

**SOUTHWEST LOUISIANA PRIMARY
HEALTH CARE CENTER, INC.
Opelousas, Louisiana**

**Financial and Compliance Report
June 30, 2017**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Southwest Louisiana Primary Health Care Center, Inc.
Opelousas, Louisiana

Report on the Financial Statements

I have audited the accompanying statements of Southwest Louisiana Primary Health Care Center, Inc., (a non-profit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southwest Louisiana Primary Health Care Center, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

I have previously audited Southwest Louisiana Primary Health Care Center, Inc.'s June 30, 2016 financial statements, and my report dated December 27, 2016, expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards, and the Schedule of Compensation, Benefits and Other Payments, 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 my 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*, I have also issued my report dated November 10, 2017, on my consideration of Southwest Louisiana Primary Health Care Center, Inc.'s internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southwest Louisiana Primary Health Care Center, Inc.'s internal control over financial reporting and compliance.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
November 10, 2017

SOUTHWEST LOUISIANA PRIMARY HEALTH CARE CENTER, INC.

Opelousas, Louisiana

Statements of Financial Position

As of June 30, 2017

With Summarized Comparative Totals as of June 30, 2016

	2017	2016
Assets		
Current Assets		
Cash and cash equivalents	\$ 655,961	\$ 426,081
Patient accounts receivable, net	468,964	293,431
Other receivables	268,153	-
Inventory	146,934	113,614
Certificates of deposit	27,099	27,099
Deposits	5,404	5,405
Total Current Assets	1,572,515	865,630
Property, Plant and Equipment		
Furniture and equipment	1,875,762	1,848,921
Building and improvements	3,476,402	3,476,402
	5,352,164	5,325,323
Less accumulated depreciation	(2,047,537)	(1,714,972)
	3,304,627	3,610,351
Land	100,000	100,000
Net Property, Plant and Equipment	3,404,627	3,710,351
Other Assets		
Goodwill	372,050	372,050
Total Other Assets	372,050	372,050
Total Assets	\$ 5,349,192	\$ 4,948,031
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 88,951	\$ 85,141
Accrued payroll and related liabilities	247,146	253,783
Current portion of leases payable	-	9,444
Current portion of notes payable	153,140	282,838
Total Current liabilities	489,237	631,206
Long Term Liabilities		
Leases payable - net of current portion	-	11,635
Notes payable - net of current portion	302,371	299,363
Total Long Term Liabilities	302,371	310,998
Total Liabilities	791,608	942,204
Net Assets		
Unrestricted net assets	4,557,584	4,005,827
Total Liabilities and Net Assets	\$ 5,349,192	\$ 4,948,031

See accompanying notes to the financial statements

SOUTHWEST LOUISIANA PRIMARY HEALTH CARE CENTER, INC.
Opelousas, Louisiana
Statements of Activities
For the Year Ended June 30, 2017
With Summarized Comparative Totals for the Year Ended June 30, 2016

	<u>2017</u>	<u>2016</u>
Revenue and Support		
Revenue:		
Gross patient service revenue	\$ 3,975,073	\$ 3,147,647
Less contractual allowances and discounts	(930,539)	(852,114)
Less bad debts	<u>(109,122)</u>	<u>(96,829)</u>
Net patient service revenue	<u>2,935,412</u>	<u>2,198,704</u>
Support:		
Grant awards	3,107,259	3,617,747
Interest	3,132	194
Other income	<u>76,308</u>	<u>5,830</u>
Total Support	<u>3,186,699</u>	<u>3,623,771</u>
Total Revenue and Support	<u>6,122,111</u>	<u>5,822,475</u>
Expenses		
Program Services:		
Medical	2,860,075	2,742,572
Dental	693,610	730,897
Social services	<u>172,569</u>	<u>109,688</u>
Total Program Services	<u>3,726,254</u>	<u>3,583,157</u>
Support Services:		
General and administrative	<u>1,844,100</u>	<u>1,731,838</u>
Total Expenses	<u>5,570,354</u>	<u>5,314,995</u>
Change in Net Assets	551,757	507,480
Unrestricted Net Assets - Beginning of Year	<u>4,005,827</u>	<u>3,498,347</u>
Unrestricted Net Assets - End of Year	<u>\$ 4,557,584</u>	<u>\$ 4,005,827</u>

See accompanying notes to the financial statements

SOUTHWEST LOUISIANA PRIMARY HEALTH CARE CENTER, INC.
Opelousas, Louisiana
Statements of Cash Flows
For the Year Ended June 30, 2017
With Summarized Comparative Totals for the Year Ended June 30, 2016

	2017	2016
Cash Flows From Operating Activities		
Change in net assets	\$ 551,757	\$ 507,480
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	332,565	332,803
Changes in operating assets and liabilities:		
Change in allowance for doubtful accounts	102,749	54,347
(Increase) decrease in accounts receivable	(546,435)	(142,662)
(Increase) decrease in inventory	(33,320)	(24,571)
(Increase) decrease in deposits held by others	1	(5,000)
Increase (decrease) in accounts payable	3,810	(228,991)
Increase (decrease) in accrued liabilities	(6,637)	65,518
Other	-	(537)
	404,490	558,387
Cash Flows From Investing Activities		
Payments on construction in progress	-	(103,351)
Fixed asset acquisitions	(26,840)	(153,005)
Cash paid for the purchase of goodwill	-	(372,050)
	(26,840)	(628,406)
Cash Flows From Financing Activities		
Proceeds from issuance of long-term debt	-	400,000
Principal payments on long-term debt	(126,691)	(199,358)
Principal payments on capital leases	(21,079)	(9,029)
	(147,770)	191,613
Net Increase in Cash and Cash Equivalents	229,880	121,594
Cash and Cash Equivalents - Beginning of Year	426,081	304,487
Cash and Cash Equivalents - End of Year	\$ 655,961	\$ 426,081
Supplemental Disclosure of Cash Flow Information:		
Interest paid	\$ 30,698	\$ 35,102

SOUTHWEST LOUISIANA PRIMARY HEALTH CARE CENTER, INC.
Opelousas, Louisiana
Statements of Functional Expenses
For the Year Ended June 30, 2017
With Summarized Comparative Totals for the Year Ended June 30, 2016

	Program Services				Supporting Services	Total	
	Medical Services	Dental Services	Social Services	Total	General and Administrative	2017	2016
Salaries	\$ 1,560,196	\$ 563,741	\$ 160,310	\$ 2,284,247	\$ 802,910	\$ 3,087,157	\$ 3,082,289
Fringe benefits	46,427	2,041	-	48,468	56,449	104,917	90,694
Payroll taxes	130,803	40,057	12,259	183,119	52,756	235,875	221,944
Consultants and contractual services	604,865	953	-	605,818	77,999	683,817	601,825
Supplies	111,368	61,577	-	172,945	25,515	198,460	148,860
Dues and subscriptions	300	-	-	300	23,802	24,102	23,512
Maintenance and repairs	91,009	3,277	-	94,286	89,999	184,285	169,236
Telephone	30,730	9,976	-	40,706	13,382	54,088	38,982
Postage	1,454	-	-	1,454	4,018	5,472	4,263
Insurance	5,804	-	-	5,804	40,238	46,042	36,647
Travel and seminars	12,743	4,088	-	16,831	43,075	59,906	50,701
Utilities	30,718	2,799	-	33,517	32,206	65,723	57,954
Interest and bank charges	8,026	1,179	-	9,205	38,969	48,174	54,247
Legal and professional	152,655	3,922	-	156,577	159,292	315,869	294,540
Rent expense	60,000	-	-	60,000	-	60,000	51,500
Miscellaneous	12,550	-	-	12,550	21,006	33,556	28,704
Advertising and promotion	427	-	-	427	29,919	30,346	26,294
	<hr/>						
Total expenses before depreciation	2,860,075	693,610	172,569	3,726,254	1,511,535	5,237,789	4,982,192
	<hr/>						
Depreciation and amortization	-	-	-	-	332,565	332,565	332,803
	<hr/>						
Total expenses	<u>\$ 2,860,075</u>	<u>\$ 693,610</u>	<u>\$ 172,569</u>	<u>\$ 3,726,254</u>	<u>\$ 1,844,100</u>	<u>\$ 5,570,354</u>	<u>\$ 5,314,995</u>

See accompanying notes to the financial statements

SOUTHWEST LOUISIANA PRIMARY HEALTH CARE CENTER, INC.
Opelousas, Louisiana
Notes to Financial Statements
June 30, 2017

NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Southwest Louisiana Primary Health Care Center, Inc. (a non-profit, non-stock corporation) was incorporated in the State of Louisiana on May 27, 1992 to provide comprehensive health care to area residents, with particular emphasis on the socio-economically disadvantaged. The Organization is a federally qualified health center (FQHC) and is principally funded under a grant from the Office of Public Health Services, a component of the U.S. Department of Health and Human Services (DHHS).

Income Taxes

The Organization is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code and applicable state codes. Accordingly, no provision for federal and state income taxes is included in the financial statements. The Organization's Form 990, Return of Organization Exempt for Income Tax, is subject to examination by the IRS, generally for three years after it was filed.

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with generally accepted accounting principles.

Accounting 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 and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all highly liquid debt investments purchased with a maturity of three months or less to be cash equivalents.

SOUTHWEST LOUISIANA PRIMARY HEALTH CARE CENTER, INC.
Opelousas, Louisiana
Notes to Financial Statements
June 30, 2017

NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Property and Equipment

Property and equipment is stated at cost. It is the Organization's policy to capitalize expenditures for these items in excess of \$500. Repairs and maintenance are charged to operations when incurred. Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

	Years
Buildings and improvements	5 - 40
Equipment, furniture and fixtures	3 - 20
Vehicles	5

Functional Expenses

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

Accounts Receivable

The Organization records accounts receivable at the time of service according to fees developed from cost data of this and similar organizations. These amounts are often reduced because of the patients' inability to pay or because of disallowances and reductions from third party payors.

Bad Debts

The Organization uses the allowance method in accounting for its un-collectible accounts. The allowance account consists of an estimate of uncollectible accounts and a general reserve. Management's evaluation of the adequacy of the allowance is based on a continuing review of all accounts and includes a consideration of past patient history, any adverse situations that might affect the patient's ability to repay, and current economic conditions. Amounts charged-off that are subsequently recovered are recorded as income.

Major Funding Source

The Organization receives funds from DHHS, under section 330 of the Public Health Service Act (42 U.S.C. 254c). In accordance with DHHS policies, all funds disbursed should be in compliance with the specific terms of the grant agreements. DHHS may, at its discretion, request reimbursement for expenses or return of unexpended funds, or both, as a result of non-compliance by the Organization with the terms of the grants. In addition, if the Organization terminates its DHHS grant activities, all unexpended federal funds are to be returned to DHHS.

SOUTHWEST LOUISIANA PRIMARY HEALTH CARE CENTER, INC.
Opelousas, Louisiana
Notes to Financial Statements
June 30, 2017

NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Inventory

Supply inventories are stated at lower of cost, determined by the FIFO method, or market.

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered.

Advertising Expense

The Organization expenses the cost of advertising as the expense is incurred. For the year ended June 30, 2017, the cost totaled \$30,346.

Investments

The Organization reports its investments in accordance with generally accepted accounting principles for not-for-profit organizations, which establish accounting standards for investments in certain equity securities and for all debt securities. The guidance prescribes that covered investments be reported in the statement of financial position at fair value with any realized or unrealized gains or losses reported in the statement of activities.

Grants and Contributions

Grants and contributions are recognized as income when received. The Board reports grants as temporarily restricted support if they are received with stipulations that limit the use of the funds. When grantor restrictions expire, temporary restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. All other support is recognized when earned.

Risk Management

The Organization is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice claims and judgments. Commercial insurance coverage is purchased for claims arising from such matters.

SOUTHWEST LOUISIANA PRIMARY HEALTH CARE CENTER, INC.
Opelousas, Louisiana
Notes to Financial Statements
June 30, 2017

NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill

The Organization purchased a pediatric practice during the year ending June 30, 2016. The excess of the purchase price over the fair value of the assets acquired resulted in the recording of goodwill in the amount of \$372,050. Goodwill acquired in the purchase of a business and determined to have an indefinite useful life is not required to be amortized, but may be tested for impairment at least annually or more frequently if events and circumstances exist that indicate that a goodwill impairment test should be performed. The Organization may also elect to amortize goodwill over 10 years or a period of less than 10 years, if it demonstrates another useful life is more appropriate.

NOTE 2 - PATIENT ACCOUNTS RECEIVABLE

Patient accounts receivable are comprised of the following for the year ending June 30, 2017:

Medicare	\$ 25,386
Medicaid	366,400
Private	271,684
	<hr/>
	663,470
Less allowance for doubtful accounts	194,506
	<hr/>
	<u>\$ 468,964</u>

NOTE 3 - COST REPORT RECEIVABLE

The Organization participates in the Medicare and Medicaid programs as a provider of medical services to program beneficiaries. The Organization participates in the Medicaid program as a federally qualified health center. Final settlements will be made upon completion of audits by program representatives.

NOTE 4 - ACCRUED VACATION

The Organization allows employees to carry over unused vacation hours, with written permission from the executive director. The accrual is calculated based on the employee's pay rate at the end of the year. At June 30, 2017 accrued vacation totaled \$106,087.

SOUTHWEST LOUISIANA PRIMARY HEALTH CARE CENTER, INC.
Opelousas, Louisiana
Notes to Financial Statements
June 30, 2017

NOTE 5 - ECONOMIC DEPENDENCY

The Organization receives a substantial portion of its total support and revenues from the federal government. During the year ended June 30, 2017, Southwest Louisiana Primary Health Care Center, Inc. recorded \$3,067,259 in grant support from the Department of Health and Human Services. This represents 50% of total support and revenues for the year ended June 30, 2017.

NOTE 6 - FUNCTIONAL ALLOCATION OF EXPENSES

Expenses were allocated in the accompanying financial statements to program and supporting service functional expense groups. The methods of allocation were based on several factors such as utilization of office space as well as the Organization's estimates of the relative proportion of various staff members' time and effort between program and administrative functions.

NOTE 7 - CONCENTRATIONS OF CREDIT RISK

The Organization maintains several bank accounts at various banks. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each institution. Account balances held are occasionally in excess of Federal Deposit Insurance Corporation limits. The Organization deposits its cash with high quality financial institutions, and management believes the Organization is not exposed to significant credit risk on those amounts.

The majority of the Organization's patients are located in south central Louisiana. The Organization grants credit without collateral to its patients. The mix of receivables from patients and third-party payors as of June 30, 2017 was as follows:

Medicare	6 %
Medicaid	78
Other	16
	<u>100 %</u>

The mix of net patient revenues for the year ended June 30, 2017 was as follows:

Medicare	8 %
Medicaid	81
Other	11
	<u>100 %</u>

SOUTHWEST LOUISIANA PRIMARY HEALTH CARE CENTER, INC.
Opelousas, Louisiana
Notes to Financial Statements
June 30, 2017

NOTE 8 – LONG-TERM NOTES PAYABLE

Notes payable for the year ended June 30, 2017 consisted of the following:

Construction multiple advance loan dated May 2, 2012, in the amount of \$200,000, interest payable monthly until conversion to amortizing loan with 50 principal and interest payments of \$1,589 commencing on March 2, 2013, plus the final payment of the remaining balance on May 2, 2017, bearing an interest rate of 5.00%, collateralized by real estate and funds on deposit with bank.	\$ 156,817
Bank note dated May 2, 2013, in the amount of \$125,500, due in 59 equal monthly payments of \$2,343.64, and one final payment of remaining balance, including interest of 4.5 percentage points, collateralized by the mobile medical unit.	24,495
Bank note dated September 30, 2015, in the amount of \$400,000, due in 60 equal monthly payments of \$7,891.63, including interest of 6.75 percentage points, collateralized by funds on deposit with bank..	<u>274,199</u>
Total Debt	<u>455,511</u>
Less current portion	<u>(153,140)</u>
Long-term debt net of current portion	<u><u>\$ 302,371</u></u>

Maturities of debt are as follows:

June 30,	Amount
2018	\$ 153,140
2019	136,676
2020	143,850
2021	<u>21,845</u>
Total	<u><u>\$ 455,511</u></u>

SOUTHWEST LOUISIANA PRIMARY HEALTH CARE CENTER, INC.
Opelousas, Louisiana
Notes to Financial Statements
June 30, 2017

NOTE 9 – PRIOR-YEAR SUMMARIZED INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2016, from which the summarized information was derived.

NOTE 10 – INVESTMENTS

The Organization applies GAAP for fair value measurements of financial assets that are recognized at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair market hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.

Level 2 inputs are inputs (other than quoted prices in Level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 are unobservable inputs for the asset or liability and rely on management’s own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available).

The amortized cost and fair values measured on a recurring basis of investment securities as of June 30, 2017 are as follows:

	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Certificates of deposit (Level 2 Observable Inputs)	\$ 27,099	\$ 27,099	\$ -0-

SOUTHWEST LOUISIANA PRIMARY HEALTH CARE CENTER, INC.
Opelousas, Louisiana
Notes to Financial Statements
June 30, 2017

NOTE 11 – LEASES

The Organization has entered into a 60 month building lease starting September 1, 2015 with rent payments of \$5,000 per month. Rent expense for the year ending June 30, 2017 was \$60,000. Future minimum payments are as follows for the years ending June 30,:

2018	\$ 60,000
2019	60,000
2020	60,000
2021	<u>10,000</u>
Total	<u>\$ 190,000</u>

NOTE 12 – FAIR VALUE OF INSTRUMENTS

The Organization has a number of financial instruments, none of which is held for trading purposes. The Organization estimates that the fair value of all financial instruments at June 30, 2017, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Organization using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the agency could realize in a current market exchange. The recorded values of cash and cash equivalents, accounts receivable, prepaid expenses, inventory, accounts payable, and accrued expenses approximate their fair values based on their short-term nature. The recorded values of notes payable approximate their fair value, as interest is insignificant.

NOTE 13 – CHARITY CARE

The Organization provides care to patients who qualify under federal guidelines and other policies of the Organization at fees less than its established rates. The amount of charity care is reduced from the amount of fees for services presented in the statement of activities. The amount of charity care for disclosure purposes should be measured by costs, including direct and indirect costs. Management has calculated the costs associated with providing charity care utilizing the cost to charge ratio obtained from the Medicare cost report data. The amount of costs associated with charity care for the fiscal year ended June 30, 2017 was \$726,828.

SOUTHWEST LOUISIANA PRIMARY HEALTH CARE CENTER, INC.
Opelousas, Louisiana
Notes to Financial Statements
June 30, 2017

NOTE 14 – RETIREMENT PLAN

The Organization sponsors a 403 (b) Plan. The Organization will contribute up to three percent on eligible wages of eligible employees. All participating employees are 50% vested after 3 years of employment and 100% vested after 5 years of employment. To be eligible, an employee must be employed with the Organization for at least 180 days and work at least 32 hours per week. The 403(b) expense for the fiscal year ended June 30, 2017 was \$18,189.

NOTE 15 – SUBSEQUENT EVENTS

The Organization evaluated its June 30, 2017 financial statements for subsequent events through the date the financial statements were available to be issued. The Organization is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

SOUTHWEST LOUISIANA PRIMARY HEALTH CARE CENTER, INC.
Opelousas, Louisiana
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

<u>Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Program Year</u>	<u>Program Receipts</u>	<u>Program Expenses</u>
U.S. Department of Health and Human Services:					
Direct programs:					
* Community Health Center Section 330	93.224	H27CS02060	3/1/17 - 2/28/18	\$ 3,067,259	\$ 3,067,259
				<hr/>	<hr/>
Total federal assistance				<u>\$ 3,067,259</u>	<u>\$ 3,067,259</u>

*Denotes major program.

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Southwest Louisiana Primary Health Care Center, Inc., and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements contained by Title 2 of U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Requirements for Federal Awards (Uniform Guidance).

The amounts presented in this schedule do not differ from the amounts presented in, or used in the preparation of the financial statements.

SOUTHWEST LOUISIANA PRIMARY HEALTH CARE CENTER, INC.
Opelousas, Louisiana
Schedule of Compensation, Benefits and Other Payments to Executive Director
Year Ended June 30, 2017

Agency Head Name: **Dodie Lamott, Chief Executive Officer**

No compensation paid from public funds.

Purpose	Amount
Salary	\$ 0.00
Benefits-health insurance	0.00
Benefits-retirement	0.00
Benefits-Life, ADD, LTD	0.00
Car allowance	0.00
Vehicle provided by government	0.00
Per diem	0.00
Reimbursements – Auto Mileage Reimb	0.00
Travel	0.00
Registration fees	0.00
Conference travel	0.00
Continuing professional education fees	0.00
Housing	0.00
Unvouchered expenses	0.00
Special meals	0.00

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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*

Board of Directors
Southwest Louisiana Primary Health Care Center, Inc.
Opelousas, Louisiana

I 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 Southwest Louisiana Primary Health Care Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, 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 my report thereon dated November 10, 2017.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Southwest Louisiana Primary Health Care Center, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southwest Louisiana Primary Health Care Center, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of Southwest Louisiana Primary Health Care Center, Inc.'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.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors
Southwest Louisiana Primary Health Care Center, Inc.
Opelousas, Louisiana
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southwest Louisiana Primary Health Care Center, Inc.'s financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my test 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
November 10, 2017

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

The Board of Directors
Southwest Louisiana Primary Health Care Center, Inc.
Opelousas, Louisiana

Report on Compliance for Each Major Federal Program

I have audited Southwest Louisiana Primary Health Care Center, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Southwest Louisiana Primary Health Care Center, Inc.'s major federal programs for the year ended June 30, 2017. Southwest Louisiana Primary Health Care Center, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Southwest Louisiana Primary Health Care Center, Inc.'s major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 I 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 Southwest Louisiana Primary Health Care Center, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Southwest Louisiana Primary Health Care Center, Inc.'s compliance.

Board of Directors
Southwest Louisiana Primary Health Care Center, Inc.
Opelousas, Louisiana
Page 2

Opinion on Each Major Federal Program

In my opinion, Southwest Louisiana Primary Health Care Center, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of Southwest Louisiana Primary Health Care Center, Inc. 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, I considered Southwest Louisiana Primary Health Care Center, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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, I do not express an opinion on the effectiveness of Southwest Louisiana Primary Health Care Center, Inc.'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.

My 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. I did not identify any deficiencies in internal control over compliance that I 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 my 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.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
November 10, 2017

SOUTHWEST LOUISIANA PRIMARY HEALTH CARE CENTER, INC.
Opelousas, LA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditor’s report issued			Unmodified
Internal control over financial reporting:			
Material weaknesses identified?	___ Yes	_x_ No	
Significant deficiency identified not considered to be material weaknesses?	___ Yes	_x_ None reported	
Noncompliance material to financial statements noted?	___ Yes	_x_ No	

Federal Awards

Internal control over major programs:			
Material weaknesses identified?	___ Yes	_x_ No	
Significant deficiency identified not considered to be material weaknesses?	___ Yes	_x_ None reported	
Type of auditor’s report issued on compliance for major programs:			Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	___ Yes	_x_ No	

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
93.224	US Department of Health and Human Services, Community Health Center Section 330

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

Auditee qualified as low-risk auditee for 93.224 x Yes No

SOUTHWEST LOUISIANA PRIMARY HEALTH CARE CENTER, INC.
Opelousas, Louisiana
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2017

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

The results of our tests disclosed no instances of non-compliance with the requirements applicable to each major federal program that are required to be reported in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

SOUTHWEST LOUISIANA PRIMARY HEALTH CARE CENTER, INC.
Opelousas, Louisiana
Summary Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2017

PRIOR YEAR FINDINGS

None

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**SOUTHWEST LOUISIANA PRIMARY
HEALTH CARE CENTER, INC.
Opelousas, Louisiana**

**Independent Accountant's Report on Applying
Agreed-Upon Procedures**

July 1, 2016 – June 30, 2017

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AGREED-UPON PROCEDURES REPORT Independent Accountant's Report On Applying Agreed-Upon Procedures For the Period of July 1, 2016 – June 30, 2017

Board of Directors
Southwest Louisiana Primary Health Care Center, Inc.
Opelousas, Louisiana

I have performed the procedures enumerated below, which were agreed to by Southwest Louisiana Primary Health Care Center, Inc. and the Louisiana Legislative Auditor on control and compliance areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures for the fiscal period July 1, 2016 through June 30, 2017. The Southwest Louisiana Primary Health Care Center, Inc.'s management is responsible for those control and compliance areas identified in the Statewide Agreed-Upon Procedures.

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, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested of for any other purpose.

The procedures and associated findings are as follows:

Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures

Procedures to be Performed:

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.

Findings: No findings.

Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures

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.

Findings: No findings.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management’s representation that 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 5 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.

Findings: A member of management has not reviewed the bank reconciliations.

Management Response: A member of management, that has no involvement with transaction associated with the bank account will review the monthly bank reconciliations.

Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures

Collections

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

Findings: Several of the deposits at each site were three to four days after the collection date.

Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures

Management Response: The Entity will resume making deposits at least three days a week when applicable.

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.
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; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.
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.
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.
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.

Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures

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.

Findings: No findings.

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.
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.
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

Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures

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 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.

Findings: No findings.

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.
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.
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)

Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures

- 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.

Findings: No findings.

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.
- 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).

Findings: Not applicable.

Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures

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.
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.
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.
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.

Findings: No findings.

Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures

Ethics

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.
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.

Findings: Not applicable.

Debt Service

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

Findings: Not applicable.

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

Findings: Not applicable.

Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures

Purpose of this report:

I was not engaged to perform, and did not perform, an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the Statewide Agreed-Upon Procedures. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely to describe the scope of testing performed on those control and compliance areas identified in the Statewide Agreed-Upon Procedures, and the result of that testing, and not to provide and 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 Louisiana Legislative Auditor as a public document.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
November 10, 2017