

PELICAN PROVIDERS CORPORATION

Baton Rouge, Louisiana

FINANCIAL REPORT

SEPTEMBER 30, 2017

Roslyn J. Johnson, LLC
Certified Public Accountant

PELICAN PROVIDERS CORPORATION
Baton Rouge, Louisiana

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PELICAN PROVIDERS CORPORATION
Baton Rouge, Louisiana

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Independent Auditor's Report

**To the Board of Directors
Pelican Providers Corporation**
Baton Rouge, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of **Pelican Providers Corporation (the Organization)** (a nonprofit organization), which comprise the statement of financial position as of September 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 the financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted by the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Pelican Providers Corporation** as of September 30, 2017, and the changes in its net assets and its cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters Supplementary 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 Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the other required schedules on pages 18 through 21 as required by the Louisiana Department of Education, and the schedule of Compensation, Benefits, and Other Payments to the Executive Director as required by LRS 24:513 on page 22, are 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 Governmental Auditing Standards

In accordance with Governmental Auditing Standards, I have also issued my report dated March 10, 2017, on my consideration of **the Organization's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal controls 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 Organization's** internal control over financial reporting and compliance.

Roslyn J. Johnson, LLC

Roslyn J. Johnson, LLC
Baton Rouge, Louisiana
March 13, 2018

PELICAN PROVIDERS CORPORATION

Statement of Financial Position

September 30, 2017

ASSETS

Current Assets

Cash - restricted (note 2)	\$ 8,815.99
Cash - unrestricted (note 2)	<u>4,418.07</u>
Total Cash	13,234.06

Reimbursements receivable (note 3)	36,147.51
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Total Current Assets	<u><u>\$ 49,381.57</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 804.50
Accrued salaries and wages	5,167.28
Payroll taxes payable	2,075.24
Due to General Fund (note 4)	8,000.00
Due to Providers (note 5)	<u>29,055.07</u>
Total Current Liabilities	<u>45,102.09</u>

Net Assets - unrestricted	<u>4,279.48</u>
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Total Liabilities and Net Assets	<u><u>\$ 49,381.57</u></u>
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The accompanying notes are an integral part of this statement.

PELICAN PROVIDERS CORPORATION

Statement of Activities

For the Year Ended September 30, 2017

Support and Revenues

Federal Financial Assistance through the
Louisiana Department of Education:

Administrative reimbursement	\$ 92,004.00
Program reimbursement	371,706.72
Inspection fees	3,111.84
Contributions	6,000.00
Other revenues	<u>2,990.13</u>

Total support and revenues 475,812.69

Expenses

Program Services:

Meals served - Providers 371,706.72

Supporting Services:

Management and general 101,259.90

Total expenses 472,966.62

Change in Net Assets 2,846.07

Net Assets - Beginning of Year 1,433.41

Net Assets - End of Year \$ 4,279.48

The accompanying notes are an integral part of this statement.

PELICAN PROVIDERS CORPORATION

**Schedule of Functional Expenses
For the Year Ended September 30, 2017**

	<u>Program Service Expenses</u>	<u>Supporting Service Expenses</u>	<u>Total</u>
EXPENSES			
Personal services		\$ 77,867.74	\$ 77,867.74
Travel		1,248.47	1,248.47
Equipment repairs & maintenance		381.66	381.66
Copier rental		2,442.00	2,442.00
Supplies		564.55	564.55
Postage		158.46	158.46
Printing		425.27	425.27
Telephone		3,595.89	3,595.89
Building rent		3,000.00	3,000.00
Accounting costs		3,500.00	3,500.00
Auditing costs		4,000.00	4,000.00
Inspections		2,970.00	2,970.00
Staff training		545.00	545.00
Miscellaneous		560.86	560.86
Provider payments	\$ 371,706.72	-	371,706.72
Total expenses	<u>\$ 371,706.72</u>	<u>\$ 101,259.90</u>	<u>\$ 472,966.62</u>

The accompanying notes are an integral part of this statement.

PELICAN PROVIDERS CORPORATION

**Statement of Cash Flows
For the Year Ended September 30, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 2,846.07
Adjustments to reconcile change in net assets to cash provided by operating activities:	
(Increase) Decrease in Current Assets	
Accounts receivable	(65.91)
Increase (Decrease) in Current Liabilities	
Accounts payable	(746.01)
Accrued salaries and wages	718.74
Payroll taxes payable	(269.35)
Due to providers	<u>379.47</u>
Net cash provided (used) in operating activities	<u>2,863.01</u>
Net decrease in cash	2,863.01
CASH AT BEGINNING OF YEAR	<u>10,371.05</u>
CASH AT END OF YEAR	<u><u>\$ 13,234.06</u></u>

The accompanying notes are an integral part of this statement

Pelican Providers Corporation

Notes to the Financial Statements
For the Year Ended September 30, 2017

Note 1 – Summary of Significant Accounting Policies

A. Organization

Pelican Providers Corporation is a nonprofit organization operating under the provisions of the Louisiana Non-Profit Corporation Law, Louisiana Revised Statute 12:201-12:269 (1950 as amended) and chartered by the Secretary of State. It was organized exclusively for educational and/or charitable purposes, including but not limited to the administration of the Child Care Food Program, Section 17 of the National School Lunch Act. Under the provisions of this Program, individuals who care for a small number of children in their homes are reimbursed for the cost of meals served to the children. **Pelican Providers Corporation** through its personnel, monitors the composition of the meals to assure nutritional values, make routine inspections of the homes to assure safety of the children who stay there, and act as intermediary between the state and federal agencies that administer funds and the providers who care for the children. This Program is funded totally by federal funds received from the State of Louisiana Department of Education.

B. Bases of Accounting and Financial Presentation

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

The Organization follows the guidance established by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in the FASB ASC 958. Accordingly, the net assets of the organization are classified to present the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets that are subject to donor-imposed stipulations that may or will not be met either by actions of the corporation and/or the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that the organization maintains them permanently. Generally, the donors of these assets permit the organization to use all or part of the income earned on related investments for general or specific purposes. There were no permanently restricted net assets as of September 30, 2017.

C. Unrestricted and Restricted Support and Revenues

The Organization also follows the guidance of the Financial Accounting Standards Board whereby contributions received are considered available for unrestricted use unless the donor specifies a restriction. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

D. Use of Estimates

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

E. Reimbursements Receivable

Management deems all accounts receivable collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when the determination is made.

F. Functional Expenses

Expenses were allocated in the accompanying financial statements to program and supporting services functional expense groups. Accordingly, certain costs have been allocated among program and supporting services based on actual use or management's best estimate.

G. Equipment and Furniture

The Organization's equipment and furniture is expensed when purchased. No depreciation is calculated.

H. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and comparable Louisiana law. Accordingly, no provision for income taxes has been made in these financial statements.

I. Statement of Cash Flows

The Organization is required to present a statement of cash flows. For purposes of the Statement of Cash Flows, **the Organization** considers all highly liquid debt investments purchased with a maturity of three months or less to be cash equivalents.

Note 2 - Cash

At September 30, 2017, **the Organization** has cash (book balance) totaling \$13,234.06, which is in a noninterest-bearing demand account. The deposits are stated at cost, which approximate market and are fully secured by federal deposit insurance.

Note 3 – Reimbursements Receivables

Reimbursements receivable represents reimbursements due from the Louisiana Department of Education for meals served during the month of September 2017.

Provider Reimbursement Receivable	\$ 28,098.51
Administrative Reimbursement Receivable	<u>8,049.00</u>
Total Reimbursements Receivable	<u>\$ 36,147.51</u>

Note 4 - Due To General Fund

Due to General Fund represents amounts loaned to the Family Day Care Home Program to cover administrative costs for the month of September 2017, until reimbursement is received from the Louisiana Department of Education.

Note 5 – Due to Providers

Due to providers represents amounts owed to providers for the cost of meals served during the month of September 2017.

Note 6 – Concentration of Revenues

The Organization receives a large amount of its revenues from one major source, the Louisiana Department of Education. Revenue of the program is based on the number of meals served by providers to children at the approved meal rates. Meal rates are determined on July 1 of each year by the Louisiana Department of Education. Meals served and approved meal rates are reported in the *Schedule of Meals Served and Program Reimbursements*. The revenue from this source represents 97.5% of **the Organizations** total revenues during the year ended September 30, 2017.

Note 7 – Related Party Transactions

The organization leases office space located at 2708 N. Acadian Thruway West, Baton Rouge, Louisiana with the Christland Christian Community Fellowship (CCCF). The Asst. Executive Director of **the Organization** and her husband serve as officers of the Church. The term of the lease agreement is twelve months which includes all utilities. Payment is \$250.00 per month and during the year **the Organization** paid \$3,000.00, in building rent.

The Asst. Executive Director loaned the General Fund at September 30, 2017, \$8,000.00 to cover administrative expenses of the Family Day Care Home Program fund until reimbursement is received from the Louisiana Department of Education. There is no written agreement for the loan and no accrued interest.

Note 8 – Board of Director

The management of **Pelican Providers Corporation** is vested in a Board of Directors which consists of four members who serve without compensation.

Note 9– Subsequent Events

Management is required to evaluate events or transactions that may occur after the statement of financial position date for potential recognition or disclosure in the financial statements. Management performed such an evaluation through March 13, 2018, the date that the financial statements were available to issue, and noted no subsequent events or transactions that occurred after the statement of financial position date requiring recognition or disclosure.

**INDEPENDENT AUDITOR'S REPORTS AND
INFORMATION REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on An Audit of Financial Statements Performed In Accordance
With Government Auditing Standards**

To the Board of Directors
Pelican Providers Corporation
Baton Rouge, 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 United States, the financial statements of the governmental activities of **Pelican Providers Corporation (the Organization)** which comprise the statement of financial position as of September 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 March 13, 2018.

Internal Control Over Financial Reporting

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

A *deficiency in internal controls* 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 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 of 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **the Organization's** financial statements are free from 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 tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose; however, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Legislative Auditor as a public document.

Roslyn J. Johnson, LLC

Roslyn J. Johnson, LLC
Baton Rouge, Louisiana
March 13, 2018

PELICAN PROVIDERS CORPORATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2017

Federal Grantor/ Pass-Through Grantor/ Program Name	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures September 30, 2017
U. S. Department of Agriculture: Pass-through program from: Louisiana Department of Education - Child and Adult Care Food Program (FDCHP)	10.558	N/A	<u>\$ 463,710.72</u>

Notes to Schedule of Expenditures of Federal Awards:

Note 1 - Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying schedule of expenditures of federal award includes the federal grant activity of Pelican Providers and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

B. Accrued Reimbursement

Federal awards are on a cost reimbursement basis.

C. Federal Indirect Cost Rate

Pelican Providers did not elect to use the 10% de minimis federal indirect cost rate for the year ended september 30, 2017.

The accompanying notes are an integral part of this schedule.

PELICAN PROVIDERS CORPORATION
Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

SECTION I - SUMMARY OF AUDITOR'S RESULTS

The auditor's report expresses an unmodified opinion on the financial statements.

No significant deficiencies or material weaknesses identified in internal accounting control.

No instances of noncompliance material to the financial statements were disclosed during the audit

SECTION II - FINDINGS - FINANCIAL STATEMENT AUDIT

No findings or questioned costs for the year ended September 30, 2017.

SECTION III - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL

No findings or questioned costs for the year ended September 30, 2017.

SECTION IV - MANAGEMENT LETTER

Not Applicable

PELICAN PROVIDERS CORPORATION
Schedule of Prior Year Findings and Questioned Costs
Year Ended September 30, 2017

No findings or questioned costs for the year ended September 30, 2016.

SUPPLEMENTARY INFORMATION SCHEDULES

Schedule 1

PELICAN PROVIDERS CORPORATION

**Schedule of Audited Claims
Year Ended September 30, 2017**

REIMBURSEMENTS ALLOWABLE

Administrative	\$ 92,004.00
Program	<u>371,706.72</u>
Total	<u>\$ 463,710.72</u>

REIMBURSEMENTS CLAIMED AND RECEIVED

Administrative	\$ 92,090.00
Program	<u>372,170.84</u>
Total	<u>\$ 464,260.84</u>

OVER (UNDER) CLAIM

Administrative	\$ 86.00
Program	<u>464.12</u>

TOTAL OVER (UNDER) CLAIMED

\$ 550.12

Schedule 2

PELICAN PROVIDERS CORPORATION

**Schedule of Administrative Reimbursement Allowable
Year Ended September 30, 2017**

A. Actual administrative expenses	<u>\$ 111,424.79</u>
B. Administrative reimbursement Claimed (Home x Rates)	<u>\$ 92,090.00</u>
C. Approved administrative budget	<u>\$ 139,375.30</u>
D. Administrative reimbursement allowed (Claimed \$92,090.00 minus Overclaim \$86.00)	<u>\$ 92,004.00</u>
E. Administrative Reimbursement Received	<u>\$ 92,004.00</u>

Schedule 3

PELICAN PROVIDERS CORPORATION

**Schedule of Monetary Claims and Questioned Costs
Year Ended September 30, 2017**

ADMINISTRATIVE REIMBURSEMENT

Administrative overclaim \$ 86.00

PROGRAM REIMBURSEMENT

Meal counts and attendance 464.12

Total Overclaim \$ 550.12

**FAMILY DAY CARE HOME PROGRAM
ADMINISTERED BY
PELICAN PROVIDERS CORPORATION**

**Schedule of Meals Served and
Program Reimbursement
Year Ended September 30, 2017**

OCTOBER 1, 2016 TO JUNE 30, 2017	<u>BREAKFAST</u>	<u>LUNCH</u>	<u>SUPPLEMENT</u>	<u>SUPPER</u>	<u>TOTAL</u>
Number of meals claimed	22,013	39,293	65,758	40,204	167,268
Less: Meals refunded by sponsor	(5)	(57)	(91)	(102)	
Net meals allowed	22,008	39,236	65,667	40,102	167,013
Reimbursement rate	\$ 1.3100	\$ 2.4600	\$ 0.7300	\$ 2.4600	
Reimbursement based on rate	\$ 28,830.48	\$ 96,520.56	\$ 47,936.91	\$ 98,650.92	\$ 271,938.87
JULY 1, 2017 TO SEPTEMBER 30, 2017	<u>BREAKFAST</u>	<u>LUNCH</u>	<u>SUPPLEMENT</u>	<u>SUPPER</u>	<u>TOTAL</u>
Number of meals claimed	7,653	15,543	23,106	14,081	60,383
Less: Meals refunded by sponsor			0	0	
Net meals allowed	7,653	15,543	23,106	14,081	60,383
Reimbursement rate	\$ 1.3100	\$ 2.4600	\$ 0.7300	\$ 2.4600	
Reimbursement based on rate	\$ 10,025.43	\$ 38,235.78	\$ 16,867.38	\$ 34,639.26	\$ 99,767.85
TOTAL MEALS CLAIMED	29,666	54,836	88,864	54,285	227,651
TOTAL NET MEALS ALLOWED	29,661	54,779	88,773	54,183	227,396
PROGRAM REIMBURSEMENT ALLOWED	\$ 38,855.91	\$ 134,756.34	\$ 64,804.29	\$ 133,290.18	\$ 371,706.72
PROGRAM REIMBURSEMENT CLAIMED	38,862.46	134,896.56	64,870.72	133,541.10	372,170.84
MEALS OVERCLAIMED AND REFUNDED TO STATE					<u>\$ (464.12)</u>

**FAMILY DAY CARE HOME PROGRAM
ADMINISTERED BY
PELICAN PROVIDERS CORPORATION**

**Schedule of Compensation, Benefits and Other Payments
to Executive Director
Year Ended September 30, 2017**

MARK A. BANKS, EXECUTIVE DIRECTOR

PURPOSE	AMOUNT
Salary	\$ 54,080.04
Benefits - retirement	3,352.92
Benefits-insurance	784.08
Benefits - state unemployment	421.80
Benefits - federal unemployment	42.00
TOTAL	<u>\$ 58,680.84</u>

STATE REPORTING SECTION

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

To the Board of Directors
Pelican Providers, Inc.
Baton Rouge, Louisiana

I have performed the procedures enumerated below, which were agreed to by the Board of Directors of **Pelican Providers, Inc. (the Organization)**, and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2016 through September 30, 2017. The **Pelican Providers Corporation's** management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I 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

I obtained from management its written procedures utilized in the operations of **the Organization**, and verified whether these procedures addressed each of the following financial/business functions; budgeting, purchasing, disbursements, receipts, payroll/personnel, contracting, credit cards, and travel and expense reimbursements.

Budgeting – **The Organization's** major function is sponsoring a Family Day Care Home Food Program (FDCHP) with funds received from the Louisiana Department of Education (LDOE). Budgets are requested, approved, monitored, and amended through LDOE. **The Organization** operates this Program in accordance with the Application/Agreement with the State. Any changes or amendments to the budget are approved by the State.

Purchasing – There are no written policies and procedures on how purchases are initiated, prepared, and approved.

Disbursements – There are no written policies and procedures processing, reviewing and approving disbursements.

Receipts – There are no written procedures on receipts other than does included in Application/Agreement with the State and Compliance Supplement for the Program. All receipts are electronically deposited by the State to the sponsor's bank account.

Payroll/Personnel – No written policies and procedures for payroll processing, reviewing and approving time and attendance including leave and overtime worked other than provided for in the Application/Agreement with the State and Compliance Supplement.

Contracting – There are no written policies and procedures on type of services requiring written contracts, standard terms and conditions, legal reviews, approval process, and monitoring process. The organization is required to submit all contracts to LDOE with Application/Agreement Packet for review and approval.

Credit Cards – *Not applicable*

Travel and expense reimbursements – Written policies and procedures are available to address allowable expenses, dollar threshold, documentation requirements and required approvers.

Ethics – *Not applicable*

Debt Service *Not applicable*

Management's Response:

The Organization will put in writing all of its policies and procedures utilized in the operations of the Family Day Care Home Program.

Board

I obtained from management the minutes of the Board of Directors for the period ended September 30, 2017 and verified board meetings had been held in accordance with its bylaws and frequency required by LDOE.

Monthly budget-to-actual comparisons on General funds are not applicable. General funds are not budgeted and consist mainly of monies raised to cover expenses not allowed by the Program, i.e. monthly bank service fees.

I reviewed the Board of Directors monthly minutes for the period ended September 30, 2017 and verified that non-budgetary financial information was included for at least one meeting.

Comment: No exceptions were noted.

Bank Reconciliations

I obtained from management a complete listing of its bank accounts and management's representation that the list was complete. Verified bank reconciliations had been prepared by **the Organization's** outside accountant.

I examined bank reconciliations and determined there was no evidence that bank reconciliations had been reviewed by the Executive Director or a board member with no involvement in the transactions associated with the bank account.

Examined bank reconciliations for the period ended September 30, 2017, and determined items outstanding for more than six months had been researched by the Executive Director and the outside accountant.

Management's Response:

Management will revise its bank reconciliation procedures to require the preparation of bank reconciliations by the outside accountant with subsequent review and approval by the Executive Director evidenced by signing and dating.

Collections

All collections, 99% of funds, are deposited electronically to **the Organization** from LDOE. Collections of receipts are confirmed yearly in writing by the LDOE. **The Organization's** accountant records the monthly deposited receipts to the general ledger which is reconciled to the bank on a monthly basis.

Comment: No exceptions were noted.

Disbursements – General

I obtained from management **the Organization's** general ledger for the period ended September 30, 2017, and management's written representation that the general ledger population was complete.

I selected a sample constituting one third of **the Organization's** disbursements and examined the supporting documentation. Disbursements were supported by a check requisition, contract, and/or an original invoice. There is no vendor list maintained. Disbursements mainly supported by contracts approved during the Application/Agreement with the State.

I determined through inquiries/observations that **the Organization's** check stock is maintained in a restricted location in the custody of the Asst. Executive Director who is responsible for processing the check requisitions, printing checks, and has signature authority along with the Executive Director. Transactions recorded to the general ledger are reviewed by the outside accountant and the Executive Director. The outside accountant reconciles the bank accounts to transactions recorded to the general ledger. In addition, LDOE conducts technical reviews and assistance of **the Organization's** prescribed processes to ensure compliance with Program compliance and their Application/Agreement with the State.

Management's Response:

Management will revise procedures to remove the Assistant Executive Director's signature authority to strengthen its internal controls.

Credit Cards – Not Applicable

Travel and Expense Reimbursement

I obtained from management a complete list of all of its travel expenses occurring during the period ended September 30, 2017, and management's representation that the general ledger was complete with all travel and expense reimbursements.

The Organization's written policies and procedures regarding per diem and mileage rates are established by their Application/Agreement with LDOE. I examined largest travel reimbursement for each employee incurred during the period ended September 30, 2017. Travel expenses were reimburse in accordance with written policies and procedures and supported by required documentation. Reimbursements did not exceed GSA rates. Travel reimbursements were approval by an employee not receiving the travel reimbursement.

Comment: No exceptions were noted.

Contracts

I obtained from management a listing of all contracts for the period ended September 30, 2017 and management's representation that the listing was complete. Public Bid Law is not applicable to these contracts. I examined contracts and paid invoices and found the written contract supports the service arrangement and amount paid.

Comment: No exceptions were noted.

Payroll and Personnel

I obtained from management a complete list of its employees and their related salaries along with management's written representation that the listing is complete.

I determined by examination of **the Organization's** Application/Agreement with LDOE that employees were paid in accordance with pay rates approved.

I determined by review of LDOE's budget amendments that pay rates/salaries changes had been approved.

I examined time and attendance documentation for pay period ended June 2017. I determined through examination of employee's time and attendance records that the employee's time and attendance records had been approved by their supervisor.

I found during my examination of payroll registers there were no employees paid termination pay during the period ended September 30, 2017. Employee and employer payroll taxes, as well as the required reporting forms were submitted timely to the applicable agencies

The Organization has written documentation on approval of leave and maintains written records of hours earned, hours used, and balance available.

Ethics – Not Applicable

Debt Service – Not Applicable

Other – I observed that the notice, *Fight Fraud and Abuse* had been posted by **the Organization** in compliance with R. S. 24:523.

Comments: No exceptions were noted

I was 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, 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.

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

Roslyn J. Johnson, LLC

Roslyn J. Johnson, LLC
Baton Rouge, Louisiana
March 13, 2018