES:

The Institute shares office space with the Louisiana Workforce Commission, a related party, at no cost. The annual estimated cost of this benefit has not been determined.

9. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through the date that the financial statements were available to be issued on December 6, 2018 and determined that no events occurred that required disclosure.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS  
TO AGENCY HEAD  
JUNE 30, 2018

**Agency Head Name:** Jerry M. Chapman, Executive Director

<b>Purpose</b>	<b>Amount</b>
Salary	\$57,330
Benefits - insurance	16,592
Benefits - retirement	5,733
Reimbursements	519



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

December 6, 2018

Board of Directors  
Louisiana Human Resources  
Development Institute

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Louisiana Human Resources Development Institute (the Institute), a nonprofit organization, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 6, 2018.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider to be a material weakness. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2018-01 to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Institute'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*.

### **Louisiana Human Resources Development Institute's Response to Finding**

The Institute's response to the finding identified in our audit is described in the accompanying schedule of findings. The Institute's response was not subjected to 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 results of that testing, and not to provide an opinion on the effectiveness of the Institute'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 Institute's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Duplantier, Hrapmann, Hogan & Maher, LLP***

New Orleans, Louisiana

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS:

Financial Statements:

Type of auditor's report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified?  yes  no

Significant deficiencies identified that are not considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

SECTION II - FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:

SEGREGATION OF DUTIES: (2018-01)

Condition and Criteria: The Institute does not have adequate segregation of duties for effective internal controls over the general ledger, cash receipts, cash disbursements, and bank reconciliations.

Cause: The size of the Institute and the limited number of employees do not permit an adequate segregation of duties.

Effect: Errors, either intentional or unintentional, could occur and not be detected in a timely manner and in the ordinary course of operations.

Recommendation: Due to the size of the Institute's operations, it does not have sufficient staff to establish adequate segregation of duties. Management should consider if the cost associated with reducing this deficiency in the design or operation of the internal control is considered to be justified.

Management's Response: Management has noted this condition and has determined that the cost necessary to establish adequate segregation of duties is not justifiable at this time.

LOUISIANA HUMAN RESOURCES DEVELOPMENT INSTITUTE  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018

SECTION II - FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED  
GOVERNMENTAL AUDITING STANDARDS:

SEGREGATION OF DUTIES: (2017-01)

<u>Condition and Criteria:</u>	The Institute is not large enough to permit an adequate segregation of employee duties for effective internal control over general ledger, cash receipts, cash disbursements, and bank reconciliations.
<u>Cause:</u>	The size of the Institute and the limited number of employees do not permit an adequate segregation of duties.
<u>Effect:</u>	Errors, either intentional or unintentional, could occur and not be detected in a timely manner and in the ordinary course of operations.
<u>Recommendation:</u>	Due to the size of the Institute's operations, it does not have sufficient staff to establish adequate segregation of duties. Management should consider if the cost associated with reducing this deficiency in the design or operation of the internal control is considered to be justified.
<u>Management's Response:</u>	Management has noted this condition and has determined that the cost necessary to establish adequate segregation of duties is not justifiable at this time.
<u>Status:</u>	This comment was repeated in the current year.

LOUISIANA HUMAN RESOURCES  
DEVELOPMENT INSTITUTE

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED UPON PROCEDURES

JUNE 30, 2018

LOUISIANA HUMAN RESOURCES  
DEVELOPMENT INSTITUTE

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JUNE 30, 2018

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INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED UPON PROCEDURES

November 20, 2018

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We have performed the procedures enumerated below, which were agreed to by the Louisiana Human Resources Development Institute (the "Institute") 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 01, 2017 through June 30, 2018. The Institute's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

**Written Policies and Procedures**

- 1) We obtained the entity's written policies and procedures and determined whether those written policies and procedures addressed each of the following financial/business functions:
  - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.

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**Written Policies and Procedures (Continued)**

- 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 order.
- c) Disbursements, including processing, reviewing and approving.
- d) Receipts/collections, including receiving, recording, and preparing deposits.
- e) Payroll/personnel, including (1) payroll processing; (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.

*The Institute has formal written policies included in their Administrative Manual which serves as a reference to current policies and procedures of operation. Due to the nature of their operations the Institute does not have written policies for budgets, purchasing/disbursements, receipts/collections, contracting or credit cards.*

**Management's Response:**

The Administrative Manual was designed specifically to cover the operations of the Institute and includes the information relevant to the personnel performing those operations.

**Bank Reconciliations**

- 2) Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal year period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - 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);
  - b) Bank reconciliations included evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) had reviewed each bank reconciliation; and
  - c) Management had documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

*No findings were noted as a result of applying the procedures above.*

**Non-Payroll Disbursements – General (excluding credit card purchases or payments)**

- 3) We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. The Institute only has one location that processes payments.
- 4) For each location selected under #3 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are 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.
  - 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.
- 5) For each location selected under #3 above, we obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) as well as management's representation that the population is complete. We randomly selected five disbursements for each location, obtained supporting documentation for each transaction and:
  - a) Observed that the disbursement matched the related original invoice/billing statement.
  - b) Observed that the disbursement documentation included evidence of segregation of duties tested under #4.

*No findings were noted as a result of applying the procedures above.*

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

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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.

***Duplantier, Hrapmann, Hogan & Maher, LLP***

New Orleans, Louisiana