

**SOUTHERN CENTER FOR CHILDREN AND
FAMILIES, INC.**

*Financial Statements
For the Years Ended June 30, 2017 and 2016*

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
FINANCIAL REPORT
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

INDEX

	<u>Page</u>
Independent Auditor's Report -----	1-2
Statements of Financial Position -----	3
Statements of Activities -----	4
Statements of Functional Expenses -----	5
Statements of Cash Flows -----	6
Notes to Financial Statements -----	7-11
<u>Supplemental Information</u>	
Schedule of Expenditures of Federal Awards-----	12-13
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 <i>Government Auditing Standards</i> -----	14-15
Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance-----	16-17
Schedule of Findings and Questioned Costs-----	18
Schedule of Prior Audit Findings and Questioned Costs-----	19
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer -----	20
Independent Accountant's Report on Applying Agreed-Upon Procedures -----	21-30

INDEPENDENT AUDITOR'S REPORT

Board of Directors of
Southern Center for Children and Families, Inc.
Monroe, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the Southern Center for Children and Families, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2017 and 2016, 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of those 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

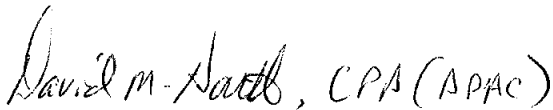
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Southern Center for Children and Families, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, are presented for purposes of additional analysis and are 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 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 October 30, 2017, on my consideration of the Southern Center for Children and Families, Inc.'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Southern Center for Children and Families, Inc.'s internal control over financial reporting and compliance.

 David M. North, CPA (APAC)

West Monroe, Louisiana
October 30, 2017

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
STATEMENTS OF FINANCIAL POSITION

ASSETS

	June 30,	
	2017	2016
Current Assets:		
Cash and Cash Equivalents	\$ 142,287	\$ 39,294
Grants Receivable	771,357	1,074,748
Prepaid Insurance	8,978	1,526
Total Current Assets	922,622	1,115,568
Property and Equipment:		
Buildings	1,375,000	-
Furniture and Equipment	371,430	351,048
Database	50,000	39,000
Less: Accumulated Depreciation	(338,017)	(297,420)
Net Property and Equipment	1,458,413	92,628
<u>TOTAL ASSETS</u>	\$ 2,381,035	\$ 1,208,196

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable	\$ 135,882	\$ 132,268
Payroll Liabilities	923	1,490
Obligations Under Line of Credit	-	348,000
Vehicle Loan	20,435	30,652
Total Current Liabilities	157,240	512,410
Net Assets:		
Unrestricted	2,223,795	695,786
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 2,381,035	\$ 1,208,196

The accompanying notes are an integral part of these financial statements.

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
STATEMENTS OF ACTIVITIES

<u>PUBLIC SUPPORT, GRANT REVENUE AND OTHER SUPPORT</u>	For the Years Ended June 30,	
	2017	2016
Government Grants and Contracts	\$ 8,906,219	\$ 7,288,872
Contributions	1,400,732	44,511
Fundraising	115,220	97,916
Interest Income	405	99
Other Income	9,574	14,961
<u>TOTAL PUBLIC SUPPORT, GRANT REVENUE AND OTHER SUPPORT</u>	10,432,150	7,446,359
<u>EXPENSES</u>		
Program Services:		
TANF	732,231	804,912
VOCA	344,377	241,058
Therapeutic Services	7,171,508	5,879,338
Children's Advocacy Centers of Louisiana	3,910	4,094
Delta Initiative	164,453	-
Total Program Services	8,416,479	6,929,402
Management and General	440,181	237,924
Fundraising	47,481	33,519
<u>TOTAL EXPENSES</u>	8,904,141	7,200,845
<u>INCREASE IN NET ASSETS</u>	1,528,009	245,514
<u>NET ASSETS AT BEGINNING OF YEAR</u>	695,786	450,272
<u>NET ASSETS AT END OF YEAR</u>	\$ 2,223,795	\$ 695,786

The accompanying notes are an integral part of these financial statements.

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	PROGRAM SERVICES					
	TANF	VOCA	Therapeutic Services	LA CASA	Delta Initiative	Total Program Services
Advertising/Promotion	\$ 7,354	\$ -	\$ 300	\$ -	\$ -	\$ 7,654
Dues and Subscriptions	1,650	102	-	-	-	1,752
Fundraising Events	-	-	-	-	-	-
Insurance	50,697	11,783	-	-	-	62,480
Interest	-	-	-	-	-	-
Legal and Professional	-	3,795	-	-	-	3,795
Licenses and Fees	-	-	3,257	-	360	3,617
Meetings/Seminars	-	-	-	-	-	-
Miscellaneous	211	-	2,012	-	-	2,223
Office	43,459	4,891	38,648	-	2,913	89,911
Project Coordination	558,317	286,914	4,873,941	-	147,178	5,866,350
Rent	31,304	19,800	68,428	-	-	119,532
Repairs and Maintenance	645	-	12,765	-	-	13,410
Telephone	19,978	8,345	10,102	-	4,200	42,625
Travel	13,586	8,747	43,561	3,910	7,102	76,906
Utilities	5,030	-	6,003	-	2,700	13,733
Depreciation	-	-	-	-	-	-
Allocated General Expenses	-	-	2,112,491	-	-	2,112,491
Total Expenses, year ended June 30, 2017	<u>\$ 732,231</u>	<u>\$ 344,377</u>	<u>\$ 7,171,508</u>	<u>\$ 3,910</u>	<u>\$ 164,453</u>	<u>\$ 8,416,479</u>
Total Expenses, year ended June 30, 2016	<u>\$ 804,912</u>	<u>\$ 241,058</u>	<u>\$ 5,879,338</u>	<u>\$ 4,094</u>	<u>\$ -</u>	<u>\$ 6,929,402</u>

Management and General		Fundraising	TOTALS				
			2017	2016			
\$	3,663	\$	45,584	\$	56,901	\$	17,813
	-		-		1,752		2,455
	-		-		-		-
	220,165		-		282,645		27,876
	765		-		765		12,212
	18,000		-		21,795		26,267
	43,399		-		47,016		31,405
	-		-		-		3,593
	7,286		-		9,509		21,949
	147,801		1,188		238,900		183,062
	1,874,970		709		7,742,029		6,390,409
	15,019		-		134,551		122,714
	84,539		-		97,949		146,296
	43,210		-		85,835		80,118
	20,058		-		96,964		83,983
	33,200		-		46,933		42,024
	40,597		-		40,597		8,669
	(2,112,491)		-		-		-
<u>\$ 440,181</u>		<u>\$ 47,481</u>		<u>\$ 8,904,141</u>			
<u>\$ 237,924</u>		<u>\$ 33,519</u>				<u>\$ 7,200,845</u>	

The accompanying notes are an integral part of these financial statements.

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
STATEMENTS OF CASH FLOWS

	For the Years Ended June 30,	
	2017	2016
<u>Cash Flows from Operating Activities:</u>		
Increase in Net Assets	\$ 1,528,009	\$ 245,514
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Changes in Assets and Liabilities:		
Depreciation	40,597	8,669
(Increase) Decrease in Grants Receivable	302,824	(467,277)
(Increase) Decrease in Prepaid Insurance	(7,452)	20,636
Increase (Decrease) in Accounts Payable	3,614	25,504
Net Cash Provided (Used) by Operating Activities	1,867,592	(166,954)
<u>Cash Flows from Investing Activities:</u>		
Donated Buildings	(1,375,000)	-
Purchase of Property and Equipment	(31,382)	(30,000)
Net Cash Used by Investing Activities	(1,406,382)	(30,000)
<u>Cash Flows from Financing Activities:</u>		
Payment on Capital Lease Obligation	-	-
Proceeds (Decrease) from Line of Credit	(348,000)	177,642
Proceeds (Decrease) from Note on Automobile	(10,217)	(10,318)
Net Cash Provided (Used) by Financing Activities	(358,217)	167,324
<u>Increase (Decrease) in Cash and Cash Equivalents</u>	102,993	(29,630)
<u>Cash at Beginning of Year</u>	39,294	68,924
<u>CASH AND CASH EQUIVALENTS, END OF YEAR</u>	\$ 142,287	\$ 39,294

The accompanying notes are an integral part of these financial statements.

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Southern Center for Children and Families, Inc. (the Center) is a nonprofit public service association organized under the laws of the State of Louisiana on February 8, 1999. The Center was organized for the advocacy of children in the court and foster care systems within the Fourth District of Louisiana, and to do any and all things germane, incidental, and necessary to carry out these purposes into full effect. Revenues are derived primarily from the State of Louisiana, contributions from the general public, and fundraising efforts. On January 13, 2004, Center for Children and Families, Inc. changed its legal name from CASA of Northeast Louisiana, Inc. (Court Appointed Special Advocates) to better represent to the public its functions of helping youth and juvenile offenders and their families. On November 20, 2016, the Center changed its name to Southern Center for Children and Families, Inc. The Center for Children and Families' mission is to promote safe, healthy environments through advocacy, education, counseling and prevention.

Use of Estimates

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

Basis of Presentation

The financial statements of the Center have been prepared on the accrual basis of accounting as applicable to voluntary health and welfare organizations. The more significant accounting policies of the Center are described below.

The financial statements of the Center are presented as recommended by the Financial Accounting Standards Board in ASC 958-55 (formerly SFAS No. 116, *Accounting for Contributions Received and Contributions Made*) and ASC 958-205 (formerly SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*). Under 958-205, the Center is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations. As of June 30, 2017 and 2016 all net assets were unrestricted.

Temporarily Restricted Assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Center and/or passage of time. As of June 30, 2017 and 2016 there were no temporarily restricted assets.

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Center. Generally, the donors of these assets permit the Center to use all of, or part of, the income earned on the related investments for general or specific purposes. As of June 30, 2017 and 2016, there were no permanently restricted net assets.

Grants Receivable

Grants receivable represent amounts that have been expensed for grant purposes and are to be reimbursed in full by the grantor and have been promised over the next twelve months.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method:

	<u>Years</u>
Furniture and Equipment	5

Public Support and Revenue

Annual contributions are recorded as revenue when received and are generally available for unrestricted use unless specifically restricted by the donor.

Unreimbursed expenses are recorded as income and as grants receivable when requests for reimbursement are submitted to the grants.

Contributions of donated non-cash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values.

Functional Allocation of Expenses

The cost of providing the various programs and activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fair Value of Financial Instruments

ASC section 820 *Fair Value Measurements and Disclosures* and ASC section 825 *Financial Instruments* require all entities to disclose the fair value of financial instruments for which it is practicable to estimate fair value.

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Fair Value of Financial Instruments (Continued)

The carrying amount of cash and cash equivalents, accrued interest receivable, and bequests receivable approximates fair value because of the short maturity of these financial instruments. The carrying value, which is the fair value of investments and funds held in trust by others, is based upon quoted market values. In the limited cases where such values are not available, historical cost is used as an estimate of market value.

Note 2 - Cash and Cash Equivalents

The Center maintains its cash balance in a local financial institution. At June 30, 2017 and 2016, the bank balances were \$174,610 and \$57,088, respectively, all of which are insured by the Federal Deposit Insurance Corporation.

Note 3 - Income Taxes

The Center is a nonprofit corporation exempted from federal income taxes under Sec. 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made; however, should the Organization engage in activities unrelated to its exempt purpose, taxable income could result. The Organization had no material unrelated business income for the year ended June 30, 2017. The earliest income tax year that is subject to examination is 2013.

Note 4 - Grants Receivable

Grants receivable consisted of the following at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
TANF Grant	\$ 63,129	\$ 95,333
Family Foundation	26,348	10,263
La. Children's Trust Fund	1,170	1,170
VOCA (Victims of Criminal Acts)	109,538	74,458
Therapeutic Services	571,172	893,524
Allowance for Uncollectibles	-	-
Total Grants Receivable	<u>\$ 771,357</u>	<u>\$1,074,748</u>

Note 5 - Property and Equipment

A summary of furniture, equipment and accumulated depreciation at June 30, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Furniture & Equipment	\$ 371,430	\$ 351,048
Buildings	1,375,000	-
Computer Database	50,000	39,000
Accumulated Depreciation	(338,017)	(297,420)
Net Property and Equipment	<u>\$1,458,413</u>	<u>\$ 92,628</u>

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

Note 5 - Property and Equipment (Continued)

Depreciation expense for the years ended June 30, 2017 and 2016 was \$40,597 and \$8,669, respectively. During the year, CenturyLink, Inc. donated three buildings to the Center with a total value of \$1,375,000.

Note 6 - Lease Expense - Operating

The Center has a twelve month lease for its Farmerville office for \$300 per month. This lease was set to expire at September 30, 2012 but is now also month to month. For the year ended June 30, 2017, the Center had a twelve month lease for their Rayville office for \$2,400 per month.

The Center began leasing a building from St. Francis Hospital which is across the street from the Center for \$2,617 per month. During this fiscal, the Center is leasing buildings in Shreveport and Lafayette for \$1,821 per month and \$1,450 per month respectively. These are also twelve month leases. The Center also began leasing another office in Monroe for 3,300 per month which is also a twelve month lease.

Minimum future rental payments under non-cancelable operating leases as of June 30, 2016, is as follows:

June 30, 2017	\$ 27,300
June 30, 2018	\$ 16,171

Note 7 - Letters of Credit

During the year the Center was extended a line of credit in the amount of \$400,000 at 3.25% interest per year. As of June 30, 2017 and 2016, the Center owed \$0 and \$348,000, respectively, on the line of credit.

Note 8 - Financial Instruments

Fair Values

The Center's financial instruments consist of cash, receivables, accounts payable and a line of credit. The carrying values of these instruments approximate their fair values.

Concentrations of Credit Risk

The Center has concentrated credit risk for cash by maintaining deposits in one bank. At June 30, 2017 and 2016 there were no deposits in excess of the deposit liabilities reported by the bank over the amount that would have been covered by federal insurance.

Collateralization Policy

The Center does not require collateral to support financial instruments subject to credit risk unless otherwise disclosed.

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

Note 9 - Disclosures About Concentrations

The Center receives the majority of its revenue in the form of Medicaid billing from the State of Louisiana for behavioral health services rendered by the Center. This billing is subject to review by the State, which could result in disallowed costs. Billing rates for services rendered could be changed from year to year. The rates are determined by Louisiana's Department of Health.

Note 10- Subsequent Events

Subsequent events have been evaluated through October 30, 2017, which is the day the financial statements were available to be issued, and it has been determined that no significant events have occurred for disclosure.

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

<u>Federal Grants/Pass Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Agency or Pass - Through Number</u>	<u>Expenditures</u>
Department of Health and Human Services			
Temporary Assistance for Needy Families	93.558	None	* \$ 732,232
Department of Justice			
Victims of Criminal Acts (VOCA)	16.575	2015-VA-GX-0003	<u>341,787</u>
			<u>\$ 1,074,019</u>

1. General

The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Center for Children and Families, Inc. All federal award programs received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

2. Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Center's financial statements. The information in this 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. Relationship of the Schedule of Expenditures of Federal Awards to the Primary Financial Statements

The following reconciliation is provided to help the reader of the Center's financial statements and supplementary information relate such information to the Schedule of Expenditures of Federal Awards for the year ended June 30, 2017.

*Denotes Major Federal Assistance Program.

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017 (continued)

3. Relationship of the Schedule of Expenditures of Federal Awards to the Primary Financial Statements
(continued)

CASA Program Services

Advertising/Promotion	\$ 7,354
Dues and Subscriptions	1,650
Insurance	50,697
Office	43,670
Project Coordination	558,317
Rent	31,304
Repairs and Maintenance	645
Telephone	19,978
Travel	13,586
Utilities	5,031
	<u>732,232</u>
 <u>Total Expenditures Requested for Reimbursement</u>	 <u>\$ 732,232</u>
 <u>Federal Grant Revenue</u>	 513,746
 <u>State Portion of Grant Revenue</u>	 <u>218,486</u>
 <u>Total Grant Funds for CASA Program Services</u>	 <u>\$ 732,232</u>

**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
Southern Center for Children and Families, Inc.

I have audited, 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, the financial statements of the Southern Center for Children and Families, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated October 30, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of 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 M. Suttell, CPA (APAC)

West Monroe, Louisiana
October 30, 2017

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

Board of Directors
Southern Center for Children and Families, Inc.

Report on Compliance for Each Major Federal Program

I have audited the Southern Center for Children and Families, Inc.'s (the Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Center's major federal program for the year ended June 30, 2017. The Center's major program is identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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 the Center's major federal program 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 Center's compliance with those requirements and performing such other procedures as I consider necessary in the circumstances.

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

Opinion on Each Major Federal Program

In my opinion, the Center 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 June 30, 2017.

Report on Internal Control Over Compliance

Management of the Center 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 the Center's internal control over compliance with the requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its 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 the Center'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 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 M. Hart, CPA (APAC)

West Monroe, Louisiana
October 30, 2017

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Southern Center for Children and Families, Inc.
2. No significant deficiencies relating to the audit of the financial statements were reported.
3. No instances of noncompliance material to the financial statements of Southern Center for Children and Families, Inc. were disclosed during the audit.
4. No significant deficiencies relating to the audit of a major federal award program are reported.
5. The auditor's report on compliance for the major federal award programs for Southern Center for Children and Families, Inc. expresses an unqualified opinion.
6. There were no findings relative to major federal award programs for Southern Center for Children and Families, Inc.
7. The programs tested as major programs included:

<u>Program</u>	<u>CFDA No.</u>
TANF (Temporary Assistance for Needy Families)	93.558

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Southern Center for Children and Families, Inc. was determined to be a low-risk auditee.
10. No management letter was issued related to the financial statements for the year ended June 30, 2017.

Findings and Questioned Costs – Financial Statements Audit

None

Findings and Questioned Costs – Major Federal Award Programs

None

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Findings and Questioned Costs – Financial Statements Audit

None

Findings and Questioned Costs – Major Federal Award Programs

None

SOUTHERN CENTER FOR CHILDREN AND FAMILIES, INC.
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2017

Cindy Murray
 CEO

Purpose:

Salary	\$	177,625
Benefits - Insurance		6,571
Benefits - Retirement		-
Benefits - Dental		-
Travel Reimbursements		-
Cell Phone Reimbursements		-
Total		\$ 184,196

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Southern Center for Children and Families, Inc. and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by the Southern Center for Children and Families, Inc. (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts**, including receiving, recording, and preparing deposits
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
 - g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
 - h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

A. Budgeting – The Center has written policies and procedures regarding budget preparation, adoption, monitoring and amending.

B. Purchasing – The Center has written policies and procedures for purchasing regarding the following:

Initiation of purchases – Purchasing agent

Addition of vendors – the accountant adds vendors

Preparation and approval of check requests

Controls ensuring compliance with public bid laws – required per the TANF agreement for TANF expenditures

Bids and price quotes required to be maintained – required per the TANF agreement for TANF expenditures. When major purchases are needed for the Center, the Center usually gathers bids via email, fax or phone.

C. Disbursements – The Center has written policies and procedures regarding disbursement processing, reviewing and approving.

D. Receipts – The Center has written policies and procedures regarding receiving, recording and preparation of deposits for all receipts.

E. Payroll & Personnel – The Center has written policies and procedures regarding payroll processing and reviewing and approving time and attendance.

F. Contracting – The Center has written policies and procedures regarding the types of services that require contracts, terms and condition, legal review and approval. Currently there is no monitoring process in place, but the Center is working to update this process in its written policies and procedures.

G. Credit Cards – The Center has written policies and procedures regarding the control of credit cards, allowable business usage, documentation requirements, required approvers and monitoring process.

H. Travel & Expense Reimbursement – The Center has written policies and procedures regarding what's allowable, dollar amount by expense category, documentation requirements and required approvers.

I. Ethics – This is not applicable for this not for profit entity.

J. Debt Service – This is not applicable for this not for profit entity.

2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The Board meets quarterly and the minutes were obtained without exception. The minutes include budget to actual comparisons to its programs. There is no deficit spending and approvals of the reintegration contract and disbursements were approved during the year.

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.
4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

The Center has only one bank account that it operates. Bank reconciliations are prepared monthly and the CFO examines them along with the bank statement each month checking outstanding check amounts. The Accounting Supervisor currently does not sign off on the reconciliations or bank statements, but beginning with the July 2017 bank reconciliation, she will initial and date each one that she reviews.

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**
 - a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
 - b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
 - c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.
7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

Cash and checks are collected at the central office for the Center in Monroe, LA. In the event that cash is received through a donation, etc. in one of the satellite offices, the money is given to the Clinical Director and then given to the financial department in the Monroe office. There is a policy on procedures regarding cash collections, but they are not bonded. The cash collector is not responsible for depositing cash in the bank. There is no formal process to reconcile cash collections to the general ledger or subsidiary. I selected the highest (dollar) week of cash collections from the general ledger and traced daily collections to the deposit date on the bank statement noting their timely deposit. All cash collections are completely supported by documentation without any exceptions. Currently, the Center does not have written documentation on the processes to determine completeness of all collections.

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
 - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.
10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.
11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.
13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

A listing of disbursements was obtained from the Center and 40 disbursements were selected for testing, and no exceptions were noted. There currently is no policy or procedure prohibiting the person responsible for processing payments from adding vendors to the Center's purchasing system. There is a segregation of duties policy which covers who has signatory authority and authorization for disbursements do not initiate or record purchases. Unused checks are maintained in a locked location with restricted access. No signature stamp is used and signed checks are maintained by the signer until ready to be mailed.

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Report whether finance charges and/or late fees were assessed on the selected statements.
16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

A list of all credit and debit cards was obtained from the Center. 10 cards were selected for testing with the monthly statements without any exceptions. No finance charges were paid on any of the statements.

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.
18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
 - a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
 - b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
 - c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
 - d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

A listing of all travel and related expense reimbursements during the fiscal year was obtained from the Center. The Center has written policies and procedures regarding travel and expense reimbursements. Five people were selected and tested without exception. All travel and expense reimbursements were documented as to the business purpose and all were reviewed and approved by someone other than the person receiving the reimbursement.

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.
21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
 - a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
 - d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
 - e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Most of the Center's contracts are with contractors that work on behalf of the Center. A list of these payments was received from the Center and five contractors paid the most money were selected for testing without exception.

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
 - a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.
23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee.

Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether 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) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete.

If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

A listing of employees was obtained from the Center and five employees were randomly selected to obtain their personnel files; there were no exceptions noted. Then one pay period was selected and 25 employees were randomly selected for testing attendance attributes; there were no exceptions. A listing of terminated employees was obtained from the Center and two of the largest termination payments were selected without exception. All payroll taxes and reports were paid and filed during the year without exception.

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.
27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

This is not applicable for this not for profit entity.

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.
29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.
30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

This is not applicable for this not for profit entity.

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Inquired of management whether the Center's office had any misappropriations of public funds or assets and there was none. The entity does not have posted on its premises, the notice required by R.S. 24:523.1.

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

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

David M. Nault, CPA (APAC)

West Monroe, Louisiana
October 30, 2017