

**LOUISIANA DELTA SERVICE CORPS**  
**D/B/A SERVE LOUISIANA**  
Baton Rouge, Louisiana

**FINANCIAL REPORT**

August 31, 2023

**LOUISIANA DELTA SERVICE CORPS**  
**D/B/A SERVE LOUISIANA**  
Baton Rouge, Louisiana

**TABLE OF CONTENTS**

August 31, 2023

	<b><u>Exhibit</u></b>	<b><u>Page</u></b>
<b>INDEPENDENT AUDITORS' REPORT</b>		1
<b>FINANCIAL STATEMENTS</b>		
Statement of Financial Position	A	4
Statement of Activities	B	5
Statement of Cash Flows	C	6
Statement of Functional Expenses	D	7
Notes to Financial Statements	E	8
<b>SUPPLEMENTARY INFORMATION</b>	<b><u>Schedule</u></b>	
Schedule of Compensation, Benefits, and Other Payments to Agency Head	1	14
Schedule of Expenditures of Federal Awards	2	15
Notes to Schedules of Expenditures of Federal Awards	3	16
<b>REPORTS ON INTERNAL CONTROL AND COMPLIANCE</b>		
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		17
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance		19
Schedule of Findings and Questioned Costs		23
Summary Schedule of Prior Year Findings and Questioned Costs		28
Views of Responsible Officials		29



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Louisiana Delta Service Corps  
d/b/a Serve Louisiana  
Baton Rouge, Louisiana

### Opinion

We have audited the accompanying financial statements of the **LOUISIANA DELTA SERVICE CORPS D/B/A SERVE LOUISIANA (LDSC)** (a non-profit corporation), which comprise the statement of financial position as of August 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of LDSC as of August 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LDSC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about LDSC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and *Louisiana Governmental Audit Guide* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and *Louisiana Governmental Audit Guide*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 LDSC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about LDSC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## **Supplementary Information**

Our 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 and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirement, 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 our opinion, the schedules are fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2024, on our consideration of LDSC's internal control over financial reporting an on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LDSC's 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 LDSC's internal control over financial reporting and compliance.

## **Report on Summarized Comparative Information**

We previously audited LDSC's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 24, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants

Baton Rouge, Louisiana  
February 6, 2024

**LOUISIANA DELTA SERVICE CORPS  
D/B/A SERVE LOUISIANA  
Baton Rouge, Louisiana**

**STATEMENT OF FINANCIAL POSITION**  
August 31, 2023

(with summarized comparative amounts for 2022)

(See Independent Auditors' Report)

**ASSETS**

	<b>2023</b>	<b>2022</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 424,458	\$ 390,146
Certificate of deposit	57,484	57,462
Accounts receivable, net	20,000	19,200
Grants receivable	105,443	60,283
Prepaid expenses and other	38,998	19,163
Total current assets	646,383	546,254
<b>NONCURRENT ASSETS</b>		
Intangible asset	10,000	-
Property and equipment, net	698	1,545
Total noncurrent assets	10,698	1,545
Total assets	\$ 657,081	\$ 547,799

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 9,836	\$ 3,117
Accrued expenses	13,142	10,934
Total liabilities	22,978	14,051
<b>NET ASSETS</b>		
Without donor restrictions	634,103	533,748
Total liabilities and net assets	\$ 657,081	\$ 547,799

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

**LOUISIANA DELTA SERVICE CORPS**  
**D/B/A SERVE LOUISIANA**  
 Baton Rouge, Louisiana

**STATEMENT OF ACTIVITIES**  
 For the fiscal year August 31, 2023

(with summarized comparative amounts for 2022)

(See Independent Auditors' Report)

	<b>2023</b>	<b>2022</b>
<b>REVENUES AND SUPPORT</b>		
<b>WITHOUT DONOR RESTRICTIONS</b>		
Grants:		
Federal assistance	\$ 797,803	\$ 622,191
State grant	-	25,000
Other:		
Host sites	224,000	285,600
Interest and other	8,312	6,107
Contributions	-	625
 Total revenues and support without donor restrictions	 1,030,115	 939,523
 <b>EXPENSES</b>		
Program	809,178	876,253
General and administrative	120,582	138,584
 Total expenses	 929,760	 1,014,837
 <b>OTHER INCOME</b>		
Paycheck Protection Program loan forgiveness	-	131,037
 Change in net assets without donor restrictions	 100,355	 55,723
 <b>NET ASSETS</b>		
Without donor restrictions, beginning of year	533,748	478,025
 Without donor restrictions, end of year	 \$ 634,103	 \$ 533,748

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

**LOUISIANA DELTA SERVICE CORPS**  
**D/B/A SERVE LOUISIANA**  
Baton Rouge, Louisiana

**STATEMENT OF CASH FLOWS**  
For the fiscal year ended August 31, 2023  
(with summarized comparative amounts for 2022)  
(See Independent Auditors' Report)

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 100,355	\$ 55,723
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	847	1,241
Forgiveness of Pacheck Protection Program loan	-	(131,037)
(Decrease) increase in allowance for doubtful accounts	(17,000)	2,500
Change in operating assets and liabilities:		
Grants and accounts receivable	(28,960)	54,713
Accrued expenses	2,208	(8,884)
Prepaid and other	(19,835)	(7,951)
Accounts payable	<u>6,719</u>	<u>(443)</u>
Net cash provided (used) by operating activities	44,334	(34,138)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of intangible asset	(10,000)	-
Reinvestment of interest earned on certificates of deposits	<u>(22)</u>	<u>(21)</u>
Net cash used by investing activities	<u>(10,022)</u>	<u>(21)</u>
Net increase (decrease) increase in cash	34,312	(34,159)
<b>CASH</b>		
Beginning of year	<u>390,146</u>	<u>424,305</u>
End of year	<u>\$ 424,458</u>	<u>\$ 390,146</u>

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

**LOUISIANA DELTA SERVICE CORPS**  
**D/B/A SERVE LOUISIANA**  
Baton Rouge, Louisiana

**STATEMENT OF FUNCTIONAL EXPENSES**

For the fiscal year ended August 31, 2023

(with summarized comparative information for 2022)

(See Independent Auditor's Report)

	<u>Program</u>	<u>General &amp; Administrative</u>	<u>2023 Total</u>	<u>2022 Total</u>
Member costs	\$ 534,003	\$ -	\$ 534,003	\$ 644,239
Salaries	120,590	51,682	172,272	159,256
Payroll tax and benefits	25,873	11,088	36,961	33,041
Contract services	28,091	12,039	40,130	16,209
Travel	38,999	-	38,999	23,798
External compliance costs	-	26,615	26,615	33,056
Occupancy	16,204	6,944	23,148	19,365
Retirement	14,471	6,202	20,673	19,075
Member engagement and support	18,893	-	18,893	23,223
Supplies	5,032	2,156	7,188	8,444
Telephone	3,877	1,661	5,538	6,872
Recruitment	2,738	1,174	3,912	272
Membership dues and other	407	174	581	1,746
Depreciation	-	847	847	1,241
Bad debt	-	-	-	25,000
	<u>\$ 809,178</u>	<u>\$ 120,582</u>	<u>\$ 929,760</u>	<u>\$ 1,014,837</u>

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

**LOUISIANA DELTA SERVICE CORPS  
D/B/A SERVE LOUISIANA**  
Baton Rouge, Louisiana

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and operations**

Louisiana Delta Service Corps (LDSC), D/B/A Serve Louisiana, is a non-profit corporation whose purpose is to engage Americans of all ages and backgrounds as participants in community based service that provides a direct and demonstrable benefit that is valued by the community. Areas of service are education, public safety, the environment, and other human needs. LDSC primarily operates in the Baton Rouge and New Orleans areas.

LDSC administers the AmeriCorps program funded by federal grants through Corporation for National and Community Service/State of Louisiana/Louisiana Serve Commission.

**Basis of presentation**

The accounting and reporting policies of LDSC conform to generally accepted accounting principles.

Financial position and activities are to be reported according to two classes of net assets: with donor restrictions and without donor restrictions. LDSC did not have any net assets with donor restrictions as of August 31, 2023.

**Recently adopted accounting pronouncements**

LDSC implemented ASU 2016-02, *Leases (Topic 842)*, effective September 1, 2022. The ASU's core principle is that a "a lessee should recognize the assets and liabilities that arise from leases." The ASU considered that "all leases create an asset and a liability," and accordingly requires recording the assets and liabilities related to all leases with a term greater than 12 months. Concurrent with the implementation of ASU 2016-02, LDSC adopted ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which intended to simplify the transition requirement giving LDSC the option to apply the transition provisions of the new standard at the date of adoption instead of at the earliest comparative period. In implementing these ASUs, LDSC elected the practical expedient provided in ASU 2016-02 and applied to all lease agreements using the modified retrospective method and when implemented with ASU 2018-11, allowed LDSC to recognize the leased assets and liabilities on its balance sheeting beginning September 1, 2022. Implementation of those standards had no material effect on LDSC's financial statements.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Recently adopted accounting pronouncements (Continued)

As of September 1, 2022, LDSC adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities Contributed Nonfinancial Assets*. The ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. LDSC's adoption of ASU No. 2020-07 did not result in any adjustments to their financial statement presentation.

### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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. Actual results could differ from those estimates. Estimates are used primarily when accounting for depreciation, allowance for doubtful accounts, intangible assets, and allocation of functional expenses.

### Revenue recognition

Revenues primarily consist of grant revenue and host site revenue. LDSC's grant revenue is primarily related to its AmeriCorps State Grant Agreement with the State of Louisiana. LDSC recognizes grant revenue as expenditures are incurred or as related services are provided as outlined in the grant agreement. For host site revenue, LDSC acquires partnerships with host sites (local non-profit organizations) and corps members via an application process for an eleven-month period. LDSC assigns individual corps members to volunteer at a specific host site for the eleven-month period. Corps member host site revenue is recognized over time in which the services are provided.

LDSC reports contributions received as with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions are recognized when the donor makes a pledge to give to LDSC that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. LDSC did not have any restricted contributions or promises to give during 2023.

### Cash

For the purpose of the statement of cash flows, LDSC considers cash in operating bank accounts as cash.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts receivable and allowance for doubtful accounts**

Accounts receivable are recorded at cost, net of an allowance for doubtful accounts. At August 31, 2023, accounts receivable which exceeded 90 days in age had a balance of \$22,000. A general allowance for doubtful accounts is based on management's estimate of the collectability of accounts receivable. There was no allowance for doubtful accounts as of August 31, 2023. Accounts receivable and the allowance for doubtful accounts as of September 1, 2022 was \$36,200 and \$17,000, respectively.

**Property and equipment**

Property and equipment with a useful life of one year or more is recorded at cost and depreciated over the asset's estimated service life using the straight-line method. Repairs and maintenance costs that do not extend the service life of the asset is expensed as incurred. Property and equipment at August 31, 2023:

Description	Estimated Service Life	2023
Furniture and fixtures	5 years	\$ 11,972
Machinery and equipment	3 - 5 years	<u>4,703</u>
		16,675
Less accumulated depreciation		<u>(15,977)</u>
		<u>\$ 698</u>

Depreciation expense for was \$847 for the year ended 2023.

**Intangible asset**

Intangible assets are recorded at gross carrying amount and amortized over the asset's estimated useful life using the straight-line method. In 2023, LDSC developed an internal application for use in evaluating member performance. This application was completed at August 31, 2023, and was capitalized based on the costs incurred to develop the application. Future costs associated with the application that do not substantially modify the life of the application will be expensed as incurred. Costs associated for the application's development were \$10,000 and will be amortized over five years.

Amortization expense was \$-0- for the year ended 2023.

(continued)

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Leases

Leases in which LDSC enters a contract with a lessor and LDSC conveys control of the right-of-use to the lessor's nonfinancial asset (the underlying asset) as specified by the contract for a period of time in an exchange or exchange-like transaction result in right-of-use assets. If the lease is considered a short-term lease, a lease that, at the commencement date, has a lease term of 12 months or less and does not include an option to purchase the underlying asset the lessee is reasonably certain to exercise, the lease is not necessary to be included on the balance sheet under the guidance of ASC 842, *Leases*, as a right-of-use asset. Short-term lease payments are recognized on a straight-line basis over the lease term.

### Vacation leave

Vacation leave is earned at varying rates for two to four weeks depending on length of service. A maximum of ten days of unused leave can be carried over to the subsequent year. Accordingly, \$6,200 related to such vacation leave has been accrued as of August 31, 2023.

### Income taxes

LDSC is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

LDSC follows the provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. LDSC's open audit periods are 2020 through 2023.

### Pension plan

LDSC sponsors a salary deferral plan (the Plan) that has been established under Section 403(b) of the Internal Revenue Code. Under the provisions of the Plan, employees may elect to defer a percentage of their compensation up to a maximum of \$22,500 annually for the 2023 calendar year. Salary deferrals, employer contribution and the related earnings are 100% vested and non-forfeitable. LDSC is not required to make matching contributions to the Plan; however for the year ended August 31, 2023, LDSC elected to contribute \$20,673 to the Plan.

These assets are held in the trust fund established under the Plan; the trust fund is independent of LDSC and administered by American Funds.

### Functional Expenses

The statements of functional expenses present expenses of LDSC's operations functionally between program and general and administrative expenses. Certain expenses have been directly allocated. Payroll taxes, salaries and employee benefits are allocated to each function based on the percentage of actual salaries directly allocated to each function based upon level of effort related to that function. Membership costs are all treated as program expenses.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Subsequent events**

In preparing these financial statements, LDSC has evaluated events and transactions for potential recognition or disclosure through February 6, 2024, which is the date the financial statements were available to be issued.

**NOTE 2 - CERTIFICATE OF DEPOSIT**

At August 31, 2023, LDSC held a certificate of deposits (CD) with market value and cost of \$57,484. Interest earnings are reinvested into the CD when paid.

**NOTE 3 - ECONOMIC DEPENDENCY**

During the year ended August 31, 2023, LDSC received the majority of its revenues through Federal grants, as follows:

<u>Federal Grant</u>	<u>Amount</u>
Grant receivable, beginning of year	\$ 60,283
Revenues earned	797,803
Collections	<u>(752,643)</u>
 Grant receivable, end of year	 <u>\$ 105,443</u>

**NOTE 4 - LEASES**

LDSC entered into a twelve month lease agreement to rent office space effective February 1, 2019; the lease expired on January 31, 2020. The monthly rent expense is \$1,300 with three options to renew annually for an additional twelve-month term. Due to the length of this lease, it is not considered a right-of-use asset in accordance with ASU 842, *Leases*. The current lease was renewed in January 2024 for an additional 12-month period.

During 2023, rent expense was \$15,600 and is reflected on the statement of functional expenses as occupancy.

**NOTE 5 - CONCENTRATIONS OF CREDIT RISK**

Financial instruments which subject LDSC to concentrations of credit risk consist primarily of receivables. In addition, LDSC maintains cash in local banks, which may, at times, exceed the Federal Deposit Insurance Corporation limits. LDSC's uninsured balance as of August 31, 2023 was \$235,223.

The majority of LDSC's host site revenues are received from organizations in southern Louisiana.

**NOTE 6 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

LDSC's working capital and cash flows have annual variations during the year attributable to annual federal and state grants, and cash collections from host sites. LDSC structures its financial assets to meet operational needs and liabilities throughout the fiscal year.

LDSC's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	<u>2023</u>
Cash	\$ 424,458
Certificate of deposit	57,484
Accounts and grants receivable	<u>125,443</u>
	<u>\$ 607,385</u>

**LOUISIANA DELTA SERVICE CORPS**  
**D/B/A SERVE LOUISIANA**  
Baton Rouge, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND  
OTHER PAYMENTS TO AGENCY HEAD**

For the fiscal year ended August 31, 2023

**Agency Head: Lisa Moore**

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 103,020
Paryroll taxes	7,730
Employee benefits	27,174
Reimbursements	<u>6,385</u>
Total	<u>\$ 144,309</u>

**LOUISIANA DELTA SERVICE CORPS  
D/B/A SERVE LOUISIANA  
Baton Rouge, Louisiana**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the year ended August 31, 2023

(See Independent Auditors' Report)

<u>Federal Grantor/ Pass-through Grantor/ Program</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Grant Amount</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<b>Corporation for National and Community Service/ State of Louisiana/ Volunteer Louisiana</b>					
*COVID 19 - AmeriCorps State and National	94.006	21AFGLA0010007	\$ 366,627	\$ -	\$ 343,226
*AmeriCorps State and National	94.006	21AFGLA0010007	<u>680,043</u>	<u>-</u>	<u>454,577</u>
Total expenditures of federal awards			<u>\$ 1,046,670</u>	<u>\$ -</u>	<u>\$ 797,803</u>

\* Major Program

See accompanying notes to schedule of expenditures of federal awards

**LOUISIANA DELTA SERVICE CORPS**  
**D/B/A SERVE LOUISIANA**  
Baton Rouge, Louisiana

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**NOTE 1 - GENERAL**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal award activity of LDSC under programs of the federal government for the year ended August 31, 2023. Information in the Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The Schedule presents only a selected portion of the operations of LDSC; accordingly, it is not intended to and does not present the financial position, changes in net assets or cash flows of LDSC.

**NOTE 2 - BASIS OF ACCOUNTING**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 - INDIRECT COST RATE**

LDSC has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 4 - NONCASH ASSISTANCE**

LDSC did not receive any federal noncash assistance for the year ended August 31, 2023.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Louisiana Delta Service Corps  
d/b/a Serve Louisiana  
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **LOUISIANA DELTA SERVICE CORPS D/B/A SERVE LOUISIANA (LDSC)** (a non-profit corporation), which comprise the statement of financial position as of August 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 6, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered LDSC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LDSC's internal control. Accordingly, we do not express an opinion on the effectiveness of LDSC's internal control.

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether LDSC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 item 2023-001.

## **LDSC's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on LDSC's response to the findings identified in our audit and described in the accompanying schedule of findings and recommendations. LDSC's response on page 29 was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of This Report**

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

This report is intended for the information of the Board of Directors, management, state and federal granting agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



Certified Public Accountants

Baton Rouge, Louisiana  
February 6, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Louisiana Delta Service Corps  
d/b/a Serve Louisiana  
Baton Rouge, Louisiana

**Report on Compliance for the Major Federal Program**

***Opinion on Major Federal Program***

We have audited **LOUISIANA DELTA SERVICE CORPS D/B/A SERVE LOUISIANA (LDSC)** (a nonprofit organization), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on LDSC's major federal program for the year ended August 31, 2023. LDSC's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, LDSC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended August, 31, 2023.

***Basis for Opinion on Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; *Louisiana Governmental Audit Guide*, and 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the LDSC and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the LDSC's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the LDSC's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the LDSC's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Louisiana Governmental Audit Guide*, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the LDSC's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Louisiana Governmental Audit Guide*, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the LDSC's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the LDSC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the LDSC's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

The results of our 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 2023-001, 2023-002, and 2023-003. Our opinion on the major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the LDSC's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The LDSC's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001 to be material weakness.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-002 and 2023-003 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the LDSC's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The LDSC's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our 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.

*Faulk & Winkler, LLC*  
Certified Public Accountants

Baton Rouge, Louisiana  
February 6, 2024

**LOUISIANA DELTA SERVICE CORPS**  
**D/B/A SERVE LOUISIANA**  
Baton Rouge, Louisiana

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the fiscal year ended August 31, 2023

**1) Summary of Auditors' Results:**

- A) The type of report issued on the financial statements: **Unmodified opinion.**
- B) Significant deficiency in internal control were disclosed by the audit of financial statements: **None.**

Material weaknesses: **2023-001.**

- C) Noncompliance that is material to the financial statements: **None.**
- D) Significant deficiencies in internal control over major programs: **2023-002 and 2023-003.**

Material weaknesses: **2023-001.**

- E) The type of report issued on compliance for major programs: **Unmodified Opinion.**
- F) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a): **2023-001, 2023-002, and 2023-003.**

Identification of Major Programs:

**Corporation for National and Community Service**

State of Louisiana/Volunteer Louisiana

- 1) AmeriCorps State and National A.L.N. 94.006
- 2) AmeriCorps State and National – COVID 19 A.L.N. 94.006

- G) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- H) Louisiana Delta Service Corps did not qualify to be a low-risk auditee.

2) Findings relating to the financial statements reported in accordance with *Government Auditing Standards: 2023-001*.

3) **FINDINGS – FINANCIAL STATEMENT FINDINGS**

See Findings 2023-001 in Section (4) Findings – Federal Award Findings and Questioned Costs.

4) **FINDINGS – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**2023-001 Segregation of Duties**

**Title and Assistance Listing Number of the Federal Program:** ALN 94.006  
AmeriCorps State and National and ALN 94.006 COVID 19 - AmeriCorps State and National

**Year Finding Originated:** 2022

**Compliance Requirement:** 2 CFR 200.303 Internal Controls

**Name of Federal Agency:** Corporation for National and Community Service

**Pass-through Agency:** State of Louisiana/Volunteer Louisiana

**Questioned Costs:** None.

**Condition:** During our audit, we obtained an understanding and tested LDSC’s internal control for purposes of planning and performing our audit procedures. In obtaining our understanding and testing LDSC’s internal controls, we determined there were inadequate segregation of duties involving certain aspects of the financial reporting cycle.

**Criteria:** As noted in 2 CFR 200.303 “The non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).”

### **2023-001 Segregation of Duties (Continued)**

**Cause:** Due to the size of LDSC’s administrative staff, certain duties are performed by the same individual, as follows:

- Initiate and approve vendor invoices for payment,
- Write checks or initiating electronic disbursements,
- Review and approve payroll, including the approver’s payroll
- Initiate and approve reimbursements to themselves as the agency head,
- Access to check stock, check signing authority, and approval authorization.

The following responsibilities over cash receipts are performed by the same individual:

- Receive and open mail,
- Prepare bank deposits and deposit monies received,
- Invoices customers for services provided (host sites).

**Effect:** There is not adequate segregation of duties.

**Recommendation:** To the extent possible, we recommend that board members or the contract accountant become further involved in the financial reporting process; such examples include, but are not limited to:

- Approve monthly financial statements,
- Bank statements and reconciliations,
- Reimbursements (travel, expense, etc.) made to agency head,
- Credit card activity initiated by the agency head,
- The board of directors should adopt an annual budget and monitor on a periodic basis.

We further recommend that management incorporate these recommendations to their financial policies and procedures handbook. This will ensure that financial policies are conducted consistently and in accordance with the expectations set by management and board governance. Additionally, such policies and procedures provide structure within LDSC in the event of employee turnover or absenteeism.

**Views of Responsible Officials:** See views of responsible officials on page 29.

### **2023-002 Approval of Living Allowance Payments**

**Title and Assistance Listing Number of the Federal Program:** ALN 94.006  
AmeriCorps State and National and ALN 94.006 COVID 19 - AmeriCorps State and National

**Year Finding Originated:** 2023

## 2023-002 Approval of Living Allowance Payments (Continued)

**Compliance Requirement:** 2 CFR 200.303 Internal Controls, 2 CFR 200.404, 45 CFR 2522.230

**Name of Federal Agency:** Corporation for National and Community Service

**Pass-through Agency:** State of Louisiana/Volunteer Louisiana

**Questioned Costs:** None meeting the reporting threshold of \$25,000.

**Condition:** For two out of the thirteen living allowance periods tested, approval of the payroll disbursements was not able to be provided. For one of the thirteen living allowance payroll disbursement periods tested, approval was granted, however, the payment did not appear reasonable, as required by 2 CFR 200.404. In this instance, an individual completed approximately 68% of their hourly commitment in the program but was paid approximately 95% of their annual contracted amount. Our sample was not statistically valid.

**Criteria:** As noted in 2 CFR 200.303 “The non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).”

As noted in 2 CFR 200.404 “A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.”

As noted in 45 CFR 2522.230 “An AmeriCorps program may release a participant from completing a term of service for compelling personal circumstances, as determined by the program, or for cause.”

**Cause:** Internal controls over approval of living allowances are not operating effectively.

**Effect:** Disbursements under the program may not have been for allowable purposes.

**Recommendation:** LDSC should ensure internal controls over approval of living allowances are implemented as designed.

**Views of Responsible Officials:** See views of responsible officials on page 29.

## 2023-003 Compliance of Special Tests and Provisions – National Service Criminal History Checks

**Title and CFDA Number of the Federal Program:** ALN 94.006 AmeriCorps State and National and ALN 94.006 COVID 19 -AmeriCorps State and National

**Year Finding Originated:** 2023

**Compliance Requirement:** 45 CFR 2540.205

**Name of Federal Agency:** Corporation for National and Community Service

**Pass-through Agency:** State of Louisiana/Volunteer Louisiana

**Questioned Costs:** None meeting the reporting threshold of \$25,000.

**Condition:** Of the twenty-four National Service Criminal History Checks tested, we noted the following exceptions:

For the first exception, the documented start date and adjudication date was before the Sex Offender Registry Check was performed and the date the state of residence and state of service criminal history check was performed for one individual. For the second exception, the adjudication date for an individual was prior to the date of the FBI fingerprint-based record check results. For the third exception, the name used for the name-based Sex Offender Registry Check and state of residence and state of service criminal history check did not agree to the name on the individual’s government issued identification. Our sample was not statistically valid.

**Criteria:** As noted in 45 CFR 2540.205 certain tests “must be conducted, reviewed, and an eligibility determination made by the grant recipient or subrecipient based on the results of the National Service Criminal History Check before a person begins to work or serve in a position as an AmeriCorps State and National member.”

**Cause:** Checks of the Sex Offender Registry, state of residence and state of service, criminal history check, and FBI fingerprint-based checks (collectively, the National Service Criminal History Check) were not performed in accordance with federal guidelines consistently.

**Effect:** Individuals who may have not met eligibility requirements to serve as members were permitted to perform service.

**Recommendation:** LDSC should ensure controls over review and adjudication of National Service Criminal History Checks function properly.

**Views of Responsible Officials:** See views of responsible officials on page 29.

**LOUISIANA DELTA SERVICE CORPS  
D/B/A SERVE LOUISIANA  
Baton Rouge, Louisiana**

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

For the fiscal year ended August 31, 2023

**2022-001 Segregation of Duties:** This item has been reclassified as 2023-001.



**Board of Directors**

**Jodi Hill**

*President*  
Staff Attorney  
Louisiana Fair Housing Action Center

**Kyle C. Viator**

*Treasurer*  
Market President  
AmeriHealth Caritas Louisiana

**Kia Bickham**

*E Pluribus Unum*  
Director of Engagement

**Lindsay Jarrell Blouin**

Trial Attorney for Manasseh, Gill,  
Knipe & Belanger

**Amanda Hassan, Ph.D.**

Director of Academic Advising  
Tulane University School of  
Professional Advancement

**Amanda Bonam**

Network Coordinator for National  
Black Environmental Justice Network  
at the Deep South Center for  
Environmental Justice  
Founder, theblackandproject.com

**Tiffany Jeanminette MPA**

CEO, Organizational Development  
Consultant - Jeanminette Management  
& Consulting, LLC

**Emmy O'Dwyer, M.Ed.**

Founder & Principal of Advancing  
Communities for Equity

**Donovan L. Segura, Ph.D.**

University Liaison and a Graduate and  
Undergraduate Instructor  
Southern University and A&M College

**Kellie Chavez Greene**

Greater New Orleans Foundation  
Vice President of Programs at the  
Greater New Orleans Foundation

**Gerald Dean Scott**

Disease Intervention Specialist  
Supervisor at the Louisiana Department  
of Health

**Staff**

**Lisa Moore** *Executive Director*

**Maggie Conarro** *Program Director*

Views of Responsible Officials:

2023-001 Segregation of Duties:

Management Response: Due to the size of LDSC's administrative staff, complete segregation of duties is not economically feasible. However, during the 2023 fiscal year, LDSC created a financial policies handbook that outlines controls and responsibilities in the financial reporting cycle. We will ensure the areas recommended above are added to our current policy to the extent it is economically feasible.

Responsible Person: Lisa Moore, Executive Director

Anticipated Remediation Date: Fiscal year ending August 31, 2024

2023-002 Approval of Living Allowance Payments:

Management Response: Management will include others on correspondence regarding approval of payroll, which will help detect when an approval of payroll is not made timely. If payroll is not approved before paid, then Management will perform a documented review to ensure payroll payments are proper. Management will also develop a policy to stop living allowance payments timely when a member will not meet their service hour obligation.

Responsible Person: Lisa Moore, Executive Director

Anticipated Remediation Date: Fiscal year ending August 31, 2024

2023-003 Compliance of Special Tests and Provisions – National Service Criminal History Checks:

Management Response: Management will ensure an individual who does not perform the adjudication will review and document whether information was entered correctly and whether the adjudications are proper and documented prior to a member's start date.

Responsible Person: Lisa Moore, Executive Director

Anticipated Remediation Date: Fiscal year ending August 31, 2024

**Lisa Moore**  
Executive Director

Supported by a grant from the Volunteer Louisiana Commission in the Office of Lieutenant Governor Billy Nungesser

Serve Louisiana

353 St. Charles Street, Baton Rouge, LA 70802 | 225.930.9949 (office) |  
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**Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures**

**LOUISIANA DELTA SERVICE CORPS**

**D/B/A SERVE LOUISIANA**

Baton Rouge, Louisiana

For the year ended August 31, 2023



## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors  
Louisiana Delta Service Corps  
d/b/a Serve Louisiana  
Baton Rouge, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal September 1, 2022 through August 31, 2023. Louisiana Delta Service Corps d/b/a Serve Louisiana (LDSC)'s management is responsible for those C/C areas identified in the SAUPs.

LDSC has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period September 1, 2022 through August 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and schedule of exceptions are as follows:

### 1) *Written Policies and Procedures*

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- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
  - ii. **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
  - iii. **Disbursements**, including processing, reviewing, and approving.
  - iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff

- procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
  - vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
  - vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
  - viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
  - ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
  - x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
  - xi. **Information Technology 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.
  - xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

## **2) Board or Finance Committee**

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- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
  - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.

- iii. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- iv. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- v. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

### **3) Bank Reconciliations**

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- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - ii. Bank reconciliations include written evidence that a member of management or a 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
  - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

### **4) Collections (excluding electronic funds transfers)**

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- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then 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
  - i. Employees responsible for cash collections do not share cash drawers/registers;
  - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

- iii. Each employee responsible for collecting cash is not also 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; and
  - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, 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:
- i. Observe that receipts are sequentially pre-numbered.
  - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - iii. Trace the deposit slip total to the actual deposit per the bank statement.
  - iv. 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 and the cash is stored securely in a locked safe or drawer).
  - v. Trace the actual deposit per the bank statement to the general ledger.

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

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- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
  - ii. At least two employees are involved in processing and approving payments to vendors;
  - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

*[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]*

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
  - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
  - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

#### **6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)**

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- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. 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
  - i. Observe whether 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) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
  - ii. Observe that finance charges and late fees were not assessed on the selected statements.

- C. Using the monthly statements or combined statements selected under procedure #7B 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 (e.g., each card should have 10 transactions subject to inspection). 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 observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

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

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- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov));
  - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
  - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
  - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

#### **8) Contracts**

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- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
  - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

## ***9) Payroll and Personnel***

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- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
  - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
  - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
  - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
  - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

## **10) Ethics**

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
  - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
  - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

## **11) Debt Service**

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- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

## **12) Fraud Notice**

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- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

### ***13) Information Technology Disaster Recovery/Business Continuity***

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- A. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
  - i. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.
  - ii. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - iii. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

### ***14) Prevention of Sexual Harassment***

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).
- C. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
  - i. Number and percentage of public servants in the agency who have completed the training requirements;
  - ii. Number of sexual harassment complaints received by the agency;
  - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
  - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - v. Amount of time it took to resolve each complaint.

**LOUISIANA DELTA SERVICE CORPS**  
Baton Rouge, Louisiana

**SCHEDULE OF EXCEPTIONS**

For the year ended August 31, 2023

***Exceptions:***

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No exceptions were found as a result of applying the procedures listed above, except as follows:

***Written Policies and Procedures:***

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**1(A)(i)-(x)** – LDSC has no written policy on debt services and IT disaster recovery. LDSC has policies addressing purchasing, payroll/personnel, contracting, credit cards, and sexual harassment, however they do not meet minimum requirements.

***Collections:***

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**4(D)(iv)** – Only one deposit was made during the selected period; the deposit was not made within one business day of the receipt at the collection location.

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

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**5(A)(B)(D)** – Only one employee is involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase, processing and approving payments to vendors. This employee also signs checks and has the ability to add/modify vendors.

**5(C)** – For all five of the selected disbursements, there was no evidence of segregation of duties.

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

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**7(A)(iv)** – Two of the five selected reimbursements were not reviewed or approved, in writing, by someone other than the person receiving the reimbursement.

***Management's response:*** Management agrees with the expectations noted above and will update policies for the 2024 fiscal year.

We were engaged by LDSC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of LDSC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

  
Faulk & Winkler, LLC  
Certified Public Accountants

Baton Rouge, Louisiana  
February 6, 2024