

**LOUISIANA CRISIS ASSISTANCE CENTER**  
**FINANCIAL STATEMENTS**  
**AND**  
**AUDITOR'S REPORT**  
**DECEMBER 31, 2018**

**LOUISIANA CRISIS ASSISTANCE CENTER**

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# Justin J. Scanlan, C.P.A., F.T.C.

A LIMITED LIABILITY COMPANY

4789 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122  
TELEPHONE: (504) 288-0050

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Louisiana Crisis Assistance Center

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

We have audited the accompanying financial statements of Louisiana Crisis Assistance Center (a non-profit organization), which comprise the statement of the financial position as of December 31, 2018, and the related statements of activities 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 controls 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Crisis Assistance Center as of December 31, 2018, 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.

## Other Matters Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2019, on our consideration of Louisiana Crisis Assistance Center'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 Louisiana Crisis Assistance Center's internal control over financial reporting and compliance.

*Justin J. Scanlon, CPA, LLC*

New Orleans, Louisiana  
May 6, 2019

**LOUISIANA CRISIS ASSISTANCE CENTER  
STATEMENT OF FINANCIAL POSITION**

**December 31, 2018**

**ASSETS**

<b>Current Assets</b>		
Cash		\$ 878,064
Investments (Notes A5 and B)		607,436
Receivables (Note A4)		
Grant (Note C)	\$ 97,501	
Other	<u>58,571</u>	<u>156,072</u>
Total current assets		<u>1,641,572</u>
Land, property, and equipment-at cost (Notes A6 and D)		292,467
<b>Other Assets</b>		
Deposits		<u>5,850</u>
Total assets		<u>\$ 1,939,889</u>

**LIABILITIES AND NET ASSETS**

<b>Current liabilities</b>		
Accounts payable and accrued liabilities		\$ 19,158
Pension contribution payable		<u>50,159</u>
Total current liabilities		<u>69,317</u>
Total liabilities		69,317
<b>Net assets</b>		
Without donor restrictions		1,772,658
With donor restrictions (Note E)		<u>97,914</u>
Total net assets		<u>1,870,572</u>
Total liabilities and net assets		<u>\$ 1,939,889</u>

The accompanying notes are an integral part of this financial statement.

**LOUISIANA CRISIS ASSISTANCE CENTER**

**STATEMENT OF ACTIVITIES**

**For the year ended December 31, 2018**

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
<b>REVENUE</b>			
Grants and fees	\$ -	\$ 1,537,517	\$ 1,537,517
Contributions	1,918	-	1,918
Interest income	1,371	-	1,371
Other	92,168	-	92,168
Net assets released from restrictions	<u>1,677,728</u>	<u>&lt; 1,677,728 &gt;</u>	<u>-</u>
Total revenues	<u>1,773,185</u>	<u>&lt; 140,211 &gt;</u>	<u>1,632,974</u>
<b>EXPENSES</b>			
Salaries	990,008	-	990,008
Fringe benefits	220,514	-	220,514
Travel	64,834	-	64,834
Litigation expense	26,652	-	26,652
Occupancy expense	96,108	-	96,108
Office expense	69,977	-	69,977
Postage	1,634	-	1,634
Professional fees	19,725	-	19,725
Training	6,944	-	6,944
Vehicle expense	5,137	-	5,137
Depreciation	17,521	-	17,521
Other	<u>9,561</u>	<u>-</u>	<u>9,561</u>
Total expenses	<u>1,528,615</u>	<u>-</u>	<u>1,528,615</u>
Increase <decrease> in net assets	244,570	< 140,211 >	104,359
Net assets, beginning of year	<u>1,528,088</u>	<u>238,125</u>	<u>1,766,213</u>
Net assets, end of year	<u>\$ 1,772,658</u>	<u>\$ 97,914</u>	<u>\$ 1,870,572</u>

The accompanying notes are an integral part of this financial statement.

**LOUISIANA CRISIS ASSISTANCE CENTER**

**STATEMENT OF CASH FLOWS**

**For the year ended December 31, 2018**

Cash flows from operating activities:	
Changes in net assets	\$ 104,359
Adjustments to reconcile changes in net assets to net cash provided by <used in> operating activities:	
Depreciation	17,521
<Increase> decrease in grants receivable	< 5,000>
<Increase> decrease in other receivables	48,887
Increase <decrease> in accounts payable and accrued liabilities	< 14,890>
Increase <decrease> in pension contribution payable	<u>4,559</u>
Net cash provided by <used in> operating activities	<u>151,432</u>
Cash flows from investing activities:	
Purchase of investments	<u>&lt; 1,020&gt;</u>
Net cash provided by <used in> investing activities	<u>&lt; 1,020&gt;</u>
Net increase <decrease> in cash and cash equivalents	<u>150,412</u>
Cash and cash equivalents, beginning of year	<u>727,652</u>
Cash and cash equivalents, end of year	<u>\$ 878,064</u>

The accompanying notes are an integral part of this financial statement.

**LOUISIANA CRISIS ASSISTANCE CENTER**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**1. Nature of Activities**

The Louisiana Crisis Assistance Center is a nonprofit organization committed to provide quality legal representation of indigent people facing the death penalty in Louisiana.

**2. Financial Statement Presentation**

Net assets and revenues, gains and losses are classified based on donor-imposed restrictions, accordingly, net assets of Louisiana Crisis Assistance Center, and changes therein, are classified and reported as follows:

**Without Donor Restrictions** – Those resources that are not subject to donor-imposed restrictions. The board of directors has discretionary control over these resources. Designated amounts represent those net assets that the board has set aside for a particular purpose.

**With Donor Restrictions** – Those resources subject to donor-imposed restrictions that will be satisfied by action of Louisiana Crisis Assistance Center, or by the passage of time.

**3. Revenue Recognition**

Contributed support is reported Without Donor Restrictions or With Donor Restrictions depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restrictions is accomplished, “with donor restrictions” net assets are reclassified to “without donor restrictions” net assets and reported in the statement of activity as “net assets released from restrictions”.

Grant revenue is recognized as it is earned in accordance with approved contracts.

**4. Receivables**

The corporation considers accounts receivable to be fully collectible since the balance consists primarily of payments due from governmental agencies and government contracts. If amounts due become uncollectible, they will be charged to operations when that determination is made.

**LOUISIANA CRISIS ASSISTANCE CENTER**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2018**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**5. Investments**

Under FASB ASC 320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized gains or losses are included in the change in net assets.

**6. Property, Building and Equipment**

The Louisiana Crisis Assistance Center records property acquisitions at cost. Donated assets are recorded at estimated value at date of donation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, principally on the straight-line method. The depreciation expense for the year ended December 31, 2018 totaled \$17,521.

It is the policy of the corporation to capitalize all property, furniture and equipment with an acquisition cost in excess of \$5,000.

**7. Cash equivalents**

For purposes of the statement of cash flows, the corporation considers all demand deposit accounts and investments with original maturities of three months or less to be cash equivalents.

**8. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**9. Fair Values of Financial Instruments**

Generally accepted accounting principles require disclosure of fair value information about financial instruments for which it is practicable to estimate fair value, whether or not recognized in the statement of financial position. Cash and cash equivalents carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

**10. Functional Allocation of Expenses**

The expenses of providing the program and other activities have been summarized on a functional basis in Note J. Certain of those expenses have been allocated among the program and supporting services benefited based on estimates by management of the costs involved.

**LOUISIANA CRISIS ASSISTANCE CENTER**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2018**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**11. Subsequent Events**

The subsequent events of the corporation were evaluated through the date the financial statements were available to be issued (May 6, 2019).

**NOTE B – INVESTMENTS**

Investments, cost and approximate market value at December 31, 2018, consist of the following:

	<b><u>Fair Market Value</u></b>	<b><u>Cost</u></b>
Money market fund	\$ <u>607,436</u>	\$ <u>607,436</u>

**NOTE C - GRANT RECEIVABLE**

Grant receivable at December 31, 2018 consists of the following:

State of Louisiana - Public Defender Board	\$ <u>97,501</u>
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**NOTE D – LAND, PROPERTY, AND EQUIPMENT**

Land, property and equipment at December 31, 2018 consist of the following:

Building	\$ 95,426
Building improvements	346,562
Equipment	49,260
Transportation equipment	<u>24,357</u>
	515,605
Less accumulated depreciation	<u>&lt;283,138&gt;</u>
	232,427
Land	<u>60,000</u>
	<u>\$ 292,467</u>

**LOUISIANA CRISIS ASSISTANCE CENTER**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2018**

**NOTE E – WITH DONOR RESTRICTIONS NET ASSETS**

With donor restriction net assets at December 31, 2018 consist of the following:

State of Louisiana – Public Defender Board	<u>\$ 97,914</u>
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**NOTE F – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

Louisiana Crisis Assistance Center maintains operating revenue for general expenditures. The current financial assets totaling \$878,064 at December 31, 2018 are available for general expenditures, that is, without donor or other restrictions limiting their use.

As part of Louisiana Crisis Assistance Center’s liquidity management, it primarily maintains its current assets in cash and cash equivalents.

**NOTE G – INCOME TAXES**

The Louisiana Crisis Assistance Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Louisiana Crisis Assistance Center has adopted the provisions of FASB ASC 740-10-25, which requires a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The Louisiana Crisis Assistance Center does not believe its financial statements include any uncertain tax positions.

**NOTE H - BOARD OF DIRECTORS COMPENSATION**

The board of directors is a voluntary board; therefore, no compensation was paid to any board member during the year ended December 31, 2018.

**NOTE I – RETIREMENT PLAN**

The Corporation sponsors a defined contribution pension plan covering all employees. The corporation decides the amount, if any, to contribute each year based on a percentage of annual compensation. The percentage for the year ended December 31, 2018 was 5% to 10% based on a certain number of years of service, no change in rate from prior year. The pension expense for the year ended December 31, 2018 totaled \$50,159.

**LOUISIANA CRISIS ASSISTANCE CENTER**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2018**

**NOTE J – FUNCTIONAL EXPENSES**

The functional expenses for the year ended December 31, 2018 consist of the following:

	<u><b>PROGRAM SERVICES</b></u> <u><b>Indigent Defense Services</b></u>	<u><b>SUPPORTIVE SERVICES</b></u> <u><b>Management and General</b></u>	<u><b>Total</b></u>
Salaries	\$ 895,729	\$ 94,279	\$ 990,008
Fringe benefits	167,591	52,923	220,514
Travel	64,834	-	64,834
Litigation expense	26,652	-	26,652
Occupancy expense	86,497	9,611	96,108
Office expense	55,981	13,996	69,977
Postage	1,307	327	1,634
Professional fees	-	19,725	19,725
Training	6,944	-	6,944
Vehicle expense	5,137	-	5,137
Depreciation	14,017	3,504	17,521
Other	7,649	1,912	9,561
	<u>\$ 1,332,338</u>	<u>\$ 196,277</u>	<u>\$ 1,528,615</u>

**NOTE K – FAIR VALUE MEASUREMENT**

FASB ASC 820-10, Fair Value Measurement, requires disclosure of the estimated fair value of certain financial instruments and the methods and significant assumptions used to estimate their fair value. Financial instruments within the scope are included in the table below.

	<u><b>Fair Value Measurement of Reporting Date</b></u>			
	<u><b>Quoted Prices</b></u> <u><b>in Active</b></u> <u><b>Markets for</b></u> <u><b>Identical</b></u> <u><b>Assets</b></u> <u><b>(Level 1)</b></u>	<u><b>Significant</b></u> <u><b>Other</b></u> <u><b>Observable</b></u> <u><b>Inputs</b></u> <u><b>(Level 2)</b></u>	<u><b>Significant</b></u> <u><b>Unobservable</b></u> <u><b>Inputs</b></u> <u><b>(Level 3)</b></u>	
Money market accounts	<u>\$ 607,436</u>	<u>\$ 607,436</u>	<u>\$ -</u>	<u>\$ -</u>

The assumptions to estimate fair values are as follows:

The fair market value of marketable securities are based on quoted market prices for those or similar investments.

**LOUISIANA CRISIS ASSISTANCE CENTER**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2018**

**NOTE L - CONCENTRATION OF CREDIT RISK**

As of December 31, 2018, the corporation's cash balances consist of the following:

Cash balance, per bank statements	\$ 1,508,271
Less: FDIC insurance	< 250,000>
SPIC insurance	<u>&lt; 500,000&gt;</u>
Unsecured balances	\$ <u>758,271</u>

The Louisiana Crisis Assistance Center invests in money market funds. Investments are subject to various risks; such as interest rate, credit and overall market volatility risk.

The grant receivable due from the State of Louisiana - Public Defender Board accounts for 100% of the total grant receivable.

**NOTE M – ECONOMIC DEPENDENCY**

The Louisiana Crisis Assistance Center received the majority of its revenue from funds provided by the State of Louisiana Public Defender Board. The contract amounts are appropriated each year by the state government. If significant budget cuts are made at the state level, the amount of the funds the corporation receives could be reduced significantly and have an adverse impact on its operations. At the time of completion of the examination of the corporation's financial statements, management was unaware of actions taken that would adversely affect the amount of funds the corporation will receive for the year 2019 contract.

The corporation's support through state contracts totaled 70% for the year ended December 31, 2018.

**SUPPLEMENTAL SCHEDULE**

**LOUISIANA CRISIS ASSISTANCE CENTER**  
**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS**  
**TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

**For the year ended December 31, 2018**

**Agency Head Name:           Richard J. Bourke**

<u>Purpose</u>	<u>Amount</u>
Compensation	\$ 111,751
Benefits – hospitalization and dental insurance	13,925
Benefits - retirement	11,753
Benefits - disability	713
Parking expense	2,480
Travel - legal cases	4,674
Continuing professional education fees and bar dues	1,971
Reimbursements - miscellaneous	262

# Justin J. Scanlan, C.P.A., L.L.C.

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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  
Louisiana Crisis Assistance Center

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 Louisiana Crisis Assistance Center (a non-profit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 6, 2019.

### Internal Control Over Financial Reporting

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

Our consideration of the 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 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 the Louisiana Crisis Assistance Center'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 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 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

New Orleans, Louisiana  
May 6, 2019

*Justin J. Scanlon, CPA, LLC*

**LOUISIANA CRISIS ASSISTANCE CENTER**  
**SCHEDULE OF FINDINGS AND RESPONSES**

**For the year ended December 31, 2018**

**A. INTERNAL CONTROL OVER FINANCIAL REPORTING**

There were no significant deficiencies for the year ended December 31, 2018.

**B. COMPLIANCE AND OTHER MATTERS**

There were no compliance and other matters noted for the year ended December 31, 2018.

**C. QUESTIONED COSTS**

There were no questioned costs for the year ended December 31, 2018.

**D. STATUS OF PRIOR YEAR AUDIT FINDINGS**

There were no prior year audit findings.

**LOUISIANA CRISIS ASSISTANCE CENTER  
STATEWIDE AGREED-UPON PROCEDURES**

**For the year ended December 31, 2018**

# Justin J. Scanlan, C.P.A., F.T.C.

A LIMITED LIABILITY COMPANY

4769 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122  
TELEPHONE: (504) 288-0050

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

To the Board of Directors of Louisiana Crisis Assistance Center  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Louisiana Crisis Assistance Center and the Louisiana Legislative Auditor on the control and compliance areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures for the year ending December 31, 2018. The Louisiana Crisis Assistance Center'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, 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 results are as follows:

### **Written Policies and Procedures**

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.
- b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
- c) ***Disbursements***, including processing, reviewing, and approving.
- d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also,

policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) ***Credit Cards (and debit card, 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.
- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

**No exceptions were noted.**

### **Board or Finance Committee**

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:

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.

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 year.*

For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

**Not applicable – There were no errors in the preceding year.**

### **Bank Reconciliations**

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 each account selected, and observe that:

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

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

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.

### **Result.**

No physical evidence was presented that management has reviewed each bank reconciliation.

### **Collections**

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

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

observe that job duties are properly segregated at each collection location such that:

Employees that are responsible for cash collections do not share cash drawers/registers. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to be deposit.

Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

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

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

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

Observe that receipts are sequentially pre-numbered.

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

Trace the deposit slip total to the actual deposit per the bank statement.

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

Trace the actual deposit per the bank statement to the general ledger.

**Note**

The collection procedures are not applicable. The organization primarily receives electronic transfers from its grantor. The primary grantor is the state government.

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

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).

For each location selected, 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 not written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

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

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.

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.

For each location selected above also, 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:

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

Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties, as applicable.

**Not applicable – There were no errors in the preceding year.**

**Credit Cards**

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.

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:

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. [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.]]

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

Using the monthly statements or combined statements selected, 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 transactions, 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).

**Not applicable – There were no errors in the preceding year.**

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

Obtain from management a listing of all travel and 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:

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)).

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

Observe that each reimbursement 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.

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

**Not applicable – There were no errors in the preceding year.**

## **Contracts**

Obtain from management a listing of all agreements/contracts for professional services, material 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:

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.

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

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

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.

**Not applicable – There were no errors in the preceding year.**

## **Payroll and Personnel**

Obtain a listing of the 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.

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

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.)

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

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

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.

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.

**Not applicable – There were no errors in the preceding year.**

### **Ethics**

Non-Profit organizations are excluded from the Ethics Statewide Agreed-Upon Procedures.

### **Debt Service**

Non-Profit organizations are excluded from the Debt Service Statewide Agreed-Upon Procedures.

### **Other**

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.

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 abusive of public funds.

**Not applicable – There were no errors noted in the preceding year.**

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 control and compliance areas identified in the State Agreed-Upon Procedures. 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 control and compliance areas identified in the State Agreed-Upon Procedures, 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 Louisiana Legislative Auditor as a public document.

*Justin J. Scanlon, CPA, LLC*

New Orleans, Louisiana  
May 6, 2019

Louisiana  
Capital  
Assistance  
Center

*A Non-Profit Law Office*

**RESPONSE TO STATEWIDE AGREED-UPON PROCEDURES – FY18**

*Bank Reconciliations Result:*

No physical evidence was presented that management has reviewed each bank reconciliation.

**LCAC's Response:**

**Management routinely reviews the bank reconciliations each month and will implement a system going forward to ensure that evidence of the review, by initial and date, is included with the reconciliations.**