

**THREE O'CLOCK PROJECT**

**BATON ROUGE, LOUISIANA**

**DECEMBER 31, 2019**



**L.A. CHAMPAGNE & CO.**

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors of  
Three O'Clock Project  
**Report on Financial Statements**

We have audited the accompanying financial statements of Three O'Clock Project (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Three O’Clock Project as of December 31, 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The schedule of compensation, benefits, and other payments to Agency heads on page 11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2020, on our consideration of Three O’Clock Project’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Three O’Clock Project’s internal control over financial reporting and compliance.

*J. A. Champagne & Co., LLP*

*Baton Rouge, Louisiana*

*August 20, 2020*

**THREE O'CLOCK PROJECT**  
**STATEMENT OF FINANCIAL POSITION**

*December 31, 2019*

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 16,935
Grants receivable	50,148
Total current assets	<u>67,083</u>

**NONCURRENT ASSETS**

Deposit	<u>950</u>
Total assets	<u><u>\$ 68,033</u></u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 6,255
Accrued expenses	346
Total current liabilities	<u>6,601</u>

**NET ASSETS WITHOUT DONOR RESTRICTIONS**

	<u>61,432</u>
Total liabilities and net assets	<u><u>\$ 68,033</u></u>

*See accompanying notes to financial statements.*

**THREE O'CLOCK PROJECT**  
**STATEMENT OF ACTIVITIES**  
*For the Year Ended December 31, 2019*

	Without Donor Restrictions
<b>SUPPORT AND REVENUE</b>	
Government grants	\$ 635,839
Donations	182,666
Program services	1,000
Total support and revenue	<u>819,505</u>
 <b>EXPENSES</b>	
Program expenses	795,592
Management and general expenses	44,361
Total expenses	<u>839,953</u>
 Change in net assets	 (20,448)
 Net assets - beginning of year	 <u>81,880</u>
 Net assets - end of year	 <u><u>\$ 61,432</u></u>

*See accompanying notes to financial statements.*

**THREE O'CLOCK PROJECT**  
**STATEMENT OF CASH FLOWS**

*For the Year Ended December 31, 2019*

**CASH FLOWS FROM OPERATING ACTIVITIES**

Decrease in net assets	\$ (20,448)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Decrease in accounts receivable	28,798
Increase in deposits	(950)
Decrease in accounts payable	(25,183)
Decrease in accrued expenses	<u>(1,125)</u>
Net cash used in operating activities	<u>(18,908)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

-

**CASH FLOWS FROM FINANCING ACTIVITIES**

-

**NET DECREASE IN CASH**

(18,908)

Cash - beginning of year

35,843

Cash - end of year

\$ 16,935

*See accompanying notes to financial statements.*

# THREE O'CLOCK PROJECT

## STATEMENT OF FUNCTIONAL EXPENSES

*For the Year Ended December 31, 2019*

	Program Services	Management and General	Total
Salaries and wages	\$ 41,639	\$ 7,348	\$ 48,987
Payroll taxes and benefits	2,859	505	3,364
Legal and accounting fees	-	3,574	3,574
Contract food services	610,162	-	610,162
Travel and conferences	960	8,636	9,596
Bank and administrative fees	-	15	15
Insurance	-	2,663	2,663
Equipment donation	139,948	-	139,948
Rent	-	8,550	8,550
Repairs	-	68	68
Marketing expenses	-	8,375	8,375
Office expenses	-	2,051	2,051
Other expenses	24	2,576	2,600
Total expenses	<u>\$ 795,592</u>	<u>\$ 44,361</u>	<u>\$ 839,953</u>

*See accompanying notes to financial statements.*



# THREE O'CLOCK PROJECT

## NOTES TO FINANCIAL STATEMENTS

December 31, 2018

### A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Nature of activities*

Three O'Clock Project (the "Organization") is a non-profit corporation headquartered in Baton Rouge, Louisiana that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization was incorporated in 2017 to partner with schools, after school organizations, food vendors, and local communities to provide healthy meals and education at little to no cost. The Organization's mission is to provide healthy meals and nutrition education for at-risk students after school.

#### *Basis of accounting*

The Organization prepares its financial statements on the accrual basis of accounting. Under this method of accounting, revenue is recognized when earned or billed, and expenses are recognized when goods or services are received and the obligation for payment is incurred.

#### *Basis of presentation*

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC). The Organization reports information regarding its financial position and activities according to the two classes of net assets as follows:

*Net assets without donor restrictions* - Resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

*Net assets with donor restrictions* - Resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets with donor restrictions to net assets without donor restrictions.

**A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

*Revenue and revenue recognition*

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

*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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

*Cash*

For the purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with a maturity of three months or less when acquired to be cash.

*Allowance for uncollectible accounts*

An allowance for uncollectible accounts is established based on prior experience and management's assessment of collectability. Management believes all accounts receivable are collectible at December 31, 2019, and accordingly, no allowance has been established.

*Income tax status*

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the financial statements.

The Organization accounts for income taxes in accordance with the income tax accounting guidance included in the FASB ASC. Under this guidance, the Organization may recognize the tax effects from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by tax authorities. The Organization has evaluated its position regarding the accounting for uncertain tax positions and does not believe that it has any material uncertain tax positions.

*Functional allocation of expenses*

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs are charged specifically to a program or function and the remaining costs are allocated among programs, management, and fund raising. Salaries and wages, related payroll taxes, and benefit allocations are determined by management on an equitable basis based on time and effort.

**A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

*Advertising*

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed when incurred.

*Change in Accounting Principles*

In June 2018, the FASB issued Accounting Standards Update (ASU) No. 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, which clarifies and improves the scope and accounting guidance around contributions received and made by not-for-profit organizations. The Organization adopted ASU 2018-08 using a modified prospective method effective January 1, 2019. Under the modified prospective method, this ASU only applies to agreements not completed or entered into as of January 1, 2019. As a result, the 2018 financial statements are not restated and there was no cumulative-effect adjustment to opening net assets as of January 1, 2019. There were no material changes to the recognition of contribution revenue during 2019.

**B: CONCENTRATION OF REVENUE**

The Organization receives a significant portion of its funds provided through government grants and contracts. Thus, its funding is vulnerable to changes in the legislative priorities of federal, state, and local governments. Significant among those are the following, reflecting their percent of total revenues provided during the year ended December 31, 2019:

Louisiana Department of Education	78%
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Grants receivable totaling \$50,148, or 100% of grant receivables, is due from the Louisiana Department of Education as of December 31, 2019.

For the year ended December 31, 2019, contributions from two private donors accounted for approximately 22% of the total support and revenues to the Organization.

**C: CONCENTRATION OF CREDIT RISK**

The Organization maintains deposits in a local financial institution with balances at times that may exceed the \$250,000 federal insurance provided by the Federal Deposit Insurance Corporation. Management believes the credit risk associated with these deposits is minimal.

**D: NON-CASH INVESTING AND FINANCING ACTIVITIES**

There were no non-cash investing and financing activities in 2019.

**E: LEASE OBLIGATION**

The Organization leases office space under an agreement classified as an operating lease. The lease includes monthly rent of \$950 and expires on April 30, 2020. The lease expense under these agreements was \$8,550 for the year ended December 31, 2019. Future minimum rental payments required under the equipment leases as of December 31, 2019 are \$3,800 for 2020.

**F: LIQUIDITY**

As of December 31, 2019, the Organization had \$67,083 of financial assets available within one year of the statement of net position date consisting of cash and receivables. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of position date.

**G: SUBSEQUENT EVENTS**

Subsequent events were evaluated through August 20, 2020, which is the date the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen that could negatively impact contributions and operating results. At this point, the extent to which COVID-19 may impact the financial conditions or results of operations is uncertain.

## **SUPPLEMENTARY INFORMATION**

**THREE O'CLOCK PROJECT**  
**SCHEDULE OF COMPENSATION, BENEFITS, AND**  
**OTHER PAYMENTS TO AGENCY HEAD**

*For the Year Ended December 31, 2019*

Agency Head Name: Emily Chatelain, Executive Director

Purpose:	<u>Amount</u>
Reimbursements for goods and services purchased directly for program use	\$ 9,284

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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***

The Board of Directors  
Three O'Clock Project

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Three O'Clock Project (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 20, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Three O'Clock Project's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Three O'Clock Project's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Three O’Clock Project's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as item 2019-01.

### Three O’Clock Project’s Response to Findings

Three O’Clock Project’s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Three O’Clock Project’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Three O’Clock Project’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

 J. A. Champagne & Co., LLP

Baton Rouge, Louisiana  
August 20, 2020



**THREE O’CLOCK PROJECT  
SUMMARY OF AUDIT RESULTS AND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

*Year Ended December 31, 2019*

**A: SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements of Three O’Clock Project.
2. No significant deficiencies in internal controls relating to the audit of the financial statements are reported in the “Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*.”
3. One instance of noncompliance material to the financial statements of Three O’Clock Project was disclosed during the audit.
4. A management letter was not issued.

**B: FINDINGS - FINANCIAL STATEMENTS AUDIT**

2019-01 - Engagement Completion and Submission

*Condition:* The financial statements and reports were not timely filed with the Legislative Auditor.

*Cause:* The COVID-19 global pandemic and the stay at home order issued by the Governor of Louisiana in March 2020 caused an unforeseen delay in completing the audit for the year ended December 31, 2019.

*Effect:* According to the Legislative Auditor of the State of Louisiana, failure to comply with the six-month statutory submission of the financial reports is a reportable instance of noncompliance with state law.

*Criteria:* L.R.S 24:513 provides that the financial statements are to be filed with the Legislative Auditor within six months of the close of the fiscal year.

*Auditor’s Recommendation:* In the future, its auditors should allow sufficient time for all procedures and work to be completed in time to submit the financial statements and reports within the six-month statutory deadline as required.

*Management Response:* Management acknowledges the condition as described above and agrees with the auditor’s recommendation.

**THREE O'CLOCK PROJECT**  
**BATON ROUGE, LOUISIANA**  
**DECEMBER 31, 2019**  
**STATEWIDE AGREED UPON PROCEDURES**



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**L.A. CHAMPAGNE & CO.**

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

To the Board of Directors of Three O'Clock Project  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Three O'Clock Project 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 January 1, 2019 through December 31, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

### *Written Policies and Procedures*

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

*Written policies and procedures were obtained and do address the functions noted above.*

- 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.

*Written policies and procedures were obtained and do address the functions noted above.*

- c) **Disbursements**, including processing, reviewing, and approving

*Written policies and procedures were obtained and do address the functions noted above.*

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

*Written policies and procedures were obtained and do address the functions noted above.*

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

*Written policies and procedures were obtained and do address the functions noted above.*

- 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.

*Written policies and procedures were obtained and do address the functions noted above.*

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

*Written policies and procedures were obtained and do address the functions noted above.*

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

*Written policies and procedures were obtained and do address the functions noted above.*

- i) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

*Written policies and procedures were obtained and do address the functions noted above.*

### ***Board or Finance Committee***

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2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

*Obtained and reviewed minutes of the Board of Directors meetings for the year noting that the Organization met quarterly in accordance with the Organization's bylaws.*

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

*The minutes of the Board of Directors meetings included financial activity related to public funds.*

### ***Bank Reconciliations***

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

*Obtained a listing of bank accounts from management and management provided representation that the listing is complete.*

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

*Obtained the bank statement and reconciliation for month selected and noted that there is evidence that the reconciliations were prepared within two months of the related statement closing date.*

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

*Obtained the bank statement and reconciliation for month selected and noted that there is physical evidence of management's review.*

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

*Obtained the reconciliations for the month selected and noted no reconciling items that are outstanding for more than 12 months.*

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

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

*Management provided a listing of locations that processes payments for the fiscal period and representation that the listing is complete.*

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

*Management provided a list of employees involved in non-payroll purchasing and the payment function and noted that at least two employees are involved in initiating, approving, and placing an order.*

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

*Management provided a list of employees involved in non-payroll purchasing and the payment function and noted that at least two employees are involved in processing and approving payments to vendors.*

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

*Management provided a list of employees involved in non-payroll purchasing and the payment function and noted that there is a procedure in place for another employee to periodically review changes to vendor files.*

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

*Management provided a list of employees involved in non-payroll purchasing and the payment function and noted that the employee responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.*

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

*Management provided population of non-payroll disbursements and representation that the list was complete.*

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

*Obtained supporting documentation for disbursements selected and noted that the disbursements matched the related invoice or billing statement.*

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

*Obtained supporting documentation for disbursement selected and noted that the disbursements documentation included evidence of segregation of duties.*

#### **Credit Cards/Debit Cards/Fuel Cards/P-Cards**

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

*Management provided a list of all active credit cards for the fiscal period and representation that the list was complete.*

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

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.



*Obtained monthly statements and supporting documentation for selected cards and noted that there was evidence of review and approval of the monthly statement and supporting documentation by someone other than the authorized card holder.*

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

*There were finance charges or late fees on the credit card statements tested.*

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

*All credit card transactions selected for testing were supported by attributes 1 – 3 above.*

#### **Travel and Travel-Related Expense Reimbursements (excluding card transactions)**

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

*Management provided a list of all travel and related expense reimbursements and representation that the listing is complete.*

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

*Reimbursements selected for testing did not contain per diem payments.*

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

*Reimbursements selected for testing were supported by an original itemized receipt that identified what was purchased.*

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).



*Reimbursements selected for testing included documentation of the business/public purpose and other documentation required by the Organization's written policies and procedures.*

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*Reimbursements selected for testing were reviewed and approved by someone other than the person receiving reimbursement.*

## ***Contracts***

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- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

*Obtained listing of all contracts in effect and management provided representation that the listing is complete.*

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

*None of the contracts selected were subject to the Louisiana Public Bid Law.*

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

*Contracts selected for testing were not required by policy or law to be approved by the governing board.*

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

*There were no amendments to the contracts selected for testing.*

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

*Obtained supporting documentation for contract payment selected and noted that the invoice and related payment agreed to the terms of the contract.*

## ***Payroll and Personnel***

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16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

*Management provided a listing of employees during the fiscal period and representation that the listing is complete. Obtained documentation from management of approved salaries for each employee selected and noted that actual paid salaries agreed with approved salaries per the personnel files.*

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that 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.)

*The Organization does not provide leave benefits to employees.*

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

*The Organization does not provide leave benefits to employees.*

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

*The Organization does not provide leave benefits to employees.*

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

*There were no termination payments made during the fiscal year.*

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

*Management provided representation that employer and employee portions of payroll taxes, health insurance premiums, and workers' compensation premiums have been paid and associated forms have been filed by required deadlines.*

#### ***Other***

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Management has asserted that the entity did not have any misappropriations of public funds or assets during the reporting period.*

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*Required notices are posted on the entity's premises and website.*

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

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

*L.A. Champagne & Co., LLP*

L.A. Champagne & Co., L.L.P.  
Baton Rouge, LA  
August 20, 2020