
Food Fare Agency
Financial Statements
September 30, 2022

Food Fare Agency

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Independent Auditor's Report

To the Board of Directors
Food Fare Agency
Franklinton, Louisiana

Opinion

We have audited the accompanying financial statements of Food Fare Agency (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Food Fare Agency as of September 30, 2022, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Food Fare Agency 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 opinion.

Responsibilities of Management 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, 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 Foodwhether there are conditions or events, considered in the aggregate, that raise substantial doubt about Food Fare Agency's ability to continue as a going concern for twelve months beyond the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 Food Fare Agency'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 Food Fare Agency'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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head, as required by the State of Louisiana, and the schedule of meals served and program reimbursements, as required by the Louisiana Department of Education, 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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 schedule of compensation, benefits, and other payments to agency head and the schedule of meals served and program reimbursements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2023, on our consideration of Food Fare Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Food Fare Agency's internal control over financial reporting and compliance.



Covington, Louisiana
March 31, 2023

Financial Statements

Food Fare Agency
Statement of Financial Position
September 30, 2022

ASSETS

Current Assets

Cash and cash equivalents	\$	10,327
Grants receivable		66,168
	\$	<u>76,495</u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$	816
Accrued payroll expenses		2,673
Due to providers		51,730
		<u>55,219</u>

Net Assets

Without donor restrictions		
Undesignated		21,276
	\$	<u>76,495</u>

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

Food Fare Agency
Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2022

Revenues and Support

Grants

Provider reimbursement	\$ 567,185
Administrative reimbursement	129,402

Other income

4,979

701,566

Expenses

Program services

Food and nutrition program	649,285
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Support services

General administrative expenses	43,882
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693,167

Change in net assets without donor restrictions

8,399

Net assets, beginning of year

12,877

Net assets, end of year

\$ 21,276

Food Fare Agency
Statement of Functional Expenses
For the Year Ended September 30, 2022

	Program Services	Support Services	
	Food and Nutrition Program	General Administrative Expenses	Total
Provider meal reimbursements	\$ 567,185	\$ -	\$ 567,185
Off-site inspections	9,430	-	9,430
Salaries and related taxes	59,560	25,526	85,086
Employee training	-	304	304
Office lease	5,880	2,520	8,400
Office supplies and services	7,230	3,099	10,329
Professional fees	-	11,000	11,000
Insurance	-	1,064	1,064
Dues and subscriptions	-	369	369
	<u>\$ 649,285</u>	<u>\$ 43,882</u>	<u>\$ 693,167</u>

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

Food Fare Agency
Statement of Cash Flows
For the Year Ended September 30, 2022

Cash Flows From Operating Activities	
Operating income	\$ 8,399
Adjustments to reconcile increase in net assets to cash provided by operating activities:	
(Increase) decrease in:	
Grants receivable	(15,203)
Increase (decrease) in:	
Accounts payable	(283)
Accrued expenses	1,364
Due to providers	11,289
Net cash provided by operating activities	<u>5,566</u>
Increase in cash and cash equivalents	5,566
Cash and cash equivalents, beginning balance	<u>4,761</u>
Cash and cash equivalents, ending balance	<u><u>\$ 10,327</u></u>

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

Food Fare Agency

Notes to Financial Statements

1. History and Summary of Significant Accounting Policies

Nature of Operations

Food Fare Agency (the “Agency”) was created as a non-profit corporation under the laws of the State of Louisiana on August 2, 1993 to provide nutrition support to qualified recipients within Washington, St. Tammany, and Tangipahoa Parishes. The Agency has a Board of Directors serving on a voluntary basis which governs the finances, operations, and administration. The Agency was approved to administer the Family Day Care Home Food Program (the “Program”) by the Louisiana Department of Education, Division of Nutrition Support. The Program is intended to provide aid to participants for provision of nutritious foods that contribute to their wellness, healthy growth, and development. As of September 30, 2022, the Agency served 100 homes.

Financial Statement Presentation

The financial statements of the Agency are presented in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) *Audit and Accounting Guide for Not-for-Profit Organizations* (the “Guide”).

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The financial statements of the Agency are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

Net Assets

Under the provisions of the Guide, the classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the classes of net assets be displayed in the Statements of Financial Position and that the amounts of change in each of those classes of net assets be displayed in the Statements of Activities. In accordance with U.S. generally accepted accounting principles (U.S. GAAP), the Agency reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

- Net assets without donor restriction: net assets available for general use to support operations. The only limits on the use of net assets without donor restriction are broad limits resulting from the nature of the Agency, the environment in which it operates, and the purposes specified in its corporate documents.
- Net assets with donor restriction: net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or programmatic purposes specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

When both net assets without donor restriction and net assets with donor restriction are available for use, it is the Agency’s policy to use net assets with donor restrictions first, then net asset without donor restrictions.

Food Fare Agency

Notes to Financial Statements

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 disclosures of contingent assets and liabilities at the date of the financial statements and revenues and expenses reported during the period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents certain categories of expenses that are attributable to both program services and supporting activities. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries are allocated on the basis of estimates of time and effort and other natural costs are allocated on the basis of management identification based on observation and professional evaluation of the direct benefit of the cost to a particular program function or supporting function.

Cash and Cash Equivalents

For financial statement purposes, cash includes demand deposits. All highly liquid investments with an original maturity of three months or less are considered cash equivalents.

Receivables

Receivables consist of federal funds passed through the Louisiana Department of Education. Management periodically reviews the status of all accounts receivable balances for collectability. As a result of these reviews, management has deemed all receivables at September 30, 2022 to be collectible.

Revenues

The Agency's primary source of funding is through monthly payments from the U.S. Department of Agriculture Food and Nutrition Services, Family Day Care Home Program, passed through the Louisiana Department of Education, Division of Nutrition Assistance, and based upon eligible meals served. These grants are on a cost reimbursement basis. An accrual is made when eligible expenses occur.

Contributions and grants received are recorded as support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is not restricted by the donor/grantor is reported as an increase in net assets without donor restrictions. All other restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, (that is when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as contributions without donor restrictions.

Food Fare Agency

Notes to Financial Statements

Income Taxes

The Agency has been recognized by the Internal Revenue Service as an organization exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in these financial statements. With few exceptions, the Agency is no longer subject to federal or state examinations by tax authorities for years prior to 2019.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Agency may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position.

Lease

The Agency has implemented FASB ASU No. 2016-02, *Leases (Topic 842)*. This standard has been issued to increase the transparency and comparability about leases among entities. The new guidance requires lessees to recognize a lease liability and a corresponding lease asset for virtually all lease contracts. It also requires additional disclosures about leasing arrangements. Management has determined the implementation of ASC 842 had no material effect on the Agency's financial statements as of and for the year ended September 30, 2022.

The Agency entered into an operating lease agreement at \$700 per month for the period of January 1, 2022 through December 31, 2022 for office space. Management does not recognize a lease liability or lease asset in relation to this lease since the renewal is not guaranteed.

2. Liquidity and Availability of Financial Assets

The Agency has \$24,765 of financial assets available within one year of the statement of financial position date to meet cash needs for general and operating expenditures, consisting of cash of \$10,327 and accounts receivable of \$24,765.

Cash and cash equivalents	\$	10,327
Receivables		66,168
		<u>76,495</u>
Less: receivables with purpose restrictions		<u>(51,730)</u>
	\$	<u><u>24,765</u></u>

As part of the Agency's liquidity management, cash is kept in various checking accounts that can be accessed to meet daily needs of the Agency.

Food Fare Agency

Notes to Financial Statements

3. Concentrations

Approximately 99% of the Agency's revenues and 100% of receivables are grants passed through the Louisiana Department of Education, Division of Nutrition Assistance. Changes to the program has the potential to impact the Agency's operations.

4. Board Member Compensation

<u>Board Member</u>	<u>Amount</u>
Jennifer Sylvest, <i>Board President</i>	\$ -
Amanda Dufrene, <i>Vice President</i>	-
Amanda Oalmann, <i>Secretary / Treasurer</i>	-
	<u>\$ -</u>

5. Subsequent Events

Management has evaluated subsequent events through March 31, 2023, which is the date the financial statements were available to be issued.

Supplementary Information

Food Fare Agency
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended September 30, 2022

School Head: Amanda Oalmann
Position: Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 41,517
Travel reimbursements	3,171
	<u>\$ 44,688</u>

Louisiana Revised Statute (R.S.) 24:513 A. (3) requires virtually every local auditee report that is submitted to the Louisiana Legislative Auditor to include a schedule of compensation, benefits, and other payments to the agency head. The compensation, benefits, and other payments that are to be reported on this schedule include travel, unvouchered expenses, per diem, registration fees, reimbursements, etc. and is presented on an accrual basis.

Food Fare Agency
Schedule of Meals Served and Program Reimbursements
For the Year Ended September 30, 2022

	<u>Breakfast</u>	<u>Lunch</u>	<u>Supplements</u>	<u>Supper</u>	<u>Total</u>
October 1, 2021 - June 30, 2022					
Tier 1 meals served	12,562	41,095	78,559	76,001	208,217
Reimbursement rate	\$ 1.40	\$ 2.63	\$ 0.78	\$ 2.63	
	<u>\$ 17,587</u>	<u>\$ 108,080</u>	<u>\$ 61,276</u>	<u>\$ 199,883</u>	<u>\$ 386,825</u>
July 1, 2022 - September 30, 2022					
Tier 1 meals served	3,728	18,294	30,319	29,325	81,666
Reimbursement rate	\$ 1.66	\$ 3.04	\$ 0.97	\$ 3.04	
	<u>\$ 6,188</u>	<u>\$ 55,614</u>	<u>\$ 29,409</u>	<u>\$ 89,148</u>	<u>\$ 180,360</u>
Total meals served	<u>16,290</u>	<u>59,389</u>	<u>108,878</u>	<u>105,326</u>	<u>289,883</u>
Provider reimbursement	<u>\$ 23,775</u>	<u>\$ 163,694</u>	<u>\$ 90,685</u>	<u>\$ 289,031</u>	<u>\$ 567,185</u>

***Reports Required by
Government Auditing Standards***

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*

To the Board of Directors
Food Fare Agency
Franklinton, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Food Fare Agency (the “Agency”), a nonprofit organization, which comprise the statement of financial position as of September 30, 2022, and the related statements of activities and changes in net assets, 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 March 31, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency’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 the Agency’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency’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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Covington, Louisiana
March 31, 2023

Food Fare Agency
Summary of Auditor's Results and Schedule of Findings
For the Year Ended September 30, 2022

A. Summary of Audit Results

Financial Statements

- a. Type of auditor's report issued: Unmodified
- b. Internal control over financial reporting:
- | | | |
|---|-----------|--|
| Material weaknesses identified | _____ yes | _____ <input checked="" type="checkbox"/> no |
| Significant deficiencies identified that are not considered to be material weaknesses | _____ yes | _____ <input checked="" type="checkbox"/> none noted |
- c. Noncompliance material to financial statements noted
- | | | |
|--|-----------|--|
| | _____ yes | _____ <input checked="" type="checkbox"/> no |
|--|-----------|--|

B. Findings Related to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None noted

Food Fare Agency
Summary Schedule of Prior Year Findings
For the Year Ended September 30, 2022

**A. Findings Related to the Financial Statements Reported in Accordance with
*Government Auditing Standards***

The predecessor auditor noted the following items as material weaknesses in internal control for the audit of the September 30, 2022 fiscal year's financial statements:

2021-001 Bank Reconciliations

Condition

The bank reconciliation has outstanding checks and deposits and a line item for "unreconciled difference". The administrative account had outstanding checks more than one year old totaling \$4,407. The bank reconciliations were not reviewed for accuracy.

Effect

Failure to design and follow standardized procedures and failure to design and implement internal controls over bank reconciliations exposes the Agency to several risks including inaccurate and fraudulent reporting and misappropriation of assets. The Agency's financial statements and accounting records may be materially misstated and not prevented or detected.

Predecessor Auditor's Recommendation

The Agency needs to implement standardized procedures and design and implement effective internal controls including:

- (1) As part of the reconciliation, the preparer should consider whether (a) all receipts and disbursements are recorded by the entity; (a) checks are clearing the bank in a reasonable time; (c) reconciling items are appropriate and are being recorded; and (d) the reconciled cash balance agrees to the general ledger balance.
- (2) Any differences between the bank balances and accounting records (e.g., deposits not clearing the bank, unusual disbursements or transfers) should be immediately researched and resolved.
- (3) The preparer should also research reconciling items that are outstanding for more than six months to determine if the checks need to be voided and reissued or whether the funds need to be submitted to the State Treasurer in compliance with unclaimed property laws.
- (4) Once the reconciliation is prepared, the preparer should sign/initial and date (or electronically log completion).
- (5) The completed bank reconciliation, bank statement, and supporting documentation should be immediately reviewed by a designated official who is knowledgeable about the entity's operations but does not handle cash, post ledgers, or prepare checks. This could be a board member. Once the reconciliation is reviewed, the reviewer should sign/initial and date (or electronically log completion).

Update

Management contracted a new external certified public accountant to assist with bank reconciliations. These issues were not noted in the current year.

Food Fare Agency
Summary Schedule of Prior Year Findings
For the Year Ended September 30, 2022

2021-002 Accounting Records

Condition

Provider reimbursement revenues and provider payment expenditures recorded on the accounting records did not correspond with the claim submittal forms and provider check registers. Some reimbursement revenues and provider disbursements were posted to the revenue account. Other reimbursement revenues and provider disbursements were posted to the expenditure account. Administrative revenues were not reconciled from the claim submittal forms to the general ledger. Claim submittal forms for revenues and check registers for provider payments were not being reconciled against the general ledger.

Effect

Failure to design and have effective procedures and failure to design and implement effective internal controls exposes the organization to several risks including misappropriation of assets and inaccurate or fraudulent financial reporting. Failure to reconcile and monitor reconciliation of the claim submittal forms and check registers with the accounting records will cause the financial statements to be misstated.

Predecessor Auditor's Recommendation

Each month, management should reconcile the claim submittal forms to the revenue account on the general ledger. Provider check registers should be reconciled to the provider payment expenditure account. Management should put a monitoring procedure in place to ensure the documentation is reconciled with the general ledger.

Update

Management contracted a new external certified public accountant to assist with the recording and reporting of provider and administrator reimbursements and expenses. These issues were not noted in the current year.

Statewide Agreed-Upon Procedures

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Directors
Food Fare Agency
Franklinton, Louisiana

We have performed the procedures enumerated below, solely to assist the users in assessing certain controls and in evaluating management's assertions about Food Fare Agency's (the "Agency") compliance with certain laws and regulations for the year ended September 30, 2022. The Agency's management is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations.

The Agency and the Legislative Auditor, State of Louisiana, have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement. 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 associated findings are as follows:

Written Policies and Procedures

1. 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:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

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- 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - 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 (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.
 - j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
 - k) **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.
 - l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results

The Agency's policies and procedures manual does not adequately address: budgeting, purchasing, disbursements, receipts/collections, contracting, credit cards, debt service, ethics, or information technology disaster recovery / business continuity.

The Agency is a quasi-public organization and management attests R.S. 42:342-344 does not apply.

Board or Finance Committee

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

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- c) 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.

Results

No exceptions noted.

Bank Reconciliations

- 3. 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:
 - a) 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);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results

No exceptions noted.

Collections (excluding electronic funds transfers)

- 4. 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).
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

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- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe 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).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Results

No exceptions noted.

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

8. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
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- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results

No exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a) Observe 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results

The Agency has only one debit card. No exceptions noted.

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

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

Results

The Agency reimburses employees using actual costs. No exceptions noted.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) 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.
 - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter). *N/A*
 - c) If the contract was amended (e.g., change order), observe 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, was approval documented). *N/A*
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Results

No exceptions noted.

Payroll and Personnel

16. 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.
17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
18. 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, 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 or officials' cumulative leave records, agree the pay rates to the employee or officials authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
19. 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.

Results

The Agency has only two employees. The board of directors serve without compensation. No exceptions noted.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Results

A search of the Louisiana Ethics Administration website indicated the board members and director did not complete an ethics course during the 2021 or 2022 calendar years.

Debt Service

21. 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 State Bond Commission approval was obtained for each debt instrument issued.
22. 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).

Results

Per management's representations, the Agency has no debt.

Fraud Notice

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

Results

The Agency does not have the notice required by R.S. 24:523.1 posted on its premises. The Agency does not have a dedicated website but maintains a social media page.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
 - a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

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- c) 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.

Results

We performed the procedures and discussed the results with management. No exceptions noted.

Summary of Results

Written Policies and Procedures

The Agency's policies and procedures manual does not adequately address: budgeting, purchasing, disbursements, receipts/collections, contracting, credit cards, debt service, ethics, information technology disaster recovery / business continuity.

Ethics

A search of the Louisiana Ethics Administration website indicated the board members and director did not complete an ethics course during the 2021 or 2022 calendar years.

Fraud Notice

The Agency does not have the notice required by R.S. 24:523.1 posted on its premises or website.

Management's Response

Written Policies and Procedures

The Agency will update the policies and procedures manual to include subcategories for budgeting, purchasing, disbursements, receipts/collections, contracting, credit cards, debt service, ethics, and information technology disaster recovery / business continuity.

Ethics

Going forward the Agency's employees and board of directors will complete the ethics course sponsored by the Louisiana Board of Ethics on an annual basis, print the completion certificates, and maintain the certificates on file.

Fraud Notice

The Agency will post the notice required by R.S. 24:523.1 on its premises and social media page.

We were engaged by the Agency 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 the control and compliance areas identified in the Statewide Agreed-Upon Procedures. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

This report is intended solely for the information and use of management of the Agency and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink that reads "Pinell S. Martineau". The signature is written in a cursive style with a large initial "P".

Covington, Louisiana
March 31, 2023