

Empower 225
Baton Rouge, Louisiana
Annual Financial Report
For the year ended December 31, 2019

Empower 225
Baton Rouge, Louisiana
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December 31, 2019

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DAVID A DOMINIQUE, LLC
CPA | BUSINESS ADVISOR

Independent Auditor's Report

Board of Directors
Empower 225
Baton Rouge, Louisiana

I have audited the accompanying financial statements of Empower 225 (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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Empower 225 as of December 31, 2019, the changes in its net assets, the statement of functional expenses 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

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to Agency Head is presented for purposes of additional analysis and is not a required part of the financial statements. In addition, the accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated September 30, 2020, on my consideration of Empower 225's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Empower 225's internal control over financial reporting and compliance. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

David A Dominique, LLC
Denham Springs, Louisiana
September 30, 2020

Financial Statements

Empower 225
Baton Rouge, Louisiana
Statement of Financial Position
December 31, 2019

Assets

Current assets	
Cash and cash equivalents, without donor restrictions	27,104
Cash and cash equivalents, with donor restrictions	46,350
Grants receivable, without donor restrictions	71,260
Accrued grant revenue, without donor restrictions	131,262
Accrued contract revenue, without donor restrictions	7,870
Prepaid Insurance	<u>1,280</u>
Total current assets	285,126
Property and equipment	
Building and improvements	560,649
Leasehold improvements	81,461
Equipment	6,659
Vehicle	<u>43,023</u>
Subtotal	691,792
Less accumulated depreciation	<u>(170,735)</u>
Total property and equipment	<u>521,057</u>
Total assets	<u>\$ 806,183</u>
Liabilities and net assets	
Current liabilities	
Credit cards	7,481
Payroll related liabilities	55,605
Accrued leave	16,903
Current portion of long-term debt	<u>29,151</u>
Total current liabilities	<u>109,140</u>
Long-term liabilities	
Note payable	<u>263,019</u>
Total liabilities	<u>372,159</u>
Net assets	
Without donor restrictions	387,674
With donor restrictions	<u>46,350</u>
Total net assets	<u>434,024</u>
Total liabilities and net assets	<u>\$ 806,183</u>

The accompanying notes are an integral part of this statement

Empower 225
Baton Rouge, Louisiana
Statement of Activities
For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Contributions	\$ 344,724	\$ -	\$ 344,724
Private Grants	42,100	46,350	88,450
Federal grant revenue	1,389,126	-	1,389,126
Foster care program revenue	102,805	-	102,805
In-kind contributions	143,589	-	143,589
Insurance dividend	17,138	-	17,138
Total Revenues	<u>2,039,482</u>	<u>46,350</u>	<u>2,085,832</u>
Net assets released from restrictions			
Satisfaction of program restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>2,039,482</u>	<u>46,350</u>	<u>2,085,832</u>
Expenses			
Program	1,608,454	-	1,608,454
Management and general	376,923	-	376,923
Fundraising	33,430	-	33,430
Total Expenses	<u>2,018,807</u>	<u>-</u>	<u>2,018,807</u>
Changes in Net Assets	20,675	46,350	67,025
Net assets, beginning of year	<u>366,999</u>	<u>-</u>	<u>366,999</u>
Net assets, end of year	<u>387,674</u>	<u>46,350</u>	<u>434,024</u>

The accompanying notes are an integral part of this statement

Empower 225
Baton Rouge, Louisiana
Statement of Functional Expenses
For the Year Ended December 31, 2019

	<u>Program</u>				<u>Support</u>		<u>Total</u>
	<u>Advocacy</u>	<u>Hope</u>	<u>Housing</u>	<u>Independent Living</u>	<u>Management & General</u>	<u>Fundraising</u>	
Client Support & Related Program Expenses	16,917	86,602	75,578	18,268	468	-	197,833
Depreciation	-	-	21,856	-	-	-	21,856
Insurance	46,997	28,707	38,134	19,230	24,231	-	157,299
Interest Expense	-	-	12,321	-	1,767	-	14,088
Meetings, Travel, & Education	11,401	12,560	18,104	5,340	4,510	265	52,180
Miscellaneous	-	10	-	393	13,974	2,453	16,830
Office, Computer, and Other Supplies	15,760	8,306	12,838	13,053	4,317	2,779	57,053
Other Direct Program Expenses	1,045	-	6,142	8,272	1,381	-	16,840
Payroll & Other Related Expense	288,215	288,781	308,179	147,090	258,319	1,937	1,292,521
Professional Fees	13,800	8,245	25	-	518	7,675	30,263
Rent, Utilities, & Parking	-	-	-	-	135	18,321	18,456
In-Kind Expenditures	4,638	5,258	12,626	53,763	67,303	-	143,588
Total Expenses	<u>398,773</u>	<u>438,469</u>	<u>505,803</u>	<u>265,409</u>	<u>376,923</u>	<u>33,430</u>	<u>2,018,807</u>

The accompanying notes are an integral part of this statement

Empower 225
Baton Rouge, Louisiana
Statement of Cash Flows
For the Year Ended December 31, 2019

Cash flows from operating activities:	
Change in net assets	\$ 67,025
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	21,856
Net (Increase) Decrease in:	
Grants receivable	(4,696)
Accrued revenue	(118,903)
Prepaid insurance	3,818
Net Increase (Decrease) in:	
Accounts payable and credit card liabilities	(11,349)
Payroll related liabilities	42,923
Accrued leave	6,843
Net cash provided by operating activities	<u>7,517</u>
Cash flows from investing activities	<u>-</u>
Cash flows from financing activities:	
Principal payments on note payable	<u>(17,072)</u>
Net cash used in financing activities	<u>(17,072)</u>
Net change in cash, cash equivalents, and restricted cash	(9,555)
Cash, cash equivalents, and restricted cash at beginning of year	83,009
Cash, cash equivalents, and restricted cash at end of year	73,454
Supplemental Disclosure of Cash Flow Information	
Cash paid during the year for interest	14,088

The accompanying notes are an integral part of this statement

Introduction

Empower 225 is a not-for-profit organization founded in September 2010 (initially as Healing Place Serve, see Note 1 below). Its mission is to empower youth in the capital region who are at-risk of homelessness and dependency, to reach their highest potential through educational support, life-skills training, career preparedness, housing and mentorship. Empower 225's goal is to connect the youth with positive adult role models and help them develop in these four areas: Education, employment, stable housing, and life skills. Empower 225 strives to achieve these goals by establishing community-based partnerships and developing indigenous leadership. Empower 225 works to provide and coordinate supportive services to ensure wrap-around care, recruits and trains volunteers to implement 'Best-Practices Programs' & secure additional resources for the community. When Empower 225 (HP Serve) began its operations, they identified target populations such as: Homeless youth, youth in foster care (and those who age out with nowhere to go) and victims of sexual trafficking. Various programs were built around the needs of these youth. In the majority of these programs, Empower 225 works with youth ages 12-26, however they also work with adult victims. Empower 225 also has programs to build greater awareness and better response to the problem of child trafficking, coordinates foster care and adoption events, and provides housing for homeless individuals. The major sources of income for the organization are contributions and grants.

1. Name Change

Empower 225 was previously named "Healing Place Serve". In 2018, the name of the organization was changed from "Healing Place Serve" to "Empower 225".

2. Nature of Activities and Major Classes of Programs

Advocacy

The Foster Care/Adoption initiative provides awareness and advocacy for youth in care and available for adoption; recruits, secures, and trains foster and adoptive parents; and provides support and training for caregivers and birth parents.

HOPE [anti-trafficking initiative]

The HOPE Team provides supportive services and mentoring to victims of human trafficking. It also facilitates training for those who serve these victims including law enforcement, medical employees and state officials.

Housing

Anchor House provides stable housing and support for homeless or at-risk male youth ages 16-21. It is an eight-bed family-style transitional living program used to create a supportive home environment. The Rapid Rehousing Program provides short-to-medium term housing assistance for qualifying homeless youth ages 18-24. Participants are assigned through the statewide Coordinated Entry program.

Independent Living

The Empower 225 Leadership Academy helps youth ages 13 – 24 become leaders through Educational Support, Life Skills Training, and Employment Training. The Dream Center Accelerate Program (DAP), an after-school program that provides a safe positive place and educational support for at-risk youth ages 13-18 after school and during the summer. CILP program provides life skills training for youth ages 14-21 in foster care or aged out of foster care.

the 225 Employment Program, an 8-week curriculum to prepare young adults ages 18-24 to obtain and retain successful employment.

3. Summary of Significant Accounting Policies

A. Basis of Presentation

Empower 225 prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (US GAAP), which require Empower 225 to report financial information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions. Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Revenues are reported as increases in net assets without restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without restrictions.

Net assets with donor restrictions. Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulated that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

B. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and other investments with original maturities of three months or less. Restricted cash represents amounts held by Empower 225 with donor-imposed restrictions.

C. Revenue Recognition

Empower 225 earns revenue from contributions, grants, and from a contract with the Louisiana Department of Children and Family Services (DCFS) to provide housing services for youth in foster care.

Contributions and grants received are recorded as increases in net assets without donor restrictions or increases in net assets with donor restrictions, depending on the existence or nature of any restrictions.

All donor restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same accounting period are reported as support and revenues without restrictions.

Empower 225 satisfies its performance under the DCFS contract over time. Performance is measured by the number of days housing services is provided for DCFS clients and is recognized. Invoices are normally submitted monthly for services rendered in the prior month. Management does not believe consideration is variable under this contract.

D. 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 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 could differ from those estimates.

E. Accounts Receivable

Empower 225 determines past due accounts based on contractual terms and does not charge interest on the accounts. Empower 225 charges off receivables if management considers the collection of the outstanding balance to be doubtful. Management estimates no allowance for doubtful accounts is necessary as of December 31, 2019.

F. Property and Equipment and Depreciation

Property and equipment are stated at historical cost. Empower 225's policy is the capitalize property and equipment greater than or equal to \$5,000. Depreciation of property and equipment is computed over the estimated useful lives of the assets. The following is a summary of the estimated useful lives used:

Buildings and improvements	39	Years
Leasehold improvements	39	Years
Equipment	3-5	Years
Vehicles	5-7	Years

G. Donated Materials, Equipment, Facilities, and Services

Donated materials, equipment, and facilities are reflected as contribution income and expense in the accompanying financial statements at their estimated values at the date of receipt. Empower 225 operates, with a minimal charge, certain premises upon which their office is located. The estimated fair rental value of the premises is reported as support and expense in the year in which the premises are used.

Empower 225 recognizes contribution revenue for certain services received at their estimated fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

H. Income Taxes

Empower 225 is exempt from income tax under Section 501(c)(3) of the internal Revenue Code. Empower 225 applies and accounting guidance related to accounting for uncertain tax

positions. In management's judgment, Empower 225 does not have any tax positions that would result in a loss contingency considering the facts, circumstances, and information available at the reporting date. The federal tax years open for assessment are ending on or after December 31, 2017.

I. Functional Allocation of Expenses

The costs of providing the program and support functions have been summarized on a functional basis in the statements of activities and changes in net assets and functional expenses.

Major categories of costs are allocated between program and support functions as follows: Payroll related costs are allocated based on the employees' responsibilities under each program.

J. Compensated Absences

An employee who works 20 to 40 hours per week will accrue vacation time. Annual leave may be rolled into the following year but must be used no later than February 28th. Any remaining annual leave will expire after February 28th.

K. Advertising

Advertising costs are expensed as incurred.

L. Recent Financial Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The new guidance also added Subtopic 340-40, *Other Assets and Deferred Costs—Contracts with Customers*, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer.

Empower 225 implements Topic 606 retroactively by applying the guidance to all contracts not completed as of the date of initial application - January 1, 2019. The cumulative effect of initially applying this content is recognized as an adjustment to the opening balance of net assets. The following table reflects the change to opening balance of contract assets and net assets and as a result of the application of this change:

Opening balance of unrestricted net assets, before change	355,448
Increase for contract revenue reported in prior year as a result of change	11,551
Opening balance of unrestricted net assets, after change	366,999

The following table reflects the amount by which each financial statement line item is affected in the current reporting period by the application of this accounting change.

	<u>2019</u>
<u>Statement of activities</u>	
Foster care contract revenue, before change	\$ 106,486
Decrease for contract revenue reported in prior year under change	-11,551
Increase for contract revenue reported in current year under change	<u>7,870</u>
Foster care contract revenue, after change	102,805
<u>Statement of financial position</u>	
Accrued contract revenue asset, before change	-
Increase for contract revenue reported in current year under change	<u>7,870</u>
Accrued contract revenue asset, after change	7,870
Unrestricted net assets, before change	426,154
Increase for contract revenue reported in current year under change	<u>7,870</u>
Accrued contract revenue asset, after change	434,024

4. Cash on hand

Cash on hand reported on the statement of financial position and statement of cash flows is as follows:

	<u>As of 12/31/19</u>
Reported on statement of financial position	
Cash and cash equivalents, without donor restrictions	\$ 27,104
Cash and cash equivalents, with donor restrictions	<u>46,350</u>
Total cash reported on statement of financial position	73,454
Total cash reported on statement of cash flows	73,454

5. Liquidity and Availability of Financial Assets

Empower 225's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	<u>2019</u>
Unrestricted financial assets at year-end	
Cash and cash equivalents, without donor restrictions	\$ 27,104
Grants receivable, without donor restrictions	71,260
Accrued grant revenue, without donor restrictions	131,262
Accrued contract revenue, without donor restriction	<u>7,870</u>
Financial assets available to meet cash needs for general expenses over the next twelve months	237,496

As part of Empower 225's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management estimates the available financial assets are sufficient to meet operating needs.

6. Property and Equipment

A summary of property and equipment as of December 31, 2019 is as follows:

	<u>2019</u>	<u>2018</u>
Buildings and improvements (collateral, see Note 4)	\$ 560,649	\$ 560,649
Leasehold improvements	81,461	81,461
Equipment	6,659	6,659
Vehicles	<u>43,023</u>	<u>43,023</u>
Total	691,792	691,792
Less: accumulated depreciation	<u>(170,735)</u>	<u>(148,879)</u>
Property and equipment, net	\$ 521,057	\$ 542,913

7. Notes Payable

Empower 225 has one note payable. This note is secured by a mortgage on Empower 225's Anchor House. The note is payable in installments of \$2,429, including principle and interest at 3.95%. The note matures on October 12, 2022 with a sinking fund payment of \$243,610.62 then owed. See the statement of financial position for current and noncurrent portions of this note.

8. Net assets with donor restrictions

Net assets with donor restrictions consisted of the following:

	<u>2019</u>
Huey and Angela Wilson Foundation Restricted for operations on the 225 Employment Program	\$ 46,350
Total	<u>\$ 46,350</u>

9. Contracts with customers

Empower 225 earns revenue from a contract with the Louisiana Department of Children and Family Services (DCFS) to provide housing services for youth in foster care. Revenue from this contract is reported on the Statement of Activities as **Foster care program income**. The revenue is disaggregated as follows:

	<u>Housing Revenue</u>	<u>Total Revenue</u>
<u>Type of customer</u>		
Public	\$ 102,805	\$ 102,805
Nonpublic	-	-
Total	<u>102,805</u>	<u>102,805</u>
<u>Timing of revenue recognition</u>		
Services transferred over time	102,805	102,805
Services transferred at a point in time	-	-
Total	<u>102,805</u>	<u>102,805</u>

Contract balances at the beginning and end of the year are as follows:

	As of December 31, 2019	As of December 31, 2018
<u>Contract Assets</u>		
Accrued contract revenue asset	\$ 7,870	\$ 11,551
<u>Contract Liabilities</u>		
	-	-

10. Donated facilities, services, and other property

The Statement of functional expenses disaggregates Empower 225's functional expenses by natural their natural classifications. Contributed services and property (In-Kind Expenditures) are further disaggregated below:

	Advocacy	Hope	Housing	Independent Living	Management & General	Total
Facility use	\$ -	\$ -	\$ -	\$ -	\$ 67,303	\$ 67,303
Supplies	-	-	9,863	-	-	9,863
Services	4,638	5,258	2,763	53,763	-	66,422
Total	4,638	5,258	12,626	53,763	67,303	143,588

Donated facility use consists of the following office, program activity, special event and storage space donated to Empower 225 for use rent-free by Healing Place Church:

19202 Highland Road, Baton Rouge, LA 70809
 4829 Winbourne Ave, Baton Rouge, LA 70805 (Baton Rouge Dream Center)
 569 Florida Ave SW, Denham Springs, LA 70726

The contributed services were utilized to expand necessary services clients needed beyond what could be provided by federally regulated funds. The partnerships established to provide the access to the appropriate services (safe trauma-informed providers, subject matter experts, peer-to-peer victim advocacy, legal guidance and representation, etc.) are essential to operating programs that provide comprehensive services and resources. When providing services volunteers are integral in the operation of programs and delivery of services. For instance, as we continue to serve clients the need is fully confirmed by the evidence of no programs lacking on reaching established program goals for clients to be served. The various populations identified who benefit from participation in the programs continues to grow and the ability to fulfill the need becomes greater, but the funding stays the same. In preparation, our volunteer database continues to grow in an effort to maximize funding and utilize specialized skills.

11. Significant Concentrations and Credit Risk

Credit risk

Empower 225 has cash consisting of demand deposit accounts on deposit with financial institutions. Accounts are insured by Federal Deposit Insurance Corporation (FDIC) up to \$250,000. All of Empower 225's cash balances were insured by the FDIC throughout the entire year. Empower 225 has not experienced any losses in such accounts and management does not believe it is exposed to any significant credit risk.

Significant Donors

Empower 225 received \$58,000 in cash contributions from Healing Place Church. It also receives in-kind contributions of facility usage that management estimates to be valued at \$67,303 from Healing Place Church. A decrease in commitment from Healing Place Church could have a material effect on operations.

Other significant sources of revenue

Approximately 66% of Empower 225's revenue is from federal awards. Failure to secure additional federal awards could have a material effect on operations.

12. Subsequent Events

Management has evaluated the subsequent events through the date that the financial statements were available to be issued, September 30, 2020. Management has determined no subsequent events should be included in these financial statements.

Supplemental Information

Empower 225
Baton Rouge, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2019

Agency Head Name: Claudia Berry

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 72,800
Benefits - insurance	4,946
Phone allowance	1,200
Reimbursements	485
	<u>\$ 79,431</u>

The accompanying notes are an integral part of this statement

Other Reports and Schedules

David A. Dominique, LLC

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DAVID A DOMINIQUE, LLC
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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
Empower 225
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 the United States, the financial statements of Empower 225 (the 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 my report thereon dated September 30, 2020.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Empower 225'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 Empower 225's internal control. Accordingly, I do not express an opinion on the effectiveness of Empower 225's internal control.

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during my audit, I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-002, 2019-003, 2019-004 that I consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Empower 225'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

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of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2019-001.

Empower 225 Response to Findings

Empower 225's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. Empower 225's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

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

David A Dominique LLC
Denham Springs, Louisiana
September 30, 2020

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DAVID A DOMINIQUE, LLC
CPA | BUSINESS ADVISOR

**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control
over Compliance Required by the Uniform Guidance**

To the Board of Directors
Empower 225
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

I have audited Empower 225's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Empower 225's major federal programs for the year ended December 31, 2019. Empower 225's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the Empower 225's compliance.

Opinion on Each Major Federal Program

In my opinion, Empower 225 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Other Matters

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The results of my auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items, 2019-005, 2019-006, 2019-007, 2019-008, 2019-009, 2019-010, and 2019-11. My opinion on each major federal program is not modified with respect to these matters.

Empower 225's response to the noncompliance findings identified in my audit is described in the accompanying schedule of findings and questioned costs. Empower 225's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

Report on Internal Control Over Compliance

Management of Empower 225 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Empower 225's internal control over compliance with the types of requirement that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Empower 225's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. I did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2019-010 that I consider to be material weaknesses. I also identified certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2019-005, 2019-006, 2019-007, 2019-008, 2019-009, 2019-11 to be significant deficiencies.

Empower 225's response to the internal control over compliance findings identified in my audit is described in the accompanying schedule of findings and questioned costs. Empower 225's response was not subjected

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to the auditing procedures applied in the audit of compliance, and accordingly, I express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

David A Dominique LLC
Denham Springs, LA 70726
September 30, 2020

Empower 225
Baton Rouge, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor / Program Name	Grant Number	CFDA Number	Total Federal Expenditures
<u>U.S. Department of Health and Human Services</u>			
Direct Programs:			
Louisiana Children's Anti-Trafficking Initiative	90CA1827-05-00	93.670	198,545
Transitional Living Program	90CX7170-02-00	93.550	154,797
Transitional Living Program	90CX7170-03-00	93.550	56,827
Street Outreach Program	90YO2318-01-01	93.557	138,648
Street Outreach Program	90YO2318-02-00	93.557	33,621
Domestic Victims of Human Trafficking Program	90TV0021-03-00	93.327	177,767
Domestic Victims of Human Trafficking Program	90TV0021-04-00	93.327	60,736
Passed through:			
<i>Louisiana Department of Children and Family Services</i>			
Chafee Foster Care Independent Living Program	2000434211	93.674	<u>153,400</u>
Subtotal: U.S. Department of Health and Human Services			974,341
<u>U.S. Department of Justice</u>			
Direct Programs			
Minor Victims of Human Trafficking	2019-VM-BX-0009	16.320	32,590
Missing Children's Assistance	2016-MU-MU-0013	16.543 *	<u>165,141</u>
Subtotal: U.S. Department of Justice			197,731
<u>U.S. Department of Housing & Urban Development (HUD)</u>			
Direct Programs:			
Rapid Rehousing Program via COC (Continuum of Care)	LA0308L6H091700	14.261 *	71,925
Rapid Rehousing Program via COC (Continuum of Care)	LA0336L6H091800	14.261 *	45,517
Rapid Rehousing Program via COC (Continuum of Care)	LA0308L6H091801	14.261 *	48,687
Louisiana Emergency Solutions Grants Program (ESG)	LA BOSCOG	14.231	<u>50,925</u>
Subtotal: U.S. Department of Housing & Urban Development (HUD)			217,054
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,389,126</u>

* Major programs

See accompanying notes to Schedules of Expenditures of Federal Awards

Empower 225
Baton Rouge, Louisiana
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Empower 225 under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Empower 225, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Empower 225.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

Empower 225 has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Empower 225
Baton Rouge, Louisiana
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2019

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *unqualified*

Internal control over financial reporting:

- Material weaknesses identified? _____ yes _____ x no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ x yes _____ no
- Noncompliance material to financial statements noted? _____ x yes _____ no

Federal Awards

Internal control over major programs

- Material weaknesses identified _____ x yes _____ no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ x yes _____ no

Type of auditor's report issued: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.518(a). _____ x yes _____ no

Identification of major programs

<i>CFDA Number(s):</i>	<i>Name of Federal Program or Cluster</i>
14.261	Continuum of Care
16.543	Missing Children's Assistance

Dollar threshold used to distinguish between type A and type B programs \$750,000 or greater

Auditee qualified as low-risk auditee? _____ X yes _____ no

Empower 225
Baton Rouge, Louisiana
Schedule of Findings and Questioned Costs
Year Ended December 31, 2019

B. FINDINGS – FINANCIAL STATEMENT AUDIT

Instances of non-compliance

2019-001 – Health Benefits

Criteria:

The 21st Century Cures Act provides requirements for qualified small employer health reimbursement arrangements (QSEHRA) whereby an employer may reimburse employees the cost of privately obtained health insurance. If these requirements are not met, the arrangement will fail to meet the market reform requirements under the Affordable Care Act and could result in the assessment of an excise tax.

Condition:

Empower 225 provides health benefits through a reimbursement arrangement whereby Empower 225 reimburses employees the cost of privately obtained health insurance but does not comply with the requirements for QSEHRAs.

Cause

Controls failed to detect noncompliance with the law.

Effect:

Health benefits provided did not meet the requirements of a QSEHRA.

Recommendation:

Consult with a benefits consultant to modify Empower 225's health benefits plan to comply with the 21st Century Cures Act, the Affordable Care Act, or any other applicable law.

Views of Responsible Officials:

Management concurs and will consult with health benefits specialists to ensure compliance with applicable laws. Also, please refer to the Corrective Action Plan.

Significant Deficiencies

2019-002 – Financial statement preparation

Condition:

Significant adjustments were required to the trial balance provided by management in order to prepare the financial statements in accordance with generally accepted accounting principles.

Criteria:

The definition of internal control over financial reporting includes ensuring that policies and procedures exist that pertain to an entity's ability to initiate, record, process, and report financial data consistent with the assertion embodied in the annual financial statements, which for Empower 225 is that financial statements are prepared in accordance with generally accepted accounting principles (GAAP).

Cause:

During the audit, I noted several accounts which required adjustment in order for them to properly reflect end of year balances. These adjustments did not pertain to annual accrual adjustments but were for bookkeeping and

Empower 225
Baton Rouge, Louisiana
Schedule of Findings and Questioned Costs
Year Ended December 31, 2019

data entry errors. For example, expenses were classified to fixed asset accounts and revenue accounts; entries to record billings on grants were duplicated; and refunds of expenses were classified as income.

Effect:

A significant deficiency in internal control over financial reporting exists.

Recommendation:

Management should engage an external accounting professional to provide monitoring services on an interim and annual basis.

Views of Responsible Officials:

Management concurs and will consult with external accounting professionals. Also, please refer to the Corrective Action Plan.

2019-003 – Chart of accounts

Criteria:

Accounting Standards Codification (ASC) 958-205-45-6 requires that non-profit entities present expenses in an analysis that disaggregates functional expenses classifications, such as major classes of program services and supporting activities, by their natural expense classification, such as salaries, rent, electricity, supplies, interest expense, depreciation, awards and grants to others, and professional fees.

Condition:

Empower 225 does not contemporaneously classify expenses based on natural and functional classification in its general ledger.

Cause:

Empower 225's chart of accounts is structured primarily to meet programmatic objectives and not external financial reporting objectives, such as those required by ASC 958-205-45-6.

Effect:

Empower 225's presentation of the disaggregation of functional expenses by their natural expense classification provided in the Statement of Functional Expense may not be consistently applied.

Recommendation:

Empower 225 should structure its chart of accounts in a manner that meets both programmatic and external financial reporting objectives so that expenses are classified by their function and natural classification in its general ledger contemporaneously with their occurrence.

Views of Responsible Officials:

Management concurs and will consult with external accounting professionals. Also, please refer to the Corrective Action Plan.

Empower 225
Baton Rouge, Louisiana
Schedule of Findings and Questioned Costs
Year Ended December 31, 2019

2019-004 – Recording in-kind contributions

Criteria:

ASC 958-605-25-2 requires non-profit entities to report contributions in the period received. Empower 225 relies on in-kind contributions of facilities, services, and other tangible personal property to meet matching requirements under federal grants.

Condition:

Empower 225 does not contemporaneously record in its general ledger in-kind contributions of facilities, services, and other tangible personal property.

Cause:

Empower 225 tracks in-kind contributions received in separate spreadsheets for each program.

Effect:

Empower 225's reported in-kind contributions cannot be traced to an underlying general ledger in a consistent manner across the entire organization.

Recommendation:

Empower 225 should record the receipt and expenditure of in-kind contributions of facilities, services, and other tangible personal property in its general ledger contemporaneously with the receipt thereof.

Views of Responsible Officials:

Management concurs and will work on improving policies and procedures regarding recording in-kind contributions. Also, please refer to the Corrective Action Plan.

Material Weaknesses

- none

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

Key

NC – Non-compliance material to an applicable compliance requirement

SD – Significant deficiency

MW – Material weakness

2019-005 – Eligibility (SD/NC)

CFDA Title and Number: 16.543 – Missing Children's Assistance

Name of Federal Agency: Department of Justice

Grant No. 2016-MU-MU-001

Grant Period: 10/01/2016 to 12/31/2019

Compliance/Internal Control over Compliance: Eligibility

Criteria:

Empower 225
Baton Rouge, Louisiana
Schedule of Findings and Questioned Costs
Year Ended December 31, 2019

Recipients of a federal award must establish and maintain effective internal control over the Federal award that provides reasonable assurance that they are managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Terms and conditions of the Federal Award require participants served under the award be aged 17 or younger.

Condition:

Empower 225 did not implement designed procedures to document eligibility by capturing the age, entry date, and exit date for participants in a consistent manner in its participant log, and compensating controls did not operate effectively. Documentation available indicates two participants were served after turning 18.

Cause:

Procedures are designed to document the age, entry date, and exit date for participants, but the procedures were not implemented in a consistent manner and compensating controls did not operate effectively.

Effect:

A significant deficiency exists in Empower 225's internal control over compliance with the eligibility requirement under this federal award. Empower 225 may have provided service two ineligible participants.

Context:

Participants served under this award must be aged 17 or younger. Empower 225 maintains a spreadsheet listing the date of birth, entry date, and exit date for program participants. However, this spreadsheet was materially incomplete. As a compensating control, Empower 225 also maintains in-take forms or applications for program participants, which lists the program participants date of birth. A nonstatistical sample of 20 participants was tested, and the in-take form or application was missing for 8 of the participants. A nonstatistical sample of 47 participants was tested for compliance with the eligibility requirement, and 2 participants were identified as being served after turning 18.

Questioned Cost: None reported

Recommendation:

Implement designed procedures to document the age, entry date, and exit date of participants. Empower 225 should also design and implement monitoring procedures to provide additional assurance that existing procedures are implemented.

Views of Responsible Officials:

Management concurs and will reinforce existing policies and procedures to ensure eligibility requirements are being met. Also, please refer to the Corrective Action Plan.

2019-006 – Period of Performance (SD/NC)

CFDA Title and Number: 16.543 – Missing Children's Assistance

Name of Federal Agency: Department of Justice

Grant No. 2016-MU-MU-001

Grant Period: 10/01/2016 to 12/31/2019

Compliance/Internal Control over Compliance: Period of Performance

Empower 225
Baton Rouge, Louisiana
Schedule of Findings and Questioned Costs
Year Ended December 31, 2019

Criteria:

Recipients of a federal award must establish and maintain effective internal control over the Federal award that provides reasonable assurance that they are managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

A non-federal entity may charge to the Federal award only allowable costs incurred during the period of performance. 2 CFR 200.309.

Condition:

Grant funds were spent on gift cards that were not expended on allowable costs by the end of the grant period.

Cause:

Management believed purchases of gift cards to be expended at a later date on allowable costs would constitute an allowable cost incurred during the period of performance.

Effect:

Empower 225 charged costs to this award that were not incurred during the period of performance.

Context:

Empower 225 received a no-cost extension from September 30, 2019 to December 31, 2019, to expend unspent funds awarded under the grant, and Empower 225 drew down the unspent grant funds. Near the end of the grant period, Empower 225 used the grant funds to purchase gift cards intended to be given to or used on program participants. However, the gift cards were not delivered to or used on program participants by the end of the grant period.

Questioned Costs: \$920

Recommendation:

Implement monitoring procedures to ensure all grant funds held that are not expended on allowable costs by the end of the period of performance are returned.

Views of Responsible Officials:

Management concurs and will attempt to return unspent grant funds. Also, please refer to the Corrective Action Plan.

2019-007 – Allowable Costs (SD/NC)

CFDA Title and Number: 16.543 – Missing Children’s Assistance

Name of Federal Agency: Department of Justice

Grant No. 2016-MU-MU-001

Grant Period: 10/01/2016 to 12/31/2019

Compliance/Internal Control over Compliance: Allowable Costs

Criteria:

Recipients of a federal award must establish and maintain effective internal control over the Federal award that provides reasonable assurance that they are managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Empower 225
Baton Rouge, Louisiana
Schedule of Findings and Questioned Costs
Year Ended December 31, 2019

Allowable costs under Federal awards must be incurred specifically for the Federal award. 2 CFR 200.403. Additionally, allowable costs must be accorded consistent treatment – a cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost. 2 CFR 200.403. Finally, the cost must be adequately documented. 2 CFR 200.403.

Condition:

(1) Some check and credit card purchases costs charged to the grant did not adequately document that the costs were incurred specifically for the grant. (2) Administrative payroll costs charged directly to the grant were not adequately documented.

Cause:

Some charges documented as being administrative or indirect were charged to the program. Timesheets for administrative personnel charged directly to the grant did not include reference to the grant.

Effect:

A significant deficiency exists in the allocation of direct charges to the program and in the allocation of payroll costs to the program. Empower 225 may have incurred costs that are not allowable.

Context:

Empower 225's policies require supporting documentation for every purchase. The supporting documentation indicates the program or budget to which the expenditure relates. I tested 22 transactions charged to the program near the end of the period of performance and identified 17 transactions totaling \$3,170 for which the allowability was not adequately documented. I also tested a sample of 68 other non-payroll expenditures out of a population of 232 and identified 10 transactions totaling \$1,091 where the allowability was not adequately documented.

Empower 225's policies require timesheets for all employees. For employees working on multiple programs, the timesheets reflect the required effort of the employees for each program. I tested timesheets for administrative employees billed directly to the grant for a cost of \$16,650 and determined the timesheets did not reference the grant. According to management, standardized timesheets for administrative employees were not updated to reflect the employees' required effort under on this award. I tested a sample of programmatic employees billed directly to the grant and every timesheet indicated work on the grant.

Questioned Costs: \$20,911 (\$16,650 payroll costs + \$4,261 non-payroll costs)

Recommendation:

Implement monitoring to increase assurance existing controls are being implemented.

Views of Responsible Officials: Management concurs and will reinforce existing policies to document compliance with allowable cost requirements. Also, please refer to the Corrective Action Plan.

2019-008 – Period of Performance (SD/NC)

CFDA Title and Number: 14.261 – Continuum of Care (CoC)

Name of Federal Agency: Department of Housing and Urban Development

Grant No. LA0308L6H091700 (SD/NC), LA0336LH091800 (SD/NC), and LA0308L6H091801 (SD/NC)

Grant Period: 9/1/18 to 8/31/19; 8/1/19 to 7/31/20; 8/1/19 to 7/31/20

Compliance/Internal Control over Compliance: Period of Performance

Empower 225
Baton Rouge, Louisiana
Schedule of Findings and Questioned Costs
Year Ended December 31, 2019

Criteria:

Recipients of a federal award must establish and maintain effective internal control over the Federal award that provides reasonable assurance that they are managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance. 2 CFR 200.309.

Condition:

Empower 225 had 3 awards in effect during the year ended December 31, 2019 – one that ended during 2019 and two that began during 2019. Costs were allocated to each of the CoC awards outside the period of performance.

Cause:

Costs were allocated incorrectly among the three COC awards received by Empower 225 during the year.

Effect:

A significant deficiency in internal control over compliance with the period of performance requirements exists. Empower 225 charged expenses to the wrong grant.

Context:

Empower 225 had 3 CoC grants in effect during its fiscal year. The xx1700 grant period ended 8/31/19 and the xx1800 and xx1801 grant periods began 8/1/19. All costs charged to CoC awards were within the period of performance for CoC grants collectively. However, \$5,994.89 in costs were charged to the grants outside of their individual period of performance.

Questioned Costs: None reported

Recommendation:

Implement monitoring controls to ensure expenses are not charged to the awards before the beginning or after the end of the grant period.

Views of Responsible Officials:

Management concurs and will more frequently monitor allocation of costs to grants with close beginning and end dates. Also, please refer to the Corrective Action Plan.

2019-009 – Special Tests – Rent Reasonableness (SD/NC)

CFDA Title and Number: 14.261 – Continuum of Care (CoC)

Name of Federal Agency: Department of Housing and Urban Development

Grant No. LA0308L6H091700 (SD), LA0336LH091800 (SD), and LA0308L6H091801 (SD/NC)

Grant Period: 9/1/18 to 8/31/19; 8/1/19 to 7/31/20; 8/1/19 to 7/31/20

Compliance/Internal Control over Compliance: Special Tests – Rent Reasonableness

Criteria:

Recipients of a federal award must establish and maintain effective internal control over the Federal award that provides reasonable assurance that they are managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Empower 225
Baton Rouge, Louisiana
Schedule of Findings and Questioned Costs
Year Ended December 31, 2019

Rent paid under the CoC program must be reasonable. The recipient of a CoC award must determine whether the rent charged for the unit receiving rental assistance is reasonable in relation to rents being charged for comparable unassisted units, taking into account the location, size, type, quality, amenities, facilities, and management and maintenance of each unit. Reasonable rent must not exceed rents currently being charged by the same owner for comparable unassisted units. 24 CFR 578.51(g).

Condition:

The form initially used to document rent reasonableness contained a design flaw. Rent paid for one participant exceeded the documented reasonable rent rate. The form used to document reasonable rent for another participant was not completed.

Cause:

A design flaw existed in the form used to document reasonable rent which allowed rent paid for one participant to exceed the documented reasonable rent rate. Rent reasonableness was not documented for another participant.

Effect:

A significant deficiency exists in internal control over the reasonable rent requirement. Rent paid for one participant exceeded the documented reasonable rent rate.

Context:

Empower 225 uses a “Rent Reasonableness” form to document compliance with the rent reasonableness requirement. For each participant during 2019 for whom rental assistance was paid, I tested whether the Rent Reasonableness form was present and whether the rent paid exceeded documented reasonable rent rate. A design flaw in an initial version of this form instructed the user to **continue** processing the application if the proposed rent *exceeds* reasonable rent. This resulted in rent paid for one participant to exceed the documented reasonable rent rate. A later version of the form corrected the design flaw to instruct users to **stop** the application if proposed rent exceeds reasonable rent. The rent reasonableness form was not present for another participant.

Questioned Cost: None reported

Recommendation:

Engage a CoC consultant to provide monitoring and risk assessment services.

Views of Responsible Officials:

Management concurs and will implement monitoring measures to ensure best practices regarding form design and completion. Also, please refer to the Corrective Action Plan.

2019-010 – Match (MW/NC)

CFDA Title and Number: 14.261 – Continuum of Care (CoC)

Name of Federal Agency: Department of Housing and Urban Development

Grant No. LA0308L6H091700 (MW/NC), LA0336LH091800 (MW/NC), and LA0308L6H091801 (MW/NC)

Grant Period: 9/1/18 to 8/31/19; 8/1/19 to 7/31/20; 8/1/19 to 7/31/20

Compliance/Internal Control over Compliance: Match

Criteria:

Empower 225
Baton Rouge, Louisiana
Schedule of Findings and Questioned Costs
Year Ended December 31, 2019

Recipients of a federal award must establish and maintain effective internal control over the Federal award that provides reasonable assurance that they are managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

A recipient of a CoC award must match all grant funds, except for leasing funds, with no less than 25 percent of funds or in-kind contributions from other sources. Cash match must be used for the costs of activities that are eligible under the CoC program. 24 CFR 578.73(a). For third-party in-kind contributions, the fair market value of goods and services must be documented. 2 CFR 300.306(j).

Condition:

Empower 225 did not implement procedures to provide reasonable assurance regarding compliance with the matching requirement. Empower 225 did not document sufficient cash expenditures or in-kind contributions to meet the match requirement.

Cause:

Empower 225 did not receive anticipated in-kind contributions and management did not document the extent to which cash expenditures of non-CoC funds constitute allowable costs under the CoC program.

Effect:

A material weakness exists in internal control over compliance with the match requirement. Empower 225 did not comply with the match requirement for the 3 CoC awards that were in effect during 2019.

Context:

As part of the CoC pre-award process, management submitted to HUD Memoranda of Understanding from third parties reflecting *anticipated* in-kind contributions and Letters of Commitment from management reflecting *anticipated* cash expenditures as potential sources of match. Empower 225 did not ultimately receive the total anticipated in-kind contributions, and management did not document the extent to which cash expenditures of non-CoC funds constitute allowable costs under the CoC program.

Questioned Cost: None reported

Recommendation:

Engage a CoC consultant to assist with designing policies and procedures sufficient to ensure compliance with the match requirement. Engage a CoC consultant to provide monitoring and risk assessment services. Implement policies and procedures to contemporaneously document the extent to which in-kind contributions and cash expenditures of non-CoC funds used for the match requirement constitute allowable costs under the CoC program.

Views of Responsible Officials:

Management concurs and will work on improving policies and procedures for tracking and documenting in-kind contributions for grant match requirements. Also, please refer to the Corrective Action Plan.

2019-011 – Earmarking (SD/NC)

CFDA Title and Number: 14.261 – Continuum of Care (CoC)

Name of Federal Agency: Department of Housing and Urban Development

Grant No. LA0308L6H091700

Grant Period: 9/1/18 to 8/31/19

Compliance/Internal Control over Compliance: Earmarking

Empower 225
Baton Rouge, Louisiana
Schedule of Findings and Questioned Costs
Year Ended December 31, 2019

Criteria:

Recipients of a federal award must establish and maintain effective internal control over the Federal award that provides reasonable assurance that they are managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Recipient of CoC awards may use up to 10 percent of the award, excluding the amount for Continuum of Care Planning Activities and UFA costs, for the payment of project administrative costs related to the planning and execution of Continuum of Care activities. 24 CFR 578.59.

Administrative costs include salaries and wages for overall program management, coordination, monitoring, and evaluation. Administrative costs also include travel costs for monitoring subrecipients, rental or purchase of equipment, insurance, utilities, and office supplies. However, administrative costs do not include staff and overhead costs directly related to carrying out eligible activities under 24 CFR 578.43 to 578.

Condition:

Administrative costs exceeded 10% of the total costs for the xx1700 CoC award.

Cause:

Administrative costs, as defined in 24 CFR 578.59, were included as part of support activities in the budget for the award. Costs were billed according to the budget.

Effect:

Costs that were budgeted and billed as support costs were actually administrative costs under the applicable regulations.

Context:

The budget for the award included Rental Assistance, Supporting Services, and Administrative Costs. Administrative costs made up less than 10% of the approved budget. The budget for supporting services included certain costs that should have been under the administrative cost budget, including the cost for certain salaries and insurance. Management billed costs incurred according to the pre-approved budget. I tested whether administrative costs, as defined by the applicable regulations, exceeded 10% of total project costs and determined that administrative costs did exceed 10% of total project costs under this award.

Questioned Cost: None

Recommendation:

Implement procedures to ensure that budgeted costs for support activities do not include administrative costs. Implement monitoring procedures to ensure that administrative costs do not exceed 10% of future awards.

Views of Responsible Officials:

Management concurs and will work on improving policies and procedures for monitoring compliance with the earmarking requirement. Also, please refer to the Corrective Action Plan.

Empower 225
Baton Rouge, Louisiana
Schedule of Prior Year's Findings and Questioned Costs
Year Ended December 31, 2019

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

EMPOWER 225

Corrective Action Plan

FY ended December 31, 2019

2019-001-Health Benefits

Organization's Response: We concur.

Views of Responsible Officials and Corrective Action: E225 will consult with various health benefits specialists and/or tax professionals to review the best option of choice and be in compliance according to the Affordable Care Act.

Name of Responsible Person: Hector Garcia

Name of Department Contact: Dana Rasbury

Projected Implementation Date October 1, 2020

2019-002- Financial Statements Preparation

Organization's Response: We concur.

Views of Responsible Officials and Corrective Action: E225 will seek out professional accounting assistance to provide external monitoring and interim services to maintain verified and accurate transitional data used for the statements.

Name of Responsible Person: Hector Garcia

Name of Department Contact: Hector Garcia

Projected Implementation Date: October 1, 2020

2019-003-Chart of accounts

Organization's Response: a\

Views of Responsible Officials and Corrective Action: E225 will seek out professional accounting assistance to provide external monitoring and interim services to maintain verified and accurate transitional data used for the statements as well as help reconstruct and/or modify the chart of accounts; this will satisfy both external financial reporting and programmatic objectives.

Name of Responsible Person: Hector Garcia

Name of Department Contact: Hector Garcia

Projected Implementation Date: October 1, 2020

EMPOWER 225

Corrective Action Plan

FY ended December 31, 2019

2019-004-Recording of In-kind contributions

Organization's Response: We concur.

Views of Responsible Officials and Corrective Action: E225 will work on redesigning the infrastructure for policies and procedures in regard to all recording, tracking and reporting of Inkind contributions.

Name of Responsible Person: Hector Garcia

Name of Department Contact: Hector Garcia

Projected Implementation Date: October 1, 2020

2019-005 – Eligibility (SD/NC)

CFDA Title and Number: 16.543 – Missing Children's Assistance

Name of Federal Agency: Department of Justice

Grant Period: 10/01/2016 to 12/31/2019

Compliance/Internal Control over Compliance: Eligibility

Organization's Response: We concur.

Views of Responsible Officials and Corrective Action: E225 will ensure to reinforce better streamline measures to monitor that proper procedures for the intake process of participants are being met according to eligibility. E225 will enhance the client intake checklist to assure that all documentation/identification regarding age, entry date, exit date are being documented.

Name of Responsible Person: Hector Garcia

Name of Department Contact: Katherina McGraw

Projected Implementation Date: October 1, 2020

EMPOWER 225

Corrective Action Plan

FY ended December 31, 2019

2019-006 – Period of Performance (NC)

CFDA Title and Number: 16.543 – Missing Children’s Assistance

Name of Federal Agency: Department of Justice

Grant Period: 10/01/2016 to 12/31/2019

Compliance/Internal Control over Compliance: Period of Performance

Organization’s Response: We concur.

Views of Responsible Officials and Corrective Action: E225 will attempt to return unspent [in form of gift cards] grant funds to the granting agency. E225 will implement a proper tracking & monitoring process to ensure proper and timely usage.

Name of Responsible Person: Hector Garcia

Name of Department Contact: Hector Garcia

Projected Implementation Date: Oct 1, 2020

2019-007 – Allowable Costs (SD/NC)

CFDA Title and Number: 16.543 – Missing Children’s Assistance

Name of Federal Agency: Department of Justice

Grant Period: 10/01/2016 to 12/31/2019

Compliance/Internal Control over Compliance: Allowable Costs

Organization’s Response: We concur.

Views of Responsible Officials and Corrective Action: E225 management in conjunction with the finance team will reinforce its policy to verify, correlate, and correct any necessary discrepancies when providing supporting documentation for every purchase. E225 will implement supervisor trainings to implement better controls in allowable spending and record keeping.

Name of Responsible Person: Hector Garcia

Name of Department Contact: Hector Garcia

Projected Implementation Date: October 1, 2020

8733 Siegen Lane, PMB 365 - Baton Rouge, LA 70810

EMPOWER 225

Corrective Action Plan

FY ended December 31, 2019

2019-008 – Period of Performance (SD/NC)

CFDA Title and Number: 14.261 – Continuum of Care (CoC)

Name of Federal Agency: Department of Housing and Urban Development

Grant Period: 9/1/18 to 8/31/19; 9/1/19 to 8/31/20; 9/1/19 to 8/31/20

Compliance/Internal Control over Compliance: Period of Performance

Organization's Response: We concur.

Views of Responsible Officials and Corrective Action: E225 will assess more frequently the allocation of working hours on employees working in multiple programs to substantiate that the correct grant/grant budget & performance periods are being billed accordingly.

Name of Responsible Person: Hector Garcia

Name of Department Contact: Hector Garcia

Projected Implementation Date: October 1, 2020

2019-009 – Special Tests – Rent Reasonableness (SD/NC)

CFDA Title and Number: 14.261 – Continuum of Care (CoC)

Name of Federal Agency: Department of Housing and Urban Development

Grant Period: 9/1/18 to 8/31/19; 9/1/19 to 8/31/20; 9/1/19 to 8/31/20

Compliance/Internal Control over Compliance: Special Tests – Rent Reasonableness

Organization's Response: We concur.

Views of Responsible Officials and Corrective Action: E225 will implement monitoring measures performed by evaluator to ensure best practices in regard to forms completed, and all other client eligibility.

Name of Responsible Person: Katherina McGraw

Name of Department Contact:

Projected Implementation Date: October 1, 2020

8733 Siegen Lane, PMB 365 - Baton Rouge, LA 70810

EMPOWER 225

Corrective Action Plan

FY ended December 31, 2019

2019-010 – Match (MW/NC)

CFDA Title and Number: 14.261 – Continuum of Care (CoC)

Name of Federal Agency: Department of Housing and Urban Development

Grant Period: 9/1/18 to 8/31/19; 9/1/19 to 8/31/20; 9/1/19 to 8/31/20

Compliance/Internal Control over Compliance: Match

Organization's Response: We concur.

Views of Responsible Officials and Corrective Action: E225 will work on redesigning the infrastructure for policies and procedures in regard to all recording, tracking and reporting of inkind contributions that link to a Grant Match requirement.

Department's Response: We concur.

Views of Responsible Officials and Corrective Action:

Name of Responsible Person: Hector Garcia

Name of Department Contact: Hector Garcia

Projected Implementation Date: October 1, 2020

EMPOWER 225

Corrective Action Plan

FY ended December 31, 2019

2019-011 – Earmarking (SD/NC)

CFDA Title and Number: 14.261 – Continuum of Care (CoC)

Name of Federal Agency: Department of Housing and Urban Development

Grant No. LA0308L6H091700, LA0336LH091800, and LA0308L6H091801

Grant Period: 9/1/18 to 8/31/19; 9/1/19 to 8/31/20; 9/1/19 to 8/31/20

Compliance/Internal Control over Compliance: Earmarking

Department's Response: We concur.

Views of Responsible Officials and Corrective Action: E225 will seek consulting/assistance to understand policies and procedures regarding compliance with the earmarking requirement. E225 will implement the necessary monitoring and risk assessment procedures to maintain compliance. E225 will modify policies and procedures to contemporaneously document the extent to which services provided by administrative employees constitute in-kind contributions and cash expenditures of non-CoC funds used for the match requirement constitute allowable costs under the CoC program.

Name of Responsible Person: Hector Garcia

Name of Department Contact: Hector Garcia

Projected Implementation Date: October 1, 2020

Empower 225
Baton Rouge, Louisiana
Statewide Agreed-Upon Procedures
For the year ended December 31, 2019

Empower 225
Baton Rouge, Louisiana
Management's Response to Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2019

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Directors
Empower 225
Baton Rouge, Louisiana

I have performed the procedures enumerated below, which were agreed to by Empower 225 and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. Empower 225's management is responsible for those control and compliance 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 performed and the results thereof are set forth below. The procedures performed are stated first, followed by the results of the procedure under the subheading "Results". If the item being subjected to the procedures is positively identified or present, then the results will read "No exceptions noted". If not, then a description of the exception follows. Additionally, certain procedures listed below may not have been performed in accordance with the guidance provided by the Louisiana Legislative Auditor, the specified user of the report. Those procedures are identified below.

Written Policies and Procedures

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) – (j) The procedures under this category were not required because the Organization had no exceptions reported for this category in Year 1 and/or Year 2.
 - (k) - ***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.

Results:

I noted the following exceptions as a result of applying these procedures:

- The entity's written policies and procedures did not address the topics contained in paragraph (k) *Disaster Recovery/Business Continuity*. (1k)

Board (or Finance Committee, if applicable)

2. The procedures under this category were not required because the Organization had no exceptions reported for this category in Year 1 and/or Year 2.

Bank Reconciliations

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 accounts¹ (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:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations 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
 - 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.

Results:

I noted the following exceptions as a result of applying these procedures:

- Two of the bank reconciliations were reviewed by a member of management who signs checks as part of the check disbursement process. (3b).

Collections

4. Obtain a listing of deposit sites² 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).
5. For each deposit site selected, obtain a listing of collection locations³ 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:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) 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 the deposit.

¹ Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

² A deposit site is a physical location where a deposit is prepared and reconciled.

³ A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit.

- c) 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.
 - d) 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.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. 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)⁴. *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:
- a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) 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).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Results:

I noted the following exceptions as a result of applying these procedures:

- The deposits reviewed were not made within one business day of receipt of the collection location. (7d).

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

8. The procedures under this category were not required because the Organization had no exceptions reported for this category in Year 1 and/or Year 2.

⁴ If “bank reconciliations” have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for bank reconciliations.

9. The procedures under this category were not required because the Organization had no exceptions reported for this category in Year 1 and/or Year 2.
10. The procedures under this category were not required because the Organization had no exceptions reported for this category in Year 1.

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 cards⁵. Obtain management's representation that the listing is 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 (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
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)⁶. 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). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results:

I noted the following exceptions as a result of applying these procedures:

- I observed finance charges were assessed on the statement inspected. (12b)
- I observed 1 purchase for \$8.06 from Office Depot was not supported by the specified documentation. The general ledger lists this transaction as "keys". (13)

⁵ Including credit cards used by school staff for either school operations or student activity fund operations.

⁶ For example, if 3 of the 5 cards selected were fuel cards, only 10 transactions would be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #12 were fuel cards, Procedure #13 would not be applicable.

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

14. The procedures under this category were not required because the Organization had no exceptions reported for this category in Year 1 and/or Year 2.

Contracts

15. The procedures under this category were not required because the Organization had no exceptions reported for this category in Year 1 and/or Year 2.

Payroll and Personnel

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.
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.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
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' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
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.

Results

I noted the following exceptions as a result of applying these procedures:

- One employee did not have rate authorization in the personnel file. Three employees pay rate did not match the authorized rate in the employees' personnel file. (16).
- The two employees selected who received termination payments did not have an authorized pay rate in their personnel file. The leave paid to one employee did not agree to the accumulated leave records. (18)

Ethics

20. This procedure was not performed because it is not applicable to Empower 225.

Debt Service

21. This procedure was not performed because it is not applicable to Empower 225.

22. This procedure was not performed because it is not applicable to Empower 225.

Other

23. The procedures under this category were not required because the Organization had no exceptions reported for this category in Year 1 and or Year 2.

24. The procedures under this category were not required because the Organization had no exceptions reported for this category in Year 1 and/or Year 2.

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 the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (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 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.

David A Dominique LLC
Denham Springs, Louisiana
September 30, 2020

EMPOWER 225

Management's Response to Statewide AUP
FY ended December 31, 2019

- 1(k) E225 will document and add its current Disaster Recovery/Business Continuity procedures in part current covered by third party company.

- 3(b) E225 will implement proper procedures to have additional members of management review reconciliations.

- 7(d) Management has implemented only 1 weekly check deposit run for the purpose of the organizations cost effectiveness.

- 12(b) E225 will implement processes necessary to avoid partial or late payments to credit card account which can cause late fees & interest charges.

- 13 E225 will also reinforce the 'missing receipt memo' policy to support transactions missing receipt.

- 16 E225 will ensure that the Human Resources department perform sufficient internal audits to the personnel files to comply that all needed documentation required is on file [including pay rate authorizations].

- 18 E225 will ensure that the Human Resources department perform sufficient internal audits to the personnel files to comply that all needed documentation required is on file [including pay rate authorizations].